

**The Corporation of the
Town of Newmarket
Consolidated Financial Statements
Year ended December 31, 2016**

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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 consolidated financial statements of The Corporation of the Town of Newmarket which comprise the statement of financial position as at December 31, 2016, and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Newmarket as at December 31, 2016 and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

June 26, 2017
Newmarket, Ontario

THE CORPORATION OF THE TOWN OF NEWMARKET**Consolidated Statement of Financial Position****December 31, 2016**

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 6)	\$ 44,152,694	\$ 83,424,445
Temporary investments (Note 7)	45,000,000	5,000,000
Taxes receivable (Note 8)	4,310,635	4,846,050
Unbilled user charges	4,788,569	4,413,796
Accounts receivable (Note 8)	6,146,995	6,359,972
Inventory for resale (Note 9)	122,911	92,074
Surplus land (Note 10)	155,285	155,285
Loans receivable (Note 8)	6,693,849	6,640,294
Investment in Newmarket Hydro Holdings Inc. (Note 11)	68,130,795	66,317,053
	<u>179,501,733</u>	<u>177,248,969</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 12)	28,641,199	32,435,640
Interest payable on debt	743,206	862,092
Employee future benefits payable (Note 13)	5,281,999	4,958,165
Long-term disability benefits payable (Note 14)	4,606,605	4,719,337
Deferred revenue (Note 15)	29,259,764	33,078,366
Long-term debt (Note 16)	36,772,663	39,753,155
	<u>105,305,436</u>	<u>115,806,755</u>
NET FINANCIAL ASSETS	74,196,297	61,442,214
NON FINANCIAL ASSETS		
Inventory (Note 9)	396,384	400,124
Prepaid expenses	942,401	1,997,821
Tangible capital assets (Note 26)	475,725,170	465,439,466
	<u>477,063,955</u>	<u>467,837,411</u>
ACCUMULATED SURPLUS (Note 22)	\$ 551,260,252	\$ 529,279,625

Contingencies and lease agreements (Notes 18 and 19)

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2016

	2016		2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES			
Taxation and user charges			
Residential and farm taxation	\$ 46,642,701	\$ 46,190,539	\$ 44,190,993
Commercial, industrial and business taxation	8,950,583	8,461,166	8,685,966
Taxation from other governments	713,939	711,244	668,984
User charges	40,443,022	44,435,767	40,968,437
	<u>96,750,245</u>	<u>99,798,716</u>	<u>94,514,380</u>
Government Transfers			
Government of Canada	-	381,194	622,215
Federal Gas Tax Allocation	4,493,872	2,001,349	2,102,286
Province of Ontario	1,166,791	1,384,566	1,862,089
	<u>5,660,663</u>	<u>3,767,109</u>	<u>4,586,590</u>
Other			
Contribution from developers	18,941,982	18,447,620	11,772,593
Investment income	3,731,570	3,891,205	4,087,687
Fine, penalties and interest	1,251,760	1,238,890	1,224,456
Rent and other	7,006,731	2,701,430	1,804,079
Land sales	-	33,700	12,720
Loss on disposal of tangible capital assets	-	(203,299)	(67,014)
	<u>30,932,043</u>	<u>26,109,546</u>	<u>18,834,521</u>
TOTAL REVENUES	\$ 133,342,951	\$ 129,675,371	\$ 117,935,491

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2016

	2016		2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
EXPENSES			
General government	\$ 15,003,601	\$ 14,843,027	\$ 14,532,293
Protection to persons and property	16,981,645	16,917,776	15,988,842
Transportation services	13,212,009	14,481,982	12,699,761
Environmental services	33,138,509	31,059,934	32,554,496
Recreation and cultural services	31,658,607	29,421,878	28,797,876
Planning and development	3,523,474	2,783,889	2,626,902
	<u>113,517,845</u>	<u>109,508,486</u>	<u>107,200,170</u>
Net equity in earnings of Newmarket Hydro Holdings Inc.	1,400,000	1,813,742	1,671,129
	<u>21,225,106</u>	<u>21,980,627</u>	<u>12,406,450</u>
ANNUAL SURPLUS			
	<u>21,225,106</u>	<u>21,980,627</u>	<u>12,406,450</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR, RESTATED	529,279,625	529,279,625	516,873,175
	<u>529,279,625</u>	<u>529,279,625</u>	<u>516,873,175</u>
ACCUMULATED SURPLUS, END OF YEAR	\$ 550,504,731	\$ 551,260,252	\$ 529,279,625
	<u>\$ 550,504,731</u>	<u>\$ 551,260,252</u>	<u>\$ 529,279,625</u>

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Changes in Net Financial Assets
Year ended December 31, 2016

	2016		2015
	Budget	Actual	Actual
Annual surplus	\$ 21,225,106	\$ 21,980,627	\$ 12,406,450
Acquisition of tangible capital assets	(20,151,652)	(15,625,785)	(19,680,658)
Contributed tangible capital assets	-	(10,089,926)	(4,532,696)
Amortization of tangible capital assets	16,394,357	15,114,325	16,432,222
Proceeds from sale of tangible capital assets	-	112,383	514,755
Loss on sale of tangible capital assets	-	203,299	67,014
	(3,757,295)	(10,285,704)	(7,199,363)
Changes due to inventory	(8,002)	3,740	(98,232)
Changes due to prepaid expenses	(39,956)	1,055,420	(328,462)
	(47,958)	1,059,160	(426,694)
CHANGE IN NET FINANCIAL ASSETS	17,419,853	12,754,083	4,780,393
NET FINANCIAL ASSETS, BEGINNING OF YEAR	61,442,214	61,442,214	56,661,821
NET FINANCIAL ASSETS, END OF YEAR	\$ 78,862,067	\$ 74,196,297	\$ 61,442,214

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Cash Flows

Year ended December 31, 2016

	2016		2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Cash received from			
Taxation	\$ 56,142,942	\$ 54,748,109	\$ 54,448,881
User charges	40,134,056	43,108,050	42,501,756
Government transfers	3,595,098	3,355,216	5,214,343
Contributions from developers	10,610,070	3,887,626	16,857,668
Investment income	3,731,570	5,011,865	5,001,709
Fine, penalties and interest	1,251,760	1,213,730	1,252,071
Rent and other	7,006,731	2,774,933	1,722,119
Aurora's share of Central York Fire Services	9,619,835	9,468,805	8,933,489
	132,092,062	123,568,334	135,932,036
Cash paid for			
Salaries, wages and employee benefits	53,848,046	53,918,055	52,792,202
Materials, goods, and supplies	5,804,385	3,986,584	5,690,574
Utilities	4,725,556	4,382,035	4,587,919
Contracted and general services	27,863,291	29,698,498	27,316,952
Capital repairs and maintenance	4,472,891	10,122,194	1,455,737
Interest on long-term debt	2,115,861	2,115,861	2,237,170
Rents and financial	841,749	288,053	1,200,945
	99,671,779	104,511,280	95,281,499
Net change in cash from operating activities	32,420,283	19,057,054	40,650,537
CAPITAL ACTIVITIES			
Land sales		33,700	12,720
Proceeds on disposal of tangible capital assets		112,383	514,755
Acquisition of tangible capital assets	(20,151,652)	(15,625,785)	(19,680,658)
Net change in cash from capital activities	(20,151,652)	(15,479,702)	(19,153,183)
INVESTMENT ACTIVITIES			
Temporary investments	(45,000,000)	(40,000,000)	
Net increase in investment	(45,000,000)	(40,000,000)	

THE CORPORATION OF THE TOWN OF NEWMARKET**Consolidated Statement of Cash Flows**

Year ended December 31, 2016

	2016		2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
FINANCING ACTIVITIES			
Loans receivable			(6,491,307)
Principal repayment on long-term debt	(2,849,103)	(2,849,103)	(2,727,794)
Net change in cash from financing activities	(2,849,103)	(2,849,103)	(9,219,101)
NET CHANGE IN CASH	(35,580,472)	(39,271,751)	12,278,253
CASH, BEGINNING OF YEAR	83,424,445	83,424,445	71,146,192
CASH, END OF YEAR	\$ 47,843,973	\$ 44,152,694	\$ 83,424,445
Supplementary information:			
Interest paid		\$ 2,115,861	\$ 2,237,171
Interest received		\$ 619,341	\$ 887,685

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2016

The Town of Newmarket is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Town of Newmarket (the "Town") are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB").

Significant accounting policies adopted by the Town are as follows:

(a) (i) Reporting entity

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

(ii) Investment in Newmarket Hydro Holdings Inc.

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

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

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

(iv) Trust funds

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

(b) Basis of accounting

(i) Accrual accounting

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Non-financial assets

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

(a) Tangible Capital Assets

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

	<u>Useful Life -</u> <u>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	20
- Sewer	80
- Watermain	80
- Sidewalks	25
- Trails and walkways	25
- Bridges and structures	25 - 75

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

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

(b) Contribution of tangible capital assets

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

(c) Interest capitalization

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

(d) Leases

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

(e) Inventories

Inventories held for consumption are recorded at the lower of cost and net recoverable value. Inventories held for resale are recorded at the lower of cost and net realizable value.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Surplus Land

The carrying value of the surplus land is based on purchase and development costs and does not reflect any gain that may arise if the land sells for more than the carrying value.

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

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

(v) Liability for contaminated sites

A contaminated site is a site at which substances occur in concentration that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Municipality is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post-remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

(vi) 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 15 for more details.

(vii) 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.

(viii) Long Term Disability Benefits

The present value of the cost of providing employees with future long-term disability income benefits is expensed as employees earn these entitlements. The cost of the benefits earned by employees is actuarially determined using the projected benefit method for currently disabled employees. Actuarial gains and losses arising in a year are amortized into future years' expenses over the average expected period during which benefits will be paid.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ix) 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 amounts paid to OMERS during the year.

(x) Revenue Recognition

(a) Taxes and user charges

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

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

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

(b) Investment income

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

(c) Government transfers

Government transfers include entitlements, transfers under shared cost agreements, and grants. Revenue is recognized when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(xi) Use of estimates

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

(xii) 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.

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xiii) 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.

	<u>Revenue</u>	<u>Expenses</u>
Council approved budget:		
Operating fund - January 18, 2016	\$ 114,399,361	\$ 114,399,361
Less: Principal payment on long-term debt	-	(2,936,629)
Less: Transfers to / from other funds	(8,233,643)	(19,186,521)
Capital budget - New - January 18, 2016	26,737,774	26,737,774
Plus: Capital budget carried over from previous years	38,773,050	38,773,050
Less: Transfers to / from other funds	(39,724,437)	-
Reserves and reserve funds - June 16, 2016	20,127,370	47,461,243
Less: Transfers to / from other funds	(18,736,524)	(47,461,243)
TOTAL COUNCIL APPROVED BUDGET	133,342,951	157,787,035
Less: Tangible Capital Assets Capitalized	-	(61,065,612)
Plus: Budgeted amortization expense	-	16,394,357
Plus: Post-employment benefit expenses	-	402,065
Adjusted Budget per Consolidated Statement of Operations	<u>\$ 133,342,951</u>	<u>\$ 113,517,845</u>

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	\$ 44,531,963	\$ 57,740,830

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 experienced significant changes in their property assessments. Provincial legislation empowered municipalities with tools to lessen the immediate impact of the related property tax changes. These programs are administered by the Region of York for all constituent area municipalities. For multi-residential, commercial and industrial property owners, the Province of Ontario instituted a mandatory capping program which continued in 2016.

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2016

4. THE CONTINUED PROTECTION FOR PROPERTY TAXPAYERS ACT (continued)

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

5. PHASE-IN OF ELIGIBLE ASSESSMENT INCREASES

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

To provide an additional level of property tax stability and predictability, market increases in assessed value between the January 1, 2008 and January 1, 2012 valuation dates are phased in over four years (2013-2016). The phase-in program does not apply to decreases in assessed value. The full benefit of any decrease is applied immediately.

6. CASH AND CASH EQUIVALENTS

Cash is comprised of cash on hand and cash held in financial institutions. Management considers all highly liquid investments with maturity of three months or less to be cash equivalents.

Cash is segregated as follows:

	<u>2016</u>	<u>2015</u>
Restricted - obligatory reserve funds (refer to Note 15)	\$ 28,115,033	\$ 30,867,671
Designated - reserve funds (refer to Note 22)	30,872,669	26,321,997
Less: temporary investments	<u>(45,000,000)</u>	<u>(5,000,000)</u>
	13,987,702	52,189,668
Unrestricted and undesignated	<u>30,164,992</u>	<u>31,234,777</u>
	<u>\$ 44,152,694</u>	<u>\$ 83,424,445</u>

7. TEMPORARY INVESTMENTS

Temporary investments are recorded at the lower of cost and market value. The \$5,000,000 non-redeemable guaranteed investment certificate, with an annual interest rate of 1.6%, matures November, 2017. The \$40,000,000 non-redeemable guaranteed investment certificate, with an annual interest rate of 1.45% matures September 2017.

	<u>2016</u>	<u>2015</u>
Non-redeemable guaranteed investment certificate	<u>\$ 45,000,000</u>	<u>\$ 5,000,000</u>

8. RECEIVABLES

(a) Taxes receivable

	<u>2016</u>	<u>2015</u>
Current year	\$ 3,178,550	\$ 3,358,376
Arrears previous years	<u>1,997,828</u>	<u>2,153,417</u>
	5,176,378	5,511,793
Less allowance	<u>865,743</u>	<u>665,743</u>
	<u>\$ 4,310,635</u>	<u>\$ 4,846,050</u>

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31 2016

8. RECEIVABLES (continued)

(b) Accounts receivable	2016	2015
Government entities	\$ 3,524,276	\$ 2,628,454
Newmarket Hydro Holdings Inc.	1,336,000	2,672,000
Trade receivables, user fees and other receivables	<u>1,382,434</u>	1,082,233
	6,242,710	6,382,687
Less allowance	<u>95,715</u>	22,715
	\$ 6,146,995	\$ 6,359,972

(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 June 16, 2015 site plan agreement with a developer includes a deferral of the payment of development charges and other fees to three years from the issuance of the building permits, September 1, 2018. Of the \$6,693,849 receivable, \$4,557,753 is for Region development charges which will be payable to them.

9. INVENTORY

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

10. SURPLUS LAND

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

11. INVESTMENT IN NEWMARKET HYDRO HOLDINGS INC.

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

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

The financial statements of Newmarket Hydro Holdings Inc. (including comparatives) have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIS).

Newmarket Hydro Ltd. has issued an unsecured promissory note in the amount of \$22,000,000 effective October 1, 2001, to the Town of Newmarket. The note bears interest at a simple annual rate equal to the rate of interest that Newmarket Hydro Ltd. is, from time to time, permitted by the Ontario Energy Board (OEB) to recover in its rates (currently 5.48% per annum). Interest is due on the last day of each fiscal year and on terms and at such time as may be further determined by the Director of Finance/Town Treasurer in consultation with senior corporate officers of the Corporation. Determination of, and changes to, maturity and repayment terms require 13 months notice. The promissory note has been subordinated to a letter of credit of \$2,765,940. The letter of credit with a major chartered bank is a prudential requirement to be an Independent Market Operator and includes restrictive clauses with respect to debt repayment.

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2016

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

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

	2016	2015
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.	16,434,041	14,620,299
Total investment	\$ 68,130,795	\$ 66,317,053

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.

	2016	2015
Revenues:		
Investment income	\$ 1,205,600	\$ 1,205,600
Rent, property tax and other	409,040	377,439
Expenses:		
Energy purchases	3,146,105	3,410,483
Services - street light capital & maintenance	77,943	342,318
Dividends received	1,336,000	-
Dividends accrued	1,336,000	2,672,000
Accounts payable	343,581	289,015

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

	2016	2015
Financial position		
Current assets	\$ 40,479,032	\$ 34,234,748
Capital assets, future income taxes and other	98,423,140	93,203,689
Regulatory deferral account debit balances	4,550,445	2,465,775
Total assets	143,452,617	129,904,212
Current liabilities	15,893,031	13,613,414
Long term liabilities	63,330,305	58,297,617
Total liabilities	79,223,336	71,911,031
Non-controlling interest	3,350,906	3,237,102
Shareholder equity		
Share capital	29,609,342	29,609,342
Retained earnings	17,639,031	15,993,683
Accumulated other comprehensive income	131,010	164,616
	47,379,383	45,767,641
Regulatory deferral account credit balances	13,498,992	8,988,438
Total liabilities and equity	\$ 143,452,617	\$ 129,904,212

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2016

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

Results of operations		
Revenues	\$ 101,125,411	\$ 88,814,249
Operating expenses	(94,708,132)	(83,435,558)
Financing expenses	(1,035,727)	(968,064)
Other income	1,446,388	1,416,091
Non-controlling interest	(214,804)	(228,126)
Income tax	(1,203,375)	(1,145,361)
Net movement on regulatory accounts	(2,425,884)	(1,367,423)
Net income	2,983,877	3,085,808
Comprehensive income	(36,135)	22,321
Net income and Comprehensive income	2,947,742	3,108,129
Retained earnings, beginning of year	15,956,299	14,285,170
Net income	2,947,742	3,108,129
Dividends paid	(1,134,000)	(1,437,000)
Retained earnings, end of the year	\$ 17,770,041	\$ 15,956,299
In Town's books		
Retained earnings, end of the year - per Hydro	\$ 17,770,041	\$ 15,956,299
Less: Dividends accrued	(1,336,000)	(1,336,000)
Adjusted retained earnings, end of year	16,434,041	14,620,299
Change in adjusted retained earnings	\$ 1,813,742	\$ 1,671,129

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities to government entities includes water and wastewater charges, development charges, capital expenditures, and \$4.5 million in deferred development charges to a developer.

	2016	2015
Government entities	\$ 15,545,396	\$ 17,174,638
Payroll liabilities	2,232,853	1,469,420
Trade payables and other accrued liabilities	10,862,950	13,791,582
	\$ 28,641,199	\$ 32,435,640

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.

	2016	2015
Employee future benefits	\$ 4,995,555	\$ 4,745,729
Vacation pay	286,444	212,436
	\$ 5,281,999	\$ 4,958,165

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2016

13. EMPLOYEE FUTURE BENEFITS PAYABLE (continued)

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 \$4,995,555 was determined by the last actuarial valuation carried out as at December 31, 2015, using a discount rate of 3.25%.

Total benefit payments to retirees during the year were \$242,239 (2015 - \$173,744). The plan is substantially unfunded and requires no contributions from employees. The retirement benefit liability at December 31 includes the following components:

	<u>2016</u>	<u>2015</u>
Accrued benefits obligation	\$ 5,672,989	\$ 5,453,445
Unamortized actuarial gain/(loss)	(677,434)	(707,716)
Employee future benefits payable	\$ 4,995,555	\$ 4,745,729
Employee future benefits, beginning of the year	\$ 4,745,729	\$ 4,474,440
Annual amortization of actuarial loss	30,282	9,697
Current period service cost	266,957	246,244
Interest cost	194,826	189,092
Benefits paid for the period	(242,239)	(173,744)
Employee future benefits, end of the year	\$ 4,995,555	\$ 4,745,729

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, 2015. The unamortized actuarial loss relates to an actuarial loss of \$666,606 at January 1, 2012 (\$441,419 as at December 31, 2016), plus an actuarial loss of \$308,773 at December 31, 2015 (\$288,188 as at December 31, 2016) and an actuarial loss of \$115,451 at January 1, 2015 (\$100,057 as at December 31, 2016), all of which are being amortized over the estimated remaining service life of the active employees, less an unamortized actuarial gain of \$457,000 at January 1, 2009 (\$152,230 as at December 31, 2016) which is being amortized over twelve years. The average remaining service period of the active employees covered by the benefit plan is fifteen years.

The assumptions used in the December 31, 2015 actuarial valuation were:

(a) Interest (discount) rate

The present value of the future benefits as at December 31, 2016 was determined using a discount rate of 3.25% (2015 - 3.25%).

(b) Health costs

Health cost premiums are assumed to increase at a 6.25% (2015 - 6.25%) rate for 2016 and decrease by 0.25% per annum to an ultimate rate of 4.5% per annum.

(c) Dental costs

Dental cost premiums are assumed to increase at a 3.0% (2015 - 3.0%) rate.

14. LONG-TERM DISABILITY BENEFITS PAYABLE

The Town provides disabled employees who meet the requirements for Long Term Disability (LTD) a monthly disability income, life insurance, health, and dental benefits. An actuarial estimate of future liabilities for currently disabled employees was completed as at December 31, 2016 and forms the basis for the estimated liability reported in these financial statements.

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2016

14. LONG-TERM DISABILITY BENEFITS PAYABLE (continued)

	<u>2016</u>	<u>2015</u>
Accrued benefits obligation	\$ 3,026,494	\$ 2,164,403
Unamortized actuarial gain/(loss)	1,580,111	2,554,934
Long-term disability benefits payable	\$ 4,606,605	\$ 4,719,337
Long-term disability benefits payable, beginning of year	\$ 4,719,337	\$ 4,573,222
Annual amortization of actuarial loss	(361,801)	14,886
Current period service cost	452,928	527,656
Interest cost	56,517	128,463
Benefits paid for the period	(260,376)	(524,890)
Long-term disability benefits payable	\$ 4,606,605	\$ 4,719,337

Actuarial valuations for accounting purposes are normally performed every two years using the projected benefit method. The most recent actuarial report was prepared at December 31, 2016. The unamortized actuarial gain will be amortized into future years' expenses over 7 years, the average expected period during which benefits will be paid.

The assumptions used in the December 31, 2016 actuarial valuation were:

(a) Interest (discount) rate

The present value of the future benefits as at December 31, 2016 was determined using a discount rate of 2.75% (2015 - 2.5%).

(b) Health and dental costs

Health and dental cost premiums are assumed to increase by 5.0% per annum.

15. 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 2016	2016 Inflows	2016 Outflows	Ending Balance 2016
Parkland	\$ 1,092,162	\$ 164,076	\$ 271,761	\$ 984,477
Development Charges	26,494,841	3,077,423	6,242,676	23,329,588
Engineering Administration	812,058	910,472	854,172	868,358
Gas Tax Grant	2,468,610	2,465,349	2,001,349	2,932,610
	30,867,671	6,617,320	9,369,958	28,115,033
Other	2,210,695	5,543,974	6,609,938	1,144,731
Total	\$ 33,078,366	\$ 12,161,294	\$ 15,979,896	\$ 29,259,764

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2016

16. 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>2016</u>	<u>2015</u>
Long-term debt incurred by the Town			\$ 36,772,663	\$ 39,753,155
<u>Purpose</u>	<u>Rates</u>	<u>Mature Dates</u>	<u>2016</u>	<u>2015</u>
Land for recreation facilities	5.724%	2024	6,605,305	7,240,466
Youth Centre	5.724%	2024	1,530,498	1,677,669
Downtown renewal	5.724%	2024	485,463	532,145
Recreation facility	5.246%	2024	6,310,150	6,930,583
Parklands	5.246%	2024	1,341,433	1,473,326
Traffic flow improvements	5.246%	2024	772,993	848,996
Downtown revitalization	5.246%	2024	210,338	231,020
Recreation facility	4.756%	2026	8,892,409	9,572,858
Consolidated Operations Centre	5.000%	2019	9,052,072	9,585,069
FCM loan for Operations Centre	2.000%	2031	1,572,002	1,661,023
			<u>\$ 36,772,663</u>	<u>\$ 39,753,155</u>

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

2017	3,079,140
2018	3,228,829
2019	10,881,018
2020	3,000,979
2021	3,158,304
2022 and thereafter	13,424,393
	<u>\$ 36,772,663</u>

(c) Interest expense on long-term debt amounted to \$1,996,975 (2015 - \$2,123,376).

17. 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 \$155,180 (2015 - \$91,121).

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 \$973,572 (2015 - \$1,000,644).

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2016

18. CONTINGENCIES

The Town has been named as a defendant in certain legal actions. The outcome of these actions is not determinable as at the date of reporting and accordingly, no provision has been made in these financial statements for any liability which may arise.

19. 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 two years are as follows:

2017	\$	126,753
2018		64,027
	\$	<u>190,780</u>

20. CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totalling approximately \$12,131,225. These contracts relate to the construction, repair and replacement of certain facilities and infrastructure. Approximately \$3,140,872 relating to these contracts had not been expended as at December 31, 2016.

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 \$27,907,202, of which expenses of approximately \$5,272,759 were outstanding as at December 31, 2016.

21. PENSION AGREEMENTS

OMERS provides pension services to approximately 470,000 active and retired members from approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2016. The results of this valuation disclosed total actuarial liabilities of \$87.5 billion in respect of benefits accrued for service with actuarial assets at that date of \$81.8 billion indicating an actuarial deficit of \$5.7 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit.

Contributions in 2016 ranged from 9% to 15.9% depending on the proposed retirement age and level of earnings. The Town's 2016 operating expense for OMERS pension benefits was \$4,072,739 (2015- \$4,083,200).

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2016

22. ACCUMULATED SURPLUS

The Accumulated Surplus is comprised of the following:

	2016	2015
Reserves set aside for specific purposes by Council		
Reserves for operating purposes	\$ 4,869,267	\$ 4,507,618
Reserves for capital purposes	1,098,178	806,259
Newmarket Public Library	582,111	627,847
Building Code Act Fees	5,770,435	5,381,847
Water & Wastewater Rate Stabilization	4,499,339	2,832,711
Total Reserves	16,819,330	14,156,282
Reserve funds set aside for specific purposes by Council		
Asset replacement funds	22,653,403	18,394,532
Reserve funds for operating purposes	3,547,445	3,432,638
Reserve funds for capital purposes	835,809	1,092,852
Self-insured long-term disability	3,836,012	3,401,975
Total Reserve Funds	30,872,669	26,321,997
Total Reserves and Reserve Funds	47,691,999	40,478,279
Invested in tangible capital assets	475,725,170	465,439,466
Less: amount financed by long-term debt	(36,772,663)	(39,753,155)
Surplus land	155,285	155,285
Operating surplus	3,323	15,135
Funds available for future capital expenses	366,407	617,247
Funds to be provided from future revenues	(265,591)	(449,046)
Equity in Newmarket Hydro Holdings Inc. (Note 11)	68,130,795	66,317,053
Employee future benefits to be recovered	(3,774,473)	(3,540,639)
Accumulated Surplus	\$ 551,260,252	\$ 529,279,625

23. GOVERNMENT TRANSFERS

Government transfers include monetary transfers based on cost-sharing agreements between the three levels of government. Some funds are transferred when the Town provides evidence that the qualifying expenditures have been incurred. The Town also receives government transfers once certain criteria have been met or with the stipulation that the funds are used for specific programs or expenses (grants with stipulations). Any transfers received where the transfer stipulations have not been met by year-end are recorded as deferred revenue (see note 15). Grants are also received to support specific program areas such as the Library, Museum, or the Seniors Centre. The following kinds of transfers were included in revenue:

	2016	2015
Cost-sharing agreements	\$ 619,137	\$ 1,221,791
Grants with stipulations	\$ 2,001,349	2,102,286
Other grants	\$ 1,146,623	1,262,513
	\$ 3,767,109	\$ 4,586,590

24. 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.

	2016	2015
Net expenses before allocation	\$ 23,778,907	\$ 22,677,776
Less: Aurora's allocation (2015 - 40.23%; 2016 - 40.20%)	(9,468,805)	(9,123,269)
Newmarket's net allocation	\$ 14,310,102	\$ 13,554,507

25. TRUST FUND

The Trust fund administered by the Town amounting to \$329,333 (2015 - \$323,407) 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.

26. TANGIBLE CAPITAL ASSETS

Schedule 1 provides information on the tangible capital assets of the Town by major asset category, as well as for accumulated amortization of the assets controlled.

Tangible capital assets are segmented by asset class according to the Financial Information Return. General Capital Assets exclude the Infrastructure Asset class and include Parks, Recreation Facilities, and Fire. Infrastructure assets are composed of linear assets and their associated specific components, generally constructed or arranged in a continuous and connected network. They include Roads, including bridges, and Environmental Infrastructure (water delivery systems, waste water treatment, storm drainage systems).

a) Tangible capital assets recognized at nominal value.

Certain assets have been assigned a nominal value because of the difficulty of determining a valuation. The most significant such asset is the land under the Town's roads which has been assigned a nominal value of one dollar per kilometer of road length. The 2016 road network had 230 kilometers (2015 - 227 km).

b) Capitalization of interest

No interest was capitalized in 2016 (2015 - nil).

c) Construction in Process

The financial statements and accompanying schedules include \$7,404,596 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 \$10,089,926 (2015 - \$4,532,696). Contributed assets included streetlights (\$600,695), storm water management pond (\$193,253), parks (\$417,735), and linear assets (\$8,878,243) of subdivisions assumed by the Town in 2016. The 2015 contributed assets consisted of land, street lighting, storm water management pond, and underground linear assets by developers.

e) Change in estimated useful life

In 2016 the estimated useful life of the sewers and watermains was extended from 50 years to 80 years to better reflect their longevity and actual replacement cycle. The road paved surface category was reduced from 25 years to 20 years to coincide with the replacement cycle of the associated underground assets. The impact of these changes was a decrease of \$1,266,871 in amortization expense.

27. 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 26). 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 26.

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.

27. SEGMENTED INFORMATION (continued)

Planning & Development Services

The Town creates plans for Newmarket's future. It manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods and the downtown through Town planning, community development, parks and riverbank planning.

Community Programs & Events

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

Facilities, Parks & Trails

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

Corporate Support & Governance

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

Public Library Services

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

Main Street District BIA

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

The Corporation of the Town of Newmarket
Tangible Capital Assets - Summary By Asset Category
December 31, 2016

Schedule 1

	Cost				Accumulated Amortization				2016	
	2016 Opening Balance	Additions and Betterments	Disposals/ Transfers	Write Downs	2016 Closing Balance	2016 Opening Balance	2016 Amortization Expense	Accumulated Amortization on Disposals	2016 Ending Balance	Net Book Value
General Capital Assets										
Land	\$ 74,717,975				\$ 74,717,975	\$ -			\$ -	\$ 74,717,975
Land improvements	10,094,729	1,544,020			11,638,749	1,820,332	344,384		2,164,716	9,474,033
Building	84,253,768	9,967,159	6,150		94,214,777	33,205,172	2,388,062	6,150	35,587,084	58,627,693
Machinery and Equipment	13,264,780	1,493,946	111,430		14,647,296	6,586,123	1,236,152	106,816	7,715,459	6,931,837
Vehicles	5,689,729	450,244	165,775		5,974,198	2,541,625	440,253	158,821	2,823,057	3,151,141
Other - Library Collections	1,754,996	201,171	218,264		1,737,903	941,523	216,855	218,264	940,114	797,789
	\$ 189,775,977	\$ 13,656,540	\$ 501,619	\$ -	\$ 202,930,898	\$ 45,094,775	\$ 4,625,706	\$ 490,051	\$ 49,230,430	\$ 153,700,468
Infrastructure Assets										
Land	\$ 15,688,678	\$ 2,803,856			\$ 18,492,534	\$ -			\$ -	\$ 18,492,534
Land improvements	23,750,754	606,856			24,357,610	17,265,261	547,832		17,813,093	6,544,517
Buildings	24,846,461				24,846,461	3,854,516	793,913		4,648,429	20,198,032
Machinery & Equipment	1,864,087	78,534			1,942,621	952,589	144,025		1,096,614	846,007
Vehicles	2,276,300	499,869	137,249		2,638,920	1,523,516	275,054	137,249	1,661,321	977,599
Linear Assets	448,221,308	24,796,258	1,190,002		471,827,564	196,424,240	8,727,795	885,888	204,286,147	267,561,417
	\$ 516,647,588	\$ 28,785,373	\$ 1,327,251	\$ -	\$ 544,105,710	\$ 220,020,122	\$ 10,488,619	\$ 1,023,137	\$ 229,485,604	\$ 314,620,106
Assets under construction	\$ 24,130,798	\$ 3,405,792	\$ 20,131,994	\$ -	\$ 7,404,596	\$ -	\$ -	\$ -	\$ -	\$ 7,404,596
Total Tangible Capital Assets	\$ 730,554,363	\$ 45,847,705	\$ 21,960,864	\$ -	\$ 754,441,204	\$ 265,114,897	\$ 15,114,325	\$ 1,513,188	\$ 278,716,034	\$ 475,725,170

The Corporation of the Town of Newmarket
Tangible Capital Assets - Summary By Asset Category
December 31, 2015

Schedule 1

	Cost				Accumulated Amortization				2015	
	2015 Opening Balance	Additions and Betterments	Disposals/ Transfers	Write Downs	2015 Closing Balance	2015 Opening Balance	2015 Amortization Expense	Accumulated Amortization on Disposals	2015 Ending Balance	Net Book Value
General Capital Assets										
Land	\$ 74,717,975				\$ 74,717,975				\$	\$ 74,717,975
Land improvements	9,857,798	365,839	128,908		10,094,729	1,651,859	297,381	128,908	1,820,332	8,274,397
Building	83,948,319	305,449			84,253,768	30,963,511	2,241,661		33,205,172	51,048,596
Machinery and Equipment	11,569,482	2,687,346	1,192,048		13,264,780	6,674,623	980,763	1,069,263	6,586,123	6,678,657
Vehicles	5,596,268	237,272	143,811		5,689,729	2,274,745	406,109	139,229	2,541,625	3,148,104
Other - Library Collections	1,766,906	207,507	219,417		1,754,996	940,639	220,301	219,417	941,523	813,473
	\$ 187,456,748	\$ 4,003,413	\$ 1,684,184	\$	\$ 189,775,977	\$ 42,505,377	\$ 4,146,215	\$ 1,556,817	\$ 45,094,775	\$ 144,681,202
Infrastructure Assets										
Land	\$ 15,894,527	\$ 2	\$ 205,851		\$ 15,688,678	\$ -		\$	\$ -	\$ 15,688,678
Land improvements	23,551,780	522,280	323,306		23,750,754	17,049,749	538,818	323,306	17,265,261	6,485,493
Buildings	24,050,529	857,762	61,830		24,846,461	3,142,430	773,916	61,830	3,854,516	20,991,945
Machinery & Equipment	1,425,480	438,607	-		1,864,087	810,102	142,487	-	952,589	911,498
Vehicles	2,321,116	167,772	212,588		2,276,300	1,418,076	315,099	209,659	1,523,516	752,784
Linear Assets	440,427,914	8,965,168	1,171,774		448,221,308	186,834,704	10,515,687	926,151	196,424,240	251,797,068
	\$ 507,671,346	\$ 10,951,591	\$ 1,975,349	\$ -	\$ 516,647,588	\$ 209,255,061	\$ 12,286,007	\$ 1,520,946	\$ 220,020,122	\$ 296,627,466
Assets under construction	\$ 14,872,447	\$ 10,481,577	\$ 1,223,226	\$	\$ 24,130,798	\$ -	\$ -	\$ -	\$ -	\$ 24,130,798
Total Tangible Capital Assets	\$ 710,000,541	\$ 25,436,581	\$ 4,882,759	\$ -	\$ 730,554,363	\$ 251,760,438	\$ 16,432,222	\$ 3,077,763	\$ 265,114,897	\$ 465,439,466

The Corporation of the Town of Newmarket
Segment Disclosures - Service Bundle
Year Ended December 31, 2016

Schedule 2

	Fire & Emergency Services		Water, Wastewater & Solid Waste		Bylaw & Licensing Services		Roads, Bridges & Sidewalks	
	2016	2015	2016	2015	2016	2015	2016	2015
EXPENSES								
Salaries and wages	\$ 20,185,433	\$ 19,381,664	\$ 2,617,491	\$ 2,203,634	\$ 1,079,088	\$ 1,033,998	\$ 2,274,079	\$ 2,427,530
Materials, goods and supplies	841,942	743,021	614,366	673,519	53,535	55,829	1,022,493	603,175
Utilities	167,085	161,218	30,080	29,283			952,087	1,201,327
Contracted and general services	761,352	749,008	22,453,356	20,986,340	358,423	355,055	656,644	1,098,174
Rents and financial			47,188	51,030	37,000	225	510	326
Interest on long-term debt			572,330	577,750				
Capital repairs and maintenance	492,588	314,411	1,907,559	2,017,887		902	2,563,761	2,297,513
Amortization expenses	360,059	355,887	2,878,048	5,204,034	20,549	10,126	6,890,178	5,633,446
Allocations	(7,284,620)	(7,138,835)	2,558,299	2,816,253	944,652	873,964	1,912,141	1,458,932
Total expenses	15,523,839	14,566,374	33,678,717	34,559,731	2,493,247	2,330,099	16,271,893	14,720,423
REVENUES								
Taxation	14,920,424	14,495,552	2,603,057	2,846,037	1,524,815	1,241,931	11,041,614	10,902,703
User charges	297,654	270,564	33,632,832	31,176,117	450,256	400,988	121,856	106,143
External non-tax revenues	2,525,902	(193,379)	7,942,936	6,890,287	451,237	394,677	7,829,447	3,204,593
Gain / (loss) on sale of tangible capital assets	3,182	2,073	(196,599)	(101,153)			(71,309)	(13,191)
Total revenues	17,747,162	14,574,810	43,982,226	40,811,288	2,426,308	2,037,596	18,921,608	14,200,248
Net surplus of Gov't. Business Enterprise								
Annual Surplus (Deficit)	\$ 2,223,323	\$ 8,434	\$ 10,303,509	\$ 6,251,558	\$ (66,939)	\$ (292,503)	\$ 2,649,715	\$ (520,175)

Note: Allocations are based on estimates of the support services provided to other departments.

The Corporation of the Town of Newmarket
Segment Disclosures - Service Bundle
Year Ended December 31, 2016

Schedule 2

	Public Library Services		Main Street District BIA		Consolidated	
	2016	2015	2016	2015	2016	2015
EXPENSES						
Salaries and wages	\$ 2,218,316	\$ 2,182,466	\$	\$	\$ 54,753,452	\$ 53,075,863
Materials, good and supplies	276,576	268,831	22,520	8,221	5,032,934	4,596,383
Utilities	114,045	109,602			4,327,929	4,416,486
Contracted and general services	107,018	118,692	14,939	11,744	30,012,263	28,380,266
Rents and financial					263,900	285,515
Interest on long-term debt					1,996,975	2,123,375
Capital repairs and maintenance	56,051	29,681			7,475,513	7,013,328
Amortization expenses	432,193	415,080			15,114,325	16,432,222
Allocations	541,370	492,173			(9,468,805)	(9,123,269)
Total expenditures	3,745,569	3,616,525	37,459	19,965	109,508,486	107,200,169
REVENUES						
Taxation	3,428,957	3,333,158	30,000	30,000	55,362,949	53,545,943
User charges	69,085	63,370			44,435,767	40,968,437
External non-tax revenues	273,774	274,865	6,055	3,900	30,079,954	23,488,125
Gain / (loss) on sale of tangible capital assets					(203,299)	(67,015)
Total revenues	3,771,816	3,671,393	36,055	33,900	129,675,371	117,935,490
Net surplus of Gov't. Business Enterprise					1,813,742	1,671,129
Annual Surplus (Deficit)	\$ 26,247	\$ 54,868	\$ (1,404)	\$ 13,935	\$ 21,980,627	\$ 12,406,450

Note: Allocations are based on estimates of the support services provided to other departments.