



# *Journey to Excellence*

**2004 Annual Report**

December 31, 2004

Markham, Ontario, Canada

# HIGHLIGHTS

The Town of Markham continues to face budgetary pressures in many aspects of its operations. Wage settlements, inflation, contract escalations and high energy costs have continued to challenge municipal budgets. Furthermore, as the Town grows, the additional inventory of parks, community centres, watermains, sidewalks and roads results in the need for increased resources to maintain and replace these assets. In 2004, Markham:

- Completed Angus Glen Community Centre and Library
- Created PowerStream through the merger of Markham Hydro Distribution Inc., Hydro Vaughan Distribution Inc., and Richmond Hill Hydro Inc., to form the third largest electrical utility in Ontario
- Attracted more than 2,000 high-tech jobs to Markham
- Responded to more than 220,000 calls at the Contact Centre with 92 per cent first-call resolution of requests
- Completed construction of the seniors centre at Thornhill Community Centre
- Launched the Markham Safe Streets program
- Completed the first year of operation of the Innovation Synergy Centre in Markham
- Acquired the site for the Markham Family YMCA in Markham Centre
- Launched Mission Green, a 3-stream solid waste program to increase the diversion rate of waste from landfill
- Remained debt-free in 2004



W. Donald Cousens  
Mayor



Dan Horchik  
Councillor, Ward 6  
Chair, Budget Committee  
2004



Stan Daurio  
Councillor, Ward 1  
Chair, Finance Committee  
2004



## Finance and Administrative Committee 2004

Chair	Vice-Chair, Budget	Members	Alternate
Stan Daurio Councillor, Ward 1	Dan Horchik Councillor, Ward 6	Khalid Usman Councillor, Ward 7 Jack Heath Regional Councillor	Frank Scarpitti Deputy Mayor
	<b>Vice-Chair, Information Technology</b>	Joseph Virgilio Councillor, Ward 3 John Webster Councillor, Ward 5 Alex Chiu Councillor, Ward 8	
	Bill O'Donnell Regional Councillor		

## Budget Committee 2004

Chair	Members
Dan Horchik Councillor, Ward 6	Frank Scarpitti Deputy Mayor Jack Heath Regional Councillor Jim Jones Regional Councillor Alex Chiu Councillor, Ward 8
	Stan Daurio Councillor, Ward 1 Erin Shapero Councillor, Ward 2 Khalid Usman Councillor, Ward 7

**Canadian  
Award for  
Financial  
Reporting**

Presented to

**Corporation of the  
Town of Markham, Ontario**

For its Annual  
Financial Report  
for the Year Ended  
December 31, 2003

A Canadian Award for Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.



*Nancy J. Zelle*  
President  
*Jeffrey L. Eade*  
Executive Director

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*The theme of the 2004 Annual Report features Markham's journey to excellence, as we foster continuous improvements in the way we do business, while encouraging staff and all our stakeholders to contribute new ideas and approaches for the future.*

*We thank those who provided concept drawings for important Markham projects: public spaces (page 1) and Markham Centre (pages 12 & 31).*

*We also thank Markham Museum for providing photographic material representing Markham's past.*

*The 2004 Annual Report for Markham, Ontario, Canada has been prepared by the Office of the Chief Administrative Officer and the Corporate Services Commission.*

# MAYOR'S MESSAGE



*Excellence energizes. It affects everyone.  
It establishes the criteria for planning the  
direction of an organization. Excellence is a  
never-ending process of learning and growing.*

## JOURNEY TO EXCELLENCE

Markham's strategic focus is on excellence. Since adopting the Excellence Framework in 1997, the Town has made great strides in its journey to excellence. In 2001, Markham became the first municipality to achieve Level 1 in the National Quality Institute's Progressive Excellence Program. The Town is now working on Level 3 certification.

What does excellence look like in practice?

The Citizen Satisfaction Survey is one way we identify the top values of our customers – the people who live and work in Markham. In 2004, we asked 1,200 respondents 18 and older to rate their satisfaction with municipal services. Overall, the survey showed improvement in almost every service area compared with the 2001 ratings. For example, 94 per cent were satisfied overall with town services; 97 per cent of those using Markham parks were satisfied with their condition and maintenance. However, more than 30 per cent said traffic congestion and transportation were areas requiring improvement.

Residents were also asked to rate their satisfaction with Town staff. Again ratings improved in each category from 2001. The 2001 survey showed that residents found it difficult to get the service they wanted from Town departments. Callers were transferred two or three times before reaching the right department.

We responded by introducing our Contact Centre in 2003. Now a highly trained group of people meets the needs of Markham residents and serves as their advocates within the Town. Each Contact Centre agent is knowledgeable in key service areas including taxes, parks and recreation, waste, roads, By-laws and traffic engineering.

In Markham, we are building a culture of involvement and commitment, because we value staff and we value what they do. We are encouraging a culture that attracts and retains good talent and is willing to invest in staff development, right from the top down. We support our staff with continuing education programs. We celebrate our accomplishments with Appreciation Day and Teamwork Day, as we inspire our staff to ever-better performance in our journey to excellence.

## FINANCIAL

The Town of Markham approved a total 2004 budget of \$245.9 million.

The focus of the 2004 budget followed the Town's ongoing priorities. However, Markham still faced many external pressures on its expenditures. The budget continued to reflect our emphasis on long-term planning while maintaining quality services for our residents and businesses. To accomplish this, we manage the Town as a business. Therefore, to balance the books there was a 3.9 per cent tax increase.

We are fiscally prudent. We look at the overall economic environment and set aside funds for negotiated wage settlements, ongoing price escalations and renewals for our multi-year contracts. We plan projects by phasing in future costs and continue to use funding that is sustainable, not one-time. These included a new fire station for the Wismer area and the planned development of a community centre and library complex in east Markham.

Markham has been debt-free since 2002.

## TRANSPORTATION

We are working with all levels of government to resolve transportation issues facing the Town of Markham. The new VIVA RT system is scheduled to begin operating across York Region in the fall of 2005, with primary routes along Yonge Street and Highway 7. It's all part of a comprehensive plan to offer Markham residents an alternative to driving their cars.

The 2004 Capital Budget contained major funding for Enterprise Drive, east of Warden Avenue to the GO line; extension of Birchmount Road under Highway 407, construction of the Rodick Road overpass and extension of Rodick Road to Miller Avenue. We also allocated more than \$4 million to our road resurfacing program.

The Town of Markham has been receiving an increasing number of complaints from residents about speeding on local roads. In January 2004, Markham Council established a Markham Safe Streets Task Force, with the mandate to develop a diversified and comprehensive solution to improving safety on Town roads. Council also set up a Cycling and Pedestrian Advisory Committee to develop the Town's overall bicycle network.

## ENVIRONMENT

Providing our residents with a healthy, natural environment is a priority for Markham Council. The Town has more than 16 km of pathways, providing access to some of the most beautiful areas of Markham. In 2004, almost 60 acres of new park design and construction were initiated and 84 acres of parks were completed.

The Rouge River will have a powerful influence on the design of Markham Centre. Last year, Council endorsed the Greenlands Master Plan as an important step in realigning the vision of a fully functioning ecosystem. It will not only facilitate the protection and enhancement of existing features, but will also enliven the quality of Markham Centre.

Planning is underway for Phase II of Markham's 3-stream waste program – Mission Green. Unanimously approved by Council, Mission Green is a strategy to reduce waste trucked to landfill by 70 per cent. This is the highest diversion rate in North America.

Launched in September 2004, in 15,000 homes in east Markham, the Green Bin program has been a tremendous success. Markham residents have proven themselves leaders in waste diversion. By November 2004, Phase I residents had reached 72 per cent waste diverted from landfill.

## YOUTH

The Mayor's Youth Task Force is now in its tenth year. Its purpose is to raise issues teens are faced with, act as a voice for youth in Markham, and most importantly, encourage youth participation within our community. In February, more than 250 students from Markham high schools took part in a conference, "No Address – A Forum on Youth Homelessness." Each year, members of the Task Force get involved in Youth Week in May, featuring a wide range of fun-filled and community service events. Thank you, to the youth of Markham, for your support, enthusiasm and dedication in making Markham a better place for not only youth, but everyone.

## eMARKHAM

In 2004, in keeping with Markham's pre-eminent position as the municipality with the highest concentration of high-tech firms in Canada, we developed a new Information Technology Strategy for the Town. This plan is a road map for staying at the forefront of using technology to deliver government services to our stakeholders and for efficient continual improvement in the way we do business.

2004 also marked the first full year of operation of our Contact Centre. The Centre has changed our organization by centralizing customer service, so that requests can be reviewed and managed consistently. Last year, the Contact Centre handled more than 220,000 phone calls with 92 per cent of requests being resolved on first contact. The pulse of the community beats in the Contact Centre every day. Our goal in the Centre is to focus on the resident and go the extra mile to ensure customer satisfaction.

Our customer service model has been so successful that we have been asked to provide input to other municipalities including Kitchener, London, Vaughan, Richmond Hill, Newmarket and the Region of York.

## IN CONCLUSION

I want to thank Council and staff for their work in delivering excellent service to the people of Markham. Our management principles are sound and we are proud of our financial record. I am pleased to present Markham's 2004 Annual Report.



W. Donald Cousens  
Mayor  
June, 2005

# ELECTED OFFICIALS



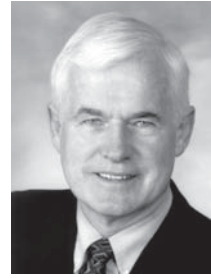
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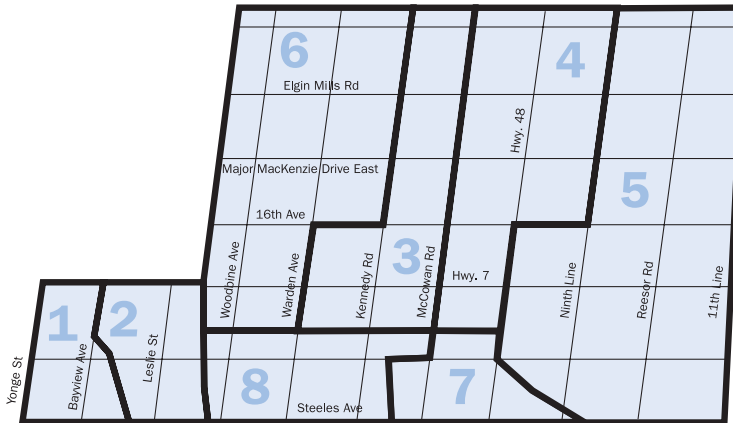


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# TOWN COUNCILLORS & WARD MAP



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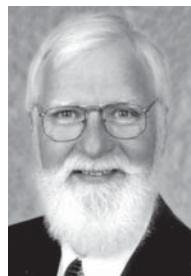
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# *Journey to Excellence*

Excellence inspires. It electrifies.

It unleashes an impact that influences every activity,  
every committee, every staff person.

Excellence demands imagination and vigour.  
But most of all, it requires a constant state of self-discovery  
and discipline.

# MESSAGE FROM THE CAO

## *Innovative thinking and hard work pay off*

In a continuing drive to provide the best possible services for our residents and corporate citizens, the Town of Markham has renewed its focus on the National Quality Institute Performance Excellence Program (PEP). As the first local municipality to receive PEP Level II certification, we now have our sights set on achieving Level III certification. This program recognizes organizations with a strong management framework; excellent organization-wide processes and procedures; a solid customer service mentality; and, above all, a commitment to being a healthy workplace enabling all employees to contribute their very best to every task.

In 2004/2005, our staff once more demonstrated how innovative thinking and hard work pay off. We opened the beautiful new Angus Glen Community Centre and Library. The new Markham Museum Reception Centre adds a valuable dimension to a unique heritage site. The Thornhill Seniors Centre is the newest place in town for seniors to get together with old friends and meet new ones. Our teens now have a great new skate park where they can test their skills and there are 19 new parks and green spaces for all our residents to enjoy.

Markham Centre is taking shape. The first phase of the Tridel Circa project at the corner of Town Centre Blvd. and Highway 7 is almost complete. Ground has been broken for "eko," Liberty Development's courtyard community. Furthermore, services including sewers, utilities, and roads have been put in place for the 243-acre Phase I Remington Group site.

Traffic and transportation continue to be high on our list of priorities. Much work has been done to improve our roads, provide alternate transit options and make our streets less congested and safer. This year's Safe Streets program focused on engineering improvements to help calm traffic, a public education program to curb aggressive driving and enhanced enforcement of traffic regulations in key areas.

This also has been a year of hard work to protect and enhance the environment. Markham residents signed up to top Newmarket in the Anti-Idling Challenge as we designated the Civic Centre and other Town facilities anti-idling areas. We have reduced the use of pesticides on Town properties by 90 per cent. And, we have expanded our very successful 3-stream Mission Green waste program across the entire Town.



As Markham continues to grow, there will be new challenges for Town staff. To ensure we continue to be as effective as possible, we have identified some key operational priorities. These include taking a close look at our organizational processes to determine how best to coordinate our efforts and to ensure we are working as cost-effectively and efficiently as possible. We are improving our internal communications to make sure all staff are familiar with our goals and priorities and their roles in helping achieve Town objectives.

We all know how important it is to have a strong sense of accomplishment on the job and to be enthusiastic about the work we are doing. At the Town of Markham, we monitor staff satisfaction on a regular basis and try to make sure we create an atmosphere where everyone understands that their unique skills and talents are highly valued and respected.

One indicator of healthy staff satisfaction is the exceptionally positive response from Town employees whenever they are asked to take on volunteer activities that are beyond normal job responsibilities. I am so proud, for example, of the enormous contribution employees make each year to the success of United Way fundraising and a myriad of community events.

Early in 2005, the world was stunned by the enormity of the tsunami in Southeast Asia. Its impact was keenly felt in Markham where so many residents have family and friends in the devastated areas. True to form, our staff gave freely of their time and skills to help organize and make a fundraising dinner, held in partnership with Merlyn's Unique Caterers, a resounding success. More than \$22,000 was raised to help care for orphans in Sri Lanka.

Many members of staff also worked closely with our tireless community volunteers to help Markham put its best foot forward during this year's participation in Communities in Bloom.

Thank you to all our staff for the commitment and hard work that has made Markham one of Canada's most successful communities.

A handwritten signature in blue ink, appearing to read "John Livey". The signature is stylized and fluid.

John Livey  
Chief Administrative Officer  
July, 2005



# GOVERNANCE

## COUNCIL

The Town of Markham is governed by a Council, consisting of the Mayor, four Regional Councillors and eight Ward Councillors. The Mayor and Regional Councillors are elected at large, with each of the Ward Councillors elected in specific wards.

All Members of Council are elected for a three-year term and exercise their governance through the adoption of resolutions and By-laws. The key roles of Council are to: establish policies that define the strategic priorities of the Town; ensure that municipal services are provided in a cost-effective manner; balance the diverse values and priorities of competing interests within the community; and promote the interests of the Town of Markham.

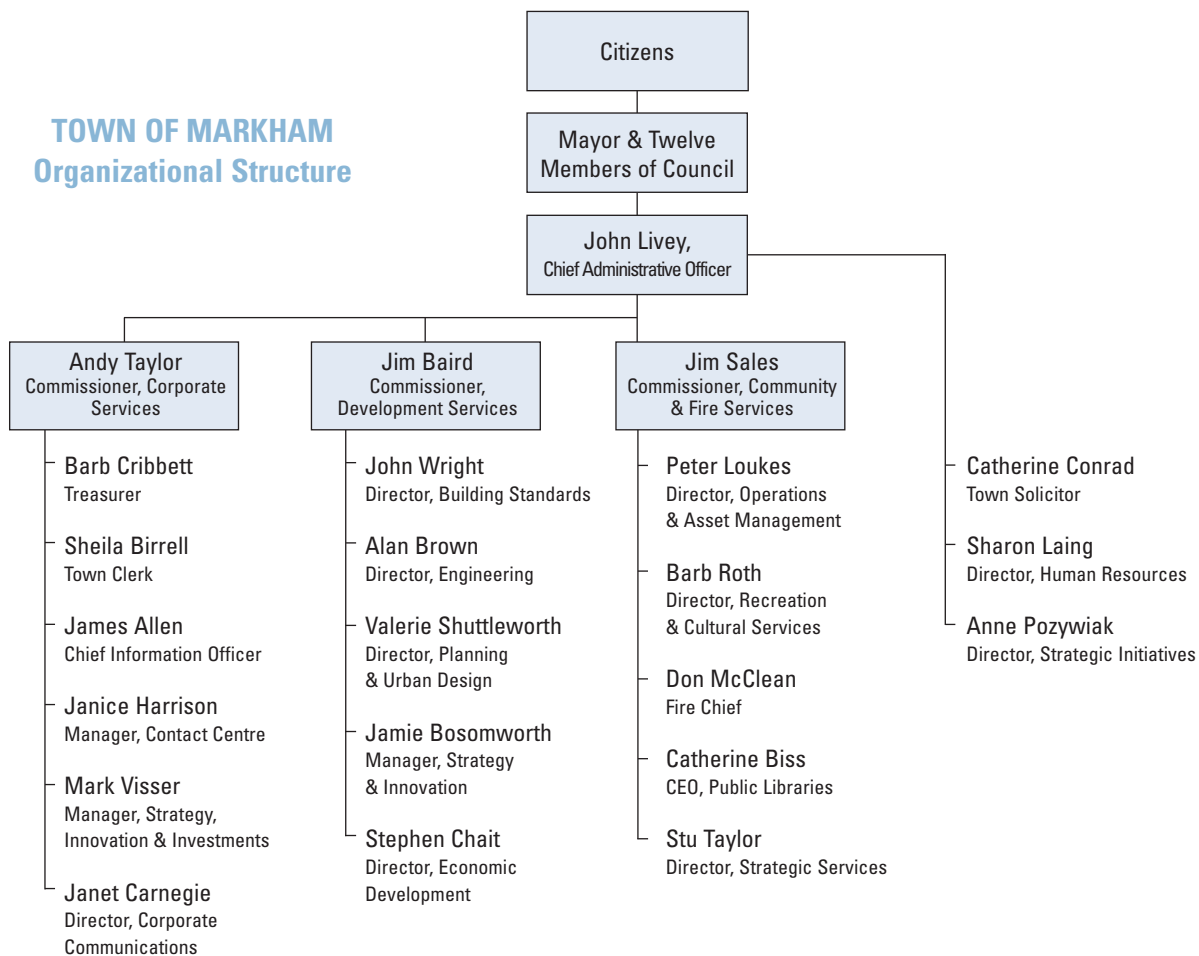
## COMMITTEES

The following Standing Committee Structure was in place for 2004: Finance and Administrative; Community Services & Environment; Transportation; Development Services and Economic Development. Council further streamlined the committee structure in 2005, reducing the number of committees reporting to Council from five to two: General Committee and Development Services Committee. Other sub-committees may be set up as needed and report to Council through one of the Standing Committees.

## CHIEF ADMINISTRATIVE OFFICER

The CAO has overall responsibility for the Town's operating departments. In addition, Commissioners and departmental directors have responsibility for the day-to-day operations of the municipality. The CAO also advises the Mayor and Members of Council on matters of policy related to the civic administration of the Town of Markham.

### TOWN OF MARKHAM Organizational Structure



# MARKHAM PROFILE

## MARKHAM HISTORY

Markham's early years blended the rigours of homesteading with the development of local agricultural-based industries. The rivers and streams in the Township supported water-powered saw and gristmills. Specialized industries such as wagon works, tanneries, farming implements and furniture factories sprang up.

After 1900, communication with Toronto brought on by the railway and further enhanced by the telegraph, the telephone and the automobile, led to the demise of local villages in the Township. Local industries were unable to compete with the larger manufacturers and suppliers closer to Toronto. Markham reverted to a quiet, rural community.

From 1945 onward, Markham changed rapidly, evolving into a community of those who commuted to work. As a result, the southern part of rural Markham became a modern residential community. By the 1980s, Markham rode the high-tech wave, becoming an important business centre itself and a net importer of value-added employment.

The Town of Markham is the largest of nine municipalities that make up the Regional Municipality of York. York Region is directly north of Toronto.

## GOVERNMENT STRUCTURE

Municipalities derive their powers largely from the Province of Ontario. Municipal elections are held every three years: the most recent was in the year 2003. Markham has an elected council of 13. Eight Ward Councillors serve constituents in Markham's eight wards.

The Mayor and four Regional Councillors represent Markham's interests town-wide and on York Regional Council. This level of municipal government deals with region-wide matters. York Region's responsibilities include planning approvals, regional roads, transit, water and waste water treatment, recycling and solid waste disposal, police services, provincial offence administration, public health and welfare programs.

The Town of Markham, the local level of government, is committed to providing services at reasonable cost. Such services include parks construction and maintenance, recreation facilities and programming, library service, fire and emergency services, the local road network, storm water management, zoning and building inspection, local community planning and tax collection.

## MODERN MARKHAM

Markham has a land area of approximately 210 square kilometres. In 1976, the population was 56,000. During the past 28 years, the population has increased more than fourfold and stood at 257,000 in 2004. Still rich in farmlands, it stands as Canada's high-tech capital, known worldwide for innovative products and services. The municipality is surrounded by beautiful countryside.

Income levels are among the highest in Canada and those of employment age are more highly educated than average; 85 per cent have high school diplomas, 60 per cent have college diplomas, 35 per cent have university degrees. Providing jobs for residents is just one part of what makes Markham a SMART community – with objectives that are specific, measurable, attainable, realistic and timely.

More than 860 technology companies are already the driving force of commerce in 21st century Markham. The town's leading employers include IBM, AMEX Canada, ATI Technologies, Miller Paving and Motorola. In 2004, almost 115,000 people were employed in the Town of Markham.

Markham is part of the North Rouge River system and sits near the headwaters of the rivers that flow through the Greater Toronto Area. When complete, the Rouge River Park, running south from the Oak Ridges Moraine to Lake Ontario, will be the largest urban park in North America.

Markham supports its cultural life through town-owned facilities, including Markham Theatre, the Varley Art Gallery, Markham Museum and the Markham Public Libraries. Also, the natural environment remains a priority as the community grows. In 2004, the Town had 168 parks, 1,800 acres of green space and an extensive system of trails and pathways.

The Town celebrates the rich fabric of its communities through the Markham, Unionville, Thornhill and Milliken Mills Festivals, Doors Open Markham and its Canada Day celebrations. All ages are represented from Youth Week through to the Seniors' Extravaganza and our Senior Citizens' Light Tour. People from many nations contribute to the cultural life of Markham and they are recognized through events such as the Chinese New Year, the Many Faces of Markham tribute and Black History month.

# *Journey to Excellence*

Excellence is the road map to success.

When a climate of excellence exists, all things – leadership, staff work, volunteerism, finances, programs – come easier.

Excellence in an organization is important  
because it is everything.

# 2004 ACCOMPLISHMENTS

- Completed Angus Glen Community Centre and Library
- Acquired the site for the Markham Family YMCA in Markham Centre
- Received the F.A. Danby Award for Internet Voting in the 2003 election
- Created PowerStream through the merger of Markham Hydro Distribution Inc., Hydro Vaughan Distribution Inc. and Richmond Hill Hydro Inc., to form the third largest electrical utility in Ontario
- Implemented an election contribution rebate program
- Developed and implemented a Heritage Tax Rebate Program
- Launched Knowledge Community Task Force
- Implemented audio streaming on the worldwide web for Standing Committees and Council
- Received awards for OPA 116 North Rouge Management Area, Excellence in Planning for Markham Centre Communications and the B. Napier Simpson Jr. Award for Heritage Markham
- Resurfaced 27 km of road as part of Markham's Road Rehabilitation Program
- Attracted more than 2,000 high-tech jobs to Markham
- Completed an Information Technology Strategy
- Completed construction of the seniors centre at Thornhill Community Centre
- Launched the Markham Safe Streets program
- Completed Phase I of a wireless network in the Town's Civic Centre
- Placed 4 new fire trucks (pumpers) in service
- Completed the first year of operation of the Innovation Synergy Centre in Markham
- Took more than 220,000 calls at the Contact Centre with 92 per cent first-call resolution of requests
- Launched Mission Green, a 3-stream solid waste program to increase the diversion rate of waste from landfill
- Introduced a Green Fleet Transition Program for Markham vehicles
- Completed construction on 84 acres of parkland and initiated new park design on another 60 acres
- Initiated construction on a new Museum Reception Centre
- Added 76 paintings to the Varley Art Gallery collection
- Opened the new Riviera Fire Station
- Initiated Markham's participation in the 2005 Communities in Bloom Program
- Remained debt-free in 2004
- Received Government Finance Officers Association Distinguished Budget Presentation Award for our joint submission of Markham's 2004 Operating and Capital Budget and 2004 Business Plan. Also, received GFOA Award for the 2003 Annual Report

# LOOKING FORWARD

## INFRASTRUCTURE

Markham's commitment to excellence is expressed through continuing allocation of resources to build a community that residents are proud to call home. In 2005, the Town's budget includes \$5.8 million for the design and construction of eight hectares of new parks in the Wismer, High Glen, Cornell, East Cathedral and Berczy neighbourhoods.

\$5.6 million was committed for construction of the Enterprise Drive extension from the GO line to Kennedy Road. \$2.1 million in funding is allocated for the extension of Clegg Road and reconstruction of Cedarland Drive from Town Centre Blvd. to Warden Avenue.

2004 saw the completion of Angus Glen Community Centre and the new seniors centre at Thornhill Community Centre. \$14.8 million was allocated for the construction of a community centre and library in Cornell to meet the needs of this newly developed area.

## MARKHAM CENTRE

Markham Centre continues to capture the imaginations of the planning community. The Ontario Professional Planners Institute awarded its 2004 Excellence Award for Communications and Public Education to the Markham Centre planning team. The project also won a Canadian Society of Landscape Architects Award of Excellence for the design of a 10-acre downtown park.

The winter of 2005 will see the completion of the 60,000-square-foot Markham Family YMCA being constructed in Markham Centre. This facility, built in partnership with The Town of Markham, consists of an indoor swimming pool, fitness area, gymnasium, and other resources for personal growth and development. The future YMCA will connect to Markham District Energy, to provide an energy-efficient building and promote waste reduction.

When completed, Markham Centre will be Markham's downtown core – an environmentally friendly home for 25,000 residents and 17,000 business people.

## ENVIRONMENT

Markham's Environmental Management Plan ensures on-going improvements in water and waste management; energy efficiency in public facilities; erosion control and reduced pesticide use.

Last year, the Town launched Mission Green, a 3-stream solid waste program to improve how recyclable, organic and residual waste is handled. Council will allocate \$1.6 million to Phase 2 of Mission Green in 2005, increasing Markham's

diversion rate of waste from landfill to more than 70 per cent – North America's highest diversion target.

Other recent environmental initiatives include new anti-litter and anti-idling campaigns, as well as a home composting program. Markham is also participating in the 2005 Communities in Bloom competition.

## GRIDLOCK AND RAPID TRANSIT

Markham intends to deal effectively with gridlock issues and find ways to improve public transit. Capital funds have been allocated to promote alternatives to single-occupant vehicles and for traffic safety projects to improve operations at intersections, by providing a safer climate to accommodate both pedestrians and vehicles.

An essential part of a vibrant community is providing ways to move people and products quickly and efficiently. Rapid transit, dedicated bus lanes, carpooling and a network of bicycle lanes are options that Markham is exploring. Markham continues to assess the possibility of running dedicated bus lanes down the centre of Yonge Street, Highway 7 and along Warden Avenue to the Sheppard subway station.

Another important initiative is York Region's new rapid transit bus service, VIVA, that will start this fall. With automatic ticket and payment features, VIVA will be a welcome new service on Highway 7 and Yonge Street.

Providing more transportation choices will mean less traffic, reduced fuel consumption and a cleaner environment.

## eMARKHAM

Markham is committed to using technology to continuously improve the way it does business. The goal of the Contact Centre in 2005 is to take on more services, such as Water and Development Services, to expand its role in providing fast, accurate and consistent service.

Audio streaming of standing committees on the internet is another step. Markham has taken to make government more accessible to the public. Furthermore, the Civic Centre Council Chambers, Canada Room and Atrium are now electronically equipped to support WiFi devices. This means members of the public can use their laptops and other wireless devices in these areas for access to the public network.

In 2004, Markham completed its Information Technology Strategy to facilitate the productivity and efficiency of municipal government. The mission of the Strategy is to build an environment where employees, customers and partners can have access to shared information and knowledge.

# FINANCIAL POLICIES

Council has approved a number of financial policies to govern the preparation of the annual operating and capital budgets and handling of the Town's day-to-day financial operations. The purpose of these policies is to maintain strong fiscal stewardship, ensuring that Markham taxpayers are getting value for their money. Significant Town financial policies are as follows:

## **Basis of Accounting**

The Town recognizes sources of revenue and expenditures on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and expenditures when they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

## **Reserve/Reserve Fund Policy**

The first phase of a comprehensive Reserve/Reserve Fund Study was approved by Council in 2004. The Town's discretionary reserves and reserve funds were consolidated and grouped into two main categories: Working Funds/Stabilization Reserves, and Capital Reserves. The second phase, approved by Council in March 2005, established targets for stabilization reserves based on best practices and capital reserves based on a review of life cycle replacement requirements for major Town facilities and infrastructure. In addition, the policy prioritized the distribution of annual operating budget surpluses to various reserves and determined the allocation of revenues from various hydro companies owned by the Town.

## **Use of One-Time Revenues**

For most local governments, revenue is recurring and sustainable, funding ongoing operating expenditures year after year. However, some types of revenue may occur only once, or intermittently. The Town's policy on this revenue is to use it to fund one-time expenditures. Unallocated one-time revenue is transferred as a component of the annual operating surplus, in accordance with the Reserve/Reserve Fund Policy.

## **Deficit Avoidance**

The Town's budgets will continue to show fiscal constraint. In any given year, when revenue shortfalls, or unforeseen expenditures appear to be more than temporary, both the Capital and Operating budgets will be reviewed to minimize the Town's exposure. The administration of the Corporation is authorized to freeze or reduce line budget spending as fiscal conditions dictate.

## **Use of Assessment Growth**

The Town will transfer up to 25 per cent of tax revenue from the net annualized growth in assessment to the Capital Fund to maintain and refurbish our existing infrastructure.

## **Use of Prior Year's Surplus/Deficit**

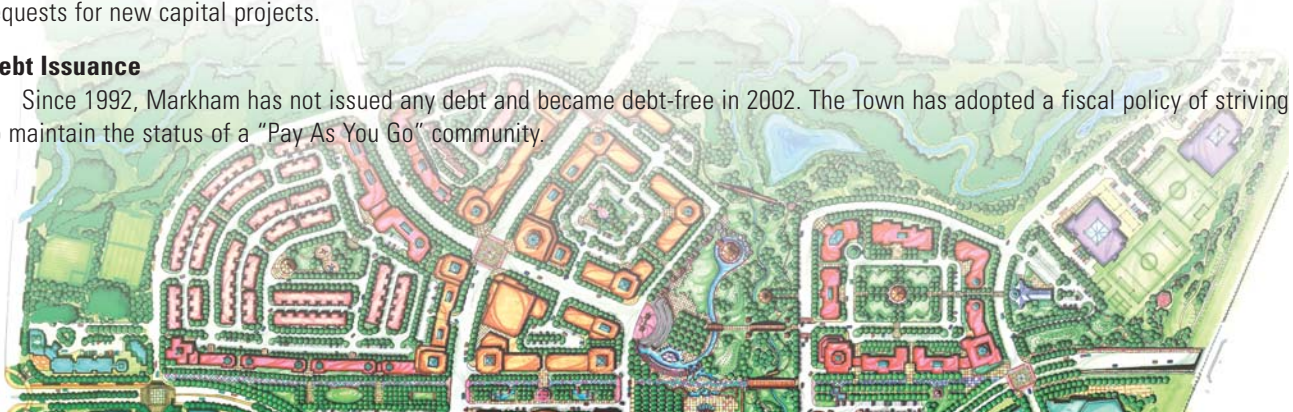
The Town has in place a number of policies to minimize operating deficits, but should they occur, the Town maintains the flexibility to utilize funds from the Corporate Rate Stabilization Reserve. The Town has eliminated its dependence on balancing its budget by using the prior year's surplus. Surpluses are transferred in accordance with the Town's new Reserve/Reserve Fund Policy, beginning with the 2004 surplus.

## **Capital Budget**

The policy sets out guidelines for reporting to Council regarding the closing of capital projects, reallocation of capital funds and requests for new capital projects.

## **Debt Issuance**

Since 1992, Markham has not issued any debt and became debt-free in 2002. The Town has adopted a fiscal policy of striving to maintain the status of a "Pay As You Go" community.



# COMMISSIONER'S REPORT

*I am pleased to present the 2004 Financial Report for The Town of Markham.*

In Markham, encouraging excellence means encouraging quality. Quality is the key to innovation, productivity and a healthy workplace. Our management priorities are based on an understanding of the need for a work/life balance. We recognize that an employee's lifestyle consists of an interdependent set of health habits and everyone in the Corporation is involved in addressing issues related to well-being: health, safety and environmental concerns. A healthy employee is a productive employee. In Markham, our management culture strives to encourage fitness, home/work balance and a physical environment that allows employees to be more productive.

One way we build quality into the day-to-day work of municipal government is by forming cross-commission teams to review and improve our corporate processes. This encourages contact between employees who would not normally interact with one another and is an important catalyst for innovation. Departments such as purchasing, recruitment and information technology have benefited from an interdependent approach to problem-solving. Our continuous improvement teams work together to develop new processes in an environment that promotes innovation and teamwork.

In Markham, we also encourage diversity in the workplace. People are our strength. We encourage our employees to move beyond their comfort zone and rise to the challenge of change. We intend to build on an environment that allows more experienced employees to share with newer staff their more seasoned knowledge of adapting and thriving in the workplace. A number of early victories, even if they are small, create self-confidence and conviction that even bigger success is possible. Through training and mentoring, we invest in our people, building them up to their potential, by creating an environment that allows people to succeed.

## BUDGET

Each year the Business Units produce business plans that present their accomplishments of the last year, growth requirements and new initiatives for the coming year. Out of this process, the Budget is prepared to ensure it aligns with



and supports the goals and strategic priorities of the Corporation. The Budget Committee, which consists of Members of Council, supported by senior staff, encourages input and feedback from stakeholders and uses a "management-by-facts" approach to ensure taxpayers are receiving value for money.

Budget guidelines and priorities are set early in the process and budget requests are submitted to the Commissioners and CAO for rigorous review, resulting in a budget recommendation for the Budget Committee and, ultimately, Council.

For the past four years, the Town submitted its Budget Presentation to the Government Finance Officers Association and each year was awarded the Distinguished Budget Presentation Award.

## AUDIT COMMITTEE

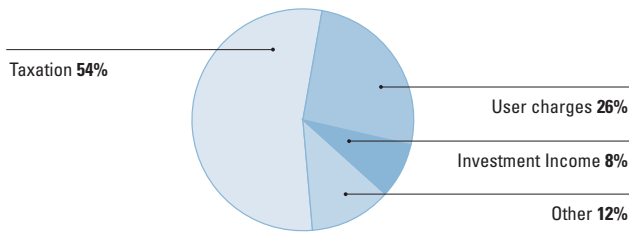
The Audit Committee assists Council in the provision of effective municipal government. Its three fundamental responsibilities are overseeing the processes related to the Corporation's: financial risks and internal control; financial reporting; and the external audit process.

## FINANCIAL STATEMENTS

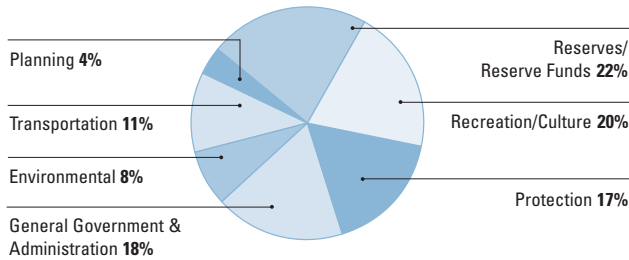
The accompanying Consolidated Financial Statements and all other information included in this report are the responsibility of the management of the Town of Markham. Included with the Financial Statements is a report prepared by our external auditor, KPMG. The auditor has presented an independent opinion that the accompanying Consolidated Financial Statements present fairly, in all material respects, the financial position and operations of the Town of Markham.

Markham prepares its financial statements in compliance with the accounting recommendations as set out in the Canadian Institute of Chartered Accountants PSAB Handbook. It requires the Town's financial statements to provide an accounting of the full nature and extent of the financial affairs and resources for which the Town is responsible.

### 2004 Revenue



### 2004 Expenditures



On a yearly basis, all Ontario municipalities are required to provide the Ministry of Municipal Affairs with performance measurement information, and to report the results of their performance to taxpayers by September 30. The goals of the program are to improve performance, strengthen accountability to taxpayers, stimulate productivity and creativity and improve budget processes. The Town's required measures are included in this report.

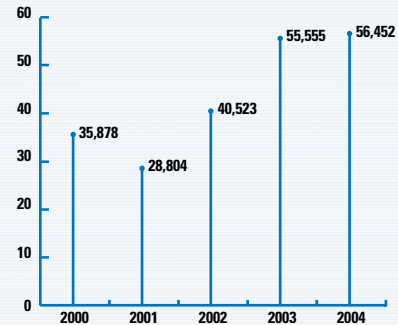
### FINANCIAL HIGHLIGHTS

I would like to thank Barb Cribbett, Treasurer, and Jennifer Nelson, Manager, and her team for their impressive efforts to put in place the financial reporting systems that enabled our external auditors to verify Markham's Financial Statements within 90 days of year-end. Municipalities account for expenditures by fund. Three funds historically make up the Town's Financial Statements: Operating Fund, Capital Fund and Reserves/ Reserve Funds. For 2004, these three funds totalled \$128.3M (2003 – \$108.1M). In addition, Markham's equity interest in the Markham Energy Corporation is part of its Fund Balances. For 2004, the equity in Markham Energy Corporation was \$162.2M (2003 – \$172.5M), bringing the total fund balances to \$290.5M. The following is a summary of each fund.

### OPERATING FUND

Revenues from the current year's operations were \$152.8M (2003 – \$133.7M) while the current operating expenditures

### Capital Spending



All dollar amounts are in \$000

totalled \$110.7M (2003 – \$ 103.0M). The 2004 surplus was approximately \$13.5M, including a one-time transfer of approximately \$8.8M.

### CAPITAL FUND

Markham fully funds capital projects once approved by Council. As a result, the phasing and completion of the projects affect the Capital Fund balance. The Capital Fund balance of \$24.3M (2003 – \$23.2M) represents unexpended capital funding at year-end. Capital expenditures in 2004 totalled \$56.5M (2003 – \$55.6M) and included such projects as construction of the extension of Enterprise Drive, the Bur Oak Fire Station and implementation of the final phase of the 3 Stream Waste Collection Program.

Changes to the Development Charges Act have eliminated funding for such items as parkland acquisition, information technology and administrative space. So, the requirement to fund significant growth-related costs through non-development charge sources will continue to create challenges for Markham, given its remarkable growth.

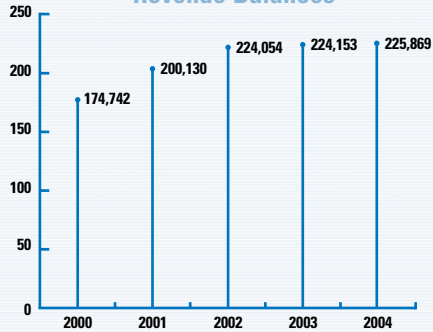
To ensure Markham's existing infrastructure is maintained, the initial \$500,000 of tax revenue from new assessment each year is transferred to the Capital Fund. In 2004, \$16.2M (2003 – \$15.0M) was transferred to the Capital Fund from the tax rate.

### RESERVES/RESERVE FUNDS AND DEFERRED REVENUE

As at December 31, 2004, the Reserves/Reserve Funds totalled \$90.5M (2003 – \$82.1M) and Deferred Revenue totalled \$135.4M (2003 – \$142.1M). The Reserves and Reserve Funds have been established to fund future operating and capital expenditures, long-term liabilities, special projects and potential corporate tax-rate stabilization and working



### Reserves / Reserve Funds and Deferred Revenue Balances



All dollar amounts are in \$000

capital requirements. Development Charges revenue and developer contributions for parkland are now reclassified as Deferred Revenue under Public Sector Accounting Board recommendations. They are no longer included within the Reserves and Reserve Funds.

The Reserve balances that have been established will give the Town added stability and flexibility to deal with the increasing demands of a growing community.

In our journey to excellence, we continue to find new and more efficient ways to deliver municipal services to our taxpayers. We are committed to quality in our vision, our mission and in the conduct of our day-to-day business activities.

For the past three years, our Annual Report has won the Government Finance Officers Association Award for Financial Reporting. We are proud of these significant accomplishments because they acknowledge that our financial data and narrative explanations go well beyond minimum requirements of generally accepted accounting principles.

In conclusion, 2004 was a challenging year in which Markham continued to face financial pressures. However, through the efforts of staff and Council, we have maintained a high level of municipal service within the context of our fiscal responsibilities.

Andy Taylor, C.A.  
Commissioner, Corporate Services  
June, 2005

## AUDITORS' REPORT

### To the Members of Council, Inhabitants and Ratepayers of The Corporation of The Town of Markham:

We have audited the consolidated statement of financial position of The Corporation of The Town of Markham as at December 31, 2004 and the consolidated statement of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
Toronto, Ontario  
June 24, 2005

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2004

(All dollar amounts are in \$000)

	2004	2003
<b>ASSETS</b>		
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	<b>\$ 273,753</b>	\$ 263,074
Taxes receivable (Note 7)	<b>28,076</b>	20,995
Unbilled user charges	<b>5,160</b>	3,525
Accounts receivable	<b>13,557</b>	14,938
Investment in Markham Energy Corporation (Note 18)	<b>162,279</b>	172,453
Other current assets	<b>232</b>	191
	<b>483,057</b>	475,176
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	<b>49,896</b>	46,170
Deferred revenue (Note 10)	<b>135,355</b>	142,071
Employee future benefits liabilities (Note 12)	<b>10,128</b>	9,273
	<b>195,379</b>	197,514
<b>NET FINANCIAL ASSETS</b>	<b>\$ 287,678</b>	\$ 277,662
<b>MUNICIPAL POSITION</b>		
FUND BALANCES		
Operating Fund (Note 14)	<b>\$ 13,549</b>	\$ 2,827
Capital Fund (Note 14)	<b>24,254</b>	23,218
Reserves and Reserve Funds (Note 14)	<b>90,514</b>	82,082
Equity in Markham Energy Corporation (Note 18)	<b>162,279</b>	172,453
FUND BALANCES	<b>290,596</b>	280,580
AMOUNTS TO BE RECOVERED (Note 6)		
From reserves and reserve funds on hand	<b>(2,918)</b>	(2,918)
<b>MUNICIPAL POSITION</b>	<b>\$ 287,678</b>	\$ 277,662

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

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year Ended December 31, 2004  
(All dollar amounts are in \$000)

	2004 <i>Budget</i>	2004 <i>Actual</i>	2003 <i>Actual</i>
<b>Revenues</b>			
Taxation	\$ 79,586	\$ 81,846	\$ 74,638
User charges (Note 11)	36,122	39,783	37,177
Grants	795	3,192	1,703
Contributions from developers	44,243	30,204	42,048
Investment income	10,615	11,963	11,709
Tax penalties	3,375	3,364	3,229
Other	22,845	17,262	8,050
<b>TOTAL REVENUES</b>	<b>197,581</b>	<b>187,614</b>	178,554
<b>Expenditures</b>			
<b>Operating</b>			
General government	27,657	25,873	23,335
Protection to persons and property	22,343	22,789	22,233
Transportation services	13,112	15,711	15,144
Environmental services	12,666	11,826	10,771
Recreation and cultural services	29,209	28,813	26,297
Planning and development	5,379	5,620	5,143
Other	29	340	206
Subtotal	110,395	110,972	103,129
<b>Capital</b>			
General government	8,822	6,473	5,925
Protection to persons and property	2,721	2,340	6,173
Transportation services	45,512	21,500	11,932
Environmental services	5,629	5,781	2,455
Recreation and cultural services	9,874	16,500	24,298
Planning and development	6,945	3,858	4,772
Subtotal	79,503	56,452	55,555
<b>TOTAL EXPENDITURES</b>	<b>189,898</b>	<b>167,424</b>	158,684
	7,683	20,190	19,870
Net change in equity in Markham Energy Corporation (Note 18)	–	(10,174)	7,966
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>7,683</b>	<b>10,016</b>	27,836
<b>CHANGE IN FUND BALANCE</b>	<b>\$ 7,683</b>	<b>\$ 10,016</b>	\$ 27,836

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

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

<i>Year Ended December 31, 2004</i> <i>(All dollar amounts are in \$000)</i>	<b>2004</b>	2003
<b>OPERATIONS</b>		
Increase in net financial assets	<b>\$ 10,016</b>	\$ 27,836
Change in equity in Markham Energy Corporation	<b>10,174</b>	(7,966)
Subtotal	<b>20,190</b>	19,870
<b>Uses</b>		
Increase in taxes receivable	<b>(7,081)</b>	(754)
Increase in accounts receivable	–	(2,090)
Increase in unbilled user charges	<b>(1,635)</b>	–
Increase in other assets	<b>(41)</b>	–
Decrease in deferred revenue	<b>(6,716)</b>	(10,390)
Subtotal	<b>(15,473)</b>	(13,234)
<b>Sources</b>		
Decrease in accounts receivable	<b>1,381</b>	–
Decrease in unbilled user charges	–	462
Decrease in other assets	–	165
Increase in accounts payable and accrued liabilities	<b>3,726</b>	6,381
Increase in employee benefits liabilities	<b>855</b>	523
Subtotal	<b>5,962</b>	7,531
<b>Net increase in cash from operations</b>	<b>10,679</b>	14,167
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>10,679</b>	14,167
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>263,074</b>	248,907
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>\$ 273,753</b>	\$ 263,074

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(All dollar amounts are in \$000)

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of The Town of Markham are the representations of management prepared in accordance with local government accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

#### REPORTING ENTITY

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the operating fund, capital fund, and reserves and reserve funds of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of their financial affairs and resources, to the Town, and which are owned or controlled by the Town, including the following:

- Town of Markham Public Library Board
- Old Markham Village Business Improvement Area
- Unionville Business Improvement Area
- Toronto Buttonville Airport (Markham) Inc.

All material inter-entity transactions and balances are eliminated on consolidation.

#### INVESTMENT IN MARKHAM ENERGY CORPORATION

Markham Energy Corporation and its subsidiaries are accounted for on a modified equity basis, consistent with the 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 to those of the Town, and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of Markham Energy Corporation in its statement of financial activities with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from Markham Energy Corporation will be reflected as reductions in the investment asset account.

#### ACCOUNTING FOR REGION AND SCHOOL BOARD TRANSACTIONS

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the Region of York are not reflected in the municipal fund balances of these financial statements.

#### TRUST FUNDS

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the "Trust Funds Statement of Financial Position" and the "Trust Funds Statement of Financial Activities and Fund Balances."

#### BASIS OF ACCOUNTING

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue.

Expenditures are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

#### TANGIBLE CAPITAL ASSETS

Expenditures made on capital assets are reported as capital expenditures in the statement of financial activities in the period incurred.

#### GOVERNMENT TRANSFERS

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing that the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

#### DEFERRED REVENUE

Funds received for specific purposes are accounted for as deferred revenue until the Town discharges the obligation, which led to receipt of the funds.

#### TAXATION AND RELATED REVENUES

Property tax billings are prepared by the Town based on assessment rolls compiled by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Town Council, incorporating amounts to be raised for local services and amounts that the Town is required to collect on behalf of the Region of York and for education purposes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

A normal part of the assessment process is the issuance of supplementary assessment rolls that provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and issues supplementary tax bills. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the impact shared with the regional government and school boards as appropriate.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

### EMPLOYEE FUTURE BENEFITS

The Town accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the Town's employ. Other post-employment benefits are accrued in accordance with the projected benefit method pro-rated on service and management's best estimate of salary escalation and retirement ages of employees. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

### INVESTMENT INCOME

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

### USE OF ESTIMATES

The preparation of financial statements 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 consolidated financial statements and the reported amount of revenues and expenditures during the period. Actual results could differ from these estimates.

### BUDGET FIGURES

The approved operating and capital budgets for 2004 are reflected on the Consolidated Schedules of Operating Fund Activities, Capital Fund Activities and Financial Activities. The budgets established for the capital fund operations 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 the current year actual amounts. As well, the municipality does not budget for activity within Reserve Funds, with the exception being those transactions which affect either the operating or capital funds.

## 2. OPERATIONS OF SCHOOL BOARDS AND THE REGION OF YORK

Further to Note 1, requisitions were made by the York Region and School Boards requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized as follows:

	2004			2003
	School Boards	Region of York	Total	Total
Taxation	\$ 156,925	\$ 145,886	\$ 302,811	\$ 286,008
Payment in lieu of taxes	297	1,142	1,439	1,466
Supplementary taxes	9,662	7,818	17,480	7,112
Amount requisitioned and transferred	\$ 166,884	\$ 154,846	\$ 321,730	\$ 294,586

## 3. TRUST FUNDS

Trust funds administered by the municipality for the benefit of others amounting to \$ 1,560 (2003 – \$1,489) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities." The trust funds have been reported separately on the "Trust Funds Statement of Financial Position" and "Trust Funds Statement of Financial Activities and Fund Balances."

#### 4. CASH AND CASH EQUIVALENTS

	<u>2004</u>	<u>2003</u>
Cash (bank indebtedness)	<b>\$ 6,764</b>	\$ (832)
Investments	<b>266,989</b>	263,906
	<b>\$ 273,753</b>	\$ 263,074

Investments, which are reported at cost, had a market value of \$ 269,775 (2003 – \$266,673) at the end of the year. Investments consist of authorized investments pursuant to the provisions of the Municipal Act and include short-term instruments of various financial institutions, Government bonds, and Treasury Bills. For the 2004 year, the average rate of return earned was 3.72% (2003 – 4.27%).

#### 5. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

In 2003 as part of a phase in approach, the Town was required to pay one-third of its total OMERS costs. In 2004, the Town commenced making full contributions.

The amount contributed to OMERS for 2004 was \$3,096 (2003 – \$1,054).

#### 6. AMOUNTS TO BE RECOVERED

	<u>2004</u>	<u>2003</u>
Sick Leave	<b>\$ 2,918</b>	\$ 2,918
	<b>\$ 2,918</b>	\$ 2,918

#### 7. TAXES RECEIVABLE

The balance in taxes receivable, including penalties and interest, is comprised of the following:

	<u>2004</u>	<u>2003</u>
Current year	<b>\$ 18,816</b>	\$ 16,086
Arrears previous years	<b>13,500</b>	9,827
	<b>32,316</b>	25,913
Less Allowance	<b>(4,240)</b>	(4,918)
	<b>\$ 28,076</b>	\$ 20,995

MPAC continues to refine the assessed property values established in 2003 in the Town and across the Province. These values were used by the Town to compute the 2004 property tax bills. However, the property tax revenue and tax receivables of the Town are subject to measurement uncertainty as a number of submitted appeals have yet to be heard. Additionally, the Province enacted legislation that permits taxpayers and/or municipalities to file tax appeals retroactive to 1998, most of which have not yet been dealt with. This additional financial uncertainty continues the need for the allowance established for tax appeals in the amount of \$4,240 (2003 – \$4,918). The provision is required due to a number of different types of tax adjustments, including frozen assessment listing ("FAL") appeals, new construction retroactive appeals, and commercial vacancy rebates. Any supplementary billings adjustments made necessary by the determination of such changes will be recognized in the fiscal year they occur and the effect shared with the regional government and school boards as appropriate.

## 7. TAXES RECEIVABLE (continued)

The Province enacted legislation, the "Continued Protection for Taxpayers Act" (Bill 140) in December 2000 that continued the capping provisions for 2001 and onward that were in place between 1998 and 2000. The effect of this legislation, together with regulations issued subsequent to its enactment, will limit assessment-related tax increases to 5% annually for multi-residential, commercial and industrial properties until these properties attain a level of tax equivalent to full Current Value Assessment. The adjustments caused by this legislation may also impact the amounts of rebates which the municipality must issue to certain charitable organizations and the interest and penalties the municipality can collect on arrears of taxes where it is subsequently determined that such amounts have been overstated.

This program is administered by the Region of York on behalf of the area municipalities, and therefore, there is no impact on the "Consolidated Statement of Financial Activities."

## 8. CLASSIFICATION OF EXPENDITURES BY OBJECT

The Consolidated Statement of Financial Activities presents the expenditures by function; the following classifies those same expenditures by object:

	<u>2004</u>	<u>2003</u>
Salaries, wages and employee benefits	<b>\$ 71,514</b>	\$ 64,320
Operating materials and supplies	<b>20,022</b>	19,695
Contracted services	<b>17,922</b>	17,103
Rents and financial expenses	<b>1,345</b>	1,932
External transfers to others	<b>169</b>	79
Tangible capital assets	<b>56,452</b>	55,555
Total expenditures by object	<b>\$ 167,424</b>	\$ 158,684

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include financial obligations to outside organizations and individuals as a result of transactions and events on or before the end of the accounting period. They are the result of contracts, agreements and legislation in force at the end of the accounting period that require the Town of Markham to pay for goods and services acquired or provided prior to the accounting date. A breakdown of the accounts payable and accrued liabilities is as follows:

	<u>2004</u>	<u>2003</u>
Trade accounts payable	<b>\$ 23,615</b>	\$ 23,798
Payable to other governments	<b>10,181</b>	12,801
Payroll liabilities	<b>3,113</b>	2,200
Accrued liabilities	<b>12,987</b>	7,371
	<b>\$ 49,896</b>	\$ 46,170

## 10. 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 following is the current status of the deferred revenues:

	<u>2004</u>	<u>2003</u>
Obligatory Reserve Funds		
Development charges	<b>\$ 124,713</b>	\$ 125,942
Parkland	<b>6,847</b>	4,655
Other	<b>186</b>	185
Deferred revenue – general	<b>3,609</b>	11,289
	<b>\$ 135,355</b>	\$ 142,071



## 11. USER CHARGES

	<u>2004</u>	<u>2003</u>
Water and sewer billings to ratepayers	<b>\$ 37,332</b>	\$ 34,462
Region of York requisitions	<b>(26,604)</b>	(26,070)
Town Share	<b>10,728</b>	8,392
Building permits	<b>7,857</b>	9,866
Parking violations	<b>1,129</b>	1,041
Facility rentals	<b>4,732</b>	4,331
Recreational programs	<b>4,919</b>	4,551
Parks construction and maintenance	<b>205</b>	186
Cultural services	<b>1,880</b>	1,829
Engineering fees	<b>3,358</b>	1,983
Planning processing fees	<b>1,176</b>	1,312
Compliance letters/certificates	<b>250</b>	309
Other user charges	<b>3,549</b>	3,377
	<b>\$ 39,783</b>	\$ 37,177

## 12. EMPLOYEE FUTURE BENEFITS LIABILITIES

	<u>2004</u>	<u>2003</u>
Vacation Pay – Town	<b>\$ 1,661</b>	\$ 1,504
Vacation Pay – Library	<b>65</b>	58
Employee future benefits	<b>4,500</b>	4,135
Vested sick leave benefits	<b>3,415</b>	3,130
Workplace Safety & Insurance Board (WSIB)	<b>487</b>	446
	<b>\$ 10,128</b>	\$ 9,273

### EMPLOYEE FUTURE BENEFITS

Employee Future Benefits are health and dental benefits that the Town of Markham pays on behalf of its current and retired employees. The Town recognizes these post-retirement costs as they are earned during the employee's tenure of service. The benefit liability at December 31, 2004 is \$4,500 (2003 – \$4,135). The liability recorded by the Town has been determined by an actuarial study completed December 2004.

Information about the Town's defined benefit plans is as follows:

	<u>2004</u>			<u>2003</u>
	WSIB	Vested Sick Leave	Employee Future Benefits	Total
Accrued benefit liability, beginning of year	<b>\$ 446</b>	<b>\$ 3,130</b>	<b>\$ 4,135</b>	<b>\$ 7,711</b>
Service cost	<b>171</b>	<b>184</b>	<b>210</b>	<b>565</b>
Interest cost	<b>33</b>	<b>238</b>	<b>286</b>	<b>557</b>
Benefit payments	<b>(122)</b>	<b>(177)</b>	<b>(149)</b>	<b>(448)</b>
Amortization of actuarial loss (gain)	<b>(41)</b>	<b>40</b>	<b>18</b>	<b>17</b>
Accrued benefit liability, end of year	<b>\$ 487</b>	<b>\$ 3,415</b>	<b>\$ 4,500</b>	<b>\$ 8,402</b>
				\$ 7,344
				470
				488
				(331)
				(260)

## 12. EMPLOYEE FUTURE BENEFITS LIABILITIES *(continued)*

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best estimates. The following represents the more significant assumptions made:

	<b>WSIB</b>	<b>Sick Leave</b>	<b>Early Retirement</b>
Expected inflation rate	0.00%	N/A	3.00%
Expected level of salary increases	3.00%	3.50%	N/A
Interest discount rate	6.00%	6.25%	6.25%

### **VESTED SICK LEAVE BENEFITS**

Under the sick leave benefit plan, which is available only to the Town's firefighters, employees can accumulate unused sick leave and may become entitled to a cash payment when they leave the municipality's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to approximately \$3,415 (2003 – \$3,130). The accrued benefit liability and the net periodic benefit cost were determined by an actuarial valuation completed December 2004.

### **WORKPLACE SAFETY & INSURANCE OBLIGATIONS**

Effective January 1, 1999, the Corporation of the Town of Markham became a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self insurance for all its employees. The Town remits payments to the Workplace Safety & Insurance Board ("WSIB") as required to fund disability payments. The estimated future liability relating to WSIB amounted to \$487 (2003 – \$446) and was determined by an actuarial evaluation completed December 2001 and updated December 2004. A Workplace Safety and Insurance Reserve Fund, funded by annual contributions from the Operating Fund, has also been established to protect against any unknown future liability.

The Town also maintains an insurance policy, which protects the Corporation against single claims in excess of \$250.

## 13. COMPARATIVE FIGURES

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

## 14. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

### **(a) Operating fund balance**

	<b>2004</b>	2003
Available for reduction of future taxation		
Town	<b>\$ 13,053</b>	\$ 2,811
Library	<b>472</b>	10
Business Improvement Areas	<b>24</b>	6
	<b>\$ 13,549</b>	\$ 2,827

### **(b) Capital fund balance**

	<b>2004</b>	2003
Funds available for the acquisition of tangible capital assets	<b>\$ 24,254</b>	\$ 23,218

## 14. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR *(continued)*

### *(c) Reserves and Reserve Funds*

	2004	2003
Reserves set aside for specific purposes by Council:		
Replacement of equipment	<b>\$ 23,922</b>	\$ 23,243
Waste management process	<b>1,260</b>	1,709
Waterworks purposes	<b>4,290</b>	4,879
Firefighters sick leave benefits	<b>2,918</b>	2,985
Corporate rate stabilization	<b>31,992</b>	30,301
Angus Glen/East Markham Fire Station	<b>4,808</b>	3,008
Hydro Equity	<b>12,480</b>	8,514
Partnership	<b>28</b>	–
Long Term Disability Benefit	<b>1,905</b>	1,105
<b>Total reserves</b>	<b>\$ 83,603</b>	\$ 75,744
Reserve Funds set aside for specific purposes by Council:		
Theatre	<b>\$ 238</b>	\$ 209
Museum	<b>64</b>	60
Heritage	<b>446</b>	436
Environmental Land Acquisition	<b>3,061</b>	2,993
Environmental Sustainability Fund	<b>196</b>	311
Library	<b>1,051</b>	523
Workplace Safety & Insurance Board	<b>1,855</b>	1,806
<b>Total reserve funds</b>	<b>\$ 6,911</b>	\$ 6,338
<b>Total Reserves and Reserve Funds</b>	<b>\$ 90,514</b>	\$ 82,082

## 15. PUBLIC SECTOR SALARY DISCLOSURE

The Public Sector Salary Disclosure Act, 1996 requires the municipality to disclose the names, positions, salaries and benefits of employees who were paid a salary of \$100,000 or more during the calendar year.

As required under the Act, applicable salaries and benefits paid to employees during 2004 are as follows:

Employee	Position	Actual Dollars	
		Paid	Benefits
Allen, James	Chief Information Officer	\$ 134,894	\$ 529
Baird, Jim	Commissioner, Development Services	143,988	7,609
Bertoia, Steglio	General Manager, Construction & Utilities	106,959	419
Birrell, Sheila	Town Clerk	107,586	422
Brown, Alan	Director, Engineering	115,007	451
Chait, Stephen	Director, Economic Development	117,621	4,061
Clark, David	Town Architect	106,959	419
Conrad, Catherine	Town Solicitor	139,894	7,573
Cousens, Donald	Mayor & Regional Councillor	142,169	12,021
Cribbitt, Barb	Treasurer	138,902	525
Ingham, Paul	General Manager, Operations	102,872	403
Laing, Sharon	Director, Human Resources	113,926	386
Livey, John	Chief Administrative Officer	204,790	9,146
Loukes, Peter	Director, Operations & Asset Management	117,621	461
Lustig, Joel	Director, Financial and Client Services	106,959	419

## 15. PUBLIC SECTOR SALARY DISCLOSURE *(continued)*

Employee	Position	Actual Dollars	
		Paid	Benefits
McClellan, Donald	Fire Chief, Fire & Emergency Services	\$ 134,894	\$ 529
Mintz, Shayne	Deputy Fire Chief, Support Services	106,959	419
Roth, Barb	Director, Recreation & Culture Services	117,621	461
Sales, Jim	Commissioner, Community & Fire Services	151,685	595
Scarpitti, Frank	Deputy Mayor & Regional Councillor	104,366	733
Shuttleworth, Valerie	Director, Planning & Urban Design	112,146	439
Snowball, William	Deputy Fire Chief, Operations	106,959	419
Taylor, Andrew	Commissioner, Corporate Services	151,685	7,639
Taylor, Stuart	Director, Strategic Services	106,959	419
Watt, Roberta	Director, Human Resources	128,283	503
Wealleans, Paul	Director, Revenues	106,959	419
Wright, John	Director, Building Standards	106,959	419

## 16. LEASE OBLIGATIONS

(a) As at December 31, 2004, the Town is committed to minimum annual operating lease payments for premises and equipment as follows:

2005	\$ 424
2006	429
2007	101
2008	51
2009	13
	<u>\$ 1,018</u>

(b) The Toronto Buttonville Airport (Markham) Inc. ("TBAI"), a wholly-owned subsidiary of the Town, entered into an agreement to lease the Buttonville Airport property for a period of nine years for the term of January 1, 2002 to December 31, 2010. Annual rental payment is limited to the funding provided by the Region of York, the Greater Toronto Airport Authority and from any other source during the term of this lease, whether paid directly or as rent.

## 17. CONTINGENCY

### UNSETTLED LEGAL CLAIMS AND POTENTIAL OTHER CLAIMS

The Town has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable at this time and, accordingly, no provision has been made in these financial statements for any liability that may result.

### MARKHAM ENERGY CORPORATION

A class action claiming \$500,000 in restitutionary payments plus interest was served on November 18, 1998. The action was initiated against former Toronto Hydro Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario, which have charged late payment charges on overdue utility bills at any time after April 1, 1981. The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of that permitted under Section 347(1)(b) of the Criminal Code.

The Electricity Distributors Association is undertaking the defence of this class action. At this time it is not possible to determine the effect, if any, on the financial position of Markham Energy Corporation and its joint venture company, PowerStream Inc., and therefore, on that of the Town of Markham.

## 18. INVESTMENT IN MARKHAM ENERGY CORPORATION

The Town of Markham incorporated corporations under the laws of the Province of Ontario. Markham Energy Corporation is wholly owned by the Town of Markham. Markham Energy Corporation owns 100% of Markham District Energy Inc. and 41% of PowerStream Inc. ("PowerStream").

On June 1, 2004, Markham Hydro Distribution Inc. and Hydro Vaughan Distribution Inc. and Richmond Hill Hydro Inc. were amalgamated to form PowerStream. At the effective time of the amalgamation, the issued and outstanding shares in the capital of the Amalgamating Corporations were converted into issued and fully paid shares of PowerStream, or cancelled as follows:

- The 1,000 issued and outstanding common shares of Markham Hydro Distribution Inc. owned by Markham Energy Corporation were converted into 410 issued and fully paid common shares of PowerStream
- The 1,000 issued and outstanding common shares of Hydro Vaughan Distribution Inc. owned by City of Vaughan were converted into 590 issued and fully paid common shares of PowerStream
- The 1,001 common shares of Richmond Hill Hydro Inc. owned by Markham Hydro Distribution Inc. and 1,001 common shares of Richmond Hill Hydro Inc. owned by Hydro Vaughan Distribution Inc. were cancelled without repayment of capital in respect thereof

The Shareholder's Agreement, consistent with the original intent of the shareholders, provides the Town of Markham, through its wholly owned subsidiary Markham Energy Corporation, with "substantive participating rights" that establish joint control with the City of Vaughan over the strategic operating, investing and financing policies of PowerStream.

The following consolidated financial statements of Markham Energy Corporation include the financial information of its subsidiaries Markham District Energy Inc., Markham Hydro Distribution Inc. (for the period from January 1, 2004 to May 31, 2004) and PowerStream Inc. (consolidated on a proportionate share basis) for the period from June 1, 2004 to December 31, 2004.

	2004	2003
<b>Assets</b>		
Current	\$ 84,054	\$ 91,765
Capital	162,384	160,819
Goodwill	13,525	16,622
Other	6,871	7,697
<b>Total Assets</b>	<b>\$ 266,834</b>	<b>\$ 276,903</b>
<b>Liabilities</b>		
Current	\$ 50,244	\$ 49,994
Other	13,311	6,956
Long Term	41,000	47,500
<b>Total Liabilities</b>	<b>\$ 104,555</b>	<b>\$ 104,450</b>
Shareholders' Equity		
Common Shares	\$ 66,727	\$ 66,727
Promissory Notes Payable	76,702	84,666
Retained Earnings and contributed surplus	18,850	21,060
<b>Total Shareholders' Equity</b>	<b>162,279</b>	<b>172,453</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 266,834</b>	<b>\$ 276,903</b>
<b>Results of Operations</b>		
Revenues	\$ 213,323	\$ 217,059
Operating expenses (net of effect of amalgamation)	209,802	209,093
<b>Net income</b>	<b>\$ 3,521</b>	<b>\$ 7,966</b>
Contributed surplus on creation of PowerStream	(13,695)	-
<b>Change in equity in Markham Energy Corporation</b>	<b>\$ (10,174)</b>	<b>\$ 7,966</b>

## 19. SUBSEQUENT EVENT

On March 24, 2005, PowerStream purchased Aurora Hydro Connections Inc. at a purchase price of \$34,500 (subject to closing adjustments) with a proposed closing date of June 1, 2005. The purchase agreement is subject to Ontario Electricity Board approval.

## CONSOLIDATED SCHEDULE OF OPERATING FUND ACTIVITIES – SCHEDULE 1

Year Ended December 31, 2004  
(All dollar amounts are in \$000)

	2004 <i>Budget</i>	2004 <i>Actual</i>	2003 <i>Actual</i>
<b>REVENUES</b>			
Taxation – all classes	\$ 79,586	\$ 81,846	\$ 74,638
User charges (Note 11)	36,122	39,783	37,177
Grants	532	1,393	820
Investment income	10,615	11,775	11,536
Tax penalties	3,375	3,364	3,229
Other	4,048	14,616	6,263
<b>Total Revenue</b>	<b>134,278</b>	<b>152,777</b>	133,663
<b>EXPENDITURES</b>			
General government	27,657	25,873	23,335
Protection to persons and property	22,343	22,789	22,233
Transportation services	13,112	15,711	15,144
Environmental services	12,666	11,826	10,771
Recreation and cultural services	29,209	28,813	26,297
Planning and development	5,379	5,620	5,143
Other	29	21	27
<b>Total Expenditures</b>	<b>110,395</b>	<b>110,653</b>	102,950
<b>NET REVENUES</b>	<b>23,883</b>	<b>42,124</b>	30,713
<b>FINANCING AND TRANSFERS</b>			
Transfer to Reserves and Reserve Funds	(26,685)	(31,402)	(32,294)
<b>Net financing and transfers</b>	<b>(26,685)</b>	<b>(31,402)</b>	(32,294)
<b>CHANGE IN OPERATING FUND</b>	<b>(2,802)</b>	<b>10,722</b>	(1,581)
<b>SURPLUS, BEGINNING OF YEAR</b>	<b>2,802</b>	<b>2,827</b>	4,408
<b>SURPLUS, END OF YEAR</b>	<b>\$ –</b>	<b>\$ 13,549</b>	\$ 2,827

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

## CONSOLIDATED SCHEDULE OF CAPITAL FUND ACTIVITIES – SCHEDULE 2

Year Ended December 31, 2004  
(All dollar amounts are in \$000)

	<b>2004</b>	<b>2004</b>	2003
	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>
<b>REVENUES</b>			
Government of Canada grants	\$ 175	\$ 65	\$ –
Province of Ontario grants	88	1,734	883
Contributions from developers	12,619	671	362
Developers revenue earned	31,624	29,533	41,686
Other	18,797	2,646	1,787
<b>Total revenues</b>	<b>63,303</b>	<b>34,649</b>	44,718
<b>EXPENDITURES</b>			
General government	8,822	6,473	5,925
Protection to persons and property	2,721	2,340	6,173
Transportation services	45,512	21,500	11,932
Environmental services	5,629	5,781	2,455
Recreation and cultural services	9,874	16,500	24,298
Planning and development	6,945	3,858	4,772
<b>Total expenditures</b>	<b>79,503</b>	<b>56,452</b>	55,555
<b>NET EXPENDITURES</b>	<b>(16,200)</b>	<b>(21,803)</b>	(10,837)
<b>FINANCING AND TRANSFERS</b>			
Transfer from Reserves and Reserve Funds	16,200	22,839	21,799
Net financing and transfers	16,200	22,839	21,799
<b>CHANGE IN CAPITAL FUND</b>	–	<b>1,036</b>	10,962
<b>OPENING CAPITAL FUND</b>	–	<b>23,218</b>	12,256
<b>CLOSING CAPITAL FUND</b>	<b>\$ –</b>	<b>\$ 24,254</b>	\$ 23,218

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

## CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS ACTIVITIES – SCHEDULE 3

Year Ended December 31, 2004  
(All dollar amounts are in \$000)

	2004	2003
<b>REVENUES</b>		
Investment income	\$ 188	\$ 173
<b>Total revenues</b>	<b>188</b>	173
<b>EXPENDITURES</b>		
Other	319	179
<b>Total expenditures</b>	<b>319</b>	179
<b>NET EXPENDITURE</b>	<b>(131)</b>	(6)
<b>NET TRANSFERS FROM (TO) OTHER FUNDS</b>		
Transfer from Operating Funds	31,402	32,294
Transfer to Capital Funds	(22,839)	(21,799)
<b>Total net transfers</b>	<b>8,563</b>	10,495
<b>CHANGE IN RESERVES AND RESERVE FUNDS</b>	<b>8,432</b>	10,489
<b>OPENING BALANCE</b>	<b>82,082</b>	71,593
<b>ENDING BALANCE</b>	<b>\$ 90,514</b>	\$ 82,082

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





## A U D I T O R S ' R E P O R T

### **To the Members of Council, Inhabitants and Ratepayers of The Corporation of The Town of Markham:**

We have audited the balance sheet of the Trust Funds of The Corporation of The Town of Markham as at December 31, 2004 and the statement of continuity of Trust Funds for the year then ended. These financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Town as at December 31, 2004 and the continuity of the Trust Funds for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

*KPMG LLP*

Chartered Accountants  
Toronto, Ontario  
June 24, 2005

## TRUST FUNDS

**Statement of Financial Position**

Year Ended December 31, 2004

	2004							2003	
	Morgan Park Trust	Varley- McKay Trust	Markham Conservation Committee Trust	Elections Surplus Trust	Cemetery Trust	Older Adults in Action Trust	Markham History Res & Pub Trust	Total	Total
Bank balance	\$ 51,450	\$ 1,305,726	\$ 13,692	\$ 24,419	\$ 101,458	\$ 6,534	\$ 63,192	\$ 1,566,471	\$ 1,617,420
Accounts Receivable	-	-	-	-	-	-	-	-	15,601
Payable to Varley-McKay Foundation	-	(6,922)	-	-	-	-	-	(6,922)	(150,902)
Investments, at cost	-	-	-	-	-	-	-	-	-
Public Trustee	-	-	-	-	-	-	-	-	6,616
Fund balance	\$ 51,450	\$ 1,298,804	\$ 13,692	\$ 24,419	\$ 101,458	\$ 6,534	\$ 63,192	\$ 1,559,549	\$ 1,488,735

**Statement of Financial Activities and Fund Balances**

Year Ended December 31, 2004

Fund balance, beginning of year	\$ 50,286	\$ 1,298,804	\$ 13,946	\$ 15,601	\$ 103,712	\$ 6,386	\$ -	\$ 1,488,735	\$ 1,524,781
Receipts									
Transfer from Markham									
Historical Society	-	-	-	-	-	-	60,565	60,565	-
Interest Earned	1,164	66,353	314	431	2,280	148	2,627	73,317	73,678
Sale of plots	-	-	-	-	4,162	-	-	4,162	4,426
Royalties and Other Income	-	-	-	8,387	200	-	-	8,587	-
Varley Purchases	-	-	-	-	-	-	-	-	82,952
	51,450	1,365,157	14,260	24,419	110,354	6,534	63,192	1,635,366	1,685,837
Expenditures	-	-	(568)	-	(2,280)	-	-	(2,848)	(46,200)
Prior Year Adjustments (Note 3)	-	-	-	-	(6,616)	-	-	(6,616)	-
Distributable to Foundation	-	(66,353)	-	-	-	-	-	(66,353)	(150,902)
Fund balance, end of year	\$ 51,450	\$ 1,298,804	\$ 13,692	\$ 24,419	\$ 101,458	\$ 6,534	\$ 63,192	\$ 1,559,549	\$ 1,488,735

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

## TRUST FUNDS

### NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2004

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The Trust Funds financial statements of The Corporation of The Town of Markham are the representation of management prepared in accordance with accounting principles set out below.

##### **BASIS OF ACCOUNTING**

Receipts and income are reported on the cash basis of accounting other than interest income which is recorded on the accrual basis. Expenditures are reported on the cash basis of accounting with the exception of administrative expenses, which are reported on the accrual basis of accounting. Accrual accounting recognizes revenues and expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

#### 2. TRUST FUNDS

##### **MORGAN PARK TRUST**

The T. & G. Morgan Memorial Fund in Markham Village was established in 1918 as a result of the last Will and Testament of George Morgan to hold funds, the interest earned on which can be used to offset certain maintenance costs of Morgan Park.

The Morgan Park Redevelopment Trust Fund was established by Council Resolution on December 11, 1991 to receive charitable donations to be used towards the redevelopment of Morgan Park.

##### **VARLEY-MCKAY ART FOUNDATION TRUST FUND**

The Varley-McKay Art Foundation Trust Fund was established by Council Resolution on December 11, 2001. This trust is funded by the amount received from the Estate of Kathleen G. McKay. Interest earned on these funds is available to the Varley-McKay Art Foundation of Markham to fund art appreciation and development.

##### **MARKHAM CONSERVATION COMMITTEE TRUST FUND**

The Markham Conservation Committee Trust Fund was established by Council Resolution on April 15, 1992 to receive donations, grants, subsidies, and other amounts, to be used to cover costs associated with conservation and naturalization programs and projects undertaken by the Markham Conservation Committee.

##### **ELECTION-CANDIDATES SURPLUS FUNDS TRUST ACCOUNT**

The Election - Candidates Surplus Funds Trust Account was established under the Municipal Elections Act to hold surplus campaign funds received by registered candidates in a previous election, to credit interest earned to the surplus funds while held in trust, and to distribute the funds to the registered candidate or to the municipality, school board or local board, as the case may be, in accordance with the Act.

##### **CEMETERY TRUST FUNDS**

The Cemetery Trust Funds were established under the Regulations of the Cemeteries Act to accumulate certain funds from the sale or transfer of an interment right to a purchaser in accordance with the Regulations. These funds are to be held in trust for the care and maintenance of the cemetery. Interest earned on amounts held by the Fund are used towards the maintenance, security and preservation of the cemetery, its grounds, buildings, equipment and markers in accordance with the Regulations.

##### **OLDER ADULTS IN ACTION TRUST FUND**

Council Resolution established the Older Adults In Action Trust Fund on March 10, 1998 to collect donations for the Club and Older Adult Centre.

##### **MARKHAM HISTORY – RESEARCH AND PUBLICATION TRUST FUND**

The Markham History – Research and Publication Trust Fund was established by Council Resolution on June 1, 2004 to plan and monitor the implementation of research, writing, digitizing and production of historical media that illuminates various themes in Markham's history. This trust is funded from cash and securities received from organizations involved in the creation of the original trust fund – Markham History Book Committee and the Markham District Historical Society and the Museum Advisory Board.

#### 3. PRIOR YEAR ADJUSTMENTS

Prior Year Adjustments represent the adjustment on account of Investment, which was overstated in the previous year.

## FIVE-YEAR REVIEW (UNAUDITED)

	2004	2003	2002	2001	2000
<b>REVENUE FUND OPERATIONS</b>	<i>(All dollar amounts are in \$000)</i>				
<i>Expenditures by function</i>					
General Government	\$ 25,873	\$ 23,335	\$ 19,786	\$ 18,680	\$ 19,200
Protection to Persons & Property	22,789	22,233	21,246	19,391	18,471
Transportation Services	15,711	15,144	14,322	10,837	19,305
Environmental Services	11,826	10,771	15,149	13,155	11,417
Recreation and Cultural Services	28,813	26,297	25,430	23,623	22,160
Planning and Development	5,620	5,143	5,085	4,887	4,474
Other	21	27	19	21	25
Financing Repayment & Transfers	31,402	32,294	27,593	27,046	24,445
	\$ 142,055	\$ 135,244	\$ 128,630	\$ 117,640	\$ 119,497
<i>Revenues by Source</i>					
Taxation (includes Supplementary & Payments In Lieu)	\$ 81,846	\$ 74,638	\$ 71,521	\$ 66,587	\$ 61,500
Province of Ontario – Grants/Subsidies	1,393	820	2,468	706	757
Other Grants – for example, Canada	0	0	0	3	12
Fees and service charges	39,783	37,177	37,996	34,675	39,395
Investment Income	11,775	11,536	10,490	8,746	8,460
Other Revenue	17,980	9,492	7,413	7,159	9,164
	\$ 152,777	\$ 133,663	\$ 129,888	\$ 117,876	\$ 119,288
Accumulated Net Revenue at the end of the year	\$ 10,722	\$ (1,581)	\$ 1,258	\$ 236	\$ (209)
Surplus, Beginning of Year	2,827	4,408	3,150	2,914	3,123
Surplus, End of Year	\$ 13,549	\$ 2,827	\$ 4,408	\$ 3,150	\$ 2,914
Reference: Consolidated Schedule of Operating Fund Activities					
<b>CAPITAL OPERATIONS</b>					
<i>Capital Expenditures</i>					
	\$ 56,452	\$ 55,555	\$ 40,523	\$ 28,804	\$ 35,878
<i>Financing by Source</i>					
Transfers from Own Funds	\$ 22,839	\$ 21,799	\$ 17,098	\$ 17,858	\$ 17,411
Grants/Subsidies – Federal/Provincial	1,799	883	0	85	50
Capital assets – transferred from Markham Hydro	0	0	0	0	13,000
Other	32,850	43,835	15,194	12,829	10,039
	\$ 57,488	\$ 66,517	\$ 32,292	\$ 30,772	\$ 40,500
Change in Capital Fund	\$ 1,036	\$ 10,962	\$ (8,231)	\$ 1,968	\$ 4,622
Opening Capital Fund	23,218	12,256	20,487	18,519	13,897
Closing Capital Fund	\$ 24,254	\$ 23,218	\$ 12,256	\$ 20,487	\$ 18,519
Reference: Consolidated Schedule of Capital Activities					
<b>RESERVES AND RESERVE FUNDS</b>					
Reserves	\$ 83,603	\$ 75,744	\$ 69,068	\$ 59,908	\$ 54,255
Reserve Funds – Discretionary Only	\$ 6,911	\$ 6,338	\$ 2,525	\$ 1,733	\$ 3,425
Deferred Revenue	\$ 135,355	\$ 142,071	\$ 152,461	\$ 138,489	\$ 117,062
	\$ 225,869	\$ 224,153	\$ 224,054	\$ 200,130	\$ 174,742
<b>NET LONG-TERM DEBT</b>					
<i>Net long-term Liabilities</i>					
Town of Markham Purposes	\$ 0	\$ 0	\$ 0	\$ 319	\$ 665
Annual Debt Limit prescribed by Province	\$ 37,382	\$ 34,543	\$ 34,305	\$ 26,870	\$ 25,594
Per Capita	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1.46	\$ 3.20
Percentage of taxable assessment	0.0000%	0.0000%	0.0000%	0.0016%	0.0038%
<i>Annual charges for net long-term liabilities</i>					
Principal & Interest – Town of Markham Purposes	\$ 0	\$ 0	\$ 0	\$ 312	\$ 426
As a percentage of Revenue Fund Expenditures	0.00%	0.00%	0.00%	0.34%	0.45%
Per Capita	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1.43	\$ 2.05

## FIVE-YEAR REVIEW (UNAUDITED)

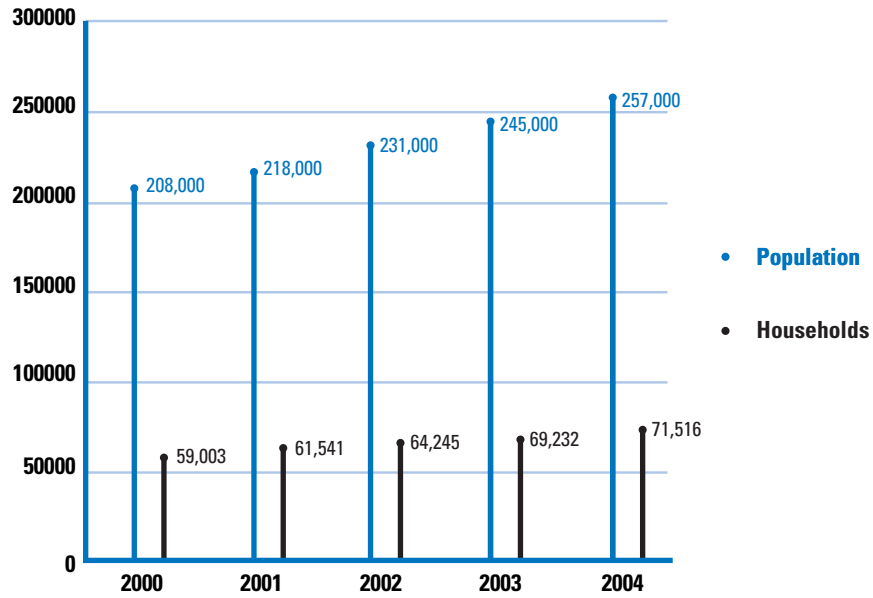
	2004	2003	2002	2001	2000
<b>CONSOLIDATED EXPENDITURES</b>					
<i>(All dollar amounts are in \$000)</i>					
<i>Expenditures by object</i>					
Salaries, wages & employee benefits	\$ 71,514	\$ 64,320	\$ 58,603	\$ 54,545	\$ 53,033
Operating materials and supplies	20,022	19,695	20,122	17,465	18,504
Contracted services	17,922	17,103	18,961	17,252	21,662
Rents and financial expenses	1,345	1,932	3,722	1,517	1,421
External transfers to others	169	79	0	1,790	271
Tangible capital assets	56,452	55,555	40,523	28,804	35,878
Debt service	0	0	55	109	161
Total expenditure by object	\$ 167,424	\$ 158,684	\$ 141,986	\$ 121,482	\$ 130,930
<b>TAXABLE ASSESSMENT</b>					
Residential, multi-residential and farm	\$ 23,740,831	\$ 19,830,413	\$ 16,870,154	\$ 16,103,639	\$ 14,216,240
Commercial - all classes	4,424,242	4,173,784	3,665,810	3,367,337	2,714,281
Industrial - all classes	766,641	761,200	637,947	648,689	569,325
Pipeline & Managed Forests	105,019	102,158	93,929	100,042	31,472
	\$ 29,036,733	\$ 24,867,555	\$ 21,267,840	\$ 20,219,707	\$ 17,531,318
Commercial, industrial and business as a percentage of taxable assessment	17.88%	19.85%	20.24%	19.86%	18.73%
<b>PROPERTY TAXATION</b>					
<i>Tax rates/mill rates (Note 1)</i>					
<i>Residential</i>					
Town of Markham	0.251221%	0.276434%	0.309437%	0.302480%	0.3169%
Region of York	0.485717	0.525619	0.557186	0.543601	0.5735
School Boards (Public and Separate)	0.296000	0.335000	0.373000	0.373000	0.4140
	1.032938%	1.137053%	1.239623%	1.219081%	1.3044%
<i>Multi-residential</i>					
Town of Markham	0.251221%	0.276434%	0.402268%	0.499092%	0.6615%
Region of York	0.485717	0.525619	0.724341	0.896941	1.1972
School Boards (Public and Separate)	0.296000	0.335000	0.373000	0.373000	0.4140
	1.032938%	1.137053%	1.499609%	1.769033%	2.2727%
<i>Commercial – full rate</i>					
Town of Markham	0.303224%	0.304077%	0.340381%	0.332728%	0.3636%
Region of York	0.586260	0.578181	0.612904	0.597961	0.6580
School Boards (Public and Separate)	1.683154	1.758765	2.002016	2.002016	2.3361
	2.572638%	2.641023%	2.955301%	2.932705%	3.3577%
Commercial – vacant units, excess land percentage of full rate	70%	70%	70%	70%	70%
<i>Industrial – full rate</i>					
Town of Markham	0.345103%	0.359364%	0.402268%	0.393224%	0.4801%
Region of York	0.667229	0.683305	0.724341	0.706681	0.8688
School Boards (Public and Separate)	1.871896	2.033891	2.503122	2.503122	2.8640
	2.884228%	3.076560%	3.629731%	3.603027%	4.2129%
Industrial – vacant units, excess land – percentage of full rate	65%	65%	65%	65%	65%
<i>Taxes levied</i>					
Town of Markham	\$ 81,846	\$ 74,638	\$ 71,521	\$ 66,587	\$ 61,500
Region of York	154,846	138,594	125,834	116,551	105,503
School Boards (Public and Separate)	166,884	155,992	152,122	146,378	134,434
	\$ 403,576	\$ 369,224	\$ 349,477	\$ 329,516	\$ 301,437
<i>Total tax arrears (taxes receivable)</i>					
Per capita	\$ 28,076	\$ 20,995	\$ 20,241	\$ 24,569	\$ 24,047
Percentage of current levy	\$ 109.25	\$ 89.34	\$ 87.62	\$ 112.70	\$ 115.61
	6.96%	5.69%	5.79%	7.46%	7.98%

## Note:

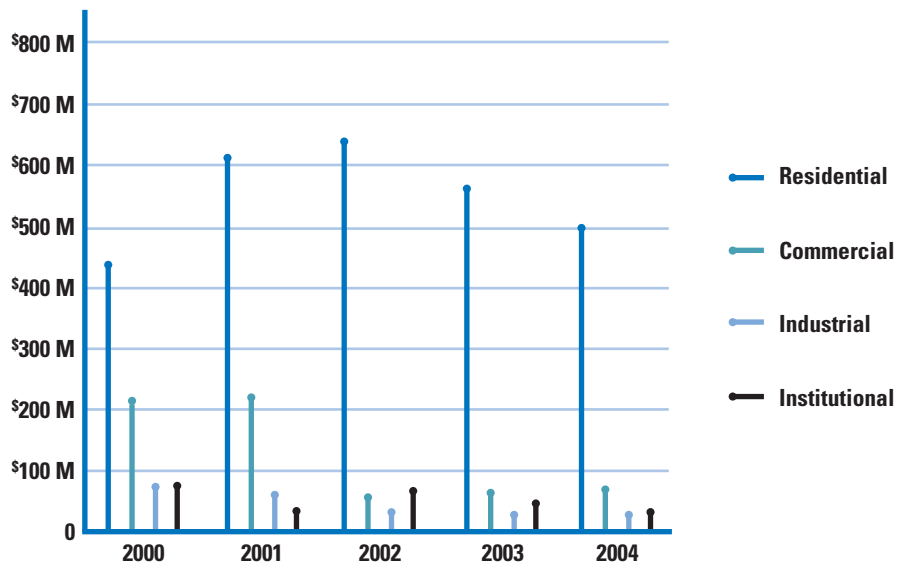
(1) Average Residential Tax bill based on Current Value Assessment of \$358,000 for 2004, \$312,000 for 2003.

# 5 Year Review

## Number of Households and Population



## Value of Construction



## PERFORMANCE MEASURES REPORT CARD

Year ended December 31, 2004

Measure	2004 Result
<b>Local Government</b>	
Operating costs for governance and corporate management as a percentage of total municipal operating costs	9.50%
<b>Fire</b>	
Operating costs for fire services per \$1,000 of assessment	\$ 0.65
<b>Roads</b>	
Operating costs for paved (hard top) roads per lane kilometer	\$ 688.75
Operating costs for unpaved (loose top) roads per lane kilometer	\$ 5,542.21
Operating costs for winter control maintenance of roadways per lane kilometer maintained in winter	\$ 3,691.43
Percentage of paved lane kilometers where the condition is rated as good to very good	85.50%
Percentage of winter events where the response met or exceeded locally determined road maintenance standards	100.00%
<b>Wastewater (Sewage)</b>	
Operating Costs for collection of wastewater per kilometre of wastewater main	\$ 2,040.27
Operating Costs for the treatment and disposal of wastewater per megalitre	\$ 418.00
Operating Costs for collection, treatment and disposal of wastewater per megalitre (Integrated)	\$ 501.25
Number of wastewater main backups per 100 kilometers of wastewater main in the year	0.735
Percentage of wastewater estimated to have by-passed treatment	N/A
<b>Water</b>	
Operating costs for the treatment of drinking water per megalitre	\$ 456.00
Operating costs for the distribution of drinking water per kilometre of water distribution pipe	\$ 4,578.36
Operating costs for the treatment and distribution of drinking water per megalitre (Integrated)	\$ 670.63
Number of water main breaks per 100 kilometers of water distribution pipe in a year	4.46
Weighted number of days when a boil water advisory issued by the Medical Officer of Health, applicable to a municipal water supply	0.000
<b>Solid Waste Management (Garbage)</b>	
Operating costs for solid waste collection per tonne	\$ 57.35
Operating costs for solid waste disposal per tonne	\$ -
Operating costs for solid waste diversion (recycling) per tonne	\$ 135.71
Average operating costs for solid waste management per tonne – Integrated	\$ 86.40
Number of days per year when a Ministry of Environment compliance order for remediation concerning an air or groundwater standard was in effect for a municipally owned Solid Waste	0.00
<b>Management facility</b>	
Total number of solid waste management facilities owned by Municipality	0.00
Number of complaints received in a year concerning the collection of garbage and recycled materials per 1,000 households	22.67
Percentage of residential solid waste diverted for recycling	37.10%
<b>Parks and Recreation</b>	
Operating costs for parks per person	22.62
Operating costs for recreation programs per person	26.09
Operating costs for recreation facilities per person	29.42
Operating costs for parks, recreation programs and recreation facilities per person	78.14
Hectares of open space per 1,000 persons	4.26
Total kilometres of trails per 1,000 persons	0.082
Total hours for registered programs	827,641
Total hours for drop-in programs	11,829
Total hours for permitted programs	3,659,771
Total participant hours	4,499,241
Total participant hours for recreation programs (registered, drop-in and permitted programs)	17,478,279
Square metres of built structures	73,463
Square metres of outdoor recreation facilities and spaces with controlled access	33,592
Total square metres recreation facility space	107,055
Square metres of recreation facility space per 1,000 persons	415.878
<b>Library Services</b>	
Operating costs for library services per person	31.44
Operating costs for library services per use	1.30
Total library uses for municipality only	6,240,177
Total population	257,419
Library uses per person	24.241
Electronic library uses as a percentage of total library uses	19.0%
Non-electronic library uses as percentage of total library uses	81.0%
<b>Land-Use Planning</b>	
Percentage of new lots, blocks and/or units with final approval which are located within settlement areas	100.00%
Percentage of land designated for agricultural purposes which was not re-designated for other uses during the reporting year	91.80%
Percentage of land designated for agricultural purposes which was not re-designated for other uses relative to the base year of 2000	90.30%

## Note:

(1) New measures in 2004 Parks and Recreation and Library Services

## CORPORATE GOALS

### **Environmental Focus**

To protect, enhance and restore the Town's natural features and green spaces as part of a vital and healthy ecosystem.

### **Fiscal Stewardship**

To ensure that resources are managed responsibly and taxpayers are receiving the best value for their money.

### **Infrastructure Management**

To build, renew and strategically manage the Town's infrastructure to meet the demands and expectations of a growing community.

### **Managed Growth**

To provide the framework for the timely delivery of well-planned new communities that are phased and coordinated with the provision of infrastructure.

### **Quality Community**

To recognize, promote and strengthen the sense of community and multiculturalism, while appealing to all ages and stages of life by providing high quality services.

### **Economic Development**

To establish, promote and support Markham as the best location for diverse high-tech and related businesses.

### **Organizational Excellence**

To achieve excellence in managing and delivering quality services through quality people.

