

2013 ANNUAL REPORT MARKHAM *IN MOTION*



Year ended December 31, 2013
Markham, Ontario, Canada





On the cover:

A view of the Markham Civic Centre (east side) approaching Markham's pond, which, during the winter months, transforms into the Markham Civic Centre Ice Rink – the largest artificial outdoor ice rink in the Greater Toronto Area. During the summer months, many festivals and celebrations are held at the Markham Civic Centre, making it a great place for everyone to gather.



In Markham, we use Excellence Canada's Excellence Framework for Municipalities to guide how we manage the whole organization, focusing on:

- Customer Satisfaction;
- Operational Excellence;
- Staff Engagement; and
- Financial Performance.

The Excellence journey is a long-term process that requires the commitment of all Markham staff to reach our destination and sustain our efforts (G4-15).

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The Corporation of the City of Markham's 2013 Annual Report (aligned with GRI 4.0*) has been prepared by the Office of the Chief Administrative Officer and the Corporate Services Commission.

*Markham integrates Sustainability Reporting into its Annual Report, using the Global Reporting Initiative (GRI) Framework. Throughout this Annual Report you will see notations identifying information that is aligned with one of the GRI indicators, as documented on pages 52 and 55.



The City of Markham has been awarded first position in the most recent edition of the Local Government Performance Index (LGPI), after also placing first the previous year.

The LGPI is a project of the Frontier Centre for Public Policy, an independent public policy think tank that measures the financial performance and transparency of the 100 largest cities in Canada.

Council

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; Ward Councillors are elected in specific areas (G4-34).

All Members of Council are elected for a four-year term and exercise their authority through the adoption of resolutions and by-laws. The key roles of Council are to: represent the public and consider the well-being and interests of the City; define the strategic priorities of Markham; determine which services the City provides and ensure they are provided in a cost-effective manner; and ensure administrative and controllership policies, practices and procedures are in place. Council members are subject to Ontario's *Municipal Act* and *Municipal Conflict of Interest Act* (G4-34, G4-41).

The Mayor is Chair of Council and the Chief Executive Officer of Markham. The CEO's responsibilities include: providing leadership to Council; promoting the City both within and outside of Markham; supporting public engagement in municipal activities; representing the City to its stakeholders; and participating in activities that enhance the economic, social and environmental well-being of Markham and its residents (G4-35, G4-37).

Chief Administrative Officer

The Chief Administrative Officer (CAO) has overall responsibility for the City's operating departments and ensures that appropriate administrative practices and procedures are in place in order to carry out Council's decisions. In addition, Commissioners and departmental directors have responsibility for the day-to-day operations of the City. The CAO also advises the Mayor and Members of Council on matters of policy related to the civic administration of Markham (G4-35).

Committees

There are two Standing Committees of Council – General Committee and Development Services Committee.

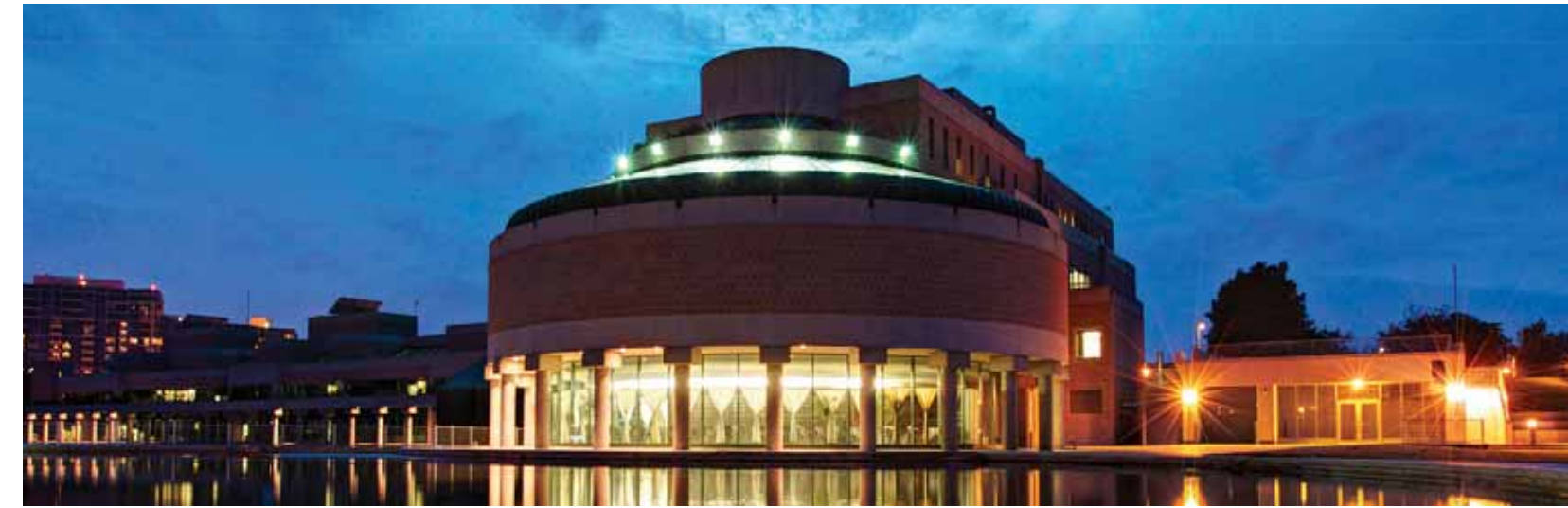
General Committee, comprised of all members of Council, considers matters related to finance and administration; fire and other protective services; community services; environment and sustainability; land; buildings; and parks. Recommendations made by General Committee are forwarded to Council for adoption.

Development Services Committee, also comprised of all Members of Council, deals with planning, economic development, and transportation issues. Recommendations made by the Development Services Committee are forwarded to Council for adoption.

In addition, there are several advisory committees and sub-committees, comprised of residents and one or more Council Members, which report to Council through each of the Standing Committees.

Council and Committee meetings are open to the public and can also be heard online. For audio links and meeting times, visit markham.ca.

Council members are available to residents and other stakeholders, facilitating open dialogue between elected officials and community members (G4-25, G4-49). In addition, public meetings and consultations, deputations and the City Contact Centre provide additional avenues for stakeholders to provide input and feedback to the Corporation (G4-37).



On behalf of Markham Council and staff, we are pleased to present the 2013 Annual Report (aligned with GRI 4.0) for the Corporation of the City of Markham.

Council and staff review Markham's programs, projects and services through its annual budget process with the goal to provide value for municipal tax dollars. Through continuous improvement, leadership and stewardship of fiscal management, General Committee, along with the Budget Sub-Committee, work to balance the delivery of excellent services to our diverse community with the costs of a vibrant, growing environment in a sustainable way that minimizes tax increases.

Markham uses its strategic plan, *Building Markham's Future Together*, to guide decision making (G4-56). This and other key strategic plans, like the *Markham's Greenprint Sustainability Plan* and *OUR Official Plan*, are instrumental in ensuring our projects are aligned with our seven priorities – Growth; Economic Development; Transportation and Transit; Environment and Sustainability; Leisure, Recreation, Culture and Library; Diversity; and Municipal Services.

We are proud that Markham continues to be recognized as a municipal leader. Thank you to everyone who contributed to our outstanding success in 2013.


Frank Scarpitti
 Mayor


Gordon Landon
 Regional Councillor
 Chair, Budget Committee


Logan Kanapathi
 Councillor, Ward 7
 Vice Chair, Budget Committee

Mayor and Members of Council

Mayor Frank Scarpitti
 905-475-4872, fscarpitti@markham.ca

Deputy Mayor Jack Heath
 905-415-7506, jheath@markham.ca

Regional Councillor Jim Jones
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Regional Councillor Gordon Landon
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Regional Councillor Joe Li
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Ward 1 Councillor Valerie Burke
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Ward 2 Councillor Howard Shore
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Ward 3 Councillor Don Hamilton
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Ward 4 Councillor Carolina Moretti
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Ward 5 Councillor Colin Campbell
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Ward 6 Councillor Alan Ho
 905-479-7758, alan.ho@markham.ca

Ward 7 Councillor Logan Kanapathi
 905-479-7748, lkanapathi@markham.ca

Ward 8 Councillor Alex Chiu
 905-479-7752, achiu@markham.ca

General Committee 2013

Frank Scarpitti, Mayor
Jack Heath, Deputy Mayor
Jim Jones, Regional Councillor
Gordon Landon, Regional Councillor
Joe Li, Regional Councillor
Valerie Burke, Councillor, Ward 1
Howard Shore, Councillor, Ward 2
Don Hamilton, Councillor, Ward 3
Carolina Moretti, Councillor, Ward 4
Colin Campbell, Councillor, Ward 5
Alan Ho, Councillor, Ward 6
Logan Kanapathi, Councillor, Ward 7
Alex Chiu, Councillor, Ward 8

Budget Sub-Committee 2013

Chair
Gordon Landon, Regional Councillor
Vice Chair
Logan Kanapathi, Councillor, Ward 7
Members
Frank Scarpitti, Mayor, Ex Officio
Jack Heath, Deputy Mayor, Ex Officio
Jim Jones, Regional Councillor
Joe Li, Regional Councillor
Howard Shore, Councillor, Ward 2
Don Hamilton, Councillor, Ward 3
Colin Campbell, Councillor, Ward 5
Alan Ho, Councillor, Ward 6





Mayor Frank Scarpitti's Message

MARKHAM IN MOTION

With an outstanding record of strong fiscal performance, economic prosperity, superb municipal services, a high quality of life, and leadership in sustainability, Markham continues to grow and attract new investments.

Financial Performance

In 2013, Markham upheld its reputation for fiscal leadership and I'm pleased to provide this update on our award-winning achievements and our vision for city building through our strategic plan, *Building Markham's Future Together*.

Markham's fiscal management has resulted in a 5.9 per cent cumulative tax rate increase over the last six years; the lowest average tax rate increase among 25 Greater Toronto Area (GTA) municipalities. This compares to total tax rate increases of up to 33 per cent in other GTA municipalities during the same period. Markham has also had the lowest commercial and industrial tax rates in the GTA in 2013, earning us high marks from independent organizations.

The Frontier Centre for Public Policy ranked Markham number one, nationally, for financial performance and transparency for the second consecutive year. We also received recognition from the C.D. Howe Institute, an independent not-for-profit research institute whose mission is to raise living standards by fostering economically sound public policies.

Markham has been honoured with the Distinguished Budget Presentation Award for the past 13 years, and the Canadian Award for Financial Reporting from the Government Finance Officers Association for 12 years.

Along with our unmatched financial performance, the capital reserve program—which provides full replacement of our infrastructure for the next 25 years, based on planned investments—ensures a strong and sustainable foundation for the future.

Economic Prosperity

As Canada's most ethnically diverse city, Markham is home to a highly educated and varied workforce that serves to attract global economic investment. Markham is now home to 9,000 businesses and 164,000 jobs, many of which are aligned with growth in high technology, life sciences, financial services and communications.

We've undertaken many initiatives to attract new investment through international business missions and our entrepreneurial approach to partnership and innovation. Compelling developments include Delridge's net zero office building; the expansion of Qualcomm Industries, a state-of-the-art Cineplex Odeon theatre complex, and plans for Aviva's new head office in Markham Centre, which will accommodate 1,500 new jobs. 2013 saw \$830 million in new construction.

Quality of Life

Markham's high quality of life works hand in hand with our economic prosperity. Our parks and trails, heritage communities, cultural and entertainment attractions, and some of the finest municipal community facilities in Canada, make Markham a highly attractive place to work and live.

Community sustainability is a top priority for Markham and our Greenprint Sustainability Plan creates a long-term framework for our vision (G4-1).

We now boast a Canadian best with our curbside waste diversion rate of 81 per cent. By the end of 2013, we had planted more than 265,000 trees as part of our Trees for Tomorrow program that began in 2007 (G4-EN13).

In 2013, Markham District Energy (MDEI), our City-owned thermal energy utility, received the International District Energy Association's System of the Year Award. MDEI provides reliable, efficient, cost-competitive energy services to Markham Centre homes, businesses, the Cornell Community Centre and Library and Markham Stouffville Hospital. As well, our solar photovoltaic system—the largest municipal system in Canada—provides significant offsets of greenhouse gas emissions.

Public Service Excellence

The December 2013 ice storm hit Markham and the GTA hard, and required unprecedented resources to respond. Within hours, our Emergency Operations Centre was in full swing and hundreds of City staff and emergency services personnel stepped forward to ensure our residents were safe and secure. Our emergency preparedness planning served the community well, both during the storm and the restoration efforts that followed. I am also proud of our residents who reached out to help their neighbours and others in need during that difficult time.

This City is resilient and its Council and staff are committed to public service excellence. These attributes make Markham a natural location for world-class events and the Toronto 2015 Pan Am/Parapan Am Games is a leading example.

The TO2015 Games represent the largest international sports competition ever held in Canada. Markham is playing a significant role as an Official Host City.

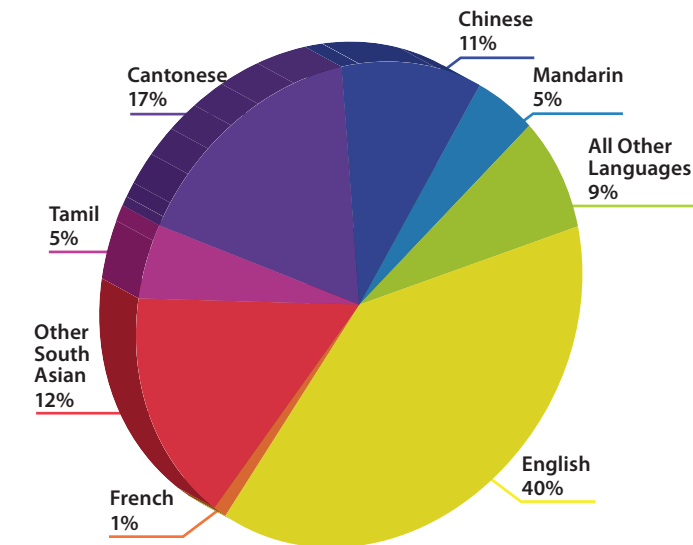
Our beautiful Markham Pan Am Centre will open in 2014. In summer 2015, we will host four Pan/Parapan Am events using our 50-metre Olympic-sized pool and the field house designed to international height standards. This is the pinnacle of Markham's seven-year journey through *Building Markham's Future Together*.

We have established Markham as a leading Canadian city. When the 2015 Games arrive, we will be proud to share our city with the estimated 250,000 international visitors it will bring to our doorstep.

Frank Scarpitti
Mayor
May 2014

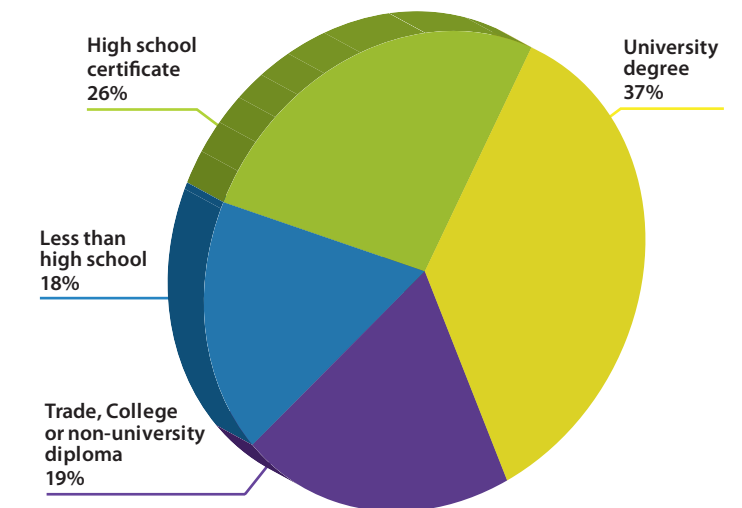
COMMUNITY PROFILE

Mother Tongue Demographic



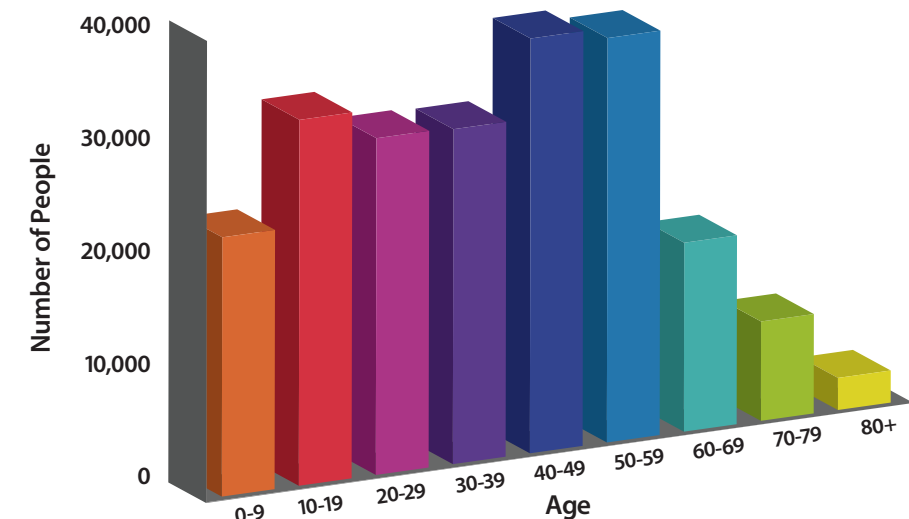
In 2013, Statistics Canada's National Household Survey released data confirming that Markham is Canada's most diverse city. Over 50 per cent of the population has a first language other than English or French.

Educational Attainment



Home to 400 corporate head offices and 900 high tech and life science companies, Markham businesses attract a highly educated workforce. Residents are well-educated, with 56 per cent having completed post-secondary education.

Population Age Characteristics



Markham is a young and vibrant community, with over 30% of our population under the age of 40. Our city continues to attract businesses and cultural opportunities for all ages.



CAO's Message

A FOCUS ON SERVICE EXCELLENCE AND SUSTAINABILITY

Markham is one of the fastest growing and most vibrant cities in the Greater Toronto Area (GTA). Growth management and fiscal planning, partnered with excellent city services, have helped make Markham a place people and businesses want to call home.

As our city grows, so does our need for new roads, bridges, parks, libraries and community centres, as well as enhanced and expanded services and utilities. Our carefully developed master plans, integral elements of our strategy, *Building Markham's Future Together*, have ensured we are building a sustainable city with world-class amenities.

City Projects

This Report provides an overview of the many initiatives that were undertaken in 2013. A few highlights:

- Main Street Markham, north of Highway 7, was reconstructed to better support commercial activities while respecting the area's heritage;
- The Rodick Road bridge and extension was completed, easing traffic congestion;
- Implementation of our aggressive plan to mitigate the damage done to City ash trees by the Emerald Ash Borer infestation; and
- Installation of 12,300 LED street lights on most of our collector and arterial roads, improving road visibility while reducing greenhouse gas emissions, and lowering energy costs by more than 50 per cent. This initiative helps deliver on our commitment to sustainability.



BEFORE



AFTER

Emergency Preparedness

Being prepared for emergency situations is a high priority for any municipality. When 17,000 households were without electricity and more than 5,000 street trees were damaged or destroyed as a result of the December 2013 ice storm, the City was ready. Staff worked around the clock to clear debris and assist residents who needed access to overnight warming centres over eight days and nights. Cleanup operations took weeks and complete restoration will continue well into 2014. Costs are expected to be approximately \$10 million (G4-13).

Operational Excellence

We use Excellence Canada's Excellence Framework for Municipalities to guide how we manage the city, ensuring satisfied customers, efficient systems and processes, an engaged staff and a balanced budget (G4-15).

Continued focus on operational excellence has resulted in enhanced customer service, operational improvements and cost savings for taxpayers. For example, by 2014 our continuous improvement program has achieved \$15 million in expenditure reductions and revenue enhancements over the past six years, avoiding a 15 per cent increase in taxes.

Corporate Social Responsibility

Three years ago, the City of Markham became the first municipality in Canada to integrate sustainability reporting into its annual report, using the Global Reporting Initiative (GRI) Framework. This enabled us to measure, understand and communicate our performance in four areas—economic, environmental, social and governance (G4-1). For the first two years, we relied on indicator data that was readily available. In 2013, we made the transition to GRI 4.0 and conducted a materiality analysis (p. 53) of the issues, risks and opportunities most important to the City. Through this analysis, we chose 21 GRI key performance indicators for measuring our sustainability performance (G4-18). Areas that could be of potential significance were identified through our long-term strategic plan *Building Markham's Future Together* (BMFT), and our *Greenprint Sustainability Plan* (G4-19).

Our adoption of the GRI Framework was prompted while developing the Greenprint (G4-18). This plan sets out our vision and priorities for a sustainable future (G4-1). Of the 12 Greenprint sustainability priorities, we are currently focusing on four: Energy and Climate, Food Security, and Accessibility (G4-27).

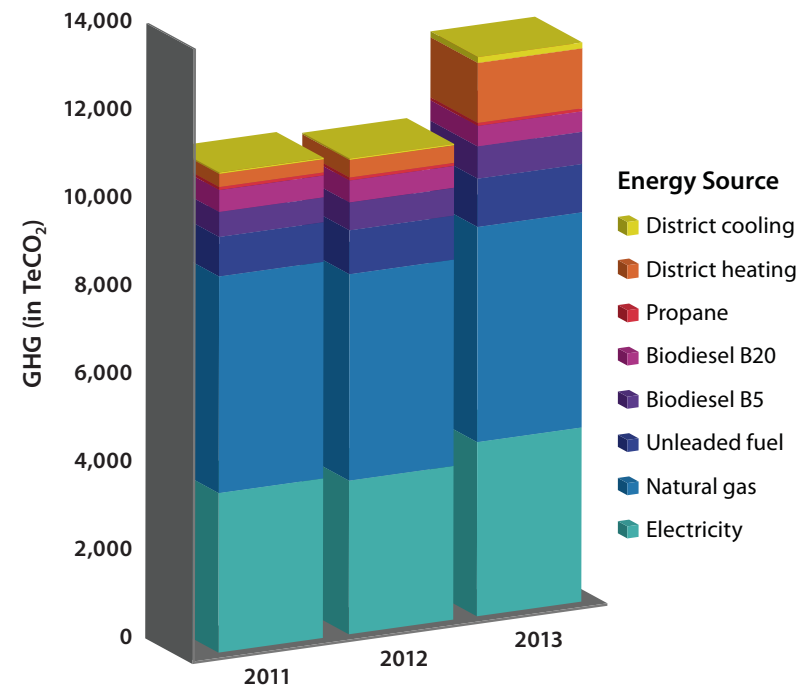
2013 was a year of great success and prosperity, and new opportunities. We lead the country in our sustainability planning and have established ourselves as a leader in municipal management and fiscal responsibility (G4-1).

I would like to thank Markham Council members for their leadership and Markham staff for their commitment to providing excellent services to our taxpayers.

Andy Taylor
Chief Administrative Officer
May 2014

CORPORATE PROFILE

Corporate Greenhouse Gas Emissions (G4-EN16)

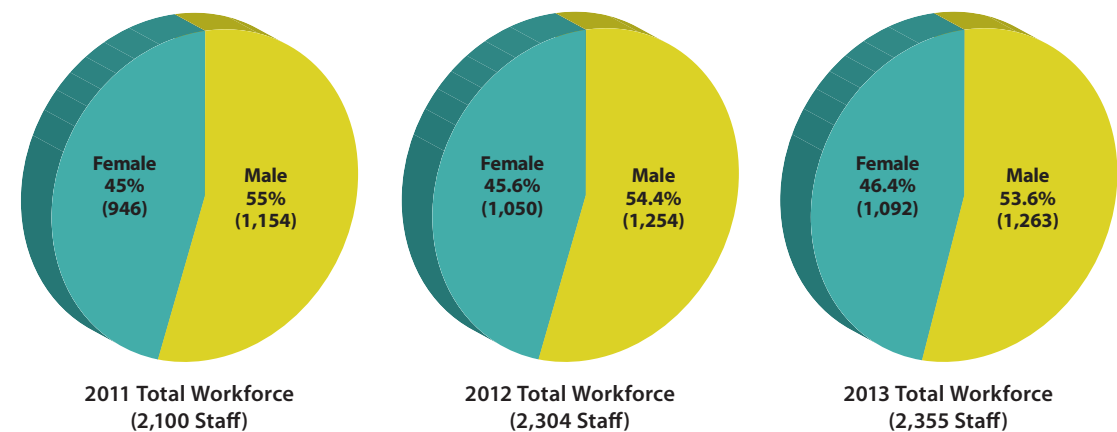


Energy and greenhouse gas (GHG) emissions data shows 17% net increase, driven by the 129,000 sq. ft. Cornell Community Centre, which is on our district energy system. The increase was slightly mitigated by conservation and demand management efforts that reduced consumption in several other facilities (G4-EN6).

Markham Features (G4-9)

212 sq. km Total Land Area
195 Parks
155.2 km Trails/Pathway Systems
7 Public Libraries
26 Community Centres & Facilities
9 Fire Stations
3 Cultural Facilities:
• Flato Markham Theatre
• Markham Museum
• Varley Art Gallery of Markham
4 Heritage Areas:
• Thornhill
• Unionville
• Markham Village
• Buttonville

Male to Female Staff Ratio (G4-LA1)



Markham works hard to ensure our staff reflect the demographic make-up of our community.

GROWTH MANAGEMENT

“Downtown Markham is really starting to take shape and has an ambiance that will make it a place people want to keep going to. The stores, theatre and restaurants create a hub of activity for employees during the day and after work.”

~ Christopher Bratty, President of Land Development and Investments, The Remington Group



Markham is one of the fastest growing cities in North America. Our population is more than 330,000, with a projected increase to 421,600 by 2031.

Ontario's *Places to Grow* initiative designated Markham as a growth municipality. To ensure Markham continues to be an increasingly attractive place in which to live and to do business, the City must ensure that community infrastructure will support future growth.

Where and how should growth occur in Markham? Taking into consideration community responses through our *Click With Markham* public engagement program, Markham has completed its growth management strategy and adopted a new Official Plan (G4-56). Our residents want managed growth—improved transportation infrastructure; live-work opportunities; well-planned neighbourhoods and districts; more affordable and special needs housing; and development balanced with green space (G4-PR5).

Our growth management strategy addresses the challenges of growth – the pace of growth; land use; environmental protection; agriculture; cultural heritage; economy; housing mix; quality of life; transportation and infrastructure (G4-56).

Markham also hosted a community charrette for the Unionville Precinct Plan where residents, business owners and stakeholders put forth their vision for historic Main Street Unionville, one that would be economically viable for the next decade (G4-SO1). Construction to restore the Stiver Mill on Station Lane in Unionville also began in earnest. Built in 1916, this important landmark symbolizes Markham's agricultural heritage. We redeveloped the streetscape of Main Street Markham to make it more attractive and pedestrian-friendly. Master plans are in progress for Morgan Park and Library Square in historic Markham Village. City staff also

worked with the Region of York and the aboriginal community to complete the York Region Archaeological Management Plan. We also completed the Cornell Centre Precinct Plan.

Our Official Plan intentionally places new growth centres close to planned and current transit corridors, while protecting existing communities. Our future communities must be compatible with our award-winning communities like Cornell, Angus Glen and Leitchcroft.

Markham Centre, our new downtown, is rapidly transforming into a vibrant, pedestrian-oriented commercial and residential area that will welcome 40,000 new residents and 40,000 new jobs. Its urban character will feature higher density; mixed-use buildings; attractive streetscapes; an infusion of arts, culture, entertainment and public amenities, along with balanced live/work opportunities and integrated transit-supportive development supported by a mobility hub. Identified as an Urban Growth Centre in the provincial growth plan, Markham Centre will set new standards for sustainable communities. It will be known as one of North America's largest LEED-certified, mixed-use communities, and have connectivity to the Rouge Valley Natural Heritage System.

The City is also planning other innovative, transit-centred communities such as Langstaff Gateway (near Yonge Street and Highway 7) and Cornell Centre.

We are delivering on sustainable community growth, the services needed to accommodate growth, the financial strategy to implement our growth plan, and our commitment to keep citizens informed and involved (G4-27).

Markham is well positioned for long-term economic prosperity: strong communities, a high quality of life amidst a healthy environment, and preservation of our rich cultural and natural heritage.

2013 Facts and Figures

Population	330,000+
Total building permits issued	2,822
Construction value	\$829,707,998
New residential units	2,977
Commercial office inventory	1,136,384 sq. ft.
Downtown Markham	240 acres

ECONOMIC DEVELOPMENT

"Markham's diverse and well-trained population, sound fiscal management, quality of life, and excellent transportation links are very attractive to potential German investors. Having well-known high-tech German companies like G&D and Siemens already there is a valuable endorsement of Markham's status as a world-class investment destination."

~ Steven Goodinson, Consul and Senior Trade Commissioner, Consulate of Canada, Munich



The City of Markham is staying on course with our award-winning, economic competitiveness strategy—*Markham 2020*.

Based on four key sectors of opportunity—Convergence of Information and Communications Technology and Life Sciences; Professional, Scientific and Technical Services; Information, Entertainment and Cultural industries; and Finance and Insurance—*Markham 2020* reinforces our local and global competitiveness, while promoting innovation, human resources, trade and investment.

Renowned as Canada's High Tech Capital, Markham achieved several economic milestones in 2013.

We expanded our international and economic alliances. Over the past two years, targeted business missions to India and China helped to encourage investments from companies such as Huawei, CTBC Bank, and the Bank of China and supported local companies such as Quanser and Novo Plastics to do business overseas (G4-EC8). Markham hosted 21 visiting delegations, including 16 from China, and others from Taiwan, India, Sweden and Italy. Markham has been invited to participate in Federal and Provincial marketing initiatives to attract offshore investment.

Markham's business-friendly climate and fiscal performance stimulate vibrant commercial activity. Internationally renowned corporations chose Markham as their home – GE's Grid IQ Innovation Centre; Enbridge's Technology and Operations Centre; and Honda's corporate headquarters. Honeywell; Qualcomm; Netfirms; and AMD expanded our high-tech sector. Toronto Dominion Bank's regional financial centre, Sun Life Financial, and Emerson also chose to relocate to Markham. Del Ridge Homes opened its Net Zero office building and Global International added 150 employees to its roster of 1,000.

Markham's ventureLAB supports business innovation and commercialization, which lead to investment and jobs. VentureLAB mentors and connects entrepreneurs to resources and fosters global excellence in innovation (G4-EC7). Another success story is the Markham Small Business Centre, which was identified as one of the top performing Small Business Enterprise Centres in Ontario.

Markham's E3 program exemplifies how the municipality maintains its leadership in fiscal performance (G4-56). The program has resulted in more than \$14 million in savings and new revenue over the past five years. We constantly seek out innovation, efficiencies and new technologies to reduce costs (G4-27). From 2008 to 2013, Markham had the lowest six-year total tax rate increase of the 25 municipalities in the Greater Toronto Area (GTA), and in 2013 the lowest commercial and industrial tax rates. In 2013, the Frontier Centre for Public Policy ranked Markham #1 in Canada for fiscal performance and transparency for the second consecutive year.

Markham is highly competitive, and our national and international profile contributes to the City's vitality and economic success. Investment, trade, research and development, small business support—we welcome corporations, professionals and entrepreneurs who will advance Markham's reputation for innovation, sustainability, and economic prosperity.

Markham's future economic development plans will cross international boundaries; leverage our diverse population; harness the power of education; and promote innovative start-ups.

Markham 2020 is helping to shape our future as one of Canada's leading communities.

2013 Facts and Figures

Corporate head offices	400+
High-Tech companies	1,000+
Life Sciences companies	172
Total employment in high-tech and life sciences	39,000
Total employment	150,000
Commercial tax rate	1.825068%
Industrial tax rate	2.118792%
Available commercial land – serviced and market ready	309.28 acres
Available industrial land – serviced and market ready	600.77 acres

TRANSPORTATION & TRANSIT

"On Highway 7, the dedicated Viva bus rapidways are making great progress. The first segment east of Yonge to Highway 404 opened ahead of schedule in 2013, and in 2014 we plan to open the Markham segment east of 404 to Warden. Viva rapidways will help riders make smooth, convenient connections with TTC, GO Transit and the 407 Transitway, and create a seamless regional transit network."

~ Mary-Frances Turner, President, York Region Rapid Transit Corporation



Markham is always in motion. We are a key destination within York Region and our growing city offers many employment, recreational, housing, cultural and economic benefits. It also poses transportation and transit challenges; busy city streets and highways, the need for additional public transit, and travel demand management.

Like many cities around the world, Markham discovered that people can travel more easily when efficient transit and road networks become priorities. During our public consultations, Markham residents said that transportation was a very important priority. They wanted traffic congestion reduced by improving our roads, bridges and highway infrastructure. They wanted transit system extensions, new and improved bus routes, high occupancy vehicle (HOV) lanes and alternative modes of transportation (G4-SO1).

Our planning process began with a transportation summit in 2008. Out of these workshops and information sessions to review potential mobility hubs in Markham Centre and Langstaff, we learned that our transportation and transit strategy to manage existing and future transportation needs would have to focus on transit, road improvements, education and policy.

In the Greater Toronto and Hamilton Area (GTHA), transportation initiatives require all three levels of government and other partners to collaborate and generate solutions to transit challenges.

The City of Markham is an important partner on vivaNEXT, the network of bus rapid transit, subway extensions and light rail transit. We also work closely with Metrolinx, a provincial agency tasked with improving transportation in the GTHA. For example,

the vivaNEXT rapidway along Highway 7 will integrate with the future Yonge subway extension and our own future mobility hub at the Unionville GO Station. The Yonge Street and Warden Avenue corridors will also be developed (G4-EC8).

Markham Centre was architecturally and environmentally designed to function as a key mobility hub. Not only is clean and efficient transit and transportation important to commuters, it also contributes to business success. Downtown Markham and its integrated transportation network will continue to act as a commercial gateway to the Greater Toronto Area (GTA), Ontario, Canada, the United States, and beyond.

Some people prefer to walk, ride or rollerblade. The City has built new sidewalks and invested millions of dollars in its award-winning, 155-kilometre, multi-use pathway system. After achieving status as a bike friendly Community and receiving a prestigious provincial award, Markham continues to provide extensive cycling routes as part of its commitment to encourage wellness and active living for people of all ages.

Markham is responsible for local roads and bridges. Over the past seven years, significant changes have ensured additional travel routes and improved traffic flow and pedestrian access. The municipality also accelerated regional projects such as the Woodbine bypass and the Boxgrove bypass. Other noteworthy infrastructure improvements include the Rodick Road, Enterprise Drive and Birchmount extensions, and bridge replacements like John Street and Robinson Street. The major reconstruction and transformation of Main Street Markham—an important heritage and business district—is almost complete.

2013 Facts and Figures

Total km of roads	1,980 lane km
Total km on 407 & 404	31.2 km (not including on/off ramps)
Total km of sidewalks	1,003 km
Multi-use pathway system	155.2 km
Cost of multi-use pathway system	\$137,000
Main Street Markham reconstruction	\$7.9 million

ENVIRONMENT & SUSTAINABILITY

The new City of Markham Official Plan sets out a long-term vision for the continued development of Markham as a vibrant, liveable city. It provides direction to Markham Council, residents, businesses and investors about the appropriate use of land and the appropriate form of development in Markham over the next 20 years. It also provides direction on the provision of services, such as transportation, that support development.

~ Markham's Draft Official Plan, Residents' Guide



Markham is renowned for its environmental leadership and stewardship, striving to protect our natural environment as part of a healthy ecosystem. We are a leader in zero waste programs, energy conservation and rooftop solar, and local food charters and programs.

At 81 per cent, Markham has the highest curbside waste diversion level in Canada. We surpassed our 80 per cent diversion target months ahead of schedule, positioning Markham as "The Best of the Best." The City has an aggressive zero waste program for all of its facilities and other cities seek us out to gain our knowledge and expertise.

Our infrastructure grants were utilized to retrofit municipal facilities with energy-efficient technology, including installing 1.4 megawatts of solar photovoltaic systems that generate enough electricity to meet the annual needs of 160 homes, offsetting 121,173 kg CO2 Greenhouse Gas (GHG) emissions per year (G4-EN19). These systems generate \$300,000 of non-tax revenue annually for the City. Markham's total solar output is now among the largest for any municipality in Canada.

In 2013, The Markham Energy Conservation Office (MECO) created an energy management plan and started work on future projects to continue reducing energy consumption and maintenance (G4-EN6) making great strides towards improving the City's energy management and achieving our saving targets of 300kW demand reduction and 1,800 MWh.

One of the City's largest energy-saving projects was implemented in 2013 with the conversion of 50 per cent of the City's street lights to LED lighting resulting in an 54 per cent reduction in energy, and annual savings of approximately \$1.0 million (G4-EN6).

Regarded as a model for other systems world-wide, Markham District Energy received the *International System of the Year* award in 2013 from the International District Energy Association.

The City established two community retrofit partnerships—Enbridge Community Energy Conservation Program, and the TRCA's

Bayview Glen Sustainable Neighbourhood Action Plan (SNAP). The first program helps residents reduce their energy consumption and costs. The second builds on our Greenprint initiatives to improve energy and water conservation and reduce flooding risks for residents.

In 2013, the Markham Environmental Sustainability Fund supported five projects: stream rehabilitation; battery collection in schools; a portable tap water drinking station; conversion of a Markham fleet vehicle to natural gas; and an environmental geocache tour by the Conservation Authority. Eighteen Markham schools have also received funding for resources and staff assistance to become zero waste Schools (G4-EC7 and G4-SO1).

With the help of residents, schools, community organizations, NGOs, the private sector and other levels of government, we have planted 267,423 trees as part of Markham's Trees for Tomorrow Program, since the beginning of 2007 (G4-EN13).

In 2013, our Markham Organic Home Garden (MOHG) pilot helped 115 home gardeners grow about 3,220 pounds of food. Over 50 pounds was donated to the local food bank (G4-SO1). We also established York Region's first Seed Library at the Milliken Mills Library. Bird-friendly film was also installed on many City facilities to reduce the number of birds colliding with windows.

The City of Markham, Parks Canada, all levels of government, and aboriginal and community partners announced the establishment of Rouge National Urban Park. Markham will add some of its own land and help determine how the park is developed, balancing wilderness restoration with agricultural production while providing nature-based experiences for visitors.

Now in our third year of sustainability reporting, Markham remains the only municipality in Ontario to implement Corporate Sustainability Reporting (CSR) through the Global Reporting Initiative (GRI) framework.

2013 Facts and Figures

Curb side waste diversion	81%
Solar photovoltaic systems installed	1.4 megawatts
Trees for Tomorrow plantings	More than 31,000 trees planted
Residents who used Markham's Community Recycling Depots	120,000
Parks adopted through Adopt-a-Park program	4 (G4-EN13)
Food grown through Markham Organic Home Gardens pilot project	3,220 pounds approx.
Gardens recognized through Susie Garden Program	65
Litres of water distributed	36 billion
LED street lights installed	12,000 (G4-EN6)
Energy consumption reductions in City facilities	826,300 kWh/yr (G4-EN6)

LEISURE, CULTURE, RECREATION AND LIBRARY

"It will be a big place where youth like me will be able to interact with each other. We'll be able to relax, socialize and do homework. People from all over Markham will be able to enjoy this."

- Keira Fong, Grade 12 student, commenting on the Southeast Markham Community Centre and Library, currently under construction



Markham Pan Am Centre



City of Markham

Markham is a city of diverse, engaged, open-minded citizens who desire active lifestyles, opportunities for creative expression, and culturally enriching experiences. Our 10-year Integrated Leisure Master Plan, based on intensive community engagement and consultation, ensures they can count on new recreation centres, cultural programs, up-to-date libraries, and parks. By investing in health, wellness and lifelong learning programs, the City improves the quality of life for residents and creates more livable communities.

In 2013, the City constructed eight community parks and we celebrated the groundbreaking of our new state-of-the-art Southeast Community Centre and Library that is scheduled to open in 2016. We have also completed phase one of our Library Customer Service Program.

Construction began on one of our most spectacular landmark projects—the Markham Pan Am Centre. Slated for completion in 2014, the Centre will boast a 50-metre, Olympic-sized pool and field house and will host water polo, badminton, table tennis and para table tennis competitions during the 2015 Pan/Para Pan Am Games. The Games will be the largest international sporting event ever held in Canada and will bring the world to Markham.

Our Recreation Services department hosted several community engagement initiatives to ensure our services meet the needs of the community. We enhanced sport tourism by successfully hosting tournaments for organizations such as the Canadian Women's Hockey League, Swim Ontario, Badminton Ontario, and Skate Canada.

We worked with the After School/Work program for at-risk youth with 360⁰ kids; the Lifesaving Society Swim to Survive programs in schools; the Social Services Network to support seniors at Armadale Community Centre; and the Ontario Community Recreation and Sport Funding and the Ontario Welcome Centre (G4-EC8). Markham is also piloting a new Lifesaving Society program in two schools.

In early 2014, and for the second consecutive year, Markham hosted the Canadian Women's Hockey League's Clarkson Cup. In 2014, we welcomed many of the gold and silver medalists from the final women's hockey Olympic game in Sochi, Russia.

The green and sustainable Cornell Community Centre and Library set a new standard for municipalities with its award-winning features. It is also the first community centre in Canada to be integrated with a health and wellness hospital campus. This innovative partnership with the Markham Stouffville Hospital delivers a Community Health Information Centre (CHIC), health and wellness programs, and public use of the medical library.

Markham is also home to outstanding cultural opportunities and exceptional exhibits through our recently expanded Varley Art Gallery of Markham and the addition of the new Exhibit Building at the Markham Museum.

The Markham Museum presented a groundbreaking, large-scale public art exhibition called Land|Slide. It brought 30 national and international artists together along with urban planners, ecologists, civic leaders and the general public in a unique homage to the past and to imagined futures.

We are currently implementing a Public Realm Plan to work hand in hand with our many cultural initiatives.

Central to cultural life in York Region, the Flato Markham Theatre continues to present world-class, international entertainment. We recently completed our bold five-year Markham Theatre Strategic Plan that outlines an ambitious vision to cultivate a vibrant and creative community through live arts, in response to our growing and changing population.

The award-winning Markham Public Library completed its public launch of the Customer Service Revolution, including the new Customer Service Promise and Service Standards. It was the first library in Canada to introduce RFID technology and has the highest circulation level per capita of any library service in the Greater Toronto Area. The Library is currently focused on community engagement through initiatives such as One Book One Markham (a community reading project), and a community-led strategic planning process to advance Markham's success as a city committed to lifelong learning and a thriving economy.

2013 Facts and Figures

Community parks constructed	8
Visitors to recreational facilities	8.2 million
Planned cycling network	288 km
Participants who signed up for swimming lessons (under 18)	33,254
City of Markham camp participants (under 18)	17,552
Flato Markham Theatre tickets sold (professional shows)	27,459
Markham Museum visitors	37,885
Varley Art Gallery of Markham visitors	44,463
Markham Public Library visitors	2,385,862

DIVERSITY

"The suburbs and satellite towns are going to give us this energy – and it is terrific energy. People are coming here and they want to get ahead."

~ Adrienne Clarkson, former Governor General of Canada



In 2013, Markham was recognized as the diversity capital of Canada. According to Statistics Canada, we are Canada's most diverse community with a higher proportion of visible minorities than any other city in the country.

Diversity extends beyond multiculturalism. *Everyone Welcome.* our Diversity Action Plan sets out 68 recommendations for making Markham's municipal services as inclusive as possible (G4-56). Because everyone deserves full and equal access to Markham's facilities, services and information, we reduced physical and communication barriers by introducing new multilingual services and assistive technologies (G4-PR5) and increased the physical accessibility of our buildings and facilities.

As part of the City's customer service enhancements last year, we adopted eSSENTIAL Accessibility™ software to make our online environment instantly accessible to people with a variety of physical, literacy or visual impairments. This is part of our commitment to meet the changing needs of our residents.

The City performed 10 accessibility retrofits in 2013. The two largest were enhanced accessibility seating at the Flato Markham Theatre and washroom upgrades at the Markham Civic Centre (G4-SO1).

The 2013 Accessibility Fair, an annual community event, showcased the various accessibility products and services that are becoming standard at City facilities.

As a strong leader in diversity education, Markham lives up to its reputation for including and engaging people from all backgrounds.

We created new City diversity tools—an Inclusion Tool and *If Markham Were a Village of 100*. The concepts of diversity and inclusion permeate City policies and practices and earned us the *Diversity in Governance Award* in 2013. This award recognized the City's efforts to have diverse representation on Boards and Committees.

Diversity is one of Markham's greatest social, cultural and economic strengths. The success of our new Canadians captured the attention of Austrian and German political leaders who visited to learn how and why diversity works so well here (G4-SO1). Our citizens recognize and celebrate differences and cultural variety, yet share the values we hold dear as Canadians.

Markham is home to some of the best cultural festivals in Canada. The world beats in the heart of our City each year when we welcome more than 400,000 people to events such as the RBC Markham Children's Festival, the CIBC Taste of Asia, the World Unity Festival, the Night It Up! Youth Festival, the South Asian Festival, and our Canada Day ceremony.

The City has partnered with our two Welcome Centres for Immigrant Services to deliver employment workshops and culture and recreation programs for newcomers to help ease their transition into the Canadian workplace and society. In 2013, clients of our welcome centres got to tour the Civic Centre and visit key sites around Markham.

True to our motto, *Leading While Remembering*, our thriving community celebrates its pioneer roots and heritage as much as it celebrates its economic prosperity, diversity and rich quality of life.

"Markham is to be congratulated for implementing the eSSENTIAL Accessibility software on their portal website. Over the past several years, we have seen more corporations recognize the importance of reaching consumers with disabilities. The adoption of assistive technology tools often signals a greater understanding of the many aspects of inclusion and accessibility that can benefit this growing segment of the Canadian population."

~ Andria Spindel, President and CEO, March of Dimes Canada

MUNICIPAL SERVICES

“On surveying the street, I was reminded of the amount of emotional support and effort that City staff has been contributing to the community. Whenever I have interacted with staff through the recovery period and the tough-times during the ice storm, they have had an amazing attitude toward engaging with the residents.”

~ Barry Nelson, Markham Resident



In 2008, we initiated the award-winning *Click with Markham*, the largest municipal survey of its kind with almost 5,000 residents registered their views (G4-PR5).

Residents told us they wanted improvements to snow removal, garbage collection and communication. In 2013, we made many of our services available at more convenient times through our new All Access Markham program (G4-PR5). We also provide more than 50 online services and have added eSESSENTIAL Accessibility™ software to ensure that everyone has access to our website.

We launched our first mobile app, putting access to our online information and programs into our residents' hands. Social media platforms and *Markham Life* magazine provide regular updates to residents. Residents who prefer to conduct business in person can do so through the City's extended counter service hours (Monday to Friday, 8:00 a.m. to 5:00 p.m.; Thursdays until 7:00 p.m.) (G4-PR5).

We expanded our winter maintenance program to include rear laneways. In order to improve rear lane snow clearing service to align with our current 12-hour service standard for clearing local roads under similar conditions, we increased the number of hired loaders (assigned to rear lanes) from 28 to 35.

Our Operations department received an award for its pavement preservation program that also saves the City one million dollars a year. This innovative pavement recycling program for new road construction was recognized by the Asphalt Recycling and Reclaiming Association.

Markham successfully plans for and controls stormwater runoff. Using advanced storage and treatment facilities, our Stormwater Management Program helps to protect water resources and minimize

flood risks in urban areas. Council also approved a long-term stormwater management strategy to upgrade infrastructure and minimize flood risks.

The Emerald Ash Borer (EAB) has devastated ash trees in many parts of North America, including Markham. The City responded with a comprehensive Management Plan, which includes annual tree health assessments, treatment of healthy trees, removal, replanting, and maintenance.

The December 2013 ice storm caused major damage and extended power disruptions in Markham. Ongoing cleanup efforts include removing fallen tree debris from City-owned road allowances, parks, facilities and cemeteries, as well as watercourses and natural areas. We also put a damaged tree and stump removal program and an urban forest replanting plan in place. The total estimated cost of storm response and recovery is approximately \$10 million.

Other successes in 2013 include extending services for seniors and those with physical limitations with our side door waste and recycling service (G4-PR5). We also broke ground for our new Southeast Markham Community Centre and Library, scheduled to open in 2014. Construction started for our new Pan Am Centre, a landmark for the 2015 Pan Am Games. We have also completed phase one of our Library Customer Service Program and improved community safety by opening two new fire stations—one in Cathedraltown and one in Cornell. Markham District Energy was recognized as a global best practices leader by the International District Energy Association.

2013 represented a year of important municipal service improvements. We will continue to consult our residents, pro-actively meet their evolving needs and achieve the priorities set out in our long-term strategy – *Building Markham's Future Together*. And we will do so in an environment of integrity, transparency and respect.

2013 Facts and Figures

Online services	50+
Storm sewers managed	755 km
Storm manholes	16,000
Catch basins managed	18,796
Stormwater management ponds managed	88
Trees damaged during the three-day ice storm	6,000+
Contact centre calls received during ice storm	5,200
Road Rehabilitation Program	10.45 kms resurfaced
Pavement Preservation Program	20.87 kms preserved



Commissioner's Report

STRONG FISCAL PERFORMANCE, HIGH TAXPAYER VALUE

At the City of Markham, we are proud of our significant accomplishments in 2013 through *Building Markham's Future Together*, our strategic "city building" plan.

As part of this plan we have expanded services and made significant investments in new municipal facilities and services. We also continued our progress on our "All Access Markham" strategy, including a website refresh, continued implementation of our suite of online services, and an exciting new mobile app.

At the same time, we have remained focused on effective fiscal management and operational excellence to ensure the sustainability of our City for the future.

In 2013, the City of Markham's tax rate increase was 1.5 per cent, including 0.5 per cent to address the extraordinary costs associated with the Emerald Ash Borer infestation. Our 2013 increase was among the lowest in the GTA.

In 2012, Markham became the first Ontario municipality to be ranked #1 for fiscal performance and transparency by the Frontier Centre for Public Policy through its influential Local Government Performance Index. In 2013, we again achieved #1.

Markham's success has been achieved through continued harvesting of efficiencies, effective investment strategies and prudent fiscal management.

A number of key projects have been implemented to support our overall fiscal plan:

The completion of the 2013 Development Charges Background Study provides the foundation for continued implementation of development charges to fund capital projects related to growth throughout Markham so that:

- "growth pays for growth" to the extent allowed by the Development Charges Act; and
- new services required by growth are provided in a fiscally responsible manner.

In 2013, staff took a more policy-based approach in two key areas:

- Development of a multi-year framework for allocation of Federal Gas Tax funding. This included funding of strategic initiatives that provide a positive return on investment, preserve Lifecycle Reserve funding, and address significant capital projects expenses to reduce the financial impact on residents.
- Establishment of a new city-wide funding model to address Stormwater Management capital requirements over the next 30 years.

In 2013, staff across Commissions completed an extensive review of all open capital projects. We were able to close a number of projects, returning capital dollars to our Lifecycle Reserve. We also enhanced our policies to strengthen accountability and oversight and ensure timely completion of current projects.

Markham staff continue to find ways to improve service to our residents, while controlling costs to ensure that taxpayers receive solid value for their tax dollar today, and in the future.

Budget

Each year the business units produce business plans that present their accomplishments of the previous year, and detail their 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 Sub-Committee and Council.

Financial Statements

The accompanying Consolidated Financial Statements and all other information included in this report are the responsibility of the management of the City of Markham. Included with the Financial Statements is a report prepared by our external auditor, KPMG LLP.

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 Markham.

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

On a yearly basis, all Ontario municipalities are required to provide the Ministry of Municipal Affairs and Housing 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. Markham's required measures are included in this report.

Financial Highlights

Markham has conformed to PSAB's accounting standards PS 1100, PS 1200 and PS 3150 since 2009 (G4-15). Under the above accounting standards, the consolidated statement of financial position reflects tangible capital assets as non-financial assets and the residual difference between Markham's assets and debts is reflected as accumulated surplus.

I would like to thank Joel Lustig, City Treasurer, for the impressive efforts our team made to put in place the financial reporting systems that enabled our external auditors to verify Markham's financial statements in a timely manner.

Reporting for Tangible Capital Assets

Tangible capital assets represent a significant investment for Markham and related information is vital for stewardship, accountability and the development of asset management plans. Assets are valued at their historic cost on the date of purchase or construction and are amortized over useful lives.

The residual net book value of these assets represents the value of assets available to serve future generations. The net book value of tangible capital assets at the end of year was \$3,556.5 million (2012 - \$3,464.9 million).

Accumulated Surplus

The accumulated surplus at the year end was \$3,992.6 million (2012 - \$3,877.0 million) which includes Markham's equity interest in Markham Enterprises Corporation \$233.3 million (2012 - \$227.7 million). The following is a summary of the operating surplus and Reserves/Reserve Funds and Deferred Revenue.

Operating Surplus

Revenue from current year's operations was \$379.4 million (2012 - \$442.1 million) while current operating expenses totalled \$263.8 million (2012 - \$261.5 million). Markham's revenues decreased by \$62.7 million when compared with 2012 mainly due to a reduction in developer contributions and deferred revenue earned. Markham's 2013 year end surplus/(deficit) from operations excluding contributions from developers, revenues relating to tangible capital assets and equity in Markham Enterprises Corporation was (\$4.5) million (2012 - \$0.3 million).

Reserves and Reserve Funds

As at December 31, 2013, the Reserves and Reserve Funds totalled \$238.1 million (2012 - \$216.1 million). The Reserves and Reserve Funds have been established to fund future operating and capital expenditures, future liabilities, special projects and corporate rate stabilization and working capital requirements.

For the past 12 years, our Annual Report has won the Government Finance Officers Association Award for Financial Reporting. We are proud of this accomplishment because it acknowledges our financial data and narrative explanations go well beyond minimum requirements of Generally Accepted Accounting Principles.

Trinela Cane
Commissioner, Corporate Services
May 2014

Finance Senior Management Team

From left to right:

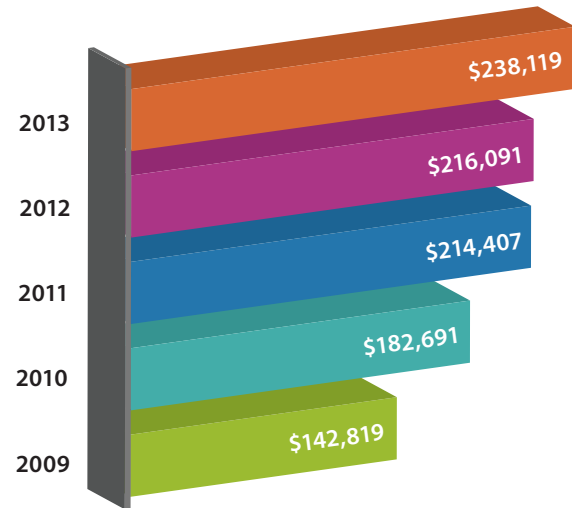
- Kishor Soneji, Senior Accountant
- Shane Manson, Senior Manager, Revenues and Property Taxation
- Andrea Tang, Manager, Financial Planning
- Mark Visser, Senior Manager, Financial Strategy and Investments
- Joel Lustig, Treasurer



2013 FINANCIAL REPORT AND STATISTICS

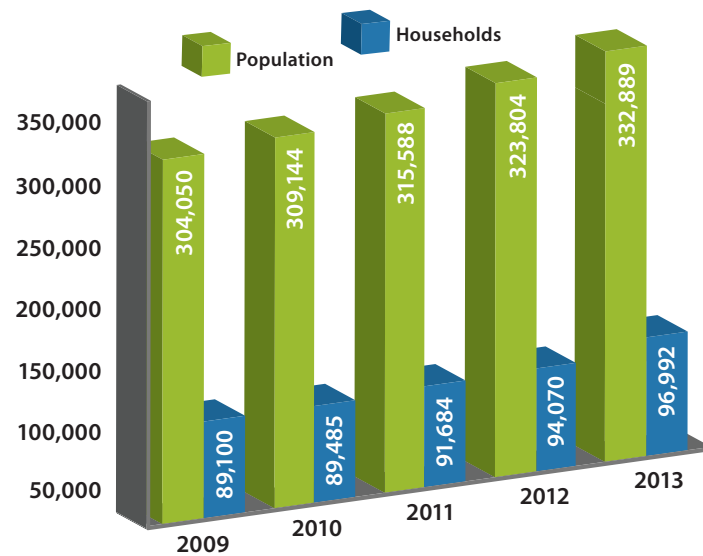
Reserves and Reserve Funds

(All dollar amounts are in \$000)



Reserves and Reserve Funds are an allocation of accumulated surplus that is established by Council for a specific purpose. These Funds help the City meet projected capital expenditure needs in upcoming years. In the last five years, from 2009 to 2013, Markham's Reserves and Reserve Funds have increased by 66.7 per cent.

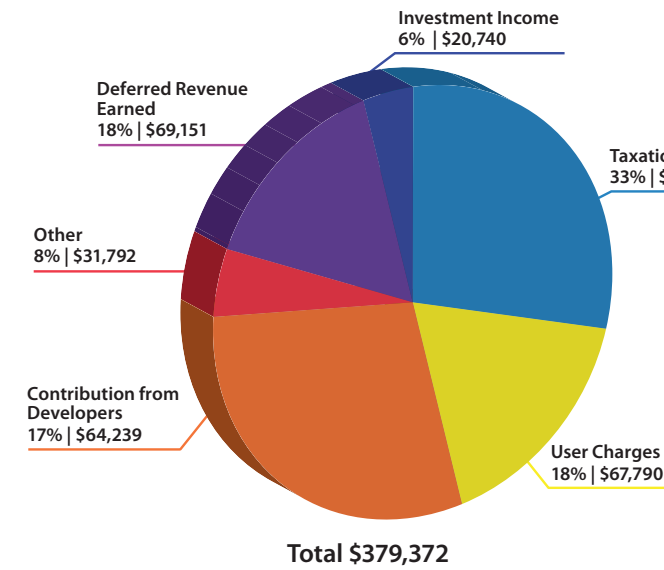
Number of Households and Population



The number of household and population data has been provided by the Office of the CAO for York Region, Long Range Planning Branch, based on Statistics Canada data and Canada Mortgage Housing Corporation information. In the last five years, from 2009 to 2013, Markham's population increased by 9.5 per cent and the number of households increased by 8.9 per cent respectively. Our population is expected to grow to 370,000 by 2021.

2013 Revenues

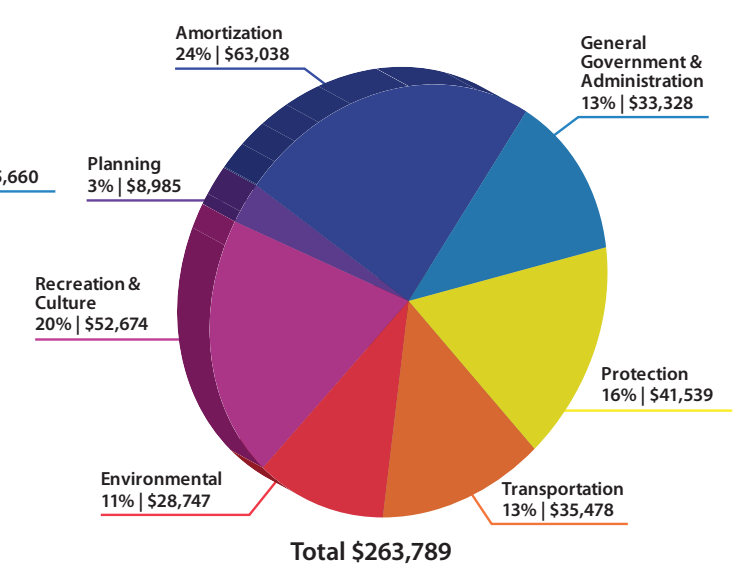
(All dollar amounts are in \$000)



The City's Revenues and Expenses are broken down by distinguishable activity or group of activities (G4-EC1). These segments are considered appropriate for governments who are reporting financial information by type of service.

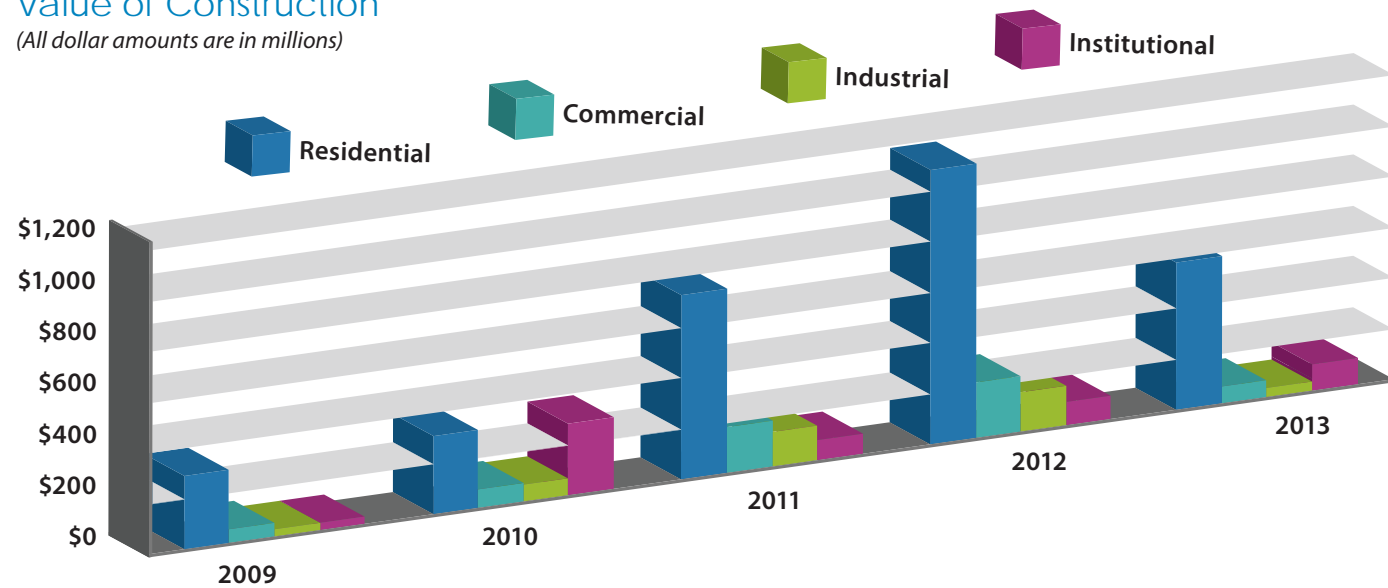
2013 Expenses

(All dollar amounts are in \$000)



Value of Construction

(All dollar amounts are in millions)



The construction value being reported is the estimated dollar value of all building permits for new buildings and building additions issued in a calendar year. The dollar value is calculated following a fixed mathematical formula and is determined by the new area in square metres x the multiplier on the Toronto Area Chief Building Officials Committee (TACBOC) Construction Value Standard. The TACBOC Construction Value Standard, first produced for Toronto area municipalities in 1997 and now widely used across the GTA, is a table of average building construction costs in the GTA, and is sourced from several published construction costing guides.

AWARDS & RECOGNITION IN 2013

The Frontier Centre for Public Policy ranked Markham #1 in Canada for fiscal performance and transparency.

The City of Markham was awarded the Distinguished Budget Presentation Award from Government Financial Officers Association (GFOA).

The City of Markham was awarded the Canadian Award for Excellence in Financial Reporting from Government Financial Officers Association (GFOA).

The International District Energy Association awarded the 2013 System of the Year Award to Markham District Energy Inc.

The City of Markham was awarded the Diversity in Governance Award (local government category) from the Maytree Foundation.

The Share the Road Coalition awarded the City of Markham the 2013 Bicycle Friendly Community Award (Bronze).

The City of Markham was awarded the 2013 Award for Excellence in Full-Design Reclamation from Asphalt Recycling & Reclaiming Association.

The Varley Art Gallery of Markham was voted #1 by the readers of the Markham Economist & Sun in its annual "Readers' Choice Awards 2013."

The Varley Art Gallery of Markham and the Musée des beaux-arts du Québec won the prize for the BEST Publication of the year for *The Plasticiens and Beyond: Montreal, 1955-1970*.

The Varley Art Gallery was awarded the Services Award 2013 from Deafblind Ontario for our continued support of the Sensory Exploration in the Arts program held monthly at the gallery.

Eco Camp @ Camp Chimo was awarded Best Day Camp 2013 Reader's Choice Award by the readers of the Richmond Hill Liberal newspaper.

FINANCIAL POLICIES

Council has approved a number of financial policies to govern the preparation of the annual operating and capital budgets and handling of Markham'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 Markham financial policies are as follows:

Basis of Accounting

Markham 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.

Reserves/Reserve Funds Policy

The first phase of a comprehensive Reserves/Reserve Funds Study was approved by Council in 2004. Markham's discretionary Reserves/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 Markham 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 Markham.

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. Markham'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 Reserves/Reserve Funds Policy.

Use of Assessment Growth

Markham will transfer up to 25 per cent of tax revenue from the net annualized growth in assessment to the Life Cycle Replacement and Capital Reserve Fund to maintain and refurbish our existing infrastructure.

Use of Prior Year's Surplus/Deficit

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

Capital Budget Control Policy

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.

Investment Policy

The policy provides a framework from which to make investment decisions within acceptable risk levels. Markham strives for the maximum utilization of its cash resources within statutory limitations and the basic need to protect and preserve capital.

Investment Interest Policy

The policy provides a framework for the recording and allocation methods of Investment Interest Income. A Capital Gains reserve has been set up to reduce year-to-year fluctuations in the Investment Interest budget.

Development Charges Credit Policy

The policy sets out guidelines for administration and issuance of development charge credits to developers. This is implemented through formal agreements with Markham.

Payment Acceptance Policy

The policy provides direction on the forms of payment accepted by the organization, both in person and online payment methods including credit card and debit card payments.

INDEPENDENT AUDITORS' REPORT



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Toronto ON M2P 2H3
Canada

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Fax (416) 228-7123
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of The Corporation of the City of Markham

We have audited the accompanying consolidated financial statements of The Corporation of the City of Markham (the "City"), which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the City of Markham as at December 31, 2013, and its consolidated results of operations and accumulated surplus, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

April 28, 2014
Toronto, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2013, with comparative figures for 2012
(All dollar amounts are in \$000)

	2013	2012
		(Re-casted Note 21)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	\$ 338,633	\$ 370,550
Taxes receivable (Note 7)	30,429	39,150
Unbilled user charges	9,953	9,870
Accounts receivable (Note 18)	56,157	56,633
Investment in Markham Enterprises Corporation (Note 19)	233,349	227,736
Other current assets	2,736	3,067
	671,257	706,006
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	81,413	107,616
Deferred revenues (Note 10)	117,304	151,227
Employee future benefits liabilities (Note 12)	27,978	26,205
Long-term liabilities (Note 6)	10,747	11,181
	237,442	296,229
	433,815	409,777
NET FINANCIAL ASSETS		
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	3,556,532	3,464,891
Inventories of supplies	869	1,212
Inventories of land - heritage estates	109	109
Prepaid expenses	1,249	1,002
	3,558,759	3,467,214
ACCUMULATED SURPLUS (Note 15)	\$ 3,992,574	\$ 3,876,991

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

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended December 31, 2013, with comparative figures for 2012
(All dollar amounts are in \$000)

	2013 Budget	2013 Actual	2012 Actual
			(Re-casted Note 21)
REVENUES			
Taxation	\$ 125,975	\$ 125,660	\$ 122,270
User charges (Note 11)	73,694	67,790	70,268
Government transfers (Note 14)	1,547	11,702	10,757
Contributions from developers and others	-	64,239	141,414
Investment income	19,151	20,740	15,697
Tax penalties	3,375	3,763	3,506
Gain on sale of tangible capital assets	-	849	1
Deferred revenue earned	90,544	69,151	56,508
Equity pick up from Markham Enterprises Corporation (Note 19)	-	7,648	9,977
Interest earned on reserves and reserve funds	-	1,497	1,406
Other	4,374	6,333	11,331
Total Revenues	318,660	379,372	442,135
EXPENSES			
General government	41,005	33,285	49,186
Protection to persons and property	41,457	41,539	40,496
Transportation services	26,513	35,478	27,691
Environmental services	22,963	28,747	28,012
Recreation and cultural services	49,150	52,674	47,306
Planning and development services	5,764	8,985	9,701
Other	38	43	47
Amortization of tangible capital assets	61,533	63,038	59,053
Total Expenses	248,423	263,789	261,492
	70,237	115,583	180,643
ANNUAL SURPLUS			
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,876,991	3,876,991	3,696,348
ACCUMULATED SURPLUS, END OF YEAR (Note 15)	\$ 3,947,228	\$ 3,992,574	\$ 3,876,991

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

(G4-EC1)

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year ended December 31, 2013, with comparative figures for 2012
(All dollar amounts are in \$000)

	2013 Budget	2013 Actual	2012 Actual
			(Re-casted Note 21)
ANNUAL SURPLUS	\$ 70,237	\$ 115,583	\$ 180,643
Acquisition of tangible capital assets	(153,124)	(113,251)	(290,733)
Amortization of tangible capital assets	61,533	63,038	59,053
Change in capital work in progress	-	(41,942)	60,916
Disposal/write-down of land and land improvements	-	514	6,731
	(21,354)	23,942	16,610
Acquisition of inventories of supplies	-	(869)	(1,212)
Acquisition prepaid expenses	-	(1,249)	(1,002)
Consumption of inventories of supplies	-	1,212	972
Use of prepaid expenses	-	1,002	1,042
CHANGE IN NET FINANCIAL ASSETS	(21,354)	24,038	16,410
NET FINANCIAL ASSETS, BEGINNING OF YEAR	409,777	409,777	393,367
NET FINANCIAL ASSETS, END OF YEAR	\$ 388,423	\$ 433,815	\$ 409,777

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2013, with comparative figures for 2012
(All dollar amounts are in \$000)

	2013	2012
		(Re-casted Note 21)
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus	\$ 115,583	\$ 180,643
Amortization of tangible capital assets	63,038	59,053
Developers contribution of tangible capital assets	(64,239)	(141,414)
Change in employee future benefits and other liabilities	1,773	2,326
Tax receivable	8,721	(7,232)
Accounts receivable	(524)	(1,942)
Unbilled user charges	(83)	(1,068)
Other current assets	331	1,056
Accounts payable and accrued liabilities	(26,203)	(5,817)
Long term liabilities	(434)	(418)
Deferred revenue	(33,923)	18,203
Inventories of supplies	343	(240)
Prepaid expenses	(247)	40
Net Change in Cash from Operating Activities	64,136	103,190
CAPITAL ACTIVITIES		
Proceeds of sale of tangible capital assets	849	1
Net acquisition of tangible capital assets net of developers contribution	(91,289)	(81,671)
Net Change in Cash from Capital Activities	(90,440)	(81,670)
INVESTING ACTIVITIES		
Dividend from Markham Enterprises Corporation	5,585	4,786
Change in equity of Markham Enterprises Corporation	(11,198)	(19,604)
Net Change in Cash from Investing Activities	(5,613)	(14,818)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(31,917)	6,702
OPENING CASH AND CASH EQUIVALENTS	370,550	363,848
CLOSING CASH AND CASH EQUIVALENTS	\$ 338,633	\$ 370,550
SUPPLEMENTARY INFORMATION:		
Interest paid	\$ 444	\$ 469
Interest received	\$ 7,095	\$ 6,917

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2013
(All dollar amounts are in \$000)

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of The City of Markham (“the City”) are prepared by management in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada (“CPA Canada”). Significant accounting policies adopted by the City are as follows:

Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses 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 City, and which are owned or controlled by the City, including the following:

- City of Markham Public Library Board
- Old Markham Village Business Improvement Area
- Unionville Business Improvement Area

Inter-entity transactions and balances are eliminated on consolidation.

Investment in Markham Enterprises Corporation

Markham Enterprises Corporation (“MEC”) and its subsidiaries are accounted for on a modified equity basis, consistent with the Canadian public sector accounting standards 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 City, and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income or loss of MEC in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the City may receive from MEC are reflected as reductions in the investment asset account.

Accounting for Region and School Board Transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Regional Municipality of York (the “Region”) and the York Region District School Boards (“School Boards”) 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 Operations 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. Expenses are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

Government Transfers

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

PSAB has issued section 3410, Government Transfers that establishes the recognition, measurement and disclosure requirements for government transfers. It provides specific revenue recognition criteria for transferring government and recipient government. The City adopted this standard on January 1, 2013. The adoption of this standard did not have any material effect on the 2013 financial statements.

Deferred Revenue

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

Taxation and Related Revenues

Property tax billings are prepared by the City based on assessment rolls compiled by the Municipal Property Assessment Corporation (“MPAC”). Tax rates are established annually by City Council, incorporating amounts to be raised for local services and amounts that the City is required to collect on behalf of the Region and School Boards for education purposes. Realty taxes are billed based on the assessment rolls provided by MPAC.

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 City 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 Region and School Boards as appropriate.

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

PSAB issued PS 3510 Tax Revenues that addresses recognition and reporting of tax revenue. This establishes recognition of revenue when they meet the definition of an asset, and are authorized by a legislature or Council when the taxable event occurs. The City adopted the standard on January 1, 2013. The adoption of this standard does not have any material impact on the 2013 financial statements.

Employee Future Benefits

The City accounts for its participation in the Ontario Municipal Employee Retirement System (“OMERS”), a multi-employer public sector pension fund, as a defined benefit 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 City’s employment. Other employees future benefits are accrued in accordance with the projected benefit method prorated on service and management’s best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are performed triennially. 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. Unamortized actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the related employees groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to Workers Safety and Insurance Board (“WSIB”) are amortized over the average expected period during which the benefits will be paid. The cost of plan amendments is accounted for in the period they are adopted.

Management on approval from City Council, has set aside funds specifically for the financing of future costs.

Investment Income

Investment income is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue and/or obligatory reserve funds balance.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) Tangible Capital Assets

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

<i>Asset</i>	<i>Useful Life - Years</i>
Buildings and building improvements	40
Equipment	5 - 20
Furniture and fixtures	10 - 15
Infrastructure	10 - 100
Library furniture and fixtures	10
Library media collection	7
Parks and pathways	10 - 60
Vehicles	7 - 9
Waterworks equipment	9
Waterworks infrastructure	15 - 100
Waterworks vehicles	7

Amortization is prorated to six months in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(b) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at time of registration.

(c) Works of Art and Cultural and Historic Assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(d) Interest Capitalization

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

(e) Inventories of Supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

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 2013 are reflected on the Consolidated Statement of Operations and Accumulated Surplus and on the Consolidated Statement of Change in Net Financial Assets. The Capital budget is on a project-oriented basis, the costs of which may be carried but over one or more years and, therefore, may not be comparable with the current year actual amounts.

Segment Disclosure

The City adopted PSAB Standard 2700 for Segment Disclosures. A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The City has provided definitions of the segments used and presented financial information in segmented format in Note 8.

2. OPERATIONS OF SCHOOL BOARDS AND THE REGION OF YORK

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

	2013		2012	
	School Boards	Region of York	Total	Total
Taxation	\$ 193,334	\$ 236,951	\$ 430,285	\$ 411,542
Payment in lieu of taxes	250	1,044	1,294	1,314
Supplementary taxes	2,700	4,468	7,168	12,721
Amount requisitioned and transferred	\$ 196,284	\$ 242,463	\$ 438,747	\$ 425,577

3. TRUST FUNDS

Trust funds administered by the City for the benefit of others amounting to \$2,282 (2012 - \$2,255) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations and Accumulated Surplus". 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

	2013	2012
Cash	\$ 109,520	\$ 100,267
Investments	229,113	270,283
	\$ 338,633	\$ 370,550

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. Investments, which are reported at cost for money market and face value for bonds, had a market value of \$290,073 (2012 - \$297,197) at the end of the year. For the year 2013, the average rate of return earned was 4.35% (2012 - 4.14%). Cash balance includes investments in the amount of \$54,935 (2012 - \$12,988) which has a maturity date of less than three months.

5. PENSION AGREEMENTS

The City makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of its employees. 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 credited service and average earnings. Employees contribute between 9.0% and 15.9% of their salary and the City matches the employee contribution.

Total OMERS contributions amounted to \$19,214 (2012 - \$17,206) of which \$9,607 (2012 - \$8,603) represented the City's portion.

Since OMERS is a multi-employer pension plan, the City does not recognize any share of pension plan deficit \$8,641,000 (2012 - \$9,924,000) based on fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees (G4-EC3).

6. LONG TERM LIABILITIES

On July 1, 2010, the City received a loan of \$12,000 from Canada Mortgage Housing Corporation (CMHC) through the Region. As a lower tier municipality the City does not have the ability to borrow long-term funds, and as such the borrowing was done through the Region. The loan received was used to fund the purchase of the Markham District Energy Birchmount plant. The plant was subsequently leased back to Markham District Energy ("MDEI"), a 100% subsidiary of MEC.

The loan of \$12,000 is to be amortized over a period of 20 years, at an interest rate of 4.04%. An annual payment to the Region of \$886 consists of principal and interest. The first payment was due July 1, 2011.

7. TAXES RECEIVABLE

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

	2013	2012
Current year	\$ 21,524	\$ 24,093
Arrears previous years	9,906	16,058
	31,430	40,151
Less: Allowance for uncollectible taxes	(1,001)	(1,001)
Tax Receivable	\$ 30,429	\$ 39,150

MPAC continues to refine the property assessment based on values updated to 2008 in the City and across the Province. These values were used by the City to compute the 2009 to 2012 property tax bills. In 2012, MPAC re-assessed all properties in Ontario and these values will be used as the basis for 2013 to 2016 property tax bills. However, the property tax revenue and tax receivables of the City are subject to measurement uncertainty as a number of submitted appeals have yet to be heard. As a result, there are remaining outstanding tax appeals retroactive to several years, some of which have not yet been finalized. This additional financial uncertainty continues the need for the allowance established for tax appeals in the amount of \$1,001 (2012 - \$1,001). 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 Region and School Boards as appropriate.

As part of its 2004 budget, the Ontario Government implemented new provisions through Bill 83 that permitted Ontario municipalities to expand capping provisions for the multi-residential, commercial and industrial classes beginning in the 2005 tax year. The Region adopted these new tax provisions and the effect is to limit annual assessment related tax increases to 10% over the previous year tax level or 5% of previous year full Current Value Assessment ("CVA") taxes. The effect of these policies is to move properties to full CVA taxes sooner. The adjustments caused by this legislation may also impact the amounts of rebates which the area municipalities must issue to certain charitable organizations and the interest and penalties the area municipalities can collect on arrears of taxes where it is subsequently determined that such amounts have been overstated. The Region continues to enforce these provisions.

The program is administered by the Region on behalf of the area municipalities, and therefore, there is no impact on the "Consolidated Statement of Operations and Accumulated Surplus."

8. SEGMENTED INFORMATION

The City is a diverse municipal government that provides a wide range of services to its citizens. For management reporting purposes, the City's operations and activities are organized functionally based on services provided (G4-4).

The segmented information with a brief description of the service area is as follows:

General Government:

General government service area includes the Office of Mayor and Members of Council, Chief Administrative Officer, Auditor General, Human Resources, Legal, Sustainability Office, Legislative Services, Financial Services, Corporate Communications and Community Engagement, and Information Technology Services. The departments are responsible for general governance and corporate management.

Protection to Persons and Property:

Protection service area includes Fire and Emergency Services and Building Standards. The departments are responsible to perform fire prevention and protection, fire alarm, building services and other auxiliary services.

Transportation Services:

Transportation service area includes Roads, Parking Control and Asset Management. The departments are responsible for road maintenance, hard top and loose top maintenance, winter patrol, salt, sanding, snow removal, street lighting and the administration of parking.

Environmental Services:

Environmental service area includes Waterworks and Waste Management. The departments are responsible for the administration of the sanitary and storm sewer system, distribution of water, and the administration of garbage collection and garbage recycling.

Recreation and Cultural Services:

The recreation and cultural service area includes Parks, Recreation Services, Culture Services and Public Libraries. The departments are responsible for providing and facilitating the development and maintenance of high quality parks, recreation services and cultural services, and the administration of libraries.

Planning and Development Services:

Planning and development service area includes Planning and Urban Design and Engineering. The departments are responsible for administration of land use plans and policies for sustainable development of the City.

Other:

The department is responsible for administration of cemetery maintenance and morgues.

8. SEGMENTED INFORMATION (continued)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development Services	Other	Consolidated	
								2013	2012 (Re-casted Note 21)
REVENUES	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxation, grants in lieu, assessments	564,407	-	-	-	-	-	-	564,407	547,847
Collection for other authorities	438,747	-	-	-	-	-	-	(438,747)	(425,577)
Taxation for City purposes	125,660	-	-	-	-	-	-	125,660	122,270
User charges	2,128	10,496	7,338	24,892	19,154	3,752	31	67,790	70,268
Government transfers	9,404	-	-	1,004	1,175	119	-	11,702	3,063
Contribution from developers and others	64,239	-	-	-	-	-	-	64,239	141,414
Investment income	20,740	-	-	-	-	-	-	20,740	15,697
Tax penalties	3,763	-	-	-	-	-	-	3,763	3,506
Gain on sale of tangible capital assets	849	-	-	-	-	-	-	849	1
Deferred revenue earned	69,151	-	-	-	-	-	-	69,151	63,202
Equity pick up from Markham Enterprises Corporation	7,648	-	-	-	-	-	-	7,648	9,977
Interest earned on reserves and reserve funds	1,497	-	-	-	-	-	-	1,497	1,406
Other	5,930	5	3	(43)	434	-	3	6,333	11,331
Total Revenues	311,009	10,501	7,341	25,853	20,763	3,871	34	379,372	442,135
EXPENSES									
Salaries, wages and employee benefits	13,049	39,884	12,331	7,596	34,862	7,110	-	114,832	120,111
Operating materials and supplies	9,838	1,051	5,499	5,683	10,282	2,619	43	35,015	37,309
Contracted services	10,819	505	17,527	13,354	6,999	(1,436)	-	47,768	43,798
Rents and financial expenses	(1,105)	99	121	2,114	635	589	-	2,453	486
External transfers to others	239	-	-	-	-	-	-	239	256
Long term debt charges	444	-	-	-	-	-	-	444	479
Amortization of tangible capital assets	63,038	-	-	-	-	-	-	63,038	59,053
Total Expenses	96,322	41,539	35,478	28,747	52,674	8,985	43	263,789	261,492
Annual Surplus / (Deficit)	214,687	(31,038)	(28,138)	(2,894)	(31,912)	(5,115)	(9)	115,583	180,643

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 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:

	2013	2012
Trade accounts payable	\$ 37,448	\$ 45,917
Payable to other governments	21,181	45,174
Payroll liabilities	5,252	3,279
Accrued liabilities	17,532	13,246
	\$ 81,413	\$ 107,616

10. DEFERRED REVENUE

Deferred revenue represents user charges and fees that 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:

	2013	2012
OBLIGATORY RESERVE FUNDS		
Development charges	\$ 97,714	\$ 109,204
Parkland	286	5,059
Other	8,926	10,249
	106,926	124,512
Deferred revenue and deposits	10,378	26,715
	\$ 117,304	\$ 151,227

11. USER CHARGES

	2013	2012
Water and sewer billings to ratepayers	\$ 85,543	\$ 81,489
Region of York requisitions	(61,845)	(59,552)
City share	23,698	21,937
Building permits	9,258	12,264
Parking violations	2,082	1,858
Facility rentals	6,896	6,344
Recreational programs	9,443	8,157
Parks construction and maintenance	247	235
Cultural services	2,418	2,231
Engineering fees	2,583	4,802
Planning processing fees	3,386	4,514
Compliance letters/certificates	216	206
Other user charges	7,563	7,720
	\$ 67,790	\$ 70,268

12. EMPLOYEE FUTURE BENEFITS LIABILITIES

	2013	2012
Vacation pay – City	\$ 2,767	\$ 2,982
Vacation pay – Library	122	132
Post-retirement benefits	11,161	10,319
Vested sick leave benefits	6,406	6,045
Long-term disability	5,688	5,138
Workplace Safety & Insurance Board	1,834	1,589
	\$ 27,978	\$ 26,205

Workplace Safety and Insurance Obligations (WSIB)

Effective January 1, 1999, the Corporation of the City 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 City remits payments to the WSIB as required to fund disability payments. The estimated future liability relating to WSIB amounted to \$1,834 (2012 - \$1,589) and was determined by an actuarial valuation updated December 2013. A Workplace Safety and Insurance Reserve Fund, funded by annual contributions from the Operating Fund, has been established to protect against any unknown future liability.

The City also maintains an insurance policy, which protects the Corporation against single claims in excess of \$1,000.

Vested Sick-Leave Benefits

Under the sick leave benefit plan, which is available only to the City's firefighters, employees can accumulate unused sick leave and may become entitled to a cash payment when they leave the City'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 \$6,406 (2012 - \$6,045). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation.

Post-Retirement Benefits

Post-retirement benefits are health and dental benefits that the City pays on behalf of its current and retired employees. The City recognizes these post-retirement costs as they are earned during the employee's tenure of service. The benefit liability at December 31, 2013, is \$11,161 (2012 - \$10,319). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation.

Long-Term Disability (LTD)

The City provides long-term disability benefits to eligible employees. At the year end, the accrued liability of \$5,688 (2012 - \$5,138) represents the actuarial valuation of benefits to be paid on the history of claims with employees. The City has established a long term disability reserve to reduce future impact of these obligations. The year end balance of this reserve was \$14,464 (2012 - \$12,784). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation updated December 2013.

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

	WSIB	Vested Sick-leave	Post-retirement Benefits	LTD	2013	2012
Accrued benefit liability, beginning of year	\$ 1,589	\$ 6,045	\$ 10,319	\$ 5,138	\$ 23,091	\$ 20,912
Service cost	175	319	546	949	1,989	1,901
Interest cost	175	339	649	212	1,375	1,389
Benefit payments	(398)	(303)	(443)	(611)	(1,755)	(1,515)
Amortization of actuarial loss (gain)	293	6	90	-	389	404
Accrued benefit liability, end of year	\$ 1,834	\$ 6,406	\$ 11,161	\$ 5,688	\$ 25,089	\$ 23,091

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

	WSIB	Vested Sick-leave	Post-retirement Benefits	LTD
Expected inflation rate	0.00%	N/A	N/A	N/A
Expected level of salary increases	3.00%	3.00%	N/A	N/A
Interest discount rate	4.75%	5.50%	5.50%	4.00%

13. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				Net Book Value	
	Balance as at Jan. 1, 2013 (Re-casted Note 21)	Additions	Disposals	Balance as at Dec. 31, 2013 (Re-casted Note 21)	Balance as at Jan. 1, 2013	Additions	Disposals	Balance as at Dec. 31, 2013	Balance as at Dec. 31, 2013	Balance as at Dec. 31, 2012 (Re-casted Note 21)
Land and land improvements	1,675,545	41,612	(514)	1,716,643	-	-	-	-	1,716,643	1,675,545
Buildings and building improvements	259,494	7,013	-	266,507	76,940	6,478	-	83,418	183,089	182,554
Equipment	23,874	3,359	(2,480)	24,753	9,439	2,677	(2,480)	9,636	15,117	14,435
Furniture & fixtures	7,403	68	(53)	7,418	2,688	549	(53)	3,184	4,234	4,715
Infrastructure	1,145,890	39,620	(3,639)	1,181,871	340,564	30,837	(3,639)	367,762	814,109	805,326
Library furniture & fixtures	3,210	227	(136)	3,301	1,680	310	(136)	1,854	1,447	1,530
Library media collection	13,959	2,245	(1,105)	15,099	6,345	1,908	(1,105)	7,148	7,951	7,614
Parks and pathways	63,085	3,585	(807)	65,863	25,756	3,806	(807)	28,755	37,108	37,329
Vehicles	12,011	1,893	(615)	13,289	6,286	1,399	(615)	7,070	6,219	5,725
Waterworks equipment	1,147	76	(120)	1,103	398	116	(120)	394	709	749
Waterworks infrastructure	958,018	13,393	(194)	971,217	254,772	14,803	(194)	269,381	701,836	703,246
Waterworks vehicles	1,183	160	-	1,343	585	155	-	740	603	598
Total	4,164,819	113,251	(9,663)	4,268,407	725,453	63,038	(9,149)	779,342	3,489,065	3,439,366
Capital work in progress	25,525	41,942	-	67,467					67,467	25,525
Grand Total	4,190,344	155,193	(9,663)	4,335,874	725,453	63,038	(9,149)	779,342	3,556,532	3,464,891

a) Capital work in progress

Assets under construction having a value of \$67,467 (2012 - \$25,525) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed Tangible Capital Assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contribution assets received during the year is \$46,960 (2012 - \$140,839) comprised of land in the amount of \$24,101 (2012 - \$61,672), roads infrastructure in the amount of \$16,767 (2012 - \$55,714) and water and wastewater infrastructure in the amount of \$6,092 (2012 - \$23,453).

c) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

d) Works of Art and Historical Treasures

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

14. GOVERNMENT TRANSFERS

The City recognizes the transfer of government funding as revenue in the year the events giving rise to the transfer occurred. The details of government transfer for the year are:

	2013	2012
Provincial Grant:		
Environmental services	\$ 994	\$ 977
Recreation and cultural services	421	414
Planning and development services	118	110
	\$ 1,533	\$ 1,501
Federal Grant:		
General government	\$ 9,404	\$ 7,694
Environmental services	10	9
Recreation and cultural services	754	1,551
Planning and development services	1	2
	\$ 11,702	\$ 10,757

15. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2013	2012
		(Re-casted Note 21)
City operating fund surplus (deficit) including library and business improvement areas before year-end accounting adjustments	\$ (2,642)	\$ 2,773
Year-end accounting adjustments	(1,895)	(2,454)
Operating surplus (deficit)	\$ (4,537)	\$ 319
Equity in Markham Enterprises Corporation	233,349	227,736
Invested in tangible capital assets and other	3,525,643	3,432,845
	\$ 3,754,455	\$ 3,660,900

RESERVES SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL:

Anti-whistling	318	-
Berczy landscape feature	203	203
Building fee	14,003	12,018
Capital gains	3,457	3,457
Corporate rate stabilization	17,963	17,100
Development fee	(3,503)	(149)
Election expenses	917	618
Election rebate	210	140
Facility ramp up	9,431	7,876
Firefighters sick leave benefits	6,406	6,045
Insurance	3,135	2,696
Long-term disability benefit	14,464	12,784
Partnership	16	16
Waste management	28	28
Waterworks	42,228	34,098
Total reserves	\$ 109,276	\$ 96,930

RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL:

Cemetery expenses	109	107
Emerald Ash Borer	596	-
Environmental land acquisition	8,076	7,848
Environmental sustainability fund	186	243
Heritage	428	449
Land acquisition	4,218	3,915
Library infrastructure	5,778	5,704
Life cycle replacement and capital	80,024	80,383
Museum	61	59
Non-DC growth	14,396	16,803
Post retirement benefits	11,251	-
Theatre	611	582
Trees for Tomorrow program	236	232
Workplace Safety & Insurance Board	2,873	2,836
Total reserve funds	\$ 128,843	\$ 119,161
Total	\$ 3,992,574	\$ 3,876,991

16. LEASE OBLIGATIONS

As at December 31, 2013, the City is committed to minimum annual operating lease payments for premises and equipment as follows:

2014	\$ 520
2015	476
2016	478
2017	479
2018	480
Total	\$ 2,433

17. CONTINGENCY

Unsettled Legal Claims and Potential Other Claims

The City 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.

18. ACCOUNTS RECEIVABLE – POWERSTREAM INTEREST

Included in Accounts Receivable is \$7,584 (2012 - \$7,584) being interest @ 5.58% per annum due for the period October 2006 to September 2008 on promissory notes issued by PowerStream. City Council has approved the deferral of this payment and future quarterly interest payments due up to September 2008 for a period of 5 years from September 2008. The City received deferral request from PowerStream for another five years at the interest rate of 4.03% per annum which was approved by City Council in May 2013.

The City receives from PowerStream secondary interest on the deferred interest payments from April 2007 up to October 2013 @5.58% and @4.03% thereafter.

19. INVESTMENT IN MARKHAM ENTERPRISES CORPORATION

The City of Markham incorporated corporations under the laws of the Province of Ontario. Markham Enterprises Corporation (Previously Markham Energy Corporation) is wholly owned by the City of Markham. Markham Enterprises Corporation owns 100% of Markham District Energy Inc. (MDEI) and 34.185% of PowerStream Holdings Inc. (2012 – 34.185% of PowerStream Inc.).

The original entity, PowerStream Inc., reorganized its structure by establishing a corporation as its new parent entity – PowerStream Holdings Inc. on July 24, 2013.

The PowerStream Holding Inc.'s authorized share capital is made up of an unlimited number of common shares, and an unlimited number of Class A non-voting common shares, all of which are without nominal or par value.

On November 1, 2013, a Unanimous Shareholders Agreement was signed between PowerStream Holdings Inc. and its Shareholders, superseding the existing revised Subscription Agreement of PowerStream Inc. This ensured a reorganization of PowerStream Inc., becoming a wholly owned subsidiary of the newly established corporation PowerStream Holdings Inc.

In effect, of the total 100,000 common shares issued by PowerStream Holdings Inc., 45,315 common shares are registered under Vaughan Holdings Inc., 34,185 common shares are registered under Markham Enterprises Corporation and 20,500 common shares are registered under Barrie Hydro Holdings Inc.

Of the total 69,223 (2012 – 56,195) Class A common shares issued by PowerStream Holdings Inc., including an issue of 9,300 and 4,278 Class A common shares in March 2013 and December 2013 respectively; 29,225 (2012 – 25,011) Class A common shares are registered under Vaughan Holdings Inc., 25,003 (2012 – 18,869) Class A common shares are registered under Markham Enterprises Corporation and 14,995 (2012 – 11,315) Class A common shares are registered under Barrie Hydro Holdings Inc.

In January 2014, 3,918 Class A common shares were issued to Vaughan Holdings Inc. to the value of \$2,351, ensuring consistent ownership percentages across the shareholders. Due to the timing of the issue, these shares could not be recognized as at December 31, 2013.

- a) The following consolidated financial statements of Markham Enterprises Corporation include the financial information of its subsidiaries Markham District Energy Inc., and PowerStream Holdings Inc. for the period from January 1, 2013 to December 31, 2013 and the financial information of its subsidiaries MDEI and PowerStream Inc. for the period from January 1, 2012 to December 31, 2012.

19. INVESTMENT IN MARKHAM ENTERPRISES CORPORATION (continued)

	2013	2012
(Re-casted Note 19(b))		
ASSETS		
Current	\$ 88,438	\$ 85,515
Capital	442,749	395,117
Goodwill	14,543	14,543
Other	16,459	20,056
Total Assets	\$ 562,189	\$ 515,231
LIABILITIES		
Current	112,705	70,810
Other	98,321	90,150
Long term	117,814	126,535
Total Liabilities	\$ 328,840	\$ 287,495
SHAREHOLDERS' EQUITY		
Common shares	86,074	82,524
Promissory notes payable	79,164	79,164
Retained earnings and contributed surplus	68,111	66,048
Total Shareholders' Equity	\$ 233,349	\$ 227,736
Total Liabilities and Shareholders' Equity	\$ 562,189	\$ 515,231
RESULTS OF OPERATIONS		
Revenues	\$ 379,099	\$ 349,566
Operating expenses	371,451	339,589
NET INCOME	\$ 7,648	\$ 9,977
Equity pick up in Markham Enterprises Corporation	7,648	9,977
Increase in share capital	3,550	9,627
Dividend	(5,585)	(4,786)
CHANGE IN EQUITY IN MARKHAM ENTERPRISES CORPORATION	\$ 5,613	\$ 14,818
ADJUSTMENT DUE TO CORRECTION IN POWERSTREAM HOLDINGS INC. NOTE 19 (B)	-	(2,213)
NET CHANGE IN EQUITY IN MARKHAM ENTERPRISES CORPORATION	\$ 5,613	\$ 12,605

- b) In 2013, management of PowerStream Holdings Inc. identified an error in property, plant, equipment (distribution assets category) for the year ended December 31, 2011.

As a result, PowerStream Holdings Inc. has restated its financial statements from January 1, 2012.

The following table summarizes the impact of the restatement on the Markham Enterprises Corporation's financial statements. The restatement described does not affect the comparative figures of the City as the re-statement has no corresponding income impact.

	As reported December 31, 2012	Correction December 31, 2012	As re-casted December 31, 2012
Property, Plant and Equipment	397,332	(2,213)	395,119
Retained Earnings	44,636	(2,213)	42,423

20. COMPARATIVE FIGURES

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

21. RE-CAST OF PRIOR YEAR COMPARATIVE FIGURES

The 2012 comparative information provided in the 2013 Consolidated Financial Statements has been adjusted for the following:

- Identification of land additions related to land ownership transfers from 2012 or earlier but not previously reported in the consolidated financial statements, for \$20,839. A total of \$17,169 of land additions relate to 2012, and \$3,670 of land additions relate to years prior to 2012.
- Recast of the City's wholly-owned subsidiary, MEC's 2012 comparative information. In 2013, MEC's significant subsidiary, PowerStream Holdings Inc., re-casted its 2012 comparative information presented in its 2013 consolidated financial statements. As a result, the 2012 comparative information in MEC's 2013 consolidated financial statements has been re-casted to reflect the restatement in PowerStream Holdings Inc., for \$2,213, as described in note 19.

The affects of these changes in presentation have been recorded retrospectively and prior periods have been re-casted as follows:

FIGURES ARE REPORTED AS AT DECEMBER 31, 2012

Accumulated surplus at January 1, 2012:	\$
Accumulated surplus, as previously reported	3,694,891
Land additions from prior to 2012, through contributions from developers, not previously recorded	3,670
Restatement of MEC 2012 financial information (note 19)	(2,213)
Accumulated surplus, as re-casted	3,696,348

Investments in MEC, at December 31, 2012:

Investments in MEC, as previously reported	229,949
Restatement of MEC 2012 financial information (note 19)	(2,213)
Investments in MEC, as re-casted	227,736

Tangible capital assets at December 31, 2012:

Tangible capital assets, as previously reported	3,444,052
Net book value of tangible capital assets not previously recorded	20,839
Tangible capital assets, as re-casted	3,464,891

Accumulated surplus at December 31, 2012:

Accumulated surplus, as previously reported	3,858,365
Land additions from prior to 2012, through contributions from developers, not previously recorded	3,670
Land additions from 2012, through contributions from developers on the statement of operations, not previously recorded	17,169
Restatement of MEC 2012 financial information (note 19)	(2,213)
Accumulated surplus, as re-casted	3,876,991

INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
 of The Corporation of the City of Markham

We have audited the accompanying financial statements of the Trust Funds of The Corporation of the City of Markham, which comprise the statement of financial position as at December 31, 2013, the statement of financial activities and fund balances for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of The Corporation of the City of Markham as at December 31, 2013, and its statement of financial activities and fund balances for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

April 28, 2014
 Toronto, Canada

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TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

December 31, 2013
 with comparative figures for 2012

	Morgan Park Trust	Varley- McKay Trust	Markham Conservation Committee Trust	Cemetery Trust	Older Adults In Action Trust	Markham History Research & Publication Trust	Total 2013	Total 2012
Cash	\$70,012	\$1,353,457	\$11,217	\$809,609	\$8,890	\$83,360	\$2,336,545	\$2,259,339
Payable to Varley-McKay Foundation	-	(54,653)	-	-	-	-	(54,653)	(4,447)
Fund balance	\$70,012	\$1,298,804	\$11,217	\$809,609	\$8,890	\$83,360	\$2,281,892	\$2,254,892

STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCES

Year ended December 31, 2013
 with comparative figures for 2012

Receipts								
Interest earned	2,583	50,206	412	30,010	328	3,079	86,618	89,272
Sale of plots	-	-	-	20,978	-	-	20,978	29,291
	2,583	50,206	412	50,988	328	3,079	107,596	118,563
Expenses								
Distributed to Foundation	-	(50,206)	-	(30,390)	-	-	(80,596)	(84,595)
	-	(50,206)	-	(30,390)	-	-	(80,596)	(84,595)
Excess of receipts over expenses	2,583	-	412	20,598	328	3,079	27,000	33,968
Fund balance, beginning of year	\$67,429	\$1,298,804	\$10,805	\$789,011	\$8,562	\$80,281	\$2,254,892	\$2,220,924
Fund balance, end of year	\$70,012	\$1,298,804	\$11,217	\$809,609	\$8,890	\$83,360	\$2,281,892	\$2,254,892

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

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF ACCOUNTING

- (a) Revenue Recognition
Receipts, other than interest and letters of credit receipts, are reported on receipt. Interest income and letters of credit receipts are recorded on the accrual basis of accounting.
- (b) The accrual basis of accounting recognizes expenditures as they are incurred and measurable as a result of receipts of goods or services and the creation of legal obligation to pay.

2. TRUST FUNDS

MORGAN PARK TRUST FUND

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.

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.

FIVE-YEAR REVIEW (UNAUDITED)

(All dollar amounts are in \$000)

	2013	2012	2011	2010	2009
OPERATIONS		(Re-casted)			
Expenses by Function					
General government	\$ 33,285	\$ 49,186	\$ 49,535	\$ 42,437	\$ 41,994
Protection to persons and property	41,539	40,496	37,378	33,969	33,637
Transportation services	35,478	27,691	27,966	27,523	36,553
Environmental services	28,747	28,012	27,083	25,867	21,210
Recreation and cultural services	52,674	47,306	46,460	40,872	41,058
Planning and development services	8,985	9,701	6,750	6,393	6,796
Other	43	47	41	32	399
Write-down of tangible capital assets	-	-	331	989	-
Amortization of tangible capital assets	63,038	59,053	56,246	53,636	50,996
\$ 263,789	\$ 261,492	\$ 250,790	\$ 231,718	\$ 232,643	

Revenues by Source

Taxation	\$ 125,660	\$ 122,270	\$ 119,934	\$ 112,098	\$ 110,328
User charges	67,790	70,268	64,309	58,748	51,349
Government transfer	11,702	10,757	8,750	6,931	7,089
Contribution from developers and others	64,239	141,414	85,367	54,858	92,456
Investment income	20,740	15,697	15,822	14,528	14,743
Deferred revenue earned	69,151	56,508	82,760	40,564	43,715
Equity pick up from Markham Enterprises Corporation	7,648	9,977	6,347	6,926	(2,247)
Other	12,442	16,244	17,459	11,422	11,597
\$ 379,372	\$ 442,135	\$ 400,748	\$ 306,075	\$ 329,030	

Accumulated Surplus

Annual surplus	\$ 115,583	\$ 180,643	\$ 149,958	\$ 74,357	\$ 96,387
Surplus, beginning of year	3,876,991	3,696,348	3,544,933	3,453,349	3,356,962
Surplus, end of year	\$ 3,992,574	\$ 3,876,991	\$ 3,694,891	\$ 3,527,706	\$ 3,453,349

Reference: consolidated statement of operations and accumulated surplus

RESERVES AND RESERVE FUNDS

Reserves	\$ 109,276	\$ 96,930	\$ 80,384	\$ 61,699	\$ 38,002
Reserve funds - discretionary only	128,843	119,161	134,023	120,992	104,817
\$ 238,119	\$ 216,091	\$ 214,407	\$ 182,691	\$ 142,819	

FIVE-YEAR REVIEW (UNAUDITED)

(All dollar amounts are in \$000)

	2013	2012	2011	2010	2009
NET FINANCIAL ASSETS					
(Re-casted)					
Financial Assets					
Cash and cash equivalents	\$ 338,633	\$ 370,550	\$ 363,848	\$ 335,552	\$ 339,230
Taxes receivable	30,429	39,150	31,918	39,141	44,130
Unbilled user charges	9,953	9,870	8,802	7,964	7,118
Accounts receivable	56,157	56,633	53,691	51,222	28,679
Investment in Markham Enterprises Corporation	233,349	227,736	215,132	189,665	185,760
Other current assets	2,736	3,067	4,123	4,644	4,853
Total financial assets	\$ 671,257	\$ 706,006	\$ 677,514	\$ 628,188	\$ 609,770
Financial Liabilities					
Accounts payable and accrued liabilities	\$ 81,413	\$ 107,616	\$ 113,432	\$ 82,101	\$ 75,732
Deferred revenues	117,304	151,227	133,024	147,742	143,059
Employee future benefits liabilities	27,978	26,205	23,879	17,756	16,662
Long-term liabilities	10,747	11,181	11,599	12,000	-
Total financial liabilities	\$ 237,442	\$ 296,229	\$ 281,934	\$ 259,599	\$ 235,453
NET FINANCIAL ASSETS	\$ 433,815	\$ 409,777	\$ 395,580	\$ 368,589	\$ 374,317
NET LONG-TERM DEBT					
Net Long-term Liabilities - City of Markham purposes	\$ 10,747	\$ 11,181	\$ 11,599	\$ 12,000	\$ 0
Annual debt limit prescribed by province	\$ 69,250	\$ 65,013	\$ 58,347	\$ 53,862	\$ 52,975
Per capita	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.04	\$ 0.00
Percentage of taxable assessment	0.0198%	0.0226%	0.0252%	0.0282%	0.0000%
Annual charges for net long-term liabilities					
Principal and interest - City of Markham purposes	\$ 886	\$ 886	\$ 886	\$ 886	\$ 0
As a percentage of operating fund expenses	0.23%	0.20%	0.22%	0.29%	0.00%
Per capita	\$ 0.003	\$ 0.003	\$ 0.003	\$ 0.003	\$ 0.00
Consolidated Expenses by Object					
Salaries, wages and employee benefits	\$ 114,832	\$ 120,111	\$ 113,858	\$ 104,066	\$ 104,089
Operating materials and supplies	35,015	37,309	30,981	29,490	32,032
Contracted services	47,768	43,798	48,660	42,072	44,312
Rents and financial expenses	2,897	965	1,479	1,237	990
External transfers to others	239	256	235	228	224
Write-down of tangible capital assets	-	-	331	989	-
Amortization of tangible capital assets	63,038	59,053	56,246	53,636	50,996
Total expenses by object	\$ 263,789	\$ 261,492	\$ 250,790	\$ 231,718	\$ 232,643

FIVE-YEAR REVIEW (UNAUDITED)

(All dollar amounts are in \$000)

	2013	2012	2011	2010	2009
TAXABLE ASSESSMENT					
Residential, multi-residential and farm	\$44,844,305	\$40,455,022	\$37,750,995	\$34,833,624	\$32,725,870
Commercial - all classes	8,170,344	7,806,727	7,161,784	6,491,769	5,662,287
Industrial - all classes	1,228,192	1,206,825	1,147,875	1,133,147	1,088,515
Pipeline & managed forests	59,294	56,533	53,189	51,170	47,902
Total	\$54,302,135	\$49,524,106	\$46,113,843	\$42,509,710	\$39,524,574
Commercial, industrial and business as a percentage of taxable assessment	17.31 %	18.20 %	18.02 %	17.94 %	17.08 %
PROPERTY TAXATION					
Tax Rates/Mill Rates (Refer Note)					
	%	%	%	%	%
Residential - City of Markham	0.219600	0.231600	0.237560	0.245313	0.256940
Region of York	0.434762	0.452889	0.463520	0.477021	0.500081
School Boards (public and separate)	0.212000	0.221000	0.231000	0.241000	0.252000
Total	0.866362	0.905489	0.932080	0.963334	1.009021
Multi-residential - City of Markham	0.219600	0.231600	0.237560	0.245313	0.256940
Region of York	0.434762	0.452889	0.463520	0.477021	0.500081
School Boards (public and separate)	0.212000	0.221000	0.231000	0.241000	0.252000
Total	0.866362	0.905489	0.932080	0.963334	1.009021
Commercial - full rate - City of Markham	0.245340	0.258740	0.271550	0.289470	0.310127
Region of York	0.485716	0.505968	0.529850	0.562885	0.603598
School Boards (public and separate)	1.094012	1.129617	1.204043	1.289313	1.385926
Total	1.825068	1.894325	2.005443	2.141668	2.299651
Commercial - vacant units, excess land percentage of full rate	70	70	70	70	70
Industrial - full rate - City of Markham	0.288210	0.303950	0.316070	0.333013	0.352959
Region of York	0.570582	0.594372	0.616713	0.647556	0.686961
School Boards (public and separate)	1.260000	1.301035	1.375265	1.459012	1.552479
Total	2.118792	2.199357	2.308048	2.439581	2.592399
Industrial - vacant units, excess land - percentage of full rate	65	65	65	65	65
Taxes Levied					
City of Markham	\$125,660	\$122,270	\$119,934	\$112,098	\$110,328
Region of York	242,463	231,852	226,370	211,312	207,957
School Boards (public and separate)	196,284	193,725	195,569	181,789	177,411
Total	\$573,128	\$540,615	\$549,096	\$510,188	\$489,236
Property Tax Collection					
Total Tax Arrears (Taxes Receivable)	\$30,429	\$39,150	\$31,918	\$39,141	\$44,130
Per capita	\$91.41	\$120.91	\$101.14	\$126.61	\$145.14
Percentage of current levy	5.39	7.15	5.89	7.75	8.90

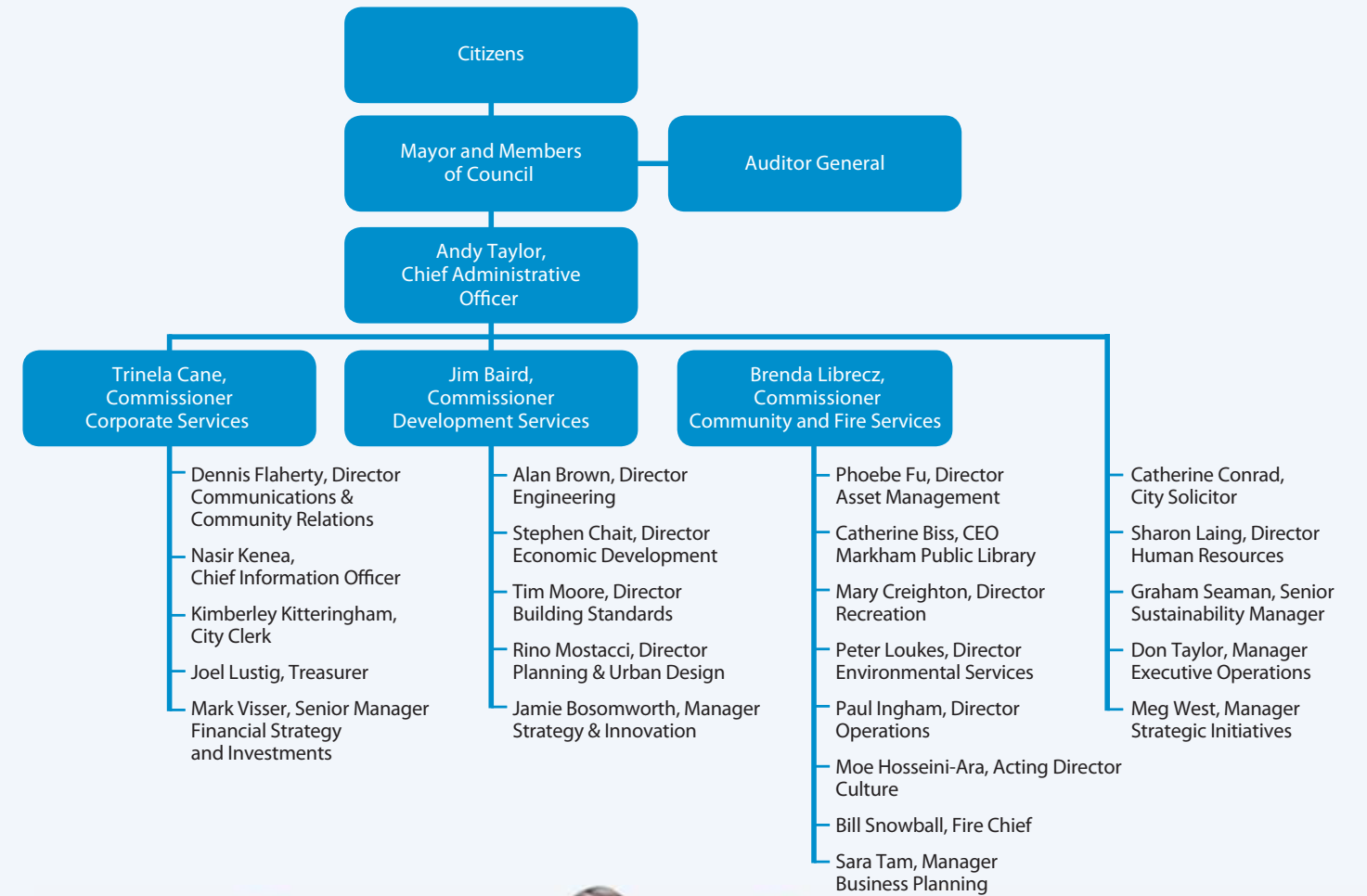
Note: Average Residential Tax Bill for 2013 was based on Current Value Assessment \$485,125

PERFORMANCE MEASURES REPORT CARD (UNAUDITED)

Year ended December 31, 2013

Measure	2013	2012
Local Government		
Operating costs for governance and corporate management as a percentage of total municipal operating costs	5.20%	9.50%
Fire		
Operating costs for fire services per \$1,000 of assessment	\$0.66	\$0.72
Roads		
Operating costs for paved (hard top) roads per lane kilometre	\$7,834.51	\$6,885.74
Operating costs for bridges and culverts per square metre of surface area	\$61.29	\$14.06
Operating costs for winter control maintenance of roadways per lane kilometre maintained in winter	\$5,062.47	\$2,280.27
Percentage of paved lane kilometres where the condition is rated as good to very good	90.70%	87.10%
Percentage of winter events where the response met or exceeded locally determined road maintenance standards	97.10%	100.00%
Wastewater (Sewage)		
Operating costs for collection/conveyance of wastewater per kilometre of wastewater main	\$2,052.39	\$1,775.11
Operating costs for the treatment and disposal of wastewater per mega litre	\$1,048.11	\$964.11
Operating costs for collection/conveyance, treatment and disposal of wastewater per mega litre (Integrated)	\$1,100.26	\$1,006.48
Number of wastewater main backups per 100 kilometres of wastewater main in the year	1.794	2.039
Percentage of wastewater estimated to have by-passed treatment	N/A	N/A
Water		
Operating costs for the treatment of drinking water per mega litre	\$864.12	\$861.94
Operating costs for the distribution/transmission of drinking water per kilometre of water distribution transmission pipe	\$13,502.62	\$12,242.65
Operating costs for the treatment and distribution/transmission of drinking water per mega litre (Integrated)	\$1,266.05	\$1,205.43
Number of water main breaks per 100 kilometres of water distribution pipe in a year	3.16	3.08
Weighted number of days when a boil water advisory issued by the Medical Officer of Health, applicable to a municipal water supply	0.000	0.000
Solid Waste Management (Garbage)		
Operating costs for solid waste collection per tonne	\$18.17	\$23.73
Operating costs for solid waste diversion (recycling) per tonne	\$104.72	\$109.82
Average operating costs for solid waste management per tonne – Integrated	\$97.07	\$102.40
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 Management facility	0.00	0.00
Total number of solid waste management facilities owned by Municipality	0.00	0.00
Number of complaints received in a year concerning the collection of garbage and recycled materials per 1,000 households	2.07	1.29
Percentage of residential solid waste diverted for recycling	75.30%	71.60%
Parks and Recreation		
Operating costs for parks per person	\$30.99	\$30.06
Operating costs for recreation programs per person	\$22.68	\$21.87
Operating costs for recreation facilities per person	\$53.80	\$54.09
Operating costs for parks, recreation programs and recreation facilities per person	\$107.47	\$106.02
Hectares of open space per 1,000 persons (municipally owned)	3.98	3.63
Total kilometres of trails per 1,000 persons	0.451	0.439
Total hours for special events	1,038,861	1,019,850
Total hours for registered programs	116,479	101,714
Total hours for drop-in programs	42,768	32,524
Total hours for permitted programs	4,386,849	4,286,618
Total participant hours	4,546,096	4,420,856
Total participant hours for recreation programs (registered, drop-in and permitted programs) per 1,000 persons	13,656	13,653
Square metres of indoor recreation facilities (municipally owned)	113,716	113,050
Square metres of outdoor recreation facility space with controlled access and electrical or mechanical functions (municipally owned)	22,756	22,955
Total square metres recreation facility space (municipally owned)	136,472	136,005
Square metres of indoor recreation facilities per 1,000 persons (municipally owned)	341.603	349.131
Square metres of outdoor recreation facility space with controlled access per 1,000 persons (municipally owned)	68.359	70.892
Library Services		
Operating costs for library services per person	\$37.53	\$35.15
Operating costs for library services per use	\$0.88	\$0.84
Total library uses for municipality only	14,144,921	13,477,942
Total population	332,889	323,804
Library uses per person	42.491	41.624
Electronic library uses as a percentage of total library uses	41.20%	40.90%
Non-electronic library uses as a percentage of total library uses	58.80%	59.10%
Land-Use Planning		
Percentage of new residential units located within settlement areas	100.00%	100.00%
Percentage of land designated for agricultural purposes which was not re-designated for other uses during the reporting year	100.00%	100.00%
Percentage of land designated for agricultural purposes which was not re-designated for other uses relative to the base year of 2000	88.00%	88.00%
Building Services		
Operating costs for building permits and inspection services per \$1,000 of construction activity	\$4.63	\$3.72

ORGANIZATIONAL STRUCTURE (G4-34)



GLOBAL REPORTING INITIATIVE (GRI)

HOW MARKHAM USES GRI

Our annual reporting process constantly evolves to remain transparent and accountable to stakeholders and to better measure the progress made in meeting our sustainability goals. For the third year in a row, Markham has integrated Sustainability Reporting into its annual report, using the Global Reporting Initiative (GRI) framework, and making the transition to GRI 4.0. In 2011 and 2012, we relied on readily available indicator data (G4-29). For 2013, we include a materiality analysis of the City's most important issues and more focused messages about what the indicators mean to the City's overall management. We self-declare this to be In Accordance with Core (G4-32). We have also included GRI data for our two subsidiary businesses: wholly-owned Markham District Energy Inc. (MDEI), and partially-owned PowerStream Inc (G4-20, 17).

This year we are presenting fully reported indicators for 2013, including refined labour data, and the Electrical Utility guidelines as applied to both PowerStream and MDEI (G4-30). Audiences include our residents, businesses, municipal peers, other levels of government, and members of the broader public sector, as well as Markham Council and staff (G4-24). This year, Markham has added water data. In addition to current indicators, Markham plans to monitor and report on our corporate waste and materials data, and review all data for opportunities to improve performance.

Markham continues to receive just over \$8.0 million from the Federal Gas Tax for sustainable infrastructure (G4-EC4). Approximately half this money is invested in MDEI as equity, to support its growth. Provincial capital funding decreased and upper level government funding increased in 2013 (GRI EC4). Energy and greenhouse gas (GHG) emissions data show that we've slightly increased, due to the addition of 12 electricity accounts, including the Cornell Community Centre and Library (G4-EN6). However, despite the increase, other City of Markham energy management projects reduced consumption in several other facilities by about 826,300 kWh per year. In 2013, the City of Markham initiated a major street lighting retrofit to replace over 12,000 cobrahead street lights, promoted energy awareness and training, hosted special energy events (such as Earth Hour), created an energy management plan, and started work on future projects to continue reducing energy consumption and maintenance.

Through our quality initiative, Excellence Markham, we conduct customer satisfaction surveys of select business units every other year. In 2013, the average customer satisfaction rate was 76 per cent. The Contact Centre surveyed their stakeholders and was able to solve 85 per cent of the issues on the first call. We analyzed the survey results and developed action plans to improve customer service (G4-PR5).

This is our second year reporting Electrical Utility (EU) indicators for MDEI and PowerStream. PowerStream delivers a broad array of electricity conservation and demand management programs for their residential, commercial/institutional and industrial customers. MDEI delivers thermal heating and cooling energy much more efficiently from central plants to their district energy customers, and they work closely with those customers to consider energy conservation during design, construction and ongoing operation of their buildings (G4-DMA). Both companies have comprehensive health and safety programs in place for employees and contractors (G4-DMA), as well as contingency and disaster/emergency management plans and training to ensure continuity of service (G4-DMA).

We plan to expand our sustainability reporting on topics that are most important to the City and to our stakeholders. We are striving to focus our reporting and efforts on our most material issues. However, we recognize that the next step in improving our reporting on material sustainability topics is to conduct and provide expanded disclosure on a more formal materiality assessment to conform to the Global Reporting Initiative (GRI) G4.

Our sustainability report is one way we communicate progress against our sustainability goals and key performance indicators. By providing an account of our business, our social and environmental impacts, our ongoing challenges, and where we are headed, we put ourselves in a stronger position to create positive change. We encourage you to visit markham.ca to learn more about our sustainability efforts.

MATERIALITY ANALYSIS & STAKEHOLDER ENGAGEMENT

The content of this report was determined through a materiality analysis identifying sustainability-related areas that we deem to be of greatest interest to external stakeholders and most relevant to the City of Markham's operations. Areas of potential significance are based on the City's long-term strategic plan called *Building Markham's Future Together* (BMFT), and Markham's *Greenprint Sustainability Plan* (G4-18).

Through the *Click with Markham* campaign, we asked residents, people who work in Markham, local businesses and other interested parties to share their thoughts on Markham's future direction (G4-26). The survey was open to anyone residing, working in, or owning a business in Markham (G4-25). More than 5,000 residents and businesses participated in the stakeholder engagement process (G4-24). This process provided the City with information needed to identify seven strategic priorities (G4-21) and develop action plans to support those priorities. Here are the seven priorities: Growth Management; Economic Development; Transportation and Transit; Environment and Sustainability; Leisure, Recreation, Culture and Library; Diversity; and Municipal Services (G4-27).

In addition, Markham's *Greenprint Sustainability Plan* sets out Markham's vision and priorities for a sustainable future. Input from stakeholders, staff and the community guided the development of the priorities and goals listed in the Greenprint (G4-24). Of the 12 Greenprint sustainability priorities, we are currently focusing on: Energy and Climate, Food Security and Accessibility (G4-27).

Through our materiality analysis, we have chosen 21 GRI key performance indicators for measuring our sustainability performance. The performance indicators were chosen based on the City's strategic priorities listed in the BMFT and the Greenprint (G4-20).

The City of Markham continually refines its approach to identifying and reporting on its material sustainability issues. To help ensure that our reporting continuously improves and meets our stakeholders' expectations, we will regularly decide and assess which issues are most important to our organization, our stakeholders, and society at large.

2013 ELECTRICAL UTILITY INDICATORS

INDICATOR	DESCRIPTION	POWERSTREAM	MDEI
G4-EU1	Installed capacity, broken down by primary energy source and by regulatory regime	Total Installed Capacity: 9.14MWAC Installed Capacity - FIT Regime: 9.03MWAC	Installed Combined Heat and Power Capacity 8.5 MW(e), Estimated CHP Power Generation 23,528 MWh(e), Metered Heat Recovery from CHP Fleet 19,164 MWh(th)
G4-EU3	Residential	310,830	159
	Institutional/ Consumer Customers	38,811	18
	Industrial Customers	2	
	Other Customers (street lights)	610	
	Total	350,253	177
G4-EU12	Transmission and distribution losses as a percentage of total energy	3.6% of the total energy sales (subject to change) Non-technical losses: 0.52% of the total distribution losses	Not applicable

GRI CONTENT TABLE 2013

The following table illustrates how Markham's 2013 Annual Report aligns with GRI 4.0, Sustainability Reporting Guidelines and specific GRI indicators. The table identifies the location of the selected indicators within the 2013 Annual Report. For more information, visit www.globalreporting.org.

Indicator Description	Page Reference/Comments
STRATEGY AND ANALYSIS	
G4-1 Statement from The Mayor and CAO on sustainability	Page 4 & 6
ORGANIZATIONAL PROFILE	
G4-3 Name of organization	Cover page
G4-4 Primary brands, products, and services	Page 35 (note 8)
G4-5 Location of the organization	Back cover
G4-6 Number of countries where the organization operates	Local Municipal Government
G4-7 Nature of ownership and legal form	Local Municipal Government
G4-8 Markets served	Local Municipal Government
G4-9 Scale of the organization	Page 7
G4-10 Workforce	Page 7
G4-11 Percentage of total employee covered by collective bargaining agreement	26% of total workforce
G4-12 Supply chain	
G4-13 Significant changes during the reporting period	Page 6 & 7
G4-14 Precautionary approach	Not applicable
G4-15 External charters, principles, or other initiatives	Inside cover, Page 6 & 22
G4-16 Memberships of associations	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES	
G4-17 Entities included in the organization's consolidated performance	Page 52
G4-18 Process for defining report content and Aspect boundaries	Page 6 & 53
G4-19 Material aspects	Page 6 & 53
G4-20 Aspect boundaries within the organization	Page 52 & 53
G4-21 Aspect boundaries outside the organization	Page 53
G4-22 Effects of any restatements	Not applicable
G4-23 Significant changes from previous reporting period	Not applicable
STAKEHOLDER ENGAGEMENT	
G4-24 Stakeholder groups engaged by the organization	Page 52 & 53
G4-25 Basis for identification and selection of stakeholders with whom to engage	Page 2
G4-26 Approach to stakeholder engagement	Page 52
G4-27 Key topics raised by stakeholders	Page 6, 9 & 11
REPORT PROFILE	
G4-28 Reporting period	Cover
G4-29 Date of most recent previous report	Page 52
G4-30 Reporting cycle	Annual, Page 52
G4-31 Contact point for report	Back cover
G4-32 In accordance option chosen	Page 52
G4-33 Assurance	Not applicable

Indicator Description	Page Reference/Comments
GOVERNANCE	
G4-34 Governance structure of organization	Page 2 & 51
G4-35 Process for delegating authority for topics from the highest governance body	Page 2
G4-37 Consultation between stakeholders and the highest governance body	Page 2
G4-41 Processes for the highest governance body to ensure conflicts of interest are avoided	Page 2
G4-49 Process for communicating critical concerns to the highest governance body	Page 2
ETHICS AND INTEGRITY	
G4-56 Organizations values principles and norms of behavior	Page 3, 9, 11 & 19
ECONOMIC	
G4-EC1 Direct economic value generated and distributed	Page 25 & 29
G4-EC3 Defined benefit plan obligations	Page 34
G4-EC4 Government financial assistance	Page 52 & 56
G4-EC7 Development of infrastructure investments and services supported	Page 11 & 15
G4-EC8 Significant indirect economic impacts, including the extent of the impacts	Page 11, 13 & 17
SOCIAL	
G4-LA1 (a) Total workforce by employment type, employment contract, and region	Page 7 & 56
G4-LA1 (b) Total number of new employee hires and turnover	Page 56
G4-LA2 Benefits provided to full-time employees	Extended Health Care, Dental Coverage, Life Insurance, Accidental Death And Dismemberment Insurance, Disability Coverage (Short/Long Term), OMERS Pension Plan, Employee Assistance Program
G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees	100% representation via 6 joint committees
G4-SO1 Operations with implemented local community engagement, impact assessments, and development programs	Page 9, 13, 15 & 19
G4-SO8 Monetary value of significant fines	No fines or sanctions
G4-PR5 Practices related to customer satisfaction	Page 9, 19, 21 & 52
ENVIRONMENT	
G4-EN3 Energy consumption within the organization	Page 56
G4-EN6 Reduction of energy consumption	Page 15
G4-EN8 Total water withdrawal by source (at City of Markham owned facilities)	262,886.60 m3
G4-EN13 Habitats protected or restored	Page 4 & 15
G4-EN15 & EN16 Direct and indirect greenhouse gas (GHG) emissions	Page 7 & 56
G4-EN19 Reduction of greenhouse gas (GHG) emissions	Page 15 & 52
ELECTRICAL UTILITY	
G4-EU1 Installed capacity, broken down by primary energy source and by regulatory regime	Page 53
G4-EU3 Number of residential, industrial, institutional and commercial customer accounts	Page 53
G4-EU12 Transmission and distribution losses as a percentage of total energy	Page 53
G4-DMA Demand-side management programs including residential, commercial, institutional and industrial programs Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	Page 52

ENVIRONMENTAL PERFORMANCE INDICATORS

TOTAL 2013 ENERGY CONSUMPTION AND GHG EMISSIONS¹

G4-EN3 and G4-EN16 - Direct energy consumption by primary energy source and resultant GHGs

Direct Energy Source	2013 Consumption	2012 Consumption	% Change	2013 GHG*	2012 GHG*
Electricity (kWh)	31,320,571.51	27,419,113	14%	4003	3,504
Natural gas (M ³)	2,635,392.00	2,545,287	4%	4908	4,740
Unleaded fuel (L)	447,826.70	405,701	10%	1107	1,003
Biodiesel B5 (L)	293,247.31	244,379	20%	737	614
Biodiesel B20 (L)	201,905.76	226,396	-11%	446	500
Propane (L)	52,470.00	58,633	-11%	83	93
District heating (eM3)**	734,499.15	211,984	246%	1365	394
District cooling (ekWh)***	1,032,091.65	335,448	208%	126	41
			Total*	12,775	10,889

*Tonnes equivalent Carbon Dioxide (TeCO₂)

**Equivalent M³

***Equivalent kWh

TOTAL 2013 WATER WITHDRAWN BY SOURCE

	2013	2012	% Change
G4-EN8- Total water withdrawal by source (m3)	262,886.60	263,024.70	-0.05%

ECONOMIC PERFORMANCE INDICATORS

GOVERNMENT FINANCIAL ASSISTANCE

G4-EC4 - Significant government financial assistance

	2013 \$	2012 \$	% Change
Government of Ontario	1,533,000	2,912,219	-47%
Government of Canada	9,405,000	8,167,405	15%
Total Government Financial Assistance	10,938,000	11,079,624	-1%

PRODUCT RESPONSIBILITY

CUSTOMER SATISFACTION SURVEY RESULTS

G4-PR5 - Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

Service Area	% Overall Satisfaction 2013	% Overall Satisfaction 2012
Finance Point of Sale	70	-
Building Permit Process	-	-
Cafeteria Catering	-	-
HR Staff Services	62.4	-
Fire	95	-
Recreation Camps	77	-
Recreation Aquatics	72.6	-
Culture Camps	81.4	-
Eco Dev Convergence Centre	70	80
Engineering Development	27.3	57.2
ITS	52.2	72.4

SOCIAL PERFORMANCE INDICATORS – WORKFORCE

LABOUR FORCE

G4-LA1 - total workforce by employment type, employment contract, and region, broken down by gender

Number of employees	2013	2012	% change
Male	1,263.00	1,254.00	1%
Female	1,092.00	1,050.00	4%
Total	2,355.00	2,304.00	2%
Management (with direct reporting)	188	197	-5%
Non-Management	2,167	2,107	3%

NEW HIRES, REHIRS AND TURNOVER

G4-LA2 - total number and rate of new employee hires and employee turnover by age group, gender, and region

	2013	2012	% change
New Hires	719	732	-2%
Rehires	479	596	-20%
Turnover	981	1,119	-12%

*Turnover decreased by 14% from last year

DEMOGRAPHIC OF NEW HIRES, REHIRS AND TURNOVER

	New Hires		Rehires		Age of Turnover	
	2013	2012	2013	2012	2013	2012
<30	551	538	362	443	831	833
30-50	40	48	45	60	105	120
>50	128	146	72	93	141	166
Total	719	732	479	596	1077	1119

Markham information in many languages
905-477-5530

Information Markham en plusieurs langues
भारखम घारे कएी भासादां विंच जाहकारी
Informazioni su Markham in molte lingue
萬錦市以多種語言發佈的信息
اطلاعات مارکھام به زبانهای مختلف
அநேக மொழிகளில் மார்க்கம் செய்தி
بہت ساری زبانوں میں مارکھم کی معلومات

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