

# CELEBRATE MARKHAM





# HIGHLIGHTS

As the elected representatives of those who live and work in The Town of Markham, Council is entrusted with providing leadership and making decisions that will affect the community for decades to come. Through the budget process and fiscal stewardship, Council aligns its decisions with the strategic goals of the Corporation. Highlights of 2005 include:

- Remained free of debt.
- Completed the acquisition of Ontario Realty Corporation lands at Kennedy Road and Highway 407.
- Finalized an agreement with Highway 407 owners for the Rodick Road overpass.
- Implemented one-number-to-call for municipal services at the Contact Centre.
- Initiated 52 hectares of new park design and construction and completed 17 hectares of parks.
- Completed Enterprise Drive grade separation.
- Opened the Bur Oak Fire Station.
- Implemented Phase 2 of the 3-stream waste collection program for 55,000 households.
- Opened Angus Glen Community Centre Phase 2.
- Won the provincial Communities in Bloom Award as champion for 2005.

W. Donald Cousens  
Mayor

Dan Horchik  
Councillor, Ward 6  
Chair, Budget Committee  
2005

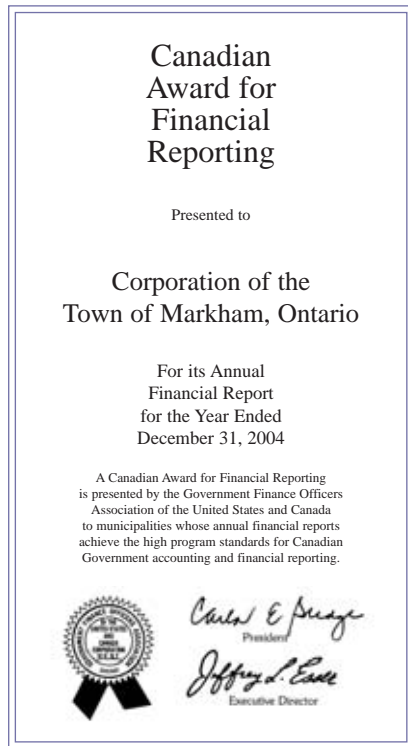
Stan Daurio  
Councillor, Ward 1  
Chair, Finance Committee  
2005

## Finance and Administrative Committee 2005

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

## Budget Committee 2005

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



## CONTENTS

### Introduction

Mayor's Message	2
Members of Council	4
CAO's Message	6
Governance	7
Organizational Structure	7
Markham Profile	8
2005 Accomplishments	9
Looking Forward	10
Financial Policies	12
Commissioner's Report	13

### Financial Statements

Auditors' Report	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Financial Activities	17
Consolidated Statement of Changes in Financial Position	18
Notes to the Consolidated Financial Statements	19
Consolidated Schedule of Operating Fund Activities	28
Consolidated Schedule of Capital Fund Activities	29
Consolidated Schedule of Reserves and Reserve Funds Activities	30

### Trust Funds

Auditors' Report	31
Statement of Financial Position and Statement of Financial Activities and Fund Balances	32
Notes to the Financial Statements	33

### Statistical Information

Five-Year Review	34
Performance Measures Report Card	37



*The theme of the 2005 Annual Report is Celebrate Markham, acknowledging the diversity of our community, its rich cultural fabric and the strength of our economy. We thank those who provided concept drawings for important Markham projects: including Markham Centre (pages 12 & 31).*

*The 2005 Annual Report for Markham, Ontario, Canada has been prepared by the Office of the Chief Administrative Officer and the Corporate Services Commission.*

# MAYOR'S MESSAGE

## INTRODUCTION

We have so much to celebrate here in Markham. We celebrate our lives together through community festivals, concerts, sports events and many volunteer activities. As Markham grows, those who join us find the Town alive with urban energy and the appeal of a smaller community.

In 2005, Markham Youth Week entered its tenth year, celebrating the involvement of young people in all aspects of community life and recognizing the leaders of our future. During May, a week of fun-filled activities included basketball drop-in at both Angus Glen Community Centre and Thornhill Community Centre, a youth art expo at the Varley Gallery and a youth dance in Thornhill.

On July 1, we welcome Markham's newest Canadian citizens during our traditional Canada Day citizenship court. This event is followed by our People's Parade and Flag Raising and concludes as Markham's night sky is filled with a magnificent display of fireworks.

Each year, we celebrate the range of our diversity and the spirit of our community with the Unionville Village Festival, Markham Village Music Festival, Milliken Mills Children's Festival, Thornhill Village Festival, the Markham Fair, the Markham Festival of Lights, Doors Open Markham and the Markham Jazz Festival.

Also, we are seen as one of Canada's leading communities and often recognized for our accomplishments. For example, Markham's Angus Glen Community Centre received a 2005 National Post Design Exchange Award; Markham Centre, our new downtown, won a 2005 Canadian Society of Landscape Architects Award for Excellence; and the Town of Markham won the provincial Communities in Bloom championship.

We are pleased with our accomplishments, proud of our diversity and celebrate our Town for striving each year to be even better. Please find out more about why Markham has reasons to celebrate by reading this Annual Report.

## FINANCIAL

The Town of Markham approved a 2005 budget, totaling \$257.5 million.

Budgeting pressures include wage settlements, general inflation, contract escalations and higher energy costs. Also, as the Town grows, the additional inventory of parks, community



centres, water mains and road works result in the need to fund these infrastructure resources.

The 2005 Capital Budget continues to focus on Council priorities such as: addressing gridlock; rapid transit; improved environmental protection; implementation of Markham Centre Downtown; safe streets; and improved service delivery.

The budgeting impact of these initiatives was partially offset by increases in revenue resulting in an increase in the property tax rate from 2004 of 3.9 per cent. This was one of the lowest tax rate increases approved in 2005 in the Greater Toronto Area.

## TRANSPORTATION

Council recognizes transportation as an important strategic initiative for the Town. The goal is a balanced transportation system where the road network provides a reasonable level of service during peak hours. In co-operation with the Region of York, VIVA was launched in September 2005 to improve bus service along major transit corridors, including Highway 7, Yonge Street and Warden Avenue. The new system is collecting accolades from across North America for its innovative approach to moving people around York Region and changing perceptions about public transit.

## MARKHAM CENTRE DOWNTOWN

Markham Centre is the Town's planned downtown core, an environmentally sustainable, transit-friendly home to 25,000 new residents and 17,000 employees. Located on more than 900 acres north of Highway 407, east of Warden Avenue, Markham Centre will have a distinctively urban character with high densities, strong streetscapes and ample green spaces. Markham Centre will be integrated into its natural setting, as a model of live-work planning. The Centre will combine the excitement and energy of a city with the intimacy and comfort of a small town.

## ENVIRONMENT

One of Markham's Corporate Goals is its Environmental Focus: to protect, enhance and restore Markham's natural features and green spaces as part of a vital and healthy ecosystem. 2005 was an excellent year for Markham's environmental efforts. Mission Green, our plan to divert 70 per cent of waste from

landfill was extended across the Town. This 3-stream system is designed to encourage residents to place organic material in a Green Bin. We've also expanded our Blue Box program and, to save time, Blue Box materials can now be mixed together – no more sorting. Items are collected and separated at a state-of-the-art recycling facility.

Our Markham District Energy company continues to expand, presently providing up to 4.5 million kilowatts of electricity to the local power grid. In years to come, all of Markham Centre will be able to receive heating and cooling services from Markham District Energy.

Communities in Bloom is a program that encourages governments, businesses and local residents to improve their communities. The program promotes the maintenance of our neighbourhood tidiness and visual appeal of Canadian community parks, open spaces and streets by planting flowers, trees and shrubs. After a seven-year absence from the program, Markham decided to compete provincially in 2005. Markham was the champion, being awarded five blooms, the highest rating, and receiving the Ontario award for Environmental Awareness. With the provincial win, Markham moves on to compete nationally in 2006.

## YOUTH

The Mayor's Youth Task Force is now in its 12th year and is one of my proudest accomplishments during my time as Mayor. As a voice for Markham youth, it offers programs in social responsibility and leadership training that have become models for many other communities. A recent initiative, United Youth of Markham, is comprised of Task Force members and Task Force Ambassadors. It strives to work with non-profit organizations to educate young people of Markham about the adversities faced by youth – locally, nationally and globally – and to motivate students in working towards solutions.

My thanks go to everyone who helps make the Task Force a success.

## CHARACTER COMMUNITY

As we celebrate our lives together through festivals, concerts, sports and many volunteer activities, we also turn our attention to the character of our community.

In keeping with that spirit, early in 2002, Markham proclaimed itself to be a Character Community, along with the other municipalities of York Region. We are the first region in Canada to take this initiative.

A Character Community is one in which elected officials, community leaders in education, business, faith communities, law enforcement, media and residents at large recognize and promote the importance of good character.

In March 2005, Ipsos-Reid conducted the first survey of 1,000 Ontario residents on the subject of character in Ontario communities. The findings support the need for sustained effort in teaching and modeling good character for everyone. I am pleased that the Character Community initiative is influencing the corporate culture at the Town of Markham to promote good character within the Corporation and throughout our community.

## CELEBRATING DIVERSITY

We also celebrate Markham's cultural diversity. More than 50 per cent of Markham's residents are visible minorities, making our Town the municipality with the second highest proportion of visible minorities in Canada. Through our Race Relations Committee, we foster harmonious community relations within the Town and work to create an environment in which all residents are treated equally.

Each year, we present the Many Faces of Markham Concert, featuring performers and dance groups from many cultures. The 2005 program featured: Fuego Flamenco; The Markham African Caribbean Association; and national competitors from Viva Dance. Markham has achieved the distinction of being a racially harmonious community, encouraging different cultures to retain their identities, while celebrating their pride in being part of Canada's rich cultural fabric. Council understands its responsibility to be constantly vigilant in preventing racism and promoting harmony in our society.

## CONCLUSION

In conclusion, we have much to celebrate here in Markham. We constantly strive to promote prosperity, diversity and harmony. We are proud of our fiscal record and enthusiastic about our future. I want to thank Council and staff, as well as all those who contribute to the well being of our Town. I am pleased to present the 2005 Annual Report.



W. Donald Cousens  
Mayor

# ELECTED OFFICIALS



**Donald Cousens**  
Mayor  
905 475 4872  
Fax: 905 479 7775  
dcousens@markham.ca



**Frank Scarpitti**  
Deputy Mayor  
Regional Councillor  
905 475 4899  
fscarpitti@markham.ca



**Jack Heath**  
Regional Councillor  
905 415 7506  
jheath@markham.ca



**Jim Jones**  
Regional Councillor  
905 479 7757  
jjones@markham.ca

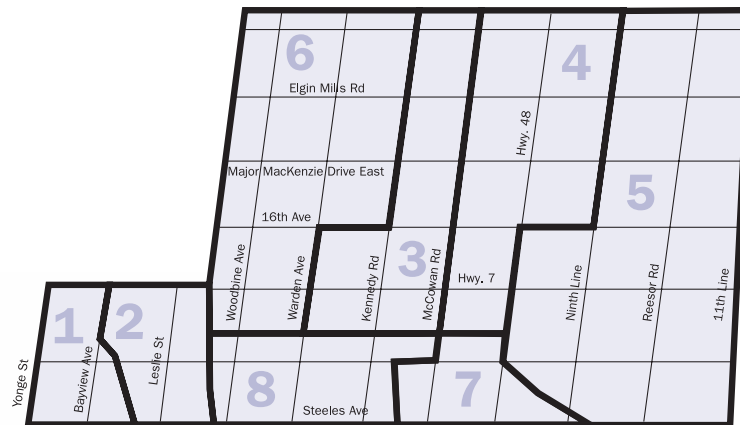


**Bill O'Donnell**  
Regional Councillor  
905 479 7746  
bodonnell@markham.ca

# TOWN COUNCILLORS & WARD MAP



**Stan Daurio**  
Ward 1  
905 479 7747  
sdaurio@markham.ca



**Alex Chiu**  
Ward 8  
905 479 7752  
achiu@markham.ca



**Erin Shapero**  
Ward 2  
905 479 7756  
eshapero@markham.ca



**Joseph Virgilio**  
Ward 3  
905 479 7749  
jvirgilio@markham.ca



**George McKelvey**  
Ward 4  
905 479 7751  
gmckelvey@markham.ca



**John Webster**  
Ward 5  
905 479 7750  
jwebster@markham.ca



**Dan Horchik**  
Ward 6  
905 479 7758  
dhorchik@markham.ca



**Khalid Usman**  
Ward 7  
905 479 7748  
kusman@markham.ca

# CELEBRATE MARKHAM

Celebrate the many nations of Markham  
Reflected in our people.  
Prosperity, diversity, harmony,  
These threads strengthen us.  
We take pride in our rich tapestry,  
Alive with urban energy and the spirit of a small town.

## MESSAGE FROM THE CAO

The Town of Markham celebrated many achievements in 2005. Our excellent Town staff have worked diligently to add new facilities, services and programs to meet the needs of our growing community and to enhance the quality of life in Markham.

Early in 2005 the Angus Glen Community Centre and Library opened and quickly became the place to be for kids, teens and adults to get together, get active and have fun. Also new in 2005 was Markham Museum's reception centre which provides an additional 2,900 square feet of exhibit space to the 25-acre complex. The centre gives the Museum an opportunity to add new interest through interactive exhibits, lectures and a variety of creative activities. Another opening in 2005 was the expansion at Thornhill Community Centre with its new ground-level fitness centre and therapeutic pool, a gymnasium and aerobics centre. The Centennial Community Skateboard Park opened in May and has received a very enthusiastic reception from Markham's youth.

In 2005, the Town completed the Bur Oak Fire Station, the first of three new stations. A fire station, of course, can't operate without its firefighters. When the Town put out a call to recruit new firefighters, more than 3,000 responded. In December, 28 proud men and women graduated from a rigorous training program and joined the ranks of Markham's more than 225-member Fire and Emergency Services staff.

While putting out fires is their primary responsibility, a major area of focus for Fire and Emergency Services staff is fire prevention and emergency preparedness. A smoke-alarm testing program conducted by the group in 2005 was a great success in helping homeowners comply with new provincial requirements for smoke alarms on every floor. Fire and Emergency Services also took the lead on helping residents understand how they can prepare for an emergency.

One potential emergency that came in for a lot of attention in 2005 was the threat of an influenza pandemic. Town staff from across the organization came together to develop business continuity plans to ensure that critical services would continue to be delivered if a pandemic comes to Town. Markham also took the lead in forming a Pandemic Readiness Committee made up of representatives from York Region Health, Police and School Boards, the Markham business community and Town staff.

Making Markham streets safer is a key Town objective. In 2005, the Safe Streets program went into high gear with a balanced program of education, enforcement and engineering. The education program includes a combination of local neighbourhood communications, strategic partnerships and school programs. From an enforcement perspective, we introduced



enhanced enforcement on 25 key streets; added strategic policing and introduced the Road Watch program, providing a mechanism for residents to report unsafe driving they may observe. Our engineering department collected and analyzed substantial data to determine where traffic-calming measures could be effective and to help in the development of new standards.

Environmental sustainability is a major priority for staff and Council. In 2005 our anti-idling by-law went into effect and will help preserve clean air. Phase II of the Mission Green waste management program was also put in place. Our

waste diversion target of 70% is ambitious, however, Markham residents have embraced the program with 90% participating. Our fall 2005 audit indicated that we actually reached 72% diversion in the areas where Mission Green has been rolled out. We anticipate continuing support when apartments and condominiums join the program.

Another environmental initiative in 2005 was the creation of the Markham Energy Conservation Office (MECO). This office is actively developing programs to create a conservation culture in Markham and set a leadership example for municipalities across the country.

Another area where the Town is setting a leadership example is through our centralized Contact Centre. The Centre is essentially the "one call or visit" source for information and access to Town services. In its second full year of operation, the Centre fielded some 250,000 calls. E-mail and voice-mail contacts increased by some 25% over the previous year with every contact being responded to within one business day. More than 110,000 transactions related to Town recreation and aquatic programs were completed, generating approximately \$6.3 million in revenue.

The Town of Markham enjoys an enviable reputation as a forward-thinking municipality that is creating new work and lifestyle options for the new century, founded on strong values that have served the community well for more than 200 years. We are fortunate to have outstanding leadership from our Mayor and Council, strong support from our diverse resident and business community, and staff who are committed to excellence.

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

John Livey  
Chief Administrative Officer  
June, 2006



# GOVERNANCE

## COUNCIL

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

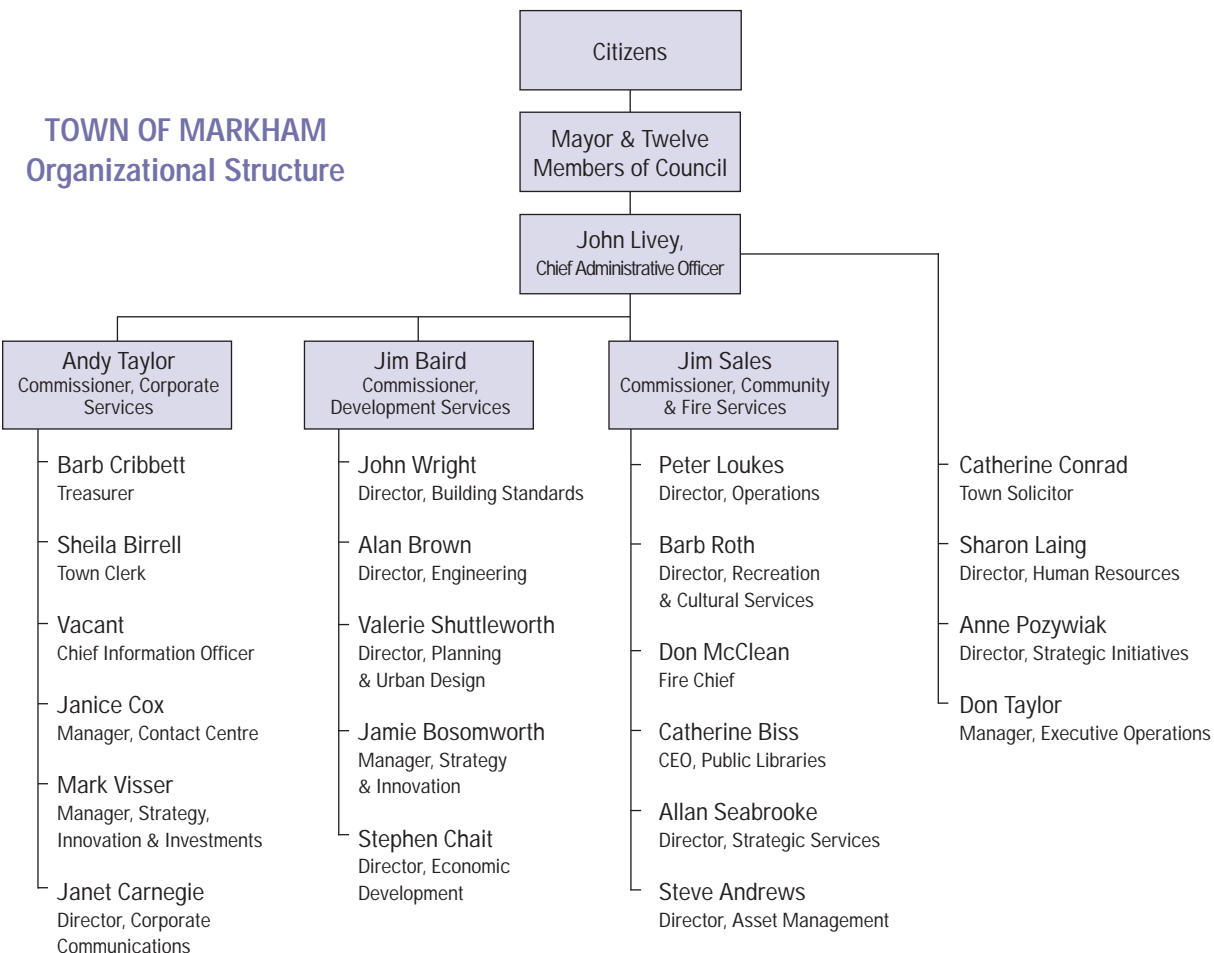
All Members of Council are elected for a three-year term and exercise their governance through the adoption of resolutions and By-laws. The key roles of Council are to: establish policies that define the strategic priorities of the Town; ensure that municipal services are provided in a cost-effective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

## COMMITTEES

Council streamlined the committee structure in December 2004, reducing the number of committees reporting to Council from five to two: General Committee and Development Services Committee. Other sub-committees may be set up as needed and report to Council through one of the Standing Committees.

## CHIEF ADMINISTRATIVE OFFICER

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



# MARKHAM PROFILE

In 1971, the Regional Municipality of York was established. Northern portions of Markham Township were annexed to the municipalities of Richmond Hill and Whitchurch-Stouffville, while the balance of Markham Township was incorporated into the Town of Markham and the present Town boundaries set.

The Town of Markham is the largest of nine municipalities that make up the Regional Municipality of York. York Region is due north of Toronto. The Greater Toronto Area, formed by Toronto and the regions of York to the north, Peel and Halton to the west and Durham to the east, has a population of almost 5 million people. It is Canada's largest marketplace. This location also provides Canada's easiest access to more than 150 million customers in the United States.

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

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

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

Markham has a land area of approximately 210 square kilometres. In 1976, the population was 56,000. During the past 29 years, the population has increased more than fourfold and stood at 260,000 in 2005. The community is one of the most diverse in the country, with more than 50 per cent of its population having origins in countries other than Canada. Through this change and growth, many of Markham's roots endure. Still rich in farmlands, it stands as Canada's pre-eminent high technology centre, known worldwide for innovative products and services. The municipality is surrounded by beautiful countryside.

Income levels are among the highest in Canada and those of employment age are more highly educated than average:



79 per cent have high school diplomas, 56 per cent have college diplomas, 31 per cent have university degrees. Providing jobs for residents is just one part of what makes Markham a SMART community – with objectives that are specific, measurable, attainable, realistic and timely.

More than 900 technology companies are already the driving force of commerce in 21<sup>st</sup> century Markham. The Town's leading employers include IBM, American Express, ATI Technologies, Liberty Health and Motorola. In 2005, more than 130,000 people were employed in the Town of Markham.

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

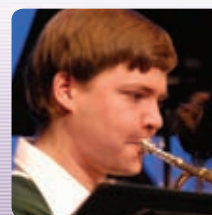
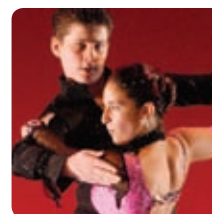
Cultural life in Markham is supported through Town-owned facilities including Markham Theatre, the Varley Art Gallery, Markham Museum and the Markham Public Libraries. Also, the natural environment remains a priority as the community grows.

Markham celebrates its diversity. All ages are represented from Youth Week through to the Seniors Extravaganza and our Senior Citizens Light Tour.

People from many nations contribute to the cultural life of Markham and they are recognized through events such as the Chinese New Year, The Many Faces of Markham Concert and Black History Month.

# 2005 ACCOMPLISHMENTS

- Completed the acquisition of ORC lands at Kennedy Avenue and Highway 407
- Finalized a by-law to prohibit vehicle idling
- Finalized an agreement with Highway 407 owners for Rodick Road overpass
- Completed a review of Municipal Property Tax Billing System
- Installed a public information system at the Civic Centre
- Issued 6,000 building permits with a construction value of almost \$650 million
- Implemented one number-to-call for municipal services at the Contact Centre
- Developed and implemented a waste management tracking system
- Initiated 128 acres (52 ha) of new park design and construction and completed 30 acres (17 ha) of parks
- Prepared Highway 48 Urban Design Study
- Reached agreement with Ontario Power Authority for alternative routing of power transmission lines in residential neighbourhoods
- Implemented a Safe Streets Strategy
- Launched Smart Commute on Highway 404 and Highway 7
- Completed Enterprise Drive grade separation
- Completed Leitchcroft Pond and Milne Creek rehabilitation
- Initiated a Bicycle Path Study
- Opened the Bur Oak Fire Station
- Implemented new Fire Prevention Programs
- Opened John Street training centre for Fire and Emergency Services
- Opened Angus Glen Community Centre Library
- Initiated Markham Village Library expansion/renovation
- Implemented Salt Management Plan for Markham roads
- Completed fence replacement program for rail lines abutting public roads
- Introduced Automatic Vehicle Locators for the corporate fleet
- Implemented Phase II of the 3-stream waste collection program to 55,000 households
- Implemented a Litter Prevention Strategy
- Developed a waste management strategy for Markham Centre
- Implemented Mission Green@Work at the Civic Centre, Community Centres and all Fire Stations in Markham
- Opened Angus Glen Community Centre Phase 2
- Commenced construction on Centennial Community Centre expansion
- Implemented travel-demand management initiatives, including Smart Commute
- Established a Sports Council for Markham
- Awarded the Royal Life Saving Society David Pretty Cup for the 10th year
- Completed McKay House restoration
- Acquired two A.Y. Jackson paintings for the Varley Art Gallery
- Received designation at the Markham Museum as the first Family Math Site in Ontario
- Implemented Echo Art Program in conjunction with Communities in Bloom
- Established the Markham Energy Conservation Office
- Received Government Finance Officers Association Distinguished Budget Presentation Award for Markham's 2005 Operating and Capital Budget and 2005 Budget Plan. Also received the Canadian Award for Financial Reporting presented by the Government Finance Officers Association for the 2004 Annual Report.



# LOOKING FORWARD

## INFRASTRUCTURE

The Town of Markham makes yearly appropriations in its capital budget to provide improvements to its infrastructure to meet the needs of the Town's expanding population.

Funding for projects in the near future includes \$1.8 million for mid-block crossings of Highway 404 to improve east-west capacity of the Town's road system. Also, \$5 million has been allocated for construction of a water main in the Fourteenth Avenue/Markham Road area to improve the water distribution system south of Highway 407, east of Markham Road. New storm water management works are required along Highway 7 in the Warden Avenue area to service lands that presently do not have storm sewers. A Green Roof project on the Civic Centre is to be built at a construction cost of \$125,000 to demonstrate the environmental benefits of the Town's Green Roof program.

## MARKHAM CENTRE

Markham Centre will have a distinctly urban character with higher density development, strong streetscapes, complemented by ample green spaces.

It will set a new standard for SMART growth that will: celebrate Markham's community values; embrace quality of life; be sustainable for future generations; enhance the environment; build on transit initiatives; and enrich Markham's economic vitality.

The Markham Centre Greenlands Master Plan is envisioned to form a sustainable natural heritage system that supports a diversity of habitats with a fully functional ecosystem. The Greenlands master plan will guide The Town of Markham through the development of the green spaces component of Markham Centre Downtown, addressing issues related to the restoration, management and patterns on corridors along the Rouge River and its tributaries.

## ENVIRONMENT

Markham's Environmental Focus is a corporate goal that fosters the protection, enhancement and restoration of the Town's natural features and green spaces as part of a vital and healthy ecosystem.

Markham participates in the Toronto Smog Summit that explores the connection between climate change, smog and human health, and highlights sustainable solutions to transportation and energy use in the Greater Toronto Area. The Town's ongoing programs to improve air quality include the Bio-diesel Project, a Green Fleet/Hybrid Pilot project, and the Green Roofs Project.



The Town of Markham has kept up with residential growth by opening 23 parks between 2000 and 2003 and expects to open another 35 by the year 2010. The Town has more than 16 kilometres of beautiful pathways, suitable for walking, jogging and hiking. They provide access for walkers, joggers and cyclists to some of the most beautiful areas of Markham. Within this project is the "Adopt-A-Park" program. This allows for increased interaction between Town staff and community groups, while giving the public a chance to care for parks.

Markham is creating a Cycling Master Plan that will set out principles, objectives and recommendations on safety, education and promotional programs as well as a cycling infrastructure, including a comprehensive Bikeway Network. The Town has retained a consultant to assist staff in developing the first Phase of the plan that includes a short-term "spine-network" of on-road cycling routes, principally in the Town's urban areas. This Phase of the network was approved by Council in 2005 and will be implemented, beginning in 2006.

## TRANSPORTATION

The Town of Markham has a Four-Point Plan to address and resolve key transportation issues.

Three rapid transit corridors are planned for the Markham area along Yonge Street, Highway 7, and Warden Avenue. The efficiency of the existing roadways will be improved in co-operation with a 10-year capital plan being pursued with the Region of York. Markham's transportation policies will promote the balanced residential and employment uses of Markham Centre; promote non-automotive modes of travel; and optimize land development potential by establishing a Parking Authority. The Town also promotes education programs to encourage staggered business hours, carpooling, telecommuting and transit use.

Markham has a Safe Streets Strategy to improve driver behaviour and thereby help to improve safety on our streets. The strategy is being implemented under a three-year plan overseen by the Traffic Safety Committee.

In co-operation with the Markham Board of Trade, the Town of Markham promotes Smart Commute, a program to encourage businesses and employers to carpool. Also Smart Commute 404-7 is a broadly based undertaking that develops an array of strategies to make the most efficient use of the area's transportation network, especially the areas served by the provincial Highway 404 and regional Highway 7.

York Region's VIVA transit system continues to grow as a model for the management of growing commuter needs and ridership continues to rise at an impressive rate. Traffic congestion is one of York Region's largest challenges and the Town of Markham is committed to helping the Region effectively address this pressing issue.

## ECONOMIC DEVELOPMENT STRATEGY

Markham has established itself as Canada's High-Tech Capital with more than 900 high-tech firms. Significant investment has been made here by information technology, telecommunications, electronics and a growing number of life science companies.

The Town is producing a new Economic Development Strategy to ensure that our economic success is enhanced through the strategic positioning of Markham as an effective global competitor. In the context of the ever-evolving global economy, it is critical that Markham position itself to compete successfully with the emerging economic powerhouses China and India as well as with Canada's long-term economic partner across the border, the United States of America.

Developing the Economic Strategy will be a participatory process, involving Council, the Markham Board of Trade, Markham business leaders, economic experts and selected professionals who make it their work to think seriously about the future

*Markham is a community of communities*

*Each with a distinctive character*

*Contributing to the quality of life*

*We all enjoy.*



# FINANCIAL POLICIES

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

## **Basis of Accounting**

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

## **Reserve/Reserve Fund Policy**

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

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

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

## **Deficit Avoidance**

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

## **Use of Assessment Growth**

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

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

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

## **Capital Budget**

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

## **Debt Issuance**

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



# COMMISSIONER'S REPORT

*I am pleased to present the 2005 Financial Report for The Town of Markham.*

Celebrating Markham includes applauding the excellence and enthusiasm that Town staff bring to work, day in and day out. More than 1,500 people – full time and part time – bring their talents to making our community safe, green and welcoming. Their faces reflect the diversity and complexity of our role as a model for harmony. As Canada's pre-eminent high-tech urban centre, with small town appeal, our ability to recruit and promote quality people is enhanced by their personal links with the community – as professionals and as volunteers.



Markham's employees are to be congratulated because they come to work to do more than just a job. They are genuinely attached to the community. A good many of them live and raise their children here as well.

Enriched through community work, you will find Town staff upfront and behind the scenes, making sure our Canada Day celebrations and seasonal festivals are showcases for all that is vibrant about Markham. It is always easy to find volunteers for events at the Varley Gallery, Markham Museum and the Performing Arts Centre.

Our staff want the best for Markham residents and businesses and it shows. They pitch in on Clean-Up Days. They are spotters for our Safe Streets program.

They coach and mentor young people at our community centres, arenas and playing fields. Every year, they go the extra mile to support volunteer organizations, of all sorts, including Markham's United Way campaign and the Town-wide Communities In Bloom competition.

Excellence is asked of employees in everything they do, which is demonstrated by their commitment and participation in all of our National Quality Institute initiatives. Council supports an interdependent approach to problem solving, in which staff act as catalysts for innovation. My thanks and congratulations go to all our dedicated employees for the energy they brought to making 2005 a year to celebrate.

## **BUDGET**

Each year the Business Units produce business plans that present their accomplishments of the last year, growth requirements and new initiatives for the coming year. Out of this process, the Budget is prepared to ensure it aligns with and supports the goals and strategic priorities of the Corporation. The Budget Committee, which consists of Members of Council, supported by senior staff, encourages input and feedback from stakeholders and uses a "management-by-facts" approach to ensure taxpayers are receiving value for money.

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

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

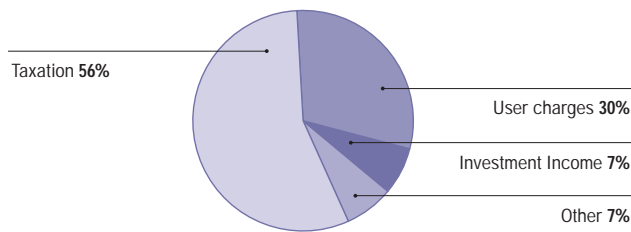
## **AUDIT COMMITTEE**

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

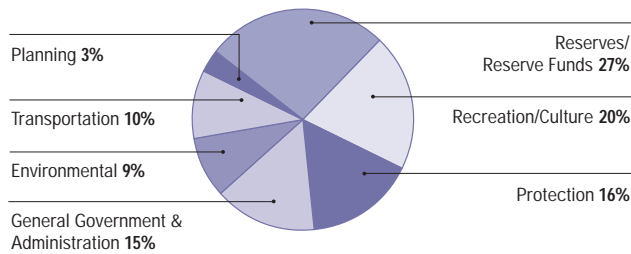
## **FINANCIAL STATEMENTS**

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

### 2005 Revenue



### 2005 Expenditures



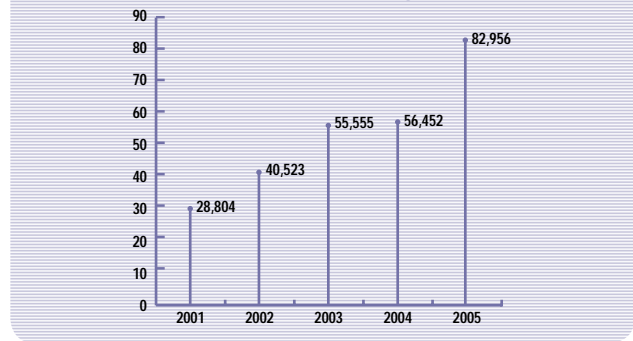
Markham prepares its financial statements in compliance with the accounting recommendations as set out in the Canadian Institute of Chartered Accountants PSAB Handbook. It requires the Town's financial statements to provide an accounting of the full nature and extent of the financial affairs and resources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

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

### FINANCIAL HIGHLIGHTS

I would like to thank Barb Cribbett, Treasurer, and Raj Raman, Manager, and his team for their impressive efforts to put in place the financial reporting systems that enabled our external auditors to verify Markham's Financial Statements within 90 days of year-end. Municipalities account for expenditures by fund. Three funds historically make up the Town's Financial Statements: Operating Fund, Capital Fund and Reserves/Reserve Funds. For 2005, these three funds totalled \$124.3M (2004 – \$128.3M). In addition, Markham's equity interest in the Markham Enterprises Corporation is part of its Fund Balances. For 2005, the equity in Markham Enterprises Corporation was \$168.2M (2004 – \$162.2M), bringing the total fund balances to \$292.5M. The following is a summary of each fund.

### Capital Spending



All dollar amounts are in \$000

### OPERATING FUND

Revenues from the current year's operations were \$158.2M (2004 – \$152.8M) while the current operating expenditures totalled \$122.1M (2004 – \$110.7M). The 2005 surplus was approximately \$3.9M.

### CAPITAL FUND

Markham fully funds capital projects once approved by Council. As a result, the phasing and completion of the projects affect the Capital Fund balance. The Capital Fund balance of \$23.2M (2004 – \$24.3M) represents unexpended capital funding at year-end. Capital expenditures in 2005 totalled \$83.0M (2004 – \$56.5M) and included such projects as phase 2 of Thornhill Community Centre expansion, design of 19<sup>th</sup> Avenue bridge replacement and Rodick Road extension.

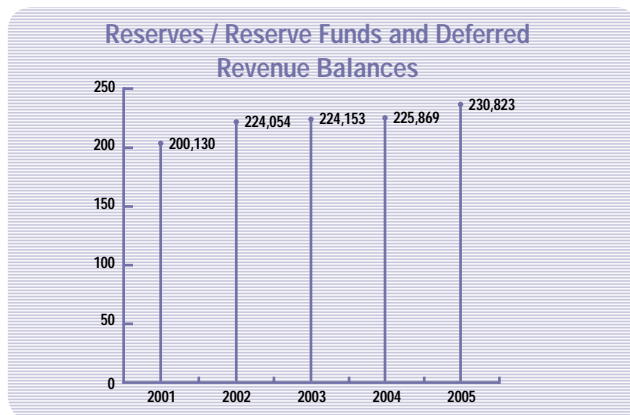
Changes to the Development Charges Act have eliminated funding for such items as parkland acquisition, information technology and administrative space. So, the requirement to fund significant growth-related costs through non-development charge sources will continue to create challenges for Markham, given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

To ensure Markham's existing infrastructure is maintained, the initial \$500,000 of tax revenue from new assessment each year is transferred to the Capital Fund. In 2005, \$16.7M (2004 – \$16.2M) was transferred to the Capital Fund from the tax rate.

### RESERVES/RESERVE FUNDS AND DEFERRED REVENUE

As at December 31, 2005, the Reserves/Reserve Funds totalled \$97.2M (2004 – \$90.5M) and Deferred Revenue totalled \$133.6M (2004 – \$135.4M). The Reserves and Reserve Funds have been established to fund future operating and capital expenditures, long-term liabilities, special projects





All dollar amounts are in \$000

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

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

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

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

In conclusion, we thank all Corporate Services staff for their high level of commitment to public service. I am sure that they will bring the same level of professionalism to our next major initiative, which is conforming to the new Public Service Accounting Board's regulations, requiring municipal corporations to account for fixed assets.

Andy Taylor, C.A.  
Commissioner, Corporate Services  
June, 2006

## AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of The Corporation of The Town of Markham as at December 31, 2005 and the consolidated statement of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
Toronto, Ontario  
May 12, 2006

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2005

(All dollar amounts are in \$000)

	2005	2004
<b>ASSETS</b>		
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	\$ 266,441	\$ 273,753
Taxes receivable (Note 7)	33,540	28,076
Unbilled user charges	5,306	5,160
Accounts receivable	14,446	13,557
Investment in Markham Enterprises Corporation (Note 17)	168,191	162,325
Other current assets	156	232
	<b>488,080</b>	<b>483,103</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	53,569	49,896
Deferred revenues (Note 10)	133,598	135,355
Employee future benefits liabilities (Note 12)	11,361	10,128
	<b>198,528</b>	<b>195,379</b>
<b>NET FINANCIAL ASSETS</b>	<b>\$ 289,552</b>	<b>\$ 287,724</b>
<b>MUNICIPAL POSITION</b>		
FUND BALANCES		
Operating Fund (Note 14)	\$ 3,856	\$ 13,549
Capital Fund (Note 14)	23,198	24,254
Reserves and Reserve Funds (Note 14)	97,225	90,514
Equity in Markham Enterprises Corporation (Note 17)	168,191	162,325
FUND BALANCES	<b>292,470</b>	<b>290,642</b>
AMOUNTS TO BE RECOVERED (Note 6)		
From reserves and reserve funds on hand	(2,918)	(2,918)
<b>MUNICIPAL POSITION</b>	<b>\$ 289,552</b>	<b>\$ 287,724</b>

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

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year ended December 31, 2005  
(All dollar amounts are in \$000)

	2005 <i>Budget</i>	2005 <i>Actual</i>	2004 <i>Actual</i>
<b>Revenues</b>			
Taxation	\$ 86,633	\$ 88,036	\$ 81,846
User charges (Note 11)	42,112	46,830	39,783
Grants	980	1,869	3,192
Contributions from developers	39,089	38,502	30,204
Investment income	11,232	13,279	11,963
Tax penalties	3,375	3,376	3,364
Other	24,660	9,603	17,262
<b>TOTAL REVENUES</b>	<b>208,081</b>	<b>201,495</b>	<b>187,614</b>
<b>Expenditures</b>			
<b>Operating</b>			
General government	29,126	25,419	25,873
Protection to persons and property	25,408	26,233	22,789
Transportation services	15,327	17,099	15,711
Environmental services	14,058	14,571	11,826
Recreation and cultural services	33,258	32,920	28,813
Planning and development	5,636	5,816	5,620
Other	27	519	340
Subtotal	122,840	122,577	110,972
<b>Capital</b>			
General government	8,790	13,401	6,473
Protection to persons and property	574	2,839	2,340
Transportation services	28,473	34,791	21,500
Environmental services	8,360	6,923	5,781
Recreation and cultural services	23,172	22,292	16,500
Planning and development	6,516	2,710	3,858
Subtotal	75,885	82,956	56,452
<b>TOTAL EXPENDITURES</b>	<b>198,725</b>	<b>205,533</b>	<b>167,424</b>
	9,356	(4,038)	20,190
Net change in equity in Markham Enterprises Corporation (Note 17)	–	5,866	(10,128)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>9,356</b>	<b>1,828</b>	<b>10,062</b>
<b>CHANGE IN FUND BALANCE</b>	<b>\$ 9,356</b>	<b>\$ 1,828</b>	<b>\$ 10,062</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31, 2005  
(All dollar amounts are in \$000)

	2005	2004
<b>OPERATIONS</b>		
Increase in Net Financial Assets	\$ 1,828	\$ 10,062
Change in equity in Markham Enterprises Corporation	(5,866)	10,128
Subtotal	(4,038)	20,190
<b>Uses</b>		
Increase in taxes receivable	(5,464)	(7,081)
Increase in accounts receivable	(889)	–
Increase in unbilled user charges	(146)	(1,635)
Increase in other assets	–	(41)
Decrease in deferred revenue	(1,757)	(6,716)
Subtotal	(8,256)	(15,473)
<b>Sources</b>		
Decrease in accounts receivable	–	1,381
Decrease in other assets	76	–
Increase in accounts payable and accrued liabilities	3,673	3,726
Increase in employee benefits liabilities	1,233	855
Subtotal	4,982	5,962
Net Increase/(Decrease) in cash from operations	(7,312)	10,679
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,312)</b>	<b>10,679</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>273,753</b>	<b>263,074</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>\$ 266,441</b>	<b>\$ 273,753</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

(All dollar amounts are in \$000)

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### REPORTING ENTITY

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

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

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

#### INVESTMENT IN MARKHAM ENTERPRISES CORPORATION

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

#### ACCOUNTING FOR REGION AND SCHOOL BOARD TRANSACTIONS

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

#### TRUST FUNDS

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

#### BASIS OF ACCOUNTING

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

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

#### TANGIBLE CAPITAL ASSETS

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

#### GOVERNMENT TRANSFERS

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

#### DEFERRED REVENUE

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

#### TAXATION AND RELATED REVENUES

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

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

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

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

### EMPLOYEE FUTURE BENEFITS

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

### INVESTMENT INCOME

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

### USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenditures during the period. Actual results could differ from these estimates.

### BUDGET FIGURES

The approved operating and capital budgets for 2005 are reflected on the Consolidated Schedules of Operating Fund Activities, Capital Fund Activities and Financial Activities. The budgets established for the capital fund operations are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year actual amounts. As well, the municipality does not budget for activity within Reserve Funds, with the exception being those transactions which affect either the operating or capital funds.

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

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

	2005			2004
	School Boards	Region of York	Total	Total
Taxation	\$ 162,839	\$ 161,919	\$ 324,758	\$ 302,811
Payment in lieu of taxes	281	1,079	\$1,360	1,439
Supplementary taxes	3,690	6,177	\$9,867	17,480
Amount requisitioned and transferred	\$ 166,810	\$ 169,175	\$ 335,985	\$ 321,730

## 3. TRUST FUNDS

Trust funds administered by the municipality for the benefit of others amounting to \$ 1,609 (2004 – \$1,560) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities". The trust funds have been reported separately on the "Trust Funds Statement of Financial Position" and "Trust Funds Statement of Financial Activities and Fund Balances".

#### 4. CASH AND CASH EQUIVALENTS

	<u>2005</u>	<u>2004</u>
Cash	\$ 5,284	\$ 6,764
Investments	261,157	266,989
	<u>\$ 266,441</u>	<u>\$ 273,753</u>

Investments, which are reported at cost for money market and face value for bonds, had a market value of \$ 262,298 (2004 – \$269,775) at the end of the year. Investments consist of authorized investments pursuant to the provisions of the Municipal Act and include short-term instruments of various financial institutions, Government bonds, and Treasury Bills. For the 2005 year, the average rate of return earned was 3.99% (2004 – 3.72%).

#### 5. PENSION AGREEMENTS

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

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

The amount contributed to OMERS for 2005 was \$3,942 (2004 – \$3,096).

#### 6. AMOUNTS TO BE RECOVERED

	<u>2005</u>	<u>2004</u>
Sick Leave	\$ 2,918	\$ 2,918
	<u>\$ 2,918</u>	<u>\$ 2,918</u>

#### 7. TAXES RECEIVABLE

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

	<u>2005</u>	<u>2004</u>
Current year	\$ 23,052	\$ 18,816
Arrears previous years	13,601	13,500
	<u>36,653</u>	<u>32,316</u>
Less Allowance	(3,113)	(4,240)
	<u>\$ 33,540</u>	<u>\$ 28,076</u>

MPAC continues to refine the assessed property values established in 2003 in the Town and across the Province. These values were used by the Town to compute the 2005 property tax bills. However, the property tax revenue and tax receivables of the Town are subject to measurement uncertainty as a number of submitted appeals have yet to be heard. Additionally, the Province enacted legislation that permits taxpayers and/or municipalities to file tax appeals retroactive to 1998, most of which have not yet been dealt with. This additional financial uncertainty continues the need for the allowance established for tax appeals in the amount of \$3,113 (2004 - \$4,240). The provision is required due to a number of different types of tax adjustments, including frozen assessment listing ("FAL") appeals, new construction retroactive appeals, and commercial vacancy rebates. Any supplementary billings adjustments made necessary by the determination of such changes will be recognized in the fiscal year they occur and the effect shared with the regional government and school boards as appropriate.

## 7. TAXES RECEIVABLE (continued)

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 with the 2005 tax year. Region of York adopted these new tax policies 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 municipality must issue to certain charitable organizations and the interest and penalties the municipality can collect on arrears of taxes where it is subsequently determined that such amounts have been overstated.

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

## 8. CLASSIFICATION OF EXPENDITURES BY OBJECT

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

	<u>2005</u>	<u>2004</u>
Salaries, wages and employee benefits	\$ 78,825	\$ 71,514
Operating materials and supplies	21,692	20,022
Contracted services	20,359	17,922
Rents and financial expenses	1,521	1,345
External transfers to others	180	169
Tangible capital assets	82,956	56,452
Total expenditures by object	<u>\$ 205,533</u>	<u>\$ 167,424</u>

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	<u>2005</u>	<u>2004</u>
Trade accounts payable	\$ 25,525	\$ 23,615
Payable to other governments	14,458	10,181
Payroll liabilities	3,014	3,113
Accrued liabilities	10,572	12,987
	<u>\$ 53,569</u>	<u>\$ 49,896</u>

## 10. DEFERRED REVENUE

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed. The following is the current status of the deferred revenues:

	<u>2005</u>	<u>2004</u>
Obligatory Reserve Funds		
Development charges	\$ 123,616	\$ 124,713
Parkland	6,625	6,847
Other	191	186
Deferred revenue – general	3,166	3,609
	<u>\$ 133,598</u>	<u>\$ 135,355</u>



## 11. USER CHARGES

	2005	2004
Water and sewer billings to ratepayers	\$ 43,733	\$ 37,332
Region of York requisitions	(30,632)	(26,604)
Town Share	13,101	10,728
Building permits	10,354	7,857
Parking violations	1,345	1,129
Facility rentals	5,017	4,732
Recreational programs	5,778	4,919
Parks construction and maintenance	248	205
Cultural services	2,030	1,880
Engineering fees	2,290	3,358
Planning processing fees	2,436	1,176
Compliance letters/certificates	230	250
Other user charges	4,001	3,549
	<b>\$ 46,830</b>	<b>\$ 39,783</b>

## 12. EMPLOYEE FUTURE BENEFITS LIABILITIES

	2005	2004
Vacation Pay – Town	\$ 2,010	\$ 1,661
Vacation Pay – Library	73	65
Employee future benefits	4,878	4,500
Vested sick leave benefits	3,854	3,415
Workplace Safety & Insurance Board (WSIB)	546	487
	<b>\$ 11,361</b>	<b>\$ 10,128</b>

### EMPLOYEE FUTURE BENEFITS

Employee Future Benefits are health and dental benefits that the Town of Markham pays on behalf of its current and retired employees. The Town recognizes these post-retirement costs as they are earned during the employee's tenure of service. The benefit liability at December 31, 2005 is \$4,878 (2004 – \$4,500). The liability recorded by the Town has been determined by an actuarial study completed December 2005.

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

	2005			2004	
	WSIB	Vested Sick Leave	Employee Future Benefits	Total	
Accrued benefit liability, beginning of year	\$487	\$3,415	\$4,500	\$8,402	\$7,711
Service cost	146	195	223	564	565
Interest cost	30	259	307	596	557
Benefit payments	(117)	(55)	(170)	(342)	(448)
Amortization of actuarial loss (gain)	–	40	18	58	17
Accrued benefit liability, end of year	<b>\$546</b>	<b>\$3,854</b>	<b>\$4,878</b>	<b>\$9,278</b>	\$8,402

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

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

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

### VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, which is available only to the Town's firefighters, employees can accumulate unused sick leave and may become entitled to a cash payment when they leave the municipality's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to approximately \$3,854 (2004 – \$3,415). The accrued benefit liability and the net periodic benefit cost were determined by an actuarial valuation completed December 2005.

### WORKPLACE SAFETY & INSURANCE OBLIGATIONS

Effective January 1, 1999, the Corporation of the Town of Markham became a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self insurance for all its employees. The Town remits payments to the Workplace Safety and Insurance Board ("WSIB") as required to fund disability payments. The estimated future liability relating to WSIB amounted to \$546 (2004 – \$487) and was determined by an actuarial evaluation completed December 2004 and updated December 2005. A Workplace Safety and Insurance Reserve Fund, funded by annual contributions from the Operating Fund, has also been established to protect against any unknown future liability.

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

## 13. COMPARATIVE FIGURES

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

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

### (a) Operating fund balance

	2005	2004
Available for reduction of future taxation		
Town	\$ 3,810	\$ 13,053
Library	14	472
Business Improvement Areas	32	24
	<u>\$ 3,856</u>	<u>\$ 13,549</u>

### (b) Capital fund balance

	2005	2004
Funds available for the acquisition of tangible capital assets	<u>\$ 23,198</u>	<u>\$ 24,254</u>

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

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

	<u>2005</u>	<u>2004</u>
Reserves set aside for specific purposes by Council:		
Replacement of equipment	–	23,922
Waste management process	25	1,260
Waterworks purposes	6,390	4,290
Firefighters sick leave benefits	2,918	2,918
Corporate rate stabilization	13,515	31,992
Angus Glen/East Markham Fire Station	18	4,808
Hydro Equity	–	12,480
Partnership	15	28
Long Term Disability Benefit	3,118	1,905
Building Fee	2,627	–
<b>Total reserves</b>	<b>\$ 28,626</b>	<b>\$ 83,603</b>
Reserve Funds set aside for specific purposes by Council:		
Theatre	\$ 282	\$ 238
Museum	70	64
Heritage	458	446
Environmental Land Acquisition	3,649	3,061
Environmental Sustainability Fund	132	196
Library	1,602	1,051
Workplace Safety & Insurance Board	1,859	1,855
Life Cycle Replacement & Capital	56,560	–
Land Acquisition	510	–
10% Non-DC Growth	3,477	–
<b>Total reserve funds</b>	<b>\$ 68,599</b>	<b>\$ 6,911</b>
<b>Total Reserves and Reserve Funds</b>	<b>\$ 97,225</b>	<b>\$ 90,514</b>

#### 15. LEASE OBLIGATIONS

(a) As at December 31, 2005, the Town is committed to minimum annual operating lease payments for premises and equipment as follows:

2006	\$ 453
2007	103
2008	42
2009	9
2010	4
	<u>\$ 611</u>

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

## 16. CONTINGENCY

### UNSETTLED LEGAL CLAIMS AND POTENTIAL OTHER CLAIMS

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

### MARKHAM ENTERPRISES CORPORATION

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

The Electricity Distributors Association is undertaking the defence of this class action. At this time it is not possible to determine the effect, if any, on the financial position of Markham Enterprises Corporation and on that of the Town of Markham.

## 17. INVESTMENT IN MARKHAM ENTERPRISES CORPORATION

The Town of Markham incorporated corporations under the laws of the Province of Ontario. Markham Enterprises Corporation (previously Markham Energy Corporation) is wholly owned by the Town of Markham. Markham Enterprises Corporation owns 100% of Markham District Energy Inc. and 43% (2004 – 41%) of Power Stream Inc.

In accordance with the June 1, 2004 shareholders' agreement, Markham Enterprises Corporation exercised its option to purchase from treasury, an additional 2% of all the issued and outstanding shares after giving effect to the exercise of such an option. An additional 35.0877 common shares were purchased during the current year for cash consideration of \$6,800. At year end, of the total 1,035.0877 common shares issued, by Power Stream Inc., 445.0877 (2004 – 410) common shares were registered under Markham Enterprises Corporation.

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

## 17. INVESTMENT IN MARKHAM ENTERPRISES CORPORATION *(continued)*

The following consolidated financial statements of Markham Enterprises Corporation include the financial information of its subsidiaries Markham District Energy Inc., and Power Stream Inc. (consolidated on a proportionate share basis) for the period from January 1, 2005 to December 31, 2005.

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Current	\$ 75,291	\$ 84,075
Capital	183,111	162,430
Goodwill	14,185	13,525
Other	7,572	6,871
<b>Total Assets</b>	<b>\$ 280,159</b>	<b>\$ 266,901</b>
<b>Liabilities</b>		
Current	52,354	50,265
Other	15,014	13,311
Long Term	44,600	41,000
<b>Total Liabilities</b>	<b>111,968</b>	<b>104,576</b>
<b>Shareholders' Equity</b>		
Common Shares	\$ 66,727	\$ 66,727
Promissory Notes Payable	79,624	76,702
Retained Earnings and contributed surplus	21,840	18,896
<b>Total Shareholders' Equity</b>	<b>168,191</b>	<b>162,325</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 280,159</b>	<b>\$ 266,901</b>
<b>Results of Operations</b>		
Revenues	\$ 261,140	\$ 213,542
Operating expenses	255,699	209,975
<b>Net Income</b>	<b>\$ 5,441</b>	<b>\$ 3,567</b>
Contributed surplus on creation of Power Stream	-	(13,695)
Adjustment due to proportionate share increase in Power Stream	3,349	-
Proportionate share of dividend payment from retained earning in Power Stream	(2,924)	-
<b>Change in equity in Markham Enterprises Corporation</b>	<b>5,866</b>	<b>(10,128)</b>

## CONSOLIDATED SCHEDULE OF OPERATING FUND ACTIVITIES – SCHEDULE 1

Year ended December 31, 2005

(All dollar amounts are in \$000)

	2005 <i>Budget</i>	2005 <i>Actual</i>	2004 <i>Actual</i>
<b>REVENUES</b>			
Taxation – all classes	\$ 86,633	\$ 88,036	\$ 81,846
User charges (Note 11)	42,112	46,830	39,783
Grants	870	1,410	1,393
Investment income	11,232	11,762	11,775
Tax penalties	3,375	3,376	3,364
Other	18,666	6,816	14,616
<b>Total Revenues</b>	<b>162,888</b>	<b>158,230</b>	<b>152,777</b>
<b>EXPENDITURES</b>			
General government	29,126	25,419	25,873
Protection to persons and property	25,408	26,233	22,789
Transportation services	15,327	17,099	15,711
Environmental services	14,058	14,571	11,826
Recreation and cultural services	33,258	32,920	28,813
Planning and development	5,636	5,816	5,620
Other	27	22	21
<b>Total Expenditures</b>	<b>122,840</b>	<b>122,080</b>	<b>110,653</b>
<b>NET REVENUES</b>	<b>40,048</b>	<b>36,150</b>	<b>42,124</b>
<b>FINANCING AND TRANSFERS</b>			
Transfer to Reserves and Reserve Funds	(40,048)	(45,843)	(31,402)
<b>Net financing and transfers</b>	<b>(40,048)</b>	<b>(45,843)</b>	<b>(31,402)</b>
<b>CHANGE IN OPERATING FUND</b>	<b>–</b>	<b>(9,693)</b>	<b>10,722</b>
<b>SURPLUS, BEGINNING OF YEAR</b>	<b>–</b>	<b>13,549</b>	<b>2,827</b>
<b>SURPLUS, END OF YEAR</b>	<b>\$ –</b>	<b>\$ 3,856</b>	<b>\$ 13,549</b>

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

## CONSOLIDATED SCHEDULE OF CAPITAL FUND ACTIVITIES – SCHEDULE 2

Year ended December 31, 2005  
(All dollar amounts are in \$000)

	2005 <i>Budget</i>	2005 <i>Actual</i>	2004 <i>Actual</i>
<b>REVENUES</b>			
Government of Canada grants	\$ 110	\$ 25	\$ 65
Province of Ontario grants	–	434	1,734
Contributions from developers	523	1,117	671
Developers revenue earned	38,566	37,385	29,533
Other	5,994	2,787	2,646
<b>Total Revenues</b>	<b>45,193</b>	<b>41,748</b>	<b>34,649</b>
<b>EXPENDITURES</b>			
General government	8,790	13,401	6,473
Protection to persons and property	574	2,839	2,340
Transportation services	28,473	34,791	21,500
Environmental services	8,360	6,923	5,781
Recreation and cultural services	23,172	22,292	16,500
Planning and development	6,516	2,710	3,858
<b>Total Expenditures</b>	<b>75,885</b>	<b>82,956</b>	<b>56,452</b>
<b>NET EXPENDITURES</b>	<b>(30,692)</b>	<b>(41,208)</b>	<b>(21,803)</b>
<b>FINANCING AND TRANSFERS</b>			
Transfer from Reserves and Reserve Funds	30,692	40,152	22,839
<b>Net financing and transfers</b>	<b>30,692</b>	<b>40,152</b>	<b>22,839</b>
<b>CHANGE IN CAPITAL FUND</b>	<b>–</b>	<b>(1,056)</b>	<b>1,036</b>
<b>OPENING CAPITAL FUND</b>	<b>–</b>	<b>24,254</b>	<b>23,218</b>
<b>CLOSING CAPITAL FUND</b>	<b>–</b>	<b>\$ 23,198</b>	<b>\$ 24,254</b>

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

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

<i>Year ended December 31, 2005</i> <i>(All dollar amounts are in \$000)</i>	2005	2004
<b>REVENUES</b>		
Investment income	1,517	188
<b>Total Revenues</b>	<b>1,517</b>	188
<b>EXPENDITURES</b>		
Other	497	319
<b>Total Expenditures</b>	<b>497</b>	319
<b>NET REVENUES/(EXPENDITURES)</b>	<b>1,020</b>	(131)
<b>NET TRANSFERS FROM (TO) OTHER FUNDS</b>		
Transfer from Operating Funds	45,843	31,402
Transfer to Capital Funds	(40,152)	(22,839)
<b>Total net transfers</b>	<b>5,691</b>	8,563
<b>CHANGE IN RESERVES AND RESERVE FUNDS</b>	<b>6,711</b>	8,432
<b>OPENING BALANCE</b>	<b>90,514</b>	82,082
<b>ENDING BALANCE</b>	<b>\$ 97,225</b>	\$ 90,514

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





## AUDITORS' REPORT

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

We have audited the balance sheet of the Trust Funds of The Corporation of The Town of Markham as at December 31, 2005 and the statement of continuity of Trust Funds for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Town as at December 31, 2005 and the continuity of the Trust Funds for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

*KPMG LLP*

Chartered Accountants  
Toronto, Ontario  
May 12, 2006

TRUST FUNDS

**Statement of Financial Position**

Year Ended December 31, 2005

	2005							2004	
	Morgan Park Trust	Varley-McKay Trust	Markham Conservation Committee Trust	Elections Surplus Trust	Cemetery Trust	Older Adults in Action Trust	Markham History Res & Pub Trust	Total	Total
Bank balance	\$ 52,837	\$ 1,364,547	\$ 13,371	\$ 67,359	\$ 104,858	\$ 6,709	\$ 64,763	\$ 1,674,444	\$ 1,566,471
Payable to Varley-McKay Foundation	-	(65,743)	-	-	-	-	-	(65,743)	(6,922)
Fund balance	\$ 52,837	\$ 1,298,804	\$ 13,371	\$ 67,359	\$ 104,858	\$ 6,709	\$ 64,763	\$ 1,608,701	\$ 1,559,549

**Statement of Financial Activities and Fund Balances**

Year Ended December 31, 2005

Fund balance, beginning of year	\$ 51,450	\$ 1,298,804	\$ 13,692	\$ 24,419	\$ 101,458	\$ 6,534	\$ 63,192	\$ 1,559,549	\$ 1,488,735
Receipts									
Transfer from Markham									
Historical Society	-	-	-	-	-	-	-	-	60,565
Interest Earned	1,387	58,822	361	1,599	2,735	175	1,571	66,650	73,317
Sale of plots	-	-	-	-	3,400	-	-	3,400	4,162
Royalties and Other Income	-	-	-	-	-	-	-	-	8,587
Deposit from Candidates	-	-	-	41,341	-	-	-	41,341	-
	52,837	1,357,626	14,053	67,359	107,593	6,709	64,763	1,670,940	1,635,366
Expenditures	-	-	(682)	-	(2,735)	-	-	(3,417)	(2,848)
Prior Year Adjustments	-	-	-	-	-	-	-	-	(6,616)
Distributable to Foundation	-	(58,822)	-	-	-	-	-	(58,822)	(66,353)
Fund balance, end of year	\$ 52,837	\$ 1,298,804	\$ 13,371	\$ 67,359	\$ 104,858	\$ 6,709	\$ 64,763	\$ 1,608,701	\$ 1,559,549

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

## TRUST FUNDS

### NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2005

#### 1. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

#### 2. TRUST FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## FIVE-YEAR REVIEW (UNAUDITED)

	2005	2004	2003	2002	2001
<b>REVENUE FUND OPERATIONS</b>					
<i>(All dollar amounts are in \$000)</i>					
<i>Expenditures by function</i>					
General Government	\$ 25,419	\$ 25,873	\$ 23,335	\$ 19,786	\$ 18,680
Protection to Persons & Property	26,233	22,789	22,233	21,246	19,391
Transportation Services	17,099	15,711	15,144	14,322	10,837
Environmental Services	14,571	11,826	10,771	15,149	13,155
Recreation and Cultural Services	32,920	28,813	26,297	25,430	23,623
Planning and Development	5,816	5,620	5,143	5,085	4,887
Other	22	21	27	19	21
Financing Repayment & Transfers	45,843	31,402	32,294	27,593	27,046
	<b>\$ 167,923</b>	<b>\$ 142,055</b>	<b>\$ 135,244</b>	<b>\$ 128,630</b>	<b>\$ 117,640</b>
<i>Revenues by Source</i>					
Taxation (Includes Supplementary & Payments In Lieu)	\$ 88,036	\$ 81,846	\$ 74,638	\$ 71,521	\$ 66,587
Province of Ontario – Grants/Subsidies	1,410	1,393	820	2,468	706
Other Grants – for example, Canada	0	0	0	0	3
Fees and service charges	46,830	39,783	37,177	37,996	34,675
Investment Income	11,762	11,775	11,536	10,490	8,746
Other Revenue	10,192	17,980	9,492	7,413	7,159
	<b>\$ 158,230</b>	<b>\$ 152,777</b>	<b>\$ 133,663</b>	<b>\$ 129,888</b>	<b>\$ 117,876</b>
Accumulated Net Revenue at the end of the year	\$ (9,693)	\$ 10,722	\$ (1,581)	\$ 1,258	\$ 236
Surplus, Beginning of Year	13,549	2,827	4,408	3,150	2,914
Surplus, End of Year	\$ 3,856	\$ 13,549	\$ 2,827	\$ 4,408	\$ 3,150
Reference: Consolidated Schedule of Operating Fund Activities					
<b>CAPITAL OPERATIONS</b>					
<i>Capital Expenditures</i>					
	\$ 82,956	\$ 56,452	\$ 55,555	\$ 40,523	\$ 28,804
<i>Financing by Source</i>					
Transfers from Own Funds	\$ 40,152	\$ 22,839	\$ 21,799	\$ 17,098	\$ 17,858
Grants/Subsidies – Federal/Provincial	459	1,799	883	0	85
Other	41,289	32,850	43,835	15,194	12,829
	<b>\$ 81,900</b>	<b>\$ 57,488</b>	<b>\$ 66,517</b>	<b>\$ 32,292</b>	<b>\$ 30,772</b>
Change in Capital Fund	\$ (1,056)	\$ 1,036	\$ 10,962	\$ (8,231)	\$ 1,968
Opening Capital Fund	24,254	23,218	12,256	20,487	18,519
Closing Capital Fund	\$ 23,198	\$ 24,254	\$ 23,218	\$ 12,256	\$ 20,487
Reference: Consolidated Schedule of Capital Activities					
<b>RESERVES AND RESERVE FUNDS</b>					
Reserves	\$ 28,626	\$ 83,603	\$ 75,744	\$ 69,068	\$ 59,908
Reserve Funds – Discretionary Only	\$ 68,599	\$ 6,911	\$ 6,338	\$ 2,525	\$ 1,733
Deferred Revenue	\$ 133,598	\$ 135,355	\$ 142,071	\$ 152,461	\$ 138,489
	<b>\$ 230,823</b>	<b>\$ 225,869</b>	<b>\$ 224,153</b>	<b>\$ 224,054</b>	<b>\$ 200,130</b>
<b>NET LONG TERM DEBT</b>					
<i>Net Long-term Liabilities</i>					
Town of Markham Purposes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 319
Annual Debt Limit prescribed by Province	\$ 39,691	\$ 37,382	\$ 34,543	\$ 34,305	\$ 26,870
Per Capita	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1.46
Percentage of taxable assessment	0.0000%	0.0000%	0.0000%	0.0000%	0.0016%
<i>Annual charges for net long-term liabilities</i>					
Principal & Interest – Town of Markham Purposes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 312
As a percentage of Revenue Fund Expenditures	0.00%	0.00%	0.00%	0.00%	0.34%
Per Capita	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1.43

**FIVE -YEAR REVIEW (UNAUDITED)**

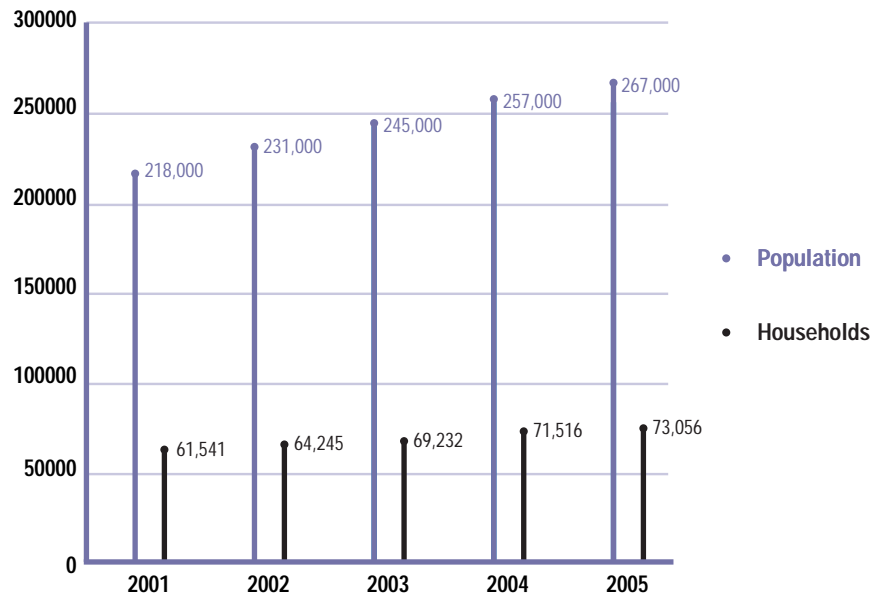
	2005	2004	2003	2002	2001
<b>CONSOLIDATED EXPENDITURES</b>					
<i>(All dollar amounts are in \$000)</i>					
<i>Expenditures by object</i>					
Salaries, wages & employee benefits	\$ 78,825	\$ 71,514	\$ 64,320	\$ 58,603	\$ 54,545
Operating materials and supplies	21,692	20,022	19,695	20,122	17,465
Contracted services	20,359	17,922	17,103	18,961	17,252
Rents and financial expenses	1,521	1,345	1,932	3,722	1,517
External transfers to others	180	169	79	0	1,790
Tangible capital assets	82,956	56,452	55,555	40,523	28,804
Debt service	0	0	0	55	109
<b>Total expenditure by object</b>	<b>\$ 205,533</b>	<b>\$ 167,424</b>	<b>\$ 158,684</b>	<b>\$ 141,986</b>	<b>\$ 121,482</b>
<b>TAXABLE ASSESSMENT</b>					
Residential, multi-residential and farm	\$ 25,314,458	\$ 23,740,831	\$ 19,830,413	\$ 16,870,154	\$ 16,103,639
Commercial – all classes	4,437,343	4,424,242	4,173,784	3,665,810	3,367,337
Industrial – all classes	805,232	766,641	761,200	637,947	648,689
Pipeline & Managed Forests	103,239	105,019	102,158	93,929	100,042
	<b>\$ 30,660,272</b>	<b>\$ 29,036,733</b>	<b>\$ 24,867,555</b>	<b>\$ 21,267,840</b>	<b>\$ 20,219,707</b>
Commercial, industrial and business as a percentage of taxable assessment	17.10%	17.88%	19.85%	20.24%	19.86%
<b>PROPERTY TAXATION</b>					
<i>Tax Rates/Mill Rates (Note 1)</i>					
<i>Residential</i>					
Town of Markham	0.261018%	0.251221%	0.276434%	0.309437%	0.302480%
Region of York	0.510942	0.485717	0.525619	0.557186	0.543601
School Boards (Public and Separate)	0.296000	0.296000	0.335000	0.373000	0.373000
	<b>1.067960%</b>	<b>1.032938%</b>	<b>1.137053%</b>	<b>1.239623%</b>	<b>1.219081%</b>
<i>Multi-residential</i>					
Town of Markham	0.261018%	0.251221%	0.276434%	0.402268%	0.499092%
Region of York	0.510942	0.485717	0.525619	0.724341	0.896941
School Boards (Public and Separate)	0.296000	0.296000	0.335000	0.373000	0.373000
	<b>1.067960%</b>	<b>1.032938%</b>	<b>1.137053%</b>	<b>1.499609%</b>	<b>1.769033%</b>
<i>Commercial – Full Rate</i>					
Town of Markham	0.315049%	0.303224%	0.304077%	0.340381%	0.332728%
Region of York	0.616707	0.586260	0.578181	0.612904	0.597961
School Boards (Public and Separate)	1.683154	1.683154	1.758765	2.002016	2.002016
	<b>2.614910%</b>	<b>2.572638%</b>	<b>2.641023%</b>	<b>2.955301%</b>	<b>2.932705%</b>
Commercial – Vacant units, excess land % of Full Rate	70%	70%	70%	70%	70%
<i>Industrial – Full Rate</i>					
Town of Markham	0.358561%	0.345103%	0.359364%	0.402268%	0.393224%
Region of York	0.701881	0.667229	0.683305	0.724341	0.706681
School Boards (Public and Separate)	1.878960	1.871896	2.033891	2.503122	2.503122
	<b>2.939402%</b>	<b>2.884228%</b>	<b>3.076560%</b>	<b>3.629731%</b>	<b>3.603027%</b>
Industrial – Vacant units, excess land – Percentage of Full Rate	65%	65%	65%	65%	65%
<i>Taxes Levied</i>					
Town of Markham	\$ 88,036	\$ 81,846	\$ 74,638	\$ 71,521	\$ 66,587
Region of York	169,175	154,846	138,594	125,834	116,551
School Boards (Public and Separate)	166,810	166,884	155,992	152,122	146,378
	<b>\$ 424,021</b>	<b>\$ 403,576</b>	<b>\$ 369,224</b>	<b>\$ 349,477</b>	<b>\$ 329,516</b>
<i>Total Tax Arrears (Taxes Receivable)</i>					
Per capita	\$ 109.37	\$ 109.25	\$ 89.34	\$ 87.62	\$ 112.70
Percentage of current levy	7.91%	6.96%	5.69%	5.79%	7.46%

**Note:**

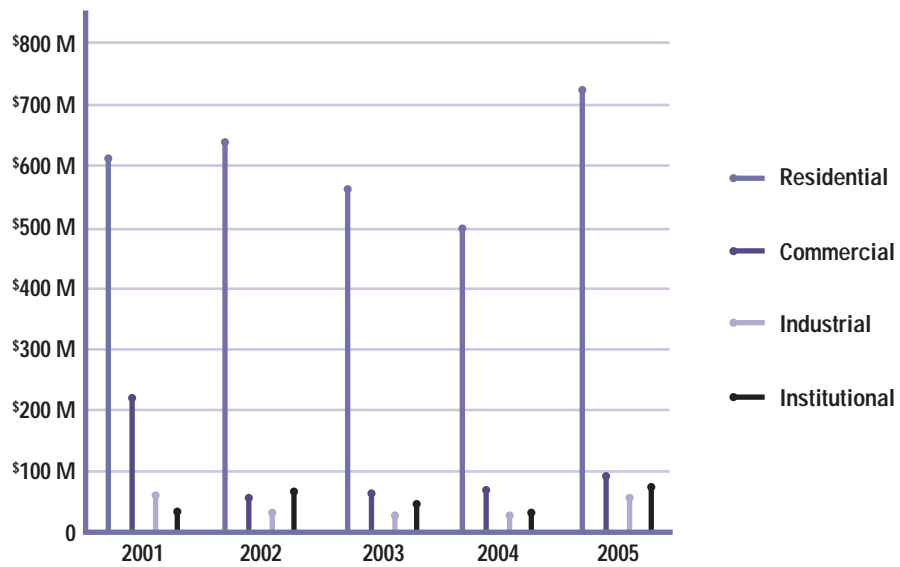
(1) Average Residential Tax bill for 2004 and 2005 was based on Current Value Assessment of \$358,000 (CVA base year was the same for both years).

# 5 Year Review

## Number of Households and Population



## Value of Construction



## PERFORMANCE MEASURES REPORT CARD

Year ended December 31, 2005

Measure	2005 Result
<b>Local Government</b>	
Operating costs for governance and corporate management as a percentage of total municipal operating costs	7.40%
<b>Fire</b>	
Operating costs for fire services per \$1,000 of assessment	\$ 0.73
<b>Roads</b>	
Operating costs for paved (hard top) roads per lane kilometer	\$ 616.82
Operating costs for unpaved (loose top) roads per lane kilometer	\$ 7,486.00
Operating costs for winter control maintenance of roadways per lane kilometer maintained in winter	\$ 3,565.92
Percentage of paved lane kilometers where the condition is rated as good to very good	83.00%
Percentage of winter events where the response met or exceeded locally determined road maintenance standards	100.00%
<b>Wastewater (Sewage)</b>	
Operating Costs for collection of wastewater per kilometre of wastewater main	\$ 2,437.63
Operating Costs for the treatment and disposal of wastewater per megalitre	\$ 439.99
Operating Costs for collection, treatment and disposal of wastewater per megalitre (Integrated)	\$ 537.57
Number of wastewater main backups per 100 kilometers of wastewater main in a year	0.270
Percentage of wastewater estimated to have by-passed treatment	N/A
<b>Water</b>	
Operating costs for the treatment of drinking water per megalitre	\$ 479.96
Operating costs for the distribution of drinking water per kilometre of water distribution pipe	\$ 5,461.76
Operating costs for the treatment and distribution of drinking water per megalitre (Integrated)	\$ 733.87
Number of water main breaks per 100 kilometers of water distribution pipe in a year	3.43
Weighted number of days when a boil water advisory issued by the Medical Officer of Health, applicable to a municipal water supply	0.000
<b>Solid Waste Management (Garbage)</b>	
Operating costs for solid waste collection per tonne	\$ 80.37
Operating costs for solid waste disposal per tonne	\$ -
Operating costs for solid waste diversion (recycling) per tonne	\$ 102.88
Average operating costs for solid waste management per tonne (Integrated)	\$ 93.86
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 Facility	0.00
<b>Management facility</b>	
Total number of solid waste management facilities owned by Municipality	0.00
Number of complaints received in a year concerning the collection of garbage and recycled materials per 1,000 households	76.48
Percentage of residential solid waste diverted for recycling	59.90%
<b>Parks and Recreation</b>	
Operating costs for parks per person	24.42
Operating costs for recreation programs per person	24.81
Operating costs for recreation facilities per person	35.82
Operating costs for parks, recreation programs and recreation facilities per person	85.05
Hectares of open space per 1,000 persons	4.12
Total kilometres of trails per 1,000 persons	0.082
Total hours for special events	5,836,490
Total hours for registered programs	992,104
Total hours for drop-in programs	23,968
Total hours for permitted programs	3,708,975
Total participant hours	4,725,047
Total participant hours for recreation programs (registered, drop-in and permitted programs) per 1,000 persons	17,669.408
Square metres of built structures	76,952
Square metres of outdoor recreation facilities and spaces with controlled access	33,592
Total square metres recreation facility space	110,544
Square metres of recreation facility space per 1,000 persons	413.381
<b>Library Services</b>	
Operating costs for library services per person	37.79
Operating costs for library services per use	0.97
Total library uses for municipality only	10,403,671
Total population	267,414
Library uses per person	38.905
Electronic library uses as a percentage of total library uses	20.00%
Non-electronic library uses as percentage of total library uses	80.00%
<b>Land-Use Planning</b>	
Percentage of new lots, blocks and/or units with final approval which are located within settlement areas	100.00%
Percentage of land designated for agricultural purposes which was not re-designated for other uses during the reporting year	97.50%
Percentage of land designated for agricultural purposes which was not re-designated for other uses relative to the base year of 2000	88.00%

# CORPORATE GOALS

## **Environmental Focus**

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

## **Fiscal Stewardship**

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

## **Infrastructure Management**

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

## **Managed Growth**

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

## **Quality Community**

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

## **Economic Development**

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

## **Organizational Excellence**

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

