



CELEBRATING THE PAST  
.....  
RACING TOWARDS  
THE FUTURE

# 2017 Annual Report

YEAR ENDED DECEMBER 31, 2017 | MARKHAM, ONTARIO, CANADA



# 2017 ANNUAL REPORT

We are pleased to present, on behalf of Markham Council and staff, the 2017 Annual Report for The Corporation of the City of Markham. This year's report highlights our key achievements and includes the City's Consolidated Financial Statements.

Markham's decision making is guided by its strategic plan, *Building Markham's Future Together: 2015-2019*. This and other key strategic documents, including *The Greenprint - Markham's Community Sustainability Plan*, our *Official Plan* and other master plans help ensure our work is aligned with our four goals: Exceptional Services by Exceptional People; Engaged, Diverse and Thriving City; Safe and Sustainable Community; and Stewardship of Money and Resources.

Through the annual budget process, Council and staff review Markham's programs, projects and services, providing value for municipal tax dollars through continuous improvement, leadership and fiscal stewardship. General Committee, together with the Budget Committee, work to minimize tax rate increases while ensuring the delivery of excellent services to our diverse City.

We continue to be proud that Markham is recognized as a municipal leader and has received the Government Finance Officers Association Award for its annual reports for 16 consecutive years. We thank everyone who contributed to our outstanding successes in 2017.

*Frank Scarpitti*

Frank Scarpitti  
Mayor

*Logan Kanapathi*

Logan Kanapathi  
Budget Chief  
Councillor, Ward 7

*Amanda*

Amanda Yeung Collucci  
Budget Vice Chair  
Councillor, Ward 6



## Mayor and Members of Council

**Mayor Frank Scarpitti**  
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**Ward 6 Councillor Amanda Yeung Collucci**  
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**Ward 7 Councillor Logan Kanapathi**  
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**Ward 8 Councillor Alex Chiu**  
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## General Committee

**Frank Scarpitti**, Mayor  
**Jack Heath**, Deputy Mayor, Chair  
**Jim Jones**, Regional Councillor  
**Joe Li**, Regional Councillor  
**Nirmala Armstrong**, Regional Councillor  
**Valerie Burke**, Councillor, Ward 1  
**Alan Ho**, Councillor, Ward 2  
**Don Hamilton**, Councillor, Ward 3  
**Karen Rea**, Councillor, Ward 4  
**Colin Campbell**, Councillor, Ward 5, Vice Chair  
**Amanda Yeung Collucci**, Councillor, Ward 6  
**Logan Kanapathi**, Councillor, Ward 7  
**Alex Chiu**, Councillor, Ward 8

## Budget Committee

**Budget Chief**  
**Logan Kanapathi**, Councillor, Ward 7  
**Budget Vice Chair**  
**Amanda Yeung Collucci**, Councillor, Ward 6

**Members**  
**Frank Scarpitti**, Mayor, Ex Officio  
**Jack Heath**, Deputy Mayor, Ex Officio  
**Jim Jones**, Regional Councillor  
**Nirmala Armstrong**, Regional Councillor  
**Don Hamilton**, Councillor, Ward 3  
**Karen Rea**, Councillor, Ward 4  
**Alex Chiu**, Councillor, Ward 8

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**Top:** Markham Celebrates Canada 150 Canoe at Markham Civic Centre

**Above:** 1932 Rugby fire truck slated for full restoration as part of Markham Fire and Emergency Services' Fire & Legacy fundraising campaign

**Above right:** Irish Dancers at Markham Expo 150

**Front Cover:** Drone footage from the spectacular fireworks display celebrating Canada 150 at Markham Expo 150

The 2017 Annual Report for the City of Markham was compiled by:

- Office of the Chief Administrative Officer
- Corporate Services Commission
- Financial Services
- Corporate Communications and Community Engagement
- Sustainability and Asset Management.

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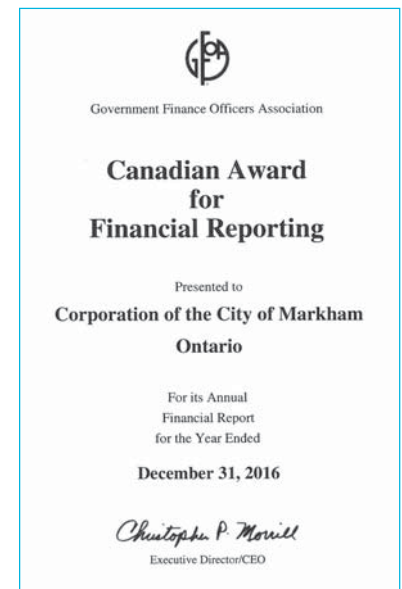
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In Markham, we use Excellence Canada's Excellence Framework for Municipalities to guide how we manage the whole organization, focusing on:

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

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

## GOVERNANCE



### Council

Council, consisting of a Mayor, four Regional Councillors and eight Ward Councillors, governs Markham. Members of Council are elected for a four-year term; the Mayor, Deputy Mayor and Regional Councillors are elected at large, while Ward Councillors are elected in specific geographic areas.

Council exercises its authority through the adoption of resolutions and bylaws. Council members represent the public and consider the well-being and interests of the City, define the strategic priorities of Markham, determine the services the City of Markham provides and see that they are delivered in a cost-effective manner. They also ensure administrative and controllership policies, practices and procedures are in place.

Council members are subject to *The Municipal Act, 2001*, *The Municipal Conflict of Interest Act* and other provincial legislation and City policies.

The Mayor is Chair of Council and Markham's Chief Executive Officer, providing leadership to Council, promoting the City, supporting public engagement in municipal activities, representing the City to its stakeholders, and driving activities that enhance economic, social and environmental well-being.

### Chief Administrative Officer

The Chief Administrative Officer (CAO) oversees the City's operating departments and ensures that appropriate administrative practices and procedures are in place to carry out Council's decisions. The CAO also advises the Mayor and Members of Council on matters of policy related to the civic administration of the City of Markham. Commissioners report to the CAO and, through their departmental directors, are responsible for the City's day-to-day operations.

### Committees

Council is supported by two Standing Committees: General Committee and Development Services Committee. All members of Council serve on both Standing Committees.

- General Committee considers matters related to finance and administration, fire and other protective services, community services, environment and sustainability, land, buildings and parks.
- Development Services Committee deals with planning, economic development and transportation matters.

Both Committees forward their recommendations to Council for consideration. Advisory committees and sub-committees, composed of residents and one or more Council Members, report to Council through the Standing Committees.

Council and Standing Committee meetings are open to the public and live streamed. For audio links, meeting times and agendas, visit [markham.ca](http://markham.ca). To encourage dialogue between elected officials and the community, Council members are available to residents and other stakeholders. Public meetings and consultations, deputations and the City Contact Centre provide additional avenues for stakeholders to provide input and feedback.

### Governance Framework

Markham Council and its Members are subject to Ontario government legislation and the City's own policies. These include *The Municipal Act, 2001*, and other Provincial legislation that include "Accountability and Transparency" requirements; *The Public Sector and MPP Accountability and Transparency Act*; *The Municipal Statute Law Act*; and *Markham's Accountability and Transparency Policy*.

### Accountability and Transparency

To assure Markham stakeholders that Council is acting with integrity and transparency, the City has appointed three independent, external bodies to monitor its activities and investigate complaints.

- Auditor General: MNP LLP was retained in 2015 to provide Auditor General services for the City. The Auditor General reviews and ensures the quality of stewardship of public funds and considers the achievement of value for money in programs and services. The Auditor General reports directly to Council through General Committee.
- Integrity Commissioner: ADR Chambers Inc. serves as the City's Integrity Commissioner to investigate complaints about the conduct of Members of Council and to determine if there has been violation of the Council *Code of Conduct*.
- Closed Meeting Investigator: Amberley Gavel Ltd. acts as the City's Closed Meeting Investigator and conducts investigations concerning compliance with the closed meeting provisions of *The Municipal Act, 2001*.

## AWARDS & RECOGNITION IN 2017

**Lifesaving Club of Markham**  
First place at the 2017 Canadian Pool Lifesaving Championships

**Markham Recreation Services**  
Jocelyn Palm Cup

**Lifesaving Club of Markham**  
Ontario Lifesaving Pool Champions Banner

**Community & Fire Services Commission Pink Shirt Day**  
Honourable Mention Hermes Creative Award

**Lifesaving Club of Markham**  
First place at the 2017 Ontario Junior Lifeguard Games

**Lifesaving Club of Markham**  
First place at the Ontario Lifeguard Championships

**United Way Toronto & York Region Spirit**  
Joint Labour & Management Campaign Award

**Markham Celebrates Canada 150 Logo**  
Platinum Hermes Communication Award

**Markham Celebrates Canada 150 Advertising Campaign**  
Gold Hermes Communication Award

**Aaniin Community Centre & Library Opening Booklet**  
Gold Hermes Communication Award

**United Way 2017 Campaign**  
Honourable Mention Hermes Communication Award

**Markham Volunteer Campaign Video**  
Honourable Mention Hermes Communication Award

**Canadian Award for Financial Reporting**  
Government Finance Officers Association (GFOA) Consecutively since 2001

**Markham Named the Most Diverse Community in the GTA**  
Statistics Canada 2016 Census

**Markham Life Magazine Spring 2017 Special Issue –greenMarkham**  
Gold Hermes Communication Award

**greenMarkham Advertising Campaign**  
Gold Hermes Communication Award

**Awards of Excellence in Water Efficiency**  
Ontario Water Works Association (OWWA) Water Efficiency Committee

**Environment Award Markham Smart Textile Diversion Strategy**  
Canadian Association of Municipal Administrators (CAMA)

**Aaniin Community Centre & Library Designed to LEED Gold Designation**  
Canada Green Building Council

**Markham Green Road Pilot Project**  
Third place in the Project of the Year Award Professional Engineers Ontario York Chapter

**2016 Annual Report**  
Honourable Mention Hermes Communication Award

**Distinguished Budget Presentation**  
Government Finance Officers Association (GFOA) Consecutively since 2001

**Wiki Award for Environmental Leadership**  
York University



# A MESSAGE FROM MAYOR FRANK SCARPITTI



## Progress, pride and legacy. Markham is racing toward a green, bright and prosperous future

Markham is driving innovation; a hub in the heart of Ontario's innovation corridor where thought leaders, change makers and disruptors collaborate to create and change our world. We are a proud municipal leader in sustainability, always mindful of the impact we have on our natural environment that surrounds us. We have taken bold steps to fight climate change and reduce our carbon footprint.

We are a growing, thriving community enriched by the many cultures that make up our social fabric. The rich histories and proud traditions each culture brings are a unifying force, strengthening our bonds and shaping Markham's success story. That strength, perhaps, never clearer, than during the Canada 150 celebrations. Our community came together including an unprecedented gathering of religious leaders from all faiths; we are all united by hope, peace and love for this land.

At the City of Markham, we are keeping up with the demand that comes with growth. In less than 10 years, we have opened two major community centres and a world-class sports facility that is second to none, the Markham Pan Am Centre. That is something that has never been done in the history of Markham. The new Aaniin Community Centre & Library is a masterpiece, an impressive state-of-the-art facility designed with its diverse community in mind. The centre's name means, 'hello' or 'welcome' in Ojibway, in recognition of Canada's Indigenous Peoples who first inhabited the lands that now make up Markham. The name celebrates Canada 150 and honours our partnership with the Eabametoong First Nation.

We are proud of our fiscal record, delivering exceptional service to our residents while always planning for the future. In the last ten years, we have managed to maintain one of the lowest tax rate increases in the GTA. We are continually investing in our reserves, ensuring we can repair and replace Markham's assets for the next 25 years. The City of Markham has fully funded all of its liabilities.

As we grow our city, we continue to take pride in establishing heritage districts. We unveiled Berczy Square commemorating one of Markham's founding fathers. The City of Markham received grants through the Canada 150 Community Infrastructure Program that led to several legacy projects, including the Veterans Square and Cenotaph in historic Markham



Celebrating our inclusive and diverse community during Markham Expo 150



We are the first municipality to offer textile recycling. We are the first municipality to offer online voting, making Markham the largest municipality in Ontario to offer that service which has now been expanded to include voting day. With more than 80 online services for our residents to access, we are moving toward a digital Markham.

Village. It has been restored and is a place for all Canadians to reflect and remember, where we can honour those who have fought valiantly for our freedom.

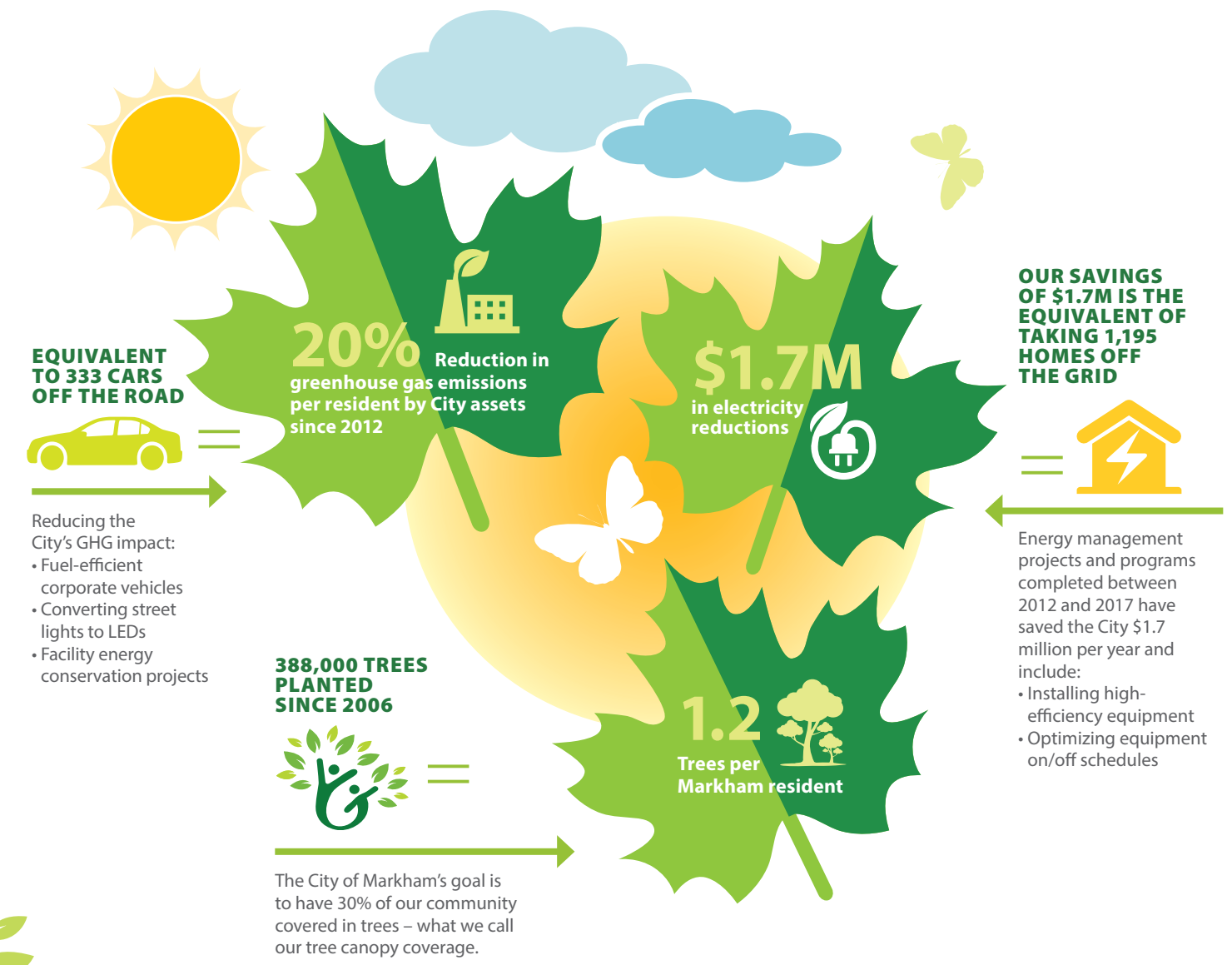
The City of Markham, its residents and businesses all enjoyed a remarkable year of success in 2017 as we continued to work aggressively on the goals set out in our strategic plan, *'Building Markham's Future Together'*.

*Frank Scarpitti*

Frank Scarpitti, Mayor  
April, 2018

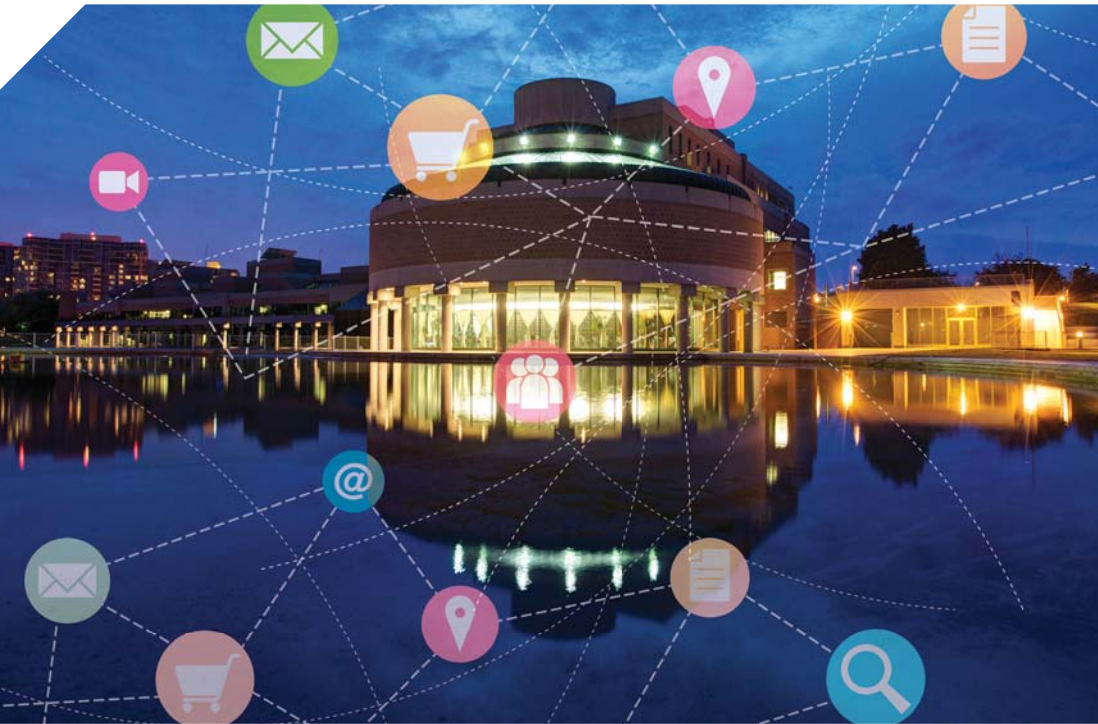
# GREENMARKHAM'S SUSTAINABILITY REPORT

Markham is a growing city and our goal is to continually reduce energy for each new citizen we serve. All three of these areas go a long way to improving the air in our city, increasing our enjoyment of our communities and preserving our environment. In Markham, we believe the world needs our help, and that we can make a strong impact globally when we act locally. Many of our initiatives and programs - including some documented in this report - have become leading examples for change that other communities worldwide are implementing. Just another way Markham's work is having a global effect!



# EXCEPTIONAL SERVICES BY EXCEPTIONAL PEOPLE

**WHAT WE DID IN 2017** to embrace an organizational culture and adopt management systems that empower and inspire our employees to be champions of excellent service delivery and innovative practices and foster a safe and healthy work environment.



1,500  
technology  
companies  
in Markham



with a  
workforce of  
37,000+  
in hi-tech and  
life sciences

## Digital Strategy

*Digital Markham*, the City's new digital strategy, will become a foundation for digital innovation, collaboration and partnerships among citizens, businesses and government.

The goal of the strategy is to transform Markham into a "frictionless city" - with seamlessly accessible and integrated service experiences that will improve the overall quality of life in the community and make Markham a digital destination for business. The strategy sets the foundation for this vision by focusing on four key objectives:

- Serve and engage the community
- Be the digital differentiator for business
- Leverage the City as a platform for innovation
- Enable a digital workforce

The goal is to enrich the digital experience of our citizens and customers, and attract talent and businesses to further enhance the digital vibe in the community.

We will continue to advance our leadership in online voting in the 2018 municipal election, and we have continued to invest in technology, currently offering more than 80 online services

and business tools to better serve our customers. Among others, our new ePlan system allows an end-to-end digital process for submission, review and approval of plans. Our property tax eBilling usage is increasing, and our eProcurement electronic process facilitates ease of use and supports the environment. Overall, City staff are moving towards "digital first" thinking in the work they do to set the stage for the next generation in the workforce.

Moving forward we want to expand the digital universe making the City of Markham a "living lab" for innovation. We will explore retrofit opportunities, incubators, and digital alliances with key partners and thought leaders, all in an effort to further advance a more connected digital community. Some of these initiatives will be focused in the new Markham Centre, where the York University Markham campus is set to open in 2020. The campus will prepare tech-savvy graduates for the workforce in the City of Markham, York Region and the broader GTHA, strengthening our economy.

A detailed plan to implement the strategy has been developed, and execution of the initiatives is underway.

## Aaniin Community Centre & Library

The grand finale of our Canada 150 celebrations took place in December when the new Aaniin Community Centre & Library in southeast Markham opened its doors. Pronounced *ah-nee*, Aaniin means "welcome" or "hello" in Ojibway, a name chosen to welcome Markham's diverse communities and to honour our City's indigenous heritage. Next to the centre, residents will be able to enjoy an outdoor piazza with basketball courts, a social gathering plaza and park with gazebo, playground structures, and a walking trail.

### THE COMMUNITY CENTRE FEATURES A SIX-LANE SWIMMING POOL WITH AN AQUA ROCK WALL



This community hub features a six-lane swimming pool with an Aqua Rock Wall, whirlpool, fitness centre with an indoor walking/running track, triple gymnasium, a teaching kitchen, an older adult room and a library with a youth room and study rooms. Aaniin also gives residents access to more than 30 service providers in health, wellness and recreation through one-on-one counselling and educational workshops.

As Markham Public Library's (MPL) eighth branch, Aaniin Library extends our exceptional service to cover traditional and digital literacy. ▶

*(Continued on next page)*

**AANIIN COMMUNITY CENTRE & LIBRARY**, a landmark of literacy, self-discovery and community enrichment

- Fully accessible
- LEED Gold Standards
- 27 partnerships at the Community Hub
- Innovative sustainable gardens with below grade bio-retention features



### OUR CULTURAL ACHIEVEMENTS:



117,000  
theatre guests  
in 2017



568  
objects in the Varley Art  
Gallery collection



78,855  
objects in the Markham  
Museum collection

## EXCEPTIONAL SERVICES BY EXCEPTIONAL PEOPLE (CONTINUED)



### School Zone Centreline "Flex Post" Pilot Program

Exceptional ideas come from all areas of our business. And these exceptional ideas create services that go beyond the expected. All pedestrians, drivers and cyclists deserve safe roads. Safety is always a major priority for us, particularly for children who walk or bike to school. During drop-off and pickup times in school zones, they can be put at risk because some drivers speed, drive distracted, or do not obey road signs.

That's why we rolled out the *Centreline Flex Post pilot program* at eight different school zones in the



city (with 16 more to come in 2018.) We placed simple, attention-getting flexible posts directly onto the street. They cause drivers to slow down and pay attention as they enter the school zones. This effective new initiative not only increases safety, it may encourage more parents to allow their children to walk, bike or skateboard to school, or start a walking school bus in the neighbourhood.

Feedback from schools and the surrounding communities have been positive, and so, we have expanded the program to include more locations in Markham.



  
81,946  
recreation program  
registrations

236  
events   
and cultural  
celebrations hosted  
and supported by the  
City in 2017



   
7,161  
emergencies  
responded to by  
Fire Department  
in 2017

67,000  
calls to the Alarm  
Room in 2017

### THE MARKHAM CAT ADOPTION CENTRE

- facilitated 220 cat adoptions
- welcomed over 10,000 visitors
- supported by 1,283.5 volunteer hours



400+  
school visits  
to promote  
fire safety 



TOGETHER WE INTEND TO TRANSFORM COMMUNITIES SO THAT RESIDENTS CAN AGE WELL IN THEIR HOME.

### Markham Older Adult Strategy

Older adults (65+) are the fastest growing segment of Markham's population. This segment is projected to rise by 123 per cent between 2011 and 2026, with an according rise in demand for municipal programs and services. The programs and community support services we deliver must adapt to residents' changing needs, abilities, interests, expectations, incomes, and future challenges.

In October 2017, Council approved the *Markham Older Adult Strategy* – a policy roadmap that emerged from extensive community consultation. As a leading age-friendly community in Canada, Markham fosters independence, respect, social participation, innovation, diversity, and community engagement among older adults. Our strategy promotes accessibility and equity. It considers how the design of outdoor

spaces, buildings and infrastructure can improve mobility and quality of life for older adults. For example, more seating areas in parks and accessible parking spaces. York Region handles housing and transportation-related issues.

Markham is developing an ability-to-pay model to support financial sustainability and optimize our resources. It will provide financial assistance to residents who could not otherwise afford our services which are designed to keep people healthy, active, and fully engaged in their local community.

Our *Older Adult Strategy* aligns with regional and provincial strategies for older adults. Together we intend to transform communities so that residents can age well in their home. To implement the strategy, Markham is partnering with community agencies, community leaders, York Region and the Province. ●



\$9M

**Markham's Pavement Management Program, part of Markham's E3 Program, has saved \$1M annually for nine years. This proactive strategy is designed to preserve our investment while maintaining the overall condition of our roads above 80%.**

The collection includes thousands of books, a Digital Media Lab for music and video editing, and studio space to explore traditional visual and textile arts and crafts. A Makerspace features 3D printers and other new technologies. MPL programs support STEAM (science, technology, engineering, arts and math) learning and advance digital literacy so participants have a better chance to succeed in school and at work.

Aaniin is home to MPL's first Business Hub. In this co-working and networking locale, entrepreneurs and aspiring business owners can tap into excellent business resources such as video and teleconferencing equipment, meeting space, and mentoring opportunities.



York Regional Police Deputy Chief Crawford reads to local kindergartners during the launch of 'Reading to Success', a collaboration between MPL and Youth and Parents Association of Markham (YPAM)

# ENGAGED, DIVERSE & THRIVING CITY

**WHAT WE DID IN 2017** to have an inclusive City where every person has a role in building a livable, caring and interconnected community. And to enable a strong economy and effectively manage change while respecting our community's history, meeting current requirements and anticipating future needs.



**WHAT DOES EACH LEAF ON THE MARKHAM 150 LOGO SYMBOLIZE?**

- Green for our environmental focus
- Blue for our economic prosperity
- Yellow for social inclusion
- Red for the vibrancy of our communities



## Canada 150 Celebrations

The anniversary of Canada's Confederation sparked a year's worth of exciting events in Markham, the country's most diverse city. Our vision for the year was to "celebrate Canada's 150th birthday by engaging and mobilizing our diverse and vibrant communities to showcase Markham as a premier city that is a leader in sustainability, inclusion, and innovation."

We partnered with community and government organizations to present several Canada 150 events such as the Markham Museum's agricultural machinery exhibit, the Aaniin Community Centre Youth Outreach & Engagement Project, the Trees for Tomorrow Canada 150 Edition, Markham Sports Day, and many more. These arts, culture, sport and heritage happenings engaged thousands of residents and visitors providing a lasting gift to our community. A Canada 150 Neighbourhood Engagement Sub-Committee was also created to guide the development of a unique one-time grant program engaging residents in 91 local community projects of up to \$500 per project.

The City of Markham, along with Federal grants, funded infrastructure projects that will leave lasting



**Markham Expo 150: William Berczy Statue dedication ceremony**

legacies across our city. These tributes to our dynamic past include the Veterans Square and Cenotaph, John Daniels Park Gateway entrance improvements, a Benjamin Thorne tribute at Thornhill Community Centre & Library, and the completion of Stiver Mill Phase 2.

In the spring of 2017 a quest for the next big star led us to the Star Search Markham competition. This Canada 150 initiative allowed community members to show off their local and national pride while embracing the performing arts. The local talent we discovered was as diverse as our

community. Rising to the top, Julia Gartha received a \$1,500 cash prize and sang on centre stage at Markham's largest Canada Day celebration. More than 25,000 people throughout the day joined the festivities at Milne Dam Conservation Park.

The Markham 150 logo was designed for Canada's 150th birthday while proudly honouring the city's past, showcasing its diversity, and looking ahead to its promising future. Our twist on the iconic maple leaf conveyed the City's motto "Leading While Remembering", with its four bright colours representing many things: Markham's four heritage districts, cultural diversity, civic engagement, environmental focus, economic prosperity, and passing our knowledge and wisdom on to the next generation.

Finally, as Markham's Signature Event, Markham Expo 150 was a three-day event that provided something for everyone including Live Music Under the Stars, the William Berczy Statue dedication, A Night of Fun, a Series of Signature Events along with the ONTOUR Concert Series, and the largest fireworks display in the history of Markham. This amazing extravaganza was possible with funding from the Canada 150 Community Celebration Program and the Ontario 150 Community Celebration Program.

## Eabametoong First Nation Partnership

The City of Markham started a new chapter on reconciliation through a groundbreaking partnership with Eabametoong First Nation (EFN). Also known as Fort Hope, this Ojibway First Nation is located about 300 kilometres northeast of Thunder Bay, accessible only by airplane and boat, or by ice roads in the winter. About 1,500 people live there in a mainly cash-based economy with limited employment opportunities.



**Hockey equipment donated to EFN teams**



In January, Mayor Frank Scarpitti and Chief Elizabeth Atlookan signed a historic accord – a Cultural Collaboration Agreement. The agreement was the first of its kind between a Canadian urban municipality and a remote northern First Nation community. The two communities agreed to encourage social, cultural and economic collaboration, and promote harmony and goodwill for the betterment of residents and band members, while stimulating public awareness.

Together we will work to improve the lives of people in both communities. EFN wants to develop a strong and healthy community by building economic capacity. Markham will collaborate with EFN, offering innovative human, business and technology resources. We provided the John C. Yesno Education Centre access to the Markham Public Library online system; we delivered sports and fitness equipment to promote

physical literacy and participation in the North American Indigenous Games. Inspiring arts, culture and tourism exchanges took place between Eabametoong First Nation and Markham residents. The partnership continues. The road to reconciliation is long, but Mayor Scarpitti and Chief Atlookan encourage other municipalities to partner with Ontario First Nations communities. ▶

*(Continued on next page)*



**"I HOPE THAT THE LEGACY PROJECTS AND TIES BEING FORGED WITH EABAMETOONG FIRST NATION WILL ENDURE LONG AFTER CANADA'S SESQUICENTENNIAL CELEBRATIONS ARE OVER."**

- Markham Mayor Frank Scarpitti

**\$1.9M**  
in external funding grants to support Markham's celebration of Canada 150

Hundreds of Celebration Kits were provided to community groups and included items such as Canadian flags, Markham Celebrates Canada 150 buttons, Canada 150 flags and stickers and a #Markham150 photo prop to help residents celebrate CANADA150 and MARKHAM150.

- City-wide beautification projects:
- Special floral displays
  - Canadian canoes
  - Signature floral beds at the Markham Civic Centre and Milne Dam Conservation Park.

35,544 volunteer hours by 3,212 active volunteers supporting activities in recreation, culture, library, special events, boards and committees, and emergency preparedness.

## ENGAGED, DIVERSE & THRIVING CITY (CONTINUED)



**DISASTER MASTER CAMP WAS THE FIRST OF ITS KIND IN ONTARIO, ENGAGING SEVEN PARTNERS TO DELIVER A PRACTICAL PROGRAM THAT TAUGHT CAMPERS BETWEEN THE AGES OF 8-13 ABOUT EMERGENCY PREPAREDNESS.**

### Gender Diversity in Markham Fire Stations

It doesn't matter who wears the helmet when the person under it is willing to put their life on the line for yours. Markham Fire and Emergency Services employs 35 female firefighters, 12.4 per cent of the 283 firefighters who serve our city. That's an increase of 29 women or almost 500 per cent since 2000.

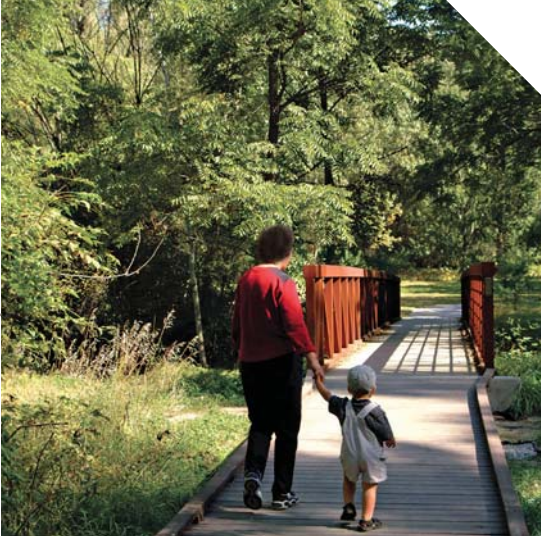
The field of firefighting is changing. More women are joining the ranks of these first responders in communities across Canada. Which means remodeling living spaces in fire stations so that women feel comfortable and safe in their workplace.

This also helps create more gender and cultural equality in what was traditionally a predominantly male profession.

Renovations got underway at Fire Stations 91 and 97, located in Thornhill and Main Street Markham, respectively. These stations are older and were ill-equipped to handle living quarters for both genders. The City is renovating and upgrading the washrooms, change rooms and locker rooms – areas where privacy is essential. These modifications will help all firefighters to better carry out their mandate of fire protection, prevention, suppression and education for Markham residents and businesses, and will better reflect our diverse community.

### Rouge Valley Trail Officially Open

Markham residents and visitors were invited to explore a new destination for walking, running and cycling for fitness and fun, recreation and transportation. In August 2017 the City officially opened the Rouge Valley Trail after completing phase one (Main Street Unionville/Carlton Road to Drakefield Road), phase two (Tuclor Lane to 14th Avenue), and part of phase three (west side of Toogood Pond). The four-phase project is 55 per cent complete, with about seven kilometres of trail running through the scenic Rouge Valley.



**Aug. 2017**  
City officially opened phase one of the Rouge Valley Trail

Pedestrian crossings and boardwalks accommodate people of all ages and physical abilities. Construction is underway for the remaining portion of phase three in the Milne Dam Conservation Park. The work includes pedestrian and cyclist crossings with a suspension bridge spanning 143m which will be a one-of-a-kind iconic bridge in the City of Markham.

When fully completed, everyone can enjoy the natural, cultural and heritage environment of this 15 kilometre trail network. It will run from Kennedy Road and 16th Avenue to Bob Hunter Memorial Park, through the Rouge River Valley and Milne Dam Conservation Park. The trail will connect thriving neighbourhoods to key sites and provide safe passage over paths, rivers, valleys and highways. Our city will become healthier and more accessible for residents, while literally providing a path to active living and alternative modes of transportation – policies

of the *Markham Official Plan*. This off-road walking/cycling path system will provide a gateway to the much-anticipated Rouge National Urban Park.

Community engagement plays a major role in shaping Markham's future. Building the Rouge Valley Trail was made possible due to extensive public involvement, hard work and consultation, and a strong desire to turn Markham's *Cycling Master Plan*, and *Pathways and Trails Master Plan* into a reality for future generations.

### Sport Plan – A Vision for Sport Development

Scoring a goal. Crossing the finish line. Building our community. Strengthening our national spirit. When children, youth and adults participate in sports and recreation, their health, and our community's health, thrive. Sustaining athletic development in Markham matters greatly, and by activating our *Sport Plan* we can nurture our community sport network. By raising the profile of Markham through sport tourism, we in turn help the city reap economic and socio-cultural benefits from hosting sport events.

Markham put its *Sport Plan* into motion in November 2017 when Council approved the plan. It serves as a road map (2017-2022) to support and grow sport opportunities for all ages and abilities in Markham. And it focuses on six areas: athlete, coach and officials development, physical literacy, sport system sustainability, and sport tourism.

Our vision of sport development is to increase civic pride, engagement and cohesion, improve community health and wellness, enhance education and skill development, increase economic development, and contribute



**110**  
sporting events hosted at Markham Pan Am Centre in 2017!

to sport excellence. There is no better place to realize this vision than within our landmark Markham Pan Am Centre.

In 2017, it hosted 110 world, national, provincial, regional, invitational, community and corporate sporting events. The Centre was booked 48 out of 52 weekends (92%)!

To work out a sustainable sport strategy, we will continue to consult with local sports groups, educators, coaches, hotels and tourism sectors while supporting our community sport organizations. The success of Markham's *Sport Plan* will rely heavily on cooperating and collaborating with the Provincial (PSO) and National (NSO) Sport organizing bodies who oversee the sport delivery system. ●

**MARKHAM PAN AM CENTRE**  
An international sports hub and cultural legacy in the heart of our community.

**Events hosted include:**

- 3 World / International
- 10 National
- 20 Provincial
- 22 Regional



Markham Pan Am Centre will be the future home to the Markham Sports Hall of Fame & host of the 2018 World Junior Badminton Championships





# SAFE & SUSTAINABLE COMMUNITY

**WHAT WE DID IN 2017** to protect the public and respect the natural and built environments through excellence in sustainable community planning, infrastructure management, and programs.



**81%** Markham's municipal waste diversion rate, the best in North America

## Sustainable and Intelligent Facility Management

The City of Markham is always looking to save energy and more efficiently manage our facilities with the goal of becoming more sustainable. These efforts reduce capital and operating costs and save taxpayers' money. Our *Greenprint* – Markham's Community Sustainability Plan – targets net zero energy, water, waste and emissions by 2050.

Markham has secured more than \$200,000 in utility incentives for completing energy conservation projects in our facilities. We spearheaded a *Fuel Facilities Removal and Replacement Project*.

We installed a backup Generator at our public works yard – a project that increases our service resilience and makes our community safer. And we launched, in partnership with Alectra, a *Pilot DRMS (Distributed Resource Management System) + Workplace EV Smartgrid Project*. This two-year pilot project will manage the Civic Centre's electricity demand to offset the increased load caused by electric vehicle (EV) charging. By making EV charging stations more

accessible, this pilot project makes it easier for employees to drive clean while bringing Markham one step closer to a sustainable, low-carbon transportation future.

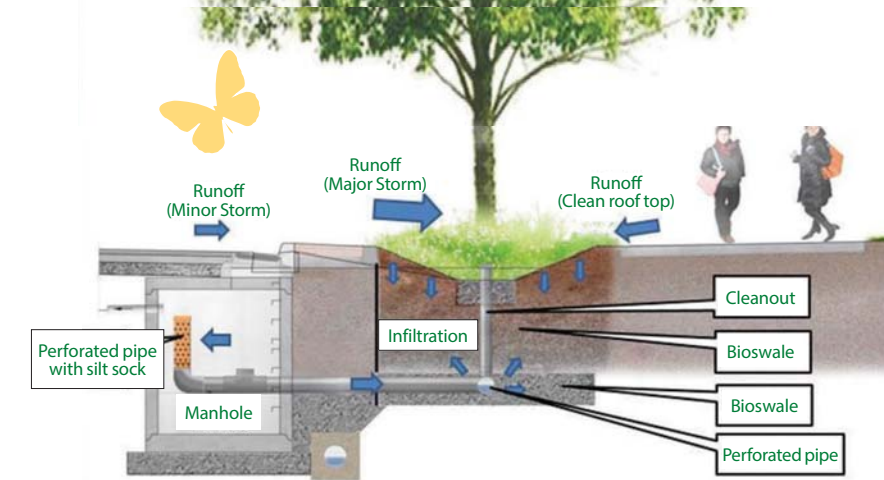
Markham chose an intelligent solution when retrofitting the Thornhill Community Centre & Library Building Automation System (BAS). Thornhill became the first City of Markham BAS to be mobile phone accessible for staff; this maintains better control, functionality, and safety, while aligning with our *Digital Markham Strategy*. And, it meets the City's new directives to adopt industry standards for open communication protocols for technology integration.



## Emerald Ash Borer Remediation Project

The very invasive Emerald Ash Borer (EAB) caused Markham to lose 17,000 City-owned ash trees (10 per cent of the City's inventory) in 2012. But the City fought back by educating residents about the emerald ash borer, by injecting trees that could be saved, and by removing those we couldn't save.

The City completed its five-year *Emerald Ash Borer (EAB) Remediation Program* in 2017.



Bioswales are good for the environment

After the EAB damage, we replaced the affected trees with diverse mix of species making our tree canopy more resilient and safe in the future. We completed our program on time and on budget, returning \$0.932M of the \$13.1M approved project budget to the original funding source.

We continue to monitor mature, unaffected City-owned ash trees that were treated by injection. The three-year (2018-2020) monitoring and warranty inspection program is underway to protect the City's financial investment in the 10,500 trees planted in 2016 and 2017. In 2018 and 2019, 525 living ash trees will receive injections. As part of the EAB recovery plan, we are pursuing our strong replanting program to beautify Markham boulevards once again. Our tree canopy is back on track, healthier and more sustainable than ever.

## Markham Green Road Pilot Project

The *Green Road pilot project* at 14th Avenue and Middlefield Road highlights Markham's leadership in innovation and environmental protection. To protect our natural and built environment, the innovative *Green Road*

design incorporates Low Impact Development (LID). This environmental approach using bioswales allows rainwater and snow melt on the road to partially soak into the ground rather than being immediately piped away, thus reducing the amount of harmful stormwater run-off. A larger urban canopy above the bioswales with their vegetation creates an attractive landscape and enhances environmental performance. Bioswales are an integral part of future urban design.

Our *Green Road* around the new Aaniin Community Centre & Library satisfies new governmental policies – which require sustainable growth and source control – when it comes to stormwater management (SWM). It also aligns with the City's *Greenprint* and Markham's *Official Plan* that emphasize environmental sustainability. It also received the Professional Engineers Ontario York Chapter 3rd place in "Project of the Year" Award. We generated public awareness of green infrastructure and demonstrated that LID is beneficial to City infrastructure as well as to private properties. More importantly, LID benefits human, plant and animal health.

## Markham Textile Diversion Program

In 2016, the City of Markham launched an innovative textile recycling program that encourages residents to donate, not trash, all their unwanted textiles. On Earth Day 2017, Markham became the first Canadian municipality to ban clothing and textiles from curbside, clear bag garbage collection.

"GIVE US THE SHIRT OFF YOUR BACK, AS LONG AS YOU ARE FINISHED WITH IT."

- Mayor Frank Scarpitti, referring to the City's innovative textile recycling program

The City replaced more than 90 illegally placed for-profit clothing donation bins with 120 new Markham-branded textile donation containers across the city. All textiles put into a Markham textile bin are donated to the City's four legitimate, local charity partners – the Salvation Army, Diabetes Canada, Steps to Recovery, and the Ontario Federation for Cerebral Palsy.

Residents have donated more than 7.5M pounds of clothing and textiles, diverting them away from landfills, for reuse, re-wear, and recycling.

The program has made a major impact on the community through education, awareness, environmental progress, and local economic support. The textile recycling program also received CBC Marketplace media coverage. ●

## MARKHAM'S ACHIEVEMENTS:

**4 km** of storm sewer upgrades, and the installation of more than 200 manholes, catch basins and super catch basins as part of the *Markham Flood Control Program*

**1.83 MW** solar panels on 9 facilities, generating \$300,000 per year

**Investments in Key Projects (2015-2019)**

**\$74.9M** Design and construction of 106 hectares of new parkland

**\$39.5M** Flood Control Program, to date

**\$13.1M** Emerald Ash Borer Management Plan



**7.5M** pounds diverted

# STEWARDSHIP OF MONEY & RESOURCES

**WHAT WE DID IN 2017** to demonstrate sound, transparent and responsible financial and resource management to mitigate risks while ensuring efficient and effective service delivery.



**MARKHAM'S 2017 BUDGET REFLECTED FISCAL RESPONSIBILITY AND NEW SERVICES TO MEET GROWTH**

## Auditor General Compliance

When residents and businesses pay taxes to the City of Markham, they receive outstanding municipal services, strong infrastructure, and a safe community in return. They expect accountability, transparency and efficiency. And deserve sound, responsible fiscal management and investment of their hard-earned dollars. Markham is a trusted steward of taxpayer money and City resources. This City has appointed an Auditor General, reporting to Council, who provides independent, objective audit assurance about City programs and services to ensure effective controls, and value for money.



**The City-wide flood control program is a 30 year, 234 million dollar program, which demonstrates our commitment to protecting the natural environment and building safe and sustainable communities**

The Auditor General will complete a total of 10 audits between 2016 and 2019. Four audits have been completed as of December 2017:

- Property Tax Billing
- Water Billing
- Vendor Management
- Cash Handling

These audits found that the City had effective controls and procedures in place and made recommendations to further strengthen processes and documentation. All recommendations are being fully addressed by management.

## Keeping Taxes Low; Providing Great Service

The City is always seeking ways to provide the best value for taxpayer dollars while delivering efficient, high-quality services. Markham's 2018 Budget, approved in December 2017, continues the municipality's goals of effective stewardship of money and resources.

The total 2018 Budget for Markham is \$456.17 million. The approved tax rate increase of 2.90 per cent includes 1.94 per cent for day-to-day operating costs and .46% to address the new Provincial minimum wage legislation. The tax rate increase also includes .50% for infrastructure investment to maintain new and existing assets for the next 25 years, based on known inflows and outflows.



**MARKHAM'S SERVICES TOUCH US DAILY IN OUR LIVES, FROM BEAUTIFUL PARKS, TO GARBAGE PICKUP TO CLEAN WATER; FROM HIGH-QUALITY HOUSING TO BUSINESS SUPPORT, TO NEW RECREATION FACILITIES.**

Markham's ten year cumulative tax rate increase of 16.79 per cent, or 1.68 per cent per year is the lowest among GTA municipalities.

The Budget also included funding for capital projects:

- \$11.9 million for continuation of the work on the *Flood Control Program* in the West Thornhill area to make the City more resistant to climate change.
- \$2.4 million to accelerate technical studies for flood control work in the Markham Village and Unionville areas.
- \$4.5 million investment in parks projects:
  - Design and construction of Markham Centre Riverwalk Urban Park
  - Design and construction of Wismer Park Pavilion and washrooms
  - Bridge construction at Boxgrove Community Park
  - Construction of Cornell Park Pavilion and washrooms
  - 1.1km of new multi-use pathways

## Lifecycle Replacement and Capital Reserve Funds

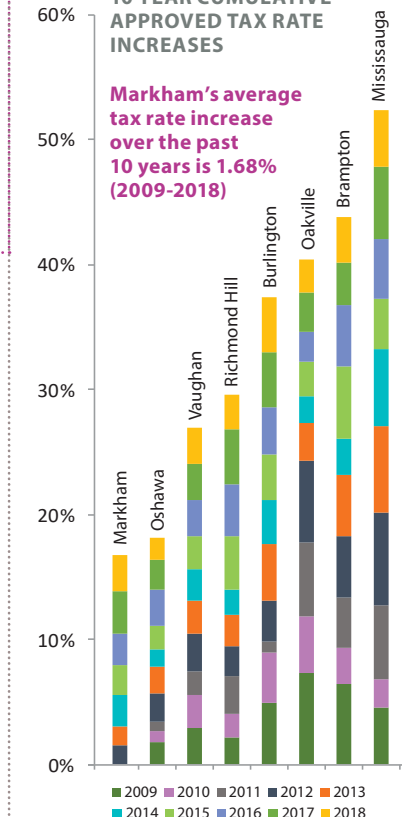
Markham distinguishes itself from other municipalities with its capital reserve program. We are a growing city, building, or assuming about \$80 million of new assets a year. So over the next 25 years, we will need to perform capital repairs/rehabilitation/replacements and preventive maintenance. Our ongoing annual investment, including prudent capital spending, ensures full replacement of the City's infrastructure in that time period. The adequacy of the Lifecycle Reserve is reviewed every year using a 25-year rolling planning horizon.

**\$25.7M**

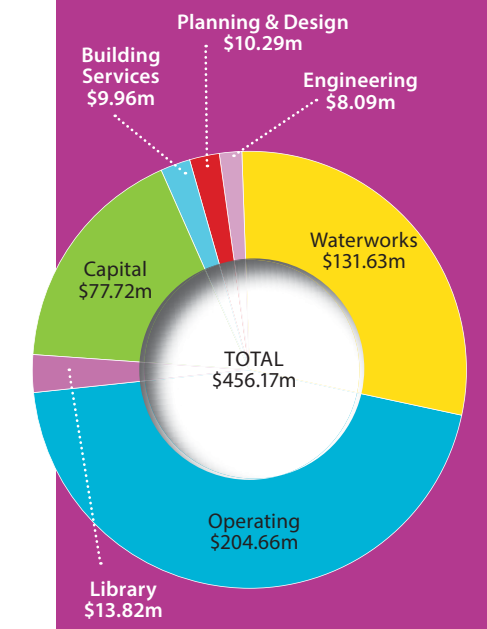
**in savings resulting from Markham's E3 program which equates to tax rate increase avoidance of 21.9% (that would have been paid out year after year by Markham taxpayers on a cumulative basis).**

## COMPARISON OF 10 YEAR CUMULATIVE APPROVED TAX RATE INCREASES

**Markham's average tax rate increase over the past 10 years is 1.68% (2009-2018)**



## 2018 BUDGET SUMMARY



**Oct. 2017**  
The City achieved full compliance with Property Tax Revenue Audit recommendations

**MARKHAM IS READY FOR DIGITAL AGE**



**7,399** customers signed up for Property Tax eBilling in 2017

**5,133** online building inspection requests processed

# 2017 FINANCIAL STATEMENT REVIEW

(All amounts are expressed in thousands of dollars unless otherwise noted)

The Corporation of the City of Markham is pleased to present the 2017 Consolidated Financial Statements. The annual financial statements are the responsibility of Management and are prepared in accordance with generally accepted accounting principles (GAAP) for local governments as recommended, from time to time, by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPAC). The statements include the financial results of the City of Markham, the Markham Public Library Board, Community Boards and Business Improvement Areas (BIAs), as well as the City's wholly owned investment in Markham Enterprises Corporation (MEC), including MEC's shares in Alectra Inc. of 15.73 per cent and in Markham District Energy Inc. (MDE) of 100 per cent.

The audited Statements are a report card on the financial position, health and strength of the City. The 2017 financial results continue to demonstrate Markham's strong leadership and excellence in financial planning and fiscal prudence.

Each year the City's business units produce business plans that present their accomplishments from the previous year and detail their growth requirements and new initiatives for the coming year. From this process, the budget is prepared to ensure it aligns with and supports the goals and strategic priorities of the City of Markham.

The Budget Committee consists of Members of Council supported by senior staff. The Committee encourages input and feedback from stakeholders and uses a management-by-facts approach to ensure taxpayers are receiving value for their

property tax dollars. Budget guidelines and priorities are set early in the process and budget requests are submitted to the Commissioners and CAO for rigorous review. This process results in a budget recommendation for the Budget Sub-Committee and Council.

The City continues to strive for its financial performance and strategies to address growth and increased demand for services through *Excellence through Efficiency & Effectiveness* (E3) initiatives. Without E3 there would have been a need for a property tax increase of approximately 22 per cent. The increase would have been paid out year after year by Markham taxpayers on a cumulative basis.

## THE E3 PROGRAM HAS GENERATED OVER \$25.7 MILLION OF REVENUE ENHANCEMENTS AND EXPENDITURE REDUCTIONS SINCE 2009

### 1. HIGHLIGHTS

#### Annual (Current Year) Surplus

The Annual Surplus is shown on the Statement of Operations and Accumulated Surplus, and is the mathematical result of total revenues for the year less total expenses. The current year surplus is \$215,917, an increase of \$164,171 over the surplus reported for 2016. As the 2017 budget projected a deficit of \$4,960, the actual surplus result represents a favourable difference of \$220,877 in comparison. Contributing almost fifty per cent of the favourable difference is an increase of \$105,890 equity pick up from MEC. On January 31, 2017, through a series of amalgamations, MEC disposed of its ownership share of PowerStream Holdings Inc. in exchange for an ownership share of the newly incorporated entity Alectra Inc.

The exchange of ownership shares resulted in a non-monetary gain of \$105,900.

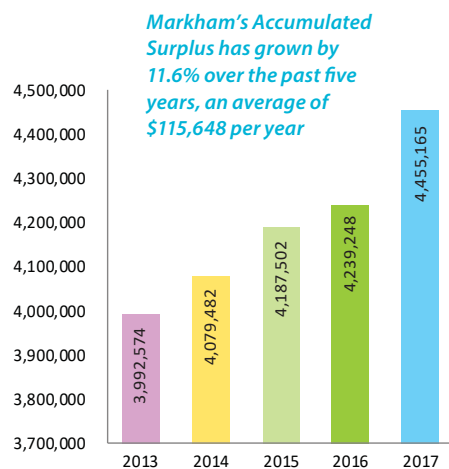
A key reason for the variances between budget and actual is that the City does not include, or cannot reasonably estimate, certain unknown or highly unpredictable items when preparing the annual operating budget. The most prominent examples are observed in Contributions from Developers and Deferred Revenues Earned:

- Contributions from Developers consist mostly of assets that have been constructed by Developers, and are transferred to & recorded in City financials at the time the City accepts responsibility for the maintenance of the municipal services. These include assets such as roads, sidewalks, water delivery systems, etc. The transfer of ownership usually occurs within four years from the date of registration of a subdivision agreement, although it may be longer depending on the development. Contributed land is recorded earlier in the process at the time of plan registration. The value of contributed assets differs from year to year, based on the number of plans registered, timing of subdivision assumptions and the infrastructure assets constructed within each subdivision. These factors make it extremely difficult to predict (or budget) for these revenues. This is evidenced by the actual Contributions from Developers in 2017 of \$71,142 vs. the budget of only \$4,492.
- Deferred Revenues Earned refers to monies that were received & set aside in prior years but used for their intended purpose (earned), within the current year. During the year \$48,690 was earned, having been used to construct assets such as the South East Community Centre and various infrastructure and parks. Again, the annual progress of the projects (spending of deferred revenues) is very difficult to predict.

Another reason for the variances between budget and actual is that the budget includes items that were originally represented in the City's Capital Project budget. Because some of the projects are "operating" in nature, the associated revenues & expenses must be included in the calculation of the Annual Surplus. Although the budget for these projects is shown in the year in which approved, the actual spending often occurs in subsequent years. Therefore, the revenues or expense budgets often do not match the timing of the actual spending.

#### Accumulated Surplus

The Accumulated Surplus is derived by adding the current year Annual Surplus to the Accumulated Surplus of the prior year. The 2017 Accumulated Surplus of \$4,455,165 includes the total operating surplus, the City's equity in MEC, investment in tangible capital assets as well as reserve and reserve fund balances. As illustrated in the following table, the Accumulated Surplus has grown by an average of \$115,648 per year over the past five years.



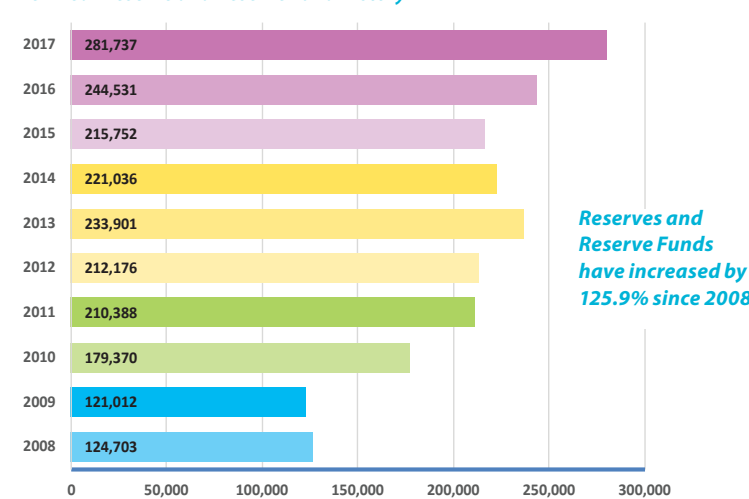
#### Reserves & Reserve Funds

Reserves and Reserve Funds represent the means by which the City keeps track of monetary resources set aside by Council for specific future purposes. The inflows into these funds are from the operating budget and the outflows are generally to fund capital and other projects as directed by Council.

The Reserves and Reserve Funds totalled \$115,016 at the end of 2017 (\$281,737 excluding the Land Acquisition Reserve Fund). Markham's Reserves and Reserve Funds (excluding the Land Acquisition Reserve Fund) have seen an overall increase of 125.9 per cent from 2008 to 2017.

From time to time, the City purchases land for which the intended purpose has not been confirmed. In these instances, the initial funding source is the Land Acquisition Reserve Fund. When the ultimate use of the land is confirmed, the Land Acquisition Reserve Fund will be replenished with funds transferred in from the appropriate funding source (e.g. Development Charges, Parks Cash-in-lieu). The Land Acquisition Reserve Fund has been excluded from the following ten-year history chart as the anomalies skew the historical reserve and reserve fund growth. The prior nine years have also been restated to reflect the exclusion.

#### Ten-Year Reserve and Reserve Fund History



Although all Municipalities report on reserves and reserve funds, not all choose to fully fund the balances. The City's total of the Cash & Cash Equivalents exceeds the amount that Council has directed be held in reserve.

<b>A. Total Cash &amp; Cash Equivalents</b>		<b>302,196</b>
Reserves	144,495	
Reserve funds	(29,479)	
*Deferred reserve funds	98,818	
<b>B. Total Reserves &amp; Reserve Funds &amp; Deferred Revenue funds</b>		<b>213,834</b>
<b>A. Less B.</b>		<b>88,362</b>

\*Deferred Reserve Funds include DCs, Parkland cash-in-lieu, Gas Tax & Section 37 funds

#### Reserves and Reserve Funds are fully funded

#### Investment in Markham Enterprises Corporation (MEC)

Markham Enterprises Corporation is a holding company that is wholly owned by the City. MEC in turn owns 100 per cent of Markham District Energy Inc. (MDE) and 17.53 per cent of Alectra Inc. The City's investment in MEC continues to grow each year as shown in the below table. The total investment each year is determined by starting with the January 1 opening equity, adding the equity pick up (MEC net income) plus the change in share capital in the current year, and finally, by reducing the total by the amount of dividend paid to the City in the current year.

On January 31, 2017, through a series of amalgamations, MEC disposed of its ownership share of PowerStream Holdings Inc. in exchange for an ownership share of the newly incorporated entity Alectra Inc. The exchange of ownership shares resulted in a one-time, non-monetary gain of \$105,890.

	2017	2016	2015
Equity in MEC, January 1, 2017	\$ 253,541	\$ 252,852	\$ 245,836
Gain on exchange of shares of PowerStream for shares of Alectra Inc.	105,890	-	-
Equity pick-up for the year	10,916	10,406	9,791
Increase / (Decrease) in share capital	(1,532)	(2,273)	4,980
Dividend paid by MEC to City	(6,656)	(7,444)	(7,755)
Equity in MEC, December 31, 2017	\$ 362,159	\$ 253,541	\$ 252,852
<b>Increase in Investment in MEC in three years</b>	<b>108,618</b>		<b>43%</b>

Investment in Markham Enterprises Corporation grew by 43% over the last 3 years

## 2017 FINANCIAL STATEMENT REVIEW (CONTINUED)

### 2. FINANCIAL STATEMENT DISCUSSION Statement of Financial Position (Balance Sheet)

The Statement of Financial Position outlines the City's financial assets, financial liabilities and non-financial assets.

#### Financial Assets

By definition, *financial assets are the resources available to the organization as a result of past events, from which future economic benefits are expected to flow to the organization.* Financial assets include cash and other assets expected to be converted to cash, sold or consumed within a year or within the operating cycle. These assets are continually turned over in the course of normal business activities.

- ▶ The City ended the year with financial assets totaling \$758,952, an increase of \$43,256 (6 per cent) over 2016.
  - Cash and investments decreased by \$58,999 (16 per cent) from 2016. Major outflows, (or amounts spent), are reflected in the City's increased investment in tangible capital assets.
  - Property Tax receivables are amounts owing from property owners as of December 31st, 2017 and include the City's portion, the Regional portion and the Provincial portion for education. Property taxes receivable decreased by \$1,559 as a result of an improvement in collection of taxes due from prior years.
  - Accounts receivable decreased by \$5,816 (9 per cent) in 2017. This decrease was mostly due to the timing of when amounts owed to the City were received in 2017 versus 2016.

- Investment in MEC increased by \$108,618 (43 per cent) in 2017. This increase reflects the one-time, non-monetary gain resulting from the formation of Alectra that is detailed in the "Investment in MEC" section above.

#### Financial Liabilities

Financial liabilities are financial obligations to outside organizations or individuals that are the result of transactions or events that occurred on or before the end of the accounting period (or year).

- ▶ Financial liabilities were \$312,191, a decrease of \$1,029 compared to 2016. The results are fairly consistent with those in the previous year, with no major differences.
  - The accounts payable and accrued liabilities were \$142,726, an increase of \$568 over 2016. These are amounts owed but not yet paid to vendors for operational or capital works activities.
  - Deferred revenues are considered liabilities until the funds are spent or used for their intended purpose. The major deferred revenues include development charges, parkland cash in-lieu, Federal Gas Tax grants and Section 37 funds. The deferred revenues totalled \$126,276, a decrease of \$1,020 from 2016.
  - Employee future benefits include liabilities set aside based on an actuarial valuation for vested sick leave benefits for fire-fighters, long-term disability (LTD) benefits, Workplace Safety and Insurance Board (WSIB) obligations, and post-retirement benefits. The City has set aside funds in specific purpose reserves and reserve funds, for the financing of these anticipated future costs. These liabilities totalled \$30,953,

- an increase of \$105 over 2016.
- Long-term liabilities totalled \$12,236, a decrease of \$682 from 2016 as the City met loan repayment obligations to the Canada Mortgage and Housing Corporation (CMHC) and the Federation of Canadian Municipalities (FCM).

#### Non-Financial Assets

Non-financial assets are assets with a physical, rather than cash value such as property and supplies. It includes tangible capital assets (TCA), inventories (e.g. salt and sand) and prepaid expenses. The net book value of TCA is the gross asset cost, plus acquisitions, minus disposals and accumulated amortization and other adjustments.

- ▶ Non-financial assets totalled \$4,008,404, an increase of \$171,632 over 2016. The change was almost entirely due to the addition of TCA, such as land, buildings (Aaniin Community Centre) parks, pathways and various infrastructure assets.

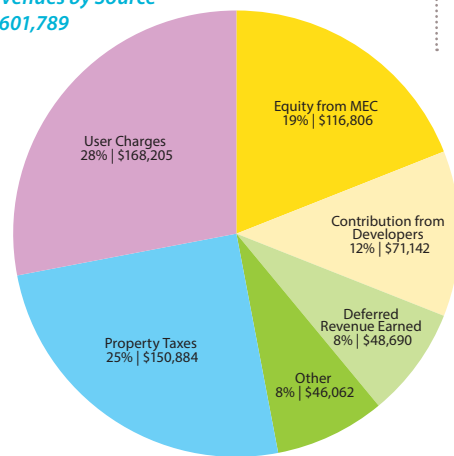
### STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (Income Statement)

#### Revenues by Source

Total revenues in 2017 were \$601,789, an increase of \$162,876 over 2016.

- In 2017, 25 per cent of total revenues came from property taxes. 2017 Property Tax revenues were \$6,792 higher than 2016:
  - 31 per cent as a result of new growth development in Markham, and
  - 69 per cent as a result of property tax rate increase and adjustments.
- User Charges were \$168,205, 28 per cent of the total revenues in 2017. Income from Engineering fees increased by \$4,706, offset by decreases in Building Permits and Planning Fees.
- Contributions from developers totalled \$71,142, 12 per cent of 2017 revenues, as the City assumed ownership of land and other assets constructed in new development areas.
- Deferred revenue earned totalled \$48,690 or 8 per cent of the 2017 revenues. There was an increase of \$21,740 when compared to 2016 as funds were spent to acquire or build assets.
- Equity pick-up from MEC represented 19 per cent of the total revenues in 2017.

2017 Revenues by Source –  
Total: \$601,789

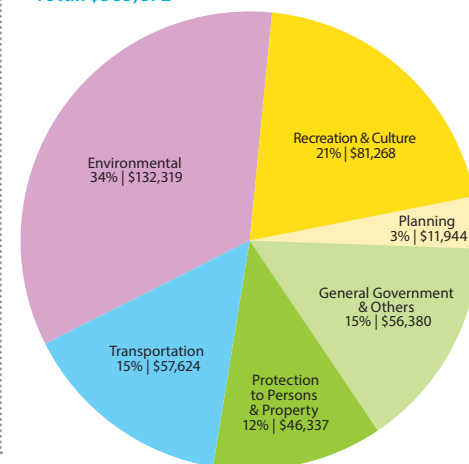


#### Expenses by Function

Total expenses in 2017 were \$385,872, a decrease of \$1,295 from 2016. Expenses are presented by the various functional groups of the City. For example, General Government includes the administrative and shared services expenses of the City, and Protection to persons and property includes Fire and Emergency Services and Building Standards.

- ▶ The Annual Surplus for the year (total revenues less total expenses) was \$215,917, an increase of \$164,171 over 2016.

2017 Expenses by Function –  
Total: \$385,872



#### Finance Senior Management Team (From left to right):

- Mark Visser** Senior Manager, Financial Strategy and Investments
- Kishor Soneji** Senior Accountant
- Sandra Skelcher** Senior Manager, Financial Reporting and Payroll
- Andrea Tang** Senior Manager, Financial Planning
- Alex Moore** Senior Manager, Purchasing and Accounts Payable
- Joel Lustig** Treasurer
- Shane Manson** Senior Manager, Revenues and Property Taxation

### 3. REPORTING AND ACCOUNTABILITY

For the past sixteen years, the City has received the Government Finance Officers Association (GFOA) 'Canadian Award for Financial Reporting'. The award provides recognition for excellence in governmental accounting and financial reporting. The receipt of this award signifies that Markham delivered a comprehensive annual financial report that demonstrates full transparency and disclosure over and above the minimum requirements of Generally Accepted Accounting Principles.

On a yearly basis, all Ontario municipalities are required to provide the Ministry of Municipal Affairs and Housing with performance measurement information, and to report the results of their performance to taxpayers. The goals of the program are to improve performance, strengthen accountability to taxpayers, stimulate productivity and creativity, and improve budget processes.

*Trinela Cane*

Trinela Cane, Commissioner,  
Corporate Services  
April 25, 2018



The Corporation of the City of Markham  
**Financial Policies**

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

### Basis of Accounting

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

### Reserves/Reserve Funds Policy

Reserves and Reserve Funds are grouped into two main categories: Working/Stabilization Reserves and Capital Reserves. Targets have been established for stabilization reserves based on best practices and capital reserves based on a review of life cycle replacement requirements for major Markham facilities and infrastructure. In addition, the policy prioritizes the distribution of annual operating budget surpluses to various reserves and determines the allocation of revenues from various companies owned by Markham.

### Use of Assessment Growth

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

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

Markham has in place a number of policies to minimize operating deficits, but should they occur, Markham maintains the flexibility to utilize funds from the Corporate Rate Stabilization Reserve. Markham does not balance its budget by using prior year surpluses. Surpluses are transferred in accordance with Markham's Reserves/Reserve Funds Policy.

### Capital Budget Control Policy

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

### Investment Policy

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

### Development Charges Credit Policy

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

### Purchasing Policy Under Bylaw 2017-8

The purpose of the Bylaw is to establish policies and regulations respecting the City's procurement, disposal and administrative service requirements, including the entering into of contracts and signing authority.

### Expenditure Control Policy

The purpose of this policy is to establish internal controls over the authorization of expenses. This procedure is subject to the limitations and guidelines established by Markham's Purchasing Bylaw #2017-8.

### Payment Acceptance Policy

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

# Independent Auditors' Report



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Trust Funds of The Corporation of the City of Markham, which comprise the statement of financial position as at December 31, 2017, the statement of financial activities and fund balances, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

#### Auditors' Responsibility

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

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

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

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of The Corporation of the City of Markham as at December 31, 2017, and its statement of financial activities and fund balances for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

April 24, 2018  
Vaughan, Canada

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

## Consolidated Statement of Financial Position

December 31, 2017, with comparative figures for 2016

(All dollar amounts are in \$000)

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 4)	302,196	361,195
Property taxes receivable (Note 7)	25,946	27,505
Unbilled user charges	9,378	8,364
Accounts receivable (Note 18)	58,785	64,601
Investment in Markham Enterprises Corporation (Note 19)	362,159	253,541
Other current assets	488	490
	<b>758,952</b>	<b>715,696</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	142,726	142,158
Deferred revenues (Note 10)	126,276	127,296
Employee future benefits liabilities (Note 12)	30,953	30,848
Long-term liabilities (Note 6)	12,236	12,918
	<b>312,191</b>	<b>313,220</b>
<b>NET FINANCIAL ASSETS</b>	<b>446,761</b>	<b>402,476</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 13)	4,005,265	3,834,145
Inventories of supplies	1,263	1,265
Inventories of land - heritage estates	86	94
Prepaid expenses	1,790	1,268
	<b>4,008,404</b>	<b>3,836,772</b>
<b>ACCUMULATED SURPLUS (Note 15)</b>	<b>4,455,165</b>	<b>4,239,248</b>

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

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative figures for 2016

(All dollar amounts are in \$000)

	2017 Budget	2017 Actual	2016 Actual
<b>REVENUES</b>			
Property taxes	151,088	150,884	144,092
User charges (Note 11)	173,740	168,205	165,399
Government transfers (Note 14)	10,641	8,305	13,407
Contributions from developers and others	4,492	71,142	41,564
Investment income	21,893	20,519	15,356
Tax penalties	3,950	4,215	4,177
Gain on sale of tangible capital assets	-	275	656
Deferred revenue earned	18,959	48,690	26,950
Equity pick up from Markham Enterprises Corporation (Note 19)	-	116,806	10,406
Other	16,073	12,748	16,906
<b>Total Revenues</b>	<b>400,836</b>	<b>601,789</b>	<b>438,913</b>
<b>EXPENSES</b>			
General government	64,860	56,278	56,349
Protection to persons and property	47,779	46,337	47,008
Transportation services	60,537	57,624	57,601
Environmental services	142,260	132,319	135,467
Recreation and cultural services	77,743	81,268	78,165
Planning and development services	12,569	11,944	12,528
Other	48	102	49
<b>Total Expenses</b>	<b>405,796</b>	<b>385,872</b>	<b>387,167</b>
<b>ANNUAL SURPLUS</b>	<b>(4,960)</b>	<b>215,917</b>	<b>51,746</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>4,239,248</b>	<b>4,239,248</b>	<b>4,187,502</b>
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 15)</b>	<b>4,234,288</b>	<b>4,455,165</b>	<b>4,239,248</b>

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

## Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2017, with comparative figures for 2016  
(All dollar amounts are in \$000)

	2017 Budget	2017 Actual	2016 Actual
<b>ANNUAL SURPLUS</b>	(4,960)	215,917	51,746
Acquisition of tangible capital assets including capital work in progress	(135,029)	(244,178)	(151,146)
Amortization of tangible capital assets	73,169	72,890	70,345
Disposal/Write-down of tangible capital assets	-	168	1,120
	(66,820)	44,797	(27,935)
Acquisition of inventories of supplies	-	(1,255)	(1,265)
Acquisition prepaid expenses	-	(1,790)	(1,268)
Consumption of inventories of supplies	-	1,265	1,287
Use of prepaid expenses	-	1,268	1,559
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(66,820)	44,285	(27,622)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	402,476	402,476	430,098
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	335,656	446,761	402,476

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

## Consolidated Statement of Cash Flows

Year ended December 31, 2017, with comparative figures for 2016  
(All dollar amounts are in \$000)

	2017	2016
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	215,917	51,746
Add (Deduct) items not involving cash		
Amortization of tangible capital assets	72,890	70,345
Disposal of tangible capital assets	168	1,120
Change in employee future benefits and other liabilities	105	1,898
Property taxes receivable	1,559	1,389
Equity pick up in Markham Enterprises Corporation	(116,806)	(10,406)
Change in non-cash assets and liabilities		
Accounts receivable	5,816	(5,053)
Unbilled user charges	(1,014)	(578)
Other current assets	2	582
Accounts payable and accrued liabilities	568	33,533
Long term liabilities	(682)	(659)
Deferred revenue	(1,020)	39,221
Inventories of supplies	10	22
Prepaid expenses	(522)	291
<b>Net change in cash from operating activities</b>	176,991	183,451
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(244,178)	(151,146)
<b>Net change in cash from capital activities</b>	(244,178)	(151,146)
<b>INVESTING ACTIVITIES</b>		
Dividend from Markham Enterprises Corporation	6,656	7,444
Increase (decrease) in share capital of Markham Enterprises Corporation	1,532	2,273
<b>Net change in cash from investing activities</b>	8,188	9,717
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(58,999)	42,022
<b>OPENING CASH AND CASH EQUIVALENTS</b>	361,195	319,173
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	302,196	361,195
<b>SUPPLEMENTARY INFORMATION:</b>		
Interest paid	437	460
Interest received	8,153	7,413

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

# Notes to the Consolidated Financial Statements

Year ended December 31, 2017, with comparative figures for 2016  
(All dollar amounts are in \$000)

## 1. Significant Accounting Policies

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

### Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of their financial affairs and resources, to the City, and which are owned or controlled by the City, including the following:

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

Inter-entity transactions and balances are eliminated on consolidation.

### Investment in Markham Enterprises Corporation

Markham Enterprises Corporation (MEC) and its subsidiaries are accounted for on a modified equity basis, consistent with the Canadian public sector accounting standards as recommended by PSAB for government business enterprises. Under the modified equity basis of accounting, the business enterprise's accounting principles are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income or loss of MEC in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the City may receive from MEC are reflected as reductions in the investment asset account.

### Accounting for Region and School Board Transactions

The property taxes, other revenues, expenses, assets and liabilities with respect to the operations of the Regional Municipality of York (the Region) and the York Region District School Boards (School Boards) are not reflected in the municipal fund balances of these financial statements.

### Trust Funds

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

### Basis of Accounting

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

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

### Government Transfers

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

The City adopted PS 3410, *Government Transfers* that establishes the recognition, measurement and disclosure requirements for government transfers. It provides specific revenue recognition criteria for transferring government and recipient government. .

### Deferred Revenue

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

### Property Taxes and Related Revenues

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

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

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

The City adopted PS 3510, Property Tax Revenues that addresses recognition and reporting of property tax revenue. This establishes recognition of revenue when they meet the definition of an asset, and are authorized by a legislature or Council when the taxable event occurs.

### Employee Future Benefits

The City accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined benefit plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the City's employment. Other employee future benefits are accrued in accordance with the projected

benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high quality debt instruments with cash flows that match the timing and amount of expected benefit payments. Unamortized actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the related employees groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to Workers Safety and Insurance Board (WSIB) are amortized over the average expected period during which the benefits will be paid. The cost of plan amendments is accounted for in the period they are adopted.

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

### Investment Income

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

### Non-Financial Assets

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

#### (a) Tangible Capital Assets

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

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

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

#### (b) Contributions of Tangible Capital Assets

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

#### (c) Works of Art and Cultural and Historic Assets

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

#### (d) Interest Capitalization

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

#### (e) Inventories of Supplies

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

### Use of Estimates

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

### Budget Figures

The approved operating and capital budgets for 2017 are reflected on the Consolidated Statement of Operations and Accumulated Surplus and on the Consolidated Statement of Change in Net Financial Assets. The Capital budget is on a project-oriented basis, the costs of which may be carried but over one or more years and, therefore, may not be comparable with the current year actual amounts. The budget presented in these financial statements has been reconciled to the approved budgets to reflect the accrual basis of accounting (Note 20).

### Segment Disclosure

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

### Reporting for Contaminated Sites

The City adopted PSAB Standard PS 3260 Liability for Contaminated Sites effective January 1, 2015. Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. The City adopted this standard on a prospective basis.

Contaminated sites are defined as the result of contamination being introduced that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met.

- an environmental standard exists
- contamination exceeds the environmental standard
- the organization is directly responsible or accepts responsibility for the liability
- future economic benefits will be given up, and
- a reasonable estimate of the liability can be made.



## 2. Operations of School Boards and the Region of York

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

	School Boards	Region of York	2017	2016
Property taxes	223,593	292,103	515,696	488,055
Payment in lieu of taxes	260	790	1,050	1,042
Supplementary taxes	3,296	3,400	6,696	7,819
Amount requisitioned and transferred	227,149	296,293	523,442	496,916

## 3. Trust Funds

Trust funds administered by the City for the benefit of others amounting to \$2,414 (2016 - \$2,344) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations and Accumulated Surplus". The trust funds have been reported separately on the "Trust Funds Statement of Financial Position" and "Trust Funds Statement of Financial Activities and Fund Balances".

## 4. Cash and Cash Equivalents

	2017	2016
Cash	92,346	147,759
Investments	209,850	213,436
	302,196	361,195

Cash balance includes investments in the amount of \$58,161 (2016 - \$60,971) which has a maturity date of less than three months. Investments consist of authorized investments pursuant to the provisions of the Municipal Act and include short-terms instruments of various financial institutions, government bonds, and Treasury Bills. Investments, which are reported at cost for money market and face value for bonds, had a market value of \$215,663 (2016 - \$221,949) at the end of the year. For the year 2017, the average rate of return earned was 2.95% (2016 - 3.00%).

## 5. Pension Agreements

The City makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of credited service and average earnings. Employees contribute between 9.0% and 15.9% of their salary and the City matches the employee contribution.

Total OMERS contributions amounted to \$23,106 (2016 - \$20,842) of which \$11,553 (2016 - \$10,421) represented the City's portion and \$11,553 (2016 - \$10,421) represented employees portion.

Since OMERS is a multi-employer pension plan, the City does not recognize any share of the pension plan deficit of \$5.4 billion as of 2017 based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

## 6. Long Term Liabilities

On July 1, 2010 and April 14, 2014, the City received a loan of \$12,000 from Canada Mortgage Housing Corporation (CMHC) and a \$4,000 low-interest loan from Federation of Canadian Municipalities (FCM) respectively through the Region. As a lower tier municipality the City does not have the ability to borrow long-term funds, and as such the borrowing was done through the Region. The loan received on July 1, 2010 was used to fund the purchase of the Markham District Energy Birchmount plant. The plant was subsequently leased back to Markham District Energy (MDE), a 100% subsidiary of MEC. The loan received on April 14, 2014 was used to fund the cost of Cornell Community Centre.

The loan of \$12,000 is to be amortized over a period of 20 years, at an interest rate of 4.04%. An annual payment to the Region of \$886 consists of principal and interest. The first payment was due July 1, 2011. The loan of \$4,000 is to be amortized over a period of 20 years, at an interest rate of 2%. An annual payment to Region of \$244 consists of principal and interest. The first payment was due October 4, 2014.

## 7. Property Taxes Receivable

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

	2017	2016
Current year	19,748	20,211
Arrears prior years	7,199	8,295
	26,947	28,506
Less: Allowance for uncollectible taxes	(1,001)	(1,001)
	25,946	27,505

The Municipal Property Assessment Corporation (MPAC) is responsible for the valuation of the current value assessment (CVA) of all properties in Ontario. MPAC determines the CVA for all properties and provides it annually to municipalities in the form of an Assessment Roll, which the municipalities use to calculate property taxes for each individual property. The Province of Ontario introduced a four-year property assessment cycle in 2009, which included a mandatory phase-in of reassessment increases for all properties. The Province chose to repeat the four-year assessment cycle and therefore, for the 2017 through 2020 tax years, all properties are assessed and taxed based on their CVA as of the valuation date of January 1st, 2016. The 2018 taxation year marks the second year of the current phase-in cycle. The City of Markham's property tax revenue and property tax receivables rely on the stability of the assessment roll, which is subject to annual assessment appeals that create an amount of uncertainty related to the amount of property tax receivables. This financial uncertainty continues to illustrate the requirement of the provision allowance, which was established in the amount of \$1,001 (2016 - \$1,001). Further, as a result of an initiative by the Chair of the Assessment Review Board (ARB), a commitment was made by the ARB to address the regular and systemic backlog of all property assessment appeals, which resulted in a significant increase in the property tax adjustments for the 2015, 2016 and 2017 taxation years.

There is no impact on the "Consolidated Statement of Operations and Accumulated Surplus".

## 8. Segmented Information

The City is a diverse municipal government that provides a wide range of services to its citizens. For management reporting purposes, the City's operations and activities are organized functionally based on services provided. The segmented information with a brief description of the service area is as follows:

### General Government:

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

### Protection to Persons and Property:

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

### Transportation Services:

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

### Environmental Services:

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

### Recreation and Cultural Services:

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

### Planning and Development Services:

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

### Other:

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

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development	Other	2017	2016
<b>REVENUES</b>									
Taxation, grants in lieu, assessments	674,326	-	-	-	-	-	-	674,326	641,008
Collection for other authorities	(523,442)	-	-	-	-	-	-	(523,442)	(496,916)
Property taxes for City purposes	150,884	-	-	-	-	-	-	150,884	144,092
User charges	3,189	8,707	11,544	112,339	23,902	8,392	132	168,205	165,399
Government transfers	5,959	-	8	1,333	819	186	-	8,305	13,407
Contribution from developers and others	71,142	-	-	-	-	-	-	71,142	41,564
Investment income	20,519	-	-	-	-	-	-	20,519	15,356
Tax penalties	4,215	-	-	-	-	-	-	4,215	4,177
Gain on sale of tangible assets	275	-	-	-	-	-	-	275	656
Deferred revenue earned	48,690	-	-	-	-	-	-	48,690	26,950
Equity pick up from Markham Enterprises Corporation	116,806	-	-	-	-	-	-	116,806	10,406
Others	10,032	439	519	949	801	5	3	12,748	16,906
Total Revenues	431,711	9,146	12,071	114,621	25,522	8,583	135	601,789	438,913
<b>EXPENSES</b>									
Salaries, wages and employee benefits	30,787	41,955	13,193	7,436	40,237	7,454	-	141,062	142,463
Operating materials and supplies	11,306	1,174	4,441	1,545	12,707	1,075	102	32,350	38,495
Contracted services	11,236	1,477	11,777	97,822	11,123	3,259	-	136,694	132,657
Rents and financial expenses	(1,536)	98	74	2,638	649	156	-	2,079	2,434
External transfers to others	360	-	-	-	-	-	-	360	313
Long term debt charges	437	-	-	-	-	-	-	437	460
Amortization of tangible capital assets	3,688	1,633	28,139	22,878	16,552	-	-	72,890	70,345
Total Expenses	56,278	46,337	57,624	132,319	81,268	11,944	102	385,872	387,167
Annual surplus / (deficit)	375,433	(37,191)	(45,553)	(17,698)	(55,746)	(3,361)	33	215,917	51,746

## 9. Accounts Payable and Accrued Liabilities

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

	2017	2016
Trade accounts payable	54,758	51,845
Payable to other governments	67,921	62,394
Payroll liabilities	5,946	12,864
Accrued liabilities	14,101	15,055
	<b>142,726</b>	<b>142,158</b>

## 10. Deferred Revenue and Deposits

Deferred revenue represents 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:

	2017	2016
Development charges	53,787	66,039
Parkland cash-in-lieu	34,190	28,542
Federal Gas Tax	7,491	4,040
Section 37 funds	3,350	3,417
	<b>98,818</b>	<b>102,038</b>
Deferred revenue and deposits	27,458	25,258
	<b>126,276</b>	<b>127,296</b>

## 11. User Charges

	2017	2016
Water and sewer billing to ratepayers	111,284	111,708
Building permits	7,332	9,237
Culture venues	3,351	3,305
Engineering	8,265	3,558
Facility rentals	7,946	7,935
Licenses	1,631	1,592
Landscaping	1,988	1,626
Parking violations	2,970	3,146
Planning	7,925	9,324
Recreation programs	11,894	11,096
Other	3,619	2,872
	<b>168,205</b>	<b>165,399</b>

## 12. Employee Future Benefits Liabilities

	2017	2016
Long-term disability	5,864	5,998
Post-retirement benefits	13,107	13,015
Vacation pay - City	2,638	2,564
Vacation pay - Library	136	105
Vested sick leave benefits	5,980	6,340
Workplace Safety & Insurance Board	3,228	2,826
	<b>30,953</b>	<b>30,848</b>

## Workplace Safety & Insurance Obligations (WSIB)

Effective January 1, 1999, the Corporation of the City of Markham became a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self insurance for all its employees. The City remits payments to the WSIB as required to fund disability payments. The estimated future liability relating to WSIB amounted to \$3,228 (2016 - \$2,826) and was determined by an actuarial valuation. A Workplace Safety and Insurance Reserve Fund, funded by annual contributions from the Operating Fund, have been established to protect against any unknown future liability. The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December 2016.

### Vested Sick Leave Benefits

Under the sick leave benefit plan, which is available only to the City's Firefighters, employees can accumulate unused sick leave and may become entitled to a cash payment when they leave the City's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to approximately \$5,980 (2016 - \$6,340). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation updated December 2016.

### Post-Retirement Benefits

The City provides for post-retirement benefits (extended health and dental benefits) to eligible retiring employees to age 65. The City recognizes these post-retirement costs as they are earned during the employee's tenure of service. The benefit liability at December 31, 2017 is \$13,107 (2016 - \$13,015). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation updated December 2015.

### Long-Term Disability (LTD)

The City provides long term disability benefits to eligible employees. At the year end, the accrued liability of \$5,864 (2016 - \$5,998) represents the actuarial valuation of benefits to be paid on the history of claims with employees. The City has established a long term disability reserve to reduce future impact of these obligations. The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December, 2015.

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

	LTD	Post-Retirement Benefits	Vested Sick Leave	WSIB	2017	2016
Accrued benefit liability, beginning of year	5,998	13,015	6,340	2,826	28,179	26,238
Service cost	491	462	439	244	1,636	1,579
Interest cost	180	509	236	183	1,108	1,113
Benefit payments	(562)	(776)	(683)	(376)	(2,397)	(2,407)
Amortization of actuarial loss (gain)	(243)	(103)	(352)	351	(347)	1,656
Accrued benefit liability, end of year	5,864	13,107	5,980	3,228	28,179	28,179

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

	LTD	Post-Retirement Benefits	Vested Sick Leave	WSIB
Expected inflation rate	N/A	N/A	N/A	0.00%
Expected level of salary increase	N/A	N/A	3.00%	3.00%
Interest discount rate	4.00%	4.50%	4.00%	4.00%

## 13. Tangible Capital Assets

	Cost			Accumulated Amortization				Net Book Value	
	Balance at Jan 1, 2017	Additions	Disposals	Balance at Dec 31, 2017	Balance at Jan 1, 2017	Additions	Disposals	Balance at Dec 31, 2017	Balance at Dec. 31, 2016
Land	1,839,893	126,149	(168)	1,965,874	-	-	-	1,965,874	1,839,893
Buildings	346,638	57,372	-	404,010	107,323	9,102	-	116,425	287,585
Equipment	29,057	4,701	(1,593)	32,165	14,600	3,448	(1,593)	16,455	15,710
Furniture & fixtures	7,515	218	(34)	7,699	4,615	574	(34)	5,155	2,544
Infrastructure	1,308,114	63,049	(13,523)	1,357,640	436,530	35,013	(13,523)	458,020	899,620
Library furniture & fixtures	2,650	950	(214)	3,386	1,521	272	(214)	1,579	1,807
Library media collection	16,824	3,293	(1,702)	18,415	9,394	2,276	(1,702)	9,968	8,447
Parks & pathways	77,037	11,037	(3,101)	84,973	31,725	4,541	(3,101)	33,165	51,808
Vehicles	15,483	1,327	(1,294)	15,516	6,945	1,792	(1,294)	7,443	8,073
Waterworks equipment	1,304	97	(26)	1,375	753	140	(26)	867	508
Waterworks infrastructure	1,011,313	21,951	(1,164)	1,032,100	312,828	15,577	(1,164)	327,241	704,859
Waterworks vehicles	1,318	127	(129)	1,316	738	155	(129)	764	552
Subtotal	4,657,146	290,271	(22,948)	4,924,469	926,972	72,890	(22,780)	977,082	3,947,387
Capital work in progress	103,971	(46,093)		57,878				57,878	103,971
Total	4,761,117	244,178	(22,948)	4,982,347	926,972	72,890	(22,780)	977,082	4,005,265

### a) Capital Work in Progress

Assets under construction having a value of \$57,878 (2016 - \$103,971) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### b) Contributed Tangible Capital Assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contribution assets received during the year is \$68,305 (2016 - \$41,592) comprised of land in the amount of \$28,089 (2016 - \$35,008), roads infrastructure in the amount of \$28,860 (2016 - \$4,219) and water and wastewater infrastructure in the amount of 11,356 (2016 - \$2,365).

### c) Tangible Capital Assets Disclosed at Nominal Values

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

### d) Works of Art and Historical Treasures

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

## 14. Government Transfers

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

	2017	2016
<b>Provincial Grant:</b>		
Transportation services	8	-
Environmental services	1,333	1,364
Recreation and cultural services	819	620
Planning and development services	186	179
Provincial Total	<b>2,346</b>	<b>2,163</b>
<b>Federal Grant:</b>		
General government	5,959	11,244
Federal Total	<b>5,959</b>	<b>11,244</b>
Total	<b>8,305</b>	<b>13,407</b>

## 15. Accumulated Surplus

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

	2017	2016
City operating fund surplus including library, community boards, and business improvement areas	6,252	4,210
Equity in Markham Enterprises Corporation	362,159	253,541
Invested in tangible capital assets and other	3,971,738	3,805,824
	4,340,149	4,063,575

### Reserves set aside for specific purposes by Council:

Anti-whistling	-	318
Berczy landscape feature	203	203
Building fee	10,251	11,734
Capital gains	4,160	3,680
Corporate rate stabilization	20,459	19,783
Development fee	(6,650)	(9,612)
Election expenses	860	710
Election rebates	416	(3)
Facility ramp-up	12,547	15,809
Firefighters sick leave benefits	6,340	6,340
Insurance	3,884	3,316
Long-term disability benefits	20,260	19,151
Partnership	-	16
Waste management	-	28
Waterworks	71,765	60,853
Total reserves	144,495	132,326

### Reserve funds set aside for specific purposes by Council:

Cemetery expenses	115	114
Emerald Ash Borer program	956	(4,134)
Environmental land acquisition	9,506	9,130
Environmental sustainability fund	131	132
Heritage	362	384
Land acquisition	(166,721)	(68,857)
Library infrastructure	6,097	6,011
Life cycle replacement and capital	90,067	73,217
Museum	17	60
Non-DC growth	7,148	8,699
Post-retirement benefits	13,876	13,590
Public art acquisition	1,423	1,038
Stormwater fee	1,799	(736)
Theatre	749	688
Trees for Tomorrow program	42	35
Workplace Safety & Insurance Board (WSIB)	4,097	3,365
WSIB excess compensation	857	611
Total reserves fund	(29,479)	43,347

Total	4,455,165	4,239,248
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## 16. Lease Obligations

As at December 31, 2017, the City is committed to minimum annual operating lease payments for premises and equipment as follows:

2018	66
2019	28
2020	29
2021	30
2022	24
Total	177

## 17. Contingency

### Unsettled legal claims and potential other claims

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

## 18. Accounts Receivable – PowerStream Interest

Included in Accounts Receivable is \$7,584 (2016 - \$7,584) being interest at 5.58% per annum due for the period October 2006 to September 2008 on promissory notes issued by PowerStream. City Council has approved the deferral of this payment and future quarterly interest payments due up to September 2008 for a period of 5 years from September 2008. The City received deferral request from PowerStream for another five years at the interest rate of 4.03% per annum which was approved by City Council in May 2013.

The City receives from PowerStream secondary interest on the deferred interest payments from April 2007 up to October 2013 at 4.41% and at 4.03% thereafter until October 2018. This agreement has been carried forward to Alectra Inc.

## 19. Investment in Markham Enterprises Corporation

(a) Markham Enterprises Corporation is wholly owned by the City of Markham. Markham Enterprises Corporation (MEC) owns 100% of Markham District Energy Inc. (MDE) and 15.73% of Alectra Inc. (2016 – 34.185% of PowerStream Inc.).

The following consolidated financial statements of Markham Enterprises Corporation include the financial information of its subsidiaries Markham District Energy Inc., and PowerStream Holdings Inc. for the period from January 1, 2017 to January 31, 2017 and Alectra Inc. for the period February 1, 2017 to December 31, 2017.

	2017	2016
<b>Assets</b>		
Current	13,475	111,475
Capital	120,016	533,894
Goodwill	-	15,234
Investment in Alectra Inc. (Note 19b)	311,497	-
Other	1,778	29,906
<b>Total Assets</b>	<b>446,766</b>	<b>690,509</b>
<b>Liabilities</b>		
Current	8,884	145,470
Other	56,715	129,022
Long Term	19,008	162,476
<b>Total Liabilities</b>	<b>84,607</b>	<b>436,968</b>
<b>Shareholder's Equity</b>		
Common shares	99,456	100,987
Promissory notes payable	79,184	79,164
Retained earnings and contributed Surplus	183,519	73,390
<b>Total Shareholder's Equity</b>	<b>362,159</b>	<b>253,541</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>446,766</b>	<b>690,509</b>
<b>Results of Operations</b>		
Revenues	72,668	487,305
Operating expenses	61,752	476,899
<b>Net Income</b>	<b>10,916</b>	<b>10,406</b>
Equity pick up in Markham Enterprises Corporation	10,916	10,406
Gain on exchange of shares of PowerStream for shares of Alectra Inc.	105,890	-
Increase/(decrease) in share capital	(1,532)	(2,273)
Dividend	(6,656)	(7,444)
<b>Net Change in Equity in Markham Enterprises Corporation</b>	<b>108,618</b>	<b>689</b>

Opening shareholder's equity	253,541	252,852
Closing shareholder's equity	362,159	253,541

(b) On January 31, 2017, through a series of amalgamations, the Corporation disposed of its ownership share of its partially owned subsidiary, PowerStream Holdings Inc. ("PowerStream") in exchange for an ownership share in the newly incorporated entity, Alectra Inc. ("Alectra"). PowerStream amalgamated with Enersource Holdings Inc. ("Enersource") and Horizon Holdings Inc. ("Horizon") to form Alectra. Alectra's primary businesses is to distribute electricity to customers in municipalities in the greater golden horseshoe area as well as provide non-regulated energy services. In consideration for its disposition of its 34.185% interest in PowerStream, the Corporation received a 15.73% ownership interest in Alectra's issued and outstanding common shares. Accordingly, the Corporation is considered to have significant influence over Alectra's financial and operating policies and has accounted for its investment in Alectra under the equity method.

Alectra also issued Class S shares to the former PowerStream shareholders relating to Ring Fenced Solar Portfolio, a division of Alectra. In accordance with the Solar Services and Indemnity Agreement between the former PowerStream shareholders and Alectra, the solar division within Alectra is beneficially owned indirectly by the former PowerStream

shareholders and as such, allocates the risks and rewards of Ring Fenced Solar Portfolio's operations to the former PowerStream shareholders through Alectra's Class S shares. As such, the Corporation retains a 34.185% ownership of Class S shares of Alectra.

As a result of the Alectra formation on January 31, 2017, the Corporation derecognized its investment in PowerStream at cost and recognized its initial 15.73% equity interest in Alectra and its 34.185% ownership in the Ring Fenced Solar Portfolio at fair value resulting in a gain on disposition of \$105,890 recorded in the MEC Statement of Comprehensive Income.

The following table summarizes the financial information of Alectra and Ring Fenced Solar Portfolio as included in Alectra Inc. financial statements, adjusted for fair value adjustments at December 31, 2017. The table also reconciles the summarized financial information to the carrying amount of the MEC's interest in Alectra.

Current assets	702,000
Non-current assets	3,779,000
Current liabilities	(739,000)
Non-current liabilities	(2,094,000)
<b>Net assets</b>	<b>1,648,000</b>
Exclude net assets of Ring Fenced Solar Portfolio	(30,974)
Fair value bump of PowerStream, not recognized within Alectra Inc.'s financial statements	295,938
<b>Adjusted net assets of Alectra Inc. to which MEC holds a 15.73% interest</b>	<b>1,912,964</b>

Carrying value of investment in Alectra excluding Ring Fenced Solar (1,912,964 x 15.73%)	300,909
Carrying value of investment in Alectra's Ring Fenced Solar Portfolio (30,974 x 34.185%)	10,588
<b>Combined carrying value of investment</b>	<b>311,497</b>

## 20. Budget Figures

The budget figures presented in these consolidated financial statements are based on Council approved 2017 budget. The following table reconciles the approved budget figures as presented in these financial statements using the accrual basis of accounting.

	2017
<b>Revenues</b>	
Approved operating budget	361,305
Approved capital budget	81,474
Transfer from reserve funds	(41,943)
<b>Total revenues</b>	<b>400,836</b>
<b>Expenses</b>	
Approved operating budget	361,305
Transfer to reserve funds	(48,385)
Expenses not capitalized	19,615
Post-employment benefit expenses	92
Amortization	73,169
<b>Total expenses</b>	<b>405,796</b>
<b>Annual surplus/(deficit)</b>	<b>(4,960)</b>

## 21. Subsequent Event

On February 28, 2018, Alectra Inc. entered into a Merger Participation Agreement (MPA) with Alectra Utilities, Guelph Municipal Holdings Inc. (GMHI) and Guelph Hydro Electric Systems Inc. (GHESI). GMHI is the parent of GHESI. GHESI is principally an LDC regulated by the OEB.

The MPA provides terms and conditions under which Alectra Utilities will amalgamate with GHESI. Subject to meeting certain conditions with MPA, at the closing date, Alectra will issue 485,000 Class G Common Shares to GMHI in consideration for all of the issued and outstanding shares of GHESI and, thereafter, Alectra Utilities will amalgamate with GHESI. Such common shares issuance by Alectra Inc. would represent an effective 4.63% interest in its aggregate issued and outstanding classes of common shares. The effective interest conveyed was as negotiated between the parties based on the perspective relative fair values of Alectra Inc. and GHESI.

The Merger is subject to the approval of OEB based on a MAADs application expected to be issued thereto by the parties in early March. Subject to a satisfactory OEB decision approving the merger, Alectra Inc. anticipates a closing date on or before January 1, 2019.

Alectra Inc. expects that the merger contemplated under the MPA will result in more efficient and enhanced service delivery through lower operating costs while providing significant benefits for communities and shareholders.

Upon the completion of MPA, the shareholding of the MEC in Alectra Inc.'s regulated business will be changed from 15.73% to 15.00%.

On March 26, 2018 the Board of Directors of Alectra Inc. approved a return of capital of \$6M to class S shareholders, of which \$4M relates to 2017

## 22. Comparative Figures

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

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### INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Trust Funds of The Corporation of the City of Markham, which comprise the statement of financial position as at December 31, 2017, the statement of financial activities and fund balances, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

#### Auditors' Responsibility

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

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

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

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of The Corporation of the City of Markham as at December 31, 2017, and its statement of financial activities and fund balances for the year then ended in accordance with Canadian public sector accounting standards

Chartered Professional Accountants, Licensed Public Accountants

April 24, 2018  
Vaughan, Canada

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

## The Corporation of the City of Markham

# Trust Funds & Notes to the Financial Statements

December 31, 2017

### STATEMENT OF FINANCIAL POSITION

Dec. 31, 2017 with comparative figures for 2016

	Morgan Park Trust	Varley-McKay Trust	Markham Environmental Advisory Committee Trust	Cemetery Trust	Older Adults In Action Trust	Markham History Research & Publication Trust	Total 2017	Total 2016
Cash	79,885	1,302,047	2,033	927,791	10,140	95,004	2,416,900	2,346,897
Payable to Varley-McKay Foundation	-	(3,243)	-	-	-	-	(3,243)	(3,328)
Fund balance	79,885	1,298,804	2,033	927,791	10,140	95,004	2,413,657	2,343,569

### STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCES

Year ended Dec. 31, 2017 with comparative figures for 2016

	Morgan Park Trust	Varley-McKay Trust	Markham Environmental Advisory Committee Trust	Cemetery Trust	Older Adults In Action Trust	Markham History Research & Publication Trust	Total 2017	Total 2016
Receipts								
Interest earned	2,266	38,013	91	25,233	288	2,692	68,583	73,303
Sale of plots	-	-	-	67,525	-	-	67,525	23,767
	2,266	38,013	91	92,758	288	2,692	136,108	97,070
Expenses	-	-	(2,774)	(25,233)	-	-	(28,007)	(27,918)
Distributed to foundation	-	(38,013)	-	-	-	-	(38,013)	(41,200)
	-	(38,013)	(2,774)	(25,233)	-	-	(66,020)	(69,118)

Excess/(Shortfall) of receipts over expenses	2,266	-	(2,683)	67,525	288	2,692	70,088	27,952
Fund balance, beginning of year	77,619	1,298,804	4,716	860,266	9,852	92,312	2,343,569	2,315,617
Fund balance, end of year	79,885	1,298,804	2,033	927,791	10,140	95,004	2,413,657	2,343,569

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

## 1. Significant Accounting Policies

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

### Basis of Accounting

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

## 2. Trust Funds

### Morgan Park Trust Fund

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

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

### Varley-McKay Art Foundation Trust Fund

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

### Markham Environmental Advisory Committee Trust Fund

The Markham Environmental Advisory Committee (previously 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 Environmental Advisory Committee.

### Cemetery Trust Funds

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

### Older Adults in Action Trust Fund

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

### Markham History – Research And Publication Trust Fund

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

# Five-Year Review (Unaudited)

(All dollar amounts are in \$000)

	2017	2016	2015	2014	2013
<b>OPERATIONS</b>					
<b>Expenses by Function</b>					
General government	56,278	56,349	54,750	51,194	36,570
Protection to persons and property	46,337	47,008	43,780	43,095	42,774
Transportation services	57,624	57,601	57,154	58,530	60,975
Environmental services	132,319	135,467	128,181	113,303	111,124
Recreation and cultural services	81,268	78,165	79,395	68,650	65,163
Planning and development services	11,944	12,528	11,243	10,929	8,985
Other	102	49	42	48	43
	<b>385,872</b>	<b>387,167</b>	<b>374,545</b>	<b>345,749</b>	<b>325,634</b>
<b>Revenues by Source</b>					
Property taxes	150,884	144,092	138,739	132,788	125,660
User charges	168,205	165,399	148,833	133,619	129,635
Government transfers	8,305	13,407	12,667	17,188	11,702
Contribution from developers and others	71,142	41,564	80,316	62,615	64,239
Investment income	20,519	15,356	15,754	20,427	20,740
Deferred revenue earned	48,690	26,950	51,695	46,670	69,151
Equity pick up in Markham Enterprises Corporation	116,806	10,406	9,791	5,442	7,648
Other	17,238	21,739	24,770	13,908	12,442
	<b>601,789</b>	<b>438,913</b>	<b>482,565</b>	<b>432,657</b>	<b>441,217</b>
<b>Surplus</b>					
Surplus for the year	215,917	51,746	108,020	86,908	115,583
Surplus, beginning of year	4,239,248	4,187,502	4,079,482	3,992,574	3,876,991
Surplus, end of year	<b>4,455,165</b>	<b>4,239,248</b>	<b>4,187,502</b>	<b>4,079,482</b>	<b>3,992,574</b>
<b>RESERVES AND RESERVE FUNDS</b>					
Reserves	144,495	132,326	113,338	109,977	109,276
Reserve funds	(29,479)	43,347	77,690	86,133	128,843
	<b>115,016</b>	<b>175,673</b>	<b>191,028</b>	<b>196,110</b>	<b>238,119</b>

Reference: consolidated statement of operations and accumulated surplus

	2017	2016	2015	2014	2013
<b>NET FINANCIAL ASSETS</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	302,196	361,195	319,173	310,014	338,633
Taxes receivable	25,946	27,505	28,894	29,211	30,429
Unbilled user charges	9,378	8,364	7,786	10,472	9,953
Accounts receivable	58,785	64,601	59,548	67,447	57,036
Investment in Markham Enterprises Corporation	362,159	253,541	252,852	245,836	233,349
Other current assets	488	490	1,072	1,931	2,736
Total financial assets	<b>758,952</b>	<b>715,696</b>	<b>669,325</b>	<b>664,911</b>	<b>672,136</b>
<b>Financial Liabilities</b>					
Accounts payable and accrued liabilities	142,726	142,158	108,625	95,302	82,292
Deferred revenue	126,276	127,296	88,075	94,461	117,304
Employee future benefits liabilities	30,953	30,848	28,950	29,686	27,978
Long-term liabilities	12,236	12,918	13,577	14,213	10,747
Total financial liabilities	<b>312,191</b>	<b>313,220</b>	<b>239,227</b>	<b>233,662</b>	<b>238,321</b>
	<b>446,761</b>	<b>402,476</b>	<b>430,098</b>	<b>431,249</b>	<b>433,815</b>
<b>NET FINANCIAL ASSETS</b>					
<b>NET LONG-TERM DEBT</b>					
Net long-term liabilities – City of Markham purposes	12,236	12,918	13,577	14,213	10,747
Annual debt repayment limit prescribed by province	82,345	78,689	75,349	70,274	69,250
Per capita	0.23	0.22	0.22	0.21	0.21
Percentage of taxable assessment	0.0158%	0.0186%	0.0211%	0.0240%	0.0198%
<b>Annual Charges for Net Long-Term Liabilities</b>					
Principal and interest – City of Markham purposes	1,130	1,130	1,130	1,130	886
As a percentage of revenue fund expenditures	0.19%	0.26%	0.23%	0.26%	0.20%
Per capita	0.003	0.003	0.003	0.003	0.003
<b>Consolidated Expenses by Object</b>					
Salaries, wages & employee benefits	141,062	142,463	138,475	125,247	114,832
Operating materials and supplies	32,350	38,495	37,963	39,014	35,015
Contracted services	136,694	132,657	126,149	112,496	109,622
Rents and financial expenses	2,516	2,894	2,817	2,946	2,897
External transfers to others	360	313	366	289	239
Amortization - tangible capital assets	72,890	70,345	68,775	65,757	63,038
Total expenditure by object	<b>385,872</b>	<b>387,167</b>	<b>374,545</b>	<b>345,749</b>	<b>325,643</b>

# Five-Year Review (Unaudited)

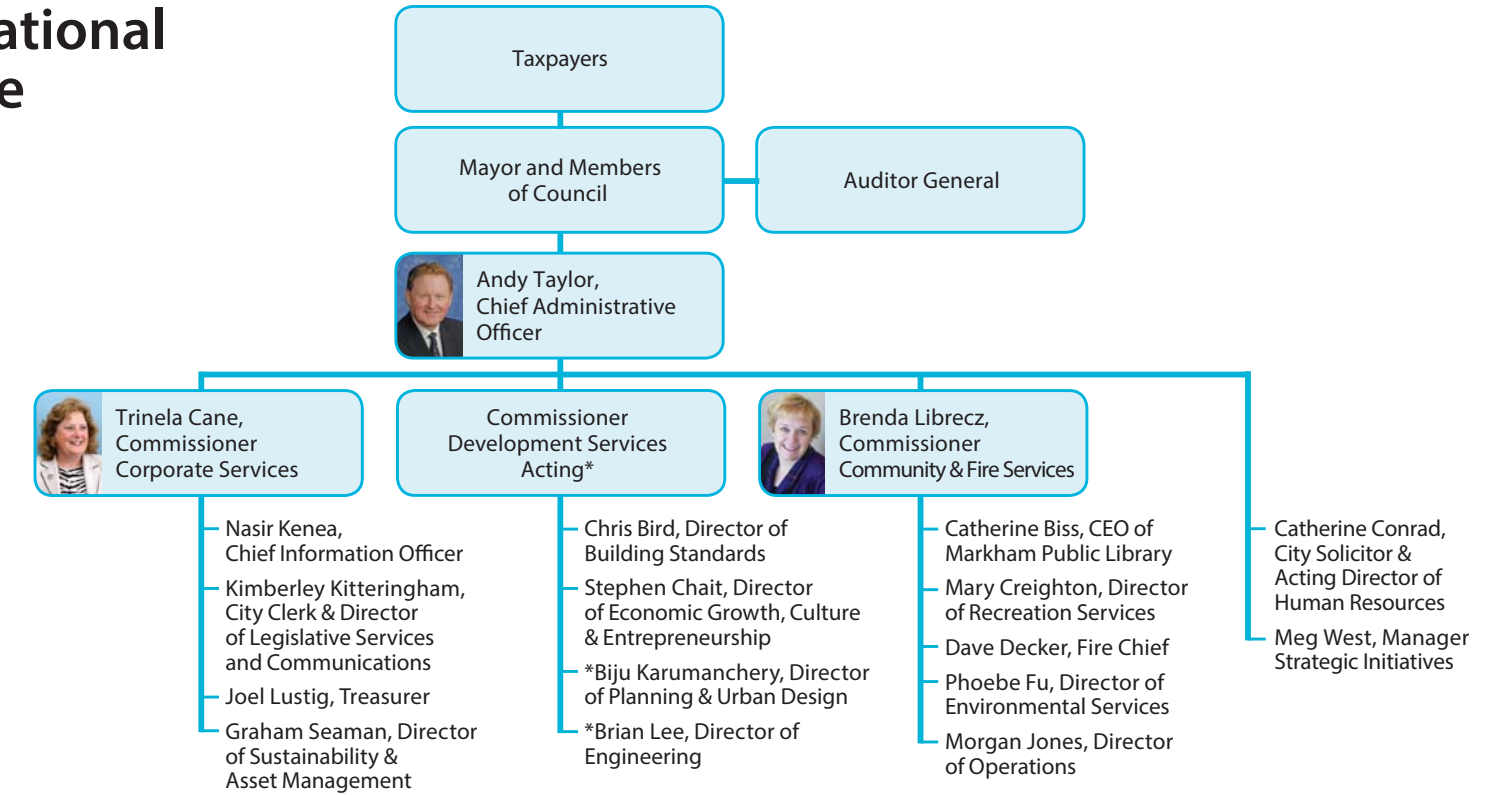
(All dollar amounts are in \$000)

		2017	2016	2015	2014	2013
<b>TAXABLE ASSESSMENT</b>						
Residential, multi-residential and farm		66,142,589	58,584,043	54,012,128	49,266,499	44,844,305
Commercial - all classes		9,967,108	9,555,390	9,045,291	8,573,193	8,170,344
Industrial - all classes		1,245,457	1,246,720	1,244,116	1,234,547	1,228,192
Pipeline and managed forests		72,371	69,904	68,382	63,342	59,294
		<b>77,427,525</b>	<b>69,456,057</b>	<b>64,369,917</b>	<b>59,137,581</b>	<b>54,302,135</b>
Commercial, industrial and business as a percentage of taxable assessment		14.48%	15.55%	15.98%	16.58%	17.31%
<b>PROPERTY TAXATION</b>						
<b>Tax Rates/Mill Rates (Refer Note 1)</b>						
		%	%	%	%	%
Residential	City of Markham	0.184850	0.197612	0.204311	0.211775	0.219600
	Region of York	0.371903	0.397157	0.406421	0.416733	0.434762
	School boards (Public and separate)	0.179000	0.188000	0.195000	0.203000	0.212000
		<b>0.735753</b>	<b>0.782769</b>	<b>0.805732</b>	<b>0.831508</b>	<b>0.866362</b>
Multi-residential	City of Markham	0.184850	0.197612	0.204311	0.211775	0.219600
	Region of York	0.371903	0.397157	0.406421	0.416733	0.434762
	School boards (Public and separate)	0.179000	0.188000	0.195000	0.203000	0.212000
		<b>0.735753</b>	<b>0.782769</b>	<b>0.805732</b>	<b>0.831508</b>	<b>0.866362</b>
Commercial - full rate	City of Markham	0.218366	0.220772	0.228257	0.236595	0.245340
	Region of York	0.439334	0.443704	0.454054	0.465575	0.485716
	School boards (Public and separate)	0.987908	1.008874	1.019142	1.055636	1.094012
		<b>1.645608</b>	<b>1.673350</b>	<b>1.701453</b>	<b>1.757806</b>	<b>1.825068</b>
Commercial - vacant units, excess land - percentage of full rate		70	70	70	70	70
Industrial - full rate	City of Markham	0.261912	0.259346	0.268138	0.277934	0.288210
	Region of York	0.526945	0.521229	0.533387	0.546921	0.570582
	School boards (Public and separate)	1.140000	1.180000	1.190000	1.220000	1.260000
		<b>1.928857</b>	<b>1.960575</b>	<b>1.991525</b>	<b>2.044855</b>	<b>2.118792</b>
Industrial - vacant units, excess land - percentage of full rate		65	65	65	65	65
<b>Taxes Levied</b>						
City of Markham		150,884	144,092	138,739	132,788	125,660
Region of York		296,293	281,721	268,907	252,977	242,463
School boards (Public and separate)		227,150	215,195	210,602	200,467	196,284
		<b>674,327</b>	<b>641,008</b>	<b>618,248</b>	<b>586,232</b>	<b>564,407</b>
<b>Total Tax Arrears (Taxes Receivable)</b>						
Per capita		72.73	77.72	82.56	85.40	91.41
Percentage of current levy		3.85%	4.29%	4.67%	4.98%	5.39%

Note: Average Residential Tax Bill for 2017 was based on Current Value Assessment 714,500

# Organizational Structure

(As of April 2018)



Markham's Executive Leadership Team: (sitting from left to right) Meg West, Trinela Cane, Biju Karumanchery and Brenda Librecz. (Standing, from left to right) Andy Taylor, Brian Lee and Catherine Conrad



Information available in  
several languages

**905.477.5530**

[customerservice@markham.ca](mailto:customerservice@markham.ca)

Information Markham en plusieurs langues

ਮਾਰਖਮ ਬਾਰੇ ਕਈ ਭਾਸ਼ਾਵਾਂ ਵਿੱਚ ਜਾਣਕਾਰੀ

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اطلاعات مارکھام بہ زبانہی مختلف

அநேக மொழிகளில் மார்க்கம் செய்தி

بہت ساری زبانوں میں مارکھم کی معلومات

Please contact: Mayor Frank Scarpitti

City of Markham, Anthony Roman Centre  
101 Town Centre Blvd., Markham, Ontario L3R 9W3

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