



2021 Annual Report

City of Markham, Ontario, Canada

December 31, 2021





Markham's 2020 Olympic athletes from left to right: Jayde Riviere, Zachary Gingras, Andre De Grasse, and Melissa Papaconstantinou.

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

- Customer Satisfaction
- Operational Excellence
- Staff Engagement
- Financial Performance

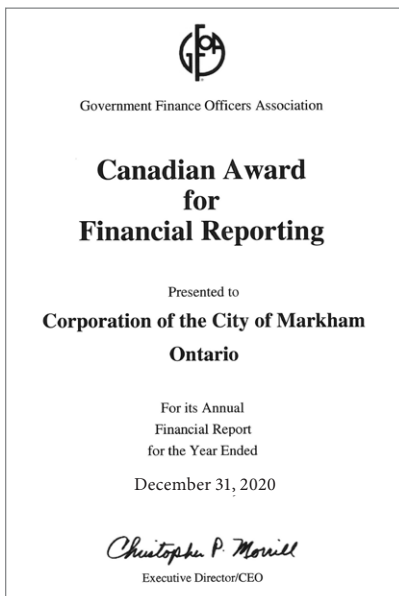
The Excellence journey is a long-term process that requires the commitment of all Markham staff to reach our destination and sustain our efforts.

The 2021 Annual Report was compiled by:

- Office of the Chief Administrative Officer
- Corporate Services Commission
- Community & Fire Services
- Development Services Commission



John Daniels Park lit with gold to celebrate Andre De Grasse's golden moment at the Tokyo 2020 Olympic Games.



General Committee

- Mayor **Frank Scarpitti**
- Deputy Mayor **Don Hamilton**
- Regional Councillor **Jack Heath**
- Regional Councillor **Joe Li**
- Regional Councillor **Jim Jones**
- Ward 1 Councillor **Keith Irish**
- Ward 2 Councillor **Alan Ho**
- Ward 3 Councillor **Reid McAlpine**
- Ward 4 Councillor **Karen Rea**
- Ward 5 Councillor **Andrew Keyes**
- Ward 6 Councillor **Amanda Collucci**
- Ward 7 Councillor **Khalid Usman**
- Ward 8 Councillor **Isa Lee**

Budget Committee

Budget Chair

Ward 6 Councillor **Amanda Collucci**

Budget Vice Chair

Ward 5 Councillor **Andrew Keyes**

Members

- Deputy Mayor **Don Hamilton**
- Ward 1 Councillor **Keith Irish**
- Ward 3 Councillor **Reid McAlpine**
- Ward 4 Councillor **Karen Rea**
- Ward 7 Councillor **Khalid Usman**

Introduction

We are pleased to present, on behalf of Markham Council and staff, the 2021 Annual Report for The Corporation of the City of Markham. This year's report is Markham's third digital-only Report and includes the City's Consolidated Financial Statements.

Markham's decision-making is guided by the recently approved Building Markham's Future Together: 2020-2023 Strategic Plan. 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, Thriving and Vibrant City; Safe, Sustainable and Complete 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

property 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 20 consecutive years. We thank everyone who contributed to our outstanding successes in 2021.



Frank Scarpitti
Mayor



Amanda Yeung Collucci
Budget Chair, Ward 6 Councillor



Andrew Keyes
Budget Vice Chair, Ward 5 Councillor



Markham City Council (2018-2022)



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Ward 8 Councillor Isa Lee
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Governance

Council

Markham City 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, and Regional Councillors are elected at large, while one Ward Councillor is elected for each of the eight wards in Markham. The Regional Councillor with the most votes becomes the Deputy Mayor.

Governed by the Municipal Act, 2001, 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.

Members of Council participate in Standing Committee and Council meetings remotely, or in person at the Council Chamber. Deputations can be submitted by email, or be made live by video or teleconference, or in person.

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 are live streamed. For audio links, meeting times and agendas, visit 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

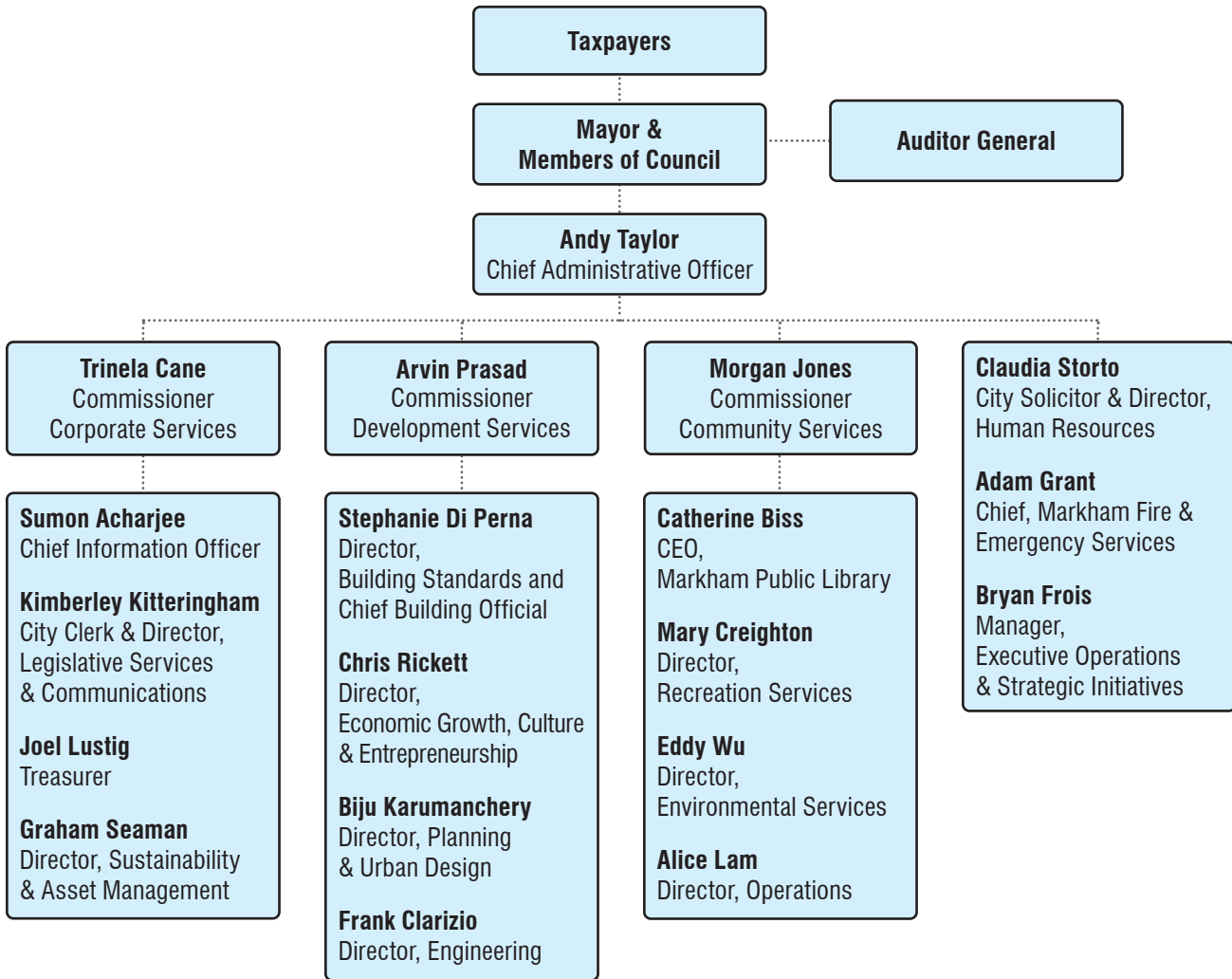
include *the Municipal Act, 2001*, and other Provincial legislation that include: "Accountability and Transparency" requirements; *the Public Sector and MPP Accountability and Transparency Act, 2014*; the Municipal Statute Law Act; and Markham's Accountability and Transparency Policy.

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 a contravention 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.
- The Ombudsman: The City of Markham uses the services of the Provincial Ombudsman. This ombudsman can look into a municipality's:
 - Decisions;
 - Recommendations;
 - Omitted acts

Organizational Structure (As of May 2022)



Markham's Executive Leadership Team at The Millennium Bandstand on Main Street Unionville (L to R): Adam Grant, Arvin Prasad, Trinela Cane, Andy Taylor, Claudia Storto, Bryan Frois and Morgan Jones.

Going for Gold



Frank Scarpitti
Mayor, City of Markham

The City of Markham is emerging from the pandemic with renewed energy. We are going for gold by investing in a safe and sustainable recovery, challenging the status quo, and delivering exceptional services.

In 2021, we celebrated the 50th anniversary of the City of Markham's incorporation, and 2022 marks our 10th as an official "city"... one that has modernized our Fire and Emergency Services through a dispatch agreement with the City of Barrie to enhance emergency call taking and shorten our response times. We are moving forward with innovative Canadian-made technology with Drago, a high-powered water cannon, and also a Made-in-Markham scalable live fire training centre using restored shipping containers. Over 10 years, taxpayers will save \$25M.

A road safety strategy for pedestrians and cyclists was paramount, so we earmarked \$1.8M to install new pedestrian and multi-use path

crossings, and traffic signals. Plans include new parks, nature trails, and five more outdoor ice rinks.

In line with our Net Zero Emissions goal, the City will use a \$5.25M Federal-Provincial grant to transform 64 of our busiest facilities into safer, healthier spaces. "Pandemic Mode" HVAC settings in community centres will filter and circulate fresh air indoors. Outdoors, Kirkham Community Garden gives residents a place to grow their own food.

Our new East Markham Operations Yard improves our Winter maintenance response, reduces our environmental footprint, increases productivity, and supports future needs of North and East Markham.

The Federal government's investment in the Yonge North Subway Extension will serve Markham and York Region as a catalyst for economic recovery, reduced commute times, and a sustainable transportation system.

As Ontario's first innovation cluster that connects knowledge and production sectors, Markham MiX will attract, connect and grow diverse and synergistic industries such as tech, automotive, energy, medical, and creative industries. MiX will be the living lab to develop Canadian IP and build physical products.

Our Diversity Action Plan: *Everyone Welcome* and *Anti-Black Racism strategy* reflect our role in a global narrative that encourages inclusivity, intersectionality, harmony and social cohesion.

East Markham Operations Yard officially opened Nov. 5, 2021, near the northwest corner of Ninth Line and Major Mackenzie Drive.





Markham 50 banners on Main Street Markham celebrated its 50th anniversary.

To combat our housing crisis, Markham adopted Housing Choices: Markham's Affordable and Rental Housing Strategy to increase the supply of affordable rental and ownership options and purpose-built rental units.

Markham's 2022 Budget maintains current service levels, invests in Council-approved priorities, and ensures adequate Life Cycle Reserve funds for the next 25 years. The City has the lowest average 17-year property tax rate increase in the GTA with this year's increase of 1.95%.

The City of Markham received many accolades in 2021 and early 2022. We were named one of Canada's Best Employers and top city in Canada (Forbes), ranked in the top six of 31 Ontario municipalities for our budget process (C.D. Howe Institute), achieved Platinum status

on the World Council on City Data, and accepted Government Finance Officers Association awards for budget presentation and financial reporting.

Team Markham trains hard for success like our hometown Summer Olympians and Paralympians – Andre De Grasse, Michelle Li, Gabrielle Smith, Andrew Coe, Jason Ho-Shue, Joshua Liendo, Jayde Riviere, Zachary Gingras, Andrea Nelson, and Marissa Papaconstantinou. We are committed to sustainability, reconciliation, diversity and inclusion, fiscal stewardship, and optimizing technology and innovation, and we always champion value for taxpayer dollars while building Markham's future together.

Frank Scarpitti



The City of Markham named Canada's Top City Employer by Forbes in 2021 and 2022.

The City's Budget Process

Fiscal prudence

Markham has remained financially prudent through diligent adherence to the following policies:

- Practice of not using one-time funding to balance the Operating Budget
- Prohibit the use of prior year surpluses to balance the Operating Budget
- Allocate additional funding to the Capital Budget Program

Budget framework

Council meets every four years to set the City's goals and priorities. For 2020, Council's strategic priorities address the initiatives defined in the 2020 - 2023 Council term that are detailed under section 2 - Corporate Strategic Plan:

1. Exception Services by Exceptional People
2. Engaged, Diverse, Thriving & Vibrant City
3. Safe, Sustainable and Complete Community
4. Stewardship of Money and Resources

The corporate goals combined with Council's strategic priorities lay the foundation to determine Markham's Business Plans (BP). The BP template is reviewed every Council term to ensure alignment to Council and the City's corporate goals. Combined, the BP forms the basis for the budget process, while the City's Budget provides a framework to put the BP into action.

Multi-year budgeting

Building Markham's Future Together four-year Strategic Plan is the foundation for the City's annual budget process. The strategic objectives and associated action plans listed under Markham's Strategic Plan are incorporated and considered during the development of every Budget the City produces.

In order to align appropriate funding plans with Council's long-term goals and objectives, the City transitioned to a multi-year budgeting process in 2014. Markham's multi-year budgeting Guideline & Instructions document outlines an extensive and comprehensive process to roll out a four-year budget that aligns with each new council term, with year one tabled for Council approval, accompanied by a three-year forecast for years two, three and four.

A rolling multi-year Budget supports the Strategic goal "Stewardship of Money and Resources" and allows the City to prioritize funds and resources for the current term. A multi-year budget process will assist in identifying future opportunities and challenges; therefore, the City can be more proactive in capitalizing on opportunities, and mitigating challenges. A better understanding of the financial implications of decisions is also highlighted by the multi-year forecasts.

A Budget Staff Committee, comprising of members from across the organization, with at least one representative from each Commission, develops the criteria and framework for the budgeting process. Committee members act as liaisons for their respective Commissions by facilitating the upstream and downstream flow of information including:

- Identifying Commission issues and opportunities
- Aligning Departmental Business Plans to Corporate Strategic Objectives
- Validating assumptions and ensuring cost drivers are consistently applied across the organization

Budget process

In July 2020, staff began working on the 2021 BP for each Business Unit. Each Business Unit filled out a BP that served as a single reference for identifying its Unit’s 2021 proposed objectives in alignment to the corporate goals and Council priorities. Within each BP, Business Units included a proposed 2021 Operating Budget and Capital Project Budget that form the Business Unit’s Budget.

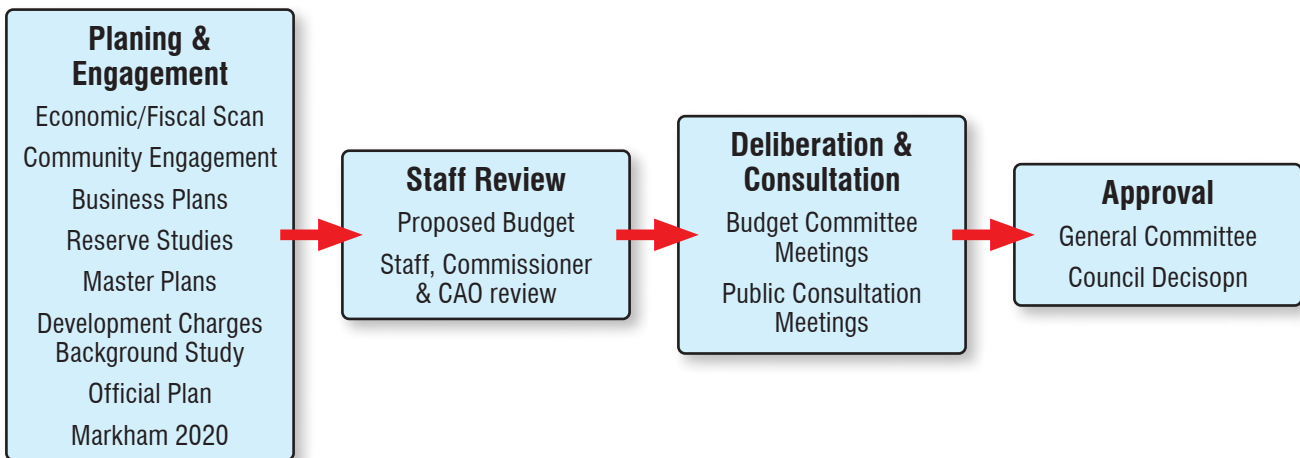
The Corporate Business Planning process establishes and reinforces the relationship between corporate goals and objectives with operational plans and resources. The City of Markham Business Plan identifies the “Stewardship of Money and Resources” as a key corporate goal with the accompanying goal statement:

“We demonstrate exceptional leadership using sound, transparent and responsible fiscal and resource management, and policy development to mitigate risks while enabling efficient and effective service delivery.”

Fiscally prudent policies combined with a rigorous budgetary process allow the City to deliver services efficiently and effectively to the community, while mitigating the need for significant tax rate increases.

A total of five Budget Committee meetings were held between in November and December 2020 to discuss, review and finalize the 2021 Operating and Capital Budget. One public consultation meeting was held on November 25, 2020 as an opportunity for residents, business and community leaders to obtain an overview of the City’s budget process and the 2021 proposed budget. Attendees were invited to inquire about the Budget and to provide feedback at these meetings.

On December 9, 2020, Council approved the 2021 Capital and Operating Budgets as well as the Planning & Design, Engineering, Building Standards and Waterworks Operating Budgets.



Reconciliation of City's budget to audited financial statements

The City's annual budget is prepared on a cash basis for the purpose of calculating the property tax levy whereas the audited financial statements are prepared on an accrual basis of accounting. The audited financial statements 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). There are certain budgeted revenues and expenses within the financial statements that need to be eliminated (such as transfers between funds, debt principal repayments, and dividend receipts) for financial reporting purposes. There are a few other non-budgeted adjustments included to help align with actual numbers. Some of these non-budgeted adjustments include BIA consolidations, amortization of capital assets and Reserve Fund interest. The chart below helps break down the reconciliation between the City's budget and the audited financial statements. Please refer to Notes 18 in the audited financial statements for budgets and actuals.

	Approved 2021 budget			Adjusted 2021 budget as per financial statements	Actual 2021 as per financial statements
	Operating	Capital	Adjustments		
	\$	\$	\$	\$	\$
Revenues					
Property taxes	168,629	-	-	168,629	168,375
User charges	205,803	-	-	205,803	201,156
Government transfers	1,935	15,986	-	17,921	27,348
Contributions from developers and others	-	4,869	-	4,869	366,328
Investment income	14,893	-	-	14,893	12,101
Tax penalties	4,276	-	-	4,276	6,414
Gain (loss) on sale of tangible capital assets	-	-	-	-	(1,622)
Deferred revenue earned	-	25,929	-	25,929	40,101
Equity in income of Markham Enterprises Corporation	10,300	-	-	10,300	20,121
Other	9,929	56,475	(60,076)	6,328	16,100
Total	415,765	103,259	(60,076)	458,948	856,422
Expenses					
General Government	47,095	4,138	(588)	50,646	48,676
Protection to Property	54,537	-	1,805	56,342	55,182
Transportation services	37,877	5,480	31,602	74,959	60,243
Environmental services	136,503	1,372	23,824	161,698	162,625
Recreation and cultural services	68,282	726	19,153	88,161	61,810
Planning and development services	14,092	6,683	0	20,775	13,328
Transfer to own funds	57,346	84,860	(142,206)	-	-
Other	34	-	-	34	22
	415,765	103,259	(66,410)	452,614	401,886
Net Surplus	-	-	6,334	6,334	454,536

2021 Financial Statements Review

The Corporation of the City of Markham is pleased to present the 2021 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), Destination Markham Corporation, as well as the City's wholly owned investment in Markham Enterprises Corporation (MEC), including MEC's shares in Alectra Inc. of 15.00 (2020 – 15.00) 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 2021 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 Subcommittee 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 27.6 per cent. The increase would have been paid out year after year by Markham taxpayers on a cumulative basis.

The E3 program has generated \$34.7 million of cumulative savings since 2009, through revenue enhancements and expenditure reductions

1. HIGHLIGHTS (All dollar amounts are in \$000)

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 \$454,536, an increase of \$388,362 from the surplus reported for 2020. As the 2021 budget projected a surplus of \$6,334, the actual surplus result represents a favourable difference of \$448,202 in comparison.

A key reason for the variances between budget and actual is that the City does not include, or cannot reasonably estimate, certain unknown and 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 and 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, and 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 2021 of \$366,328 vs. the budget of only \$4,869.

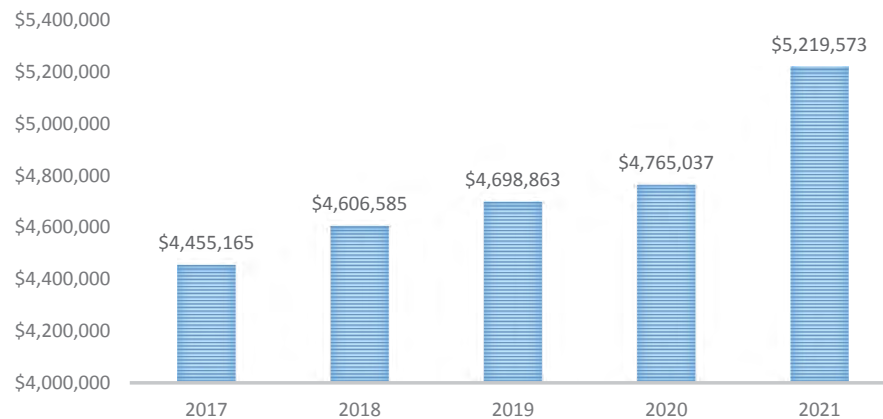
- Deferred Revenues Earned refers to monies that were received and set aside in prior years but used for their intended purpose (earned), within the current year. During the year \$40,101 was earned, having been used to construct assets such as the works yard, parks improvements, and various other infrastructure assets. 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 and expenses must be included in the calculation of the Annual Surplus. Although the budget for these projects is shown in the year in which it was 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 2021 Accumulated Surplus of \$5,219,573 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 continues to grow, and has increased by an average of \$196,065 per year over the past five years.

Accumulated Surplus



Markham's Accumulated Surplus has grown by 17.2% over the past five years, at an average of \$196,065 per year

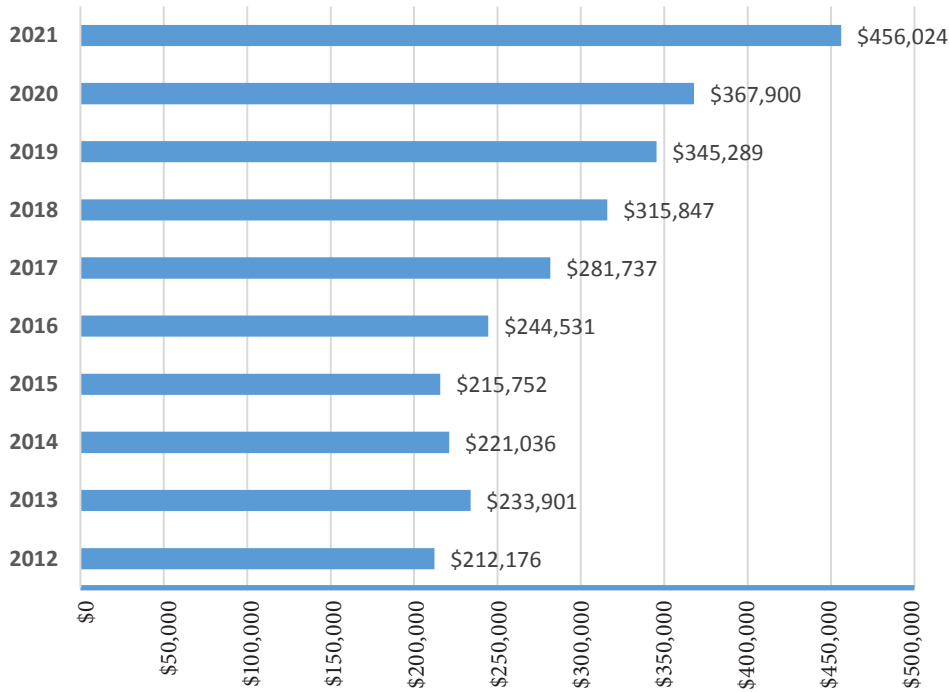
Reserves and Reserve Funds:

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 generally from the operating budget and the outflows are to fund capital projects and other initiatives approved by Council.

The Reserves and Reserve Funds totaled \$184,104 at the end of 2021 (\$456,024 excluding the Land Acquisition Reserve Fund). Markham's Reserves and Reserve Funds (excluding the Land Acquisition Reserve Fund) have seen an overall increase of 114.9 per cent from 2012 to 2021.

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



Reserves and Reserve Funds have increased by 114.9 per cent since 2012

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

A. Total Cash & Cash Equivalents	516.65
Reserves	242.54
Reserve Funds	(58.44)
Deferred Reserve Funds (DCs, Parkland cash-in-lieu, Gas Tax & Section 37 funds)	201.09
B. Total Reserves, Reserve Funds & Deferred Reserve Funds	385.19
A. Less B.	131.46

Reserves & Reserve Funds fully funded

Investment in 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 15 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 in income of MEC for the year (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.

	2021	2020	2019
Equity in MEC, January 1	384.98	381.48	380.31
Equity pick-up for the year	20.12	15.49	11.48
Increase / (Decrease) in share capital	(1.49)	(1.70)	(1.85)
Dividend paid by MEC to City	(8.79)	(10.28)	(8.46)
Equity in MEC, December 31	394.82	384.98	381.48

Investment in Markham Enterprises Corporation grew by 3.8 per cent over the last 3 years (55.7% in five years)

2. FINANCIAL STATEMENT DISCUSSION (All dollar amounts are in \$000)

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 \$1,008,399, an increase of \$155,080 (18.2 per cent) over 2020.

- Cash and investments increased by \$145,292 (39.1 per cent) over 2020. The increase in cash inflows was driven by a decrease in spending on operating and capital projects in 2021 compared to 2020 (\$85.30M), an increase in development charges collected (\$36.90M) and an increase in Canada Community Building Fund \$8.10M (formerly Gas Tax), Parkland Cash-in-lieu funds (\$7.10M) and an increase from COVID relief funding (\$9.80M). This was partially offset by a decrease in water sales (\$5.00M).
- Property Tax receivables are amounts owing from property owners as of December 31st, 2021, and include the City's portion, the Regional portion and the Provincial portion for education. Property taxes receivable decreased from \$37,506 to \$34,147 (\$3,359, 9.0%) due to an increase in the provision related to the potential of future tax appeals as a result of COVID (\$1.95M) and an increase in payments from 2020.
- Accounts receivable increased by \$3,314 (5.6 per cent) in 2021, due to an increase in receivables from the Region of York for shared projects.
- Investment in MEC increased by \$9,833 (2.6 per cent) in 2021. This increase 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 \$456,878, an increase of \$97,984 compared to 2020.

- The accounts payable and accrued liabilities were \$191,655, an increase of \$50,693 over 2020. The increase was mainly due to increases in the net amount owed to Region of York and School Boards for development charges (\$20.4M), developers for development charge credit liabilities (\$10.3M), Region of York for water purchases and shared capital projects (\$11.4M), vendors for construction projects and refundable deposits as a result of completion of capital works due to timing (\$11.3M). These were offset by reduction in payroll liabilities (\$0.90M).
- 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 totaled \$221,530, an increase of \$47,946 over 2020. Increases include \$36.90M in development charges collected, \$8.10M in Canada Community Building Fund (formerly Federal Gas Tax) and \$7.20M in Parkland Cash-in-Lieu funds from developers for capital projects. These were offset by a \$4.30M decrease in Section 37 funds and other external funding due to timing.
- Employee future benefits include liabilities that are based on actuarial valuations for vested sick leave benefits for fire fighters, long-term disability (LTD) benefits, Workplace Safety and Insurance Board (WSIB) obligations, and post-employment benefits. The City has set aside funds in specific purpose reserves and reserve funds for the financing of these anticipated future costs. These liabilities totaled \$34,433, an increase of \$128 over 2020.
- Long-term liabilities totaled \$9,260, a decrease of \$783 from 2020 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 determined by the gross cost of all assets, including in-year additions and adjustments, minus disposals and accumulated amortization.

Non-financial assets totaled \$4,668,052, an increase of \$397,440 over 2020. The change was almost entirely due to the addition of TCA, such as land, parks, pathways and various infrastructure assets.

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (Income Statement)

Revenues by Source

Total revenues in 2021 were \$856,422, an increase of \$381,663 from 2020.

In 2021, 20 per cent of total revenues came from property taxes. 2021 property tax revenues were \$1,362 higher than 2020 as a result of new growth/development in Markham.

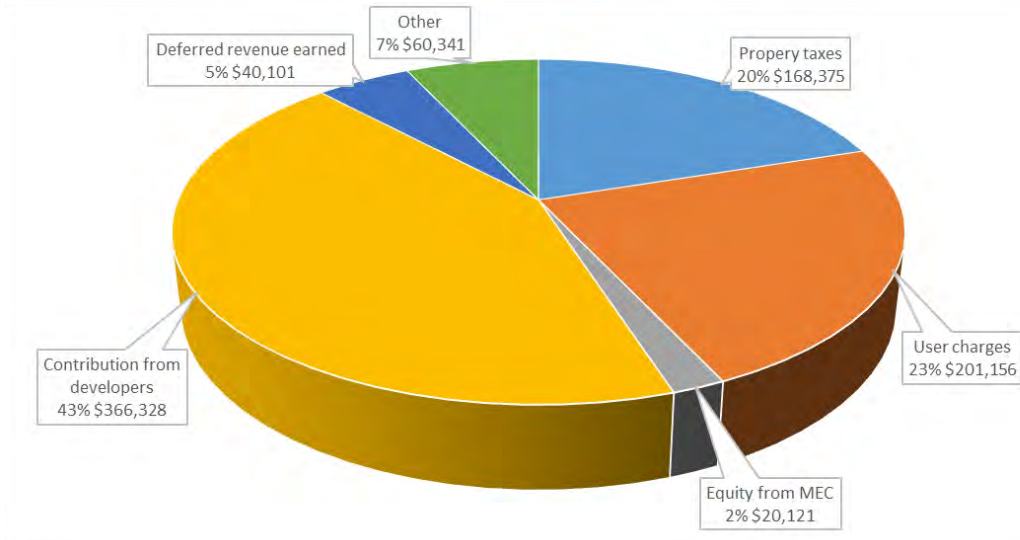
User Charges were \$201,156, 23 per cent of the total revenues in 2021. These include such things as planning and engineering fees, water and sewer billing, building permits and recreation and culture program registration and facility rental fees.

Contributions from developers totaled \$366,328, 43 per cent of 2021 revenues, as the City assumed ownership of land and other assets constructed in new development areas.

Deferred revenue earned (spent) totaled \$40,101 or 5 per cent of the 2021 revenues. Deferred revenue earned increased during 2021 when compared to 2020 mainly due to increase in capital spending in development charges, cash in lieu and section 37 funding.

Equity in income of MEC also represented 2 per cent of the total revenues in 2021. In 2021, the equity in income increased by \$4,635 due to Alectra's higher income.

2021 Revenues by Source – Total: \$856,422

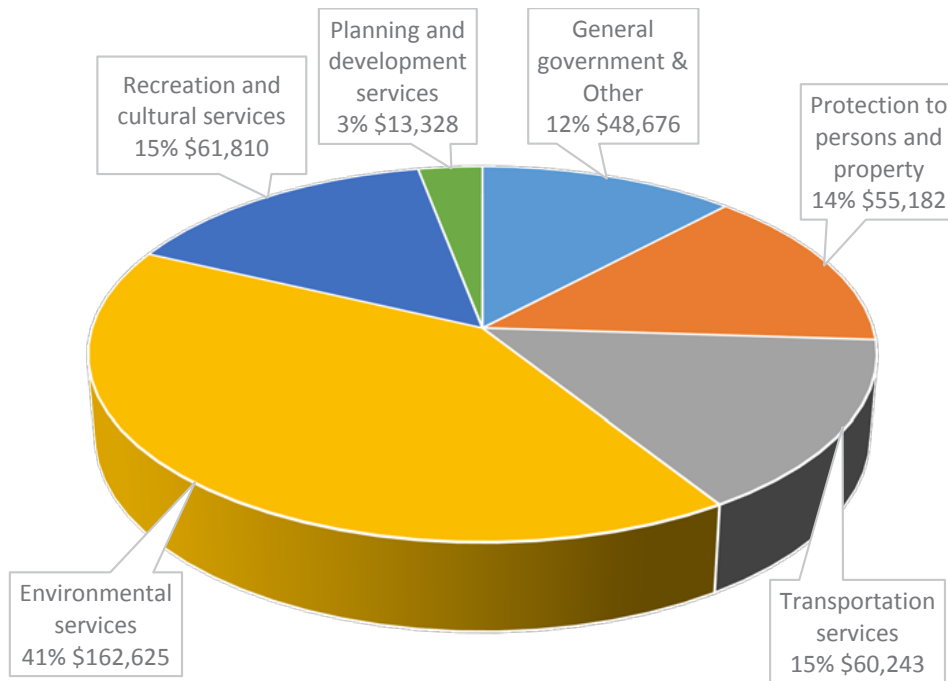


Expenses by Function

Total expenses in 2021 were \$401,886, a decrease of \$6,699 over 2020 due to contracted services and amortization. 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 \$454,536, an increase of \$388,362 from 2020.

2021 Expenses by Function – Total: \$401,886



REPORTING AND ACCOUNTABILITY

The role of the external auditor, KPMG LLP, is to present an independent opinion on the fair presentation of the City's financial position and operating results as contained in the Financial Statements, confirming that the statements are free from material misstatements. It is the responsibility of the auditor to advise management and Council of any control or operational issues that may be identified during their audit procedures.

For the past twenty 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.



Joel Lustig, CPA, CGA
Treasurer
April 26, 2022



The City of Markham received Government Finance Officers Association awards for budget presentation and financial reporting. Clockwise from top left: Corporate Services Commissioner Trinela Cane, CAO Andy Taylor, Mayor Frank Scarpitti, Budget Vice Chair, Ward 5 Councillor Andrew Keyes, Budget Chair, Ward 6 Councillor Amanda Yeung Collucci, and Treasurer Joel Lustig.

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.



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of Corporation of the City of Markham (the City), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2021, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 26, 2022

Consolidated Statement of Financial Position

December 31, 2021 with comparative figures for 2020
(All dollar amounts are in \$000)

	Note	2021	2020
FINANCIAL ASSETS			
Cash and investments	4	\$516,645	\$371,353
Property taxes receivable	5	34,147	37,506
Accounts receivable		62,791	59,477
Investment in Markham Enterprises Corporation	6	394,816	384,983
		\$1,008,399	\$853,319
FINANCIAL LIABILITIES			
Accounts payable and accrued liabilities	7	\$191,655	\$140,962
Deferred revenues	8	221,530	173,584
Employee future benefits liabilities	9	34,433	34,305
Long-term liabilities	10	9,260	10,043
		\$456,878	\$358,894
NET FINANCIAL ASSETS		\$551,521	\$494,425
NON-FINANCIAL ASSETS			
Tangible capital assets	11	\$4,662,186	\$4,265,760
Inventories		3,373	1,632
Prepaid expenses		2,493	3,220
		\$4,668,052	\$4,270,612
Commitments	15		
Contingencies	16		
Contractual rights	20		
ACCUMULATED SURPLUS		\$5,219,573	\$4,765,037

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

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2021 with comparative figures for 2020
(All dollar amounts are in \$000)

	Note	2021		2020
		Budget (note 18)	Actual	Actual
Revenues				
Property taxes		\$168,629	\$168,375	\$167,013
User charges	12	205,803	201,156	183,161
Government transfers	13	17,921	27,348	20,112
Contributions from developers and others		4,869	366,328	53,025
Investment income		14,893	12,101	14,201
Tax penalties		4,276	6,414	1,438
Gain (loss) on sale of tangible capital assets		-	(1,622)	(134)
Deferred revenue earned		25,929	40,101	14,365
Equity income from Markham Enterprises Corporation	6	10,300	20,121	15,486
Other		6,328	16,100	6,092
TOTAL REVENUES		\$458,948	\$856,422	474,759
Expenses				
General government		\$50,645	\$48,676	\$46,714
Protection to persons and property		56,342	55,182	51,704
Transportation services		74,959	60,243	64,260
Environmental services		161,698	162,625	159,650
Recreation and cultural services		88,161	61,810	73,195
Planning and development services		20,775	13,328	13,033
Other		34	22	29
TOTAL EXPENSES		\$452,614	\$401,886	\$408,585
ANNUAL SURPLUS		\$6,334	\$454,536	\$66,174
ACCUMULATED SURPLUS, BEGINNING OF YEAR		4,765,037	4,765,037	4,698,863
ACCUMULATED SURPLUS, END OF YEAR	14	\$4,771,371	\$5,219,573	\$4,765,037

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

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2021 with comparative figures for 2020
(All dollar amounts are in \$000)

	2021		2020
	Budget	Actual	Actual
Annual surplus	\$6,334	\$454,536	\$66,174
Acquisition of tangible capital assets	(121,658)	(479,258)	(127,641)
Amortization of tangible capital assets	80,117	80,114	79,258
Loss on disposal of tangible capital assets	-	1,622	134
Proceeds from disposal of tangible capital assets	-	1,096	338
	(\$35,207)	\$58,110	\$18,263
Acquisition of inventories	-	(3,287)	(1,546)
Acquisition prepaid expenses	-	(2,493)	(3,220)
Consumption of inventories	-	1,546	2,032
Use of prepaid expenses	-	3,220	2,021
Change in net financial assets	(\$35,207)	\$57,096	\$17,550
Net financial assets, beginning of year	494,425	494,425	476,875
Net financial assets, end of year	\$459,218	\$551,521	\$494,425

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

Consolidated Statement of Cash Flows

For the year ended December 31, 2021 with comparative figures for 2020
(All dollar amounts are in \$000)

	2021	2020
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus	\$454,536	\$66,174
Add (deduct) items not involving cash		
Amortization of tangible capital assets	80,114	79,258
Loss on disposal of tangible capital assets	1,622	134
Change in employee future benefits and other liabilities	128	2,202
Equity income from Markham Enterprises Corporation	(20,121)	(15,486)
Contributed tangible assets	(364,253)	(50,842)
Change in non-cash assets and liabilities		
Property taxes receivable	3,359	(10,853)
Accounts receivable	(3,314)	1,539
Accounts payable and accrued liabilities	50,693	(10,279)
Long term liabilities	(783)	(757)
Deferred revenue	47,946	30,981
Inventories	(1,741)	486
Prepaid expenses	727	(1,199)
Net change in cash from operating activities	\$248,913	\$91,358
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(115,005)	(76,799)
Proceeds from disposal of tangible capital assets	1,096	338
Net change in cash from capital activities	(\$113,909)	(\$76,461)
INVESTING ACTIVITIES		
Dividend from Markham Enterprises Corporation	8,794	10,280
Decrease in share capital of Markham Enterprises Corporation	1,494	1,700
Net change in cash from investing activities	\$10,288	\$11,980
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$145,292	\$26,877
OPENING CASH AND CASH EQUIVALENTS	371,353	344,476
CLOSING CASH AND CASH EQUIVALENTS	\$516,645	\$371,353
Supplementary information:		
Interest paid	334	360
Interest received	6,855	7,274

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

Notes to the Consolidated Financial Statements

Year ended December 31, 2021
(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). In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have resulted in a decline in revenues due to the cancellation of events and lockdown measures.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses. Significant accounting policies adopted by the City are as follows:

a) Basis of consolidation

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
- Destination Markham Corporation

Inter-entity transactions and balances are eliminated on consolidation.

b) 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.

c) 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.

d) 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".

e) 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.

f) Investments

Investments consist of bonds and debentures and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. If there is a loss of value that is other than a temporary decline in value, the respective investment will be written down to market value to recognize the loss in the consolidated statement of operations.

g) 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.

h) 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.

i) 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.

j) Employee Future Benefits

The City accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, which is accounted for as a defined contribution plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the 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 employee groups.

Unamortized actuarial gains or losses for event-triggered liabilities, such as those determined as claims related to Workplace 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.

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

k) 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.

l) 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.

m) 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 in number of years as follows:

Asset	Useful Life - Years
Buildings	40
Equipment	5 – 20
Furniture and fixtures	10 – 15
Infrastructure	10 – 100
Library materials, furniture and fixtures	7 – 10
Park and pathways	10 – 60
Vehicles	7 – 9
Waterworks equipment	9
Waterworks infrastructure	15 – 100

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.

(i) 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.

(ii) 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.

(iii) Interest Capitalization

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

n) Inventories

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost. Inventories of heritage land held for sale are recorded at lower of the cost or net realizable value.

o) 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.

p) Budget Figures

The approved operating and capital budgets for 2021 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 in Note 18.

q) Segment Disclosure

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 17.

r) Liability for Contaminated Sites

Contaminated sites are defined as sites that are contaminated as a 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.

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.

s) Future Accounting Pronouncements

These standards and amendments were not effective for the year ended December 31, 2020, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

Standards applicable for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end):

- (i) PS 1201, Financial Statement Presentation, was issued in June, 2011. This standard requires entities to present a new statement of remeasurement gains and losses separate from the statement of operations and accumulated surplus. This new standard includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted.

- (ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives.
- (iii) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.
- (iv) PS 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply.
- (v) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets either in productive use or no longer in productive use.

Standards applicable for fiscal years beginning on or after April 1, 2023 (the City's December 31, 2024 year-end):

- (vi) PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.
- (vii) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.
- (viii) Public Sector Guideline 8 Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction.

t) Contractual Rights and Obligations

Contractual rights reflect future rights to economic resources arising from contracts and/or agreements that will result in both an asset and revenue in future fiscal periods. Contractual rights for the year ended on December 31, 2021, are disclosed in note 20.

Contractual obligations represent obligations, which will result in liabilities upon the completion of agreed upon terms specified in contracts and/or agreements in future fiscal periods. For further details regarding the City's contractual obligations, including the nature, extent and timing of these types of transactions, please refer to note 15.

u) Contingent Assets and Liabilities

Contingent assets and contingent liabilities arise from circumstances when the City is uncertain whether it has an asset and/or liability on the date of the consolidated financial statements. The existence of the asset and/or liability is ultimately dependent upon the occurrence or nonoccurrence of a future event that is outside of the entity's control.

For the year ended December 31, 2021, the City is not aware of any contingent asset. However, disclosure regarding the City's contingent liabilities, including the nature, extent, and basis of estimates (if available), can be found in note 16.

v) Related Party Transaction

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties also include key management personnel, such as City Councillors, as well as their close family members.

PS 2200 - Related Party Disclosure, requires the City to disclose circumstances in which the entity enters into transactions with its related parties at a value different from that which would have been arrived at if the parties were unrelated (i.e. not at arm's length) and these transactions are considered to have a significant financial impact on the City's consolidated financial statements. In the event qualifying transactions are identified, the City would disclose the nature of relationships with all involved parties, type of related party transaction, and amounts recognized in the consolidated financial statements.

w) Reserve and Reserve Funds

Reserve funds are comprised of funds set aside for specific purposes. City Council has authorized the allocation of interest to reserve funds but not to reserves. There are two types of reserve funds:

- (i) Obligatory reserve funds are funds received and set aside for specific purposes by legislation or contractual agreements. These funds can only be used for prescribed purposes and are reported as deferred revenue on the consolidated statement of financial position.
- (ii) Council directed reserve funds are created by council for specific purposes through bylaw and are reported in the accumulated surplus balance on the consolidated statement of financial position.

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	2021	2020
Taxation	\$244,753	\$348,784	\$593,537	\$588,734
Payment in lieu of taxes	204	940	1,144	1,375
Supplementary taxes	1,427	2,100	3,527	4,117
Amount requisitioned and transferred	\$246,384	\$351,824	\$598,208	\$594,226

3. 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 \$23,576 (2020 - \$22,930) of which \$11,788 (2020 - \$11,465) represented the City's portion and \$11,788 (2020 - \$11,466) represented employees portion.

Since OMERS is a multi-employer pension plan, the City does not recognize any share of the pension plan deficit of \$3.1 billion as of 2021 (2020 - \$3.2 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

4. CASH AND INVESTMENTS

	2021	2020
Cash	\$293,320	\$177,336
Investments	223,325	194,017
	\$516,645	\$371,353

Cash balance includes investments in the amount of \$5,000 (2020 - \$16,000) which have a maturity date of less than three months. Investments consist of authorized investments pursuant to the provisions of the Municipal Act and include short-term instruments of various financial institutions, government bonds, and Treasury Bills. Investments, which are reported at cost for money market and face value for bonds, had a market value of \$258,738 (2020 - \$211,575) at the end of the year.

5. PROPERTY TAXES RECEIVABLE

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

	2021	2020
Current year	\$24,198	\$27,365
Arrears prior years	12,900	11,142
	37,098	38,507
Less: Allowance for uncollectible taxes	(2,951)	(1,001)
	\$34,147	\$37,506

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.

As a result of the global pandemic, the ARB (Assessment Review Board) tribunal has experienced delays in the amount of appeals being conducted and completed. In addition, the Government of Ontario announced the decision to postpone a province-wide property assessment update due to the pandemic. Property assessments for the 2022 and 2023 property tax years will continue to be based on January 1, 2016.

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. Long delays in updating assessments are known to create inequities in taxation and it is anticipated that there will be significant amount of assessment appeals launch by property owners, particularly in the business classes who have been impacted by the pandemic. This financial uncertainty continues to illustrate the requirement of a provision allowance of \$2,951 (2020 - \$1,001).

6. INVESTMENT IN MARKHAM ENTERPRISES CORPORATION

Markham Enterprises Corporation (MEC) is wholly owned by the City of Markham. MEC owns 100% of Markham District Energy Inc. (MDE) and 15.00% of Alectra Inc. (2020 – 15.00%).

The following consolidated financial statements of Markham Enterprises Corporation include the financial information of its subsidiaries Markham District Energy Inc. and Alectra Inc. for the period from January 1, 2021 to December 31, 2021.

	2021	2020
Assets		
Current	\$15,517	\$20,304
Capital	124,852	123,999
Investment in Alectra Inc.	311,807	307,066
Other	1,778	1,778
Total Assets	\$453,954	\$453,147
Liabilities		
Current	17,976	10,575
Other	41,162	53,939
Long Term	-	3,650
Total Liabilities	\$59,138	\$68,164
Shareholder's Equity		
Common shares	92,870	94,365
Promissory notes payable	79,184	79,184
Retained earnings and contributed Surplus	222,762	211,434
Total Shareholder's Equity	394,816	384,983
Total Liabilities and Shareholder's Equity	\$453,954	\$453,147
Results of Operations		
Revenues	\$44,263	\$39,310
Operating expenses	24,142	23,824
Net Income	20,121	15,486
Return of capital	(1,494)	(1,700)
Dividend	(8,794)	(10,280)
Net change in equity in Markham Enterprises Corporation	\$9,833	\$3,506
Opening shareholder's equity	\$384,983	\$381,477
Closing shareholder's equity	\$394,816	\$384,983

7. 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 year that require the City to pay for goods and services acquired or provided prior to year end. A breakdown of the accounts payable and accrued liabilities is as follows:

	2021	2020
Payable to other governments	\$104,914	\$63,481
Trade accounts payable	68,445	59,545
Accrued liabilities	15,061	13,779
Payroll liabilities	3,235	4,157
	\$191,655	\$140,962

8. DEFERRED REVENUE

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 revenue:

	Opening balance	Amounts received	Revenues earned	Closing balance
Obligatory reserve funds:				
Development charges	\$68,780	\$69,407	\$32,521	\$105,666
Parkland cash-in-lieu	58,479	8,773	1,524	65,728
Canada community building fund	14,562	20,692	12,548	22,706
Section 37 funds	7,466	52	527	6,991
Other	3	-	-	3
	\$149,290	\$98,924	\$47,120	\$201,094
General:				
Deferred revenue and deposits	24,294	17,028	20,886	20,436
	\$173,584	\$115,952	\$68,006	\$221,530

9. EMPLOYEE FUTURE BENEFITS LIABILITIES

	2021	2020
Long-term disability benefits	\$5,932	\$5,944
Post-employment benefits	12,951	12,997
Vested sick leave benefits	6,776	6,609
Workplace Safety & Insurance Board obligations	5,165	4,824
	\$30,824	\$30,374
Vacation pay - City	3,444	3,748
Vacation pay - Library	165	183
	\$34,433	\$34,305

a) Long-Term Disability Benefits (LTD)

The City provides long-term disability benefits to eligible employees. At the year end, the accrued liability of \$5,932 (2020 – \$5,944) 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 2020 and projected to December 2021.

b) Post-Employment Benefits

The City provides for post-employment benefits (extended health and dental benefits) to eligible retiring employees to age 65. The City recognizes these post-employment costs as they are earned during the employee's tenure of service. The benefit liability at December 31, 2021 is \$12,951 (2020 – \$12,997). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December 2018 and projected to December 2021.

c) 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 \$6,776 (2020 - \$6,609). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December 2018 and projected to December 2021.

d) Workplace Safety and Insurance Board (WSIB) Obligations

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 \$5,165 (2020 - \$4,824) and was determined by an actuarial valuation. A Workplace Safety and Insurance Reserve Fund, funded by annual contributions from the Operating Fund, has been established to protect against any unknown future liability. The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December 2019 and projected to December 2021.

Information about the City's self-insured, defined benefit plans is as follows:

	LTD benefits	Post- employment benefits	Vested sick- leave	WSIB obligations	2021	2020
Accrued benefit liability, beginning of year	\$5,944	\$12,997	\$6,609	\$4,824	\$30,374	\$29,004
Service cost	939	519	606	290	2,354	2,934
Interest cost	106	451	277	206	1,040	1,120
Benefit payments	(811)	(1,009)	(770)	(445)	(3,035)	(2,817)
Amortization of actuarial loss(gain)	(246)	(7)	54	290	91	133
Accrued benefit liability, end of year	\$5,932	\$12,951	\$6,776	\$5,165	\$30,824	\$30,374
Unamortized actuarial (gain) loss	(456)	(1,451)	348	847	(712)	(\$86)
Accrued benefit obligation, end of year	\$5,476	\$11,500	\$7,124	\$6,012	\$30,112	\$30,288

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-employment benefits	Vested sick-leave	WSIB
Expected inflation rate	N/A	2.00%	1.75%	1.75%
Expected level of salary increase	N/A	3.00%	2.75%	3.00%
Interest discount rate	2.00%	4.00%	4.00%	4.00%
Expected average remaining service life in years	N/A	13	13	12

10. LONG-TERM LIABILITIES

On July 1, 2010 and April 14, 2014, the City received a loan from Canada Mortgage Housing Corporation (CMHC) and 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 of \$12,000 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% owned subsidiary of MEC. The loan 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 loan of \$4,000 received on April 14, 2014 was used to fund the cost of Cornell Community Centre. The loan is to be amortized over a period of 20 years, at an interest rate of 2%. An annual payment to the Region of \$244 consists of principal and interest.

Principal payments are repayable annually as follows:

2022	\$811
2023	840
2024	870
2025	902
2026	934
2027 and thereafter	4,903
	\$9,260

11. TANGIBLE CAPITAL ASSETS

a) Assets under construction

Assets under construction having a value of \$36,873 (2020 - \$42,284) 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 \$364,253 (2020 - \$50,842) comprised of land in the amount of \$342,952 (2020 - \$37,239), roads infrastructure in the amount of \$15,273 (2020 - \$9,959) and water and wastewater infrastructure in the amount of \$6,028 (2020 - \$3,644).

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. Land is the only asset where nominal value were assigned.

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.

	Cost				Accumulated Amortization				Net Book Value	
	Jan. 1, 2021	Additions	Disposals & Adjustments	Dec. 31, 2021	Jan. 1, 2021	Depreciation expense	Disposals & Adjustments	Dec. 31, 2021	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020
Land	2,172,652	385,948	(2,718)	2,555,882	-	-	-	-	2,555,882	2,172,652
Buildings	423,123	13,459	-	436,582	146,304	10,398	-	156,702	279,880	276,819
Equipment	35,498	7,127	(2,725)	39,900	18,370	3,956	(2,725)	19,601	20,299	17,128
Furniture & fixtures	7,646	21	(43)	7,624	6,261	445	(43)	6,663	961	1,385
Infrastructure	1,509,907	44,693	(15,290)	1,539,310	547,107	38,739	(15,290)	570,556	968,754	962,800
Library materials, furniture & fixtures	19,510	1,632	(2,320)	18,822	11,569	2,272	(2,320)	11,521	7,301	7,941
Parks & Pathways	100,217	8,569	(2,601)	106,185	38,730	5,602	(2,601)	41,731	64,454	61,487
Vehicles	17,140	664	(934)	16,870	10,291	1,808	(934)	11,165	5,705	6,849
Waterworks equipment & infrastructure	1,090,574	22,556	(2,454)	1,110,676	374,159	16,894	(2,454)	388,599	722,077	716,415
Total	5,376,267	484,669	(29,085)	5,831,851	1,152,791	80,114	(26,367)	1,206,538	4,625,313	4,223,476
Assets under construction	42,284	(5,411)	-	36,873	-	-	-	-	36,873	42,284
Grand Total	5,418,551	479,258	(29,085)	5,868,724	1,152,791	80,114	(26,367)	1,206,538	4,662,186	4,265,760

12. USER CHARGES

Other user charges includes property tax administration fee, waterworks services and legal administration fees.

	2021	2020
Water and sewer billing to ratepayers	\$134,063	\$137,100
Engineering	19,545	10,182
Building permits	16,800	5,244
Planning	11,620	11,555
Landscaping	5,366	4,477
Other	4,720	3,619
Facility rentals	4,426	4,510
Parking violations	1,917	2,333
Licenses	1,575	1,360
Recreation programs	1,057	2,244
Culture venues	67	537
Total	\$201,156	\$183,161

13. 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:

	2021	2020
Provincial Grant:		
General government	\$11,970	\$6,958
Environmental services	1,863	1,603
Recreation and cultural services	452	359
Planning and development services	310	257
	\$14,595	\$9,177
Federal Grant:		
General government	12,554	10,787
Recreation and cultural services	199	148
	\$12,753	\$10,935
	\$27,348	\$20,112

14. ACCUMULATED SURPLUS

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

	2021	2020
City operating fund surplus including library, community boards, Destination Markham Corporation and business improvement areas	\$27,002	\$16,641
Less: transferred to reserve and reserve funds	(24,793)	-
	\$2,209	\$16,641
Equity in Markham Enterprises Corporation	394,816	384,983
Invested in tangible capital assets	4,662,186	4,265,760
Other	(23,742)	(27,192)
	\$5,035,469	\$4,640,192
RESERVES SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL		
Berczy landscape feature	203	203
Building fee	14,810	7,483
Capital gains	4,160	4,160
Corporate rate stabilization	31,122	23,280
COVID	11,449	-
Development fee	28,944	10,011
Election expenses	831	531
Election rebates	747	566
Facility ramp up	29,008	23,891
Firefighters sick leave benefits	6,776	6,776
Insurance	4,059	4,059
Long-term disability benefits	23,773	22,872
Waterworks	86,657	80,130
Total reserves	242,539	183,962
RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL		
Cemetary expenses	123	122
Emerald Ash Borer	192	192
Environmental land acquisition	11,236	10,713
Environmental sustainability fund	84	95
Heritage	513	339
Land acquisition	(271,920)	(243,055)
Library infrastructure	6,517	6,449
Life cycle replacement and capital	169,562	133,008
Museum	19	19
Non-DC growth	16,403	12,728
Post retirement benefits	14,912	14,757
Public art acquisition	5,036	4,018
Stormwater fee	(20,162)	(6,470)
Theatre	905	895
Trees for Tomorrow program	682	7
Workplace Safety & Insurance Board (WSIB)	5,370	5,314
WSIB excess compensation	2,093	1,752
Total reserves fund	(58,435)	(59,117)
Total	5,219,573	4,765,037

15. COMMITMENTS

As at December 31, 2021, the City is committed to minimum annual operating lease payments for premises and equipment as follows:

2022	\$82
2023	43
2024	43
2025	43
2026	43
2027 and thereafter	87
Total	\$341

16. CONTINGENCIES

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.

17. 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. Certain allocation methodologies are employed in the preparation of segmented financial information. User charges and other revenues are allocated to the segments based upon the segment that generated the revenue. Government transfers are allocated to the segment based upon the purpose for which the transfer was made. Deferred revenues earned and developer contributions are allocated to General Government.

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

a) 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.

b) 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.

c) 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.

d) 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.

e) 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.

f) 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.

g) 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	Others	2021	2020
Revenues									
Property taxes	168,375	-	-	-	-	-	-	168,375	\$167,013
User charges	4,253	18,227	22,300	135,285	4,106	16,985	-	201,157	183,161
Government transfers	24,524	-	-	1,863	651	310	-	27,348	20,112
Contribution from developers and others	366,328	-	-	-	-	-	-	366,328	53,025
Investment income	12,101	-	-	-	-	-	-	12,101	14,201
Tax penalties	6,414	-	-	-	-	-	-	6,414	1,438
Loss on sale of tangible assets	(1,622)	-	-	-	-	-	-	(1,622)	(134)
Deferred revenue earned	40,101	-	-	-	-	-	-	40,101	14,365
Equity income from Markham Enterprises Corporation	20,121	-	-	-	-	-	-	20,121	15,486
Others	13,554	371	581	1,020	493	78	3	16,100	6,092
Total	654,149	18,598	22,881	138,168	5,250	17,373	3	856,422	474,759
Expenses									
Salaries, Wages and employee benefits	24,888	47,606	15,215	9,030	26,376	7,756	-	130,871	134,247
Operating Materials and Supplies	11,730	4,256	3,713	1,282	7,810	618	22	29,431	28,778
Contracted Services	10,375	1,291	9,738	125,141	7,804	4,820	-	159,169	164,040
Rents and Financial Expenses	(2,069)	204	197	2,863	191	134	-	1,520	1,445
External Transfers to others	399	-	-	-	48	-	-	447	457
Long Term Debt Charges	334	-	-	-	-	-	-	334	360
Amortization of tangible capital assets	3,019	1,825	31,380	24,309	19,581	-	-	80,114	79,258
Total Expenses	48,676	55,182	60,243	162,625	61,810	13,328	22	401,886	408,585
Annual Surplus/(Deficit)	605,473	(36,584)	(37,362)	(24,457)	(56,560)	4,045	(19)	454,536	66,174

18. BUDGET FIGURES

The budget figures presented in these consolidated financial statements are based on the Council approved 2021 budget. The following table reconciles the approved budget figures as presented in these financial statements using the accrual basis of accounting.

	2021	2020
Revenues		
Approved operating budget	\$415,765	\$408,129
Approved capital budget	103,259	111,488
Transfer from reserve funds	(60,076)	(65,082)
Total revenues	\$458,948	\$454,535
Expenses		
Approved operating budget	415,765	408,129
Transfer to reserve funds	(62,008)	(53,191)
Expenses not capitalized	18,399	30,249
Post-employment benefit expenses	341	(53)
Amortization	80,117	79,630
Total expenses	452,614	464,764
Annual surplus/(deficit)	\$6,334	(\$10,229)

19. TRUST FUNDS

Trust funds administered by the City for the benefit of others amounting to \$2,445 (2020 - \$2,441) 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 details of trust funds administered by the City and their Financial Position and Statement of Financial Activities and Fund Balances are as follows:

a) 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. As at December 31, 2021 the balance was \$88 (2020 - \$86).

b) 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. As at December 31, 2021 the balance was \$1,299 (2020 - \$1,299).

c) 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. As at December 31, 2021 the balance was nil (2020 - \$nil).

d) Cemetery Trust Fund

The Cemetery Trust Fund was established under the Regulations of the Cemeteries Act to accumulate certain funds from the sale or transfer of an interment right to a purchaser in accordance with the Regulations. These funds are to be held in trust for the care and maintenance of the cemetery. Interest earned on amounts held by the Fund is used towards the maintenance, security and preservation of the cemetery, its grounds, buildings, equipment and markers in accordance with the Regulations. As at December 31, 2021 the balance was \$943 (2020 - \$943).

e) 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. As at December 31, 2021 the balance was \$11 (2020 - \$11).

f) 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. As at December 31, 2021 the balance was \$104 (2020 - \$102).

20. CONTRACTUAL RIGHTS

City revenues to be generated in the future, in relation to existing lease agreements are approximately \$30,535. The City has also entered into Provincial funding agreements, whereby the estimated future funding is \$21,320.

Year	Lease agreements	Provincial funding agreements
2022	3,676	10,433
2023	3,301	10,887
2024	3,278	-
2025	3,156	-
2026	3,130	-
2027 and thereafter	13,994	-
Total	30,535	21,320

Five-Year Review (Unaudited)

	2021	2020	2019	2018	2017
OPERATIONS					
Expenditures by Function					
General Government	\$48,676	\$46,714	\$44,799	\$52,289	\$56,278
Protection to persons and property	55,182	51,704	52,041	49,254	46,337
Transportation Services	60,243	64,260	75,509	61,103	57,624
Environmental Services	162,625	159,650	159,498	146,179	132,319
Recreation and Cultural Services	61,810	73,195	85,622	88,324	81,268
Planning and Development Services	13,328	13,033	10,986	12,803	11,944
Other	22	29	24	34	102
	\$401,886	\$408,585	\$428,479	\$409,986	\$385,872
Revenues by Source					
Taxation (includes supplementary & payments In lieu)	\$168,375	\$167,013	\$162,536	\$156,737	\$150,884
User Charges	201,156	183,161	189,080	192,852	168,205
Government Transfers	27,348	20,112	15,573	11,158	8,305
Contribution from developers	366,328	53,025	41,637	128,130	71,142
Investment income	12,101	14,201	14,824	15,726	20,519
Deferred revenue earned	40,101	14,365	65,543	20,543	48,690
Equity pick up in Markham Enterprises Corporation	20,121	15,486	11,476	21,327	116,806
Other revenue	20,892	7,396	20,088	14,933	17,238
	\$856,423	\$474,759	\$520,757	\$561,406	\$601,789
Accumulated Surplus					
Surplus for the year	\$454,536	\$66,174	\$92,278	\$151,420	\$215,917
Accumulated Surplus, beginning of Year	4,765,037	4,698,863	4,606,585	4,455,165	4,239,248
Accumulated Surplus, end of Year	\$5,219,573	\$4,765,037	\$4,698,863	\$4,606,585	\$4,455,165
RESERVES AND RESERVE FUNDS					
Reserves	\$242,539	\$183,962	\$183,962	\$167,585	\$144,495
Reserve Funds	(58,435)	(59,117)	(59,117)	(16,967)	(29,479)
	\$184,104	\$124,845	\$124,845	\$150,618	\$115,016

	2021	2020	2019	2018	2017
NET FINANCIAL ASSETS					
Financial Assets					
Cash and cash equivalents	\$516,645	\$371,353	\$344,476	\$389,141	\$302,196
Property taxes receivable	34,147	37,506	26,653	25,691	25,946
Accounts receivable	62,791	59,477	61,016	59,026	68,651
Investment in Markham Enterprises Corporation	394,816	384,983	381,477	380,312	362,159
Total Financial Assets	\$1,008,399	\$853,319	\$813,622	\$854,170	\$758,952
Financial Liabilities					
Accounts payable and accrued liabilities	\$191,655	\$140,962	\$151,241	\$148,524	\$142,726
Deferred revenue	221,530	173,584	142,603	172,847	126,276
Employee future benefits liabilities	34,433	34,305	32,103	31,649	30,953
Long term liabilities	9,260	10,043	10,800	11,530	12,236
Total Financial Liabilities	\$456,878	\$358,894	\$336,747	\$364,550	\$312,191
NET FINANCIAL ASSETS	\$551,521	\$494,425	\$476,875	\$489,620	\$446,761
NET LONG TERM DEBT					
Net long-term liabilities - City of Markham Purposes	9,260	10,043	10,800	10,800	12,236
Annual debt repayment limit prescribed by province	\$93,810	\$91,331	\$85,353	\$85,353	\$82,345
Per capita	\$0.27	\$0.25	\$0.24	\$0.24	\$0.23
Percentage of taxable assessment	0.0001%	0.0286%	0.0081%	0.0081%	0.0158%
Annual charges for net long-term liabilities					
Principal & Interest - City of Markham Purposes	\$1,130	\$1,130	\$1,130	\$1,130	\$1,130
As a percentage of Revenue	0.13%	0.24%	0.21%	0.20%	0.19%
Per Capita	\$0.003	\$0.003	\$0.003	\$0.003	\$0.003
CONSOLIDATED EXPENSES BY OBJECT					
Salaries, wages & employee benefits	\$130,871	\$130,871	\$143,121	\$148,082	\$141,062
Operating materials and supplies	29,431	29,431	39,863	33,206	32,350
Contracted services	159,169	159,169	164,549	149,221	136,694
Rents and financial expenses	1,854	1,854	2,351	2,718	2,516
External transfers to others	447	447	407	375	360
Amortization - tangible capital assets	80,114	80,114	78,188	76,384	72,890
Total expenditure by object	\$401,886	\$401,886	\$428,479	\$409,986	\$385,872

		2021	2020	2019	2018	2017
TAXABLE ASSESSMENT						
Residential, multi-residential and farm		90,321,301	89,144,793	81,616,967	\$71,361,563	\$66,142,589
Commercial - all classes		11,300,973	11,339,344	10,880,640	10,444,369	9,967,108
Industrial - all classes		1,431,201	1,413,400	1,390,877	1,327,924	1,245,457
Pipeline & managed Forests		95,885	95,621	92,640	2,266,896	72,371
		\$103,149,360	\$101,993,157	\$93,981,125	\$85,400,752	\$77,427,525
Commercial and Industrial as a percentage of taxable assessment		12.34%	12.50%	13.06%	13.78%	14.48%
PROPERTY TAXATION						
Tax Rates/Mill Rates (Note 1)		%	%	%	%	%
<i>Residential</i>	City of Markham	0.153483	0.153572	0.162273	0.173226	0.184850
	Region of York	0.326425	0.321619	0.336549	0.350606	0.371903
	School Boards (Public and Separate)	0.153000	0.153000	0.161000	0.170000	0.179000
		0.632908	0.628191	0.659822	0.693832	0.735753
<i>Multi-residential</i>	City of Markham	0.153483	0.153572	0.162273	0.173226	0.184850
	Region of York	0.326425	0.321619	0.336549	0.350606	0.371903
	School Boards (Public and Separate)	0.153000	0.153000	0.161000	0.170000	0.179000
		0.632908	0.628191	0.659822	0.693832	0.735753
<i>Commercial - full rate</i>	City of Markham	0.204455	0.204573	0.207612	0.213467	0.218366
	Region of York	0.434831	0.428429	0.430581	0.432052	0.439334
	School Boards (Public and Separate)	0.880000	0.896686	0.931834	0.966480	0.987908
		1.519286	1.529688	1.570027	1.611999	1.645608
Commercial - vacant units, excess land percentage of full rate		70	70	70	70	70
<i>Industrial - full rate</i>	City of Markham	0.252203	0.252350	0.254833	0.259372	0.261912
	Region of York	0.536382	0.528484	0.528517	0.524962	0.526945
	School Boards (Public and Separate)	0.880000	0.980000	1.030000	1.090000	1.140000
		1.668585	1.760834	1.813350	1.874334	1.928857
Industrial - vacant units, excess land - percentage of full rate		65	65	65	65	65
Taxes Levied						
City of Markham		\$168,375	\$167,013	\$162,536	\$156,737	\$150,884
Region of York		351,824	343,801	329,994	312,140	296,293
School Boards (Public and Separate)		246,384	250,425	245,656	238,168	227,150
		\$766,583	\$761,239	\$738,186	\$707,045	\$674,327
Taxes Collected						
Total Tax Arrears (Taxes Receivable)		\$34,147	\$37,506	\$26,653	\$25,590	\$25,946
Per capita		\$96.47	\$106.78	\$76.37	\$73.38	\$72.73
Population		353,982	351,251	349,007	347,103	343,422
Percentage of current levy		4.45%	4.93%	5.08%	3.62%	3.85%

Note: (1) Average Residential Tax Bill for 2019 was based on Current Value Assessment \$846,462.

TEN LARGEST CORPORATE PROPERTY TAXPAYERS

Owner		Assessment Value \$
1	Ontrea Inc.	471,550,000
2	Ruland Properties	308,908,000
3	IBM Canada Ltd.	305,032,000
4	Nearnsby Investments Inc	244,293,000
5	ACC Parkway Nominee Inc.	141,194,000
6	Wismer Markham (Commercial) Developments Inc	121,581,000
7	3500 Steeles Ave East Inc	102,538,000
8	Wahta Developments Inc	102,294,000
9	E Manson Investments Limited Zureit Holdings Limited	99,278,000
10	CVD Holdings Ltd	93,716,000
Top Ten - Assessment Total		1,990,384,000

Awards

Canadian Award for Financial Reporting

- Government Finance Officers Association (GFOA) Consecutively since 2001 Special Performance Measures Recognition

Distinguished Budget Presentation

- Government Finance Officers Association (GFOA)

Budgeting and Financial Reporting

- “A-” rating for comprehensive, clear and timely budget
C.D. Howe Institute

Recreation Services Community Hub Partnerships

- Association of Municipalities of Ontario – Peter J. Marshall Innovation Award

City of Markham Sustainability

- Canadian Association of Municipal Administrators – 2021 CAMA Environment Award
- Bicycle Friendly Community Silver Award (Share the Road Cycling Coalition)

AI Pothole Detection

- Ontario Good Roads Association – John Niedra Better Practices Competition and Award

Smart City

- IDC 2021 Smart Cities North America Awards Finalist – Connected & Autonomous Vehicles, Public Transit, Ride-Hailing/Ride-Sharing (*Automated Deficiency Reporting on Roads using AI on Municipal Vehicles*)
- World Council on City Data – ISO 37120 Platinum Certification
- Smart21 Communities of 2021, Intelligent Community Forum

Municipal

- Municipal World Innovation Award 2021 – Honourable Mention

Varley Art Gallery

- Galleries Ontario Galleries, 2021 Awards - Exhibition of the Year Budget under \$10,000

City of Markham

- Forbes – Canada’s Best Employers
- OVATION Award of Excellence – Government Communications Programs (*Protect Your Pipes! F.O.G. Clogs Campaign*)
- OVATION Award of Merit – Audio/Visual (*Protect Your Pipes! F.O.G. Clogs Videos*)
- Silver Leaf Award of Merit – Government Communication Programs (*Protect Your Pipes! F.O.G. Clogs Campaign*)
- IABC 2021 OVATION Award of Excellence – Audio/Visual (*Markham facilities reopen during COVID-19 Video*)
- IABC 2021 Silver Leaf Award of Excellence – Audio/Visual (*Markham facilities reopen during COVID-19 Video*)



Our Mission Statement

Working with the community to provide high-quality municipal services that meet, if not exceed, the expectations of residents and businesses.

Our Vision

Markham, the leading Canadian municipality – embracing technological innovation, celebrating diversity, characterized by vibrant and healthy communities – preserving the past and building for the future.

Our Values

- Cooperation and teamwork
- Focus on continuous improvement
- Respect for the individual
- Process-driven and prevention-based strategic planning
- Primary focus on the customer
- Responsibility to society
- Leadership through involvement
- Factual approach to decision-making
- People encouraged to make a contribution



Markham Civic Centre and reflection pond.

Mayor Frank Scarpitti

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