



2023 Annual Report

City of Markham, Ontario, Canada

For the year ended December 31, 2023





Land Acknowledgement

We acknowledge the traditional territories of Indigenous peoples and their commitment to stewardship of the land. We acknowledge the communities in circle. The North, West, South and Eastern directions, and Haudenosaunee, Huron-Wendat, Anishnabeg, Seneca, Chippewa, and the Mississaugas of the Credit peoples. We share the responsibility with the caretakers of this land to ensure the dish is never empty and to restore relationships that are based on peace, friendship, and trust. We are committed to reconciliation, partnership and enhanced understanding.

On the front cover: Residents enjoying Canada Day fireworks at Markham Centre (top); Markham Civic Centre and reflection pond (centre); Public Art installation at Aaniin Community Centre (bottom left); Markham Pan Am centre at dusk (bottom right).

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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 2023 Annual Report was compiled by:

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

Mayor's Message



Frank Scarpitti
Mayor, City of Markham

Growth, prosperity and sound and open fiscal management are all vital components of a strong and vibrant City of Markham. We are constantly striving to ensure we, as a community, do our part for what is best for our community.

When it comes to financial accountability and transparency, Markham is recognized by C.D. Howe Institute as the highest ranked municipality in Ontario and among the top five in Canada, scoring an impressive A- rating.

Markham is a beacon of good planning and urban design. We issued building permits with a construction value of \$1.69B, 28% more than the 10-year average.

We are committed to continued progress with our Flood Control Program infrastructure upgrades in the areas of West Thornhill, Markham Village and the Don Mills Channel.

We've worked to enhance protection measures for the City's infrastructure by updating Sewer Use by-laws when it comes to how fat, oil and grease products are discarded.

In 2023, Markham's Textile Recycling Program collected a staggering 3.8M, and we achieved a gross curbside residential waste diversion rate of 80%.

The Mighty Green Bin was also launched for those households which generate high volumes of organic waste.

Markham has a new tool to help assess pavement conditions on our roads. We are piloting new artificial intelligence (AI) software, CityROVER – Pulse for Pavement technology from Visual Defence. After the success of AI software for pothole detection, we're confident this program along with existing tools, will ensure the City of Markham's Road Rehabilitation Program remains one of the best of its kind in Ontario.

We completed \$5M dollars in safety and accessibility retrofits to our 60 largest facilities, supported by federal and provincial grant funding. Approximately 4,000 touchless devices were installed including automatic door openers, faucets, toilets and hand dryers.

Green spaces are such an important part of our community, and the City of Markham is now developing its first Urban Forestry Management Plan. This comprehensive long-range plan will point the way for how to best manage all City-owned trees that are jewels in our city. No leaf on any City tree will go unturned whether it's along a street, in a park or valley, at a City facility, or in one of our many woodlots, the Plan will enhance and enrich the environmental, social, health, safety and economic benefits provided by the Urban Forest.

We completed the Markham Centre Trails Master Plan study which includes a network of roughly eight kilometres in length from Apple

Creek Boulevard to Main Street Unionville. We also completed a major East-West cycling link with the John Street Multi-Use Pathway: John Street from Leslie Street to Woodbine Avenue and Esna Park Drive from Woodbine Avenue to Rodick Road. Construction is also underway on the Highway 404 Mid-Block Crossing North of 16th Avenue with completion expected in 2026.

The City of Markham completed five new parks totalling nearly 13 acres of new public parkland which includes Barney Danson Park, York Downs Park, Dalton Rumney Park, Wardenview Park and Cornell Park Phase II.

Markham implemented the City's first off-leash dog area pop-up pilot program for eight sites, one site per ward. The pilot program serves the short-term need for additional fenced off-leash dog areas across the city while we undertake an Off-Leash Dog Area Policy and Implementation Plan. Eight of the sites were constructed in the Summer of 2023.

The Markham Public Library (MPL) launched a renewed Black Heritage Collection to enrich and strengthen the community through awareness of the heritage and literature of Black Canadians. MPL is the only public library in York Region which has a dedicated Black Heritage Collection.

As Canada's most diverse municipality we are always looking for insightful, impactful ways to elevate voices in our community. In close consultation with the Black community of Markham, we have listened and updated MPL's



Markham Council members on stage during the Little Native Hockey League Opening Day Festival and Ceremony at Markham Civic Centre on March 10, 2024.

collection with more than 1,200 items focusing on and celebrating not only the Black Canadian experience, but the full diaspora.

MPL also advanced economic development at the grassroots level through affordable business, entrepreneurship and job-skill initiatives and programs delivered by community partners. MPL also launched JobNow, offering free live online sessions with career coaches who provide career-related advice, support and feedback in job searches, resume-editing and interviews.

The Markham Pan-Am Centre hosted the World Cup for Artistic Swimming followed by two more Artistic National Swimming events. Markham was also awarded the 50th anniversary Little Native Hockey League Tournament, Cultural Festival and Gala Celebration.

We launched Xplor Recreation, the Facility Booking and Program Registration System that vastly improved our customers' experience.

We are working hard; Markham is working hard to provide the best, to be the best. The achievement of that goal takes vision and hard work. We can point to the work that's been done and be rightfully proud while knowing we are always moving forward, always doing what is necessary, always building toward a great future.

I want to thank the community partners, the businesses and of course the people of Markham who have contributed to our success.

Introduction

We are pleased to present, on behalf of Markham Council and staff, the 2023 Annual Report for The Corporation of the City of Markham. This year's report is Markham's fifth digital-only Report and includes the City's Consolidated Financial Statements.

Markham's decision-making is guided by *Building Markham's Future Together: 2020-2026 Strategic Plan and*, 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.

Markham continues to be recognized as a municipal leader and has received the Government Finance Officers Association Award for its annual reports consecutively since 2001. Thank you to everyone who contributed to our outstanding successes in 2023.

Frank Scarpitti
Mayor

Andrew Keyes
2023 Budget Chair,
Ward 5 Councillor

Isa Lee
2023 Budget Vice Chair,
Ward 8 Councillor



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

Corporation of the City of Markham
Ontario

For its Annual
Financial Report
for the Year Ended

December 31, 2022

Executive Director/CEO

General Committee

Mayor **Frank Scarpitti**
Deputy Mayor **Michael Chan**
Regional Councillor **Jim Jones**
Regional Councillor **Joe Li**
Regional Councillor **Alan Ho**
Ward 1 Councillor **Keith Irish**
Ward 2 Councillor **Ritch Lau**
Ward 3 Councillor **Reid McAlpine**
Ward 4 Councillor **Karen Rea**
Ward 5 Councillor **Andrew Keyes**
Ward 6 Councillor **Amanda Yeung Collucci**
Ward 7 Councillor **Juanita Nathan**
Ward 8 Councillor **Isa Lee**

Budget Committee

2023 Budget Chair
Ward 5 Councillor **Andrew Keyes**
2023 Budget Vice Chair
Ward 8 Councillor **Isa Lee**
Members
Mayor **Frank Scarpitti**
Deputy Mayor **Michael Chan**
Regional Councillor **Jim Jones**
Regional Councillor **Joe Li**
Regional Councillor **Alan Ho**
Ward 1 Councillor **Keith Irish**
Ward 2 Councillor **Ritch Lau**
Ward 3 Councillor **Reid McAlpine**
Ward 4 Councillor **Karen Rea**
Ward 6 Councillor **Amanda Yeung Collucci**
Ward 7 Councillor **Juanita Nathan**

Markham City Council (2022-2026)



(Front Row L to R:) Ward 8 Councillor **Isa Lee**, Ward 6 Councillor **Amanda Yeung Collucci**,
Ward 4 Councillor **Karen Rea**, Ward 7 Councillor **Juanita Nathan**

(Middle Row L to R:) Regional Councillor **Alan Ho**, Deputy Mayor **Michael Chan**,
Mayor **Frank Scarpitti**, Regional Councillor **Jim Jones**, Regional Councillor **Joe Li**

(Back Row L to R:) Ward 1 Councillor **Keith Irish**, Ward 3 Councillor **Reid McAlpine**,
Ward 5 Councillor **Andrew Keyes**, Ward 2 Councillor **Ritch Lau**

Governance

Markham City Council

Council is comprised of the Mayor, four Regional Councillors and eight Ward Councillors. It is responsible for governing the City of Markham. Members of Council are democratically elected to serve a four-year term. The Mayor and Regional Councillors are elected through a City-wide voting process, while each of the eight wards in Markham elects one Ward Councillor. The individual who secures the highest number of votes among the Regional Councillors assumes the role of Deputy Mayor.

Council exercises its authority by enacting resolutions and passing by-laws. Members of Council act as representatives of the public, taking into account the well-being and interests of the community. They establish the strategic priorities for Markham, make decisions about the services provided by the City and ensure their efficient delivery within budgetary constraints. Additionally, they uphold the implementation of administrative and controllership policies, practices and procedures.

The Mayor serves as the Chair of Council and holds the position of Markham's Chief Executive Officer. In this capacity, the Mayor provides leadership to Council, advocates for the City, fosters public engagement in municipal activities, represents the City to its stakeholders and drives initiatives that enhance the economic, social and environmental well-being of Markham. Members of Council actively participate in Standing Committee and Council meetings, attending either in person at the Council Chamber or remotely. Individuals have the option to make a deputation to Council or Committee via email, in-person, or through platforms such as Zoom and by telephone.

Chief Administrative Officer

The Chief Administrative Officer (CAO) holds the responsibility of supervising the operating departments of the City and ensuring the implementation of suitable administrative practices and procedures to execute the decisions made by Markham City Council. Additionally, the CAO provides guidance to the Mayor and Members of Council regarding policy matters concerning the civic administration of the City of Markham.

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 composed of residents and one or more Council Members, also report to Council through 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's Contact Centre provide additional avenues for stakeholders to provide input and feedback.

Governance Framework

Markham Councillors are subject to Provincial legislation as well as the City's own policies. This includes the *Municipal Act, 2001*, and *Municipal Conflict of Interest Act* and Markham's *Accountability and Transparency Policy*.

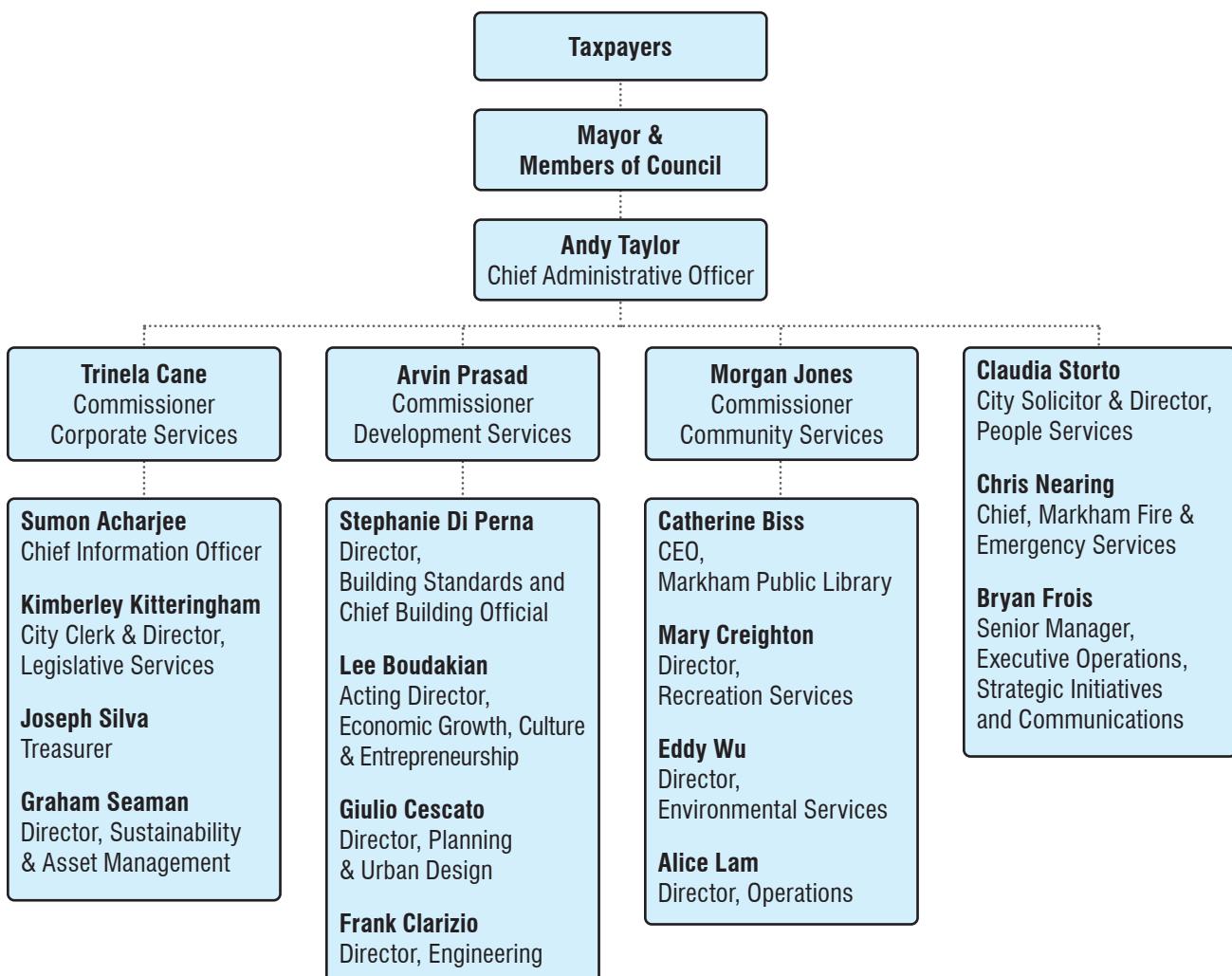
Accountability and Transparency

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.

In addition to the above, the City of Markham uses the services of the Provincial Ombudsman. The Ombudsman investigates and resolves complaints from the public about the administrative conduct of municipalities.

Organizational Structure



Markham's Executive Leadership Team in front of Pingle House.
From left to right: Arvin Prasad, Morgan Jones, Claudia Storto, Andy Taylor, Trinela Cane and Bryan Frois.

The City's Budget Process

Fiscal prudence

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

- Prohibit the use of 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 (Life Cycle Reserve)

Budget framework

Council meets every four years to set the City's goals and priorities. For 2023, Council's strategic priorities address the initiatives defined in the 2022 - 2026 Council term that are detailed in Corporate Strategic Plan.

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 financial planning

The City's Strategic Plan, Building Markham's Future Together, 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 funding plans with Council's long-term goals and objectives, the City undertakes multi-year planning to support its annual budget process. As part of multi-year planning, the City undertakes a rolling 25-year asset lifecycle study to inform the capital budget. The study updates the City's lifecycle reserve model, incorporating such elements as revised economic assumptions, updated pricing using latest contract awards, and values of assets acquired during the year. To inform the operating budget, the City tracks and considers future cost drivers, such as, for example, multi-year impacts of service contracts and cost of living adjustments from minimum wage changes and labour settlements.

This multi-year planning approach supports the Strategic Plan goal "Stewardship of Money and Resources" and allows the City to prudently manage funds and resources, balancing current priorities with longer-term considerations. This assists 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 taking a longer-term view.

For Budget 2023, a Staff Budget Committee, comprising of members from across the organization, with at least one representative from each Commission, developed the criteria and framework for the budgeting process. Committee members acted as liaisons for their respective Commissions by facilitating the upstream and downstream flow of information including:

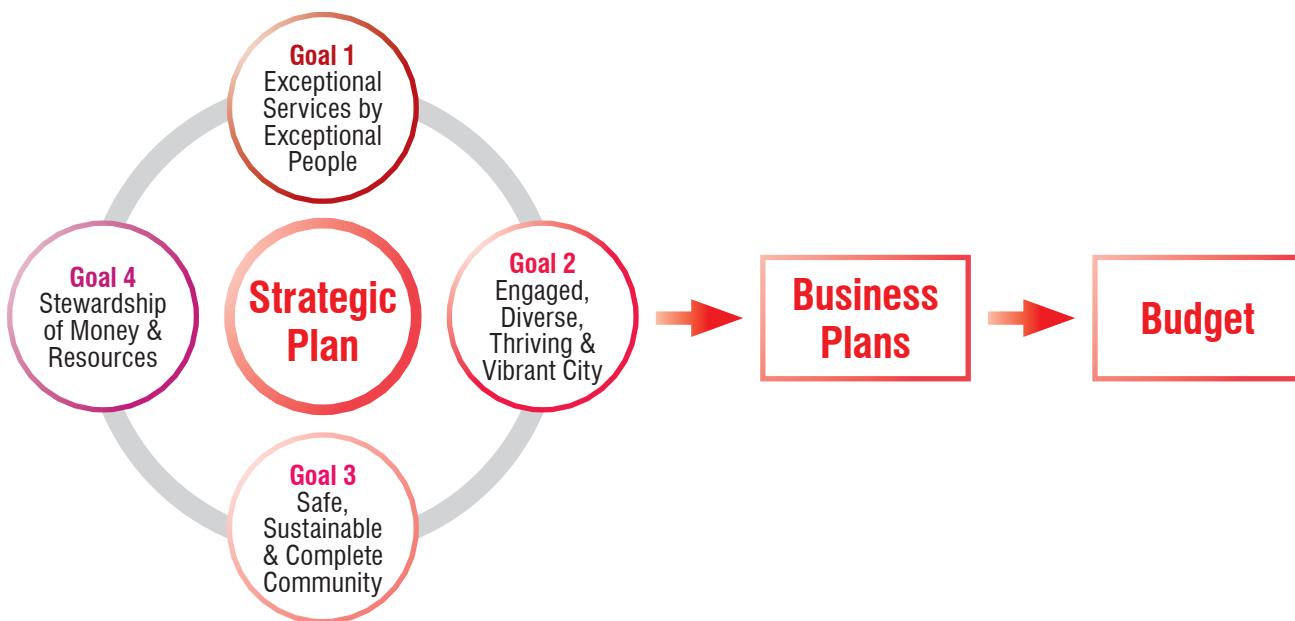
- Identifying Commission issues and opportunities
- Aligning Departmental Business Plans to Corporate strategic objectives
- Validating assumptions and ensuring cost drivers are consistently applied across the organization

Budget process

The 2023 budget was developed in accordance with budget guidelines. The process was initiated with a fiscal scan that identified economic pressures. Based on this and other factors, a preliminary budget was developed. Early in the process, priorities were set, aligning the City's corporate goals to departmental budget requests. These requests were submitted to Senior Staff for review and subsequently presented to the Budget Committee.

Building Markham's Future Together 2020-2026 (BMFT), the City's Strategic Plan, is the blueprint for Council and Senior Management to make informed and strategic decisions about the City's future to ensure its success.

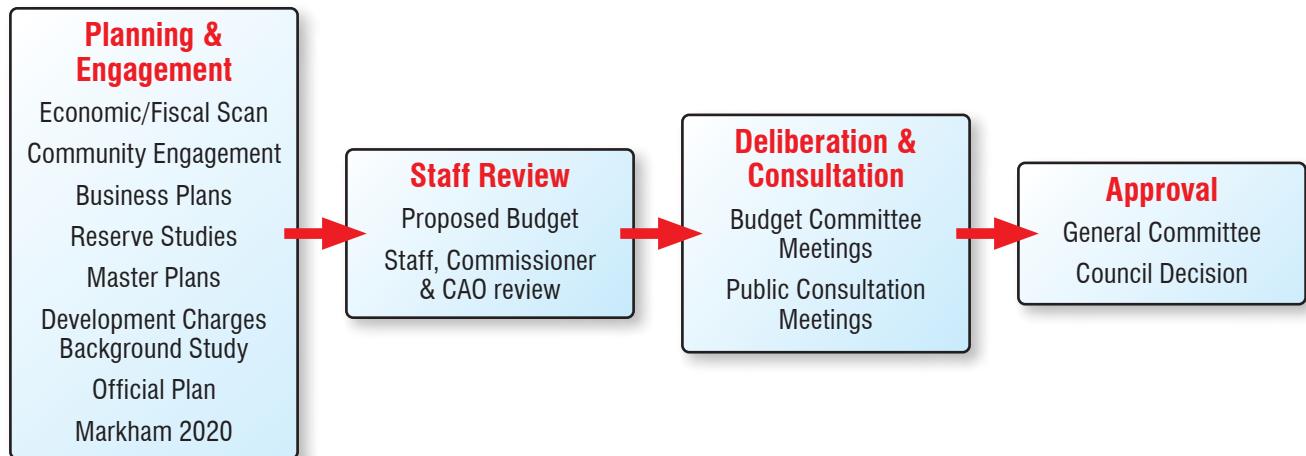
In the plan, there are four strategic goals, and the goals directly relate to all projects undertaken by staff. The annual budget is an action item under Stewardship of Money and Resources. The strategic plan guides the business planning process which takes place at the beginning of each year when departments develop their business plans. The business plans then form the basis for the budget.



Due to the municipal election in Fall 2022, Budget Committee meetings were held between January and April 2023. All meetings were open to the public in-person as well as via live video-streaming through Markham's portal. A public consultation meeting was held on March 9, 2023, to obtain feedback and views from residents about the proposed budget.

The Budget Committee, supported by Senior Staff, actively encourages input from stakeholders to ensure taxpayers are receiving value for money. Every year, the budget process includes a robust communication plan to reach out to the residents for their input. Members of the public were able to make deputations prior to the meeting.

Through Council's direction and support, Staff were directed to identify efficiencies and mitigating strategies to deliver a fiscally responsible budget that would provide strategic investments in the community, while continuing to deliver excellent services.



Like all municipalities, Council and Staff are challenged with the delivery of a balanced budget that meets residents' expectations and incorporates the lowest property tax rate increases, while addressing budgetary requirements. The new Bill 23, More Homes Built Faster Act adds increased pressures and uncertainties, including significantly constraining revenue that municipalities currently use to fund growth infrastructure.

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."

On April 5, 2023, Council approved the Capital and Primary Operating Budgets as well as the Planning & Design, Engineering, Building Standards, and Waterworks Operating Budgets for 2023. The 2023 Budget aligns with the Council approved strategic priorities which address social, economic and environmental considerations. The Budget includes service level enhancements while providing Markham residents value for their tax dollars, and it achieves fiscal sustainability to balance the Budget, including a draw from the Corporate Rate Stabilization Reserve in the amount of \$2.37M.

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 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 Note 21 in the audited financial statements for budgets and actuals.

Financial Information

	Approved budget			Adjusted budget as per financial statements	Actual 2023 as per financial statements
	Operating	Capital	Adjustments		
	\$	\$	\$	\$	\$
Revenues					
Property taxes	180,298	-	-	180,298	184,417
User charges	217,286	-	-	217,286	219,083
Government transfers	2,120	23,976	-	26,096	21,567
Contributions from developers and others	-	21,663	-	21,663	230,273
Investment income	18,372	-	-	18,372	27,615
Tax penalties	4,776	-	-	4,776	6,300
Gain (loss) on sale of tangible capital assets	-	-	-	-	267
Deferred revenue earned	-	98,511	-	98,511	32,433
Equity income from Markham Enterprises Corporation	14,821	-	-	14,821	25,441
Other	7,042	118,495	(118,495)	7,042	21,324
	444,715	262,645	(118,495)	588,865	768,720
Expenses					
General government	54,012	44,561	(26,700)	71,873	66,710
Protection to persons and property	59,180	2,498	(122)	61,556	59,569
Transportation services	42,505	23,924	10,757	77,186	71,952
Environmental services	141,822	67,438	(34,108)	175,152	170,987
Recreation and cultural services	72,456	54,031	(22,326)	104,161	98,028
Planning and development services	16,132	70,193	(59,509)	26,816	17,312
Transfer to own funds	58,573	-	(58,573)	-	-
Other	35	-	(2)	33	30
	444,715	262,645	(190,583)	516,777	484,588
Net Surplus	-	-	72,088	72,088	284,132

2023 FINANCIAL STATEMENTS REVIEW

The Corporation of the City of Markham is pleased to present the 2023 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 (2022 – 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 2023 financial results continue to demonstrate Markham's strong leadership and excellence in financial planning and fiscal prudence.

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

The Budget Committee consists of Members of Council supported by senior staff. The Committee encourages input and feedback from stakeholders and uses a management-by-facts approach to ensure taxpayers are receiving value for their property tax dollars. Budget guidelines and priorities are set early in the process and budget requests are submitted to the Commissioners and CAO for rigorous review. This process results in a budget recommendation for the Budget Sub-Committee and Council.

The City continues to strive for its financial performance and strategies to address growth and increased demand for services through *Excellence through Efficiency & Effectiveness* (E3) initiatives. Without E3 there would have been a need for a property tax increase of approximately 28.12 per cent. The increase would have been paid out year after year by Markham taxpayers on a cumulative basis.

The E3 program has generated \$35.6 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 \$284,132, an increase of \$43,639 from the surplus reported for 2022. As the 2023 budget projected a surplus of \$72,088, the actual surplus result represents a favourable difference of \$212,044 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 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 2023 of \$230,273 vs. the budget of only \$21,663.

- 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 \$32,433 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 2023 Accumulated Surplus of \$5,726,679 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 \$227,523 per year over the past five years.



**Markham's Accumulated Surplus has grown by 21.9% over the past five years,
at an average of \$227,523 per year**

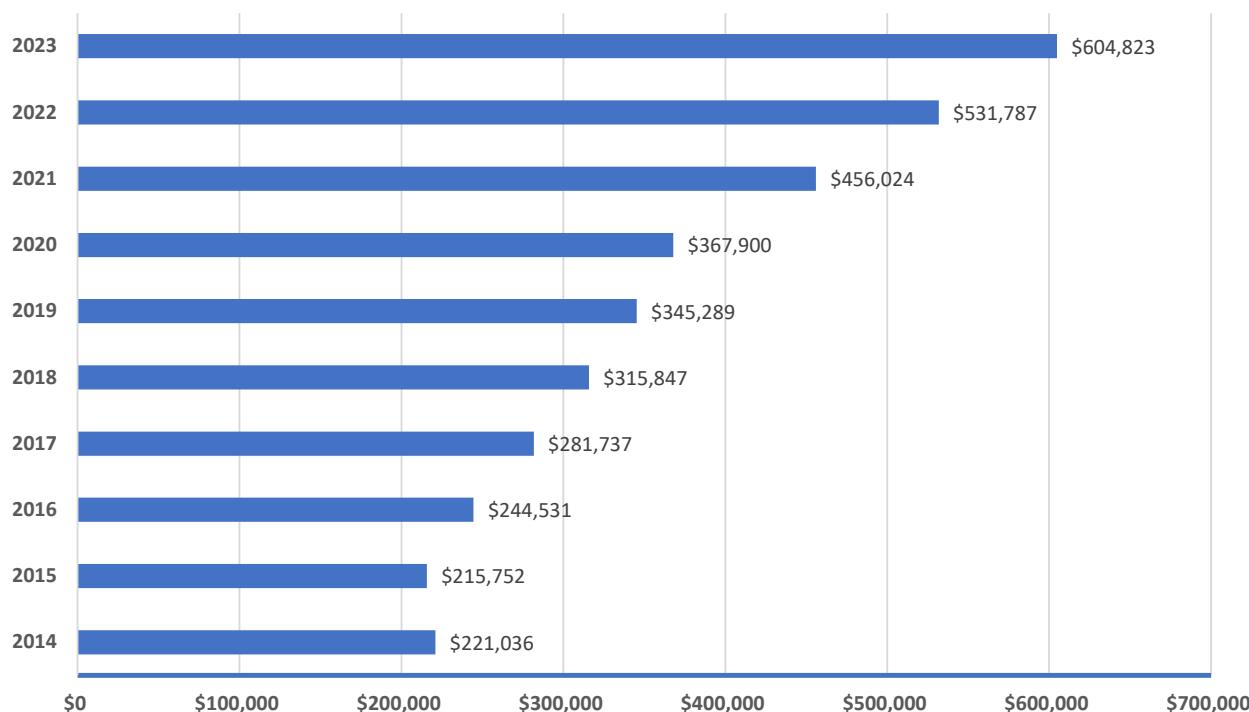
Reserves and Reserve Funds:

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 \$245,267 at the end of 2023 (\$604,823 excluding the Land Acquisition Reserve Fund). Markham's Reserves and Reserve Funds (excluding the Land Acquisition Reserve Fund) have seen an overall increase of 173.6 per cent from 2014 to 2023.

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 173.6 per cent since 2014

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.

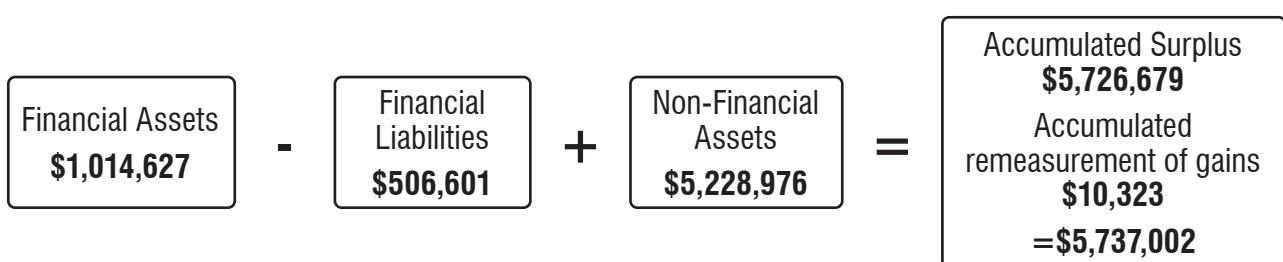
	2023	2022	Incr. / (Decr.)
Equity in MEC, January 1, 2023	\$398,438	\$394,816	3,622
Equity in income for the year	25,291	12,086	13,205
Decrease in share capital	(962)	(1,048)	86
Dividend paid by MEC to City	(14,821)	(7,416)	(7,405)
Equity in MEC, December 31, 2023	\$407,946	\$398,438	9,508

**Investment in Markham Enterprises Corporation
grew by 6.0 per cent over the last 3 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 \$1,014,627, an increase of \$77,838 (8.3 per cent) over 2022.

- Cash & cash equivalent and investments increased in 2023 from \$415,527 to \$480,266 (\$64,739, 15.6%). The increase in cash inflows was driven by an increase in spending on operating and capital projects in 2023 compared to 2022 (\$36,062), an increase in investments due to the adoption of PS 3450 Financial Instruments – remeasurement of gains on principal protected notes and share of other comprehensive income of (\$10,323), an increase in other revenues & deposits (\$10,256) and an increase in Development Charges, Parkland Cash-in-lieu funds & Section 37 funds (\$10,106). The average rate of return on investments in the general portfolio in 2023 was 6.2% (2022 – 4.3%).

- Property taxes receivable increased from \$34,792 to \$43,530 (\$8,738, 25.1%) due to an increase in property tax levies for new properties levied towards the end of year with a due date in the subsequent year.
- Accounts receivable decreased from \$88,032 to \$82,885 (\$5,147, 5.8%) in 2023 mainly due to a decrease in receivables from the Region of York and School Boards for tax adjustments and a decrease in receivables for cash-in-lieu.
- Investment in MEC increased by \$9,508 (2.4%) in 2023. This increase in investment includes the 2023 equity in income of \$25,291. This was offset by a dividend payment of \$14,821 and a reduction in share capital of \$962. 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 \$506,601, an increase of \$111,323 compared to 2022.

- Accounts payable and accrued liabilities increased in 2023 from \$157,165 to \$160,936 (\$3,771, 2.4%) mainly due to an increase in amounts payable to vendors for construction projects (\$5,509) due to timing, an increase in payables to the Region of York for property tax levies (\$5,806), offset by a decrease in developer credit liabilities (\$5,848) and payables to the Region of York and School Boards for development charges (\$2,788).
- Liability for asset retirement obligations increased by \$1,316 from \$18,255 as opening asset retirement liability (due to retroactive implementation of PS 3450 Asset Retirement Obligation) to \$19,571 in 2023.
- Notes payable increased by \$94,000 in 2023 due to timing of payables to vendors for the acquisition of real property. The above amount was paid to the vendor in January 2024 as per the terms of the contractual obligations.
- 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 \$181,222, an increase of \$10,106 over 2022. The increase was mainly due to higher Development Charges, Parkland Cash-in-Lieu funds & other external funds for capital projects (\$12,602) due to timing offset by higher usage of Canada Community Building Fund (\$2,496).
- 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 \$43,264, an increase of \$2,970 or 7.4% over 2022 which included an increase as per actuarial valuations for the current year end for post-employment and sick leave benefits.
- Long-term liabilities totaled \$7,608, a decrease of \$840 from 2022 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 \$5,228,976, an increase of \$327,940 over 2022. The change was almost entirely due to the addition of TCA, such as land, parks, pathways and various infrastructure assets offset by decrease in salt & sand inventory and prepaid expenses.

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (Income Statement)

Annual Surplus

$$\begin{array}{ccc} \boxed{\text{Revenues}} & - & \boxed{\text{Expenses}} \\ \$768,720 & & \$484,588 \end{array} = \boxed{\text{Annual Surplus}} \\ \$284,132$$

Revenues by Source

Total revenues in 2023 were \$768,720, an increase of \$71,225 from 2022. The year-over-year increase in revenues was driven by an increase in contribution from developers (\$144,232), equity income from MEC (\$13,355), property tax levies (\$9,440) and Investment income (\$8,704) offset by decreases in deferred revenues earned (-\$100,869).

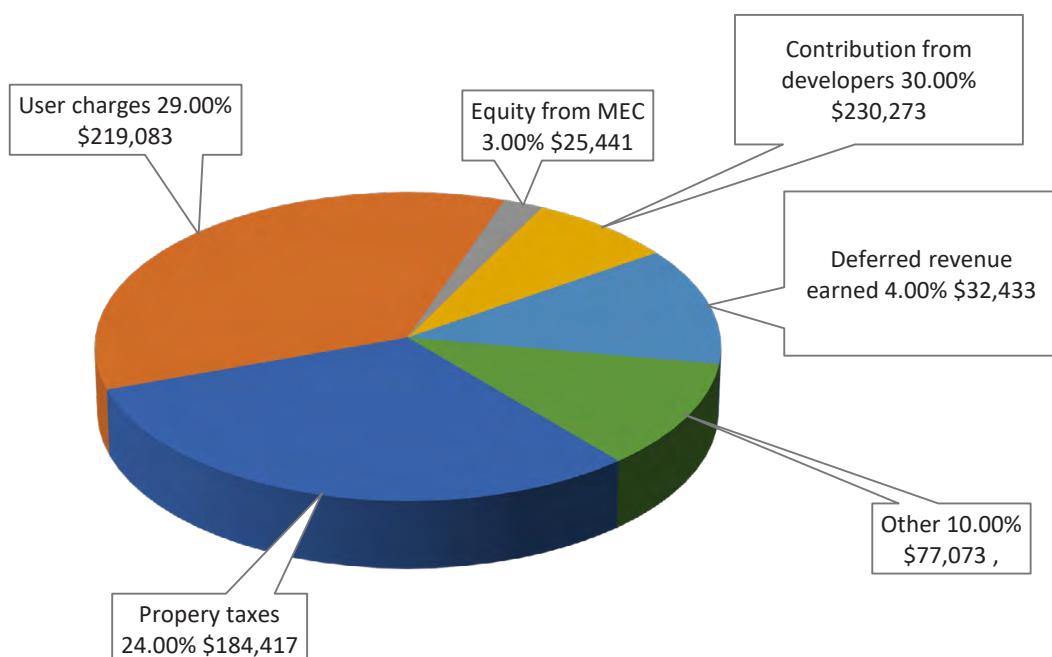
User Charges were \$219,083, 29 per cent of the total revenues in 2023. These include planning and engineering fees, water and sewer billing, building permits and recreation and culture program registration and facility rental fees.

Contributions from developers totaled \$230,273, 30 per cent of 2023 revenues, as the City assumed ownership of land and other assets constructed in new development areas.

Deferred revenue earned (spent) totaled \$32,433 or 4 per cent of the 2023 revenues. Deferred revenue earned decreased during 2023 when compared to 2022 mainly due to decrease in capital spending in development charges, cash in lieu and section 37 funding.

Equity income of MEC also represented 3 per cent of the total revenues in 2023. In 2023, the equity income increased by \$13,355 due to Alectra's higher income.

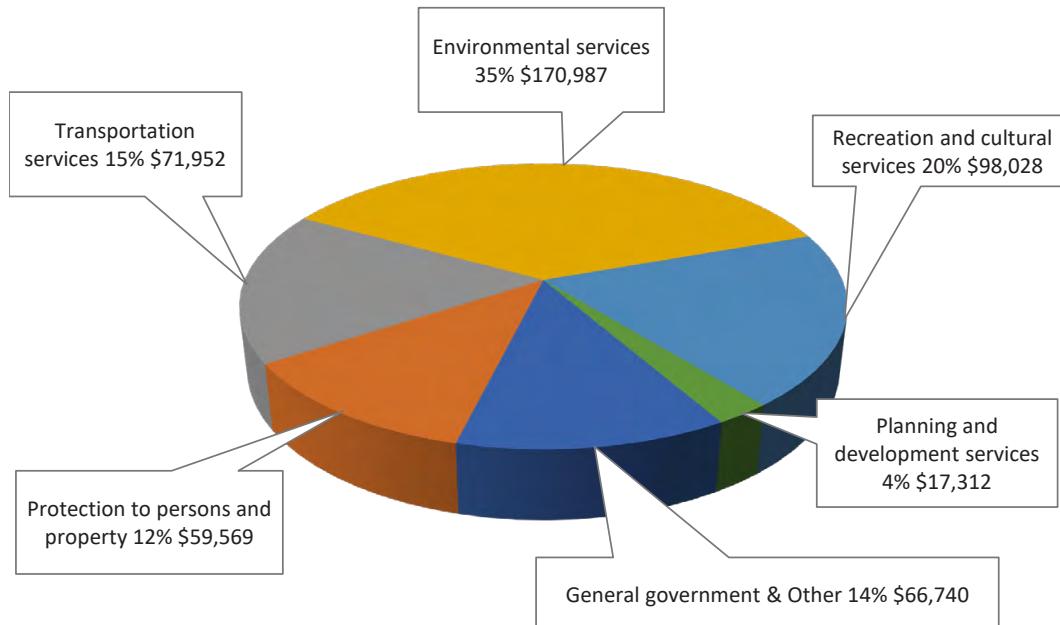
2023 Revenues by Source – Total: \$768,720



Expenses by Function

Total expenses in 2023 were \$484,588, an increase of \$27,586 over 2022 due to higher salaries, wages and benefits, operating material & supplies and contracted services. 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.

2023 Expenses by Function – Total: \$484,588



- The Annual Surplus for the year (total revenues less total expenses) was \$284,132, an increase of \$43,639 from 2022.

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-two 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.

Joseph Silva
Treasurer
April 17, 2024

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.



KPMG LLP

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INDEPENDENT AUDITOR'S 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 The Corporation of the City of Markham (the City), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of remeasurement of gains and losses 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, 2023, and its consolidated results of operations, its consolidated change in net financial assets, its consolidated remeasurement of gains and losses 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

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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Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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.

Auditor's 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 auditor's 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.



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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 auditor's 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 auditor's 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.



A handwritten signature in black ink that reads "KPMG LLP". Below the signature is a long, thin, horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 17, 2024

Consolidated Statement of Financial Position

December 31, 2023 with comparative figures for 2022
 (All dollar amounts are in \$000's)

	Note	2023	2022 (Restated - note 2)
FINANCIAL ASSETS			
Cash and cash equivalents	5	\$214,766	\$152,635
Investments	5	265,500	262,892
Property taxes receivable	6	43,530	34,792
Accounts receivable		82,885	88,032
Investment in Markham Enterprises Corporation	7	407,946	398,438
		\$1,014,627	\$936,789
FINANCIAL LIABILITIES			
Accounts payable and accrued liabilities	8	\$160,936	\$157,165
Liability for asset retirement obligation	9	19,571	18,255
Notes payable	10	94,000	-
Deferred revenues	11	181,222	171,116
Employee future benefits liabilities	12	43,264	40,294
Long-term liabilities	13	7,608	8,448
		\$506,601	\$395,278
NET FINANCIAL ASSETS		\$508,026	\$541,511
NON-FINANCIAL ASSETS			
Tangible capital assets	14	\$5,221,595	4,892,710
Inventories		3,588	3,757
Prepaid expenses		3,793	4,569
		\$5,228,976	4,901,036
Commitments	18		
Contingencies	19		
Contractual rights	23		
ACCUMULATED SURPLUS	17	5,726,679	5,442,547
ACCUMULATED REMEASUREMENT OF GAINS (LOSSES)		10,323	-
		\$5,737,002	\$5,442,547

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

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2023 with comparative figures for 2022
 (All dollar amounts are in \$000's)

		2023	2022
	Note	Budget (note 21)	Actual (Restated - note 2)
Revenues			
Property taxes		\$180,298	\$184,417
User charges	15	217,286	219,083
Government transfers	16	26,096	21,567
Contributions from developers and others		21,663	230,273
Investment income		18,372	27,615
Tax penalties		4,776	6,300
Gain (loss) on sale of tangible capital assets		-	267
Deferred revenue earned		98,511	32,433
Equity income from Markham Enterprises Corporation	7	14,821	25,441
Other		7,042	21,324
TOTAL REVENUES		\$588,865	\$768,720
Expenses			
General government		71,873	\$66,710
Protection to persons and property		61,556	59,569
Transportation services		77,186	71,952
Environmental services		175,152	170,987
Recreation and cultural services		104,161	98,028
Planning and development services		26,816	17,312
Other		33	30
TOTAL EXPENSES		516,777	\$484,588
ANNUAL SURPLUS		\$72,088	\$284,132
ACCUMULATED SURPLUS, BEGINNING OF YEAR		5,442,547	5,442,547
ACCUMULATED SURPLUS, END OF YEAR	17	\$5,514,635	\$5,726,679
ACCUMULATED SURPLUS, END OF YEAR	17	\$5,514,635	\$5,442,547

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, 2023 with comparative figures for 2022
 (All dollar amounts are in \$000's)

		2023	2022
	Note	Budget	Actual
			(Restated - note 2)
Annual surplus		\$72,088	\$284,132
Acquisition of tangible capital assets		(312,875)	(181,417)
Contributed tangible capital assets	14		(230,273)
Amortization of tangible capital assets		83,836	84,121
Asset retirement obligation incurred in year	9	-	(1,316)
Gains on disposal of tangible capital assets		-	(267)
Proceeds from disposal of tangible capital assets		-	267
		(\$156,951)	(\$44,753)
Acquisition of inventories		-	(3,588)
Acquisition prepaid expenses		-	(3,793)
Consumption of inventories		-	3,757
Use of prepaid expenses		-	4,569
Change in net financial assets excluding net remeasurement gains		(\$156,951)	(\$43,808)
Net remeasurement of gains for the year		-	10,323
Net change in net financial assets		(156,951)	(33,485)
Net financial assets, beginning of year		541,511	541,511
Net financial assets, end of year		\$384,560	\$508,026
			\$541,511

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

Consolidated Statement of Remeasurement of Gains and Losses

**For the year ended December 31, 2023 with comparative figures for 2022
(All dollar amounts are in \$000's)**

	2023	2022
Accumulated remeasurement gains (losses), beginning of year	\$-	\$-
Unrealized gains on portfolio investments	10,473	-
Share of other comprehensive loss from Markham Enterprises Corporation	(150)	-
Accumulated remeasurement gains (losses), end of year	\$10,323	\$-

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

Consolidated Statement of Cash Flows

For the year ended December 31, 2023 with comparative figures for 2022
 (All dollar amounts are in \$000's)

	2022	2023	(Restated - note 2)
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Annual surplus	\$284,132	\$240,493	
Add (deduct) items not involving cash			
Unrealized gains on portfolio investments	10,323	-	
Amortization of tangible capital assets	84,121	81,203	
Gain on disposal of tangible capital assets	(267)	(282)	
Change in employee future benefits and other liabilities	2,970	5,861	
Equity in income of Markham Enterprises Corporation	(25,291)	(12,086)	
Contributed tangible capital assets	(230,273)	(86,126)	
Change in non-cash assets and liabilities			
Property taxes receivable	(8,738)	(645)	
Accounts receivable	5,147	(25,241)	
Accounts payable and accrued liabilities	3,771	(34,490)	
Notes payable	94,000	-	
Long term liabilities	(840)	(812)	
Deferred revenue	10,106	(50,414)	
Inventories	169	(384)	
Prepaid expenses	776	(2,076)	
Net change in cash from operating activities	\$230,106	\$115,001	
INVESTING ACTIVITIES			
Acquisition of tangible capital assets	(181,417)	(224,871)	
Proceeds from disposal of tangible capital assets	267	288	
Net change in cash from capital activities	\$(181,150)	\$(224,583)	
FINANCING ACTIVITIES			
Dividend from Markham Enterprises Corporation	14,821	7,416	
Decrease in share capital of Markham Enterprises Corporation	962	1,048	
Net change in cash from investing activities	\$15,783	\$8,464	
NET CHANGE IN CASH & CASH EQUIVALENTS AND INVESTMENTS	\$64,739	\$(101,118)	
OPENING CASH & CASH EQUIVALENTS AND INVESTMENTS	415,527	516,645	
CLOSING CASH & CASH EQUIVALENTS AND INVESTMENTS	\$480,266	\$415,527	
Supplementary information:			
Interest paid	275	305	
Interest received	16,654	11,770	

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023 with comparative figures for 2022
(All dollar amounts are in \$000's)

1. SIGNIFICANT ACCOUNTING POLICIES

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

Significant accounting policies adopted by the City are as follows:

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 consolidated 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 Revenues

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 Liabilities

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 benefit plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the City's employment. Other employee future benefits are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. Unamortized actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the related 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 the 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 consolidated financial statements.

(iii) Interest Capitalization

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

n) Assets

The assets standard provides additional guidance on the definition of assets and what is meant by economic resources, control, past transactions and events and from which future economic benefits are to be obtained. For the year ended December 31, 2023, all the material assets have been reported.

o) 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.

p) 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.

q) Budget Figures

The approved operating and capital budgets for 2023 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 report on a project-oriented basis, the costs of which may be carried over one or multiple 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 21. As a result of changes to the Municipal Act, 2001 (Part VI Special Powers and Duties of the Head of Council) that affected the City of Markham, effective July 1, 2023, and the associated impact to the City's Budget process, City Council approved in-year additions to the 2023 capital budget plan resulting in a change to the 2023 capital budget from \$223,943 as originally approved to \$262,645.

r) 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 20.

s) 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.

t) Adoption of new accounting standards

City adopted prospectively PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and retroactively PS 3280 Asset Retirement Obligations standards for the fiscal year beginning January 1, 2023.

The adoption of these new accounting standards had the following impact on the financial statements:

- PS 3280 Asset Retirement Obligations has resulted in the recognition of legal obligations associated with the retirement of certain controlled tangible capital assets.
- PS 3450 Financial Instruments has resulted in the selection of the fair value basis of measurement for certain financial instruments and recognition of unrealized remeasurement gains or losses on the Statement of Remeasurement Gains and Losses.

- PS 1201 Financial Statement Presentation has resulted in the addition of a new financial statement called the Statement of Remeasurement of Gains and Losses that is separate from the statement of operations and accumulated surplus. This new statement includes unrealized gains and losses arising from the remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when the City includes the results of government business enterprises.

PS 3280, Asset Retirement Obligations – PS 3280 Asset Retirement Obligations (ARO) is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The substantial portion of ARO liability for the City stems from the removal of asbestos in several of the buildings owned by the City. The ARO liability for removal of asbestos has been based on actual demolition cost of a building containing asbestos and has been recognized under modified retrospective method. The City has also identified associated costs related to the asbestos disposal and calculated a cost per square foot, which was applied to the remaining buildings built before 1990. Where renovations had taken place, the gross area of the structure was pro-rated to account for partial abatement. Assumptions used in the calculations are revised on an annual basis.

The City has a landfill site that was closed in 1975. Due to the period of time that has elapsed since the closure of this landfill site and insignificance of the remaining obligation related to post closure activities, the City has not recognized any remaining obligation under this standard adoption.

The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. The buildings had an expected useful life of 40 years, and the estimate has not changed since purchase.

PS 3450, Financial Instruments – PS 3450 Financial Instrument establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments (such as receivables, payables, and equity instruments) and derivative financial instruments (such as financial options, futures and forwards, interest rate swaps and currency swaps). The City's investments in Principal Protected Notes (PPN) meet the requirements of a financial instrument that has an embedded derivative included in the financial instrument. The standards allow for the financial instruments that contain one or more embedded derivatives; the City may designate the entire hybrid (combined) instrument carried at fair value. This designation is irrevocable. The City has made an election for the PPN to report the combined instrument at fair value. Any unrealized gains and losses are reported through a new statement called statement of remeasurement gains and losses. Unrealized gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity.

u) Future Accounting Pronouncements

These following standards and amendments were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of these accounting standards updates on future financial statements.

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

- (i) 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.

- (ii) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.
- (iii) Public Sector Guideline 8 Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction.

v) 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, 2023, are disclosed in note 23.

Contractual obligations represent obligations, that 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 18.

w) 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, 2023, 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 19.

x) Related Party Transactions

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.

y) Reserves 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. CHANGE IN ACCOUNTING POLICIES

PS 3280 Asset Retirement Obligations:

On January 1, 2023, the City adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations using the modified retrospective method with a restatement of comparative balances for year ended December 31, 2022. The December 31, 2022 statement of financial position amounts are adjusted as indicated in the table below to provide comparative figures for balances reported as at December 31, 2023.

As a result of adopting the new standard, on January 1, 2022, the City recognized tangible capital assets with a net book value of 736 (comprised of carrying value of \$18,255 and accumulated amortization of \$17,519) and asset retirement obligation of \$18,255 on its statement of financial position. The opening balance of accumulated surplus/deficit as at January 1, 2022, is decreased by \$17,519.

The City has not applied present value to asset retirement obligation and as a result there is no accretion expense to report.

	As previously reported	ARO adjustments	2022 restated
	\$	\$	\$
Consolidated statement of financial position			
Liability for asset retirement obligation as at December 31, 2022	-	18,255	18,255
Tangible capital assets as at December 31, 2022	4,892,136	574	4,892,710
Accumulated surplus as at December 31, 2022	5,460,228	(17,681)	5,442,547
Consolidated statement of operations & accumulated surplus			
General government for the year ended December 31, 2022	63,356	162	63,518
Accumulated surplus at January 1, 2022	5,219,573	(17,519)	5,202,054
Annual surplus for the year ended December 31, 2022	240,655	(162)	240,493
Accumulated surplus at December 31, 2022	5,460,228	(17,681)	5,442,547
Consolidated statement of change in net financial assets			
Annual surplus for the year ended December 31, 2022	240,655	(162)	240,493
Amortization of tangible capital assets for the year ended December 31, 2022	81,041	162	81,203
Consolidated statement of cash flows			
Annual surplus for the year ended December 31, 2022	240,655	(162)	240,493
Amortization of tangible capital assets for the year ended December 31, 2022	81,041	162	81,203

PS 3450 Financial Instruments and PS 2601 Foreign Currency Translation:

On January 1, 2023, the City adopted Canadian public sector accounting standard PS 3450 Financial Instruments and PS 2601 Foreign Currency Translation. The standards were adopted prospectively from the date of adoption. The new accounting standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and financial currency transactions.

Under PS 3450, all financial instruments including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instruments and the City's remeasurement accounting policy choices (see note 1(t)).

In accordance with the provisions of this new standard, the City reflected an increase of \$10,473 to investments and a corresponding increase of \$10,473 to accumulated remeasurement gains due to unrealized gains of the City's revaluation of PPN previously classified as amortized cost and are being reclassified to accumulated remeasurement gains in 2023. In addition to the above, the statement of remeasurement gains and losses also include share of comprehensive loss of (\$150) in Markham Enterprises Corporation. As a result of the above, accumulated remeasurement of gains (losses) at the end of December 31, 2023 was \$10,323 (2022 - \$nil).

3. 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	2023	2022
Taxation	\$250,811	\$382,223	\$633,034	\$607,332
Payment in lieu of taxes	323	1,132	1,455	1,423
Supplementary taxes	3,419	6,015	9,434	3,767
Amount requisitioned and transferred	\$254,553	\$389,370	\$643,923	\$612,522

4. 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 \$27,592 (2022 - \$25,453) of which \$13,796 (2022 - \$12,727) represented the City's portion and \$13,796 (2022 - \$12,727) represented employees' portion. Since OMERS is a multi-employer pension plan, the City does not recognize any share of the pension plan deficit of \$4.2 billion as of 2023 (2022 - \$6.7 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.

5. CASH & CASH EQUIVALENT AND INVESTMENTS

	2023	2022
Cash & cash equivalents	\$214,766	\$152,635
Investments	265,500	262,892
	\$480,266	\$415,527

Cash balance includes investments in the amount of \$9,499 (2022 - \$6,300) 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 amortized cost, had a market value of \$115,096 (2022 - \$264,684) at the end of the year. As a result of adoption of PS 3450, Financial Instruments, investments include PPN that reflects an increased fair market value of \$10,473 (2022 - \$nil).

6. PROPERTY TAXES RECEIVABLE

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

	2023	2022
Current year	\$33,743	\$25,870
Arrears prior years	12,738	11,873
	46,481	37,743
Less: Allowance for uncollectible taxes	(2,951)	(2,951)
	\$43,530	\$34,792

The Municipal Property Assessment Corporation (MPAC) is responsible for current value assessment (CVA) of all properties in Ontario. MPAC determines the CVA for all properties and provides it annually to municipalities in the form of an Assessment Roll, which the municipalities use to calculate property taxes for each individual property.

The Government of Ontario announced the decision to postpone a province-wide property assessment update due to the pandemic. Property assessments for the 2023 property tax year continued 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 (2022 - \$2,951).

7. INVESTMENT IN MARKHAM ENTERPRISES CORPORATION

Markham Enterprises Corporation (MEC) is wholly owned by the City of Markham. MEC owns 100% (2022 – 100.00%) of Markham District Energy Inc. (MDE) and 15.00% of Alectra Inc. (2022 – 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, 2023 to December 31, 2023.

	2023	2022
Assets		
Current	\$22,098	\$26,657
Capital	151,186	130,570
Investment in Alectra Inc.	316,252	306,706
Other	1,979	2,757
Total Assets	\$491,515	\$466,690
Liabilities		
Current	43,423	35,731
Other	40,146	32,521
Total Liabilities	\$83,569	\$68,252
Shareholder's Equity		
Common shares	90,860	91,822
Promissory notes payable	79,184	79,184
Retained earnings and contributed Surplus	237,902	227,432
Total Shareholder's Equity	407,946	398,438
Total Liabilities and Shareholder's Equity	\$491,515	\$466,690
Results of Operations		
Revenues	\$55,337	\$39,497
Operating expenses	29,896	27,411
Net Income	25,441	12,086
Share of other comprehensive loss	(150)	-
Net equity in income of Markham Enterprises Corporation	25,291	12,086
Return of capital	(962)	(1,048)
Dividend	(14,821)	(7,416)
Net change in equity in Markham Enterprises Corporation	\$9,508	\$3,622
Opening shareholder's equity	\$398,438	\$394,816
Closing shareholder's equity	\$407,946	\$398,438

8. 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 accounts payable and accrued liabilities is as follows:

	2023	2022
Payable to other governments	\$62,651	\$59,970
Trade accounts payable	82,812	74,739
Accrued liabilities	11,977	18,113
Payroll liabilities	3,496	4,343
	\$160,936	\$157,165

9. LIABILITIES FOR ASSET RETIREMENT OBLIGATION

The City's asset retirement obligations consists of several obligations as follows:

	Buildings	Other assets (wells & septic)	Total
Opening balance, December 31, 2022, as previously reported	-	-	-
Adjustment on adoption of asset retirement obligation standard (note 2)	\$18,151	\$104	\$18,255
Opening balance, December 31, 2022, as restated	\$18,151	\$104	\$18,255
Obligation incurred in year	1,316	-	1,316
Closing balance, December 31, 2023	\$19,467	\$104	\$19,571

Obligation incurred in the current year are related to a new building that was acquired by the City during the current year.

10. NOTES PAYABLE

The City has entered into an agreement with a vendor for acquisition of real property and provided a promissory note in the amount of \$94,000 on January 3, 2023. The City has also concurrently delivered a letter of credit to the vendor to draw on such letter of credit on, and not before, the maturity date in full and final satisfaction of City's obligation under the above promissory note. Subsequent to the year end, the payment to vendor was made by the City.

11. DEFERRED REVENUES

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 represents the activity and year end balances for deferred revenue.

	Opening balance	Receipts	Revenues earned	Closing balance
Obligatory reserve funds:				
Development charges	\$120,234	\$25,092	\$21,516	\$123,810
Parkland cash-in-lieu	-	4,075	4,075	-
Canada community building fund	21,849	11,950	14,446	19,353
Section 37 funds	6,819	1,447	25	8,241
Other	3	-	-	3
	\$148,905	\$42,564	\$40,062	\$151,407
General:				
Deferred revenue and deposits	22,211	47,683	40,079	29,815
	\$171,116	\$90,247	\$80,141	\$181,222

12. EMPLOYEE FUTURE BENEFITS LIABILITIES

	2023	2022
Long-term disability benefits	\$6,155	\$5,921
Post-employment benefits	18,808	18,513
Vested sick leave benefits	7,161	6,763
Workplace Safety & Insurance Board obligations	6,950	5,314
	\$39,074	\$36,511
Vacation pay - City	4,009	3,624
Vacation pay - Library	181	159
	\$43,264	\$40,294

a) Long-Term Disability Benefits (LTD)

The City provides long-term disability benefits to eligible employees. At year end, the accrued liability of \$6,155 (2022 – \$5,921) represents the actuarial valuation of benefits to be paid, based on the history of claims with employees. The City has established a long-term disability reserve to reduce the 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 2023.

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 post-employment benefit liability at December 31, 2023 is \$18,808 (2022 – \$18,513). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December 2021 and projected to December 2023.

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 \$7,161 (2022 - \$6,763). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December 2021 and projected to December 2023.

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 \$6,950 (2022 - \$5,314) 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 2022 and projected to December 2023.

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

	LTD benefits	Post- employment benefits	Vested sick- leave	WSIB obligations	2023	2022
Accrued benefit liability, beginning of year	\$5,921	\$18,513	\$6,763	\$5,314	\$36,511	\$30,824
Service cost	977	939	596	889	3,401	2,701
Interest cost	116	737	288	346	1,487	1,328
Increase due to plan amendment	-	-	-	1,454	1,454	5,315
Benefit payments	(856)	(1,317)	(571)	(1,310)	(4,054)	(3,526)
Amortization of actuarial loss(gain)	(3)	(64)	85	257	275	(131)
Accrued benefit liability, end of year	\$6,155	\$18,808	\$7,161	\$6,950	\$39,074	\$36,511
Unamortized actuarial (gain) loss	207	(189)	(345)	(2,336)	(2,663)	\$852
Accrued benefit obligation, end of year	\$6,362	\$18,619	\$6,816	\$4,614	\$36,411	\$37,363

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 significant assumptions made:

	LTD benefits	Post employment benefits	Vested sick- leave	WSIB obligations
Expected inflation rate	N/A	1.75%	1.75%	2.50%
Expected level of salary increase	N/A	2.75%	2.75%	3.00%
Interest discount rate	2.00%	4.00%	4.00%	4.50%
Expected average remaining service life in years	N/A	13	13	11

13. 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:

2024	\$870
2025	901
2026	934
2027	967
2028	1,002
2029 and thereafter	2,934
	\$7,608

14. TANGIBLE CAPITAL ASSETS

a) Assets under construction

Assets under construction having a value of \$39,904 (2022 - \$132,403) 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 contributed assets received during the year is \$230,273 (2022 - \$86,126) comprised of land in the amount of \$210,723 (2022 - \$63,056), infrastructure in the amount of \$14,135 (2022 - \$13,713) and waterworks equipment and infrastructure in the amount of \$5,415 (2022 - \$9,357).

c) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value cannot be made, the tangible capital asset is recognized at a nominal value. Land is the only asset where nominal values are 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.

e) Asset retirement obligations

As a result of adoption of PS 3280 Asset Retirement Obligation, the tangible capital assets include followings under addition to tangible capital assets \$18,255 and amortization expenses \$17,681 as at December 31, 2022.

Financial Information

	Cost						Accumulated Depreciation				Net Book Value			
	Dec 31, 2022, previously reported	ARO adjustment	Restated Jan 1, 2023	Additions/ transfers	Disposals & Adjustments	Dec 31, 2023	Dec 31, 2022, previously reported	ARO adjustment	Restated Jan 1, 2023	For the year	Disposals & Adjustments	Dec 31, 2023	2023	2022 (restated)
Land	2,668,893	-	2,668,893	396,491	-	3,065,384	-	-	-	-	-	-	3,065,384	2,668,893
Buildings	447,661	18,151	465,812	18,649	-	484,461	167,153	17,604	184,757	12,132	-	196,889	287,572	281,055
Equipment	39,240	-	39,240	8,653	(3,228)	44,665	19,208	-	19,208	4,523	(3,228)	20,503	24,162	20,032
Furniture & Fixtures	3,926	-	3,926	96	(650)	3,372	2,985	-	2,985	220	(650)	2,555	817	941
Infrastructure	1,576,062	104	1,576,166	52,426	(12,367)	1,616,225	601,537	77	601,614	39,788	(12,367)	629,035	987,190	974,552
Library materials, furniture & fixtures	17,494	-	17,494	1,596	(2,564)	16,526	11,030	-	11,030	2,022	(2,564)	10,488	6,038	6,464
Parks & Pathways	118,186	-	118,186	5,358	(3,335)	120,209	44,605	-	44,605	6,242	(3,335)	47,512	72,697	73,581
Vehicles	14,836	-	14,836	3,115	(1,087)	16,864	9,392	-	9,392	1,687	(1,087)	9,992	6,872	5,444
Waterworks equipment & infrastructure	1,133,530	-	1,133,530	19,121	(2,245)	1,150,406	404,185	-	404,185	17,507	(2,245)	419,447	730,959	729,345
Total	6,019,828	18,255	6,038,083	505,505	(25,476)	6,518,112	1,260,095	17,681	1,277,776	84,121	(25,476)	1,336,421	5,181,691	4,760,307
Capital Work in progress	132,403	-	132,403	(92,499)	-	39,904	-	-	-	-	-	-	39,904	132,403
Grand Total	6,152,231	18,255	6,170,486	413,006	(25,476)	6,558,016	1,260,095	17,681	1,277,776	84,121	(25,476)	1,336,421	5,221,595	4,892,710

15. USER CHARGES

	2023	2022
Water and sewer billing to ratepayers	\$143,876	\$138,965
Engineering	13,387	24,229
Recreation programs	12,751	7,397
Facility rentals	10,874	8,132
Building permits	10,590	9,317
Planning	9,322	11,494
Other	5,576	5,986
Landscaping	4,424	4,748
Culture venues	3,381	2,133
Parking violations	3,073	2,320
Licenses	1,829	1,940
Total	\$219,083	\$216,661

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

16. GOVERNMENT TRANSFERS

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

	2023	2022
Provincial Grant:		
General government	\$-	\$10
Environmental services	2,173	2,066
Recreation and cultural services	397	389
Planning and development services	587	470
	\$3,157	\$2,935
Federal Grant:		
General government	14,559	12,086
Environmental services	3,491	13,866
Recreation and cultural services	348	556
Planning and development services	12	-
	\$18,410	\$26,508
	\$21,567	\$29,443

17. ACCUMULATED SURPLUS

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

	2023	2022
City operating fund surplus including library, community boards, Destination Markham Corporation and business improvement areas	\$13,889	\$15,711
Less: transferred to reserve and reserve funds	(9,650)	(12,445)
	\$4,239	\$3,266
Equity in Markham Enterprises Corporation	407,946	398,438
Invested in tangible capital assets	5,221,595	4,892,710
Adjustment for real property acquisition due to timing	(94,000)	-
Other	(58,368)	(48,233)
	\$5,481,412	\$5,246,181
RESERVES SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL		
Berczy landscape feature	203	203
Building fee	15,164	14,513
Capital gains	12,492	7,203
Corporate rate stabilization	30,056	29,045
COVID	2,996	6,702
Development fee	59,604	51,668
Election expenses	240	63
Election rebates	605	700
Facility ramp up	38,982	31,559
Firefighters sick leave benefits	7,260	6,763
Insurance	4,586	4,451
Long-term disability benefits	25,685	24,711
Waterworks	102,253	90,821
Total reserves	300,126	268,402
RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL		
Cemetery expenses	133	126
Emerald Ash Borer	192	192
Environmental land acquisition	13,058	12,184
Environmental sustainability fund	70	67
Heritage	490	499
Heritage land acquisition	888	6,700
Land acquisition	(359,556)	(335,421)
Library infrastructure	7,024	6,688
Life cycle replacement and capital	227,069	193,436
Museum	-	20
Non-DC growth	17,843	18,461
Post retirement benefits	20,087	18,513
Public art acquisition	6,934	5,165
Stormwater fee	(1,324)	(8,236)
Theatre	1,046	959
Trees for Tomorrow program	517	599
Workplace Safety & Insurance Board (WSIB)	7,656	5,511
WSIB excess compensation	3,014	2,501
Total reserves fund	(54,859)	(72,036)
Total	5,726,679	5,442,547

18. COMMITMENTS

As at December 31, 2023, the City is committed to minimum annual operating lease payments for premises and equipment as follows:

2024	\$106
2025	106
2026	106
2027	92
2028 and thereafter	45
	\$455

19. 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.

20. 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 of revenues and expenses 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, (People Services (Human Resources), Legal, Sustainability & Asset Management 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	Other	2022 (restated)	2023
Revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property taxes	184,417	-	-	-	-	-	-	184,417	\$174,977
User charges	4,584	12,604	17,048	145,193	25,906	13,747	1	219,083	216,661
Government transfers	14,559	-	-	5,664	745	599	-	21,567	29,443
Contribution from developers and others	230,273	-	-	-	-	-	-	230,273	86,041
Investment income	27,615	-	-	-	-	-	-	27,615	18,911
Tax penalties	6,300	-	-	-	-	-	-	6,300	6,044
Gain/(loss) on sale of tangible assets	267	-	-	-	-	-	-	267	282
Deferred revenue earned	32,433	-	-	-	-	-	-	32,433	133,302
Equity income from Markham Enterprises Corporation	25,441	-	-	-	-	-	-	25,441	12,086
Other	17,262	534	1,408	1,006	819	292	3	21,324	19,748
Total revenues	543,151	13,138	18,456	151,863	27,470	14,638	4	768,720	697,495
Expenses									
Salaries, wages and employee benefits	32,941	53,757	17,317	8,445	51,656	10,257	0	174,373	161,452
Operating materials and supplies	12,850	1,820	7,461	1,596	14,033	1,205	30	38,995	34,303
Contracted services	17,286	2,136	14,274	132,726	12,213	5,747	-	184,382	177,701
Rents and financial expenses	(2,281)	195	200	3,145	809	103	-	2,171	1,875
External transfers to others	212	-	-	-	59	-	-	271	163
Long term debt charges	275	-	-	-	-	-	-	275	305
Amortization of tangible capital assets	5,427	1,661	32,700	25,075	19,258	-	-	84,121	81,203
Total expenses	66,710	59,569	71,952	170,987	98,028	17,312	30	484,588	457,002
Annual surplus/(deficit)	476,441	(46,431)	(53,496)	(19,124)	(70,558)	(2,674)	(26)	284,132	240,493

21. BUDGET FIGURES

The budget figures presented in these consolidated financial statements are based on the Council approved 2023 budget (inclusive of in-year additions to the capital budget due to change in Municipal Act, 2001 – note 1(q)). The following table reconciles the approved budget figures as presented in these consolidated financial statements using the accrual basis of accounting.

	2023	2022
Revenues		
Approved operating budget	\$444,715	\$423,455
Approved capital budget	262,645	110,263
Transfer from reserve funds	(118,495)	(53,023)
Total revenues	\$588,865	\$480,695
Expenses		
Approved operating budget	444,715	423,455
Transfer to reserve funds	(62,879)	(56,910)
Expenses not capitalized	50,230	29,972
Post-employment benefit expenses	875	822
Amortization	83,836	79,345
Total expenses	516,777	476,684
Annual surplus/(deficit)	\$72,088	\$4,011

22. TRUST FUNDS

Trust funds administered by the City for the benefit of others amounting to \$2,455 (2022 - \$2,449) have not been included in the Consolidated Statement of Financial Position of the City nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus of the City. The details of the trust funds 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, 2023 the trust fund balance was \$91 (2022 - \$89).

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, 2023 the trust fund balance was \$1,299 (2022 - \$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, 2023 the trust fund balance was nil (2022 - \$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, 2023 the trust fund balance was \$945 (2022 - \$944).

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, 2023 the trust fund balance was \$12 (2022 - \$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, 2023 the trust fund balance was \$109 (2022 - \$106).

23. CONTRACTUAL RIGHTS

City revenues to be generated in the future, in relation to existing lease agreements are approximately \$28,898. The City has also entered into Provincial funding agreements, whereby the estimated future funding is \$55,873.

Future Commitments Summary (in Thousands)

Year	Lease agreements	Provincial funding agreements
2024	4,810	10,643
2025	4,769	11,086
2026	3,622	11,086
2027	3,489	11,529
2028	3,425	11,529
2029 and thereafter	8,783	-
Total	28,898	55,873

24. FINANCIAL INSTRUMENTS

a) Fair value measurement hierarchy:

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- Level 1: when valuation can be based on quoted prices in active markets for identical assets and liabilities;
- Level 2: when they are valued using quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable; and
- Level 3: when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

Fair value inputs are taken from observable markets where possible, but if they are unavailable, judgement is required in establishing fair value. The City's fair value hierarchy is classified as Level 2 for PPN. The classification for disclosure purposes has been determined in accordance with generally accepted pricing models, based on discounted cash flow analysis, with the most significant inputs being the contractual terms of the instrument and the market discount rates that reflect the credit risk of counterparties.

	Level 1	Level 2	Level 3	2023
	\$	\$	\$	\$
Financial Assets:				
Cash and cash equivalents	214,766	-	-	214,766
Investments	148,027	117,473	-	265,500
Property tax receivable	43,530	-	-	43,530
Accounts receivable	82,885	-	-	82,885
Financial Liabilities:				
Accounts payable and accrued liabilities	160,936	-	-	160,936
Notes payable	94,000	-	-	94,000
Long-term liabilities	7,608	-	-	7,608

The carrying amount of cash & cash equivalents, investments excluding those as disclosed in note 5, property tax receivables, accounts receivable, investment in Markham Enterprises Corporation, liability for sub-division development, customer deposits, accounts payable and accrued liabilities, employee future benefits liabilities, long-term liabilities, and contract holdbacks approximate their fair value due to the short-term maturity of these financial instruments.

The carrying value and fair value of the Corporation's other financial instruments are as follows:

Description	2023		2022	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Assets:				
Investments				
Principal protected notes	107,000	117,473	93,000	105,822
Bonds	103,027	104,623	98,399	87,369
GICs	45,000	45,000	71,493	71,493
	255,027	267,096	262,892	264,684

b) Credit Risk:

Credit risk is the risk of a financial loss to the City if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the City consisting of accounts receivables.

As at December 31, 2023 there were no significant balances of accounts receivable due from any single customer. There was nil (2022 - \$nil) of write-offs during the year except for the write offs of \$785 (2022 - \$129) related to section 354 of the Municipial Act, 2001 which was approved by the City Council . The City actively monitors accounts receivable and has the right to enforce payment as per the contract.

c) Liquidity Risk:

Liquidity risk is the risk that the City will not be able to meet its obligations as they become due. The City's objective is to have sufficient liquidity to meet these liabilities when due. The City monitors its cash balance and cash flows generated from operations to meet its liquidity requirements.

2023		Contractual cash flows			
Description	Carrying value	Within 1 year	1-5 years	>5 years	Total
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	160,936	160,936	-	-	160,936
Liability for asset retirement obligation	19,571	-	-	19,571	19,571
Notes payable	94,000	94,000	-	-	94,000
Long term liabilities	7,608	870	5,698	1,040	7,608
	282,115	255,806	5,698	20,611	282,115

2022		Contractual cash flows			
Description	Carrying value	Within 1 year	1-5 years	>5 years	Total
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	157,165	157,165	-	-	157,165
Liability for asset retirement obligation	18,255	-	-	18,255	18,255
Long term liabilities	8,448	840	4,710	2,898	8,448
	183,868	158,005	4,710	21,153	183,868

d) Market Risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect the City's net results of operations or the fair value of its holdings of financial instruments.

- Foreign currency risk – the City is not exposed to any significant currency risk due to limited foreign currency transactions.
- Interest rate risk – the City limits its exposure to interest rate risk by issuing long-term fixed rate debt in the form of debentures, and promissory notes. At December 31, 2023, the City did not hold financial assets or financial liabilities that expose it to significant variation in cash flow due to fluctuations in interest rates.
- Other price risk – other price risk arises when the fair value of equity funds changes due to a decrease in a stock market index or other risk variables. The City's exposure to this type of risk is limited to investments in PPN.

25. COMPARATIVE FIGURES

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

Five-Year Review (Unaudited)

(All dollar amounts are in \$000's)

	2023	2022	2021	2020	2019
OPERATIONS					
Expenditures by Function					
General government	\$66,710	\$63,533	\$48,676	\$46,714	\$44,799
Protection to persons and property	59,569	57,958	55,182	51,704	52,041
Transportation services	71,952	67,708	60,243	64,260	75,509
Environmental services	170,987	166,816	162,625	159,650	159,498
Recreation and cultural services	98,028	82,872	61,810	73,195	85,622
Planning and development services	17,312	18,095	13,328	13,033	10,986
Other	30	20	22	29	24
	\$484,588	\$457,002	\$401,886	\$408,585	\$428,479
Revenues by Source					
Taxation (includes supplementary & payments In lieu)	\$184,417	\$174,977	\$168,375	\$167,013	\$162,536
User Charges	219,083	216,661	201,156	183,161	189,080
Government Transfers	21,567	29,443	27,348	20,112	15,573
Contribution from developers	230,273	86,041	362,369	53,025	41,637
Investment income	27,615	18,911	12,101	14,201	14,824
Deferred revenue earned	32,433	133,302	40,101	14,365	65,543
Equity pick up in Markham Enterprises Corporation	25,441	12,086	20,121	15,486	11,476
Other revenue	27,890	26,074	24,851	7,397	20,088
	\$768,720	\$697,495	\$856,422	\$474,759	\$520,757
Accumulated Surplus					
Surplus for the year	\$284,132	\$240,493	\$454,536	\$66,174	\$92,278
Accumulaed Surplus, beginning of Year	5,442,547	5,202,054	4,765,037	4,698,863	4,606,585
Acumulated Surplus, end of Year	\$5,726,679	\$5,442,547	\$5,219,573	\$4,765,037	\$4,698,863
RESERVES AND RESERVE FUNDS					
Reserves	\$300,126	\$268,402	\$243,539	\$183,962	\$173,529
Reserve Funds	(54,859)	(72,036)	(58,435)	(59,117)	(43,476)
	\$245,267	\$196,366	\$185,104	\$124,845	\$130,053

	2023	2022	2021	2020	2019
NET FINANCIAL ASSETS					
Financial Assets					
Cash & cash equivalents and Investments	\$480,266	\$415,527	\$516,645	\$371,353	\$344,476
Property taxes receivable	43,530	34,792	34,147	37,506	26,653
Accounts receivable	82,885	88,032	62,791	59,477	61,016
Investment in Markham Enterprises Corporation	407,946	398,438	394,816	384,983	381,477
Total Financial Assets	\$1,014,627	\$936,789	\$1,008,399	\$853,319	\$813,622
Financial Liabilities					
Accounts payable and accrued liabilities	\$160,936	\$157,165	\$191,655	\$140,962	\$151,241
Liability for asset retirement obligation	19,571	18,255	-	-	-
Notes payable	94,000	-	-	-	-
Deferred revenue	181,222	171,116	221,530	173,584	142,603
Employee future benefits liabilities	43,264	40,294	34,433	34,305	32,103
Long term liabilities	7,608	8,448	9,260	10,043	10,800
Total Financial Liabilities	\$506,601	\$395,278	\$456,878	\$358,894	\$336,747
NET FINANCIAL ASSETS	\$508,026	\$541,511	\$551,521	\$494,425	\$476,875
NET LONG TERM DEBT					
Net long-term liabilities - City of Markham Purposes	7,608	8,448	9,260	10,043	10,800
Annual debt repayment limit prescribed by province	\$90,337	\$90,337	\$93,810	\$91,331	\$88,023
Per capita	\$0.25	\$0.25	\$0.27	\$0.26	\$0.25
Percentage of taxable assessment	0.0001%	0.0001%	0.0001%	0.0001%	0.0001%
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	0.15%	0.16%	0.13%	0.21%	0.20%
Per Capita	\$0.003	\$0.003	\$0.003	\$0.003	\$0.003
CONSOLIDATED EXPENSES BY OBJECT					
Salaries, wages & employee benefits	\$174,373	\$161,452	\$130,871	\$134,247	\$143,121
Operating materials and supplies	38,995	34,303	29,431	28,778	39,863
Contracted services	184,382	177,701	159,169	164,040	164,549
Rents and financial expenses	2,446	1,875	1,854	1,805	2,351
External transfers to others	271	163	447	457	407
Amortization - tangible capital assets	84,121	81,203	80,114	79,258	78,188
Total expenditure by object	\$484,588	\$457,002	\$401,886	\$408,585	\$428,479

		2023	2022	2021	2020	2019
TAXABLE ASSESSMENT						
Residential, multi-residential and farm		92,772,697	91,564,975	90,321,301	89,144,793	\$81,616,967
Commercial - all classes		11,319,871	11,273,397	11,300,973	11,339,344	10,880,640
Industrial - all classes		1,396,997	1,432,932	1,431,201	1,413,400	1,390,877
Pipeline & managed Forests		96,775	96,012	95,885	95,621	92,640
		\$105,586,340	\$104,367,314	\$103,149,360	\$101,993,158	\$93,981,125
Commercial and Industrial as a percentage of taxable assessment		12.04%	12.17%	12.34%	12.50%	13.06%
PROPERTY TAXATION						
Tax Rates/Mill Rates (Note 1)		%	%	%	%	%
Residential	City of Markham	0.160816	0.156059	0.153483	0.153572	0.162273
	Region of York	0.348892	0.335958	0.326425	0.321619	0.336549
	School Boards (Public and Separate)	0.153000	0.153000	0.153000	0.153000	0.161000
		0.662708	0.645017	0.632908	0.628191	0.659822
Multi-residential	City of Markham	0.160816	0.156059	0.153483	0.153572	0.162273
	Region of York	0.348892	0.335958	0.326425	0.321619	0.336549
	School Boards (Public and Separate)	0.153000	0.153000	0.153000	0.153000	0.161000
		0.662708	0.645017	0.632908	0.628191	0.659822
Commercial - full rate	City of Markham	0.214223	0.207887	0.204455	0.204573	0.207612
	Region of York	0.464759	0.447530	0.434831	0.428429	0.430581
	School Boards (Public and Separate)	0.880000	0.880000	0.880000	0.896686	0.931834
		1.558982	1.535417	1.519286	1.529688	1.570027
Commercial - vacant units, excess land percentage of full rate		70	70	70	70	70
Industrial - full rate	City of Markham	0.264253	0.256437	0.252203	0.252350	0.254833
	Region of York	0.573299	0.552046	0.536382	0.528484	0.528517
	School Boards (Public and Separate)	0.880000	0.880000	0.880000	0.980000	1.030000
		1.717552	1.688483	1.668585	1.760834	1.813350
Industrial - vacant units, excess land - percentage of full rate		63	65	65	65	65
Taxes Levied						
City of Markham		\$182,122	\$173,328	\$168,375	\$167,013	\$162,536
Region of York		389,371	365,295	351,824	343,801	329,994
School Boards (Public and Separate)		254,553	247,227	246,384	250,425	245,656
		\$826,045	\$785,850	\$766,583	\$761,239	\$738,186
Taxes Collected		\$816,662	\$789,209	\$727,123	\$760,176	\$675,896
Total Tax Arrears (Taxes Receivable)		\$43,530	\$34,792	\$34,147	\$37,506	\$26,653
Per capita		\$120.10	\$97.71	\$96.47	\$106.78	\$76.37
Population		362,445	\$356,060	353,982	351,251	349,007
Percentage of current levy		5.27%	4.43%	4.35%	4.93%	3.61%

Note: (1) Average Residential Tax Bill for 2023 was based on Current Value Assessment \$829,995

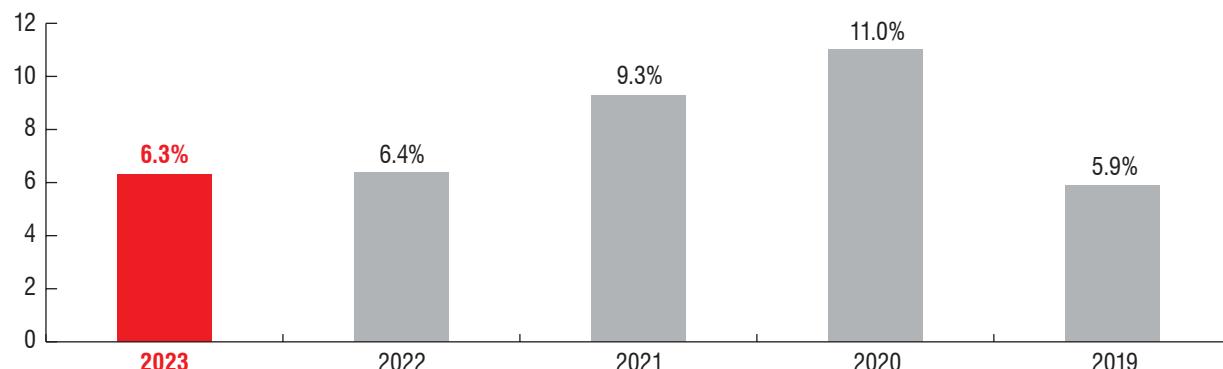
Ten Largest Corporate Property Taxpayers

Owner	Assessment Value \$
1 Ontrea Inc.	471,550,000
2 Ruland Properties	308,908,000
3 IBM Canada Ltd.	305,032,000
4 Neamsby 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

Top 10 Employers (By Number of Employees)

1	TD Financial Group
2	Markham Stouffville Hospital
3	CGI Information Systems
4	Aviva Canada
5	AMD Technologies Inc.
6	IBM Canada Ltd.
7	WSP
8	Allstate Insurance Company of Canada
9	BGIS
10	Saint Elizabeth Health Care

Five Years Unemployment Rate



Awards in 2023

Distinguished Budget Presentation Award

- Government Finance Officers Association (GFOA), consecutively since 2000

Canadian Award for Financial Reporting

- Government Finance Officers Association (GFOA) consecutively since 2001

City of Markham

- Forbes Best Employers

Markham Municipal Election

- Willis Award for Innovation (Canadian Association of Municipal Administrators)
- EA Danby Award in Municipal Administration (Association of Municipal Managers, Clerks and Treasurers of Ontario)
- Peter J. Marshall Municipal Innovation Award (Association of Municipalities of Ontario)
- IPAC Award in Innovation (Institute of Public Administration of Canada)
- IABC Ovation Award

AI Pothole Detection

- PEO York Chapter Project of the Year (Medium Categories) - Better Road Practices Using AI
- OPWA Project of the Year Award - Technical Innovation - Innovating Public Service in Road Maintenance in the City of Markham with CityROVER Artificial Intelligence

Smart City

- World Council on City Data - ISO 37120 Platinum-level certification



Left: Forbes Best Employers Award 2023. Right: City of Markham receiving Willis Award for Innovation (Canadian Association of Municipal Administrators) in Council Chambers at Markham Civic Centre.



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



A nighttime photograph of the Markham Civic Centre outdoor ice rink. The scene is framed by two large, bare trees on the left and right sides, both heavily decorated with colorful Christmas lights. In the center, the circular building of the civic centre is brightly lit from within, with its distinctive curved roofline and glass windows clearly visible. Several people are skating on the ice rink in front of the building. The foreground consists of a grassy area with fallen leaves.

Markham Civic Centre Outdoor Ice Rink
during holiday season.



"Peace" flower bed at Markham Civic Centre .

Mayor Frank Scarpitti

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