



Corporation of The Town of Markham

1978 AUDITED FINANCIAL STATEMENTS



MUNICIPAL OFFICES
8911 DON MILLS ROAD,
MARKHAM, ONTARIO

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

We have examined the 1978 financial statements of the Corporation of the Town of Markham. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Corporation of the Town of Markham as at December 31, 1978 and the results of operations for the year then ended, in accordance with accounting principles generally accepted for Ontario municipalities on a basis consistent with that of the preceding year.

Campbell, Sharp, Edds
35 University Avenue,
Suite 806,
Toronto, Ontario,
May 7, 1979
Licence Number 648

Campbell, Sharp, Edds
Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 1978

1. Accounting Policies

- (a) Statement of Revenue and Expenditure

This statement reflects the revenues and expenditures of the revenue fund and the following local boards and municipal enterprises:

 - Public Library Board
 - Community Centre Boards
 - Museum Board
 - Water Utility
- (b) Statement of Capital Operations

This statement reflects the capital expenditure of the municipality to be recovered from the general municipal revenue of the municipality and its local boards and municipal enterprise described in note 1(a).
- (c) Balance Sheet

This statement reflects the assets and liabilities of the revenue fund, the capital fund, reserve funds and the local boards and municipal enterprises described in note 1(a). The assets and liabilities for municipal enterprises that have not been consolidated are reflected only to the extent of the related net long term liabilities and capital outlay to be recovered in future years.
- (d) Fixed Assets

The historical cost and accumulated depreciation of fixed assets is not reported for municipal purposes. Instead the "Capital outlay to be recovered in future years" which is the aggregate of the principal portion of unamortized long term liabilities, capital funds transferred to other organizations, and the cost of capital projects not yet permanently financed, is reported on the "Balance Sheet".
- (e) Municipal Enterprises

Municipal enterprises are those activities whose costs are substantially recovered from service charges on the users. The enterprise of this municipality whose revenues and expenditures have not been consolidated in these financial statements is the Electric Utility.
- (f) Charges for Net Long Term Liabilities

Debt retirement costs including principal and interest are charged against current revenues in the periods in which they are paid. Interest charges are not accrued for the periods from the date(s) of the latest interest payment(s) to the end of the financial year.
- (g) Trust Funds

Trust funds administered by the municipality amounting to \$67,547 are only reflected in the Trust Funds, Statement of Continuity and Balance Sheet.

2. Capital Outlay to be Recovered in Future Years

- (a) Some capital outlay to be recovered in future years does not represent a burden on general municipal revenues, as it is to be recovered in future years from other sources:

	1978	1977
Social charges on benefitting landowners	\$ 9,756,540	\$10,105,248
Municipal enterprises	1,331,785	1,323,865
	\$11,088,326	\$11,529,113
- (b) Capital outlays, including fixed assets and the transfers of capital funds in the amount of \$1,654,812 which have been financed from general municipal revenues of the current year, are reported on the "Statement of Revenue and Expenditure".

3. Reserve Funds

During the year, \$4,631,897 were credited directly to reserve funds without being recorded as revenues and expenditures of the Revenue Fund. Major sources were:

	1978	1977
Income from investments	\$ 526,982	\$ 291,101
Subdivider and developer contributions	5,838,258	4,933,487
	\$6,365,240	\$5,224,588

4. Net Long Term Liabilities

- (a) The balance for net long term liabilities reported on the "Balance Sheet" is made up of the following:

Total long term liabilities incurred by the municipality including those incurred on behalf of former school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to \$8,673,548.

In addition, the municipality has assumed responsibility for the payment of principal and interest charges on certain long term liabilities issued by other municipalities. At the end of the year, the principal amount of this liability is \$,513,862.

Of the long term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by others for a principal amount of (\$,736,739).

The total value of sinking funds and the balance in the Ministry of the Environment Debt Retirement Fund which have been accumulated to the end of the year to retire the outstanding long term liabilities included above, amount to (\$745,800).

Long term liabilities issued by the municipality and held by reserve funds as investments, amount to \$900.

Net long term liabilities at the end of the year \$11,663,367.

5. Accumulated Net Revenue (Deficit) at the End of the Year

The balance in the revenue fund at the year end is available to reduce the levels of the following classes of ratepayers.

	1978	1977
General ratepayers	\$1,402,180	\$1,332,865
Designated ratepayers	349,023	529,565
School board ratepayers	319,088	278,187
Region ratepayers	357,828	145,482
	\$2,428,119	\$2,286,109

6. Charges for Net Long Term Liabilities

Total charges for the year for net long term liabilities were as follows:

	1978	1977
Principal payments including contributions to sinking funds and to the Ministry of the Environment Debt Retirement Fund	\$ 458,068	\$ 416,552
Interest	1,088,268	1,088,838
	\$1,546,336	\$1,505,390

Of the total charges shown above \$1,492,418 were paid from general municipal revenues of the municipality and are included in expenditure on the "Statement of Revenue and Expenditure" classified under the appropriate functional headings. The remaining \$55,888 were recovered from municipal enterprises for which the related net long term liabilities were incurred, and are not reflected in the statement.

7. Liability for Vested Sick Leave Benefits

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating amounting to \$486,770 at the end of the year. An amount of \$186,517 has been provided for this past service liability and is reported on the "Balance Sheet".

8. The Anti-Inflation Act

The municipality, its local boards and commissions were by agreement between the Government of Canada and the Government of the Province of Ontario dated January 13, 1975 subject to The Anti-Inflation Act (Canada) and the national guidelines. This legislation limited increases in compensation payments effective October 14, 1975. The municipality believes it has complied with the provisions of the Act.

9. Capital Expenditure Commitments

The largest and lot levy fund of \$3,894,787 is fully committed for the financing of recreational and cultural facilities, environmental services and fire protection building and equipment.

10. Subsequent Event

The Public Utilities Commission, Hydro Electric Utility, ceased operations on December 31, 1978 and a new commission was established to be known as the Markham Hydro Electric Commission. This new commission assumed the operations of the former utility and that formerly operated by The Hydro Electric Power Commission of Ontario within the Town of Markham.

The operating assets and liabilities of the Town of Markham Public Utilities Commission will be assumed in full. In addition the operating utility, plant and equipment of Ontario Hydro will be acquired at a total estimated cost of \$4,000,000.

The long-term financing agreement with Ontario Hydro for the total cost of \$4,000,000 to be completed at the date of these financial statements. Based upon a 36 year repayment period and the current rate of interest used by Ontario Hydro, monthly instalments of principal and interest to repay the debt would amount to \$244,889 annually.

STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 1978

	1978 Actual \$	1977 Actual \$
Accumulated net revenue (deficit) at the beginning of the year	2,272,743	1,133,019
Revenues		
Taxation	1,402,180	1,332,865
Designated ratepayers	349,023	529,565
School board ratepayers	319,088	278,187
Region ratepayers	357,828	145,482
Other	1,088,268	1,088,838
Total revenues	3,466,387	3,375,937
Expenditures and transfers		
Municipal expenditures	1,402,180	1,332,865
General government	1,567,895	1,218,880
Protection to persons and property	1,348,423	1,362,237
Transportation services	2,551,868	2,049,437
Health services	3,378	3,798
Social and family services	8,552	8,552
Recreation and cultural services	3,934,502	3,425,540
Planning and development	392,981	316,203
Other	19,205,810	21,605,338
Total expenditures	19,205,810	21,605,338
Transfers		
Transfers to region or county	6,462,589	5,495,122
Transfers to school boards	16,855,688	12,882,681
Total transfers	23,318,277	18,377,803
Total expenditures and transfers	35,223,713	39,983,141
Revenue by purpose		
Municipal purposes	7,202,465	7,144,260
Taxation	46,583	41,633
Payments in lieu of taxes	1,300,805	1,200,702
Ontario grants	2,014,616	1,281,150
Other grants	1,417,481	1,473,310
Fees and service charges	18,105,210	12,648,687
Revenue to pay for municipal purposes	6,785,569	5,581,097
Region or county requisition	4,836	4,871
Payments in lieu of taxes	113,559	
Ontario grants	6,863,964	5,585,968
Revenue to pay the region or county requisition	14,888,311	12,518,003
Taxation	15,570	16,717
Payments in lieu of taxes	18,839,881	12,533,220
Other	35,609,055	30,227,875
Total revenue	35,609,055	30,227,875
Accumulated net revenue (deficit) at the end of the year	2,418,085	2,272,743
Analysed as follows:		
General revenue	1,034,482	767,295
Region or county	347,838	146,463
School boards	319,044	278,887
Special charges	349,023	529,015
Local boards	14,389	7,281
Municipal enterprises	352,309	548,292
	2,418,085	2,272,743

BALANCE SHEET AS AT DECEMBER 31, 1978

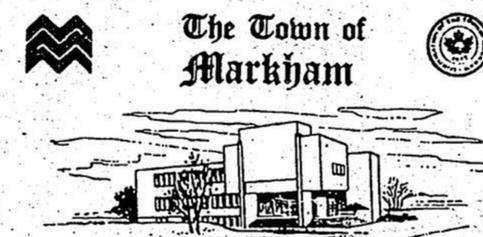
	1978 Actual \$	1977 Actual \$
Current assets		
Cash and deposit receipts	12,847,187	11,186,049
Taxes receivable	2,468,868	2,644,411
Accounts receivable	1,022,417	856,495
Investments	58,000	50,000
Other current assets	546,976	489,350
	16,943,448	15,215,305
Capital outlay to be recovered in future years	11,664,267	12,169,406
Other long term assets		
	28,607,715	27,384,711
LIABILITIES		
Current liabilities		
Temporary loans	1,845,783	2,735,875
Accounts payable and accrued liabilities	1,022,417	658,059
Other current liabilities	2,832,908	2,313,875
Net long term liabilities	11,663,367	12,168,406
Reserves and reserve funds	5,243,378	8,730,340
Accumulated net revenue (deficit) and unapplied capital receipts	4,814,288	3,144,190
	26,607,824	27,632,671

RESERVE AND RESERVE FUNDS STATEMENT OF CONTINUITY AND ANALYSIS OF YEAR END POSITION FOR THE YEAR ENDED DECEMBER 31, 1978

	1978 Actual \$	1977 Actual \$
Available at the beginning of the year for future municipal purposes	8,730,340	5,523,268
Revenue		
Contributions from the revenue fund	337,108	316,015
Contributions from developers	5,838,258	4,933,487
Contributions from capital fund	221,264	20,331
Ontario Home Renewal Plan Grant	88,403	
Donation	1,000	
Interest earned	526,882	281,101
	6,969,015	5,549,934
Expenditure		
Transfers to the capital fund	4,648,740	1,645,136
Transfers to the revenue fund	1,118,837	787,281
Direct expenditures	692,300	315,845
	6,459,877	2,748,262
Available at the year end for future municipal purposes	8,243,378	8,730,340
ANALYSIS OF YEAR-END POSITION AS AT DECEMBER 31, 1978		
Reserves:		
For working capital	642,296	567,296
For equipment replacement	30,000	48,863
	672,296	616,159
Reserve Funds		
Contributions by subdividers for specific purposes	1,835,022	1,755,669
Sick leave benefits	436,517	333,180
Recreational land (Planning Act)	2,300,784	1,221,638
Imposts and lot levies	2,094,797	2,818,018
Street lighting	15,250	15,250
OWRC contingency	169,436	156,615
Sewer lot fees	281,355	637,262
Day Care Centre	14,679	9,675
Stabilization fund	411,000	506,900
Recreational facility	40,169	40,169
Ontario Home Renewal Plan	88,403	
	3,551,082	6,116,181
Year end position of reserves and reserve funds	4,243,378	6,730,340

STATEMENT OF CAPITAL OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1978

	1978 Actual \$	1977 Actual \$
Unfinanced capital outlay (Unexpended capital financing) at the beginning of the year	(873,447)	(152,889)
Capital expenditure		
General government	20,137	362,241
Protection to persons and property	636,624	181,741
Transportation services	2,014,280	1,196,839
Health services	3,777,143	3,785,606
Social and family services		
Recreation and cultural services	2,105,111	1,630,567
Planning and development	3,225	3,225
Other		
Total expenditure	8,606,520	7,318,939
Capital financing		
Contributions from the revenue fund	1,654,812	589,092
Contributions from reserve funds and reserves	4,648,740	1,645,136
Long term liabilities incurred	725,547	503,000
Ontario grants	3,050,077	8,258,160
Other	10,329,276	7,835,552
Total capital financing	19,408,452	18,231,040
Unfinanced capital outlay (Unexpended capital financing) at the end of the year	(2,391,215)	(873,447)



Markham offers financial stability, economy and efficiency. Within minutes of Metropolitan Toronto, Markham is the fastest growing Municipality in the region.

Tax rates are attractively low with a solid financial base. The Town general tax rate did not increase for 1976-1978 and 1979. Official Plan monitoring policies have been adopted to control the desired assessment ratio between Industrial, Commercial and Residential to ensure the continuance of existing economic tax rates.

Transportation is efficient with easy access to all major highways, rail and water routes. Markham provides suburban living at its best. Excellent recreation facilities include modern arenas and fitness centres, swimming pools, golf courses and numerous parks.

Find out why many major industries have made the right decision to locate in Markham's attractive industrial locations. Our continuous and successful rate of expansion most assuredly speaks for itself.

- COUNCIL**
- Mayor — A. Roman
- Regional Councillors — R.A.P. Moran, Alma Walker, Carole Bell
- Councillors
- Ward 1 — R. Fenson
 - Ward 2 — R.C. Sherwood
 - Ward 3 — D.G. Wilson
 - Ward 4 — A.B. Bonner
 - Ward 5 — R.L. Dancy
 - Ward 6 — H.E. Miles
 - Ward 7 — T.S. Gove

1 DISTRIBUTION OF TAX-SUPPORTED SERVICES IN THE TOWN OF MARKHAM

	1978	%	1977	%	1978	%	1977	%
Realty and business taxes — regional, Area Municipality & school board purposes	\$25,900,000.00	48	\$22,561,570.00	48	\$19,278,312.00	47	\$16,412,300.00	45
Province of Ontario's contribution —	\$21,500,000.00	41	\$18,852,900.00	41	\$16,509,800.00	41	\$14,488,700.00	46
Other municipal & school board revenue	\$5,600,000.00	11	\$ 5,361,450.00	11	\$ 4,536,000.00	12	\$ 3,235,300.00	9
TOTAL	\$53,000,000.00	100%	\$46,775,920.00	100%	\$40,324,112.00	100%	\$34,136,300.00	100%

IN 1978 ONTARIO WILL CONTRIBUTE .84 CENTS FOR EVERY DOLLAR OF REALTY AND BUSINESS TAXES IMPOSED BY THE TOWN OF MARKHAM.

AS COMPARED TO

- 1977 — \$0.86
- 1976 — \$0.86
- 1975 — \$1.01
- 1974 — \$1.04
- 1973 — \$1.18
- 1972 — \$1.26

NOTE — STATISTICAL INFORMATION SHOWN PER ITEMS MARKED (1) IS TO BE NOT FORM PART OF AUDIT REPORT & AUDITED STATEMENTS.

2 ASSESSMENT ANALYSIS

	1978	1977	RATIO 1978/1977	RATIO 1977/1976
Residential & Farm	\$515,418,434.00	\$484,718,200.00	78%	77%
Commercial & Industrial	\$184,278,819.00	\$143,096,205.00	24%	23%
TOTAL	\$699,697,253.00	\$627,814,405.00	109%	100%

3 BREAKDOWN OF MUNICIPAL LEVY

	1978	1977	1976	1975	1974	1973	1972	1971	1970	PERCENTAGE SHARE OF INCREASE
Parks & Recreation	\$42.00	\$42.00	\$42.00	\$42.00	\$42.00	\$42.00	\$42.00	\$42.00	\$42.00	—
Books	57.00	55.50	55.50	61.00	59.17	57.00	57.00	57.00	57.00	—
Fire	37.00	33.00	29.85	29.25	25.44	21.78	21.78	21.78	21.78	15
Library	25.00	25.00	15.00	18.00	12.04	8.98	5.00	5.00	5.00	16.54
Transit	11.00	10.50	8.50	8.00	4.22	—	5.00	3.25	11.00	11
Planning	10.00	12.00	9.50	10.00	11.52	6.00	2.00	2.45	0.36	9
Engineering	8.00									