



# Corporation of The Town of Markham

## 1979 AUDITED FINANCIAL STATEMENTS

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

We have examined the 1979 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, 1979 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  
16 University Avenue  
Suite 200  
Toronto, Ontario  
June 12, 1980

Campbell Sharp  
Chartered Accountants

Licence Number 063

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 1979

#### 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 Board
- 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 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 recorded for municipal purposes. Instead the "Capital outlay to be recovered in future years" which is the aggregate of the principal portion of unmatured 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

Least 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 \$75,737 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:

	1979	1978
Special charges on benefiting landowners	\$4,376,663	\$4,571,964
Municipal enterprises	1,245,773	1,331,188
	\$5,622,436	\$5,903,152

(b) Capital outlay, including fixed assets and the transfers of capital funds in the amount of \$1,532,786 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, \$8,363,571 were credited directly to reserve funds without being recorded as revenues and expenditures of the Revenue Fund. Major sources were:

	1979	1978
Income from investments	\$ 895,366	\$ 526,682
Subdivider and developer contributions	7,168,507	5,838,258
	\$8,063,873	\$6,364,940

#### 4. Net Long Term Liabilities

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 \$ 8,030,367

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 \$ 264,300

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 \$ 4,317,510

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 \$ 828,023

Long term liabilities issued by the municipality and held by reserve funds as investments, amount to \$ 750

Net long term liabilities at the end of the year \$11,150,214

On January 1, 1979 a new Hydro Electric Commission was established, known as The Town of Markham Hydro Electric Commission. This commission assumed the operations of the former utility, Town of Markham Hydro-Electric Utility, and that formerly operated by Ontario Hydro within the Town of Markham.

The operating assets and liabilities of the former utility were assumed in full. In addition the operating utility, plant and equipment of Ontario Hydro were acquired and the fixed cost, which is estimated at \$4,870,000 at the date of these financial statements, is under negotiation with Ontario Hydro and is subject to arbitration.

The long term debt financing agreement with Ontario Hydro for the final cost of \$8,870,000 is not complete and based upon a 30 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 \$907,124 annually also the Commission is obligated for \$995,820 under a bank term loan which is repayable in blended monthly instalments of principal and interest which totals \$170,160 annually. The total of this term financing, which amounts to \$9,865,820, is in addition to the net long term liability summarized above.

#### 5. Accumulated Net Revenue at the End of the year

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

	1979	1978
General ratepayers	\$1,994,186	\$1,402,180
Designated ratepayers	287,787	248,023
School board ratepayers	435,564	319,044
Region ratepayers	645,047	347,833
	\$3,262,584	\$2,317,080

#### 6. Charges for Net Long Term Liabilities

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

	1979	1978
Principal payments including contributions to sinking funds and to the Ministry of the Environment Debt Retirement Fund	\$ 462,758	\$ 454,068
Interest	1,862,083	1,096,264
	\$2,324,841	\$1,550,332

Of the total charges shown above \$1,496,816 were paid from general municipal revenues of the municipality and are included in expenditures on the "Statement of Revenue and Expenditure" classified under the appropriate functional headings. The remaining \$828,023 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 amounted to \$432,181 at the end of the year. An amount of \$397,086 has been provided for this part service liability and is reported on the "Balance Sheet".

Subsequent to the balance sheet date a new long term liability plan was approved and approximately \$394,000 of the accumulated sick leave benefit plan became payable to eligible employees.

#### 8. Capital Expenditure Commitments

The impact and net levy (and of \$4,344,851) is fully committed as of December 31, 1979 for the purchase of recreational and cultural facilities, environmental services, day care buildings and equipment and property for reconstruction building.

### STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 1979

	1979 Actual \$	1978 Actual \$
Administrative and revenue (deficit) at the beginning of the year	2,418,065	2,277,743
Expenses and transfers		
Municipal expenditures	1,577,925	1,491,641
General government	1,219,181	1,567,895
Protection to persons and property	4,795,212	4,348,423
Transportation services	2,781,276	2,551,644
Environmental services	4,842	3,278
Health services	5,684	6,552
Social and family services	4,465,813	3,934,507
Recreation and cultural services	314,314	392,981
Planning and development		
Other		
Total expenditures	16,003,981	14,785,440
Transfers		
Transfers to region or county	7,219,557	6,662,589
Transfers to school boards	17,282,213	14,853,454
Total transfers	24,501,770	21,516,043
Total expenditures and transfers	40,455,751	36,221,483
Revenue by purpose		
Municipal purposes		
Taxation	8,151,928	7,702,465
Payments in lieu of taxes	16,308	48,243
Ontario grants	1,555,676	1,390,405
Other grants	2,415,940	2,049,516
Fees and service charges	4,456,859	3,415,881
Other	16,639,751	14,105,210
Revenue to pay for municipal purposes	7,216,134	6,745,569
Region or county requisition	5,034	4,836
Payments in lieu of taxes	95,571	113,559
Other	7,316,761	6,863,564
Revenue to pay the region or county requisition	16,977,175	14,884,311
School board requisition	325,357	15,570
Taxation	17,318,739	14,899,881
Payments in lieu of taxes		
Other	41,275,251	35,869,055
Total revenue	3,267,579	2,418,065
Accumulated net revenue (deficit) at the end of the year	1,024,730	1,034,482
Analyzed as follows:		
General revenue	445,042	347,833
Region or county	435,564	319,044
School boards	392,787	349,023
Special charges	28,589	14,289
Local boards	910,867	553,309
Municipal enterprises		
	3,267,579	2,418,065

### STATEMENT OF CAPITAL OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1979

	1979 Actual \$	1978 Actual \$
Unfinanced capital outlay (Unexpended capital financing) at the beginning of the year	(2,396,203)	(873,447)
Capital expenditure		
General government	1,705,878	20,137
Protection to persons and property	205,063	68,000
Transportation services	1,728,881	2,014,280
Environmental services	2,392,060	3,777,113
Health services		
Social and family services	2,980,709	2,105,111
Recreation and cultural services	454	3,225
Planning and development	1,057,682	14,289
Other	10,070,527	8,606,520
Total expenditure	15,941,704	14,508,375
Capital financing		
Contributions from the revenue fund	1,532,706	1,654,812
Contributions from reserve funds	3,007,904	4,648,740
Long term liabilities incurred	9,900	775,647
Ontario grants	1,398,085	775,647
Other	3,030,568	3,050,072
Total capital financing	8,979,163	10,112,928
Unfinanced capital outlay (Unexpended capital financing) at the end of the year	(1,304,837)	(2,396,203)

### ANALYSIS OF ASSETS AND LIABILITIES AS OF DECEMBER 31, 1979

Category	1979		1978	
	Actual	Adjusted	Actual	Adjusted
<b>Current Assets</b>				
Cash and term deposits	17,633,497	17,633,497	12,847,137	12,847,137
Taxes receivable	3,254,131	3,254,131	2,668,964	2,668,964
Accounts receivable	1,002,963	1,002,963	1,822,417	1,822,417
Prepaid expenses	50,000	50,000	38,900	38,900
Other current assets	919,587	919,587	556,374	556,374
<b>Capital outlay to be recovered in future years</b>				
Transfers to region or county	7,219,557	7,219,557	6,662,589	6,662,589
Transfers to school boards	17,282,213	17,282,213	14,853,454	14,853,454
<b>Other long term assets</b>				
Reserves and reserve funds	13,475,590	13,475,590	9,243,278	9,243,278
Accumulated net revenue (deficit) and unapplied capital receipts	4,372,418	4,372,418	4,814,248	4,814,248
<b>Total</b>	34,233,317	34,233,317	28,608,941	28,608,941
<b>Current Liabilities</b>				
Temporary loans	4,556,747	4,556,747	1,645,783	1,645,783
Accounts payable and accrued liabilities	478,000	478,000	1,047,125	1,047,125
Other current liabilities	5,034,747	5,034,747	3,887,908	3,887,908
<b>Net long term liabilities</b>				
Reserves and reserve funds	13,475,590	13,475,590	11,663,367	11,663,367
Reserve and reserve funds	13,475,590	13,475,590	9,243,278	9,243,278
Accumulated net revenue (deficit) and unapplied capital receipts	4,372,418	4,372,418	4,814,248	4,814,248
<b>Total</b>	34,233,317	34,233,317	28,608,941	28,608,941

### BALANCE SHEET AS AT DECEMBER 31, 1979

	1979 Actual	1978 Actual
<b>ASSETS</b>		
Cash and term deposits	17,633,497	12,847,137
Taxes receivable	3,254,131	2,668,964
Accounts receivable	1,002,963	1,822,417
Prepaid expenses	50,000	38,900
Other current assets	919,587	556,374
<b>Capital outlay to be recovered in future years</b>		
Transfers to region or county	7,219,557	6,662,589
Transfers to school boards	17,282,213	14,853,454
<b>Other long term assets</b>		
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Temporary loans	4,556,747	1,645,783
Accounts payable and accrued liabilities	478,000	1,047,125
Other current liabilities	5,034,747	3,887,908
<b>Net long term liabilities</b>		
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Accumulated net revenue (deficit) and unapplied capital receipts	4,372,418	4,814,248
<b>Total</b>	34,233,317	28,608,941

### RESERVE AND RESERVE FUNDS STATEMENT OF CONTINUITY AND ANALYSIS OF YEAR END POSITION FOR THE YEAR ENDED DECEMBER 31, 1979

	1979 Actual \$	1978 Actual \$
Available at the beginning of the year for future municipal purposes	8,243,378	8,220,240
Revenue		
Contributions from the revenue fund	332,167	337,108
Contributions from developers	7,168,507	5,838,258
Contributions from capital fund	299,458	221,264
Ontario Home Renewal Grant		41,403
Donation		1,000
Interest earned	895,266	528,882
Expenditure		
Transfers to the capital fund	3,007,904	4,648,740
Transfers to the revenue fund	790,713	1,114,937
Direct expenditures	665,909	692,300
	4,464,526	6,455,977
Available at the year end for future municipal purposes	13,475,590	9,243,278

### ANALYSIS OF YEAR-END POSITION AS AT DECEMBER 31, 1979

	1979 Actual \$	1978 Actual \$
Revenue		
For working capital	717,296	642,296
For equipment replacement	103,232	50,070
Reserve Funds		
Contributions by subdividers for specific purposes	2,637,128	1,835,022
Sick leave benefits	597,886	436,217
Recreational land (Planning Act)	2,246,844	2,300,280
Impact and lot levies	6,394,953	3,097,037
GWRC contingency	183,795	169,436
Sewer lot fees	115,223	244,395
Day Care Centre	25,419	16,678
Stabilization fund	411,000	411,000
Ontario Home Renewal Plan	48,350	44,452
	17,854,886	7,551,082
Year end position of reserves and reserve funds	13,475,590	9,243,278

#### 5. Accumulated Net Revenue at the End of the year

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

	1979	1978
General ratepayers	\$1,994,186	\$1,402,180
Designated rate		