



# 2025 Annual Report

City of Markham, Ontario, Canada

For the year ended December 31, 2025

MARKHAM  
IS MORE





Canada's first municipal mascot, Millie the butterfly!



## EXCELLENCE CANADA

improving performance, recognizing excellence | améliorer le rendement, reconnaître l'excellence

FOUNDING PARTNER | PARTENAIRE FONDATEUR

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 2025 Annual Report was compiled by:

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

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# Mayor's Message



*Frank Scarpitti*

**Frank Scarpitti**  
Mayor, City of Markham

In 2025, the City of Markham continued to race forward, driven by innovation, service excellence, and fiscal responsibility. While focused on the road ahead, we also reflected on the milestones that have shaped our journey and inspired our future.

Throughout the year, we celebrated the anniversaries of several cherished community facilities and traditions that have helped define Markham's identity and contributed to the thriving city we are today. We honoured the 35th anniversary of the Markham Civic Centre – Anthony Roman Centre; the 50th anniversary of Thornhill Community Centre; the 40th anniversary of Flato Markham Theatre; and the 10th anniversary of the Markham Pan Am Centre.

Our cultural institutions also had a remarkable year, with record-setting attendance at the Markham Museum and the Varley Art Gallery, both of which hosted major exhibitions and events. AppleFest, one of Markham's most treasured traditions, marked its 40th anniversary, bringing residents of all ages together to celebrate.

In 2026, we observed the 25th anniversary of our city-to-city partnership with Nördlingen, Germany. Through the years, our partnership with one of the only remaining walled medieval towns in Germany has allowed us many opportunities for cultural and student exchanges and learning opportunities.

Our commitment to excellence has also been recognized



Markham Fire and Emergency Services launched North America's first cutting-edge auxiliary "DRAGO" units to enhance emergency response.

through numerous awards across areas such as sustainability, infrastructure, innovation, heritage conservation, financial transparency, and public service. These honours reflect the dedication and professionalism of our staff and the strength of our community.

Of note, the City was ranked in the Top 5 among large Canadian municipalities for fiscal transparency by the C.D. Howe Institute. We were also proud to be recognized for the fifth consecutive year as one of Canada's Best Employers in 2025, ranking second among municipalities nationwide and 12th overall in Government Services.

While we took time to celebrate our accomplishments in 2025, we continued moving forward with purpose — advancing new initiatives and innovations that will shape the future of our community.

We made history with the announcement of Canada's first municipal mascot, Millie the butterfly. In addition to being the host of our annual award-winning Markham-Miliken Children's Festival, Millie was launched as the face of Chatbot 3.0, an enhanced virtual assistant to support residents as they look for information or assistance on markham.ca.

Demonstrating its commitment to modernize fire service delivery, Markham Fire & Emergency Services introduced



The City of Markham, Green Savoree Toronto ULC and INDYCAR announced that the Ontario Honda Dealers Indy will have a new home in 2026 under a multi-year agreement. On August 14 to 16, 2026, the NTT INDYCAR SERIES will race on an exciting new street circuit built in the City of Markham.

the deployment of two state-of-the-art auxiliary firefighting units. Known as “DRAGO” units, this cutting-edge solution provides greater safety for our community, as well as for our firefighters.

That same spirit of innovation and momentum continues as the City prepares to welcome one of its most significant new milestones. Markham has secured a multi-year hosting agreement for the Ontario Honda Dealers Indy at Markham. Beginning in August 2026, this world-class NTT INDYCAR SERIES event will take place on a street circuit in Markham Centre. From August 14 to 16, the City will host the largest sporting

and cultural event ever held in York Region, welcoming an estimated 150,000 spectators and generating an anticipated \$50 million economic impact.

From its past to its present, Markham has continued to grow with purpose and ambition. That same drive carries us forward today — powered by innovation, strengthened by community, and focused on the future ahead.

My sincere thanks to the people of Markham, and our business and community partners, whose dedication and collaboration continue to strengthen our City not just today, but for years to come.

# Introduction

**W**e are pleased to present, on behalf of Markham Council and staff, the 2025 Annual Report for The Corporation of the City of Markham. This year's report is Markham's seventh 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*, 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.

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 2025.

  
 Frank Scarpitti  
 Mayor



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, 2024**

  
 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 **Nimisha Patel**

Ward 8 Councillor **Isa Lee**

# Markham City Council (2022-2026)



Frank Scarpitti

Mayor



Michael Chan

Deputy Mayor



Jim Jones

Regional Councillor



Joe Li

Regional Councillor



Alan Ho

Regional Councillor



Keith Irish

Ward 1 Councillor



Ritch Lau

Ward 2 Councillor



Reid McAlpine

Ward 3 Councillor



Karen Rea

Ward 4 Councillor



Andrew Keyes

Ward 5 Councillor



Amanda Yeung Collucci

Ward 6 Councillor



Nimisha Patel

Ward 7 Councillor



Isa Lee

Ward 8 Councillor

# 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](http://markham.ca). To encourage dialogue between elected officials and the community, Council members are available to residents and other stakeholders. Public meetings and consultations, deputations and the City'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*.

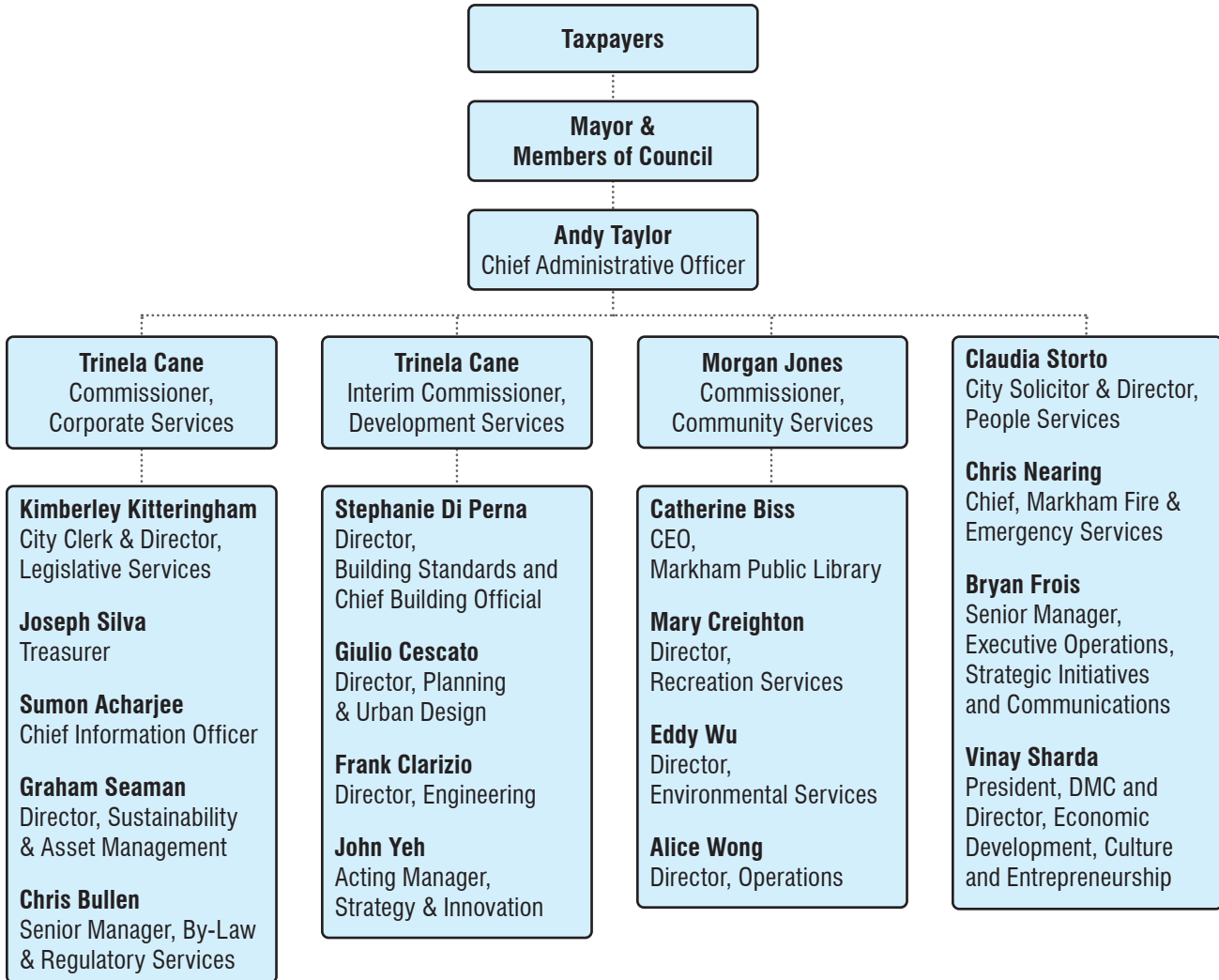
## Accountability and Transparency

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



Mayor Frank Scarpitti and City of Markham Executive Leadership Team – December 10, 2025.

From left to right: Morgan Jones, Claudia Storto, Andy Taylor, Mayor Frank Scarpitti, Trinela Cane, Chris Nearing, 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

## Budget framework

Council meets every four years to set the City's goals and priorities. For 2025, Council's strategic priorities address the initiatives defined in the 2020 - 2026 Council term that are detailed under section 2 - Corporate Strategic Plan:

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

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

## Multi-year 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.

## Budget process

In 2024, staff began working on the 2025 BP for each Business Unit. Each Business Unit filled out a BP that served as a single reference for identifying its Unit's 2025 proposed objectives in alignment to the corporate goals and Council priorities. Within each BP, Business Units included a proposed 2025 Operating Budget and Capital Project Budget that form the Business Unit's Budget.

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

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

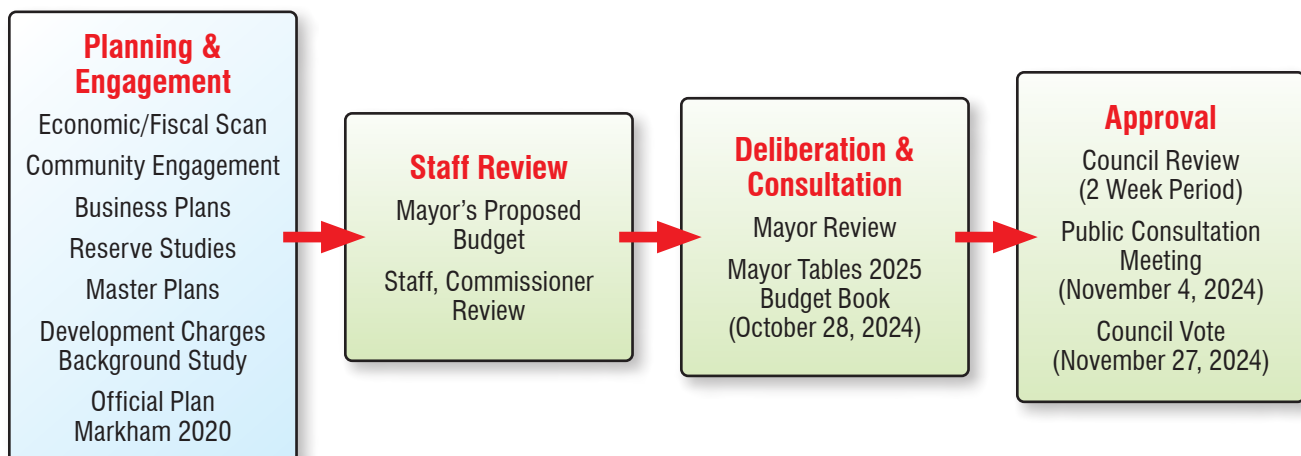
Fiscally prudent policies combined with a rigorous budgetary process allow the City to deliver services efficiently and effectively to the community, while mitigating the need for significant tax rate increases.

In July 2023, the Province introduced Strong Mayor Powers, changing how the City’s budget is approved. Previously, Council reviewed the budget through a Budget Committee. Under the new legislation, the Mayor prepares and presents the budget by February 1 for Council’s consideration. Council has 30 days to review and propose amendments. The Mayor may veto amendments within 10 days, and Council can override a veto with a two-thirds vote within 15 days. Once completed, the budget is deemed adopted.

For the 2025 Budget, staff worked with the Mayor, who engaged Council and the public before tabling the budget on October 28, 2024. The budget included the Capital and Primary Operating Budgets, as well as the Planning & Design, Engineering, Building Standards, and Waterworks Operating Budgets.

A Public Meeting was subsequently held on November 4, 2024, followed by a Special Council meeting to consider potential amendments to the Mayor’s 2025 Budget. As there were no amendments to be considered, the 2025 Budget was deemed to be adopted on November 27, 2024. The 2025 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 money, and it achieves fiscal sustainability to balance the Budget, including a draw from the Corporate Rate Stabilization Reserve in the amount of \$0.79M.

### 2025 Budget Process — Impact of Strong Mayor Powers



## Reconciliation of City's budget to audited financial statements

The City's annual budget is prepared on a cash basis for the purpose of calculating the property tax levy whereas the audited financial statements are prepared on an accrual basis of accounting. The audited financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for local governments as recommended, from time to time, by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPAC). There are certain budgeted revenues and expenses within the financial statements that need to be eliminated (such as transfers between funds, debt principal repayments, and dividend receipts) for financial reporting purposes. There are a few other non-budgeted adjustments included to help align with actual numbers. Some of these non-budgeted adjustments include BIA consolidations, amortization of capital assets and Reserve Fund interest. The chart below helps break down the reconciliation between the City's budget and the audited financial statements. Please refer to Notes 18 and 19 in the audited financial statements for budgets and actuals.

	Approved Budget		In-year approved capital budget	Adjustments	Adjusted budget as per financial statements	Actual 2025 as per financial statements
	Operating	Capital				
<b>Revenues</b>	\$	\$	\$	\$	\$	\$
Property taxes	197,376	-	-	-	197,376	200,555
User charges	239,802	-	-	-	239,802	231,495
Government transfers	2,580	11,625	-	(2,580)	11,625	24,794
Contributions from developers and others	8,773	39,431	455	123	48,782	236,704
Investment income	23,872	-	-	-	23,872	50,437
Tax penalties	5,901	-	-	-	5,901	7,864
Gain on sale of tangible capital assets	-	-	-	-	-	323
Deferred revenue earned	-	42,147	-	(2,261)	39,886	49,689
Equity income from Markham Enterprises Corporation	10,840	-	-	-	10,840	35,039
Other	7,039	85,786	3,821	(90,802)	5,844	21,753
	<b>496,183</b>	<b>178,989</b>	<b>4,276</b>	<b>(95,520)</b>	<b>583,928</b>	<b>858,653</b>
<b>Expenses</b>						
General government	59,586	15,543	61	9,711	84,901	76,013
Protection to persons and property	67,325	1,895	-	(3,968)	65,252	68,118
Transportation services	48,512	37,849	548	(7,616)	79,293	79,493
Environmental services	155,556	96,975	-	(60,344)	192,187	192,862
Recreation and cultural services	81,632	13,339	3,240	7,539	105,750	111,021
Planning and development services	26,082	13,388	427	(18,656)	21,241	27,935
Transfer to own funds	57,455	-	-	(57,455)	-	-
Other	35	-	-	-	35	30
	<b>496,183</b>	<b>178,989</b>	<b>4,276</b>	<b>(130,789)</b>	<b>548,659</b>	<b>555,472</b>
<b>Net surplus</b>	-	-	-	<b>35,269</b>	<b>35,269</b>	<b>303,181</b>

## Budget variance

Consolidated revenue of \$858,653 was greater than budgeted revenue of \$583,928 by \$274,725 mainly due to:

- \$187,922 in contribution from developers and others due to higher assumption of land and infrastructure
- \$26,565 in investment income due to higher gains on principal protected notes and higher investment rates
- \$24,199 in equity income from Markham Enterprises Corporation due to higher share of income from Alectra Inc.
- \$15,909 in other revenues due to increase in stormwater and administrative recovery revenues
- \$13,169 in government transfers due to higher recognition of Canada Community Building Fund and other federal and provincial grants

Consolidated expenses of \$555,472 were higher than budgeted by \$6,814. The main variances include:

- (\$8,888) in general government mainly due to the vacancies and timing of expenses that were not fully spent in 2025 and will be spent in future periods
- \$6,694 in planning and development services due to the timing of the higher recognition of non-tangible capital expenses and higher contract costs
- \$5,271 in recreation and cultural services due to higher contract costs
- \$2,866 in protection to persons and property due to higher contract costs

The City's consolidated annual surplus of \$303,181 exceeded the budgeted annual surplus of \$35,269 by \$267,911, prior to transfers to reserves & reserve funds and other accumulated surplus.



(From left to right) Councillor Ward 1 Keith Irish, Councillor Ward 2 Ritch Lau, Councillor Ward 3 Reid McAlpine, Councillor Ward 4 Karen Rea, Regional Councillor Alan Ho, Deputy Mayor Michael Chan, Mayor Frank Scarpitti, Regional Councillor Jim Jones, Regional Councillor Joe Li, Councillor Ward 5 Andrew Keyes, Councillor Ward 6 Amanda Yeung Collucci, and Councillor Ward 8 Isa Lee at the Budget 2026 announcement at the Markham Civic Centre on Oct. 1, 2025.

# 2025 Financial Statements Review

The Corporation of the City of Markham is pleased to present the 2025 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 (2024 – 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 2025 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 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 29.0 per cent. The increase would have been paid out year after year by Markham taxpayers on a cumulative basis.

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**The E3 program has generated \$37.2 million of cumulative savings since 2009, through revenue enhancements and expenditure reductions**

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## 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 \$303,181, a decrease of \$384,931 from the surplus reported for 2024. As the 2025 budget projected a surplus of \$35,269, the actual surplus result represents a favourable difference of \$267,912 in comparison.

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

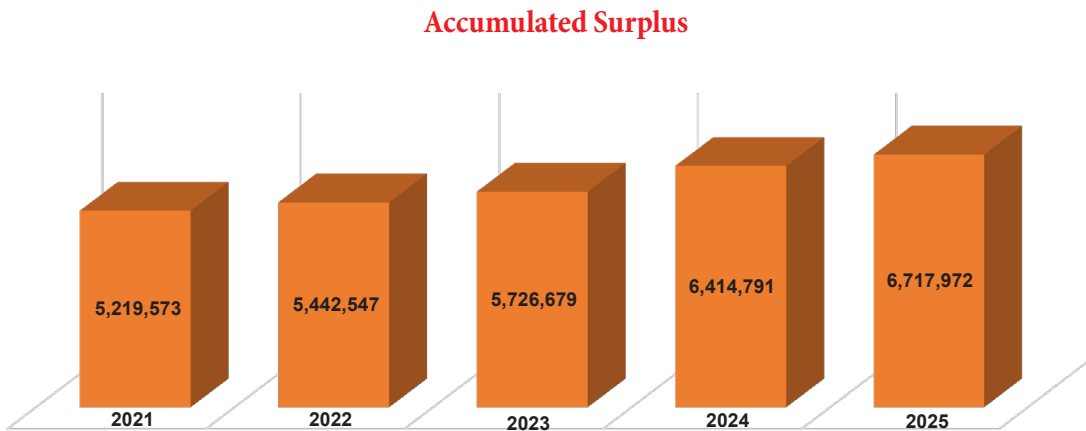
- Contributions from Developers consist mostly of assets that have been constructed by developers, and are transferred to and recorded in City financials at the time the City accepts responsibility for the maintenance of the municipal services. These include assets such as roads, sidewalks water delivery systems, and etc. The transfer of ownership usually occurs within four years from the date of registration of a subdivision agreement, although it may be longer depending on the development. Contributed land is recorded earlier in the process at the time of plan registration. The value of contributed assets differs from year to year, based on the number of plans registered, timing of subdivision assumptions and the infrastructure assets constructed within each subdivision. These factors make it extremely difficult to predict (or budget) for these revenues. This is evidenced by the actual Contributions from Developers in 2025 of \$236,704 vs. the budget of only \$48,782.

- 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 \$49,689 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. In addition, the City’s investment income and equity income from Markham Enterprises Corporation were higher than budget due to capital gain on sale of principle protected notes and share of income from Alectra Inc.

### Accumulated Surplus:

The Accumulated Surplus is derived by adding the current year Annual Surplus to the Accumulated Surplus of the prior year. The 2025 Accumulated Surplus of \$6,717,972 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 \$299,680 per year over the past five years.



**Markham’s Accumulated Surplus has grown by 28.7% over the past five years, at an average of \$299,680 per year**

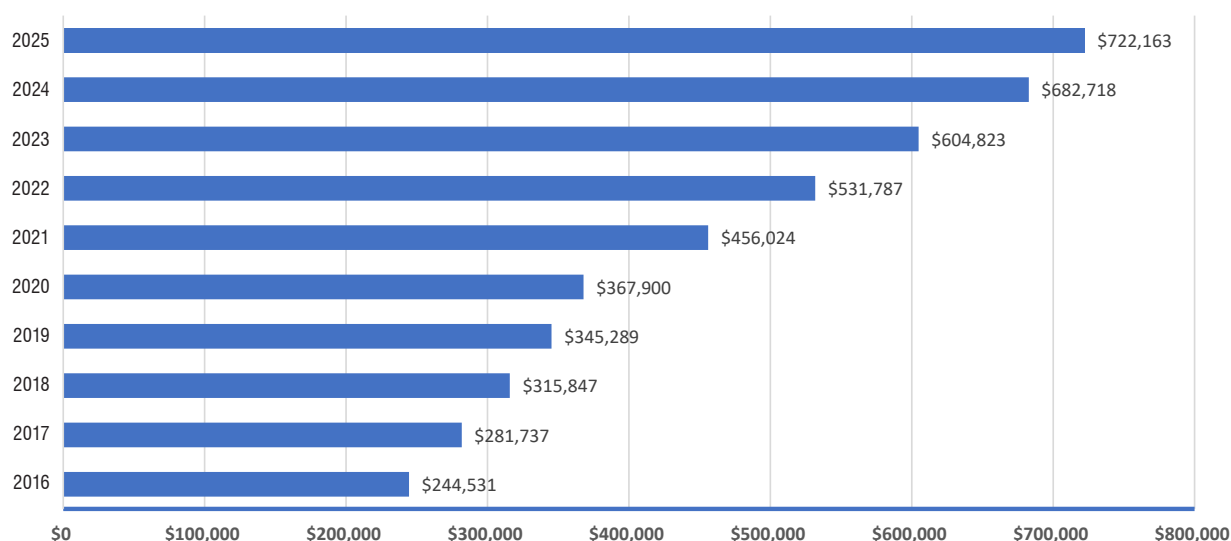
### Reserves and Reserve Funds:

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 \$303,630 at the end of 2025 (\$722,163 excluding the Land Acquisition Reserve Fund). Markham’s Reserves and Reserve Funds (excluding the Land Acquisition Reserve Fund) have seen an overall increase of 195.3 per cent from 2016 to 2025.

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 195.3 per cent since 2016**

### 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 MDE and 15 per cent of Alectra Inc. The City's investment in MEC continues to grow each year as shown in the table below. 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 & return of promissory note in the current year.

	2025	2024	Incr. / (Decr.)
Equity in MEC, January 1, 2025	\$355,822	\$407,946	(52,124)
Equity in income for the year	35,939	28,721	7,218
Return of share capital	(1,010)	(1,012)	2
Proceeds from the refund of promissory note from Alectra Inc.	-	(67,867)	67,867
Dividend paid by MEC to City	(10,841)	(11,966)	1,125
<b>Equity in MEC, December 31, 2025</b>	<b>\$379,910</b>	<b>\$355,822</b>	<b>\$24,088</b>

## 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 \$1,249,295, an increase of \$132,561 (11.87 per cent) over 2024.

- Cash & cash equivalent and investments increased in 2025 from \$622,572 to \$725,365 (\$102,793, 16.5%). The increase in cash inflows was driven by higher investment income and the impact of remeasurement of gains on principal protected notes and share of changes to other comprehensive income (\$59,909); an increase in deposits, grants and other revenues (\$27,143), and lower payments to vendors for operating and constructions projects and Region (\$32,321). These are offset by lower development charge collection when compared to 2024 (\$16,599). The average rate of return on investments in the general portfolio in 2025 was 8.0% (2024 – 7.6%).
- Property taxes receivable decreased from \$50,766 to \$46,270 (-\$4,496, -8.9%) mainly due to higher property tax payments collected in 2025 when compared to 2024.
- Accounts receivable increased from \$87,573 to \$97,750 (\$10,176, 11.6%) in 2025, mainly due to an increase in interest accrued on investments and other receivables for associate entities.
- Investment in MEC increased by \$24,088 (6.8%) in 2025. This increase in investment includes the 2025 equity income of \$35,939, which is offset by a dividend payment of \$10,841 and a reduction in share capital of \$1,010. 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 \$576,820, an increase of \$40,411 (7.5%) compared to 2024.

- Accounts payable and accrued liabilities increased in 2025 from \$186,429 to \$242,849 (\$56,421, 30.3%) mainly due to an increase in amounts payable to Region for water (\$42,247) due to timing, and an increase in DC credit liabilities (\$33,585) which are offset by a decrease in accrued liabilities related to vendor payments for construction projects (\$11,140) and payable to the Region for tax levies (\$7,388).
- 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, Canada Community Building Fund (Federal Gas Tax), Community benefit charge and Section 37 Funds. Deferred revenues decreased from \$278,873 to \$259,829 (-\$19,044, -6.8%) in 2025. The decrease was mainly due to higher usage of Development Charges (\$16,599), Canada Community Building Fund (\$7,516), and Community Benefit charges (\$1,098) to fund capital projects, offset by higher unspent grant and developers funding (\$6,371).
- 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 \$48,735, an increase of \$3,936 or 8.8% over 2024 which included an increase as per actuarial valuations for the current year end for WSIB, LTD, post-employment and sick leave benefits.
- Long-term liabilities totaled \$5,836, a decrease of \$902 from 2024 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 \$6,129,252, an increase of \$259,272 over 2024. The change was almost entirely related to a net increase in tangible capital assets of \$211,578 in land and assets classified as works-in-progress. The major assets acquired through development, purchased or put into service following construction completion in 2025 include land, roads, storm-water & waterworks infrastructure and parks & pathways.

Financial Position	2025	2024	Incr. / (Decr.)
Financial assets	\$1,249,295	\$1,116,733	\$132,562
Less: Financial liabilities	(576,820)	(536,410)	(40,410)
Plus: Non-financial assets	6,129,252	5,869,980	259,272
	<b>\$6,801,727</b>	<b>\$6,450,303</b>	<b>\$351,424</b>
Accumulated surplus	\$6,717,972	\$6,414,791	\$303,181
Accumulated remeasurement of gains	83,755	35,512	48,243
	<b>\$6,801,727</b>	<b>\$6,450,303</b>	<b>\$351,424</b>

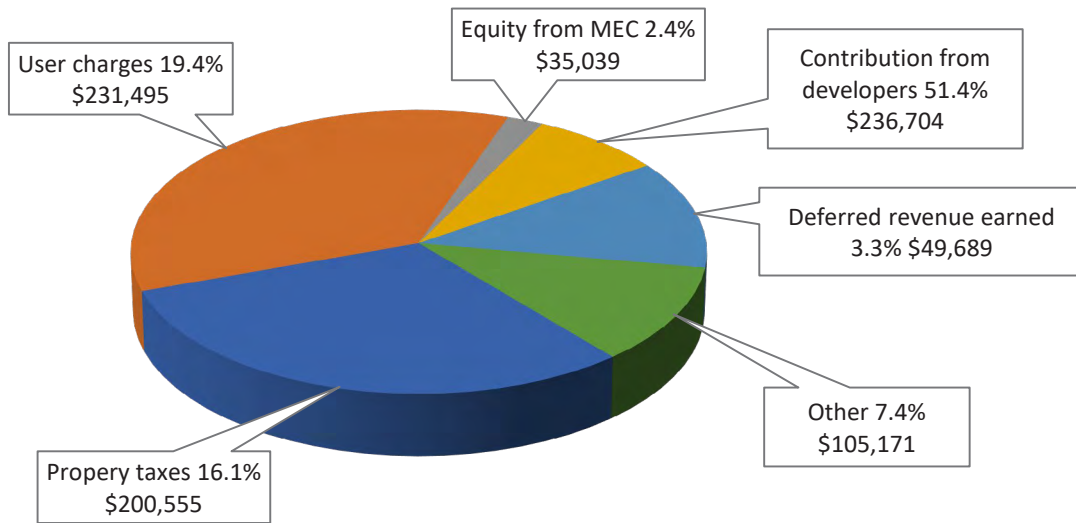
## Statement of Operations and Accumulated Surplus (Income Statement)

### Revenues by Source

Total revenues in 2025 were \$858,653, a decrease of \$333,617 from 2024. The year-over-year decrease in revenues was driven by a decrease in contribution from developers (\$375,573), offset by increases in investment income (\$10,766), deferred revenue earned (\$9,872), equity income from MEC (\$6,618), property tax levies (\$8,189), and government transfer (\$5,432).

- User Charges were \$231,495, 27.0 per cent of the total revenues in 2025. These include such things as planning and engineering fees, water and sewer billing, building permits and recreation and culture program registration and facility rental fees.
- Contributions from developers totaled \$236,704, 27.6 per cent of 2025 revenues, as the City assumed ownership of land and other assets constructed in new development areas.
- Deferred revenue earned (spent) totaled \$49,689 or 5.8 per cent of the 2025 revenues. Deferred revenue earned increased during 2025 when compared to 2024 mainly due to increase in capital spending in development charges, cash in lieu and Canada Community Building Fund.
- Equity income of MEC also represented 4.1 per cent of the total revenues in 2025. In 2025, the equity income increased by \$6,618 due to Alectra's higher income.

**2025 Revenues by Source – Total: \$858,653**

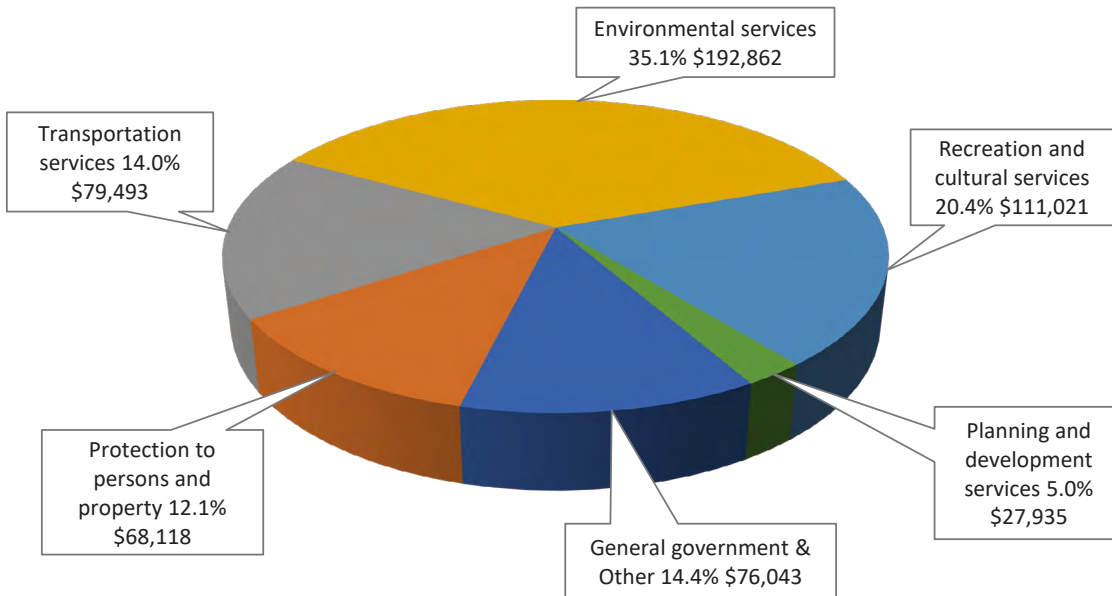


**Expenses by Function**

Total expenses in 2025 were \$555,472, an increase of \$51,314 over 2024 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.

- The Annual Surplus for the year (total revenues less total expenses) was \$303,181, an decrease of \$384,931 from 2024.

**2025 Expenses by Function – Total: \$555,472**



## Financial Sustainability


The City's consolidated financial position improved in 2025, supported by continued increases in investment returns. The guiding principles of Council's Building Markham's Future Together & Long-Term Financial Management Strategies continue to support the City in achieving its long-term goals and maintaining financial sustainability to deliver on Council priorities.

## 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 24 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 28, 2026

# Financial Policies

**C**ouncil 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.



April 28, 2026

## Responsibility for Financial Reporting

### Management Report:

The integrity, relevance and comparability of data in the accompanying consolidated financial statements of The Corporation of the City of Markham (“City”) are the responsibility of management.

The consolidated financial statements of the City are prepared by management, in accordance with generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the CPA Canada. They necessarily include some amounts that are based on the best estimates and judgements of the management. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

To assist in its responsibility, management maintains accounting, budgeting and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

City Council fulfils its responsibility for financial reporting through the City Council and its general committee and development services committee. The City Council consists of Mayor, Four Regional Councillors and Eight Ward Councillors.

KPMG LLP, Chartered Accountant, have been appointed by City Council to express an opinion on the City’s consolidated financial statements. Their report follows.

**Joseph Silva**  
Treasurer

**Trinela Cane**  
Commissioner, Corporate Services





**KPMG LLP**

Vaughan Metropolitan Centre  
100 New Park Place, Suite 1400  
Vaughan, ON L4K 0J3  
Canada  
Telephone 905 265 5900  
Fax 905 265 6390

**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, 2025
- 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 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, 2025, and its consolidated results of operations and accumulated surplus, 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.



### ***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.

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.



Page 3

- 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 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 28, 2026

# Consolidated Statement of Financial Position

December 31, 2025 with comparative figures for 2024  
(All dollar amounts are in \$000's)

	Note	2025	2024
<b>Financial assets</b>			
Cash and cash equivalents	5	\$259,073	\$268,276
Investments	5	466,292	354,296
Property taxes receivable	6	46,270	50,766
Accounts receivable		97,750	87,573
Investment in Markham Enterprises Corporation	7	379,910	355,822
		<b>\$1,249,295</b>	<b>\$1,116,733</b>
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	8	\$242,849	\$186,429
Liability for asset retirement obligation	12(e)	19,571	19,571
Deferred revenues	9	259,829	278,873
Employee future benefits liabilities	10	48,735	44,799
Long-term liabilities	11	5,836	6,738
		<b>\$576,820</b>	<b>\$536,410</b>
<b>Net financial assets</b>		<b>\$672,475</b>	<b>\$580,323</b>
<b>Non-Financial assets</b>			
Tangible capital assets	12	\$6,121,793	5,862,749
Inventories		2,768	3,068
Prepaid expenses		4,691	4,163
		<b>\$6,129,252</b>	<b>5,869,980</b>
Commitments	16		
Contingencies	17		
Contractual rights	21		
<b>Accumulated surplus</b>		<b>\$6,801,727</b>	<b>\$6,450,303</b>
<b>Comprising:</b>			
Accumulated operating surplus	15	\$ 6,717,972	\$ 6,414,791
Accumulated remeasurement of gains		83,755	35,512

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

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2025 with comparative figures for 2024  
(All dollar amounts are in \$000's)

	Note	2025		2024
		Budget (note 19)	Actual	Actual
<b>Revenues</b>				
Property taxes		\$197,376	\$200,555	\$192,366
User charges	13	239,802	231,495	231,050
Government transfers	14	11,625	24,794	19,362
Contributions from developers and others		48,782	236,704	612,277
Investment income		23,872	50,437	39,671
Tax penalties		5,901	7,864	7,312
Gain on sale of tangible capital assets		-	323	-
Deferred revenue earned		39,886	49,689	39,817
Equity income from Markham Enterprises Corporation	7	10,840	35,039	28,421
Other		5,844	21,753	21,994
<b>Total revenues</b>		<b>\$583,928</b>	<b>\$858,653</b>	<b>\$1,192,270</b>
<b>Expenses</b>	<b>18</b>			
General government		\$84,901	\$76,013	\$72,708
Protection to persons and property		65,252	68,118	61,188
Transportation services		79,293	79,493	70,319
Environmental services		192,187	192,862	177,191
Recreation and cultural services		105,750	111,021	102,879
Planning and development services		21,241	27,935	19,856
Other		35	30	17
<b>Total expenses</b>		<b>\$548,659</b>	<b>\$555,472</b>	<b>\$504,158</b>
<b>Annual surplus</b>		<b>\$35,269</b>	<b>\$303,181</b>	<b>\$688,112</b>
Accumulated operating surplus, beginning of year			6,414,791	5,726,679
<b>Accumulated operating surplus, end of year</b>	<b>15</b>		<b>\$6,717,972</b>	<b>\$6,414,791</b>

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

## Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2025 with comparative figures for 2024  
(All dollar amounts are in \$000's)

	Note	2025		2024
		Budget	Actual	Actual
<b>Annual surplus</b>		<b>\$35,269</b>	<b>\$303,181</b>	<b>\$688,112</b>
Acquisition of tangible capital assets		(215,555)	(109,718)	(115,423)
Contributed tangible capital assets	12	-	(236,704)	(612,277)
Amortization of tangible capital assets		86,363	87,378	85,432
Gains on disposal of tangible capital assets		-	-	731
Proceeds from disposal of tangible capital assets		-	-	383
		<b>(\$93,923)</b>	<b>\$44,137</b>	<b>\$46,958</b>
Acquisition of inventories		-	(2,768)	(3,068)
Acquisition prepaid expenses		-	(4,691)	(4,163)
Consumption of inventories		-	3,068	3,588
Use of prepaid expenses		-	4,163	3,793
		-	<b>(228)</b>	<b>150</b>
<b>Change in net financial assets excluding net remeasurement gains (losses)</b>		<b>(\$93,923)</b>	<b>\$43,909</b>	<b>\$47,108</b>
Net remeasurement of gains for the year		-	48,243	25,189
<b>Net change in net financial assets</b>		<b>(93,923)</b>	<b>92,152</b>	<b>72,297</b>
<b>Net financial assets, beginning of year</b>		<b>580,323</b>	<b>580,323</b>	<b>508,026</b>
<b>Net financial assets, end of year</b>		<b>\$486,400</b>	<b>\$672,475</b>	<b>580,323</b>

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

## Consolidated Statement of Remeasurement of Gains and Losses

Year ended December 31, 2025 with comparative figures for 2024  
(All dollar amounts are in \$000's)

	2025	2024
<b>Accumulated remeasurement gains, beginning of year</b>	<b>\$35,512</b>	<b>\$10,323</b>
Realized amounts reclassified	(13,893)	(2,002)
Unrealized gains in the current year attributable to portfolio investments	61,236	26,891
Share of other comprehensive income from Markham Enterprises Corporation	900	300
<b>Accumulated remeasurement gains for the year</b>	<b>48,243</b>	<b>25,189</b>
<b>Accumulated remeasurement gains, end of year</b>	<b>\$83,755</b>	<b>\$35,512</b>

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

# Consolidated Statement of Cash Flows

Year ended December 31, 2025 with comparative figures for 2024  
(All dollar amounts are in \$000's)

	2025	2024
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
<b>Annual surplus</b>	<b>\$303,181</b>	<b>\$688,112</b>
Items not involving cash		
Amortization of tangible capital assets	87,378	85,432
Gain on disposal of tangible capital assets	-	731
Employee future benefits liabilities	3,936	1,535
Equity income from Markham Enterprises Corporation	(35,039)	(28,421)
Contributed tangible capital assets	(236,704)	(612,277)
	<b>\$122,752</b>	<b>\$135,112</b>
Change in non-cash assets and liabilities		
Property taxes receivable	4,496	(7,236)
Accounts receivable	(10,177)	(4,688)
Accounts payable and accrued liabilities	56,420	25,493
Notes payable	-	(94,000)
Long term liabilities	(902)	(870)
Deferred revenue	(19,044)	97,651
Inventories	300	520
Prepaid expenses	(528)	(370)
	<b>\$153,317</b>	<b>\$151,612</b>
<b>Financing activities</b>		
Dividend from Markham Enterprises Corporation	10,841	11,966
Proceeds from refund of promissory note from Alectra Inc.	-	67,867
Return of capital	1,010	1,012
	<b>\$11,851</b>	<b>\$80,845</b>
<b>Capital activities</b>		
Net of purchase of investments and proceeds	<b>(64,653)</b>	<b>(63,907)</b>
<b>Investing activities</b>		
Acquisition of tangible capital assets	(109,718)	(115,423)
Proceeds from disposal of tangible capital assets	-	383
	<b>\$(109,718)</b>	<b>\$(115,040)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>\$(9,203)</b>	<b>\$53,510</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>268,276</b>	<b>214,766</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$259,073</b>	<b>\$268,276</b>
<b>Supplementary information:</b>		
Interest paid	213	245
Interest received	10,032	13,422

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

# Notes to the Consolidated Financial Statements

**Year ended December 31, 2025**  
**(All dollar amounts are in \$000's)**

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.

## 1. Significant accounting policies:

### a) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, revenue 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; and
- 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 with a corresponding increase or decrease in its investment asset account. The share of other comprehensive income or loss in MEC is recognized in the City’s consolidated statement of remeasurement gains and losses. 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 revenue, 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:

Revenue is recorded in the year in which the transactions or events occurred that gave rise to the revenue.

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

**f) Financial instruments:**

PS 3450, Financial Instruments, establishes standards on the recognition and measurement of different categories of financial instruments, including derivatives.

The City's investments in Principal Protected Notes ("PPNs") meet the criteria of a financial instrument with an embedded derivative. The standards permit financial instruments containing one or more embedded derivatives to be designated as a hybrid (combined) instrument and carried at fair value. This designation is irrevocable. The City has elected to record the PPNs at fair value. The cumulative change in fair value of these financial instruments is recorded in accumulated surplus as a remeasurement of gains and losses and is included in the value of the investments presented in the consolidated statement of financial position. Upon disposition of the PPNs, the cumulative remeasurement gains and losses are reclassified to the consolidated statement of operations, and all other gains and losses related to the disposition of the PPNs are directly recorded in the consolidated statement of operations.

Investments also include bonds and debentures which are recorded and measured 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 consolidated financial statements in the year in which the events giving rise to the transfer occurred, providing that the transfers are authorized, any eligibility criteria and stipulations have been met, and reasonable estimates of the amounts can be made.

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

**h) Deferred revenue:**

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

**i) Property taxes and related revenue:**

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 the 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. The 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. These 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 the interest and penalties on overdue property taxes. These revenues are recorded in the year 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 year during which the benefits will be paid. The cost of plan amendments is accounted for in the year 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 year 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:

<b>Asset</b>	<b>Useful Life - Years</b>
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, 2025, 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 revenue and expenses during the year. Actual results could differ from these estimates.

**q) Budget figures:**

The approved operating and capital budgets for 2025 are reflected on the consolidated statement of operations 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 consolidated financial statements has been reconciled to the approved budgets to reflect the accrual basis of accounting in note 19. As a result of changes to the Municipal Act, 2001 (Part VI Special Powers and Duties of the Head of Council) that affected the associated impact to the City's budget process, City Council approved in-year additions to the 2025 capital budget plan resulting in a change to the 2025 capital budget from \$178,989 as originally approved to \$183,265.

**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 18.

### 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;
- future economic benefits will be given up; and
- a reasonable estimate of the liability can be made.

### t) 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. 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. However, there is no change in assumptions for the year ended December 31, 2025.

The City elected not to apply present value technique to measuring ARO liability and as a result does not recognize any accretion expenses in the consolidated financial statements.

### u) Public private partnerships:

PS 3160, Public Private Partnerships, provides standards for accounting and reporting infrastructure assets and liabilities arising from public private partnership (P3) arrangements in the public sector. It applies to arrangements where a public sector entity collaborates with a private sector partner to design, build, acquire, or improve infrastructure; finance the project beyond its readiness for use; and operate and/or maintain the infrastructure. The standard requires recognition of the infrastructure asset and a corresponding liability when the public sector entity controls the asset’s purpose, use, and residual interest, and expects to benefit from its service potential while being exposed to related risks. The asset is initially measured at cost, representing its fair value at the recognition date, and subsequently amortized over its useful life. The liability is measured based on the nature of consideration provided to the private partner, following either the financial liability model or the user-pay model. There is no impact of this standard for the year ended December 31, 2025.

### v) Revenue:

PS 3400, Revenue, provides a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. It distinguishes between exchange transactions (with performance obligations) and non-exchange transactions (without performance obligations). Revenue from exchange transactions is recognized when performance obligations are satisfied, while revenue from non-exchange transactions is recognized when the public sector entity has the authority to claim or retain the resources and a past event has occurred. The standard also provides guidance on measuring revenue, including considerations for variable consideration and non-cash transactions.

**w) Purchased intangibles:**

PSG-8, Purchased Intangibles, provides guidance on recognizing and accounting for purchased intangible assets in the public sector. It defines purchased intangibles as identifiable non-monetary economic resources acquired through an arm's length transaction. The guideline requires recognition when the asset meets the criteria under PS 1000, Financial Statement Concepts, and PS 3210, Assets. However, it does not prescribe detailed accounting treatment, instead directing entities to existing public sector accounting standards. PSG-8 does not apply to intangibles acquired through transfers, public private partnerships, or inter-entity transactions.

**x) 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 years. Contractual rights for the year ended on December 31, 2025, are disclosed in note 21.

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 years. For further details regarding the City's contractual obligations, including the nature, extent and timing of these types of transactions, please refer to note 16.

**y) 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 non-occurrence of a future event that is outside of the entity's control.

For the year ended December 31, 2025, 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 17.

**z) 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.

**aa) Reserves and reserve funds:**

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

- 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.
- 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. Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2025, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of these standards on the future consolidated financial statements.

- (a). The conceptual framework for financial reporting in the public sector was revised and 2024 - 2025 Annual Improvements to Public Sector Accounting Standards (“PSAS”) were issued. The PSAB approved amendments providing terminology updates to align various sections of the PSAS Handbook with PSAB’s Conceptual Framework and Reporting Model. These revisions and amendments are effective for fiscal years beginning on or after April 1, 2026 (the City’s December 31, 2027 year end).
- (b). PS 1202, Financial Statement Presentation, will replace the current section PS 1201. This guideline is effective for fiscal years beginning on or after April 1, 2026 (the City’s December 31, 2027 year end).
- (c). PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The proposed section is currently pending final approval, with an expected effective date of April 1, 2029 (the City’s December 31, 2030 year end).
- (d). PS 3150, Tangible Capital Assets. The PSAB has issued amendments related to PS 3150 in May 2025 as a result of implementing its Government Not-for-Profit Strategy, which incorporates the PS 4200 series into public sector accounting standards with potential customization. The amendments to this section are effective for fiscal periods beginning on or after April 1, 2030 (the City’s December 31, 2031 year end).
- (e). PS 3155, Intangible Assets, will replace the current section PSG 8, Purchased Intangibles. The proposed section is currently pending final approval and an effective date for the proposed standard is currently not known.

## 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	2025	2024
Taxation	\$256,768	\$423,735	\$680,503	\$655,724
Payment in lieu of taxes	339	1,370	1,709	1,496
Supplementary taxes	1,322	2,670	3,992	10,000
<b>Amount requisitioned and transferred</b>	<b>\$258,429</b>	<b>\$427,775</b>	<b>\$686,204</b>	<b>\$667,220</b>

## 4. Pension agreements:

The City makes contributions to the OMERS, which is a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of 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 \$33,491 (2024 - \$27,938) of which \$16,755 (2024 - \$13,969) represented the City’s portion and \$16,736 (2024 - \$13,969) represented employees’ portion. Since OMERS is a multi-employer pension plan, the City does not recognize any share of the pension plan deficit of \$1.3 billion as of December 31, 2025 (2024 - \$2.9 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 and cash equivalents and investments:

	2025	2024
Cash & cash equivalents	\$259,073	\$268,276
Investments	466,292	354,296
	<b>\$725,365</b>	<b>\$622,572</b>

The cash and cash equivalent balance includes no investments (2024 - \$3,848) 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. As at December 31, 2025, investments, which are reported at cost and amortized cost, had a market value of \$215,490 (2024 - \$146,177). Investments balance also includes PPN of \$222,244 (2024 - \$159,752) which are reported at fair market value and include the total of \$82,705 (2024 - \$35,362) attributable to unrealized gain which is recorded through the accumulated remeasurement gains on the consolidated statement of remeasurement gains and losses.

## 6. Property taxes receivable:

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

	2025	2024
Current year	\$35,093	\$40,560
Arrears prior years	14,783	13,157
	49,876	53,717
Less: Allowance for uncollectible taxes	(3,606)	(2,951)
	<b>\$46,270</b>	<b>\$50,766</b>

The 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 most recent province-wide property assessment was made in 2016 which continues to be the basis for property assessments for property tax determination.

The City’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. Based on the current tax assessments, the City has provided a provision allowance in the amount of \$3,606 (2024 - \$2,951).

## 7. Investment in Markham Enterprises Corporation:

MEC is wholly owned by the City. MEC owns 100% (2024 - 100%) of Markham District Energy Inc. ("MDE") and 15% of Alectra Inc. ("Alectra") (2024 - 15%).

The following consolidated financial statements of MEC include the financial information of its subsidiaries MDE and Alectra for the period from January 1, 2025 to December 31, 2025.

	2025	2024
<b>Assets</b>		
Current	\$23,744	\$21,203
Capital	194,908	168,875
Investment in Alectra Inc.	351,133	328,725
Other	1,945	1,828
<b>Total assets</b>	<b>\$571,730</b>	<b>\$520,631</b>
<b>Liabilities and shareholder's equity</b>		
<b>Liabilities</b>		
Current	17,442	47,472
Other	175,278	117,337
<b>Total liabilities</b>	<b>\$192,720</b>	<b>\$164,809</b>
<b>Shareholder's equity</b>		
Common shares	88,838	89,848
Promissory notes payable	11,317	11,317
Retained earnings and contributed Surplus	278,855	254,657
<b>Total shareholder's equity</b>	<b>379,010</b>	<b>355,822</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$571,730</b>	<b>\$520,631</b>
<b>Results of operations</b>		
Revenues	\$73,173	\$60,330
Operating expenses	38,134	31,909
<b>Net Income</b>	<b>35,039</b>	<b>28,421</b>
<b>Share of other comprehensive income</b>	<b>900</b>	<b>300</b>
<b>City's share of net income and other comprehensive income in MEC</b>	<b>35,939</b>	<b>28,721</b>
<b>Investment in MEC, beginning of year</b>	<b>\$355,822</b>	<b>\$407,946</b>
City's share of net income and other comprehensive income in MEC	35,939	28,721
Dividend received	(10,841)	(11,966)
Proceeds from the refund of promissory note from Alectra Inc.	-	(67,867)
Return of capital	(1,010)	(1,012)
<b>Investment in MEC, end of year</b>	<b>\$379,910</b>	<b>\$355,822</b>

## 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 year. 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:

	<b>2025</b>	<b>2024</b>
Payable to other governments	\$129,816	\$61,959
Trade accounts payable	90,718	86,612
Accrued liabilities	14,926	26,066
Payroll liabilities	7,389	11,792
	<b>\$242,849</b>	<b>\$186,429</b>

## 9. Deferred revenue:

Deferred revenue — obligatory reserve funds constitute funds received that have been set aside for specific purposes as outlined in provincial legislation (such as Community Benefit Charge and Section 37 funds), City by-laws and third party agreements. Deferred revenue — general includes cash received for user charges and security deposits. These amounts will be recognized as revenue in the fiscal year the services are performed, or eligible expenses are incurred. The following represents the activity and year end balances for deferred revenue.

	<b>Balance, beginning of year</b>	<b>Receipts</b>	<b>Revenues earned</b>	<b>Balance, end of year</b>
<b>Obligatory reserve funds:</b>				
Development charges	\$205,082	\$16,349	\$32,948	\$188,483
Canada community building fund	16,957	11,633	19,149	9,441
Section 37 funds	9,205	-	125	9,080
Community benefit charge	2,273	-	1,175	1,098
Other	3	-	-	3
	<b>\$233,520</b>	<b>\$27,982</b>	<b>\$53,397</b>	<b>\$208,105</b>
<b>General:</b>				
Deferred revenue and deposits	45,353	52,650	46,279	51,724
	<b>\$278,873</b>	<b>\$80,632</b>	<b>\$99,676</b>	<b>\$259,829</b>

**10. Employee future benefits liabilities:**

	Note	2025	2024
Long-term disability benefits	10(a)	\$6,677	\$6,405
Post-employment benefits	10(b)	20,970	19,169
Vested sick leave benefits	10(c)	7,663	7,260
Workplace Safety & Insurance Board obligations	10(d)	8,213	7,570
		<b>\$43,523</b>	<b>\$40,404</b>
Vacation pay - City		5,015	4,208
Vacation pay - Library		197	187
		<b>\$48,735</b>	<b>\$44,799</b>

**a) Long-term disability benefits (“LTD”):**

The City provides LTD benefits to eligible employees. As at December 31, 2025, the accrued liability of \$6,677 (2024 - \$6,405) represents the actuarial valuation of benefits to be paid, based on the history of claims with employees. The City has established a LTD 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 2023 and projected to December 2025.

**b) Post-employment benefits:**

The City provides for post-employment benefits which include extended health and dental benefits to eligible retiring employees of age 65. The City recognizes these post-employment costs as they are earned during the employee’s tenure of service. As at December 31, 2025, the post-employment benefit liability is \$20,970 (2024 - \$19,169). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December 2024 and projected to December 2025.

**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. As at December 31, 2025, 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 \$7,663 (2024 - \$7,260). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December 2024 and projected to December 2025.

**d) Workplace Safety and Insurance Board (“WSIB”) obligations:**

Effective January 1, 1999, the City 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. As at December 31, 2025, the estimated future liability relating to the WSIB claims amounted to \$8,213 (2024 - \$7,570) 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 2025.

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

	LTD	Post-employment benefits	Vested sick-leave	WSIB	2025	2024
Accrued benefit liability, beginning of year	\$6,405	\$19,169	\$7,260	\$7,570	\$40,404	\$39,074
Service cost	1133	1,142	615	943	3,833	3,628
Interest cost	296	813	317	433	1,859	1,750
Increase due to plan amendment/survivor awards	-	1,462	-	-	1,462	-
Benefit payments	(1,216)	(1,545)	(597)	(990)	(4,348)	(4,390)
Amortization of actuarial loss (gain)	59	(71)	68	257	313	342
<b>Accrued benefit liability, end of year</b>	<b>\$6,677</b>	<b>\$20,970</b>	<b>\$7,663</b>	<b>\$8,213</b>	<b>\$43,523</b>	<b>\$40,404</b>
Unamortized actuarial loss (gain)	173	(231)	(133)	(1,821)	(2,012)	(\$2,354)
<b>Accrued benefit obligation, end of year</b>	<b>\$6,850</b>	<b>\$20,739</b>	<b>\$7,530</b>	<b>\$6,392</b>	<b>\$41,511</b>	<b>\$38,050</b>

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	Post-employment benefits	Vested sick-leave	WSIB
Expected inflation rate	N/A	2.00%	2.00%	2.50%
Expected level of salary increase	N/A	3.00%	3.00%	3.00%
Interest discount rate	4.50%	4.25%	4.25%	4.50%
Expected average remaining service life in years	N/A	13	14	11

## 11. Long-term liabilities:

As a lower-tier municipality the City does not have the ability to borrow long-term funds, and as such the borrowing is done through the Region. The long-term liabilities issued and outstanding are as follows:

	2025	2024
Canada Mortgage Housing Corporation loan (a)	\$3,940	\$4,639
Federation of Canadian Municipalities loan (b)	1,896	2,099
	<b>\$5,836</b>	<b>\$6,738</b>

- The loan of \$12,000 received on July 1, 2010 from Canada Mortgage Housing Corporation through the Region, was used to fund the purchase of the Markham District Energy Birchmount plant. The plant was subsequently leased back to 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 from Federation of Canadian Municipalities through the Region, was used to fund the cost of the 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:

2026	\$934
2027	967
2028	1,002
2029	1,038
2030	1,076
Thereafter	819
<b>Total</b>	<b>\$5,836</b>

## 12. Tangible capital assets:

### a) Assets under construction:

Assets under construction having a value of \$100,642 (2024 - \$51,249) 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 are recognized at fair market value at the date of contribution. If the fair market value estimate cannot be reasonably made at the time of contribution, these assets are recorded at nominal value initially and the estimate is updated when a reasonable fair market value estimate can be made. The value of contributed assets received during the year is \$236,704 (2024 - \$612,277) comprised of land in the amount of \$210,984 (2024 - \$576,098), infrastructure in the amount of \$17,470 (2024 - \$7,197), waterworks equipment and infrastructure in the amount of \$7,950 (2024 - \$26,562) and other developers' contributions of \$300 (2024 - \$2,420).

### 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:

The cost of tangible capital assets and accumulated depreciation for buildings and infrastructure includes \$19,571 (2024 - \$19,571) and \$19,331 (2024 - \$19,250) respectively, attributable to asset retirement costs. As at December 31, 2025, these buildings and infrastructure assets remained in productive use, thus the carrying value of the liability for the asset retirement obligation remained consistent with the values reported in 2024.

## Financial Information

	Cost				Accumulated Depreciation				Net Book Value	
	Balance, beginning of year	Additions/transfers	Disposals & Adjustments	Balance, end of year	Balance, beginning of year	For the year	Disposals & Adjustments	Balance, end of year	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	3,668,311	211,578	-	3,879,889	-	-	-	-	3,879,889	3,668,311
Buildings	491,548	358	-	491,906	-	10,903	-	218,826	273,080	283,625
Equipment	53,461	15,768	(3,480)	65,749	23,604	6,468	(3,480)	26,592	39,157	29,857
Furniture & fixtures	2,504	162	(723)	1,943	1,792	161	(723)	1,230	713	712
Infrastructure	1,643,055	38,360	(10,339)	1,671,076	660,366	40,592	(10,339)	690,619	980,457	982,689
Library materials, furniture & fixtures	16,672	2,064	(3,435)	15,301	10,517	1,764	(3,435)	8,846	6,455	6,155
Parks & pathways	132,643	4,934	(5,073)	132,504	50,609	6,821	(5,073)	52,357	80,147	82,034
Vehicles	22,195	3,766	(2,884)	23,077	8,538	2,573	(2,884)	8,227	14,850	13,657
Waterworks equipment & infrastructure	1,180,047	20,039	(2,252)	1,197,834	435,587	18,096	(2,252)	451,431	746,403	744,460
<b>Total</b>	<b>7,210,436</b>	<b>297,029</b>	<b>(28,186)</b>	<b>7,479,279</b>	<b>1,398,936</b>	<b>87,378</b>	<b>(28,186)</b>	<b>1,458,128</b>	<b>6,021,151</b>	<b>5,811,500</b>
Capital work in progress	51,249	49,393	-	100,642	-	-	-	-	100,642	51,249
<b>Grand Total</b>	<b>7,261,685</b>	<b>346,422</b>	<b>(28,186)</b>	<b>7,579,921</b>	<b>1,398,936</b>	<b>87,378</b>	<b>(28,186)</b>	<b>1,458,128</b>	<b>6,121,793</b>	<b>5,862,749</b>

### 13. User charges:

	<b>2025</b>	<b>2024</b>
Water and sewer billing to ratepayers	\$157,326	\$148,995
Recreation programs	17,753	16,280
Building permits	16,053	14,242
Facility rentals	13,836	13,057
Other	6,111	5,379
Planning & landscaping	5,639	10,752
Engineering	4,782	12,800
Culture venues	4,259	3,872
Parking violations	3,338	3,358
Licenses	2,398	2,315
<b>Total</b>	<b>\$231,495</b>	<b>\$231,050</b>

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

### 14. 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 December 31 are:

	<b>2025</b>	<b>2024</b>
<b>Provincial Grants:</b>		
General government	\$-	\$100
Environmental services	2,645	2,464
Recreation and cultural services	407	407
Planning and development services	772	770
	<b>\$3,824</b>	<b>\$3,741</b>
<b>Federal Grants:</b>		
General government	19,151	14,184
Environmental services	1,643	1,295
Recreation and cultural services	176	130
Planning and development services	-	12
	<b>\$20,970</b>	<b>\$15,621</b>
	<b>\$24,794</b>	<b>\$19,362</b>

## 15. Accumulated operating surplus:

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

	<b>2025</b>	<b>2024</b>
City operating fund surplus including library, community boards, Destination Markham Corporation and business improvement areas	\$15,255	\$18,498
Less: transferred to reserve and reserve funds	(10,727)	(14,141)
	<b>\$4,528</b>	<b>\$4,357</b>
Equity in Markham Enterprises Corporation	379,910	355,822
Invested in tangible capital assets	6,121,793	5,862,749
Other	(91,889)	(92,233)
	<b>\$6,414,342</b>	<b>\$6,130,695</b>
<b>Reserves set aside for specific purposes by Council</b>		
Berczy landscape feature	203	203
Building fee	21,267	18,401
Capital gains	41,204	22,352
Corporate rate stabilization	30,046	30,046
Development fee	47,823	62,238
Election expenses	840	540
Election rebates	721	658
Facility ramp up	44,622	42,636
Firefighters sick leave benefits	8,024	7,760
Insurance	6,684	5,651
Long-term disability benefits	25,685	25,685
Waterworks	134,224	124,538
<b>Total reserves</b>	<b>361,343</b>	<b>340,708</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
Cemetery expenses	144	139
Emerald Ash Borer	192	192
Environmental land acquisition	14,707	13,969
Environmental sustainability fund	64	62
Heritage	856	485
Heritage land acquisition	863	863
Land acquisition	(418,533)	(398,622)
Library infrastructure	7,627	7,374
Life cycle replacement and capital	266,542	254,836
Municipal accommodation tax	2,543	-
Non-DC growth	25,755	23,536
Post retirement benefits	21,811	21,086
Public art acquisition	8,755	9,068
Stormwater fee	(3,475)	(2,387)
Theatre	1,231	1,147
Trees for Tomorrow program	369	439
Workplace Safety & Insurance Board (WSIB)	9,563	8,037
WSIB excess compensation	3,273	3,164
<b>Total reserves fund</b>	<b>(57,713)</b>	<b>(56,612)</b>
<b>Total</b>	<b>6,717,972</b>	<b>6,414,791</b>

**16. Commitments:**

As at December 31, 2025, the City is committed to minimum annual operating lease payments for premises and equipment as follows:

2026	\$114
2027	100
2028	52

**17. 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 consolidated financial statements for any liability that may result.

**18. 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 and 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	2025	2024
<b>Revenues</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property taxes	200,555	-	-	-	-	-	-	200,555	192,366
User charges	11,402	16,624	1,089	158,901	33,053	10,426	-	231,495	231,050
Government transfers	19,152	-	-	4,287	583	772	-	24,794	19,362
Contribution from developers and others	236,704	-	-	-	-	-	-	236,704	612,277
Investment income	50,437	-	-	-	-	-	-	50,437	39,671
Tax penalties	7,864	-	-	-	-	-	-	7,864	7,312
Gain on sale of tangible assets	323	-	-	-	-	-	-	323	-
Deferred revenue earned	49,689	-	-	-	-	-	-	49,689	39,817
Equity income from Markham Enterprises Corporation	35,039	-	-	-	-	-	-	35,039	28,421
Other	16,940	470	1,189	236	1,151	1,767	-	21,753	21,994
<b>Total revenues</b>	<b>628,105</b>	<b>17,094</b>	<b>2,278</b>	<b>163,424</b>	<b>34,787</b>	<b>12,965</b>	<b>-</b>	<b>858,653</b>	<b>1,192,270</b>
<b>Expenses</b>									
Salaries, wages and employee benefits	44,847	61,795	21,256	10,037	60,110	11,697	-	209,742	190,671
Operating materials and supplies	15,139	2,006	8,436	1,692	15,144	1,141	30	43,588	37,982
Contracted services	13,351	1,651	16,195	151,554	13,230	14,961	-	210,942	187,048
Rents and financial expenses	(2,699)	296	398	3,828	1,187	136	-	3,146	2,425
External transfers to others	463	-	-	-	-	-	-	463	370
Long term debt charges	213	-	-	-	-	-	-	213	245
Amortization of tangible capital assets	4,699	2,370	33,208	25,751	21,350	-	-	87,378	85,417
<b>Total expenses</b>	<b>76,013</b>	<b>68,118</b>	<b>79,493</b>	<b>192,862</b>	<b>111,021</b>	<b>27,935</b>	<b>30</b>	<b>555,472</b>	<b>504,158</b>
<b>Annual surplus/(deficit)</b>	<b>552,092</b>	<b>(51,024)</b>	<b>(77,215)</b>	<b>(29,438)</b>	<b>(76,234)</b>	<b>(14,970)</b>	<b>(30)</b>	<b>303,181</b>	<b>688,112</b>

## 19. Budget figures:

The budget figures presented in these consolidated financial statements are based on the Council approved 2025 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.

	<b>2025</b>	<b>2024</b>
<b>Revenues</b>		
Approved operating budget	\$496,183	\$469,433
Approved capital budget	183,265	128,195
Transfer from reserve funds	(95,520)	(65,651)
<b>Total revenues</b>	<b>\$583,928</b>	<b>\$531,977</b>
<b>Expenses</b>		
Approved operating budget	496,183	469,433
Transfer to reserve funds	(66,569)	(64,371)
Expenses not capitalized	31,724	30,502
Post-employment benefit expenses	958	361
Amortization	86,363	84,830
<b>Total expenses</b>	<b>548,659</b>	<b>520,755</b>
<b>Annual surplus/(deficit)</b>	<b>\$35,269</b>	<b>\$11,222</b>

## 20. Trust funds:

Trust funds administered by the City for the benefit of others amounting to \$2,507 (2024 - \$2,462) 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 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, 2025, the trust fund balance was \$97 (2024 - \$94).

### b) Varley-McKay Art Foundation Trust Fund:

The Varley-McKay Art Foundation Trust Fund was established by Council Resolution on December 11, 2001. The Varley-McKay Art Foundation Trust Fund 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, 2025, the trust fund balance was \$1,351 (2024 - \$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, 2025, the trust fund balance was nil (2024 - nil).

**d) Cemetery Trust Funds:**

The Cemetery Trust Funds were established under the Regulations of the Cemeteries Act (the “Regulations”) 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 Cemetery Trust Funds 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, 2025, the trust fund balance was \$945 (2024 - \$945).

**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, 2025, the trust fund balance was \$12 (2024 - \$12).

**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, 2025, the trust fund balance was \$102 (2024 - \$112).

**21. Contractual rights:**

The City revenue to be generated in the future, in relation to existing lease agreements are approximately \$24,525. The City has also entered into Provincial funding agreements, whereby the estimated future funding is \$34,144.

<b>Year</b>	<b>Lease agreements</b>	<b>Provincial funding agreements</b>
2026	\$ 4,368	\$ 11,086
2027	4,066	11,529
2028	4,018	11,529
2029	3,572	-
2030	2,554	-
Thereafter	5,947	-
<b>Total</b>	<b>\$ 24,525</b>	<b>\$ 34,144</b>

**22. 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 1 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.

<b>2025</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets:</b>				
Cash and cash equivalents	259,073	-	-	259,073
Investments	466,292	-	-	466,292
Property taxes receivable	46,270	-	-	46,270
Accounts receivable	97,750	-	-	97,750
<b>Financial liabilities:</b>				
Accounts payable and accrued liabilities	242,849	-	-	242,849
Long-term liabilities	5,836	-	-	5,836

<b>2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets:</b>				
Cash and cash equivalents	268,276	-	-	268,276
Investments	354,296	-	-	354,296
Property taxes receivable	50,766	-	-	50,766
Accounts receivable	87,573	-	-	87,573
<b>Financial liabilities:</b>				
Accounts payable and accrued liabilities	186,429	-	-	186,429
Long-term liabilities	6,738	-	-	6,738

The carrying amount of cash and cash equivalents, investments excluding those as disclosed in note 5, property taxes receivables, accounts receivable, accounts payable and accrued liabilities and long-term liabilities approximate their fair value due to the short-term maturity of these financial instruments.

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

<b>Description</b>	<b>2025</b>		<b>2024</b>	
	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
	\$	\$	\$	\$
Principal protected notes	137,500	222,244	125,400	159,752
Bonds	199,048	215,490	151,212	146,177
GICs	45,000	45,000	45,000	45,000
	<b>381,548</b>	<b>482,734</b>	<b>321,612</b>	<b>350,929</b>

**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 receivable.

As at December 31, 2025, there were no significant balances of accounts receivable due from any single customer. There was nil (2024 - nil) of write-offs during the year except for the write offs of \$541 (2024 - \$636) related to Section 354 of the Municipal 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. Management has reviewed the outstanding accounts receivable and determined that no allowance for doubtful accounts is required, as all amounts are expected to be collected. Accounts receivable consist primarily of amounts due from related parties that are profitable entities, as well as accrued interest on investments, which is expected to be collected upon the maturity of the underlying investments. Based on the nature of these balances and the financial position of the counterparties, management considers the risk of non-collection to be minimal.

**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.

<b>2025</b>	<b>Contractual cash flows</b>				
<b>Description</b>	<b>Carrying value</b>	<b>Within 1 year</b>	<b>1-5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	242,849	242,849	-	-	242,849
Liability for asset retirement obligation	19,571	-	-	19,571	19,571
Long term liabilities	5,836	934	4,083	819	5,836
	<b>268,256</b>	<b>243,783</b>	<b>4,083</b>	<b>20,390</b>	<b>268,256</b>

<b>2024</b>	<b>Contractual cash flows</b>				
<b>Description</b>	<b>Carrying value</b>	<b>Within 1 year</b>	<b>1-5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	186,429	186,429	-	-	186,429
Liability for asset retirement obligation	19,571	-	-	19,571	19,571
Long term liabilities	6,738	901	5,015	822	6,738
	<b>212,738</b>	<b>187,330</b>	<b>5,015</b>	<b>20,393</b>	<b>212,738</b>

**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, 2025, 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 its investments in PPN.

# Five-Year Review (Unaudited)

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

	2025	2024	2023	2022	2021
<b>Operations</b>					
<b>Expenses by function</b>					
General government	\$76,013	\$72,708	\$66,710	\$63,533	\$48,676
Protection to persons and property	68,118	61,188	59,569	57,958	55,182
Transportation services	79,493	70,319	71,952	67,708	60,243
Environmental services	192,862	177,191	170,987	166,816	162,625
Recreation and cultural services	111,021	102,879	98,028	82,872	61,810
Planning and development services	27,935	19,856	17,312	18,095	13,328
Other	30	17	30	20	22
	<b>\$555,472</b>	<b>\$504,158</b>	<b>\$484,588</b>	<b>\$457,002</b>	<b>\$401,886</b>
<b>Revenues by source</b>					
Taxation (includes supplementary & payments in lieu)	\$200,555	\$192,366	\$184,417	\$174,977	\$168,375
User Charges	231,495	231,050	219,083	216,661	201,156
Government Transfers	24,794	19,362	21,567	29,443	27,348
Contribution from developers	236,704	612,277	230,273	86,041	362,369
Investment income	50,437	39,671	27,615	18,911	12,101
Deferred revenue earned	49,689	39,817	32,433	133,302	40,101
Equity income from Markham Enterprises Corporation	35,039	28,421	25,441	12,086	20,121
Other revenue	29,940	29,305	27,891	26,074	24,851
	<b>\$858,653</b>	<b>\$1,192,270</b>	<b>\$768,720</b>	<b>\$697,495</b>	<b>\$856,422</b>
<b>Accumulated surplus and remeasurement of gains</b>					
Surplus for the year	\$303,181	\$688,112	\$284,132	\$240,493	\$454,536
Accumulated surplus, beginning of Year	6,414,791	5,726,679	5,442,547	5,202,054	4,765,037
Accumulated surplus, end of Year	\$6,717,972	\$6,414,791	\$5,726,679	\$5,442,547	\$5,219,573
Remeasurement of gains	83,755	35,512	10,323	-	-
	<b>\$6,801,727</b>	<b>\$6,450,303</b>	<b>\$5,737,002</b>	<b>\$5,442,547</b>	<b>\$5,219,573</b>
<b>Reserves and reserve funds</b>					
Reserves	\$361,343	\$340,708	\$300,126	\$268,402	\$243,539
Reserve Funds	(57,713)	(56,612)	(54,859)	(72,036)	(58,435)
	<b>\$303,630</b>	<b>\$284,096</b>	<b>\$245,267</b>	<b>\$196,366</b>	<b>\$185,104</b>

	2025	2024	2023	2022	2021
<b>Net financial assets</b>					
<b>Financial assets</b>					
Cash & cash equivalents and Investments	\$725,365	\$622,572	\$480,266	\$415,527	\$516,645
Property taxes receivable	46,270	50,766	43,530	34,792	34,147
Accounts receivable	97,750	87,573	82,885	88,032	62,791
Investment in Markham Enterprises Corporation	379,910	355,822	407,946	398,438	394,816
<b>Total financial assets</b>	<b>\$1,249,295</b>	<b>\$1,116,733</b>	<b>\$1,014,627</b>	<b>\$936,789</b>	<b>\$1,008,399</b>
<b>Financial Liabilities</b>					
Accounts payable and accrued liabilities	\$242,849	\$186,429	\$160,936	\$157,165	\$191,655
Liability for asset retirement obligation	19,571	19,571	19,571	18,255	-
Notes payable	-	-	94,000	-	-
Deferred revenue	259,829	278,873	181,222	171,116	221,530
Employee future benefits liabilities	48,735	44,799	43,264	40,294	34,433
Long term liabilities	5,836	6,738	7,608	8,448	9,260
<b>Total financial liabilities</b>	<b>\$576,820</b>	<b>\$536,410</b>	<b>\$506,601</b>	<b>\$395,278</b>	<b>\$456,878</b>
<b>Net financial assets</b>	<b>\$672,475</b>	<b>\$580,323</b>	<b>\$508,026</b>	<b>\$541,511</b>	<b>\$551,521</b>
<b>Net long term debt</b>					
Net long-term liabilities - City of Markham Purposes	5,836	6,738	7,608	8,448	9,260
Annual debt repayment limit prescribed by province	\$111,943	\$103,032	\$95,894	\$90,337	\$93,810
Per capita	\$0.30	\$0.28	\$0.26	\$0.25	\$0.27
Percentage of taxable assessment	0.0001%	0.0001%	0.0001%	0.0001%	0.0001%
<b>Annual charges for net long-term liabilities</b>					
Principal & Interest - City of Markham Purposes	\$1,130	\$1,130	\$1,130	\$1,130	\$1,130
As a percentage of Revenue	0.13%	0.09%	0.15%	0.16%	0.13%
Per capita	\$0.003	\$0.003	\$0.003	\$0.003	\$0.003
<b>Consolidated expenses by object</b>					
Salaries, wages & employee benefits	\$209,742	\$190,656	\$174,373	\$161,757	\$130,871
Operating materials and supplies	43,588	37,982	38,995	34,303	29,431
Contracted services	210,942	187,048	184,382	177,701	159,169
Rents and financial expenses	3,359	2,670	2,446	1,875	1,854
External transfers to others	463	370	271	163	447
Amortization - tangible capital assets	87,378	85,432	84,121	81,203	80,114
<b>Total expenses by object</b>	<b>\$555,472</b>	<b>\$504,158</b>	<b>\$484,588</b>	<b>\$457,002</b>	<b>\$401,886</b>
<b>Number of employees</b>					
Full time	1,257	1,208	1,189	1,143	1,139
Part-time/seasonal	3,000	2,873	2,436	2,149	980
<b>Total</b>	<b>4,257</b>	<b>4,081</b>	<b>3,625</b>	<b>3,292</b>	<b>2,119</b>

	2025	2024	2023	2022	2021
<b>Taxable assessment</b>					
Residential, multi-residential and farm	95,749,588	94,110,340	92,772,697	91,564,975	90,321,301
Commercial - all classes	11,336,707	11,331,587	11,319,871	11,273,397	11,300,973
Industrial - all classes	1,453,984	1,399,427	1,396,997	1,432,932	1,431,201
Pipeline & managed forests	97,211	97,005	96,775	96,012	95,885
	<b>\$108,637,490</b>	<b>\$106,938,360</b>	<b>\$105,586,339</b>	<b>\$104,367,315</b>	<b>\$103,149,360</b>
<b>Commercial and Industrial as a percentage of taxable assessment</b>	<b>11.77%</b>	<b>11.91%</b>	<b>12.04%</b>	<b>12.17%</b>	<b>12.34%</b>
<b>Property taxation</b>					
<b>Tax Rates/Mill Rates (Note 1)</b>	%	%	%	%	%
Residential City of Markham	0.171415	0.165611	0.156059	0.156059	0.153483
Region of York	0.375863	0.361852	0.335958	0.335958	0.326425
School Boards (Public and Separate)	0.153000	0.153000	0.153000	0.153000	0.153000
	0.700278	0.680463	0.645017	0.645017	0.632908
Multi-residential City of Markham	0.171415	0.165611	0.160816	0.156059	0.153483
Region of York	0.375863	0.361852	0.348892	0.335958	0.326425
School Boards (Public and Separate)	0.153000	0.153000	0.153000	0.153000	0.153000
	0.700278	0.680463	0.662708	0.645017	0.632908
Commercial - full rate City of Markham	0.228342	0.220610	0.214223	0.207887	0.204455
Region of York	0.500687	0.482023	0.464759	0.447530	0.434831
School Boards (Public and Separate)	0.880000	0.880000	0.880000	0.880000	0.880000
	1.609029	1.582633	1.558982	1.535417	1.519286
<b>Commercial - vacant units, excess land percentage of full rate</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>
Industrial - full rate City of Markham	0.281669	0.272131	0.264253	0.256437	0.252203
Region of York	0.617618	0.594595	0.573299	0.552046	0.536382
School Boards (Public and Separate)	0.880000	0.880000	0.880000	0.880000	0.880000
	1.779287	1.746726	1.717552	1.688483	1.668585
Industrial - vacant units, excess land - percentage of full rate	65	65	65	65	65
<b>Taxes levied</b>					
City of Markham	\$198,083	\$189,972	\$182,122	\$173,328	\$168,375
Region of York	427,776	408,869	389,371	365,295	351,824
School Boards (Public and Separate)	258,429	258,351	254,553	247,227	246,384
	\$884,287	\$857,192	\$826,045	\$785,850	\$766,583
<b>Taxes collected</b>	<b>\$888,784</b>	<b>\$849,955</b>	<b>\$817,307</b>	<b>\$785,205</b>	<b>\$727,123</b>
<b>Total tax arrears (taxes receivable)</b>	<b>\$46,270</b>	<b>\$50,766</b>	<b>\$43,530</b>	<b>\$34,792</b>	<b>\$34,147</b>
Per capita	\$125.83	\$139.07	\$120.10	\$97.71	\$96.47
Population	367,721	365,051	362,445	356,060	353,982
Percentage of current levy	5.23%	5.92%	5.27%	4.43%	4.93%

Note: (1) Average Residential Tax Bill for 2025 was based on Current Value Assessment \$833,326.

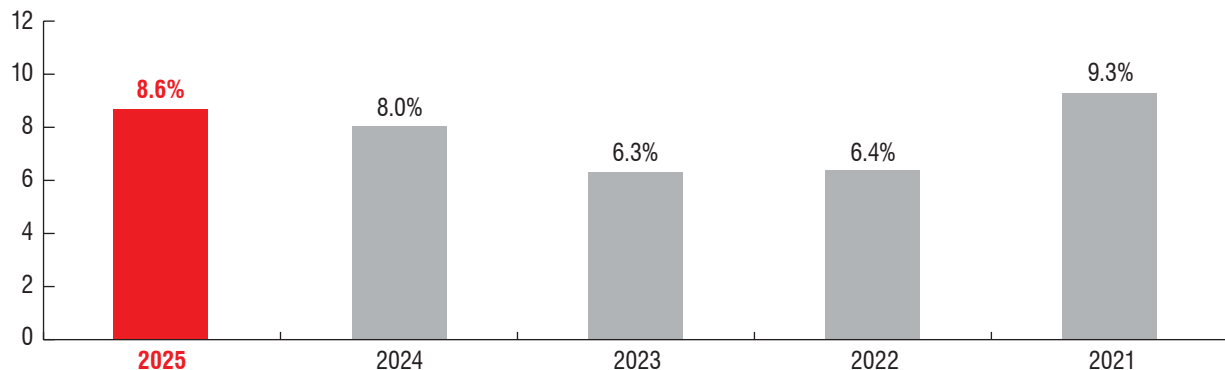
## Ten Largest Corporate Property Taxpayers

	Owner	Assessment Value \$
1	Ruland Properties	483,693,000
2	CF Markville Nominee Inc.	476,976,000
3	Neamsby Investemnts Inc.	334,410,009
4	Mon Sheong Foundation	223,942,000
5	MM Nominee Corp.	150,928,000
6	Metripia Minto (Sixteenth) Holding Inc.	145,394,000
7	Wahata Developments Inc.	144,030,000
8	TDI 3600 Steeles Ave East Inc	143,500,000
9	Berczy Warden Holdings Inc.	137,228,500
10	ACC Complex Inc.	135,993,000
<b>Top Ten - Assessment Total</b>		<b>2,376,094,509</b>

## Top 10 Employers in Markham

1	TD Financial Group
2	AMD Technologies Inc.
3	Aviva Canada
4	CGI Information Systems
5	IBM Canada Ltd.
6	Homelife Landmark Realty
7	Saint Elizabeth Health Care
8	Bay Street Group Inc.
9	Allstate Insurance Company of Canada
10	Limen Group

## Five Years Unemployment Rate



# Awards in 2025

- **Forbes 2025 Canada's Best Employers**
- **WCCD Platinum Level Certification**  
— to the City for the sixth consecutive year
- **IDC Smart City Award Finalist**  
— in Sustainable Infrastructure Innovation – ITS
- **Clean50 Emerging Leaders Award**  
— Jennifer Wong for Sustainability Leadership
- **Heritage Markham Award**  
— Excellence in Heritage Conservation – Sustainability & Asset Management
- **Ontario One Call Innovation in Dig Safety Award**  
— Excavation Safety Leadership – Environmental Services
- **OPWA Project of the Year Award**  
— John Street Erosion Restoration – Environmental Services
- **Professional Engineers Ontario Public Works Project of the Year Award**  
— Operations
- **IRF Global Road Achievement Award**  
— Asset And Maintenance Management – Operations
- **PlanON Award of Merit**  
— Natural Heritage Management Study – Planning & Urban Design
- **Lee Symmes Municipal Award**  
— Excellence in Natural Assets Planning – Planning & Urban Design
- **Thomas Symons Award**  
— Regan Hutcheson for Commitment to Conservation in Ontario
- **EDCO finalist for Business Attraction and Retention Urban Award**  
— Markham Small Business Centre
- **Creative City Impact Award**  
— Sustainable Public Art Project “Lost and Found” – Markham Public Art
- **Changemaker BIPOC Award**  
— Public Art Curator for Leadership in Galleries
- **Galleries Ontario Exhibition of the Year Award**  
— “To Go Boldly” Exhibition – Varley Art Gallery
- **Lieutenant Governor's Heritage Award**  
— Community Leadership – Markham Museum



# 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

Mayor Scarpitti and Markham's Executive Leadership Team celebrating the contributions of Operations staff on April 4, 2025.





**Mayor Frank Scarpitti**

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