

A photograph of several vibrant green leaves with water droplets on their surfaces. A single drop is captured mid-fall, creating a series of concentric ripples in a pool of water below. The background is a soft, out-of-focus green.

knowledge community

2003 ANNUAL REPORT

December 31, 2003

Markham, Ontario, Canada

HIGHLIGHTS

In 2003, after extensive consultation with members of the public, ratepayers and business representatives, Council and staff balanced social needs with economic reality, producing a budget that maintained or enhanced 2002 service levels. Important Markham services such as fire protection and waste management were supported at 2002 levels, while service in such areas as parks, roads, recreation and library were improved. Markham:

- Remained debt free in 2003
- Approved Rouge Park North policies that extended the largest park ever created in an urban area in North America
- Initiated the merger of Markham Hydro Distribution Inc., Hydro Vaughan Distribution Inc. and Richmond Hill Hydro Inc. to create the third largest electrical distribution company in the province
- Opened the twin-pad arena at Angus Glen Community Centre
- Planned construction of a new YMCA
- Funded \$4 million of road resurfacing
- Began construction of the seniors centre at Thornhill Community Centre
- Oversaw the 2003 municipal election using an integrated system of voting including touch-screen polling equipment and internet voting
- Opened the Town's Customer Contact Centre, averaging 20,000 calls per month
- Received recognition from UTNE Magazine as one of ten enlightened suburban communities in North America that embrace the principles of new urbanism



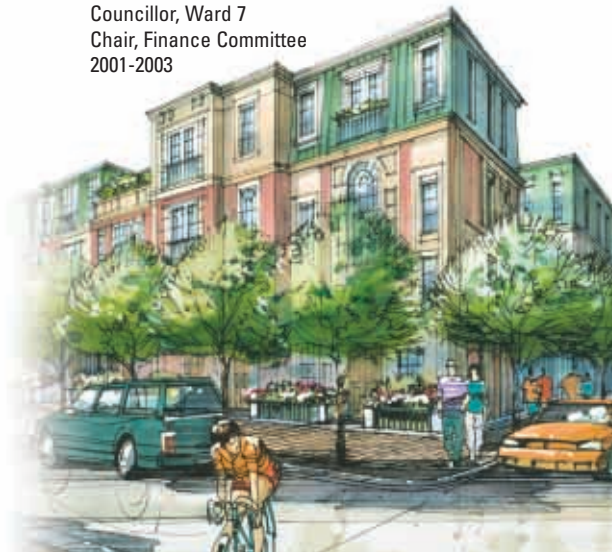
W. Donald Cousens
Mayor



Frank Scarpitti
Deputy Mayor
Budget Chief
2001-2003



Khalid Usman
Councillor, Ward 7
Chair, Finance Committee
2001-2003



Finance and Administrative Committee 2001-2003

Chair	Vice-Chair, Budget	Members
Khalid Usman <i>Councillor, Ward 7</i>	Frank Scarpitti <i>Deputy Mayor/Regional Councillor</i>	Gordon Landon <i>Regional Councillor</i> Joseph Virgilio <i>Councillor, Ward 3</i> Jack Heath <i>Councillor, Ward 5</i> W. Donald Cousens <i>Mayor (ex-officio)</i>
	Vice-Chair, Information Technology Stan Daurio <i>Councillor, Ward 1</i>	

Budget Committee 2001-2003

Chair	Members
Frank Scarpitti <i>Deputy Mayor/Regional Councillor</i>	Stan Daurio <i>Councillor, Ward 1</i> Erin Shapero <i>Councillor, Ward 2</i> Joseph Virgilio <i>Councillor, Ward 3</i>
	Dan Horchik <i>Councillor, Ward 6</i> Khalid Usman <i>Councillor, Ward 7</i> W. Donald Cousens <i>Mayor (ex-officio)</i>

**Canadian
Award for
Financial
Reporting**

Presented to

**Corporation of the
Town of Markham, Ontario**

**For its Annual
Financial Report
for the Year Ended
December 31, 2002**

A Canadian Award for Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.



Edward Hamstra
President

Jeffrey L. East
Executive Director

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The theme of the 2003 Annual Report describes Markham's potential as a knowledge community, preparing itself to participate fully in the 21st century. We thank those who provided concept drawings for two important Markham projects: Markham Centre (pages 1 & 31) and Cathedraltown (page 12). We also thank Markham Museum for providing photographic material representing Markham's past.

The 2003 Annual Report for Markham, Ontario, Canada has been prepared by the Office of the Chief Administrative Officer and the Corporate Services Commission.

MAYOR'S MESSAGE



As members of a knowledge community share ideas and experiences, they often develop a shared way of doing things, a greater sense of purpose... a greater sense of trust.

KNOWLEDGE COMMUNITY

At the heart of a knowledge community is the willingness to share information, build trust and find solutions to enrich ourselves and our society. We in Markham are in a unique position to develop as a knowledge community.

Markham's high school students have one of the highest academic records in the province. In our community, we have one of the most educated populations in Canada and our Town boasts one of the highest usages of personal computers in North America.

As leaders in information technology, we want to harness this brainpower to meet the many challenges we face as our complex world changes. In 2003, Council set up a Knowledge Community Task Force to reach out to our business, research and educational communities to ensure Markham is better prepared to participate in the economy of tomorrow.

In November 2003, the Innovation Synergy Centre of Markham opened to offer small and medium-size companies timely access to business expertise. Its founders are the Town of Markham, York University, the National Research Council and the Royal Bank. Other government, private sector, educational and technology partners provide funds and expertise. Seneca College is one of those partners, so we were delighted when it chose to create a campus for 3,000 students in Markham. Seneca's purchase of the 10-storey Allstate Insurance headquarters, on 27 acres at Highways 404 and 7, makes it our Town's first post-secondary institution. It will welcome 1,500 students when it opens in September 2005. We are very concerned with giving more young Canadians access to post-secondary education that prepares them to compete effectively in the knowledge economy.

FINANCIAL

The Town of Markham approved 2003 budgets totalling \$203.5 million.

Markham continues to face budgetary pressures in many areas of its operations. Wage settlements, inflation, contract renewals and high energy costs have continued to put a strain on the municipal treasury. As the community grows, the Town continues to add to its inventory of roads, parks, community centres, watermains and sidewalks. This results in the need for increased resources to maintain and replace these assets.

Through the 2003 budget process, Council and staff were able to resolve several outstanding issues from previous years. By utilizing savings produced because the Region of York assumed responsibility for waste processing, the Town was able to normalize funding for asphalt resurfacing. This eliminated the need to support the program with one-time funding. It also allowed for increased capital funding for library services in the Town.

Markham has not incurred any new debt since 1992 and has been debt free since 2002.

TRANSPORTATION

Markham Council gives highest priority to transportation issues. The Town is working with the Region of York on its Quick Start initiative to improve bus service on the existing road network. In future, the Rapid Transit system will feature dedicated bus lanes running on main roadways.

In addition to its road improvement program, Council has taken an active role in promoting the timely delivery of regional road improvements on Warden Avenue, Highway 7, Markham By-pass and along Major Mackenzie Drive.

Markham will reduce its potential for gridlock by designing communities according to the principles of compact urban form and by creating street-friendly buildings. Markham Centre is an example of this new standard in urban planning with mixed-use development built right beside the Rapid Transit line. Outside the Markham Centre area, the Town is currently involved in a study to review land use policies, design and development standards and transportation policies along the Highway 7 corridor to support transit and effectively manage growth.

The Town of Markham is also working with local employers, the Town of Richmond Hill and the Region of York to establish a Transportation Management Association for the Highway 7 and Highway 404 employment corridor, a heavy traffic area.

MARKHAM CENTRE

My thanks go to the many Markham residents who have participated in conferences, planning sessions and workshops during the past 12 years to help plan Markham Centre.

Together, we have developed an exciting vision for our new downtown. Residents have told us that they want a healthy environment, family lifestyle, employment opportunities and improved public transportation. We have set these as benchmarks for excellence in planning the design of Markham Centre. Small-town atmosphere and quality of life are also key values for Markham residents. These community values are incorporated into the guiding principles that will make Markham Centre a vibrant downtown with inviting streets, parks, public spaces, multi-use buildings and convenient rapid transit.

ENVIRONMENT

Meeting the objectives of the Kyoto Accord is a priority for Markham. The Town has formed various working groups to promote long-term improvements in the environment. We are developing a green procurement policy, rejuvenating our natural areas, initiating a trip-reduction plan and encouraging bicycle use. In 2003, we used our Environmental Land Acquisition Fund to assist in purchasing a 16-hectare property for the Rouge Park. Also, with every development approval in the Town of Markham abutting the Rouge watercourse, the Town is requiring conveyance of valley lands that will be added to the park.

Markham District Energy Inc. will offer an environmentally sustainable solution to the energy requirements of Markham's new downtown. Our objective is to have more than 90 per cent

of the developed square footage in Markham Centre connected to the community energy system.

YOUTH

In May 2003, our Youth Task Force celebrated International Youth Week with a conference "Life – The Great Balancing Act" and wrapped up with "Youth Fest" at Armadale Community Centre. Now in its ninth year, the Mayor's Youth Task Force provides our young people with a voice that gives them an opportunity to enhance their lives within the Town of Markham. They have set up four local area Youth Councils to give back to the community through volunteer activities. We now have more than 400 active members and I urge all our young people to get involved by contacting www.markhamyouth.com.

eMARKHAM

As a knowledge community, we want our municipal government to be at the forefront of technological innovation to serve the needs of our residents. Recently, we redesigned the Markham website to make it more user-friendly so residents can find information more efficiently. Furthermore, our site now features direct access to various Town departments and downloadable paperwork for their services.

Our Customer Contact Centre is now fully operational, handling requests from Markham residents. In future, they will be able to track the status of their requests from start to finish over the internet. In November 2003, our voters could cast their ballots during advanced polls on the internet. This is a significant step for e-democracy, which drew considerable interest from other municipalities across North America.

IN CONCLUSION

2003 was a year of remarkable accomplishments for the Town of Markham. We are proud of our fiscal record and enthusiastic about our future. We have a dedicated Council and staff who are committed to building a first class community that is strong, safe and inclusive. I thank everyone who contributes to our community and am pleased to present Markham's 2003 Annual Report.



W. Donald Cousens
Mayor
June, 2004

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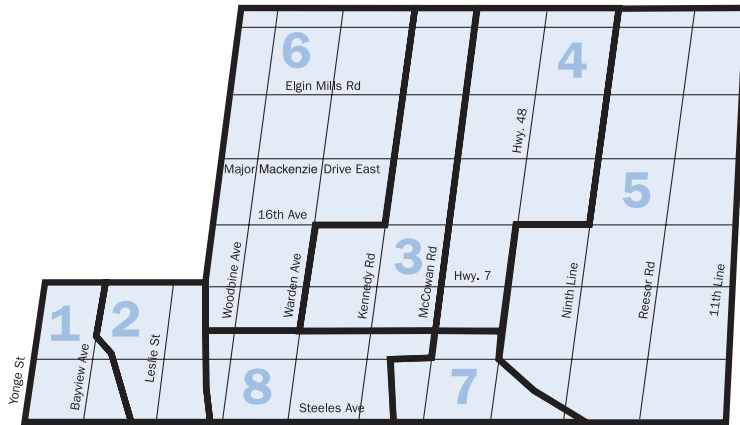


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TOWN COUNCILLORS & WARD MAP



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In a knowledge community...

**you do business with people you trust
your partners are open to change
you invest in resources and technology
you meet challenges willingly
problems have limits – solutions have none.**

MESSAGE FROM THE CAO

The year 2003 was productive, challenging and fast-paced, filled with unpredictable events such as SARS and the August power outage. Council and staff met these challenges effectively while maintaining focus on the Town's strategic priorities. I am pleased to report on our achievements during the past year.

The 2003 budget reflected the Town's emphasis on long-term planning and high quality services. The total budget of \$203.5M was comprised of a \$119.3M operating budget, \$36.5M waterworks budget and \$47.7M capital budget.

In the face of a number of financial and growth pressures, the Town achieved operational efficiencies through continued implementation of service delivery recommendations from the Core Services Review, undertaken in 2001. The creation of a Customer Call Centre was one such enhancement, providing residents with a single point of contact and freeing resources in other departments to focus on specific service functions.

To meet the demands of our high-growth community, Markham opened the twin ice pads at Angus Glen Arena, the first phase of the \$42-million community centre and library under construction on Major Mackenzie Drive. We began planning for a new community centre in east Markham and continued working with the YMCA to plan its new facility to open in Markham Centre in 2005.

In addition, the Town began construction of the Riviera Fire and EMS station in Markham. We also funded the land acquisition for the Wismer Fire Station. Other capital projects included: constructing a new seniors centre in Thornhill and planning expansions of the Markham Village Library and Community Centre and the Centennial Community Centre.

Markham's leadership in developing sustainable communities has culminated in the planning of Markham Centre, our new downtown. The Markham Centre Performance Measurements, setting out best practices, were incorporated into Markham's Official Plan. With these performance measures as a guide, Markham Council approved the Remington Group's application to develop more than 98 hectares in Markham Centre.

Linked with the development of Markham Centre is the delivery of new road networks and transit services. Our work on the local road network included extending Clegg Road from Town Centre Boulevard to Rodick Road. Work on the road network will continue with planned extensions of Rodick Road, Enterprise Drive and Birchmount Road.



Markham hired a Manager of Environmental Leadership in 2003 to coordinate and champion our multiple initiatives in this area. We added hybrid, energy-efficient vehicles to our fleet and tested bio-diesel fuels in our maintenance equipment. We also made acquisitions to increase the Rouge Valley lands and conducted educational campaigns to promote cleaner air, recycling and reduced pesticide use.

Markham continues to be an attractive location for more than 800 high-technology firms. We expanded and relocated our Small

Business Enterprise Centre to offer additional resources to growing businesses. Markham also partnered with York University, the National Research Council of Canada and the Royal Bank to open the Innovation Synergy Centre in Markham, a business advisory hub for small and medium-sized businesses.

In 2003, the Town expanded its streetscape beautification projects, completed nine new parks, several new pathways and commenced construction on a 1,300-square-metre skateboard park at Centennial Community Centre. We also brought new leadership to the Varley Art Gallery and acquired a number of important Canadian works for the Gallery's collection. Markham Museum and Historic Village undertook a new master plan, while Markham Theatre For Performing Arts completed another profitable season.

Markham's commitment to excellence is evident throughout our comprehensive development programs, performance management system, business planning and our regular customer surveys. During 2003, we established a strategy and innovation team across our commissions to increase our strategic focus and business performance.

My thanks go to Council, management and staff for a very strong year. I also want to thank the businesses and residents that contribute to the quality of our community. Together, we make Markham a leading Canadian municipality.

A handwritten signature in blue ink, appearing to read "John Livey". The signature is stylized and fluid, written over a white background.

John Livey
Chief Administrative Officer
June, 2004

GOVERNANCE

COUNCIL

The Town of Markham is governed by a Council, consisting of the Mayor, four Regional Councillors and eight Ward Councillors. The Mayor and Regional Councillors are elected at large, with each of the Ward Councillors elected in specific wards.

All Members of Council are elected for a three-year term and exercise their governance through the adoption of resolutions and By-laws. The key roles of Council are to: establish policies that define the strategic priorities of the Town; ensure that municipal services are provided in a cost-effective manner; balance the diverse values and priorities of competing interests within the community; and promote the interests of the Town of Markham.

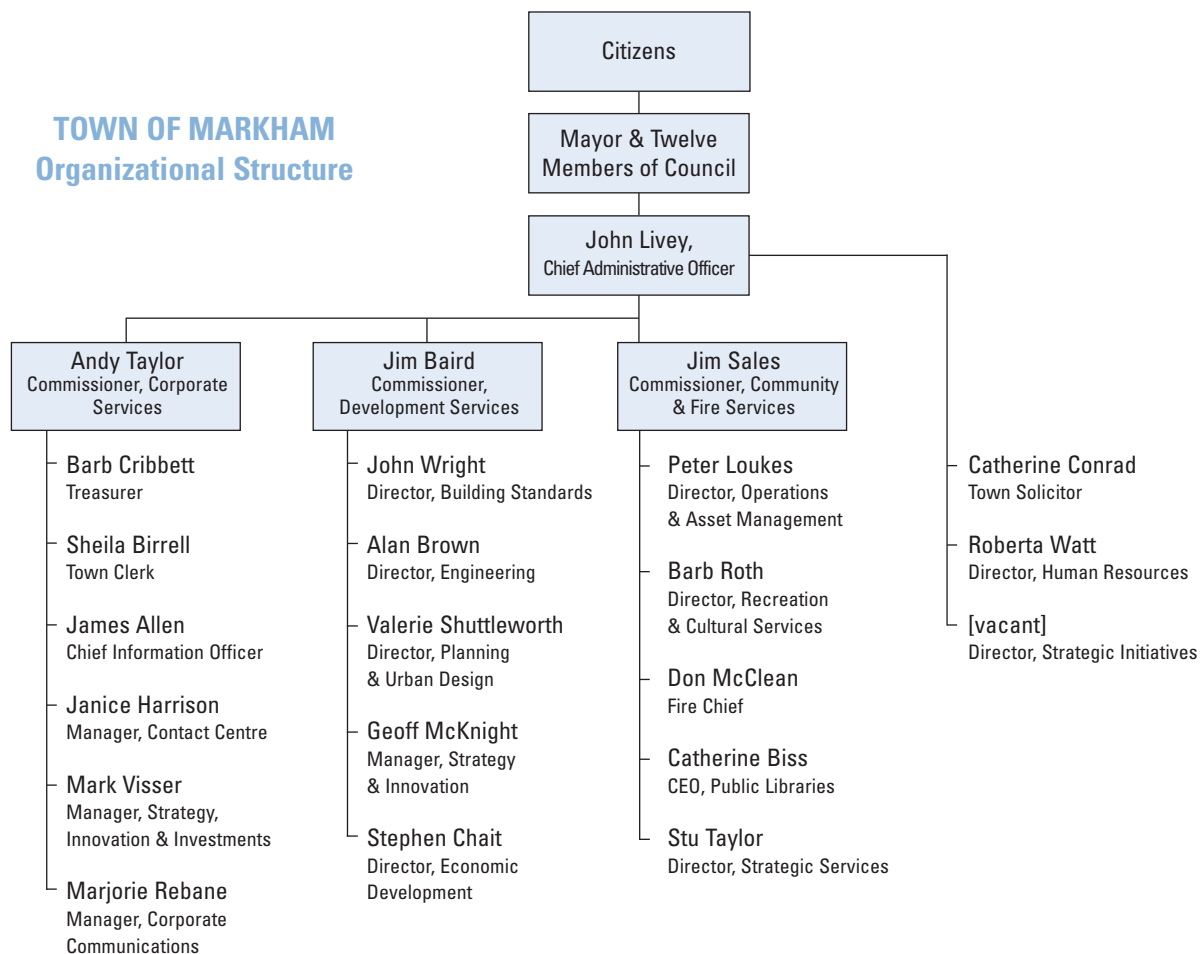
COMMITTEES

Council has streamlined the committee structure reducing the number of committees reporting to Council from eleven to five. Each committee is delegated certain authority to facilitate decisions in assigned areas. The following Standing Committee Structure has been adopted for the term ending November 30, 2006: Finance & Administrative; Community Services & Environment; Transportation; Development Services; and Economic Development. Other sub-committees may be set up as needed and report to Council through one of the Standing Committees.

CHIEF ADMINISTRATIVE OFFICER

The CAO has overall responsibility for the Town's operating departments. In addition, Commissioners and departmental directors have responsibility for the day-to-day operations of the municipality. The CAO also advises the Mayor and Members of Council on matters of policy related to the civic administration of the Town of Markham.

TOWN OF MARKHAM Organizational Structure





In a knowledge community...

**it's a big step, but many organizations
are seeing the benefit
of taking away some of the task-driven pressures
to give staff time to organize themselves
into informal groups of common interest.**

**These informal groups are significant contributors
to a knowledge community.**

MARKHAM PROFILE

MARKHAM HISTORY

The modern history of the Town of Markham began in 1791, when John Graves Simcoe was appointed the first Lieutenant-Governor of Upper Canada. During his term, Simcoe's actions had a direct impact on Markham. His concern for improving military security in Upper Canada led to the clearing of Yonge Street and a system of free land grants, both of which greatly influenced the growth of the Township of Markham. Simcoe was also responsible for giving the Township the name of his friend, William Markham, the Archbishop of York at the time.

In 1971, the Regional Municipality of York was established. Northern portions of Markham Township were annexed to the municipalities of Richmond Hill and Whitchurch-Stouffville, while the balance of Markham Township was incorporated into the Town of Markham and the present Town boundaries set.

The Town of Markham is the largest of nine municipalities that make up the Regional Municipality of York. York Region is due north of Toronto. The Greater Toronto Area has a population of 4.4 million people and is Canada's largest marketplace.

GOVERNMENT STRUCTURE

Municipalities derive their powers largely from the Province of Ontario. Municipal elections are held every three years; the most recent was in the year 2003. Markham has an elected council of 13. Eight Ward Councillors serve constituents in Markham's eight wards.

The Mayor and four Regional Councillors represent Markham's interests town-wide and on York Regional Council. This level of municipal government deals with region-wide matters. York Region's responsibilities include planning approvals, regional roads, transit, water and waste water treatment, recycling and solid waste disposal, police services, provincial offence administration, public health and welfare programs.

The Town of Markham, the local level of government, is committed to providing services at reasonable cost. Such services include parks construction and maintenance, recreation facilities and programming, library service, fire and emergency services, the local road network, storm water management, zoning and building inspection, local community planning and tax collection.

MODERN MARKHAM

Markham has a land area of approximately 210 square kilometres. In 1976, the population was 56,000. During the past 27 years, the population has increased more than fourfold and stood at 245,000 in 2003. Still rich in farmlands, it stands as Canada's high-tech capital, known worldwide for innovative products and services. The municipality is surrounded by beautiful countryside.

Income levels are among the highest in Canada and those of employment age are more highly educated than average; 86 per cent have high school diplomas, 60 per cent have college diplomas, 35 per cent have university degrees. Providing jobs for residents is just one part of what makes Markham a SMART community – with objectives that are specific, measurable, attainable, realistic and timely.

More than 800 technology companies are already the driving force of commerce in 21st century Markham. The Town's leading employers include IBM, AMEX Canada, ATI Technologies, Miller Paving and Motorola. In 2003, almost 115,000 people were employed in the Town of Markham.

Markham is part of the North Rouge River system and sits near the headwaters of the rivers that flow through the Greater Toronto Area. When complete, the Rouge River Park, running south from the Oak Ridges Moraine to Lake Ontario, will be the largest urban park in North America.

Markham supports its cultural life through town-owned facilities, including Markham Theatre, the Varley Art Gallery, Markham Museum and the Markham Public Libraries. Also, the natural environment remains a priority as the community grows. In 2003, the Town had 150 parks, 880 hectares of green space and an extensive system of trails and pathways.

The Town celebrates the rich fabric of its communities through the Markham, Unionville, Thornhill and Milliken Mills Festivals, Doors Open Markham and its Canada Day Celebrations. All ages are represented from Youth Week through to the Seniors' Extravaganza and our Senior Citizens' Light Tour. People from many nations contribute to the cultural life of Markham and they are recognized through events such as the Chinese New Year, The Many Faces of Markham tribute and Black History Month.

2003 ACCOMPLISHMENTS

- Responded to the largest power blackout in the history of northeastern United States and southeastern Canada on August 14, 2003
- Opened the twin ice pads of Angus Glen Community Centre
- Began expansion of Thornhill Community Centre to include a seniors centre and enhanced fitness centre
- Met the 2003 Clean Air commitment through purchase of hybrid vehicles, a Civic Centre Green Roof Study, a Smog Alert policy and Clean Air Community forum
- Completed 2003 Budget with a 1.5 per cent tax increase
- Opened the Customer Contact Centre – averaging 20,000 calls per month and 20,000 counter contacts per year – to provide one-stop response to requests from residents
- Oversaw the 2003 Municipal Election, using an integrated system that included touch-screen polling equipment and internet voting
- Retained architects for expansion of the Markham Village Library and the Centennial Community Centre
- Started construction of the Riviera Fire Station and acquired land for the Wismer Fire Station
- Expanded Learn-Not-To-Burn program from an ad-hoc activity to a formalized program in 36 Markham schools
- Funded a \$4 million road rehabilitation program
- Adopted the Rouge Park North and Oak Ridges Moraine Official Plan Amendments
- Completed construction of nine new parks
- Completed 96 per cent of the playground replacement program
- Developed an enhanced approach to West Nile Virus control
- Enhanced the www.markham.ca website to make it more efficient and user-friendly, particularly to persons with disabilities
- Presented results of Engage 21st Century Markham, a strategic visioning exercise, to the community and staff
- Completed bridge replacement at Dickson Hill and pedestrian bridge on Victoria Avenue
- Developed a 3-year exhibition schedule for the Varley Art Gallery and initiated Phase 1 of the Markham Museum Master Plan
- Developed and launched a new Strategic Plan for Markham Public Libraries entitled, “Redefining a World of Information and Inspiration @ Your Library”
- Prepared the Town’s first accessibility plan in accordance with the Ontario Disabilities Act
- Converted all parks maintenance facilities to B20 bio-diesel fuel
- Launched a Town-wide public space recycling program
- Released a revised edition of Markham’s Environment Book and launched a website version
- Received Government Finance Officers Association Distinguished Budget Presentation Award for our joint submission of Markham’s 2003 Operating and Capital Budget and 2003 Business Plan. Also, received the GFOA Award for the 2002 Annual Report.

LOOKING FORWARD

INFRASTRUCTURE

Great communities have vital main streets, active public parks, high quality recreation areas and safe neighbourhoods. In 2003, Markham's Urban Design Group completed nine new parks with thirteen others under construction. In October of last year, the twin ice pads opened at Angus Glen Community Centre, with the balance of the centre opening in the Fall of this year. Markham is also building a new seniors centre that opens this year, as an addition to the existing Thornhill Community Centre.

In keeping with Markham's commitment to leading-edge technology and a safe community, Markham Fire and Emergency Services has introduced two new aerial trucks and four new pumpers into its operations. Furthermore, the new fire station at Riviera Drive in Markham will improve response time, enhancing service to the community.

Another infrastructure project launched in 2003 was the Markham Family YMCA, with the community enthusiastically supporting its capital campaign. The facility will be located at Highway 407 and Kennedy Road in Markham Centre.

MARKHAM CENTRE

Markham Centre will have a distinctively urban character with high densities and strong streetscapes complemented by ample green spaces. 'Downtown Markham' will be integrated into its natural heritage setting with a central gathering place for Markham residents and businesses, bringing together the many communities that make up the Town of Markham.

The urban mixed-use plan for 'Downtown Markham' was initially approved in July 2003. It will guide the development of more than 98 hectares of Markham Centre land for residential, business, retail and park land use. A design competition has been completed for a new central feature of the Markham Centre development. With rapid transit running through it, the Civic Mall will interconnect neighbourhoods with an old-fashioned square.

ENVIRONMENT

Markham will continue to maintain its leadership role in protecting and improving its natural environment. The Rouge Park Official Plan is the blueprint for the largest urban park in North America. The Town is also developing tree-planting initiatives for businesses and residents and reviewing its master plan for bicycle paths. Markham has ongoing initia-

tives to improve its natural areas, including ravines and valley lands and to beautify its streetscapes.

To improve the air we breathe, Markham is implementing a Green Fleet/Hybrid Pilot Project, establishing an anti-idling By-law and performing emission audits on all Town of Markham buildings, starting with the Civic Centre.

TRANSPORTATION

Transportation is one of the single most important strategic initiatives of the Town of Markham. In co-operation with the Region of York, the Quick Start transit initiative will commence in the Fall of 2005. It will significantly improve existing bus service along major transit corridors including Highway 7, Yonge Street and Warden Avenue. Quick Start is funded by the regional, provincial and federal governments and will feature upgraded buses, improved service levels and automatic ticket and payment systems at key locations across Markham's major transit corridors.

The Town of Markham is using development charges to finance construction of new roads and the widening and improvement of existing roadways. Upcoming projects include: Rodick Road, Enterprise Drive, Birchmount Road and Highway 407 crossings.

Markham continues to design its new communities with our transportation system in mind. By incorporating a grid network of streets and mixed land use, travel time between home, work and shopping will be reduced.

The Town is also working with community groups through its Safe Streets Task Force to make travelling on its roads more efficient and safe.

eMARKHAM

Always on the leading edge of technological development, Markham will continue to use the latest information management methods to bring government to the people and people to government. In 2003, the Town opened its Customer Contact Centre to provide residents with a single point of access to its services and is now averaging 20,000 calls per month. In November 2003, the Town successfully used on-line voting technology in support of the latest municipal election. Markham is actively exploring ways to improve its service delivery using electronic technology and the best practices in information management.

FINANCIAL POLICIES

Council has approved a number of financial policies to govern the preparation of the annual operating and capital budgets and handling of the Town'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 Town financial policies are as follows:

Basis of Accounting

The Town 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.

Debt Issuance

Since 1992, Markham has not issued any new debt and became debt free in 2002. The Town has adopted a fiscal policy of striving to maintain the status of a "Pay As You Go" community.

Use of One-Time Revenue

For most local governments, revenue is recurring – it continues month after month, year after year. However, there is some revenue that may occur only once, or it comes for two or three years. The Town's policy on this revenue is to use it to fund one-time expenditures. Unallocated one-time revenue is transferred to the Corporate Rate Stabilization Reserve.

Use of Unpredictable Revenues

Certain Town revenues fluctuate widely year to year. At year-end, whenever these revenues are above budget, they are transferred to the Corporate Rate Stabilization Reserve. Conversely, if revenues fall below budget and budget reallocations are not possible, or the fluctuations are more than temporary, the Corporate Rate Stabilization Reserve is used.

Deficit Avoidance

The Town's budgets will continue to show fiscal constraint. In any given year, when revenue shortfalls, or unforeseen expenditures appear to be more than temporary, both the Capital and Operating budgets will be reviewed to minimize the Town's exposure. The administration of the Corporation is authorized to freeze or reduce line budget spending as fiscal conditions dictate.

Use of Assessment Growth

The Town will transfer up to 25 per cent of tax revenue from the net annualized growth in assessment to the Capital Fund to maintain and refurbish our existing infrastructure.

Use of Prior Year's Surplus/Deficit

The Town has in place a number of policies to minimize operating deficits, but should they occur, the Town maintains the flexibility to utilize funds from the Corporate Rate Stabilization Reserve. The Town has eliminated its dependence on balancing its budget by using the prior year's surplus. Surpluses are transferred to the Corporate Rate Stabilization Reserve through the budget process.

Capital Budget

This policy sets out guidelines for reporting to Council regarding the closing of capital projects, reallocation of capital funds and requests for new capital projects.



COMMISSIONER'S REPORT

I am pleased to present the 2003 Financial Report for The Town of Markham.

Our challenge is to make Markham one of Canada's leading knowledge communities. Our vision is to leverage technology for the benefit of all those who live and work in our Town. To this end, Markham has forged a strategic partnership with IBM Canada to help guide the Town through the challenges of the rapidly changing world of technology. Together we will develop the Town's Information Technology Strategy, improve the Town's electronic infrastructure and explore new ways to implement our government on-line initiatives.



In the past two years, we have made great strides in e-government with our one-stop customer contact program to deal with requests from residents and our pilot project on internet voting during last November's municipal election. We have also enhanced the Town's website to make it more efficient and user-friendly, particularly for persons with disabilities. We believe that by minimizing the time and effort it takes to interact with our Town's departments, our e-government programs will have a positive impact on business productivity and quality of life for our residents.

Another important quality-of-life issue for Markham is the environment. We work closely with the community on several environmental issues collectively called "Celebrate our Environment." We support such programs as National Wildlife Week, Earth Week, Spring Cleanup, Compost Giveaway and 10,000 Trees for the Rouge Valley. We encourage all our residents to get involved in our celebrations of the environment and to play active roles in keeping Markham green and clean.

BUDGET

The Budget is prepared to ensure it aligns with and supports the goals and strategic priorities of the Corporation. The Budget Committee, which consists of Members of Council, supported by senior staff, encourages input and feedback from stakeholders and uses a "management-by-facts" approach to ensure taxpayers are receiving value for money.

Budget guidelines and priorities are set early in the process and budget requests are submitted to the Commissioners and CAO for rigorous review, resulting in a budget recommendation for the Budget Committee and, ultimately, Council.

For the past three years, the Town submitted its Budget Presentation to the Government Finance Officers Association and each year was awarded the Distinguished Budget Presentation Award.

AUDIT COMMITTEE

The Audit Committee assists Council in the provision of effective municipal government. Its three fundamental responsibilities are overseeing the processes related to: the Corporation's financial risks and internal control; financial reporting; and the external audit process.

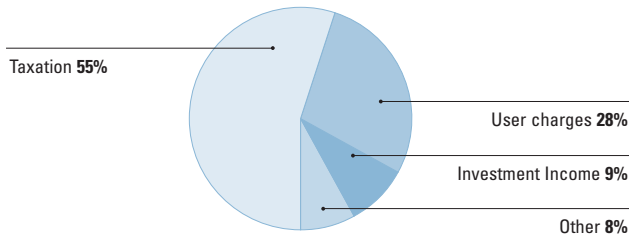
FINANCIAL STATEMENTS

The accompanying Consolidated Financial Statements and all other information included in this report are the responsibility of the management of the Town of Markham. Included with the Financial Statements is a report prepared by our external auditor, KPMG. The auditor has presented an independent opinion that the accompanying Consolidated Financial Statements present fairly, in all material respects, the financial position and operations of the Town of Markham.

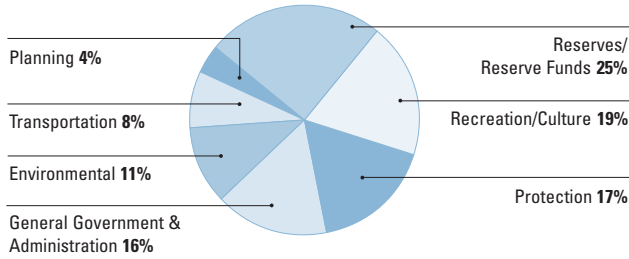
Commencing with the reporting year 2000, Markham prepares its financial statements in compliance with the accounting recommendations applicable to local governments as set out in the Canadian Institute of Chartered Accountants PSAB Handbook. It requires the Town's financial statements to provide an accounting of the full nature and extent of the financial affairs and resources for which the Town is responsible.

On a yearly basis, all Ontario municipalities are required to provide the Ministry of Municipal Affairs with performance measurement information, and to report the results of their performance to taxpayers by September 30. The goals of the

2003 Revenue



2003 Expenditures



program are to improve performance, strengthen accountability to taxpayers, stimulate productivity and creativity and improve budget processes. The Town's required measures are included in this report.

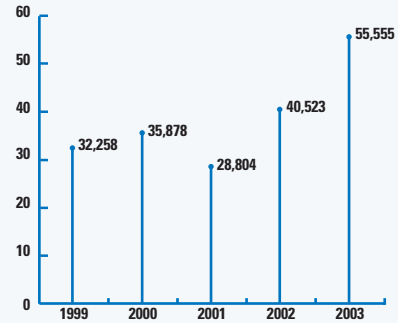
FINANCIAL HIGHLIGHTS

I would like to thank Barb Cribbett, Treasurer, and Gerard Sequeira, Manager, and his team for their impressive efforts to put in place the financial reporting systems that enabled our external auditors to verify Markham's Financial Statements within 90 days of year-end. Municipalities account for expenditures by fund. Three funds historically make up the Town's Financial Statements: Operating Fund, Capital Fund and Reserves/Reserve Funds. For 2003, these three funds totalled \$108.1M (2002 – \$88.3M). In addition, Markham's equity interest in the Markham Energy Corporation is part of its Fund Balances. For 2003, the equity in Markham Energy Corporation was \$172.5M (2002 – \$164.5M), bringing the total fund balances to \$280.6M. The following is a summary of each fund.

OPERATING FUND

Revenues from the current year's operations were \$133.7M (2002 – \$129.9M) while the current operating expenditures totalled \$103.0M (2002 – \$ 101.0M). The 2003 surplus, after financing and transfers, was approximately \$2.8M.

Capital Spending



All dollar amounts are in \$000

CAPITAL FUND

Markham fully funds capital projects once approved by Council. As a result, the phasing and completion of the projects affect the Capital Fund balance. The Capital Fund balance of \$23.2M (2002 – \$12.3M) represents unexpended capital funding at year-end. Capital expenditures in 2003 totalled \$55.6M (2002 – \$40.5M) and included such projects as construction and replacement of watermains, land acquisitions for the Bur Oak Fire Station, Thornhill Community Centre expansion and the third and final phase of the Town's playground structure replacement program.

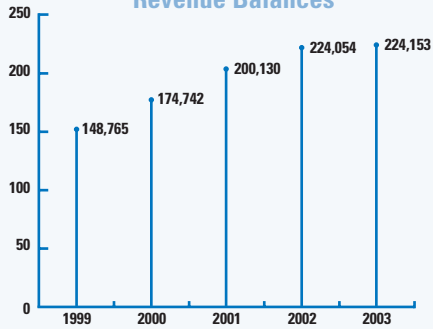
Changes to the Development Charges Act have eliminated funding for such items as parkland acquisition, information technology and administrative space. Also, the requirement to fund significant growth-related costs through non-development charge sources will continue to create challenges for Markham, given its remarkable growth.

To ensure Markham's existing infrastructure is maintained, up to 25 per cent of tax revenue from new assessment each year is transferred to the Capital Fund. In 2003, \$15.0M (2002 – \$12.5M) was transferred to the Capital Fund from the tax rate.

RESERVES/RESERVE FUNDS AND DEFERRED REVENUE

As at December 31, 2003, the Reserves/Reserve Funds totalled \$82.1M (2002 – \$71.6M) and Deferred Revenue totalled \$142.1M (2002 – \$152.5M). The Reserves and Reserve Funds have been established to fund future operating and capital expenditures, long-term liabilities, special projects and potential corporate tax-rate stabilization and working capital requirements. Development Charges revenue and

Reserves / Reserve Funds and Deferred Revenue Balances



All dollar amounts are in \$000

developer contributions for parkland are now reclassified as Deferred Revenue under Public Sector Accounting Board recommendations. They are no longer included within the Reserves and Reserve Funds.

The Reserve balances that have been established will give the Town added stability and flexibility to deal with the increasing demands of a growing community.

Markham celebrates the diversity of its population and enjoys the benefits people from many cultures bring to this community. Our business practices reflect our commitment to offering a high level of service to all residents of the Town.

For the past two years, our Annual Report has won the Government Finance Officers Association Award for Financial Reporting. We are proud of these significant accomplishments because they acknowledge that our financial data and narrative explanations go well beyond minimum requirements of generally accepted accounting principles.

In conclusion, our financial record is strong and we are committed to the highest standards of integrity, discipline and corporate governance to ensure that the taxpayers of Markham are receiving value for their money.

Andy Taylor, C.A.
Commissioner, Corporate Services
June, 2004

AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of The Corporation of The Town of Markham as at December 31, 2003 and the consolidated statement of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Toronto, Ontario
May 3, 2004

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2003

(All dollar amounts are in \$000)

	2003	2002
ASSETS		
FINANCIAL ASSETS		
Cash and investments (Note 4)	\$ 263,074	\$ 248,907
Taxes receivable (Note 7)	20,995	20,241
Unbilled user charges	3,525	3,987
Accounts receivable	14,938	12,848
Investment in Markham Energy Corporation (Note 18)	172,453	164,487
Other current assets	191	356
	475,176	450,826
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	46,170	39,789
Deferred revenues (Note 10)	142,071	152,461
Employee future benefits liabilities (Note 12)	9,273	8,750
	197,514	201,000
	\$ 277,662	\$ 249,826
NET FINANCIAL ASSETS		
MUNICIPAL POSITION		
FUND BALANCES		
Operating Fund (Note 14)	\$ 2,827	\$ 4,408
Capital Fund (Note 14)	23,218	12,256
Reserves and Reserve Funds (Note 14)	82,082	71,593
Equity in Markham Energy Corporation (Note 18)	172,453	164,487
FUND BALANCES	280,580	252,744
AMOUNTS TO BE RECOVERED (Note 6)		
From reserves and reserve funds on hand	(2,918)	(2,918)
	\$ 277,662	\$ 249,826

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year Ended December 31, 2003
(All dollar amounts are in \$000)

	2003 <i>Budget</i>	2003 <i>Actual</i>	2002 <i>Actual</i>
Revenues			
Taxation	\$ 73,760	\$ 74,638	\$ 71,521
User charges (Note 11)	34,566	37,177	37,996
Grants	498	1,703	2,468
Contributions from developers	21,250	42,048	13,603
Investment income	9,655	11,709	10,692
Tax penalties	3,375	3,229	2,854
Other	14,373	8,050	6,150
TOTAL REVENUES	157,477	178,554	145,284
Expenditures			
Operating			
General government	23,916	23,335	19,786
Protection to persons and property	21,746	22,233	21,246
Transportation services	13,016	15,144	14,322
Environmental services	10,665	10,771	15,149
Recreation and cultural services	26,565	26,297	25,430
Planning and development	5,322	5,143	5,085
Other	22	206	445
Subtotal	101,252	103,129	101,463
Capital			
General government	8,012	5,925	4,143
Protection to persons and property	1,887	6,173	1,894
Transportation services	14,828	11,932	17,280
Environmental services	3,943	2,455	3,634
Recreation and cultural services	14,315	24,298	10,288
Planning and development	4,716	4,772	3,284
Subtotal	47,701	55,555	40,523
TOTAL EXPENDITURES	148,953	158,684	141,986
	8,524	19,870	3,298
Equity in Markham Energy Corporation (Note 18)	–	7,966	6,377
NET REVENUES	8,524	27,836	9,675
Decrease in amounts to be recovered	–	–	(319)
CHANGE IN FUND BALANCES	\$ 8,524	\$ 27,836	\$ 9,356

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

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31, 2003
(All dollar amounts are in \$000)

	2003	2002
OPERATIONS		
Net revenues	\$ 27,836	\$ 9,675
Less equity in Markham Energy Corporation	(7,966)	(6,377)
Subtotal	19,870	3,298
Uses		
Increase in taxes receivable	(754)	–
Increase in accounts receivable	(2,090)	(4,020)
Increase in unbilled user charges	–	(1,571)
Increase in other assets	–	(122)
Decrease in deferred revenue	(10,390)	–
Decrease in interest on long-term liabilities	–	(55)
Subtotal	(13,234)	(5,768)
Sources		
Decrease in taxes receivable	–	4,328
Decrease in unbilled user charges	462	–
Decrease in other assets	165	–
Increase in accounts payable and accrued liabilities	6,381	4,861
Increase in employee benefits liabilities	523	778
Increase in deferred revenue	–	13,972
Subtotal	7,531	23,939
Net increase in cash from operations	14,167	21,469
FINANCING		
Long-term debt repayments	–	(264)
Net decrease in cash from financing	–	(264)
NET CHANGE IN CASH AND CASH EQUIVALENTS	14,167	21,205
OPENING CASH AND CASH EQUIVALENTS	248,907	227,702
CLOSING CASH AND CASH EQUIVALENTS	\$ 263,074	\$ 248,907

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003

(All dollar amounts are in \$000)

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of The Town of Markham are the representations of management prepared in accordance with local government accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

REPORTING ENTITY

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the operating fund, capital fund, and reserve and reserves funds 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 Town, and which are owned or controlled by the Town, including the following:

- Town of Markham Public Library Board
- Old Markham Village Business Improvement Area
- Unionville Business Improvement Area
- Toronto Buttonville Airport (Markham) Inc.

All material inter-entity transactions and balances are eliminated on consolidation.

INVESTMENT IN MARKHAM ENERGY CORPORATION

Markham Energy Corporation and its subsidiaries are accounted for on a modified equity basis, consistent with the generally accepted accounting principles 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 Town, and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of Markham Energy Corporation in its statement of financial activities with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from Markham Energy Corporation will be reflected as reductions in the investment asset account.

ACCOUNTING FOR REGION AND SCHOOL BOARD TRANSACTIONS

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the Region of York are not reflected in the municipal fund balances of these financial statements.

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 Financial Activities and Fund Balances."

BASIS OF ACCOUNTING

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue.

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

TANGIBLE CAPITAL ASSETS

Expenditures made on capital assets are reported as capital expenditures in the statement of financial activities in the period incurred.

GOVERNMENT TRANSFERS

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing that the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

DEFERRED REVENUE

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

TAXATION AND RELATED REVENUES

Property tax billings are prepared by the Town based on assessment rolls compiled by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Town Council, incorporating amounts to be raised for local services and amounts that the Town is required to collect on behalf of the Region of York and for education purposes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 Town determines the taxes applicable and issues supplementary tax bills. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the impact shared with the regional government and school boards as appropriate.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

EMPLOYEE FUTURE BENEFITS

The Town accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the Town's employ. Other post-employment benefits are accrued in accordance with the projected benefit method pro-rated on service and management's best estimate of salary escalation and retirement ages of employees. 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.

INVESTMENT INCOME

Investment income earned on surplus operating funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) is reported as revenue in the period earned. Investment income earned on obligatory reserve funds, such as development charges, is added to the fund balance and forms part of the respective deferred revenue balance.

USE OF ESTIMATES

The preparation of the periodic financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenditures during the period. Actual results could differ from these estimates.

BUDGET FIGURES

The approved operating and capital budgets for 2003 are reflected on the Consolidated Schedules of Operating Fund Activities, Capital Fund Activities and Financial Activities. The budgets established for the capital fund operations are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year actual amounts. As well, the municipality does not budget for activity within Reserve Funds, with the exception being those transactions which affect either the operating or capital funds.

2. OPERATIONS OF SCHOOL BOARDS AND THE REGION OF YORK

Further to Note 1, requisitions were made by the York Region and School Boards requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized as follows:

	2003			2002
	School Boards	Region of York	Total	Total
Taxation	\$ 152,783	\$ 133,225	\$ 286,008	\$ 269,753
Payment in lieu of taxes	402	1,064	1,466	1,567
Supplementary taxes	2,807	4,305	7,112	6,636
Amount requisitioned and transferred	\$ 155,992	\$ 138,594	\$ 294,586	\$ 277,956

3. TRUST FUNDS

Trust funds administered by the municipality for the benefit of others amounting to \$ 1,489 (2002 – \$1,525) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities" The trust funds have been reported separately on the "Trust Funds Statement of Financial Position" and "Trust Funds Statement of Financial Activities and Fund Balances."

4. CASH AND INVESTMENTS

	<u>2003</u>	<u>2002</u>
Cash (bank indebtedness)	\$ (832)	\$ 4,765
Investments	263,906	244,142
	\$ 263,074	\$ 248,907

Investments, which are reported at cost, had a market value of \$ 266,673 (2002 – \$248,127) at the end of the year. 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. For the 2003 year, the average rate of return earned was 4.27% (2002 – 4.05%).

5. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

In June 1998, OMERS announced a contribution holiday as part of a multi-phase surplus management initiative. For the period commencing August 1998 and ending December 31, 2002, the Town was not required to make contributions to the plan on behalf of its staff.

In 2003, as part of a phase in approach, the Town was required to pay one-third of its total OMERS costs.

The amount contributed to OMERS for 2003 was \$1,054 (2002 – \$26).

6. AMOUNTS TO BE RECOVERED

	<u>2003</u>	<u>2002</u>
Sick Leave	\$ 2,918	\$ 2,918
	\$ 2,918	\$ 2,918

7. TAXES RECEIVABLE

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

	<u>2003</u>	<u>2002</u>
Current year	16,086	16,253
Arrears previous years	9,827	9,715
	25,913	25,968
Less allowance	(4,918)	(5,727)
	20,995	20,241

MPAC continues to refine the assessed property values established in 2001 in the Town and across the Province. These values were used by the Town to compute the 2003 property tax bills. However, the property tax revenue and tax receivables of the Town are subject to measurement uncertainty as a number of submitted appeals have yet to be heard. Additionally, the Province enacted legislation that permits taxpayers and/or municipalities to file tax appeals retroactive to 1998. This additional financial uncertainty continues the need for the allowance established for tax appeals in the amount of \$4,918 (2002 – \$5,727). The provision is required due to a number of different types of tax adjustments, including frozen assessment listing ("FAL") appeals, new construction retroactive appeals, and commercial vacancy rebates. Any supplementary billings adjustments made necessary by the determination of such changes will be recognized in the fiscal year they occur and the effect shared with the regional government and school boards as appropriate.

7. TAXES RECEIVABLE (continued)

The Province enacted legislation, the "Continued Protection for Taxpayers Act" (Bill 140) in December 2000 that continued the capping provisions for 2001 and onward that were in place between 1998 and 2000. The effect of this legislation, together with regulations issued subsequent to its enactment, will limit assessment-related tax increases to 5% annually for multi-residential, commercial and industrial properties until these properties attain a level of tax equivalent to full Current Value Assessment. The adjustments caused by this legislation may also impact the amounts of rebates which the municipality must issue to certain charitable organizations and the interest and penalties the municipality can collect on arrears of taxes where it is subsequently determined that such amounts have been overstated.

This program is administered by the Region of York on behalf of the area municipalities, and therefore, there is no impact on the "Consolidated Statement of Financial Activities."

8. CLASSIFICATION OF EXPENDITURES BY OBJECT

The Consolidated Statement of Financial Activities presents the expenditures by function; the following classifies those same expenditures by object:

	<u>2003</u>	<u>2002</u>
Salaries, wages and employee benefits	\$ 64,320	\$ 58,603
Operating materials and supplies	19,695	20,122
Contracted services	17,103	18,961
Rents and financial expenses	1,932	3,722
External transfers to others	79	–
Tangible capital assets	55,555	40,523
Debt service	–	55
Total expenditures by object	\$ 158,684	\$ 141,986

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include financial obligations to outside organizations and individuals as a result of transactions and events on or before the end of the accounting period. They are the result of contracts, agreements and legislation in force at the end of the accounting period that require the Town of Markham to pay for goods and services acquired or provided prior to the accounting date. A breakdown of the accounts payable and accrued liabilities is as follows:

	<u>2003</u>	<u>2002</u>
Trade accounts payable	\$ 23,798	\$ 14,937
Payable to other governments	12,801	12,609
Payroll liabilities	2,200	1,336
Accrued liabilities	7,371	10,907
	\$ 46,170	\$ 39,789

10. DEFERRED REVENUE

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed. The following is the current status of the deferred revenues:

	<u>2003</u>	<u>2002</u>
Obligatory Reserve Funds		
Development charges	\$ 125,942	\$ 136,511
Parkland	4,655	5,176
Other	185	181
Deferred revenue – general	11,289	10,593
	\$ 142,071	\$ 152,461

11. USER CHARGES

	2003	2002
Water and sewer billings to ratepayers	\$ 34,462	\$ 33,089
Region of York requisitions	(26,070)	(25,552)
Town Share	8,392	7,537
Building permits	9,866	10,234
Parking violations	1,041	923
Facility rentals	4,331	3,929
Sale of recycled materials	–	1,358
Recreational programs	4,551	4,715
Parks construction and maintenance	186	188
Cultural services	1,829	1,729
Engineering fees	1,983	2,303
Planning processing fees	1,312	1,529
Compliance letters/certificates	309	402
Other user charges	3,377	3,149
	\$ 37,177	\$ 37,996

12. EMPLOYEE FUTURE BENEFITS LIABILITIES

	2003	2002
Vacation pay – Town	\$ 1,504	\$ 1,348
Vacation pay – Library	58	58
Employee future benefits	4,135	3,800
Vested sick leave benefits	3,130	3,197
Workplace Safety & Insurance Board	446	347
	\$ 9,273	\$ 8,750

EMPLOYEE FUTURE BENEFITS

Employee Future Benefits are health and dental benefits that the Town of Markham pays on behalf of its current and retired employees. The Town recognizes these post-retirement costs as they are earned during the employee's tenure of service. The benefit liability at December 31, 2003 is \$4,135 (2002 – \$3,800). The liability recorded by the Town has been determined by an actuarial study completed December 2003.

Actuarial valuations: The following table sets out the extrapolated results for each of the plans, as at December 31, 2003.

Information about the Town's defined benefit plans is as follows:

	2003			2002	
	WSIB	Sick Leave	Employee Future Benefits	Total	
Accrued benefit liability, beginning of year	\$ 347	\$ 3,197	\$ 3,800	\$ 7,344	\$ 6,997
Service cost	165	115	190	470	347
Interest cost	23	198	267	488	–
Benefit payments	(89)	(110)	(132)	(331)	–
Amortization of loss (gain)	–	(270)	10	(260)	–
Accrued benefit liability, end of year	\$ 446	\$ 3,130	\$ 4,135	\$ 7,711	\$ 7,344

12. EMPLOYEE FUTURE BENEFITS LIABILITIES *(continued)*

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best estimates. The following represents the more significant assumptions made:

	WSIB	Sick Leave	Early Retirement
Expected inflation rate	3.00%	N/A	3.00%
Expected level of salary increases	4.00%	2.00%	N/A
Interest discount rate	7.00%	6.50%	6.50%

VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, which is available only to the Town's firefighters, employees can accumulate unused sick leave and may become entitled to a cash payment when they leave the municipality's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to approximately \$3,130. The accrued benefit liability and the net periodic benefit cost were determined by an actuarial valuation completed December 2003.

WORKPLACE SAFETY & INSURANCE OBLIGATIONS

Effective January 1, 1999, the Corporation of the Town of Markham became a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self insurance for all its employees. The Town remits payments to the WSIB as required to fund disability payments. The estimated future liability relating to WSIB amounted to \$446 (2002 – \$347) and was determined by an actuarial evaluation completed December 2001 and updated December 2003. A Workplace Safety and Insurance Reserve Fund, funded by annual contributions from the Operating Fund, has also been established to protect against any unknown future liability.

The Town also maintains an insurance policy that protects the Corporation against single claims in excess of \$250.

13. COMPARATIVE FIGURES

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

14. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

(a) Operating fund balance

	2003	2002
Available for reduction of future taxation		
Town	\$ 2,811	\$ 4,372
Library	10	38
Business Improvement Areas	6	(2)
	\$ 2,827	\$ 4,408

(b) Capital fund balance

	2003	2002
Funds available for the acquisition of tangible capital assets	\$ 23,218	\$ 12,256

14. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR (continued)

(c) Reserves and Reserve Funds

	2003	2002
Reserves set aside for specific purposes by Council:		
Working capital	\$ 2,149	\$ 2,089
Replacement of equipment	22,275	22,254
Waste management process	1,709	1,709
Waterworks purposes	4,879	3,497
Contingencies	20	20
Firefighters sick leave benefits	2,985	2,918
Corporate rate stabilization	29,049	28,028
Angus Glen/East Markham Fire Station	3,008	1,800
Hydro Equity	8,514	4,560
Environmental Land Acquisition Fund	-	1,669
Environmental Sustainability Fund	-	303
Long Term Disability Benefit	1,105	221
Total Reserves	\$ 75,693	\$ 69,068
Reserve Funds set aside for specific purposes by Council:		
Theatre	\$ 209	\$ 182
Museum	60	65
Heritage	436	437
Parks	51	79
Environmental Land Acquisition	2,993	400
Environmental Sustainability Fund	311	-
Library	523	-
Workplace Safety & Insurance Board	1,806	1,362
Total Reserve Funds	\$ 6,389	\$ 2,525
Total Reserves and Reserve Funds	\$ 82,082	\$ 71,593

15. PUBLIC SECTOR SALARY DISCLOSURE

The Public Sector Salary Disclosure Act, 1996 requires the municipality to disclose the names, positions, salaries and benefits of employees who were paid a salary of \$100,000 or more during the calendar year.

As required under the Act, applicable salaries and benefits paid to employees during 2003 are as follows:

Employee	Position	Actual Dollars	
		Paid	Benefits
Allen, James	Chief Information Officer	\$ 123,868	\$ 495
Baird, Jim	Commissioner, Development Services	133,349	6,389
Bertoia, Steglio	General Manager, Construction & Utilities	103,345	414
Birrell, Sheila	Town Clerk	103,345	414
Bosch, Rhonda	Project Manager, CSI Project	115,095	-
Brown, Alan	Director, Engineering	105,943	419
Chait, Stephen	Director, Economic Development	113,646	4,055
Clark, David	Town Architect	103,345	414
Conrad, Catherine	Town Solicitor	108,374	6,147
Cousens, Donald	Mayor & Regional Councillor	130,801	9,814
Cribbett, Barb	Treasurer	122,868	490
Laing, Sharon	Acting Director, Human Resources	104,960	382
Livey, John	Chief Administrative Officer	181,758	9,125
Loukes, Peter	Director, Operations & Asset Management	111,311	446
Lustig, Joel	Director, Financial and Client Services	103,639	390

15. PUBLIC SECTOR SALARY DISCLOSURE *(continued)*

Employee	Position	Actual Dollars	
		Paid	Benefits
McClean, Donald	Fire Chief, Fire & Emergency Services	\$ 124,771	\$ 499
Mintz, Shayne	Deputy Fire Chief, Support Services	103,345	414
Roth, Barb	Director, Recreation & Culture	111,325	446
Sales, Jim	Commissioner, Community & Fire Services	151,142	580
Shuttleworth, Valerie	Director, Planning & Urban Design	103,232	413
Snowball, William	Deputy Fire Chief, Operations	101,023	405
Taylor, Andrew	Commissioner, Corporate Services	146,737	7,610
Taylor, Stuart	Director, Strategic Services	100,301	402
Turner, Mary-Frances	Commissioner, Strategy, Innovation & Partnership	151,142	7,624
Watt, Roberta	Director, Human Resources	119,832	478
Wealleans, Paul	Director, Revenues	102,813	405
Wright, John	Director, Building Standards	103,345	414

16. LEASE OBLIGATIONS

(a) As at December 31, 2003, the Town is committed to minimum annual operating lease payments for premises and equipment as follows:

2004	\$ 184
2005	75
2006	53
2007	50
2008	26
	<u>\$ 388</u>

(b) The Toronto Buttonville Airport (Markham) Inc. ("TBAI"), a wholly-owned subsidiary of the Town, entered into an agreement to lease the Buttonville Airport property for a period of nine years for the term of January 1, 2002 to December 31, 2010. Annual rental payment is limited to the funding provided by the Region of York, the Greater Toronto Airport Authority and from any other source during the term of this lease, whether paid directly or as rent.

17. CONTINGENCY

UNSETTLED LEGAL CLAIMS AND POTENTIAL OTHER CLAIMS

The Town has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable at this time and, accordingly, no provision has been made in these financial statements for any liability that may result.

MARKHAM HYDRO DISTRIBUTION INC

A class action claiming \$500,000 in restitutionary payments plus interest was served on November 18, 1998. The action was initiated against Toronto Hydro Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario, which have charged late payment charges on overdue utility bills at any time after April 1, 1981. The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of that permitted under Section 347(1)(b) of the Criminal Code.

The Electricity Distributors Association is undertaking the defence of this class action. At this time it is not possible to determine the effect, if any, on the financial position of Markham Energy Corporation and its subsidiary company, Markham Hydro Distribution Inc., and therefore, on that of the Town of Markham.

18. INVESTMENT IN MARKHAM ENERGY CORPORATION

The following provides condensed consolidated financial information for Markham Energy Corporation including its wholly-owned subsidiaries Markham Hydro Distribution Inc. and Markham District Energy Inc. as well as a 50% interest in Richmond Hill Hydro Inc. (RHHI).

During 2002, Council ratified a shareholders' agreement made with the City of Vaughan. Provisions of this shareholders' agreement provide for the joint control of RHHI by its shareholders. Accordingly, effective January 1, 2002, Markham Energy applies the proportionate consolidation method for its investment in RHHI.

	2003	2002
Assets		
Current	\$ 91,765	\$ 73,506
Capital	160,819	161,870
Goodwill	16,622	16,622
Other	7,697	10,464
Total Assets	\$ 276,903	\$ 262,462
Liabilities		
Current	\$ 49,994	\$ 42,621
Other	6,956	7,854
Long Term	47,500	47,500
Total Liabilities	\$ 104,450	\$ 97,975
Shareholders' Equity		
Common Shares	\$ 66,727	\$ 66,727
Promissory Notes Payable	84,666	84,666
Retained Earnings and contributed surplus	21,060	13,094
Total Shareholders' Equity	172,453	164,487
Total Liabilities and Shareholders' Equity	\$ 276,903	\$ 262,462
Results of Operations		
Revenues	\$ 217,059	\$ 221,944
Operating expenses	209,093	215,567
Net Income	\$ 7,966	\$ 6,377

19. SUBSEQUENT EVENT

On February 19, 2004, the Markham Energy Corporation announced the proposed merger of Hydro Vaughan Distribution Inc. and Markham Hydro Distribution Inc. along with the jointly owned Richmond Hill Hydro Inc. The three utilities would form the third largest local distribution company in the province, delivering electrical power to more than 190,000 residential and business customers. The Town of Markham, the shareholder of Markham Hydro Distribution Inc., approved the merger on March 9, 2004. The City of Vaughan, the shareholder of Hydro Vaughan Distribution Inc., approved the merger on March 10, 2004. The merger agreement was signed by the Town of Markham and the City of Vaughan on March 11, 2004. The Corporation has received the necessary regulatory approvals from OEB relating to this transaction.

CONSOLIDATED SCHEDULE OF OPERATING FUND ACTIVITIES – SCHEDULE 1

Year Ended December 31, 2003
(All dollar amounts are in \$000)

	2003 <i>Budget</i>	2003 <i>Actual</i>	2002 <i>Actual</i>
REVENUES			
Taxation – all classes	\$ 73,760	\$ 74,638	\$ 71,521
User charges (Note 11)	34,566	37,177	37,996
Grants	448	820	2,468
Investment income	9,655	11,536	10,490
Tax penalties	3,375	3,229	2,854
Other	2,972	6,263	4,559
Total Revenue	124,776	133,663	129,888
EXPENDITURES			
General government	23,916	23,335	19,786
Protection to persons and property	21,746	22,233	21,246
Transportation services	13,016	15,144	14,322
Environmental services	10,665	10,771	15,149
Recreation and cultural services	26,565	26,297	25,430
Planning and development	5,322	5,143	5,085
Other	22	27	19
Total Expenditures	101,252	102,950	101,037
NET REVENUES	23,524	30,713	28,851
FINANCING AND TRANSFERS			
Decrease in amounts to be recovered	–	–	(319)
Transfer to Reserves and Reserve Funds	(27,820)	(32,294)	(27,274)
Net financing and transfers	(27,820)	(32,294)	(27,593)
CHANGE IN OPERATING FUND	(4,296)	(1,581)	1,258
SURPLUS, BEGINNING OF YEAR	4,296	4,408	3,150
SURPLUS, END OF YEAR	\$ –	\$ 2,827	\$ 4,408

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

CONSOLIDATED SCHEDULE OF CAPITAL FUND ACTIVITIES – SCHEDULE 2

<i>Year Ended December 31, 2003 (All dollar amounts are in \$000)</i>	2003	2003	2002
	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>
REVENUES			
Province of Ontario Grants	\$ 50	\$ 883	\$ –
Contributions from developers	4,902	362	997
Developers revenue earned	16,348	41,686	12,606
Other	11,401	1,787	1,591
Total revenues	32,701	44,718	15,194
EXPENDITURES			
General government	8,012	5,925	4,143
Protection to persons and property	1,887	6,173	1,894
Transportation services	14,828	11,932	17,280
Environmental services	3,943	2,455	3,634
Recreation and cultural services	14,315	24,298	10,288
Planning and development	4,716	4,772	3,284
Total expenditures	47,701	55,555	40,523
NET EXPENDITURES	(15,000)	(10,837)	(25,329)
FINANCING AND TRANSFERS			
Transfer from Reserves and Reserve Funds	15,000	21,799	17,098
Transfer from Operating Funds	–	–	–
Net financing and transfers	15,000	21,799	17,098
CHANGE IN CAPITAL FUND	–	10,962	(8,231)
OPENING CAPITAL FUND	–	12,256	20,487
CLOSING CAPITAL FUND	–	\$ 23,218	\$ 12,256

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

CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS ACTIVITIES – SCHEDULE 3

*Year Ended December 31, 2003
(All dollar amounts are in \$000)*

	2003	2002
REVENUES		
Investment income	\$ 173	\$ 202
Total revenues	173	202
EXPENDITURES		
Other	179	426
Total expenditures	179	426
NET TRANSFERS FROM (TO) OTHER FUNDS		
Transfer from Operating Funds	32,294	27,274
Transfer to Capital Funds	(21,799)	(17,098)
Total net transfers	10,495	10,176
CHANGE IN RESERVE AND RESERVE FUNDS	10,489	9,952
OPENING BALANCE	71,593	61,641
ENDING BALANCE	\$ 82,082	\$ 71,593

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



AUDITORS' REPORT

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

We have audited the balance sheet of the Trust Funds of The Corporation of The Town of Markham as at December 31, 2003 and the statement of continuity of Trust Funds for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Town as at December 31, 2003 and the continuity of the Trust Funds for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

KPMG LLP

Chartered Accountants
Toronto, Ontario
May 3, 2004

TRUST FUNDS

Statement of Financial Position

Year Ended December 31, 2003

	2003							2002
	Morgan Park Trust	Varley- McKay Trust	Markham Conservation Committee Trust	Elections Surplus Trust	Cemetery Trust	Older Adults in Action Trust	Total	Total
Bank balances	\$ 50,286	\$ 1,449,706	\$ 13,946	\$ –	\$ 97,096	\$ 6,386	\$ 1,617,420	\$ 1,601,117
Accounts Receivable	–	–	–	15,601	–	–	15,601	–
Payable to Varley-McKay Foundation	–	(150,902)	–	–	–	–	(150,902)	(82,952)
Investments, at cost								
Public Trustee	–	–	–	–	6,616	–	6,616	6,616
Fund balance	\$ 50,286	\$ 1,298,804	\$ 13,946	\$ 15,601	\$ 103,712	\$ 6,386	\$ 1,488,735	\$ 1,524,781

Statement of Financial Activities and Fund Balances

Year Ended December 31, 2003

Fund balance, beginning of year	\$ 48,816	\$ 1,298,804	\$ 14,097	\$ 57,580	\$ 99,286	\$ 6,198	\$ 1,524,781	\$ 1,508,997
Receipts								
Interest Earned	1,470	67,950	415	856	2,799	188	73,678	98,285
Sale of plots	–	–	–	–	4,426	–	4,426	13,170
Royalties and Other Income	–	–	–	–	–	–	–	1,000
Varley Purchases	–	82,952	–	–	–	–	82,952	(10,149)
	50,286	1,449,706	14,512	58,436	106,511	6,386	1,685,837	1,611,303
Expenditures	–	–	(566)	(42,835)	(2,799)	–	(46,200)	(3,570)
Distributable to Foundation	–	(150,902)	–	–	–	–	(150,902)	(82,952)
Fund balance, end of year	\$ 50,286	\$ 1,298,804	\$ 13,946	\$ 15,601	\$ 103,712	\$ 6,386	\$ 1,488,735	\$ 1,524,781

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

TRUST FUNDS

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2003

1. SIGNIFICANT ACCOUNTING POLICIES

The Trust Funds financial statements of The Corporation of The Town of Markham are the representation of management prepared in accordance with accounting principles set out below.

BASIS OF ACCOUNTING

Receipts and income are reported on the cash basis of accounting other than interest income which is recorded on the accrual basis. Expenditures are reported on the cash basis of accounting with the exception of administrative expenses, which are reported on the accrual basis of accounting. Accrual accounting recognizes revenues and expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

2. TRUST FUNDS

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.

The Morgan Park Redevelopment Trust Fund was established by Council Resolution on December 11, 1991 to receive charitable donations to be used towards the redevelopment of Morgan Park.

VARLEY-MCKAY ART FOUNDATION TRUST FUND

The Varley-McKay Art Foundation Trust Fund was established by Council Resolution on December 11, 2001. This trust is funded by the amount received from the Estate of Kathleen G. McKay. Interest earned on these funds is available to the Varley-McKay Art Foundation of Markham to fund art appreciation and development.

MARKHAM CONSERVATION COMMITTEE TRUST FUND

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 Conservation Committee.

ELECTION-CANDIDATES SURPLUS FUNDS TRUST ACCOUNT

The Election-Candidates Surplus Funds Trust Account was established under the Municipal Elections Act to hold surplus campaign funds received by registered candidates in a previous election, to credit interest earned to the surplus funds while held in trust, and to distribute the funds to the registered candidate or to the municipality, school board or local board, as the case may be, in accordance with the Act.

CEMETERY TRUST FUNDS

The Cemetery Trust Funds were established under the Regulations of the Cemeteries Act to accumulate certain funds from the sale or transfer of an interment right to a purchaser in accordance with the Regulations. These funds are to be held in trust for the care and maintenance of the cemetery. Interest earned on amounts held by the Fund are used towards the maintenance, security and preservation of the cemetery, its grounds, buildings, equipment and markers in accordance with the Regulations.

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.

FIVE-YEAR REVIEW (UNAUDITED)

	2003	2002	2001	2000	1999
REVENUE FUND OPERATIONS	<i>(All dollar amounts are in \$000)</i>				
<i>Expenditures by function</i>					
General government	\$ 23,335	\$ 19,786	\$ 18,680	\$ 19,200	\$ 11,756
Protection to persons & property	22,233	21,246	19,391	18,471	18,390
Transportation services	15,144	14,322	10,837	19,305	18,310
Environmental services	10,771	15,149	13,155	11,417	11,082
Recreation and cultural services	26,297	25,430	23,623	22,160	24,451
Planning and development	5,143	5,085	4,887	4,474	4,367
Other	27	19	21	25	15
Financing repayment & transfers	32,294	27,593	27,046	24,445	21,931
	<u>\$ 135,244</u>	<u>\$ 128,630</u>	<u>\$ 117,640</u>	<u>\$ 119,497</u>	<u>\$ 110,302</u>
<i>Revenues by source</i>					
Taxation (includes supplementary & payments in lieu)	\$ 74,638	\$ 71,521	\$ 66,587	\$ 61,500	\$ 58,442
Province of Ontario – grants/subsidies	820	2,468	706	757	2,420
Other grants – for example, Canada	0	0	3	12	7
Fees and service charges	37,177	37,996	34,675	39,395	38,789
Investment income	11,536	10,490	8,746	8,460	4,612
Other revenue	9,492	7,413	7,159	9,164	5,349
	<u>\$ 133,663</u>	<u>\$ 129,888</u>	<u>\$ 117,876</u>	<u>\$ 119,288</u>	<u>\$ 109,619</u>
Accumulated net revenue at the end of the year	\$ (1,581)	\$ 1,258	\$ 236	\$ (209)	\$ (683)
Surplus, beginning of year	4,408	3,150	2,914	3,123	3,806
Surplus, end of year	<u>\$ 2,827</u>	<u>\$ 4,408</u>	<u>\$ 3,150</u>	<u>\$ 2,914</u>	<u>\$ 3,123</u>
Reference: consolidated schedule of operating fund activities					
CAPITAL OPERATIONS					
Capital expenditures	\$ 55,555	\$ 40,523	\$ 28,804	\$ 35,878	\$ 32,258
<i>Financing by source</i>					
Transfers from own funds	\$ 21,799	\$ 17,098	\$ 17,858	\$ 17,411	\$ 21,219
Grants/subsidies – Federal/Provincial	883	0	85	50	1,036
Capital assets – transferred from Markham Hydro	0	0	0	13,000	0
Other	43,835	15,194	12,829	10,039	14,458
	<u>\$ 66,517</u>	<u>\$ 32,292</u>	<u>\$ 30,772</u>	<u>\$ 40,500</u>	<u>\$ 36,713</u>
Change in capital fund	\$ 10,962	\$ (8,231)	\$ 1,968	\$ 4,622	\$ 4,455
Opening capital fund	12,256	20,487	18,519	13,897	9,442
Closing capital fund	<u>\$ 23,218</u>	<u>\$ 12,256</u>	<u>\$ 20,487</u>	<u>\$ 18,519</u>	<u>\$ 13,897</u>
Reference: consolidated schedule of capital fund activities					
RESERVES AND RESERVE FUNDS					
Reserves	\$ 75,693	\$ 69,068	\$ 59,908	\$ 54,255	\$ 50,396
Reserve funds – discretionary only	6,389	2,525	1,733	3,425	1,298
Deferred revenue	142,071	152,461	138,489	117,062	97,071
	<u>\$ 224,153</u>	<u>\$ 224,054</u>	<u>\$ 200,130</u>	<u>\$ 174,742</u>	<u>\$ 148,765</u>
NET LONG TERM DEBT					
<i>Net long-term liabilities</i>					
Town of Markham purposes	\$ 0	\$ 0	\$ 319	\$ 665	\$ 762
Annual debt limit prescribed by Province	\$ 34,543	\$ 34,305	\$ 26,870	\$ 25,594	\$ 22,459
Per capita	\$ 0.00	\$ 0.00	\$ 1.46	\$ 3.20	\$ 3.75
Percentage of taxable assessment	0.0000%	0.0000%	0.0016%	0.0038%	0.0045%
<i>Annual charges for net long-term liabilities</i>					
Principal & interest – Town of Markham purposes	\$ 0	\$ 0	\$ 312	\$ 426	\$ 478
As a percentage of revenue fund expenditures	0.00%	0.00%	0.34%	0.45%	0.54%
Per capita	\$ 0.00	\$ 0.00	\$ 1.43	\$ 2.05	\$ 2.35

FIVE-YEAR REVIEW (UNAUDITED)

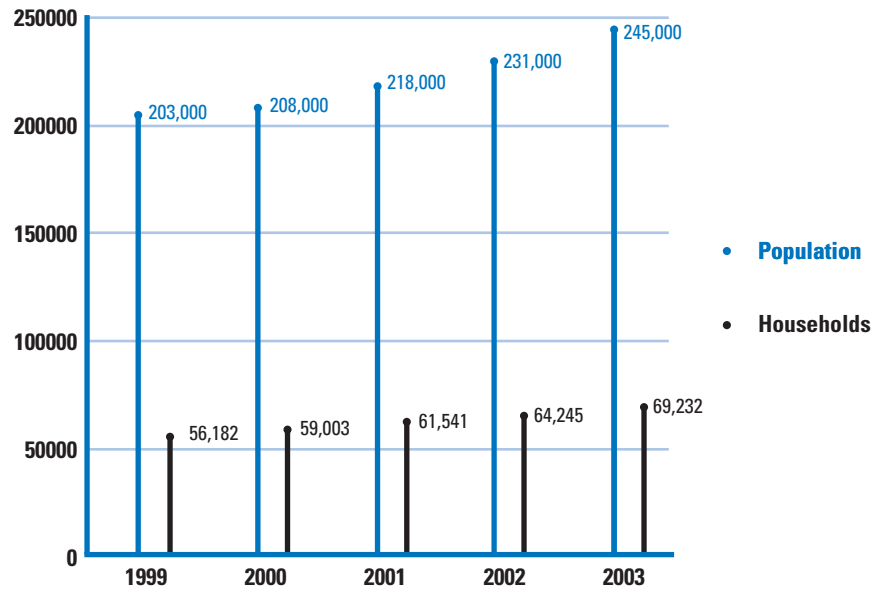
	2003	2002	2001	2000	1999
CONSOLIDATED EXPENDITURES					
<i>Expenditures by object</i>					
<i>(All dollar amounts are in \$000)</i>					
Salaries, wages & employee benefits	\$ 64,320	\$ 58,603	\$ 54,545	\$ 53,033	\$ 47,285
Operating materials and supplies	19,695	20,122	17,465	18,504	20,360
Contracted services	17,103	18,961	17,252	21,662	19,623
Rents and financial expenses	1,932	3,722	1,517	1,421	889
External transfers to others	79	0	1,790	271	0
Tangible capital assets	55,555	40,523	28,804	35,878	32,258
Debt service	0	55	109	161	214
Total expenditure by object	\$ 158,684	\$ 141,986	\$ 121,482	\$ 130,930	\$ 120,629
TAXABLE ASSESSMENT					
Residential, multi-residential and farm	\$ 19,830,413	\$ 16,870,154	\$ 16,103,639	\$ 14,216,240	\$ 13,634,756
Commercial – all classes	4,173,784	3,665,810	3,367,337	2,714,281	2,621,109
Industrial – all classes	761,200	637,947	648,689	569,325	590,192
Pipeline & managed forests	102,158	93,929	100,042	31,472	62,793
	\$ 24,867,555	\$ 21,267,840	\$ 20,219,707	\$ 17,531,318	\$ 16,908,850
Commercial, industrial and business as a percentage of taxable assessment	19.85%	20.24%	19.86%	18.73%	18.99%
PROPERTY TAXATION					
<i>Tax rates/mill rates (Note 1)</i>					
<i>Residential</i>					
Town of Markham	0.276434%	0.309437%	0.302480%	0.3169%	0.3169%
Region of York	0.525619	0.557186	0.543601	0.5735	0.5742
School Boards (Public and Separate)	0.335000	0.373000	0.373000	0.4140	0.4140
	1.137053%	1.239623%	1.219081%	1.3044%	1.3051%
<i>Multi-residential</i>					
Town of Markham	0.276434%	0.402268%	0.499092%	0.6615%	0.6616%
Region of York	0.525619	0.724341	0.896941	1.1972	1.1986
School Boards (Public and Separate)	0.335000	0.373000	0.373000	0.4140	0.4140
	1.137053%	1.499609%	1.769033%	2.2727%	2.2742%
<i>Commercial – full rate</i>					
Town of Markham	0.304077%	0.340381%	0.332728%	0.3636%	0.3632%
Region of York	0.578181	0.612904	0.597961	0.6580	0.6581
School Boards (Public and Separate)	1.758765	2.002016	2.002016	2.3361	2.3361
	2.641023%	2.955301%	2.932705%	3.3577%	3.3574%
Commercial – vacant units, excess land percentage of full rate	70%	70%	70%	70%	70%
<i>Industrial – full rate</i>					
Town of Markham	0.359364%	0.402268%	0.393224%	0.4801%	0.4899%
Region of York	0.683305	0.724341	0.706681	0.8688	0.8875
School Boards (Public and Separate)	2.033891	2.503122	2.503122	2.8640	2.8640
	3.076560%	3.629731%	3.603027%	4.2129%	4.2414%
Industrial – vacant units, excess land – percentage of full rate	65%	65%	65%	65%	65%
<i>Taxes levied</i>					
Town of Markham	\$ 74,638	\$ 71,521	\$ 66,587	\$ 61,500	\$ 58,442
Region of York	138,594	125,834	116,551	105,503	105,198
School Boards (Public and Separate)	155,992	152,122	146,378	134,434	136,475
	\$ 369,224	\$ 349,477	\$ 329,516	\$ 301,437	\$ 300,115
<i>Total tax arrears (taxes receivable)</i>					
Per capita	\$ 89.34	\$ 87.62	\$ 112.70	\$ 115.61	\$ 165.07
Percentage of current levy	5.69%	5.79%	7.46%	7.98%	11.17%

Notes:

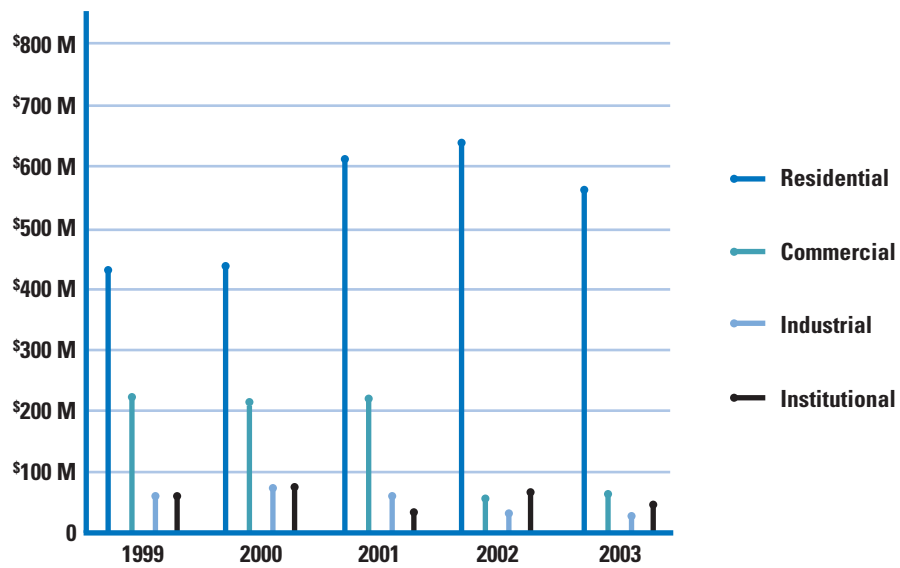
(1) Average Residential Tax Bill based on Current Value Assessment of \$278,000 for 2002 and \$312,000 for 2003.

5 Year Review

Number of Households and Population



Value of Construction



PERFORMANCE MEASURES REPORT CARD

Year ended December 31, 2003

Measure	2003 Result
Local Government	
Operating costs for governance and corporate management as a percentage of total municipal operating costs	8.50%
Fire	
Operating costs for fire services per \$1,000 of assessment	\$0.75
Roads	
Operating costs for paved (hard top) roads per lane kilometre	\$612.20
Operating costs for unpaved (loose top) roads per lane kilometre	\$6,833.28
Operating costs for winter maintenance of roadways per lane kilometre maintained in winter	\$2,776.69
Percentage of paved lane kilometres where the condition is rated as good to very good	87.30%
Percentage of winter events where the response met or exceeded locally determined road maintenance standards	100.00%
Wastewater (Sewage)	
Operating costs for the collection of wastewater per kilometre of wastewater main	\$1,947.44
Operating costs for the treatment and disposal of wastewater per megalitre	\$398.10
Operating costs for collection, treatment and disposal of wastewater per megalitre – integrated	\$473.15
Number of wastewater main backups per 100 kilometres of wastewater main in a year	1.187
Water	
Operating costs for the treatment of drinking water per megalitre	\$434.30
Operating costs for the distribution of drinking water per kilometre of water distribution pipe	\$4,030.99
Operating costs for the treatment and distribution of drinking water per megalitre – integrated	\$613.70
Number of watermain breaks per 100 kilometres of water distribution pipe in a year	4.62
Weighted number of days when a boil water advisory issued by the Medical Officer of Health, applicable to a municipal water supply was in effect	0.00
Solid Waste Management (Garbage)	
Operating costs for solid waste collection per tonne	\$57.03
Operating costs for solid waste disposal per tonne	\$2.84
Operating costs for solid waste (recycling) diversion per tonne	\$142.80
Average operating costs for solid waste management per tonne – integrated	\$88.95
Number of days per year when a Ministry of Environment compliance order for remediation concerning an air or groundwater standard was in effect for a solid waste management facility	0.00
Total number of solid waste management facilities owned by the municipality	4
Number of complaints received in a year concerning the collection of solid waste and recycled materials per 1,000 households	58.31
Percentage of residential solid waste diverted for recycling	35.10%
Land-Use Planning	
Percentage of new lots, blocks and/or units with final approval which is located within settlement areas	100.00%
Percentage of land designated for agricultural purposes which was not re-designated for other uses during the reporting year	98.30%
Percentage of land designated for agricultural purposes which was not re-designated for other uses relative to the base year of 2000	98.30%

CORPORATE GOALS

Environmental Focus

To protect, enhance and restore the Town's natural features and green spaces as part of a vital and healthy ecosystem.

Fiscal Stewardship

To ensure that resources are managed responsibly and taxpayers are receiving the best value for their money.

Infrastructure Management

To build, renew and strategically manage the Town's infrastructure to meet the demands and expectations of a growing community.

Managed Growth

To provide the framework for the timely delivery of well-planned new communities that are phased and coordinated with the provision of infrastructure.

Quality Community

To recognize, promote and strengthen the sense of community and multiculturalism, while appealing to all ages and stages of life by providing high quality services.

Economic Development

To establish, promote and support Markham as the best location for diverse high-tech and related businesses.

Organizational Excellence

To achieve excellence in managing and delivering quality services through quality people.



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