



2025 Consolidated Financial Statements

Presentation to General Committee

APRIL 21, 2026



Agenda

- 1. Introduction**
- 2. Requirements**
- 3. Audit Summary**
- 4. Financial Results Discussions**
- 5. Presentation by Ms Maria Khoushnood, Partner, KPMG LLP – Audit Findings Report**



1. Introduction

The Financial Statements are a report card on the financial position, health and strength of the City:

- reflect the financial position of the organization, the operating results, and how the City financed its activities and met its cash requirements
- confirm that the resources were obtained and used consistent with the budgets approved by Council

Statements consolidate the financial activities of:

- City of Markham
- Community Boards and Business Improvement Areas (BIAs)
- Destination Markham Corporation
- City's investment in Markham Enterprises Corporation (MEC)



2. Requirements

The City is required by The *Municipal Act* to :

- ✓ prepare annual financial statements in accordance with Canadian Generally Accepted Accounting Principles for governments as recommended by the Public Sector Accounting Board,
- ✓ have the financial statements audited by a licensed auditor,
- ✓ report the financials to Council, and
- ✓ publish the statements



3. Audit Summary

Schedule:

The KPMG audit team was on-site one week in November 2025 performing interim and preliminary year-end work.

The KMPG team continued the audit of the financial records of the City and associate corporations from February 23 to April 3, 2026.

KPMG provided a clean audit opinion on the City's 2025 Financial Statements.

KPMG did not identify any misstatements that were subsequently corrected.



4. Financial Results

Consolidated Statement of Financial Position (Balance Sheet)

	\$ in millions		
	<u>2025</u>	<u>2024</u>	<u>Incr. / (Decr.)</u>
Financial Assets	1,249.30	1,116.73	132.56
Financial Liabilities	<u>576.82</u>	<u>536.41</u>	<u>40.41</u>
Net Financial Assets	672.48	580.32	92.15
Non-Financial Assets	6,129.25	5,869.98	259.27
	6,801.73	6,450.30	351.43
Accumulated Surplus	6,717.97	6,414.79	303.18
Accumulated Remeasurement of Gains	83.76	35.51	48.25
	6,801.73	6,450.30	351.43



4. Financial Results

Consolidated Statement of Financial Position (Balance Sheet) cont'd

Financial Assets increased by \$132.56M

Financial Assets	Incr. / (Decry.)	Significant change drivers
Cash & investments	\$102.8	<ul style="list-style-type: none">• Increase in investment income, increase due to unrealized gain on investments (Principal Protected Notes) and other Comprehensive income \$59.9M• Increase in other revenue and deposits \$27.1M,• Lower payment to Region for water \$20.8M, lower payments to vendors for operating & construction projects \$11.4M• Lower development charge collection \$16.6M
Property taxes receivable	(\$4.5)	<ul style="list-style-type: none">• Of the total decrease in property tax receivable of \$4.5M was due to higher property tax payments collected in 2025 when compared to 2024
Accounts receivable	\$10.2	<ul style="list-style-type: none">• Increase in receivables was mainly due to interest accrued on investments \$4.7M, associate entities receivable \$2.2M, and developers due to timing
Investment in MEC	\$24.1	<ul style="list-style-type: none">• Equity pick up \$35.9M, offset by reduction in share capital (\$1.0M) and dividend paid (\$10.8M)



4. Financial Results

Consolidated Statement of Financial Position (Balance Sheet) cont'd

Financial Liabilities increased by \$40.41M

Financial Liabilities	Incr. / (Decr.)	Significant change drivers
Accounts payable & accrued liabilities	\$56.4	<ul style="list-style-type: none">• Increase in amount payable to Region for water \$42.2M, DC credit liabilities \$33.6M• Offset by decrease tax levies payable to Region \$7.4M & accrued liabilities for construction projects \$11.1M
Deferred revenues	-\$19.0	<ul style="list-style-type: none">• Inflows \$79.4M• Outflows (\$98.4M) including capital project spending
Long term liabilities	-\$0.9	<ul style="list-style-type: none">• Scheduled payments for FCM & CMHC loans
Employee future benefits liabilities	\$3.9	<ul style="list-style-type: none">• Increase as per actuarial valuations for post employment & sick leave benefits \$2.2M, WSIB \$0.6M, Long term disability \$0.3M and vacation accrual \$0.8M



4. Financial Results

Consolidated Statement of Financial Position (Balance Sheet) cont'd

Non- Financial Assets increased by \$259.27M

Non-Financial Assets	Incr. / (Decr.)	Significant change drivers
Tangible Capital Assets (TCA)	\$259.0	•Significant change drivers - Additions to Land \$211.6M, and Works-in-progress \$49.4M
Prepaid expenses and inventories	\$0.2	• Use/consumption of winter control inventory (salt, sand) and other pre-paid expenses such as Computer software licenses, insurance, maintenance agreements



4. Financial Results

Consolidated Statement of Operations and Accumulated Surplus (Income Statement)

	\$ in millions		
	<u>2025</u>	<u>2024</u>	<u>Incr. / (Decr.)</u>
Revenues	858.65	1,192.27	(333.62)
Less Expenses	<u>555.47</u>	<u>504.16</u>	<u>51.31</u>
Annual Surplus	303.18	688.11	(384.93)
Accumulated Surplus, Beginning of Year	<u>6,414.79</u>	<u>5,726.68</u>	<u>688.11</u>
Accumulated Surplus, End of Year	<u>6,717.97</u>	<u>6,414.79</u>	<u>303.18</u>



4. Financial Results

Details of Accumulated Surplus

	<u>\$ in millions</u>		
	<u>2025</u>	<u>2024</u>	<u>Incr. / (Decr.)</u>
Operating surplus (excl. waterworks)	7.39	8.62	(1.23)
Waterworks	3.34	5.52	(2.19)
Destination Markham Corporation	4.00	3.81	0.19
Community Boards and BIAs	0.53	<u>0.55</u>	<u>(0.02)</u>
Operating Surplus Total	15.25	18.50	(3.24)
Less Transferred to Life Cycle Replacement and Other reserve f	(7.39)	(8.62)	1.23
Transferred to Waterworks reserve	<u>(3.34)</u>	<u>(5.52)</u>	<u>2.19</u>
	4.53	4.36	0.17
Equity income from Markham Enterprises Corporation	379.91	355.82	24.09
Invested in Tangible Capital Assets	6,121.79	5,862.75	259.04
Reserves and Reserve Funds	303.63	284.10	19.54
Other	(91.89)	(92.23)	0.34
Total Accumulated Surplus	<u>6,717.98</u>	<u>6,414.79</u>	<u>303.18</u>



4. Financial Results

Details of Reserves

	\$ in millions		
	<u>2025</u>	<u>2024</u>	<u>Incr. / (Decr.)</u>
Reserves			
Building fee	21.27	18.40	2.87
Capital gains	41.20	22.35	18.85
Corporate rate stabilization	30.05	30.05	0.00
Development fee	47.82	62.24	(14.42)
Facility ramp up	44.62	42.64	1.99
Firefighters sick leave benefits	8.02	7.76	0.26
Insurance	6.68	5.65	1.03
Long-term disability benefit	25.69	25.69	0.00
Waterworks	134.22	124.54	9.69
Other	1.76	1.40	0.37
Total Reserves	<u>361.34</u>	<u>340.71</u>	<u>20.64</u>



4. Financial Results

Details of Reserve Funds

	<u>\$ in millions</u>		
Reserve Funds	<u>2025</u>	<u>2024</u>	<u>Incr. / (Decr.)</u>
Environmental land acquisition	14.71	13.97	0.74
Land acquisition	(418.53)	(398.62)	(19.91)
Library infrastructure	7.63	7.37	0.26
Life cycle replacement and capital	266.54	254.84	11.71
Municipal accomodation tax	2.55	0.00	2.55
Non-DC growth	25.76	23.54	2.22
Post retirement benefits	21.81	21.09	0.73
Public art acquisition	8.76	9.07	(0.31)
Stormwater fee	(3.48)	(2.39)	(1.09)
Workplace Safety & Insurance Board	9.56	8.04	1.53
WSIB excess compensation	3.29	3.17	0.12
Other	3.70	3.33	0.37
Total Reserve Funds	<u>(57.71)</u>	<u>(56.60)</u>	<u>(1.11)</u>



4. Financial Results

Details of Deferred revenue

	<u>\$ in millions</u>		
	<u>2025</u>	<u>2024</u>	<u>Incr. / (Decr.)</u>
Obligatory reserve funds:			
Development charges	188.48	205.08	(16.60)
Canada Community Building Fund (Gas Tax)	9.44	16.96	(7.52)
Canada benefit charge	1.10	2.27	(1.17)
Section 37 funds	9.08	9.21	(0.13)
	<u>208.10</u>	<u>233.52</u>	<u>(25.42)</u>
General:			
Deferred revenue and deposits	51.72	45.35	6.37
	<u>259.83</u>	<u>278.87</u>	<u>(19.04)</u>



5. Presentation of Audit Findings Report

– Maria Khoushnood, Partner, KPMG LLP