



2024 Consolidated Financial Statements

Presentation to Development Services Committee

APRIL 8, 2025



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 2024 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 24 to March 28, 2025.

KPMG provided a clean audit opinion on the City's 2024 Financial Statements.

KPMG did not identify any misstatements that were subsequently corrected.

KPMG reported on land additions acquired in previous years but were only identified and confirmed in 2024. This item has no material impact on the financial statements and has been adjusted in 2024. The ending balances are correct, however prior year information has not been adjusted; the audit findings capture this as an "out-of-period uncorrected audit misstatement."



3. Audit Summary

For the year ended 2024, the City adopted the following new Public Sector Accounting Board (PSAB) regulations:

Regulations which did **not** have any significant impact:

- PS 3601 Public Private Partnership
- PS 3400 Revenue
- Public Sector Guideline 8 (PSG-8) Purchased Intangibles



4. Financial Results

Consolidated Statement of Financial Position (Balance Sheet)

	\$ in millions		
	<u>2024</u>	<u>2023</u>	<u>Incr. / (Decr.)</u>
Financial Assets	1,116.73	1,014.62	102.11
Financial Liabilities	<u>536.41</u>	<u>506.60</u>	<u>29.81</u>
Net Financial Assets	580.32	508.02	72.30
Non-Financial Assets	5,869.98	5,228.98	641.00
	6,450.30	5,737.00	713.31
Accumulated Surplus	6,414.79	5,726.68	688.11
Accumulated Remeasurement of Gains (Losses)	35.51	10.32	25.19
	6,450.30	5,737.00	713.30



4. Financial Results

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

Financial Assets increased by \$102.11M

Financial Assets	Incr. / (Decry.)	Significant change drivers
Cash & investments	\$142.31	<ul style="list-style-type: none">• Higher development charge collection \$92.9M and refund of promissory note by Alectra \$67.9M• Increase in investment income, increase due to unrealized gain on investments (Principal Protected Notes) and Other Comprehensive income \$54.1M• Increase in other revenue and deposits \$19.6M, lower payments to vendors for operating & construction projects \$17.8M• Payments towards acquisition of real property (\$112.9M)
Property taxes receivable	\$7.24	<ul style="list-style-type: none">• Of the total increase in property tax receivable of \$7.24M for 2024, \$6.8M was due to increase in property tax for new properties levied towards end of year with due date in subsequent year
Accounts receivable	\$4.69	<ul style="list-style-type: none">• Increase in receivables was mainly due to associate entities receivable \$2.4M, receivables for cash-in-lieu \$1.01M and developers due to timing
Investment in MEC	(\$52.12)	<ul style="list-style-type: none">• Equity pick up \$28.7M, offset by refund of promissory note by Alectra (\$67.9M), reduction in share capital (\$1.0M) and dividends paid (\$12M)



4. Financial Results

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

Financial Liabilities increased by \$29.81M

Financial Liabilities	Incr. / (Decr.)	Significant change drivers
Accounts payable & accrued liabilities	\$25.49	<ul style="list-style-type: none">• Increase in amount payable to vendors for construction projects \$20.8M (paid Jan 2025), increase in accrual for employee related expenses \$8.2M, payable to associate entities & Region for tax levies \$4.1M• Offset by decrease holdback for construction projects (\$3.7M), credits in tax receivables (\$1.6M) and decrease in payable to Region & School Boards for development charges (\$1.6M)
Notes payable	(\$94.00)	<ul style="list-style-type: none">• Repayment of notes payable for real property acquisition in Jan 2024
Deferred revenues	\$97.65	<ul style="list-style-type: none">• Inflows \$199.0M• Outflows (\$101.4M) - capital project spending
Long term liabilities	\$(0.87M)	<ul style="list-style-type: none">• Scheduled payments for FCM & CMHC loans
Employee future benefits liabilities	\$1.54	<ul style="list-style-type: none">• Increase as per actuarial valuations for WSIB \$0.6M, post employment & sick leave benefits \$0.5M, Long term disability \$0.3M and vacation accrual \$0.2M



4. Financial Results

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

Non- Financial Assets increased by \$641.0M

Non-Financial Assets	Incr. / (Decr.)	Significant change drivers
Tangible Capital Assets (TCA)	641.15	•Significant change drivers - Addtions to Land (\$604.1M), Infrastructure (\$36.0M), building/equipment (\$7.1 M)
Prepaid expenses and inventories	(\$0.15M)	• 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>2024</u>	<u>2023</u>	<u>Incr. /</u> <u>(Decr.)</u>
Revenues	1,192.27	768.72	423.55
Less Expenses	<u>504.16</u>	<u>484.59</u>	<u>19.57</u>
Annual Surplus	688.11	284.13	403.98
Accumulated Surplus, Beginning of Year	<u>5,726.68</u>	<u>5,442.55</u>	<u>284.13</u>
Accumulated Surplus, End of Year	<u>6,414.79</u>	<u>5,726.68</u>	<u>688.11</u>



4. Financial Results

Details of Accumulated Surplus

	\$ in millions		
	<u>2024</u>	<u>2023</u>	<u>Incr. /</u> <u>(Decr.)</u>
Operating surplus (excl. waterworks)	8.62	4.83	3.80
Waterworks	5.52	4.82	0.70
Destination Markham Corporation	3.81	3.67	0.14
Community Boards and BIAs	<u>0.55</u>	<u>0.57</u>	<u>(0.02)</u>
Operating Surplus Total	18.50	13.89	4.61
Less Transferred to Life Cycle Replacement and Other reserve f	(8.62)	(4.83)	(3.80)
Transferred to Waterworks reserve	<u>(5.52)</u>	<u>(4.82)</u>	<u>(0.70)</u>
	4.36	4.24	0.11
Equity income from Markham Enterprises Corporation	355.82	407.95	(52.12)
Invested in Tangible Capital Assets	5,862.75	5,221.60	641.15
Reserves and Reserve Funds	284.10	245.27	38.83
Adjustment for real property acquisition due to timing	-	(94.00)	94.00
Other	<u>(92.23)</u>	<u>(58.37)</u>	<u>(33.87)</u>
Total Accumulated Surplus	<u>6,414.79</u>	<u>5,726.68</u>	<u>688.11</u>



4. Financial Results

Details of Reserves

	\$ in millions		
	<u>2024</u>	<u>2023</u>	<u>Incr. / (Decr.)</u>
Reserves			
Building fee	18.40	15.16	3.24
Capital gains	22.35	12.49	9.86
Corporate rate stabilization	30.05	30.06	(0.01)
COVID	0.00	3.00	(3.00)
Development fee	62.24	59.60	2.63
Facility ramp up	42.64	38.98	3.65
Firefighters sick leave benefits	7.76	7.26	0.50
Insurance	5.65	4.59	1.07
Long-term disability benefit	25.69	25.69	0.00
Waterworks	124.54	102.25	22.29
Other	1.40	1.05	0.35
Total Reserves	<u>340.71</u>	<u>300.13</u>	<u>40.58</u>



4. Financial Results

Details of Reserve Funds

	\$ in millions		
	<u>2024</u>	<u>2023</u>	<u>Incr. /</u> <u>(Decr.)</u>
Reserve Funds			
Environmental land acquisition	13.97	13.06	0.91
Heritage land acquisition	0.86	0.89	(0.03)
Land acquisition	(398.62)	(359.56)	(39.07)
Library infrastructure	7.37	7.02	0.35
Life cycle replacement and capital	254.84	227.07	27.77
Non-DC growth	23.54	17.84	5.69
Post retirement benefits	21.09	20.09	1.00
Public art acquisition	9.07	6.93	2.13
Stormwater fee	(2.39)	(1.32)	(1.06)
Workplace Safety & Insurance Board	8.04	7.66	0.38
Other	5.64	5.46	0.18
Total Reserve Funds	<u>(56.61)</u>	<u>(54.86)</u>	<u>(1.75)</u>



4. Financial Results

Details of Deferred revenue

	\$ in millions		
	<u>2024</u>	<u>2023</u>	<u>Incr. / (Decr.)</u>
Obligatory reserve funds:			
Development charges	205.08	123.81	81.27
Canada Community Building Fund (Gas Tax)	16.96	19.35	(2.39)
Canada benefit charge	2.27	-	2.27
Section 37 funds	9.21	8.24	0.97
	<u>233.52</u>	<u>151.41</u>	<u>82.12</u>
General:			
Deferred revenue and deposits	45.35	29.82	15.54
	<u>278.87</u>	<u>181.22</u>	<u>97.65</u>



5. Presentation of Audit Findings Report

– Maria Khoushnood, Partner, KPMG LLP