

MEMORANDUM

TO: Mayor Scarpitti and Members of Council

FROM: Barb Cribbett, Treasurer

DATE:, April 23, 2008

SUBJECT: Markham Enterprises Corporation 2007 Equity

Further to the General Committee request of April 21, 2008 for a draft equity position for Markham Enterprises Corporation (MEC) as of December 31, 2007, I have attached the draft Consolidated Statement of Financial Position, the draft Consolidated Statement of Financial Activities and the draft Consolidated Statement of Changes in Financial Position for the Town of Markham, with preliminary 2007 MEC numbers. Please be advised that although the audit for MEC is now complete, the numbers and statements pertaining to MEC are still under review by the Auditors.

For information purposes, the preliminary Investment and Equity position for MEC is shown on the draft statements. The 2007 preliminary equity pickup is \$11.833M, which is primarily MEC's 43% share of PowerStream Inc. net profits. Although the review of the MEC statements by KPMG is not finalized, it is not anticipated that there will be material changes to the draft MEC numbers as shown.

A handwritten signature in black ink, appearing to read 'Barb Cribbett', with a long horizontal flourish extending to the right.

Barb Cribbett
Treasurer

"Markham Enterprises Corporation Under Audit Review"

THE CORPORATION OF THE TOWN OF MARKHAM Consolidated Statement of Financial Position

December 31, 2007

(All dollar amounts are in \$000)

	2007	2006
ASSETS		
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	\$ 319,226	\$ 291,687
Taxes receivable (Note 7)	30,033	30,842
Unbilled user charges	5,914	5,191
Accounts receivable (Note 17)	28,511	20,654
Investment in Markham Enterprises Corporation (Note 18)	186,304	174,471
Other current assets	6,105	225
	576,093	523,070
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	69,967	53,459
Deferred revenues (Note 10)	159,649	152,367
Employee future benefits liabilities (Note 12)	14,112	12,781
	243,728	218,607
NET FINANCIAL ASSETS	\$ 332,365	\$ 304,463
MUNICIPAL POSITION		
FUND BALANCES		
Operating Fund (Note 14)	\$ 432	\$ 3,814
Capital Fund (Note 14)	23,963	25,997
Reserves and Reserve Funds (Note 14)	127,132	105,178
Equity in Markham Enterprises Corporation (Note 18)	186,304	174,471
FUND BALANCES	337,831	309,460
AMOUNTS TO BE RECOVERED (Note 6)		
From reserves and reserve funds on hand	(5,466)	(4,997)
MUNICIPAL POSITION	\$ 332,365	\$ 304,463

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

" Markham Enterprises Corporation Under Audit Review "

THE CORPORATION OF THE TOWN OF MARKHAM Consolidated Statement of Financial Activities

Year ended December 31, 2007

(All dollar amounts are in \$000)

	2007		2006
	Budget	Actual	Actual
Revenues			
Taxation	\$ 100,393	\$ 100,552	\$ 94,357
User charges (Note 11)	53,772	53,134	48,672
Grants	3,686	3,565	4,270
Contributions from developers	52,017	47,512	14,983
Investment income	11,674	15,556	16,100
Tax penalties	3,375	3,375	3,436
Other	6,228	9,078	12,303
TOTAL REVENUES	231,145	232,772	194,121
Expenditures			
Operating			
General government	29,013	29,682	27,191
Protection to persons and property	30,881	30,879	29,229
Transportation services	19,305	19,963	16,413
Environmental services	18,052	17,261	16,278
Recreation and cultural services	37,110	36,004	34,603
Planning and development	6,346	6,143	5,878
Other	33	499	622
Subtotal	140,740	140,431	130,214
Capital			
General government	8,801	5,330	5,279
Protection to persons and property	5,229	1,425	1,303
Transportation services	53,946	39,790	18,530
Environmental services	9,117	8,976	7,328
Recreation and cultural services	9,213	12,978	18,579
Planning and development	7,522	7,773	6,037
Subtotal	93,828	76,272	57,056
TOTAL EXPENDITURES	234,568	216,703	187,270
	(3,423)	16,069	6,851
Equity pick up in Markham Enterprises Corporation (Note 18)		11,833	8,060
INCREASE IN NET FINANCIAL ASSETS	(3,423)	27,902	14,911
INCREASE IN AMOUNTS TO BE RECOVERED	-	469	597
CHANGE IN FUND BALANCE	\$ (3,423)	\$ 28,371	\$ 15,508

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

" Markham Enterprises Corporation Under Audit Review"

THE CORPORATION OF THE TOWN OF MARKHAM Consolidated Statement of Changes in Financial Position

Year ended December 31, 2007

(All dollar amounts are in \$000)

	2007	2006
OPERATING ACTIVITIES		
Increase in Net Financial Assets	\$ 27,902	\$ 14,911
Subtotal	27,902	14,911
Uses		
Increase in accounts receivable	(7,857)	(6,208)
Increase in unbilled user charges	(723)	-
Increase in other current assets	(5,880)	(69)
Decrease in accounts payable and accrued liabilities	-	(110)
Subtotal	(14,460)	(6,387)
Sources		
Decrease in unbilled user charges	-	115
Decrease in taxes receivables	809	2,698
Increase in accounts payable and accrued liabilities	16,508	-
Increase in deferred revenue	7,282	18,769
Increase in employee benefits liabilities	1,331	1,420
Subtotal	25,930	23,002
Net Increase/(decrease) from operating activities	39,372	31,526
INVESTING ACTIVITIES		
Dividend from Markham Enterprises Corporation	-	1,780
Equity pick up in Markham Enterprises Corporation	(11,833)	(8,060)
Net Increase/(decrease) from investing activities	(11,833)	(6,280)
NET CHANGE IN CASH AND CASH EQUIVALENTS	27,539	25,246
OPENING CASH AND CASH EQUIVALENTS	291,687	266,441
CLOSING CASH AND CASH EQUIVALENTS	\$ 319,226	\$ 291,687

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