

**THE
REGIONAL MUNICIPALITY
OF YORK**

2019

**CONSOLIDATED
FINANCIAL
STATEMENTS**

The Regional Municipality of York

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of
the Regional Municipality of York

Opinion

We have audited the consolidated financial statements of the Regional Municipality of York (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2020

The Regional Municipality of York
Consolidated Statement of Financial Position
As at December 31, 2019 and 2018

	2019	2018
Financial assets		
Cash and cash equivalents (Note 4)	\$ 1,164,257,925	\$ 472,421,826
Accounts receivable (Note 5)	366,316,108	328,410,381
Investments (Note 4)	2,841,431,098	3,327,326,728
Debt amounts recoverable from local municipalities (Note 8)	159,468,322	175,289,246
	4,531,473,453	4,303,448,181
Liabilities		
Accounts payable and accrued liabilities	826,367,635	718,204,400
Employee benefits obligations (Note 6)	242,104,066	221,953,092
Deferred revenue (Note 7)	125,691,131	160,784,391
Deferred revenue-obligatory reserve funds (Note 7)	348,719,019	386,668,255
Gross long-term liabilities (Note 8)	3,551,027,481	3,615,010,211
	5,093,909,332	5,102,620,349
Net debt	(562,435,879)	(799,172,168)
Non-financial assets		
Tangible capital assets (Note 13)	8,449,791,134	7,999,815,545
Inventory	6,976,422	6,257,623
Prepaid expenses	14,190,872	12,371,940
	8,470,958,428	8,018,445,108
Contractual rights / contingent assets (Note 9)		
Contractual obligations and commitments (Note 10)		
Contingent liabilities (Note 11)		
Subsequent event (Note 18)		
Accumulated surplus (Note 14)	\$ 7,908,522,549	\$ 7,219,272,940

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

The Regional Municipality of York
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2019 and 2018

	Budget (Note 2)	2019	2018
Revenues			
Net taxation (Note 3)	\$ 1,144,988,360	\$ 1,152,162,507	\$ 1,090,945,754
User charges	354,402,953	353,922,631	316,536,359
Transfer payments (Note 16)	690,315,909	779,841,153	604,651,038
Development charges	415,706,704	293,035,354	474,241,470
Fees and services	161,510,714	167,458,208	164,825,811
Investment income	61,579,354	119,274,291	68,651,950
Other	33,119,079	76,171,198	46,376,561
Total revenues	2,861,623,073	2,941,865,342	2,766,228,943
Expenses			
General government	190,506,541	129,457,518	117,078,747
Protection to persons and property	394,910,995	405,658,455	385,665,574
Transportation services	608,651,038	607,643,630	539,405,319
Environmental services	496,570,103	482,288,832	612,355,719
Health and emergency services	174,985,897	158,928,796	154,793,232
Community services	355,109,276	352,435,658	334,016,931
Social housing	91,226,472	100,627,994	90,938,193
Planning and economic development	14,451,459	15,574,850	12,311,606
Total expenses	2,326,411,781	2,252,615,733	2,246,565,321
Annual surplus	535,211,292	689,249,609	519,663,622
Accumulated surplus, beginning of year	7,219,272,940	7,219,272,940	6,699,609,318
Accumulated surplus, end of year	\$ 7,754,484,232	\$ 7,908,522,549	\$ 7,219,272,940

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

The Regional Municipality of York
Consolidated Statement of Changes in Net Debt
Year ended December 31, 2019 and 2018

	Budget	2019	2018
Annual surplus	\$ 535,211,292	\$ 689,249,609	\$ 519,663,622
Amortization of tangible capital assets	306,870,675	312,611,771	274,971,937
Proceeds on disposal of tangible capital assets	-	3,862,501	1,129,356
Acquisition of tangible capital assets	(727,559,355)	(637,443,875)	(344,054,183)
Contributed assets	-	(131,568,415)	-
Loss on disposal of tangible capital assets	-	2,562,429	1,378,910
Change in inventory	-	(718,799)	(1,157,971)
Change in prepaid expenses	-	(1,818,932)	(1,009,727)
Decrease in net debt	114,522,612	236,736,289	450,921,944
Net debt, beginning of year	(799,172,168)	(799,172,168)	(1,250,094,112)
Net debt, end of year	\$ (684,649,556)	\$ (562,435,879)	\$ (799,172,168)

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

The Regional Municipality of York
Consolidated Statement of Cash Flows
Year ended December 31, 2019 and 2018

	2019	2018
Operating		
Annual surplus	\$ 689,249,609	\$ 519,663,622
Items not involving cash:		
Amortization	312,611,771	274,971,937
Loss on disposal of tangible capital assets	2,562,429	1,378,910
Contributed assets	(131,568,415)	-
Changes in non-cash assets and liabilities:		
Accounts receivable	(37,905,727)	(25,477,595)
Accounts payable and accrued liabilities	108,163,235	(48,346,851)
Employee benefit obligations	20,150,974	20,414,616
Deferred revenue	(35,093,260)	73,654,335
Deferred revenue-obligatory reserve funds	(37,949,236)	(45,856,302)
Inventory	(718,799)	(1,157,971)
Prepaid expenses	(1,818,932)	(1,009,727)
Net change in cash and cash equivalents from operations	887,683,649	768,234,974
Capital		
Acquisition of tangible capital assets	(637,443,875)	(344,054,183)
Proceeds on disposal of tangible capital assets	3,862,501	1,129,356
Net change in cash and cash equivalents from capital	(633,581,374)	(342,924,827)
Investing		
Net change in investments	485,895,630	(518,184,284)
Financing		
Long-term debt issued	347,900,000	-
Long-term debt repaid	(396,061,806)	(19,663,267)
Net change in cash and cash equivalents from financing	(48,161,806)	(19,663,267)
Net change in cash and cash equivalents	691,836,099	(112,537,404)
Opening, cash and cash equivalents	472,421,826	584,959,230
Closing, cash and cash equivalents	\$ 1,164,257,925	\$ 472,421,826

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

The Regional Municipality of York
Notes to the Consolidated Financial Statements
December 31, 2019 and 2018

The Corporation of the Regional Municipality of York (the "Region") was incorporated as a municipality in 1971 by the Province of Ontario. The local municipalities within the regional boundaries include the towns of Aurora, East Gwillimbury, Georgina, Newmarket, Whitchurch-Stouffville, the Township of King, the City of Markham, the City of Richmond Hill and the City of Vaughan.

1. Significant Accounting Policies

The consolidated financial statements of the Region were prepared in accordance with generally accepted accounting principles (GAAP) established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

(a) Basis of Consolidation

- (i) The consolidated financial statements reflect the assets, liabilities, revenue, expenses in the operating fund, capital fund and reserves and reserve funds of the Region and all entities which are accountable to and controlled by the Region. Consolidated entities include all committees of Council, York Region Police Services Board, Housing York Inc., York Region Rapid Transit Corporation (YRRTC) and YTN Telecom Network Inc. (YorkNet). All Governmental balances and transactions were eliminated from the consolidated financial statements.
- (ii) The financial activities of the Sinking Fund are disclosed separately in the Sinking Fund Statement of Financial Position, and Statement of Financial Activities and Change in Fund Balance.
- (iii) Funds held in trust by the Region for the residents of Newmarket Health Centre and Maple Health Centre and their operations are not included in the consolidated financial statements. The financial activities and position of the trust funds and donations received on behalf of the Centres are reported separately in the Residents' Trust Funds and Donation Account Statement of Financial Position, and Statement of Financial Activities.

(b) Basis of Accounting

(i) Accrual Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting.

(ii) Revenues and Expenses

Property tax revenue is recognized when it meets the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. User charges and other revenues are recognized as they are earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods or services or the creation of a legal obligation.

(iii) Cash and cash equivalents

Cash and cash equivalents include short-term, highly liquid investments with a term to maturity of 90 days or less after year end.

The Regional Municipality of York
Notes to the Consolidated Financial Statements
December 31, 2019 and 2018

(iv) Investments

Investment income earned on surplus current funds and reserve funds are recognized as revenue in the period earned. Investment income earned on obligatory reserve funds are credited to the funds and form part of the respective deferred revenue balances.

Investments are carried at the lower of cost and amortized cost. Any discount or premium is amortized over the remaining term of the investments. When there has been a loss in value that is other than temporary decline in value, the respective investment is written down to recognize the loss.

There are no write downs in 2019 (2018 - nil).

(v) Tangible Capital Assets

Tangible capital assets are non-financial assets recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of assets and may include payments made under cost-sharing arrangements. The cost of the tangible capital assets, less estimated residual value, is amortized on a straight line basis over their estimated useful lives in number of years as follows:

Asset	Useful life (in years)
Land	Infinite
Land Improvements	20
Buildings	15-60
Water and Wastewater Infrastructure	15-100 by materials
Transit Infrastructure	5-50
Equipment and Machinery	3-30
Vehicles	3-18
Roads Infrastructure	15-45

The Region owns land that has been recorded at nominal value. The majority of this acreage is part of York Regional Forest.

Contributed tangible capital assets are recorded at their fair value at date of receipt and are recorded as revenue.

Interest on debt incurred during construction of related tangible capital assets is expensed in the Consolidated Statement of Operations.

(vi) Loans Receivable

Loans receivable are recorded at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Changes in the valuation of loans are recognized in the Consolidated Statement of Operations and Accumulated Surplus. Interest is accrued on loans receivable to the extent it is deemed collectable.

(vii) Inventory

Inventory is valued at the lower of cost and net realizable value.

The Regional Municipality of York
Notes to the Consolidated Financial Statements
December 31, 2019 and 2018

(viii) Government transfers

Government transfer revenues are recognized in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria and stipulations have been met, and reasonable estimates of the amounts can be made. These consist of grants and subsidies from senior levels of government for various operating and capital programs.

The Region also provides transfers to individuals or organizations. These transfers are recognized as expenses once they are authorized and eligibility criteria, in any, are met.

(ix) Deferred Revenue

Funds received in advance to conduct certain programs, or in the completion of specific work pursuant to legislation, regulation or agreement are recorded as deferred revenue. Deferred revenue also includes user charges and fees collected for services not yet rendered.

Revenue is recognized in the fiscal period in which the related expenses are incurred or services are performed.

(x) Deferred Revenue - Obligatory Reserve Funds

Development charges, collected under the authority of Section 33 to 37 of the Development Charges Act 1997, and gas tax revenues received under municipal funding agreements, are recorded as Deferred Revenue - Obligatory Reserve Funds.

Revenue is recognized in the fiscal period in which the related expenses are incurred or services are performed.

(xi) Employee benefit liabilities

The cost of employee benefits are recognized when entitlements are earned or the event that obligates the Region occurs. Costs include projected future payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

Employee benefit liabilities are based on actuarial valuations using the projected benefit method, prorated on service and management's best estimate of salary escalation, retirement ages of employees and expected health costs. Actuarial valuations, where necessary for accounting purposes, are performed triennially.

The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date with cash flows that match the timing and amount of expected benefit payments. Unamortized actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains/losses for event-triggered liabilities such as those determined as claims related to Workers Safety and Insurance Board (WSIB) are amortized over the average expected period during which the benefits will be paid. The cost of plan amendments is accounted for in the period they are adopted.

Where applicable, the Region has set aside reserve funds intended to fund these obligations, either in full or in part. These reserve funds were created under municipal by-law and do not meet the definition of a plan asset under PS3250 Retirement Benefits. Therefore, for the purpose of these financial statements the plans are considered unfunded.

(xii) Liabilities for Contaminated Sites

PS3260 Liability for Contaminated Sites required the recognition of a liability for the remediation of contaminated sites in the financial statements when the recognition criteria outlined in the standard are met.

As at December 31, 2019, there are no sites that meet the recognition criteria and no liability is recorded (2018 - nil).

(xiii) Reserves and Reserve Funds

Reserves are an appropriation from net revenue at the discretion of Council. Reserve funds are set aside by legislation, regulation or agreement. For financial reporting purposes, some reserve funds are reported as deferred revenue on the Consolidated Statement of Financial Position. Other reserve funds and reserves are balances within the accumulated surplus.

(xiv) Segment Disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The segment information is provided by financial statement standard PS2700. For additional information, see Note 15.

Certain allocation methodologies are employed in the preparation of the segmented financial information. Net taxation/user charges and other revenues were allocated to the segment based upon the segments that generated the revenue. Transfer payments were allocated to the segment based upon the purpose for which the transfer was made. Development contributions were allocated to the segment for which the contribution was received.

(xv) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Items requiring the use of estimate include the useful life of capital assets, future employee benefits, liability for contaminated sites, and claims provisions.

Estimates are based on the best information available to management at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

(c) Adoption of New Accounting Standards

The following standard issued by PSAB was effective January 1, 2019. The implementation of this standard had no impact on the annual surplus, net debt or accumulated surplus.

PS 3430 - Restructuring Transactions

This new standard provides guidance on the treatment of assets and/or liabilities transferred in restructuring transaction by both transferors and recipients.

The Regional Municipality of York
Notes to the Consolidated Financial Statements
December 31, 2019 and 2018

2. Budget Figures

Budget figures presented in the Consolidated Financial Statements are based on the 2019 budget approved by Council on February 28, 2019. In the Statement of Operations, some accrual budget numbers have been reallocated for comparability purposes. The following table reconciles the approved budget with the budget figures as presented in these consolidated financial statements using the accrual basis of accounting.

Revenues

Approved budget	\$ 3,210,902,338
Reclassification of investment income	57,313,067
Transfer from reserves	(429,327,286)
Proceeds of debt issued for Regional purposes	(172,806,046)
Funding from Metrolinx	182,462,000
Housing York Inc.	39,951,000
Related entities adjustments	<u>(26,872,000)</u>
Total revenues	<u>2,861,623,073</u>

Expenses

Approved budget	3,210,902,338
Reclassification of investment income	57,313,067
Transfer to reserves	(474,839,614)
Acquisition of tangible capital assets	(727,559,355)
Debt principal repayments	(144,921,073)
Amortization	306,870,675
Post employment benefits	11,059,743
Spending funded by Metrolinx	82,291,000
Housing York Inc.	32,167,000
Related entities adjustments	<u>(26,872,000)</u>
Total expenses	<u>2,326,411,781</u>

Annual surplus	<u>\$ 535,211,292</u>
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3. Tax Revenue

Tax revenue of \$1,152,162,507 (2018 - \$1,090,945,754) is comprised of \$1,134,597,015 (2018 - \$1,069,431,840) in general tax levy and \$17,565,492 (2018 - \$21,513,914) of other tax amounts.

The Regional Municipality of York
Notes to the Consolidated Financial Statements
December 31, 2019 and 2018

4. Investments

Included in cash and cash equivalents are short-term investments of \$110,000,000 (2018 - \$5,600,000) with a market value of \$110,000,000 (2018 - \$5,599,328).

Long-term investments of \$2,841,431,098 (2018 - \$3,327,326,728) have a market value of \$2,905,595,768 (2018 - \$3,326,449,110).

Cash and cash equivalents and long-term investments include \$348,719,019 (2018 - \$386,668,255) of restricted funds as required under legislation to fund obligatory reserve funds.

The yields on investments held range from 1.50% to 4.75% (1.24% to 4.17% in 2018).

5. Accounts Receivable

Accounts receivable is comprised of the following:

	2019	2018
Government of Canada	\$ 70,236,242	\$ 34,299,039
Government of Ontario	9,716,828	25,857,359
Other municipalities	174,877,347	172,426,349
Other receivables	111,485,691	95,827,634
	366,316,108	328,410,381
Less: allowance for doubtful accounts	-	-
	\$ 366,316,108	\$ 328,410,381

Accounts receivable are assessed for collectability on an annual basis. In 2019, \$29,176 was deemed uncollectable and written off (2018 - \$68,950).

An allowance for doubtful accounts is not reported as the Region expects to fully collect the amounts reported as accounts receivable.

6. Employee Benefit Liability

The amounts represent liabilities established for accrual accounting purposes expected to be settled in future periods. In some cases, reserves have been established to fund these amounts. In other cases, the liabilities are to be funded from future years' budgetary allocations. Net increase in the total amount is \$20,150,974.

	2019	2018
Post employment benefits (c)	\$ 96,643,069	\$ 88,984,669
Vested sick leave benefits (a)	39,719,161	37,557,723
Long-term disability claims (e)	45,037,147	40,723,403
Workplace Safety and Insurance Board (WSIB) (d)	37,906,038	32,324,939
Vacation payable	22,798,651	22,362,358
	\$ 242,104,066	\$ 221,953,092

The Regional Municipality of York
Notes to the Consolidated Financial Statements
December 31, 2019 and 2018

The following table sets out the accrued benefit liability for each plan as at December 31, 2019.

	Post employment benefits	Vested sick leave benefits	Long-term disability	WSIB	2019
Accrued benefit liability, beginning of year	\$ 88,984,669	\$ 37,557,723	\$ 40,723,403	\$ 32,324,939	\$199,590,734
Current service cost	5,530,220	3,520,254	7,254,383	6,430,804	22,735,661
Amortization of loss	1,557,254	954,150	2,031,707	2,540,601	7,083,712
Interest cost	3,972,269	1,473,234	1,643,711	2,017,431	9,106,645
Benefit payments	(3,401,343)	(3,786,200)	(6,616,057)	(5,407,737)	(19,211,337)
Accrued benefit liability, end of year	96,643,069	39,719,161	45,037,147	37,906,038	219,305,415
Unamortized actuarial loss	14,320,795	907,333	18,104,631	50,836,664	84,169,423
Accrued benefit obligation, end of year	\$110,963,864	\$ 40,626,494	\$ 63,141,778	\$ 88,742,702	\$303,474,838

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

	Post employment and sick leave	Long-term disability	WSIB
Expected inflation rate	1.75%	1.75%	1.75%
Expected level of salary increases	2.75%	2.75%	2.75%
Interest discount rate	3.75%	3.25%	3.50%
Future health care cost rate	4.58%	N/A	3.75%

(a) Liability for Vested Sick Leave Benefits

Regional Operations

Commencing in 2000, the accumulated sick leave plan was replaced by a Short-term Disability plan for employees in Regional Operations. Under the plan, the employees with five or more years of service were given the option of receiving a cash payout of fifty percent of the balance in their sick leave bank as at December 31, 1999 or deferring payment until termination of employment with the Region. The estimated actuarial value of the liabilities under the accumulated days for employees who chose the deferral option is \$151,627 (2018 - \$244,618) at the end of the year. Employees who had less than five years of service at December 31, 1999 were given the option on the fifth anniversary of their hire date to either receive payment for the value of accumulated sick days as at December 31, 1999 or defer payment until termination of their employment at the region. A reserve has been established for the past service liability and is reported in the Consolidated Statement of Financial Position. The reserve balance at December 31, 2019 is \$6,015,870 (2018 - \$5,887,958).

Police Services

For members hired before July 22, 2013, the sick leave benefit plan provides for an accumulative unused sick leave bank. After five years of service, members are entitled to a cash payment of one-half of the sick bank balance to a maximum of six months salary when they leave the municipality's employ. Members were also provided with an election to opt for a cash settlement of one-half of their sick bank hours up to a maximum of six months' salary on February 17, 2017. Members hired after June 22, 2013 and members who have elected the cash settlement are enrolled in an accumulative unused sick leave plan without a cash payment.

The actuarial liability for the accumulated days to the extent that they have vested and could be taken in cash by an employee on termination amounted to \$39,567,534 (2018 - \$37,313,105). A reserve was established to provide for a portion of the Police Services past service liability and the balance at the end of the year is \$1,823,327 (2018 - \$nil) and is included in accumulated surplus in the Consolidated Statement of Financial Position.

An independent actuarial valuation report dated November 17, 2017 estimates the liability for both Regional operations and Police Services at \$39,719,161 (2018 - \$37,557,723).

(b) Pension Agreement

The Region contributes to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan on behalf of approximately 6,253 members of its staff. The plan is a defined benefit plan and specifies the amount of the retirement benefit to be received by the employees based on length of credited service and average earnings.

In 2019, employer contribution amounts to \$63,246,865 (2018 - \$60,753,605) and is recorded as an expense in the Consolidated Statement of Operations. Employee contributions also amount to \$63,246,865 (2018 - \$60,753,605).

Because OMERS is a multi-employer plan, the Region does not recognize any share of the pension deficit of \$3.4 billion at December 31, 2019.

(c) Post-Employment Benefits

Employees who retire under OMERS pension plan at age fifty or greater with a minimum of twenty years of service with the Region, are entitled to continued coverage for extended health and dental benefits. Those retirees from age 65 to age 75 are eligible to a health care spending account.

An independent actuarial valuation dated November 17, 2017 estimates the liability of these benefits to be \$96,643,069 (2018 - \$88,984,669), which is reported in the Consolidated Statement of Financial Position.

(d) Workplace Safety and Insurance Board

Under the Workplace Safety and Insurance Act, the Region is a self-insured employer (Schedule II) for all of its employees.

An independent actuarial valuation dated December 2, 2019 estimates the liability for all claims incurred to December 31, 2019 to be \$37,906,038 (2018 - \$32,324,939), which is reporting the Consolidated Statement of Financial Position. The unamortized actuarial loss at December 31, 2019 is \$32,415,653 (2018 - \$20,961,612).

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(e) Long-Term Disability Self-Funding Arrangement

In October 2002, the Region adopted a self-insured arrangement for its long-term disability benefit program (LTD). Under this arrangement, the Region funds its own claims through segregated reserve and contracts with an insurance carrier to adjudicate and administer all claims on an Administrative Services Only (ASO) basis. An independent actuarial valuation dated August 7, 2019 estimates the liability for the claims incurred to be \$45,037,147 (2018 - \$40,723,403) as at December 31, 2019, which is reported in the Consolidated Statement of Financial Position.

7. Deferred Revenue

Deferred revenue set aside for specific purposes by legislation, regulation, or agreements is comprised of:

	Balance at Dec 31, 2018	Inflows	Outflows	Balance at Dec 31, 2019
Deferred capital grants	\$ 120,276,399	\$ 90,570,761	\$ (131,825,162)	\$ 79,021,998
Security deposits and agreements	29,397,390	70,494,261	(69,872,687)	30,018,964
Other	11,110,602	23,379,499	(17,839,932)	16,650,169
Total deferred revenue - general	<u>160,784,391</u>	<u>184,444,521</u>	<u>(219,537,781)</u>	<u>125,691,131</u>
Development charges	337,944,473	225,048,003	(293,035,355)	269,957,121
Gas Tax	48,723,782	72,837,906	(42,799,790)	78,761,898
Total obligatory reserve funds	<u>\$ 386,668,255</u>	<u>\$ 297,885,909</u>	<u>\$ (335,835,145)</u>	<u>\$ 348,719,019</u>

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8. Long-Term Liabilities

(a) Long-term liabilities are comprised of the following items:

	2019	2018
Outstanding long-term liabilities at the end of the year, including those incurred on behalf of local municipalities	\$ 2,787,071,312	\$ 2,846,380,565
Sinking fund debenture	718,307,869	717,422,170
Mortgages payable by Housing York Inc.	45,648,300	51,207,476
Gross long-term liabilities	3,551,027,481	3,615,010,211
Less: Recoverable from local municipalities	159,468,322	175,289,246
Net long-term liabilities at the end of the year	\$ 3,391,559,159	\$ 3,439,720,965

The total gross amount of the long-term liabilities to be retired by sinking funds is \$2,601,692,077 (2018 - \$2,632,577,782). The amount of sinking fund assets is \$718,307,869 (2018 - \$717,422,170). Long-term liabilities are financed through a combination of development charges, water and sewer rates and tax levy.

Interest rates and maturity dates for the debts range from 2.00% to 6.52% and from March 2020 to December 2051.

(b) Net long-term liabilities are repayable as follows:

2020	\$ 172,307,377
2021	164,631,930
2022	174,982,863
2023	172,292,011
2024	171,413,658
Thereafter	2,060,223,620
Net sinking fund debt repayable according to actuarial recommendations	<u>475,707,700</u>
Total	<u>\$ 3,391,559,159</u>

(c) Charges for net long-term liabilities

Total interest charges for the year for net long-term liabilities which are included in the Consolidated Statement of Operations are \$120,435,883 (2018 - \$127,022,867).

9. Contractual Rights / Contingent Assets

(a) Contractual Rights

The Region has rights to economic resources arising from contracts or agreements entered into before December 31, 2019. The rights will become assets and revenues and will be recognized when the terms of the contracts or agreements are met.

The Region's contractual rights consist of:

- Letters of Credit (L/C) from developers that are used as collateral for future development charges. Currently, the Region securely holds 40 L/Cs of \$101,087,614.
- An agreement with Metrolinx to fund the construction of bus rapidways. The remaining funding Metrolinx has guaranteed the Region is approximately \$487,988,776.
- Rights to transit advertisements, solar revenue and other lease revenue. Future revenue from these sources for the next 5 years are approximately as follows:

2020	3,788,704
2021	2,685,551
2022	2,701,448
2023	2,731,355
2024	2,831,109

(b) Contingent Assets

The Region, in the course of its operations, has made claims against others. The claims are in an early state and potential payment to the Region cannot be estimated.

10. Contractual Obligations and Commitments

(a) Water Supply Agreements with the City of Toronto and Region of Peel

The Region has agreements to purchase water from the City of Toronto and the Region of Peel under two separate long-term water supply agreements. Payments in respect of these two agreements amounted to \$28,660,910 (2018 - \$25,191,412) for purchased water from the City of Toronto and \$18,796,311 (2018 - \$19,023,670) for the Region of Peel. Payments under these agreements are financed by user rates charged to local municipalities based on their consumption.

(b) Peel Wastewater Servicing Agreement

The Region has agreements with the Region of Peel for wastewater servicing. The agreement will continue into perpetuity unless early termination is agreed to. Payments in respect to this agreement amounted to \$5,655,761 (2018 - \$5,550,426). Payments under this agreement are financed by user rates charged to local municipalities.

The Regional Municipality of York
Notes to the Consolidated Financial Statements
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(c) Operating Leases

Under the terms of various operating lease agreements, future minimum payments for the next 5 years are approximately as follows:

2020	12,551,536
2021	9,769,751
2022	8,233,910
2023	8,222,151
2024	7,190,360

(d) York Rapid Transit Plan

In 2002, the Region entered into a public-private partnership with York Consortium 2002 to implement the York Rapid Transit Plan (YRTP). The YRTP was developed from the Region's Transportation Master Plan, which identified the need to implement a rapid transit network that would reduce the level of traffic congestion and support economic and residential growth. The current rapid transit plan, vivaNext, includes the construction of the Yonge and Spadina subway extensions and 36 kilometres of bus rapid transit corridors. Future segments of the bus rapid transit system and the Yonge subway extension are contingent on funding agreements with provincial and federal governments.

(e) Yonge Subway Extension (YSE) Project

The planned Yonge Subway Extension will extend the TTC subway Line 1, north from Finch Station 7.4 kilometres to Highway 7. This critical rapid transit link will include up to 6 subway stations, 2 intermodal transit terminals, and 2,000 commuter parking spaces. Preliminary planning design and engineering is underway, but long-term funding commitments for capital construction are still required.

For the current phase of preliminary design and engineering (PDE), the provincial government committed \$55,000,000 and the Region committed 100% of its federal share, \$36,300,000, of the Public Transit Infrastructure Fund (PTIF) phase one funding, for a total of \$91,300,000 under the YSE PDE memorandum of understanding (MOU).

The \$36,300,000 committed by the Region builds on the \$4,115,361 the Region already provided to complete the YSE conceptual design.

(f) York Region Hospital Capital Funding

In 2009, Council approved a memorandum of understanding (MOU) between the Region and York regional hospitals which provides direction for capital funding of the four regional hospitals from 2009 to 2031. Under the MOU, the Region provides funding for approved projects and their associated approved eligible costs. In 2019, Council approved termination of the MOU and reduced reserve contributions to cover three Council-approved projects. These three Council-approved projects remain financial commitments of the Region despite a termination of the MOU. The cancer care clinic project at Southlake Regional Health Centre was approved for \$17,410,296 and all of its funding has been paid out. The redevelopment project at Markham Stouffville Hospital received approval for \$50,900,000, and by the end of 2019 has received \$38,762,935 in funding. In 2017, the new Mackenzie Vaughan Hospital project received approval for its full share under the MOU, which is approximately \$154,445,940 including forecasted future adjustments for assessment growth. By the end of 2019, Mackenzie Vaughan had received \$15,566,793. The Region's commitment for the remaining payments to Markham Stouffville and Mackenzie Vaughan Hospitals at the end of 2019 is \$151,016,212 including forecasted future adjustments for assessment growth (2018 - \$280,670,473).

11. Contingent Liabilities

(a) Public Liability Insurance

The Region's public liability insurance limits are set at \$50,000,000. Environmental impairment liability is fully self-insured by the Region with the exception of sudden and accidental pollution which is insured with a limit of \$5,000,000. The Region increased its self-insured retention (SIR) effective July 1, 2014 to \$500,000 per occurrence for liability and automobile claims. Prior to July 1, 2014 the SIR was \$100,000 for several years. The crime policy deductible of \$nil while the property and boiler policy each have a deductible of \$100,000 per claim.

The Region estimates that the liability as at December 31, 2019 for all outstanding public liability claims is \$8,256,052 (2018 - \$6,580,835). The total reserve available for public liability and environmental impairment is \$28,997,172 (2018 - \$23,877,186).

(b) Other Contingencies

The Region, in the course of its operations, is subject to claims, lawsuits and other contingencies. Accruals have been made in specific instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may arise in other instances for which no accruals have been made, the Region does not believe that such an outcome will significantly impair its operations or have a material adverse effect on its financial position.

12. Provincial Offences Administration

The Region administers prosecutions and the collection of related fines and fees under the authority of the Provincial Offences Act ("POA"). The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act., Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor License Act, Municipal By-laws and minor federal offences. Offenders may pay their fines at any court office in Ontario, at which time their receipt is recorded in the Integrated Courts Offences Network system ("ICON"). The Region recognizes fine revenue when the receipt of funds is recorded by ICON regardless of the location where payment is made.

Gross revenue is comprised primarily of fines levied under Part I, II and III (including delay penalties) for POA charges. The total revenue for 2019 amounts to \$23,398,247 (2018 - \$22,665,795) and the net revenue amounts to \$3,417,496 (2018 - \$3,650,124). Balances arising from operations of POA offices are consolidated with these financial statements.

The Regional Municipality of York
Notes to the Consolidated Financial Statements
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13. Tangible Capital Assets

Cost	Balance at Dec 31, 2018	Additions	Disposals	Balance at Dec 31, 2019
Land	\$ 508,771,466	\$ 15,083,245	\$ (793,615)	\$ 523,061,096
Land improvements	378,082,477	13,442,536	(5,098,287)	386,426,726
Buildings	2,592,665,773	104,329,107	(14,034,589)	2,682,960,291
Equipment and machinery	821,604,499	108,706,005	(14,136,039)	916,174,465
Vehicles	415,433,754	33,662,030	(15,315,113)	433,780,671
Transit infrastructure	475,531,777	53,821,327	-	529,353,104
Roads infrastructure	2,049,044,214	341,317,875	(20,310,379)	2,370,051,710
Water/sewer infrastructure	2,080,419,466	140,873,671	(326,575)	2,220,966,562
Assets under construction	1,312,376,509	(42,223,506)	-	1,270,153,003
	<u>\$10,633,929,935</u>	<u>\$ 769,012,290</u>	<u>\$ (70,014,597)</u>	<u>\$11,332,927,628</u>

Accumulated amortization	Balance at Dec 31, 2018	Disposals	Amortization expense	Balance at Dec 31, 2019
Land improvements	\$ 137,241,203	\$ (4,926,803)	\$ 18,540,115	\$ 150,854,515
Buildings	760,861,428	(14,023,307)	73,168,792	820,006,913
Equipment and machinery	376,220,993	(14,107,993)	61,131,266	423,244,266
Vehicles	229,264,181	(13,322,206)	36,688,710	252,630,685
Transit infrastructure	12,513,994	-	15,346,696	27,860,690
Roads infrastructure	891,629,323	(16,976,242)	78,955,401	953,608,482
Water/sewer infrastructure	226,383,268	(233,116)	28,780,791	254,930,943
	<u>\$ 2,634,114,390</u>	<u>\$ (63,589,667)</u>	<u>\$ 312,611,771</u>	<u>\$ 2,883,136,494</u>

	Balance at Dec 31, 2018	Balance at Dec 31, 2019
Land	\$ 508,771,466	\$ 523,061,096
Land improvements	240,841,274	235,572,211
Buildings	1,831,804,345	1,862,953,378
Equipment and machinery	445,383,506	492,930,199
Vehicles	186,169,573	181,149,986
Transit infrastructure	463,017,783	501,492,414
Roads infrastructure	1,157,414,891	1,416,443,228
Water/sewer infrastructure	1,854,036,198	1,966,035,619
Assets under construction	1,312,376,509	1,270,153,003
	<u>\$ 7,999,815,545</u>	<u>\$ 8,449,791,134</u>

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Notes to the Consolidated Financial Statements
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In 2019, the Region received contributed assets at fair market value of \$131,568,415 (2018 - \$nil) from external parties.

There were no write-downs of tangible capital assets in 2019 (2018 - \$nil).

Unrecognized Assets

The Region has a collection of items such as textual records, artwork, artifacts and historical furniture that are held to document the Region's cultural history. The value of the collection has been excluded from the Statement of Financial Position.

14. Accumulated Surplus

Accumulated surplus is comprised of individual fund surpluses and reserves and reserve funds as follows:

	2019	2018
Surplus		
Invested in tangible capital assets	\$ 4,332,902,744	\$ 3,981,490,126
Investments in related entities	279,128,311	240,446,484
	4,612,031,055	4,221,936,610
 Reserves and Reserve Funds		
Sinking fund	715,994,902	707,851,702
Roads infrastructure	663,594,417	600,950,908
Capital replacement-water and sewer	397,984,188	319,534,386
Debt reduction	198,866,305	166,179,414
Regionally owned housing	153,645,955	130,247,548
Facilities rehabilitation and replacement	148,170,185	140,855,297
Equipment/vehicle replacement	89,455,676	87,190,096
Transit vehicle replacement	87,333,356	78,805,770
Social housing development	87,193,316	100,073,135
Hospital financing	70,503,662	68,449,984
Non-profit housing capital	65,058,940	57,391,392
General capital	63,840,945	58,384,889
Tax stabilization	59,627,679	60,166,354
Solid waste management	57,859,507	78,425,422
Rates stabilization	54,941,535	33,211,571
Workers' compensation	50,388,734	53,286,551
Fiscal stabilization	49,031,455	47,306,623
Long-term disability	47,826,994	46,644,022
Working capital	44,552,211	44,552,211
Waste management stabilization	30,574,413	-
Insurance	28,997,172	23,877,186
IT development	22,343,764	20,405,742

The Regional Municipality of York
Notes to the Consolidated Financial Statements
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	2019	2018
Roads capital acceleration	21,680,113	-
Fuel cost stabilization	19,591,181	15,666,527
Roads capital	15,115,160	13,132,741
Sick leave	7,839,197	5,887,958
Group benefits	7,684,982	4,866,395
Land bank	7,452,745	12,196,220
Investment innovation	6,327,318	4,179,857
Innovation	5,461,862	5,302,550
Court services	4,870,815	3,867,143
Cannabis contingency	3,280,420	-
Land securement	2,832,509	2,834,979
Move Ontario	2,290,158	2,223,358
Green energy	1,359,370	913,406
Transit	1,217,809	1,188,226
IT licensing and software development	1,159,611	1,131,441
Police infrastructure	359,945	-
Seized funds	182,988	155,326
Total Reserves and Reserve Funds	<u>3,296,491,494</u>	<u>2,997,336,330</u>
Total	<u><u>\$ 7,908,522,549</u></u>	<u><u>\$ 7,219,272,940</u></u>

15. Segment Disclosure

The Region is a municipal government which provides a wide range of services to its residents that include general government, protection to persons and property, transportation, environmental, health and emergency services, community services, social housing, and planning and development services.

General Government

General government comprises of the Council, the Chair's Office, Office of the Chief Administrative Officer, Corporate Services, and Finance Departments. These divisions and branches supply administrative and financial leadership for the Regional Corporation.

Protection to persons and property

Protection to persons and property consists of the activities of Police Service Board and York Regional Police. Their mandates are to ensure the safety of the lives and property of citizens, to prevent crime from occurring, to detect offenders, and to enforce the law. It also includes the activities of Court Administration and Conservation Authorities.

Transportation services

The department operates and delivers regional infrastructure involving roadways, public transit, traffic systems, and bridges culverts. York Region Rapid Transit Corporation's principal activity is the design and delivery of York Region's rapid transit systems. The corporation is solely owned by the Region.

Environmental services

The department is responsible for water treatment and distribution, wastewater collection and treatment, solid waste disposal and diversion, corporate energy and natural heritage and forestry. It also delivers infrastructure projects, both for new and expanded assets and major rehabilitation of existing assets.

Health and emergency services

The Region provides a variety of health related programs and services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. Staff members render programs such as land ambulance service, immunization, nutrition, mental health and health inspection.

Community services

Children's Services plans, manages and coordinates Region-wide child care services. Long Term Care operates long-term care facilities for seniors. The Ontario Works and Ontario Disabilities Support Programs deliver a range of programs providing employment and financial assistance to residents in need.

Social housing

Social housing is responsible for administrating social housing providers, the rent supplement programs and managing a social housing wait list. Housing York Inc. is a non-profit housing corporation fully owned by the Region. It provides affordable rental units for its residents.

Planning and economic development

This unit provides long-term comprehensive approach to planning and development processes to ensure the efficient use of land and community infrastructure. Services include a long-range capital planning, development review, road occupancy permits and inspection services. It also includes the activities of YorkNet which offers access to communications infrastructure.

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	General government	Protection to persons and property	Transportation services	Environmental services	Health and emergency services
Revenue					
Net taxation	\$ 176,117,082	\$343,228,273	\$ 333,757,132	\$ 57,366,027	\$ 73,466,460
User charges	-	-	-	353,922,631	-
Transfer payments	356,938	13,526,202	336,909,111	17,249,906	93,204,015
Development charges	400,233	4,768,758	107,384,894	175,001,295	3,400,958
Fees and services	2,272,892	35,861,965	83,011,947	14,422,868	878,781
Investment income	118,891,390	-	-	-	-
Other	442,777	2,152,821	57,356,106	13,284,024	367,169
	298,481,312	399,538,019	918,419,190	631,246,751	171,317,383
Expenses					
Salaries and benefits	93,852,932	339,662,405	77,421,621	57,152,261	123,566,906
Interest payments	373,654	3,225,015	21,611,716	91,834,037	208,080
Operating expenses	18,589,894	42,245,476	350,450,371	212,593,677	25,105,377
Government transfers	452,475	6,346,385	907,459	10,691,411	5,189,771
Amortization	16,188,563	14,179,174	157,252,463	110,017,446	4,858,662
	129,457,518	405,658,455	607,643,630	482,288,832	158,928,796
Annual surplus (deficit)	\$ 169,023,794	\$ (6,120,436)	\$ 310,775,560	\$ 148,957,919	\$ 12,388,587

The Regional Municipality of York
Notes to the Consolidated Financial Statements
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	Community services	Social housing	Planning and economic development	Total 2019	Total 2018
Revenue					
Net taxation	\$ 90,760,794	\$ 67,742,222	\$ 9,724,517	\$1,152,162,507	\$1,090,945,754
User charges	-	-	-	353,922,631	316,536,359
Transfer payments	272,764,464	43,520,936	2,309,581	779,841,153	604,651,038
Development charges	-	411,847	1,667,369	293,035,354	474,241,470
Fees and services	5,606,455	22,168,909	3,234,391	167,458,208	164,825,811
Investment income	-	382,901	-	119,274,291	68,651,950
Other	1,068,398	1,063,681	436,222	76,171,198	46,376,561
	370,200,111	135,290,496	17,372,080	2,941,865,342	2,766,228,943
Expenses					
Salaries and benefits	91,918,742	12,855,673	11,599,366	808,029,906	762,773,093
Interest payments	-	3,183,381	-	120,435,883	127,022,866
Operating expenses	173,518,920	76,159,977	3,323,806	901,987,498	991,230,965
Government transfers	85,256,822	660,352	46,000	109,550,675	90,566,460
Amortization	1,741,174	7,768,611	605,678	312,611,771	274,971,937
	352,435,658	100,627,994	15,574,850	2,252,615,733	2,246,565,321
Annual surplus (deficit)	\$ 17,764,453	\$ 34,662,502	\$ 1,797,230	\$ 689,249,609	\$ 519,663,622

The Regional Municipality of York
Notes to the Consolidated Financial Statements
December 31, 2019 and 2018

16. Transfer Payment Revenue

	2019	2018
Provincial grants		
Transit	\$ 283,637,614	\$ 121,016,326
Child care	145,778,673	149,458,235
Social assistance	109,568,833	90,347,386
Public health	50,624,467	50,243,872
Ambulance	42,579,548	41,917,154
Housing	34,295,316	31,476,848
Services for seniors	17,122,718	17,380,869
Police	13,475,725	14,618,257
Environmental services	756,257	9,811,065
Roadways	366,514	249,018
Other	754,517	1,204,189
	698,960,182	527,723,219
Federal grants		
Gas tax	29,530,730	46,870,232
Transit	23,403,828	508,868
Environmental services	16,493,649	19,623,906
Housing	9,225,620	9,489,100
Roadways	1,389,582	-
Social assistance	294,240	202,677
Other	543,322	233,036
	80,880,971	76,927,819
Total transfer payments	\$ 779,841,153	\$ 604,651,038

17. Comparative Figures

Certain 2018 comparative figures have been reclassified to conform to the current presentation.

18. Subsequent Event

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the US, Canadian, Ontario and local governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however, the success of these interventions is not currently determinable. The situation is dynamic and the ultimate duration and magnitude of the impact of the economy and the financial effect on the Region is not known at this time.

SINKING FUND

STATEMENT OF FINANCIAL POSITION,

FINANCIAL ACTIVITIES

AND

CHANGE IN FUND BALANCE

2019



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Regional Municipality of York

Opinion

We have audited the financial statements of the sinking fund of The Regional Municipality of York (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of financial activities and change in fund balance for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations and its change in fund balance for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2020

The Regional Municipality of York
Sinking Fund Statement of Financial Position
As at December 31, 2019 and 2018

	2019	2018
Financial assets		
Cash	\$ 48,537,873	\$ 11,739,447
Investment - at amortized cost (Note 1)	667,427,108	703,980,395
Interest receivable	2,342,943	2,149,494
Total assets	718,307,924	717,869,336
Liabilities		
Actuarial requirement for retirement of the sinking fund (Note 2)	684,807,669	694,117,116
Fund balance	33,500,255	23,752,220
Total liabilities and fund position	\$ 718,307,924	\$ 717,869,336

The Regional Municipality of York
Sinking Fund Statement of Financial Activities and Change in Fund Balance
Year ended December 31, 2019 and 2018

	Budget	2019	2018
Revenue			
Local municipalities	\$ 1,284,333	\$ 1,224,919	\$ 1,284,333
Regional Corporation	132,052,800	132,052,800	132,052,800
	133,337,133	133,277,719	133,337,133
Interest and capital gains	18,353,419	30,819,740	18,427,012
	151,690,552	164,097,459	151,764,145
Expenses			
Actuarial requirement for the year	(151,690,552)	(151,690,553)	(151,250,750)
Payment to local municipalities	-	(83,530)	-
Payments to Regional Corporation	-	(2,575,341)	-
Change in fund balance	-	9,748,035	513,395
Opening fund balance	23,752,220	23,752,220	23,238,825
Closing fund balance	\$ 23,752,220	\$ 33,500,255	\$ 23,752,220

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

The Regional Municipality of York
Notes to the Sinking Fund Financial Statements
December 31, 2019 and 2018

The Regional Municipality of York's sinking fund is a separate fund maintained for the purpose of providing periodic repayments of all debts to be retired by means of sinking funds.

1. Investments

All investments are purchased with the intention of holding them until maturity. They are recorded at cost, price adjusted annually for amortization of discount or premium on a present value basis as determined at the time of purchase with the amount of such amortization included in the interest earned on the Statement of Financial Activities and Change in Fund Balance. When there has been a loss of value other than a temporary decline in value, the respective investment is written down to market value to recognize the loss in the Sinking Fund Statement of the Financial Activities and Change in Fund Balance. The investments have a market value of \$738,683,978 (2018 - \$710,657,988).

2. Actuarial Requirement

The actuarial requirements of the sinking fund represent the amounts levied during the year as set out in the sinking fund debenture by-law plus interest thereon capitalized at a rate of 1.6%, 2.0% or 3.0% per annum compounded annually. Any excess revenue over these requirements is included in the sinking fund balance.

3. Subsequent Event

Subsequent to year end, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This COVID-19 pandemic is currently impacting many organizations, as all levels of government are advising individuals to self-isolate or to practice social-distancing. It is currently not known how long or to what extent the pandemic will impact the Organization's operations. Currently, an estimate of the financial effects to the Organization cannot be made as the pandemic's impact is changing daily.

RESIDENTS'

TRUST FUND AND DONATION ACCOUNT

STATEMENT OF FINANCIAL POSITION

AND

FINANCIAL ACTIVITIES

2019



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Regional Municipality of York

Opinion

We have audited the financial statements of residents' trust fund and donation account of The Regional Municipality of York (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of financial activities for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

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Vaughan, Canada

April 30, 2020

**The Regional Municipality of York
Residents' Trust Funds and Donation Account
Statement of Financial Position
As at December 31, 2019 and 2018**

	Trust	Donation	2019	2018
Financial assets				
Cash	\$ 174,754	\$ 33,756	\$ 208,510	\$ 213,594
Residents' petty cash	6,500	-	6,500	6,500
Total assets	<u>181,254</u>	<u>33,756</u>	<u>215,010</u>	<u>220,094</u>
Fund balances	<u>\$ 181,254</u>	<u>\$ 33,756</u>	<u>\$ 215,010</u>	<u>\$ 220,094</u>

**The Regional Municipality of York
Residents' Trust Funds and Donation Account
Statement of Financial Activities
Year ended December 31, 2019 and 2018**

	Trust	Donation	2019	2018
Fund balance, beginning of year	\$ 183,361	\$ 36,733	\$ 220,094	\$ 253,253
Source of funds:				
Deposits on behalf of residents	378,359	8,650	387,009	367,792
Interest earned on deposits	-	787	787	686
	<u>378,359</u>	<u>9,437</u>	<u>387,796</u>	<u>368,478</u>
Use of funds:				
Withdrawals	(380,466)	(12,414)	(392,880)	(401,637)
Net activity	<u>(2,107)</u>	<u>(2,977)</u>	<u>(5,084)</u>	<u>(33,159)</u>
Closing fund balance	<u>\$ 181,254</u>	<u>\$ 33,756</u>	<u>\$ 215,010</u>	<u>\$ 220,094</u>

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

The Regional Municipality of York
Notes to the Residents' Trust Funds and Donation Account
Statement of Financial Position and Financial Activities
December 31, 2019 and 2018

1. Accounting Policies

- a) These financial statements reflect the financial activity and financial position of funds held in trust by the Regional Municipality of York (the 'Region') for residents of Newmarket Health Centre and Maple Health Centre, and funds donated to the facilities.
- b) Funds held in trust and monies received by way of donation are invested by the Region on behalf of the residents. Interest is credited to the funds based on the average yield earned by the Region on its investments.

2. Basis of Accounting

- a) Cash and investments are recorded at cost.
- b) Deposits on behalf of the residents are reported upon receipt and interest income is reported on the accrual basis of accounting. Withdrawals are reported in the period in which they are made.

3. Subsequent Event

Subsequent to year end, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This COVID-19 pandemic is currently impacting many organizations, as all levels of government are advising individuals to self-isolate or to practice social-distancing. It is currently not known how long or to what extent the pandemic will impact the Organization's operations. Currently, an estimate of the financial effects to the Organization cannot be made as the pandemic's impact is changing daily.