

**THE
REGIONAL MUNICIPALITY
OF YORK**

2020

**CONSOLIDATED
FINANCIAL
STATEMENTS**



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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, 2020
- 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, 2020, 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2021

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Financial Position As at December 31, 2020

	2020 \$	2019 \$
ASSETS		
Financial Assets		
Cash and cash equivalents (Note 4)	1,210,590,848	1,164,521,727
Accounts receivable (Note 5)	433,132,795	366,052,306
Investments (Note 4)	3,435,698,487	2,841,431,098
Debt amounts recoverable from local municipalities (Note 8)	144,539,560	159,468,322
Total	5,223,961,690	4,531,473,453
LIABILITIES		
Accounts payable and accrued liabilities	829,373,301	826,367,635
Employee benefit obligations (Note 6)	277,071,145	242,104,066
Deferred revenue (Note 7)	108,669,469	125,691,131
Deferred revenue-obligatory reserve funds (Note 7)	469,631,807	348,719,019
Gross long-term liabilities (Note 8)	3,730,596,568	3,551,027,481
Total	5,415,342,290	5,093,909,332
Net Debt	(191,380,600)	(562,435,879)
Non-Financial Assets		
Tangible capital assets (Note 14)	8,797,833,079	8,449,791,134
Inventory	7,375,061	6,976,422
Prepaid expenses	15,019,410	14,190,872
Total	8,820,227,550	8,470,958,428
Contractual rights / contingent assets (Note 9)		
Contractual obligations and commitments (Note 10)		
Contingent liabilities (Note 11)		
Accumulated surplus (Note 15)	8,628,846,950	7,908,522,549

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, 2020

	Budget (Note 2) \$	2020 \$	2019 \$
REVENUES			
Net taxation (Note 3)	1,196,945,889	1,196,986,285	1,152,162,507
User charges	385,351,111	373,969,184	353,922,631
Transfer payments	653,113,345	690,974,305	779,442,274
Development charges	390,165,345	269,207,315	293,035,354
Fees and services	160,712,430	106,511,399	162,944,108
Investment income	72,253,779	145,005,476	119,274,291
Other	35,337,966	43,834,128	81,084,177
Total Revenues	2,893,879,865	2,826,488,092	2,941,865,342
EXPENSES			
General government	208,323,366	117,792,431	129,457,518
Protection to persons and property	412,636,322	424,523,626	405,658,455
Transportation services	591,925,514	465,126,763	607,643,630
Environmental services	514,667,781	388,324,551	482,288,832
Health and emergency services	177,471,001	245,578,745	158,928,796
Community services	379,908,886	357,675,385	352,435,658
Social housing	95,219,707	95,402,054	100,627,994
Planning and economic development	14,688,036	11,740,136	15,574,850
Total Expenses	2,394,840,613	2,106,163,691	2,252,615,733
Annual surplus	499,039,252	720,324,401	689,249,609
Accumulated Surplus, Beginning of Year	7,908,522,549	7,908,522,549	7,219,272,940
Accumulated Surplus, End of Year	8,407,561,801	8,628,846,950	7,908,522,549

The accompanying notes are an integral part of these Consolidated Financial Statements.

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Change in Net Debt Year ended December 31, 2020

	Budget	2020	2019
	\$	\$	\$
ANNUAL SURPLUS	499,039,252	720,324,401	689,249,609
Amortization of tangible capital assets	299,226,822	320,568,425	312,611,771
Proceeds on disposal of tangible capital assets	-	6,742,892	3,862,501
Acquisition of tangible capital assets	(677,843,900)	(667,898,288)	(637,443,875)
Contributed assets	-	(9,393,712)	(131,568,415)
Loss on disposal of tangible capital assets	-	1,938,738	2,562,429
Change in inventory	-	(398,639)	(718,799)
Change in prepaid expenses	-	(828,538)	(1,818,932)
Decrease in net debt	120,422,174	371,055,279	236,736,289
Net debt, Beginning of year	(562,435,879)	(562,435,879)	(799,172,168)
Net debt, End of year	(442,013,705)	(191,380,600)	(562,435,879)

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, 2020

	2020	2019
	\$	\$
OPERATING		
Annual surplus	720,324,401	689,249,609
Items not involving cash:		
Amortization	320,568,425	312,611,771
Loss on disposal of tangible capital assets	1,938,738	2,562,429
Contributed assets	(9,393,712)	(131,568,415)
Changes in non-cash assets and liabilities:		
Accounts receivable	(67,080,489)	(37,641,925)
Accounts payable and accrued liabilities	3,005,666	108,163,235
Employee benefit obligations	34,967,079	20,150,974
Deferred revenue	(17,021,662)	(35,093,260)
Deferred revenue-obligatory reserve funds	120,912,788	(37,949,236)
Inventory	(398,639)	(718,799)
Prepaid expenses	(828,538)	(1,818,932)
Net change in cash and cash equivalents from operations	1,106,994,057	887,947,451
CAPITAL		
Acquisition of tangible capital assets	(667,898,288)	(637,443,875)
Proceeds on disposal of tangible capital assets	6,742,892	3,862,501
Net change in cash and cash equivalents from capital	(661,155,396)	(633,581,374)
INVESTING		
Net change in investments	(594,267,389)	485,895,630
FINANCING		
Long-term debt issued	410,000,000	347,900,000
Long-term debt repaid	(215,502,151)	(396,061,806)
Net change in cash and cash equivalents from financing	194,497,849	(48,161,806)
Net change in cash and cash equivalents	46,069,121	692,099,901
Opening cash and cash equivalents	1,164,521,727	472,421,826
Closing cash and cash equivalents	1,210,590,848	1,164,521,727

The accompanying notes are an integral part of these Consolidated Financial Statements.

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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since the first quarter of 2020, the COVID-19 pandemic has impacted the global economic environment due to government-imposed lockdowns and social distancing requirements. The economic conditions and Region's response to the COVID-19 pandemic had operational and financial impacts on the Region. The full extent of the financial impact is currently indeterminable due to the evolving nature of the COVID-19 pandemic.

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. The accrual basis of accounting recognizes revenue in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

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.

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 2020 (2019 - \$nil).

v. 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.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

vi. **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	10-60
Water and Wastewater Infrastructure	50-110
Transit Infrastructure	5-50
Equipment and Machinery	2-30
Vehicles	2-20
Roads Infrastructure	15-75

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 and Accumulated Surplus.

vii. **Inventory**

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

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, if 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 requires 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.

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 per PS2700. For additional information, see Note 16.

Certain allocation methodologies are employed in the preparation of the segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure. 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 future employee benefits, 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.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

2) BUDGET FIGURES

Budget figures presented in the Consolidated Financial Statements are based on the 2020 budget approved by Council on December 19, 2019. In the Statement of Operations and Accumulated Surplus, 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	\$ 3,292,783,327
Reclassification of investment income	67,186,469
Transfer from reserves	(445,657,881)
Proceeds of debt issued for Regional purposes	(177,003,050)
Funding from Metrolinx	142,098,000
Housing York Inc.	41,290,000
Related entities adjustments	(26,817,000)
Total revenues	2,893,879,865
Expenses	
Approved budget	3,292,783,327
Reclassification of investment income	67,186,469
Transfer to reserves	(516,394,359)
Acquisition of tangible capital assets	(677,843,900)
Debt principal repayments	(155,513,846)
Amortization	299,226,822
Post employment benefits	11,627,100
Spending funded by Metrolinx	67,455,000
Housing York Inc.	33,131,000
Related entities adjustments	(26,817,000)
Total expenses	2,394,840,613
Annual surplus	\$499,039,252

3) TAX REVENUE

Tax revenue of \$1,196,986,285 (2019 - \$1,152,162,507) is comprised of \$1,184,919,354 (2019 - \$1,134,597,015) in general tax levy and \$12,066,931 (2019 - \$17,565,492) of other tax amounts

4) INVESTMENTS

Included in cash and cash equivalents are short-term investments of \$20,000,000 (2019 - \$110,000,000) with a market value of \$20,062,900 (2019 - \$110,000,000).

Long-term investments of \$3,435,698,487 (2019 - \$2,841,431,098) have a market value of \$3,582,214,146 (2019 - \$2,905,595,768).

Cash and cash equivalents and long-term investments include \$469,631,807 (2019 - \$348,719,019) of restricted funds as required under legislation to fund obligatory reserve funds.

The yields on investments held range from 0.43% to 3.71% (2019 - 1.50% to 4.75%).

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

5) ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	2020 \$	2019 \$
Government of Canada	59,710,607	70,236,242
Government of Ontario	32,987,059	9,716,828
Other Municipalities	155,234,128	174,877,347
Other receivables	185,201,001	111,221,889
	433,132,795	366,052,306
Less: Allowance for Doubtful Accounts	-	-
	433,132,795	366,052,306

Accounts receivable are assessed for collectability on an annual basis. In 2020, \$21,891 was deemed uncollectable and written off (2019 - \$29,176). An allowance for doubtful accounts is not reported as the Region expects to fully collect the amounts reported as accounts receivable.

6) EMPLOYEE BENEFIT LIABILITIES

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 \$34,967,079.

	2020 \$	2019 \$
Post employment benefits (c)	104,509,582	96,643,069
Vested sick leave benefits (a)	41,553,509	39,719,161
Long-term disability claims (e)	52,702,939	45,037,147
Workplace Safety and Insurance Board (WSIB) (d)	51,690,241	37,906,038
Vacation payable	26,614,874	22,798,651
	277,071,145	242,104,066

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

The following table sets out the accrued benefit liability for each plan as at December 31, 2020.

	Post employment benefits \$	Vested sick leave benefits \$	Long-term disability \$	WSIB \$	Total \$
Accrued benefit liability, beginning of year	96,643,069	39,719,161	45,037,147	37,906,038	219,305,415
Current service cost	5,850,309	3,725,309	9,870,387	14,333,602	33,779,607
Amortization of loss	1,576,465	754,620	3,808,680	5,637,717	11,777,482
Interest cost	4,200,327	1,515,326	2,080,970	3,192,686	10,989,309
Benefit payments	(3,760,588)	(4,160,907)	(8,094,245)	(9,379,802)	(25,395,542)
Accrued benefit liability, end of year	104,509,582	41,553,509	52,702,939	51,690,241	250,456,271
Unamortized actuarial loss	27,712,165	(2,491,914)	14,295,951	45,198,947	84,715,149
Accrued benefit obligation, end of year	132,221,747	39,061,595	66,998,890	96,889,188	335,171,420

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	3.25%	3.25%	3.50%
Future health care cost rate	5.75%	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 \$109,986 (2019 - \$151,627) 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, 2020 is \$6,059,635 (2019 - \$6,015,870).

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 \$41,443,523 (2019 - \$39,567,534). 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 \$2,349,028 (2019 - \$1,823,327) and is included in accumulated surplus in the Consolidated Statement of Financial Position.

An independent actuarial valuation report dated September 2, 2020 estimates the liability for both Regional operations and Police Services at \$41,553,509 (2019 - \$39,719,161).

b) Pension Agreement

The Region contributes to the Ontario Municipal Employees Retirement System (OMERS), a multi- employer plan on behalf of approximately 6,273 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 2020, employer contribution amounts to \$65,040,061 (2019 - \$63,246,865) and is recorded as an expense in the Consolidated Statement of Operations and Accumulated Surplus. Employee contributions also amount to \$65,040,061 (2019 - \$63,246,865).

Because OMERS is a multi-employer plan, the Region does not recognize any share of the pension deficit of \$3.2 billion at December 31, 2020.

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 September 2, 2020 estimates the liability of these benefits to be \$104,509,582 (2019 - \$96,643,069), 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, 2020 to be \$51,690,241 (2019 - \$37,906,038), which is reported in the Consolidated Statement of Financial Position. The unamortized actuarial loss at December 31, 2020 is \$45,198,947 (2019 - \$50,836,664).

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 a 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 \$52,702,939 (2019 - \$45,037,147) as at December 31, 2020, 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, 2019 \$	Amounts received/accrued \$	Amounts recognized into revenue \$	Balance at Dec 31, 2020 \$
Deferred capital grants	79,021,998	75,027,468	(105,559,270)	48,490,196
Security deposits and agreements	30,018,964	16,778,333	(28,000)	46,769,297
Other	16,650,169	50,230,596	(53,470,789)	13,409,976
Total deferred revenue - general	125,691,131	142,036,397	(159,058,059)	108,669,469
Development charges	269,957,121	382,260,988	(269,207,315)	383,010,794
Gas tax	78,761,898	50,941,860	(43,082,745)	86,621,013
Total obligatory reserve funds	348,719,019	433,202,848	(312,290,060)	469,631,807

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

8) LONG-TERM LIABILITIES

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

	2020 \$	2019 \$
Outstanding long-term liabilities at the end of the year, including those incurred on behalf of local municipalities	2,863,775,646	2,787,071,312
Sinking fund debenture	826,914,985	718,307,869
Mortgages payable by Housing York Inc.	39,905,937	45,648,300
Gross long-term liabilities	3,730,596,568	3,551,027,481
Less: Recoverable from local municipalities	144,539,560	159,468,322
Net long-term liabilities at the end of the year	3,586,057,008	3,391,559,159

The total outstanding amount of the long-term liabilities to be retired by sinking funds is \$2,703,085,090 (2019 - \$2,601,692,077). The amount of sinking fund assets is \$826,914,985 (2019 - \$718,307,869). 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 1.70% to 5.72% and from April 2021 to December 2051.

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

2021	\$ 194,346,084
2022	204,720,625
2023	202,053,868
2024	201,166,072
2025	202,025,464
Thereafter	2,122,207,251
Net sinking fund debt repayable according to actuarial recommendations	459,537,644
	<u>\$ 3,586,057,008</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 and Accumulated Surplus are \$117,159,946 (2019 - \$120,435,883).

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, 2020. 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 21 L/Cs of \$32,477,588 (2019 - 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 \$387,449,543 (2019 - \$487,988,776).
- Rights to transit advertisements, solar revenue and other lease revenue. Future revenue from these sources for the next 5 years are as follows:

2021	\$ 3,586,505
2022	3,714,702
2023	3,540,916
2024	2,630,402
2025	2,589,371

b) Contingent Assets

As at December 31, 2020, the Region has certain outstanding legal actions against various defendants in which the Region is seeking damages. The Region has determined that resolution in favour of the Region is likely in these actions, however the amount of possible damages to be received is undeterminable as at December 31, 2020.

10) CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

The Water Servicing Agreement with the City of Toronto provides up to a maximum of 188,869,250 m3 per year increasing to 195,275,000 m3 in 2031 at a price, determined annually, based on York's proportionate share of overall operating cost and includes a contribution for future asset management. In 2020, York purchased 76,143,534 m3 at an effective rate of \$0.4285/m3 with a total payment of \$32,627,504 (2019 - \$28,660,910). The Water Servicing Agreement with the Region of Peel provides up to a maximum of 80,789,100 m3 per year increasing to 120,815,000 per year through 2031, at a price determined annually, based on York's proportionate share of operating cost, and includes a contribution for future asset management. In 2020, York purchased 34,545,185 m3 at an effective rate of \$0.5786/m3 with a total payment of \$19,987,844 (2019 - \$19,203,975). The Water Service Agreements with both City of Toronto and Region of Peel continue into perpetuity unless terminated by both parties and are revisited every 5 years.

b) Peel Wastewater Servicing Agreement

The York-Peel Wastewater servicing Agreement with the Region of Peel provides servicing based on increasing projected flows through 2031 at a price, determined annually, based on York's proportionate share of operating cost and includes a contribution for future asset management. In 2020, Peel provided servicing for 13,059,971 m3 of York wastewater flows at an effective rate of \$0.4714/m3 with a total payment of \$6,156,470 (2019 - \$6,102,463). The York-Peel Wastewater Servicing Agreements with the Region of Peel continues into perpetuity unless terminated by both parties and is revisited every 5 years.

c) Operating Leases

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

2021	\$ 8,992,292
2022	6,717,506
2023	5,554,097
2024	3,782,195
2025	3,145,860

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

d) York Rapid Transit Plan / Yonge Subway Extension (YSE) Project

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 33.7 kilometres of bus rapid transit corridors.

The bus rapid transit corridors are funded by the provincial government, through Metrolinx, as disclosed in Note 9a.

The planned Yonge Subway Extension will extend the TTC subway Line 1, north from Finch Station approximately 8 kilometres to the Richmond Hill Centre, just north of Highway 7. This critical rapid transit link will include up to 4 subway stations and 2 intermodal transit terminals. The preliminary planning design and engineering phase is underway. The total project cost is estimated at approximately \$5,600,000,000. In 2020, the Region signed a preliminary agreement with the Province to work towards delivering the YSE. While the formal contribution agreement has yet to be negotiated, it is estimated that the Region's contribution could exceed \$1,000,000,000.

For the current phase of preliminary design and engineering (PDE), a total of \$91,300,000 has been committed under the YSE PDE memorandum of understanding (MOU). The commitments are comprised of \$55,000,000 from the provincial government and \$36,300,000 from the Region. The Region's commitment represents 100% of its share of the federal Public Transit Infrastructure Fund (PTIF) phase one funding, and it builds on the \$4,267,476 the Region already provided to complete the YSE conceptual design.

e) 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. By the end of 2020, the Region fulfilled its commitment of up to \$50,900,000 towards the redevelopment project at Markham Stouffville Hospital for a total payment of \$40,291,312. In 2017, the new Cortellucci Vaughan Hospital project received approval for its full share under the MOU, which is approximately \$154,227,947, including forecasted future adjustments for assessment growth. By the end of 2020, Cortellucci Vaughan Hospital had received \$66,473,770. The Region's commitment for the remaining payments to Cortellucci Vaughan Hospital at the end of 2020 is estimated at \$87,754,177, including forecasted future adjustments for assessment growth (2019 - \$151,016,212).

f) York University Markham Centre Campus Capital Funding

In 2014, Council approved a memorandum of understanding between the Region and York University to provide up to \$25,000,000 financial support towards a new campus located in the Markham Centre. Construction started in October 2020 for York University's Markham Centre Campus, which is expected to welcome their first students in the Fall of 2023. Once open, the new campus will accommodate up to 4,200 students in Phase 1, with the flexibility to respond to future growth demands. In 2020, the Region entered into a Funding Agreement with York University that supersedes the memorandum of understanding. In October 2020, York University met the second of two milestone requirements in the Funding Agreement and became eligible for the Region's funding in four instalments. The first instalment of \$3,000,000 was accrued at year-end and paid in January 2021. The second and third instalments of \$1,000,000 each, are payable in October 2021 and October 2022, respectively. The fourth and final instalment of \$20,000,000 would be payable upon substantial completion expected in 2023.

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 Region's Property policy and Crime policy each include a deductible of \$100,000 per occurrence for most losses.

The Region estimates that the liability as at December 31, 2020 for all outstanding public liability claims is \$1,978,052 (2019 - \$8,256,052). The total reserve available for public liability and environmental impairment is \$31,293,386 (2019 - \$28,997,172).

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) LIABILITY FOR CONTAMINATED SITES

The Region recognized, in accounts payable and accrued liabilities, an estimated liability of \$1,118,460 (2019 - \$nil) for remediation of a contaminated site not in productive use. The liability is based on a third-party environmental consulting report that estimated the cost of remediating the site with a known contamination for which the Region is responsible.

The Region estimates the liability will be recoverable from a third-party.

13) 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 online, by mail, or in-person at any POA court 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 2020 amounts to \$11,956,394 (2019 - \$23,828,277) and the net surplus/(deficit) amounts to \$(4,203,175) (2019 - \$3,253,472). Balances arising from operations of POA offices are consolidated with these financial statements.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

14) TANGIBLE CAPITAL ASSETS

COST	Balance at December 31 2019	Additions	Disposals	Balance at December 31 2020
	\$	\$	\$	\$
Land	523,061,096	81,624,573	(5,508,480)	599,177,189
Land improvements	386,426,726	10,078,683	-	396,505,409
Buildings	2,682,960,291	187,778,177	(813,241)	2,869,925,227
Equipment and machinery	916,174,465	61,979,939	(90,316,808)	887,837,596
Vehicles	433,780,671	50,847,305	(8,155,773)	476,472,203
Transit infrastructure	529,353,104	10,010,000	-	539,363,104
Roads infrastructure	2,370,051,710	259,519,457	(33,679,795)	2,595,891,372
Water/sewer infrastructure	2,220,966,562	66,793,176	-	2,287,759,738
Assets under construction	1,270,153,003	(51,339,310)	-	1,218,813,693
Total	11,332,927,628	677,292,000	(138,474,097)	11,871,745,531
ACCUMULATED AMORTIZATION	Balance at December 31 2019	Disposals	Amortization expenses	Balance at December 31 2020
	\$	\$	\$	\$
Land improvements	150,854,515	-	17,655,683	168,510,198
Buildings	820,006,913	(813,241)	78,389,616	897,583,288
Equipment and machinery	423,244,266	(90,307,055)	61,829,562	394,766,773
Vehicles	252,630,685	(7,531,332)	41,797,267	286,896,620
Transit infrastructure	27,860,690	-	14,720,608	42,581,298
Roads infrastructure	953,608,482	(31,140,839)	80,706,172	1,003,173,815
Water/sewer infrastructure	254,930,943	-	25,469,517	280,400,460
Total	2,883,136,494	(129,792,467)	320,568,425	3,073,912,452
	Net book value December 31, 2019			Net book value December 31 2020
	\$			\$
Land	523,061,096			599,177,189
Land improvements	235,572,211			227,995,211
Buildings	1,862,953,378			1,972,341,939
Equipment and machinery	492,930,199			493,070,823
Vehicles	181,149,986			189,575,583
Transit infrastructure	501,492,414			496,781,806
Roads infrastructure	1,416,443,228			1,592,717,557
Water/sewer infrastructure	1,966,035,619			2,007,359,278
Assets under construction	1,270,153,003			1,218,813,693
Total	8,449,791,134			8,797,833,079

In 2020, the Region received contributed assets at fair market value of \$9,393,712 (2019 - \$131,568,415) from external parties.

The Region recognized an additional write-down of tangible capital assets of \$1,514,225 in 2020 (2019 - \$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.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

15) ACCUMULATED SURPLUS

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

	2020 \$	2019 \$
Surplus		
Invested in tangible capital assets	4,535,100,597	4,332,902,744
Investments in related entities	300,661,244	279,128,311
	4,835,761,841	4,612,031,055
Reserves and Reserve Funds		
Asset Replacement Reserves		
Roads infrastructure	727,161,602	663,594,417
Capital replacement-water and sewer	549,745,948	397,984,188
Regionally owned housing	180,221,555	153,645,955
Facilities rehabilitation and replacement	157,052,437	148,170,185
Equipment/vehicle replacement	94,442,319	89,455,676
Transit vehicle replacement	83,707,657	87,333,356
Police infrastructure	972,748	359,945
	1,793,304,266	1,540,543,722
Sinking Fund	821,807,350	715,994,902
Corporate Reserves		
Debt reduction	235,502,669	198,866,305
Pandemic management	87,987,079	-
Rates stabilization	73,174,551	54,941,535
Tax stabilization	59,716,232	59,627,679
Fiscal stabilization	50,573,714	49,031,455
Working capital	44,552,211	44,552,211
Insurance	31,293,386	28,997,172
Waste management stabilization	30,317,542	30,574,413
Fuel cost stabilization	23,840,500	19,591,181
Investment innovation	8,174,841	6,327,318
Innovation	5,598,654	5,461,862
Court services	4,733,740	4,870,815
Land securement	4,121,583	2,832,509
Cannabis contingency	3,362,578	3,280,420
Green energy	1,795,500	1,359,370
IT licensing and software development	1,173,370	1,159,611
	665,918,150	511,473,856

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

Capital Reserves		
Social housing development	85,452,875	87,193,316
Non-profit housing capital	73,367,769	65,058,940
Solid waste management	70,241,591	57,859,507
General capital	46,994,832	63,840,945
Roads capital acceleration	35,565,385	21,680,113
Hospital financing	25,036,081	70,503,662
IT development	23,985,154	22,343,764
Roads capital	15,367,944	15,115,160
Land bank	7,639,398	7,452,745
Transit	1,232,259	1,217,809
Move Ontario	81,091	2,290,158
	384,964,379	414,556,119
Contingent Liability and Other		
Long-term disability	50,885,380	47,826,994
Workers' compensation	50,323,867	50,388,734
Group benefits	17,306,360	7,684,982
Sick leave	8,408,663	7,839,197
Seized funds	166,694	182,988
	127,090,964	113,922,895
Total Reserves and Reserve Funds	3,793,085,109	3,296,491,494
Total	8,628,846,950	7,908,522,549

16) 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 Services and funding provided to Conservation Authorities.

Transportation services

The department operates and delivers regional infrastructure involving roadways, public transit, traffic systems, and bridges and 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, enforcement and pandemic response. 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 administering 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.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

	General government \$	Protection to persons and property \$	Transportation services \$	Environmental services \$	Health and emergency services \$
REVENUES					
Net taxation	194,115,547	355,526,192	338,662,649	64,115,705	68,590,159
User charges	-	-	-	373,969,184	-
Provincial grants	23,461,600	13,562,680	146,615,092	605,912	118,376,297
Federal grants	-	-	36,121,781	27,376,153	-
Development charges	232,372	6,325,458	108,157,552	152,339,782	1,351,825
Fees and services	1,657,018	21,318,788	35,398,803	15,636,735	508,907
Investment income	145,005,476	-	-	-	-
Other	996,896	2,796,556	16,827,407	18,992,582	640,655
Total revenue	365,468,909	399,529,674	681,783,284	653,036,053	189,467,843
EXPENSES					
Salaries and benefits	81,626,768	359,747,440	74,244,751	57,191,357	148,719,983
Interest payments	748,287	2,723,599	23,863,937	84,738,580	206,966
Operating expenses	14,190,515	40,501,903	206,635,702	126,073,959	31,126,808
Government transfers	-	6,441,381	1,113,776	11,183,949	60,503,357
Amortization	21,226,861	15,109,303	159,268,597	109,136,706	5,021,631
Total expenses	117,792,431	424,523,626	465,126,763	388,324,551	245,578,745
Annual surplus (Deficit)	247,676,478	(24,993,952)	216,656,521	264,711,502	(56,110,902)

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

	Community services	Social housing	Planning and economic development	Total 2020	Total 2019
	\$	\$	\$	\$	\$
REVENUES					
Net taxation	97,312,061	67,728,099	10,935,873	1,196,986,285	1,152,162,507
User charges	-	-	-	373,969,184	353,922,631
Provincial grants	275,077,089	33,779,512	356,942	611,835,124	698,561,303
Federal grants	241,215	9,898,091	5,501,941	79,139,181	80,880,971
Development charges	-	245,326	555,000	269,207,315	293,035,354
Fees and services	5,352,349	22,956,458	3,682,341	106,511,399	162,944,108
Investment income	-	-	-	145,005,476	119,274,291
Other	1,819,617	1,439,037	321,378	43,834,128	81,084,177
Total revenue	379,802,331	136,046,523	21,353,475	2,826,488,092	2,941,865,342
EXPENSES					
Salaries and benefits	98,275,415	13,771,218	11,768,136	845,345,068	808,029,906
Interest payments	-	4,878,577	-	117,159,946	120,435,883
Operating expenses	168,027,604	68,336,599	(1,293,225)	653,599,865	901,987,498
Government transfers	89,830,424	-	417,500	169,490,387	109,550,675
Amortization	1,541,942	8,415,660	847,725	320,568,425	312,611,771
Total expenses	357,675,385	95,402,054	11,740,136	2,106,163,691	2,252,615,733
Annual Surplus (Deficit)	22,126,946	40,644,469	9,613,339	720,324,401	689,249,609

17) SAFE RESTART AGREEMENT

During the current year, the Region recognized \$90,588,754 of funding from senior levels of government to help offset the financial impacts of the COVID-19 pandemic. The Region received \$56,792,716 of funding from the provincial government as part of the Safe Restart Agreement, an investment to help provinces and territories safely restart their economies. The Region recognized \$55,701,740 of the Safe Restart funding as government transfers reported for the current year, in accordance with the terms of the funding allocation from the Province of Ontario. The remainder \$1,090,976 is carried forward to fiscal 2021 and is reported in deferred revenue as at year-end December 31, 2020.

18) COMPARATIVE FIGURES

Certain 2019 comparative figures have been reclassified to conform to the current presentation.

SINKING FUND

STATEMENT OF FINANCIAL POSITION,

FINANCIAL ACTIVITIES

AND

CHANGE IN FUND BALANCE

2020



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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, 2020
- 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, 2020, 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.



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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2021

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Position As at December 31, 2020

	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash	128,445,196	48,537,818
Investments – at amortized cost (Note 1)	696,160,897	667,427,108
Interest receivable	2,308,892	2,342,943
Total Assets	826,914,985	718,307,869
LIABILITIES		
Actuarial requirement for retirement of the Sinking Fund (Note 2)	778,901,649	684,807,614
Fund balance	48,013,336	33,500,255
Total Liabilities and Fund Position	826,914,985	718,307,869

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Activities and Change in Fund Balance For the year ended December 31, 2020

	Budget \$	2020 \$	2019 \$
REVENUE			
Local Municipalities	2,607,420	2,607,420	1,224,919
Regional Corporation	149,854,735	149,854,735	132,052,800
	152,462,155	152,462,155	133,277,719
Interest and capital gains	19,631,751	34,998,257	30,819,740
	172,093,906	187,460,412	164,097,459
EXPENSES			
Actuarial requirement for the year	(172,093,906)	(172,093,906)	(151,690,553)
Payments to Local Municipalities	-	-	(83,530)
Payments to Regional Corporation	-	(853,425)	(2,575,341)
Change in Fund Balance	-	14,513,081	9,748,035
Opening Fund Balance	33,500,255	33,500,255	23,752,220
Closing Fund Balance	33,500,255	48,013,336	33,500,255

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, 2020

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 \$883,753,574 (2019 - \$738,683,978).

2) ACTUARIAL REQUIREMENTS

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 1.5%, 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) MANAGEMENT ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts. Actual results could differ from those estimates. In particular, there is significant judgement applied in determining actuarial requirements for Sinking Funds.

RESIDENTS'

TRUST FUND AND DONATION ACCOUNT

STATEMENT OF FINANCIAL POSITION

AND

FINANCIAL ACTIVITIES

2020



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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, 2020
- 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, 2020, 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.

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- 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.

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2021

THE REGIONAL MUNICIPALITY OF YORK

Residents' Trust Funds and Donation Account Statement of Financial Position As at December 31, 2020

	Trust	Donation	2020	2019
	\$	\$	\$	\$
FINANCIAL ASSETS				
Cash	249,714	36,643	286,357	208,510
Residents' petty cash	6,500	-	6,500	6,500
Total Assets	256,214	36,643	292,857	215,010
Fund Balances	256,214	36,643	292,857	215,010

THE REGIONAL MUNICIPALITY OF YORK

Residents' Trust Funds and Donation Account Statement of Financial Activities Year ended December 31, 2020

	Trust	Donation	2020	2019
	\$	\$	\$	\$
Fund balances, beginning of year	181,254	33,756	215,010	220,094
Source of funds:				
Deposits on behalf of residents	325,995	2,475	328,470	387,009
Interest earned on deposits	-	412	412	787
	325,995	2,887	328,882	387,796
Use of funds:				
Withdrawals	(251,035)	-	(251,035)	(392,880)
Net activity	74,960	2,887	77,847	(5,084)
Closing fund balance	256,214	36,643	292,857	215,010

The accompanying notes are an integral part of these Consolidated 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, 2020

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.