

**THE
REGIONAL MUNICIPALITY
OF YORK**

2023

**CONSOLIDATED
FINANCIAL
STATEMENTS**



KPMG LLP

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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, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets 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, 2023, and its consolidated results of operations, its consolidated changes in net financial assets 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



Emphasis of Matter - Comparative Information

We draw attention to Note 1(c) to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard.

Note 1(c) explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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.

Auditor's 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 auditor's 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.
- 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 auditor's 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 auditor's 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.

Handwritten signature of KPMG LLP in black ink, with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 26, 2024

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Financial Position As at December 31, 2023

	2023 \$	2022 Restated (Note 1.c) \$
Financial Assets		
Cash and cash equivalents (Note 4)	717,801,571	807,414,018
Accounts receivable (Note 5)	377,364,352	462,161,268
Investments (Note 4)	5,598,735,171	5,010,725,424
Debt amounts recoverable from local municipalities (Note 8)	167,451,038	137,244,751
Total	6,861,352,132	6,417,545,461
Liabilities		
Accounts payable and accrued liabilities	908,542,377	939,309,899
Employee benefits liabilities (Note 6)	367,313,176	344,007,788
Deferred revenue-general (Note 7)	67,040,367	48,622,340
Deferred revenue-obligatory reserve funds (Note 7)	513,344,736	726,999,233
Gross long-term liabilities (Note 8)	3,671,014,953	3,550,073,706
Asset retirement obligation (Note 9)	12,413,279	11,912,936
Total	5,539,668,888	5,620,925,902
Net financial assets	1,321,683,244	796,619,559
Non-Financial Assets		
Tangible capital assets (Note 15)	9,364,626,720	9,149,732,895
Inventory	28,857,755	9,227,041
Prepaid expenses	28,230,052	21,169,165
Total	9,421,714,527	9,180,129,101
Contractual rights and contingent assets (Note 10)		
Contractual obligations and commitments (Note 11)		
Contingent liabilities (Note 12)		
Accumulated surplus (Note 16)	10,743,397,771	9,976,748,660

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, 2023

	Budget (Note 2) \$	2023 \$	2022 Restated (Note 1.c) \$
Revenues			
Net taxation (Note 3)	1,350,789,930	1,357,117,850	1,281,693,565
Government transfers	868,827,331	869,046,118	721,406,437
Development charges	379,683,501	466,592,601	433,871,575
User charges	392,038,169	394,762,972	387,759,922
Investment income	153,700,000	186,354,767	124,954,639
Fees and services	151,336,232	179,828,299	150,557,348
Other	80,284,974	56,715,119	35,209,269
Total Revenues	3,376,660,137	3,510,417,726	3,135,452,755
Expenses			
Community services	689,388,576	658,114,023	484,871,374
Transportation services	609,570,732	541,104,147	510,705,038
Environmental services	529,295,653	533,687,713	486,834,354
Protection to persons and property	473,162,708	475,646,906	451,160,162
Health and emergency services	257,807,279	236,278,832	254,670,248
General government	159,574,775	166,079,662	137,936,107
Social housing	121,743,134	114,370,104	106,129,602
Planning and economic development	17,488,651	18,487,228	15,950,491
Total Expenses	2,858,031,508	2,743,768,615	2,448,257,376
Annual surplus	518,628,629	766,649,111	687,195,379
Accumulated surplus, beginning of year	9,976,748,660	9,976,748,660	9,299,642,222
Adjustment on adoption of the asset retirement obligation standard (Note (1.c))	-	-	(10,088,941)
Accumulated surplus, beginning of year, as restated	-	-	9,289,553,281
Accumulated surplus, end of year	10,495,377,289	10,743,397,771	9,976,748,660

Segment information is presented in Note 17.

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

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Change in Net Financial Assets Year ended December 31, 2023

	Budget	2023	2022 Restated (Note 1.c)
	\$	\$	\$
Annual surplus	518,628,629	766,649,111	687,195,379
Amortization of tangible capital assets	349,535,677	336,930,195	337,072,378
Proceeds on disposal of tangible capital assets	-	1,316,153	3,984,750
Acquisition of tangible capital assets	(707,497,445)	(552,887,180)	(518,395,440)
Asset retirement obligation increase in tangible capital asset	-	-	(1,343,817)
Contributed assets	-	-	(52,000)
(Gain) / loss on disposal of tangible capital assets	-	(252,993)	1,427,572
Acquisition of inventory	-	(22,481,868)	(3,555,576)
Acquisition of prepaid expenses	-	(26,818,219)	(20,644,391)
Consumption of inventory	-	2,851,154	3,661,080
Use of prepaid expenses	-	19,757,332	15,930,168
Increase in net financial assets	160,666,861	525,063,685	505,280,103
Net financial assets, beginning of year	796,619,559	796,619,559	301,428,397
Adjustment on adoption of the asset retirement obligation standard (Note (1.c))	-	-	(10,088,941)
Net financial assets, beginning of year, as restated	-	-	291,339,456
Net financial assets, end of year	957,286,420	1,321,683,244	796,619,559

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, 2023

	2023 \$	2022 Restated (Note 1.c) \$
Operating		
Annual surplus	766,649,111	687,195,379
Items not involving cash:		
Amortization of tangible capital assets	336,930,195	337,072,378
(Gain) / loss on disposal of tangible capital assets	(252,993)	1,427,572
Contributed tangible capital assets	-	(52,000)
Changes in non-cash assets and liabilities:		
Accounts receivable	84,796,916	(34,204,516)
Accounts payable and accrued liabilities	(30,767,522)	17,808,107
Employee benefit obligations	23,305,388	30,400,335
Deferred revenue-general	18,418,027	5,698,756
Deferred revenue-obligatory reserve funds	(213,654,497)	146,689,946
Accretion expenses	500,343	480,177
Inventory	(19,630,714)	105,504
Prepaid expenses	(7,060,887)	(1,957,484)
Net change in cash and cash equivalents from operations	959,233,367	1,187,907,415
Capital		
Acquisition of tangible capital assets	(552,887,180)	(518,395,440)
Proceeds on disposal of tangible capital assets	1,316,153	3,984,750
Net change in cash and cash equivalents from capital	(551,571,027)	(514,410,690)
Investing		
Net change in investments	(588,009,747)	(1,656,045,771)
Financing		
Long-term debt issued	104,511,050	-
Long-term debt repaid	(13,776,090)	(11,121,381)
Net change in cash and cash equivalents from financing	90,734,960	(11,121,381)
Net change in cash and cash equivalents	(89,612,447)	(993,670,427)
Opening, cash and cash equivalents	807,414,018	1,801,084,445
Closing, cash and cash equivalents	717,801,571	807,414,018

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, 2023

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 Canadian Public Sector Accounting Standards ("PSAS"), as recommended 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 records revenue as it is earned and measurable. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

ii. Revenues

Property tax revenue is recognized on an accrual basis when it meets the definition of an asset, the tax is authorized by the passing of the tax levy by-law and the taxable event has occurred. Supplementary and omitted taxes are recognized when additional billings are issued according to Regional Council approved tax rate for properties that are added to the assessment roll during the year. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals and tax write-offs such as tax rebates are recorded in the Region's Consolidated Statement of Operations and Accumulated Surplus when the result of the appeal process is known.

Development charges are rates levied based on type of new development, whether residential or non-residential. Rates are set by Regional Council from time to time through a Development Charges by-law (to a maximum of 5 years). Development charges are collected under the authority of Sections 33 to 37 of the *Development Charges Act, 1997*, when the building permit is issued and reported as deferred revenue in the Consolidated Statement of Financial Position. Revenues are recognized when amounts are used to fund the growth-related portion of the qualifying capital projects.

User charges are recognized as they are earned and measurable.

Fees and services are fees associated with services provided (including transit fare, charges for long-term care home residency, paid duty police services, sales of recycled materials, etc.). Revenues are recognized when the activity is performed and when the services are rendered.

Other revenues consist of third party funding and other recoveries including capital recovery are recorded when they are earned and measurable.

iii. 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.

iv. Expenses

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay. Interest expense is recognized as incurred. Expenses paid in the current period attributable to future benefits received are classified as prepaid expenses in the Region's non-financial assets.

Government transfer payments to other public sector entities are recognized in the year that the transfer is authorized, and all eligibility criteria have been met by the recipient. Any transfers paid in advance are deemed to have met all eligibility criteria.

v. Financial Instruments

Financial instruments include cash and cash equivalent, short-term investments, accounts receivable, investments, accounts payable and accrued liabilities and long-term debt.

The following is a list of financial instruments and their related measurement basis at December 31, 2023.

Cash, cash equivalent	Amortized cost
Short-term investments	Amortized cost
Accounts receivable	Amortized cost
Investments	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

As all financial instruments are measured at cost or amortized cost, there have been no re-measurement gains or losses. Therefore, the Statement of Remeasurement Gains (Losses) has been excluded.

All financial assets are tested annually for impairment. When there is an impairment other than a temporary decline in value, impairment losses are recorded in the Statement of Operations.

vi. Assets

Assets are economic resources controlled by the Region as a result of past transactions or events and from which future economic benefits are expected to be obtained. For the year ended December 31, 2023, all material assets have been disclosed and reported within the Region's Statements.

vii. 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.

viii. Investments

Investment income earned on surplus current funds and reserve funds is recognized as revenue in the period earned. Investment income earned on obligatory reserve funds is credited to the funds and forms 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 a temporary decline in value, the respective investment is written down to recognize the loss.

ix. Loans Receivable

Loans receivable are recorded at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exist. 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.

x. Non-Financial Assets

Non-financial assets are used to provide Region services and are not available to discharge existing liabilities. These assets have useful lives extending beyond the current year and generally are not intended for sale in the ordinary course of operations.

xi. 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	20-50
Buildings	10-60
Equipment and machinery	2-50
Vehicles	2-20
Transit infrastructure	5-50
Roads infrastructure	15-120
Water and wastewater infrastructure	50-110

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2023

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 the construction of related tangible capital assets is expensed in the Consolidated Statement of Operations and Accumulated Surplus.

Assets under construction represents expenditures incurred for projects currently underway. Upon completion, the relating assets under construction will be transferred to the appropriate capital asset category and amortization will commence.

xii. **Inventory**

Inventory of materials and supplies, which are often consumed for purposes of providing goods and/or services to residents and businesses, is valued at the lower of cost and replacement cost. Inventory of assets including land and buses held for resale are valued at the lower of cost or net realizable value.

xiii. **Contractual Rights and Obligations**

Contractual rights reflect future rights to economic resources arising from contracts and/or agreements that will result in both an asset and revenue in future fiscal periods.

Contractual obligations represent obligations, which will result in liabilities upon the completion of agreed upon terms specified in contracts and/or agreements in future fiscal periods.

xiv. **Contingent Assets and Liabilities**

Contingent assets and contingent liabilities arise from circumstances when the Region is uncertain whether it has an asset and/or liability on the date of the Statements. The existence of the asset and/or liability is ultimately dependent upon the occurrence or nonoccurrence of a future event that is outside of the Region's control.

xv. **Deferred Revenue - General**

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.

xvi. **Deferred Revenue - Obligatory Reserve Funds**

Development charges, collected and accrued under the authority of Section 33 to 37 of the *Development Charges Act, 1997* are recorded as Deferred Revenue - Obligatory Reserve Funds. Accrued development charges are supported by deferral agreements which are financing arrangements secured by letters of credit, certified cheques or titles to property.

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..

xvii. **Employee Benefits Obligation**

The cost of employee benefits is 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.

xviii. Asset Retirement Obligation

An asset retirement obligation (ARO) is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several Region owned buildings has been recognized based on estimated future expenses on closure of the site and post-closure care. Additional liabilities for the removal of fuel tanks, tank systems, and lease obligations have been recognized based on estimated future expenses. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

The liability is discounted using a present value calculation and adjusted annually for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies.

xix. 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.

xx. 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.

xxi. 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 estimates include the useful life of capital assets, future employee benefits, and claims provisions for accrued liabilities and asset retirement obligations.

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.

xxii. 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 guided by PS2700.

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.

xxiii. Future Accounting Pronouncements

Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for the Region for the year ending on December 31, 2024):

PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

PS 3400 - Revenue, establishes standards on how to account for and report on revenue, specifically differentiating between revenue arising from transactions that include performance obligations, referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

PSG-8 - Purchased Intangibles, provides guidelines on accounting and reporting for purchased intangibles. Concurrently, PS 1000 - Financial Statement Concepts, has been amended to remove the prohibition against recognizing intangibles purchased in an exchange transaction in public sector financial statements.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2023

c) Adoption of new accounting policies

i. PS 3280 - Asset Retirement Obligations:

On January 1, 2022, the Region adopted Canadian public sector accounting standard PS3280 - Asset Retirement Obligations. The new accounting standard addressed the reporting of legal obligations associated with the retirement of certain tangible capital assets such as asbestos removal in retired buildings. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS3270 - Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retroactive basis at the date of adoption.

On January 1, 2022, the Region recognized an asset retirement obligation relating to several buildings owned by the Region that contain asbestos. The buildings were originally purchased between the years 1964 to 2022, and the liability was measured as of the date of purchase of the buildings, when the liability was assumed. The buildings have an expected useful life of 50 years, and the estimate has not been changed since purchase.

In accordance with the provisions of this new standard, the Region reflected the following adjustments at January 1, 2022:

Asbestos obligation:

An increase of \$2,536,954 to the buildings tangible capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$1,604,328 to accumulated amortization, representing the increased amortization had the liability originally been recognized for each building.

An asset retirement obligation in the amount of \$10,434,270, representing the original \$37,733,794 obligation discounted to the present value amount using a rate of 4.2%.

A decrease to opening accumulated surplus of \$9,501,644, as a result of recognition of the liability and accompanying increase in amortization expense an accretion expense for the years since purchase of the buildings.

Tank system obligation:

An increase of \$448,146 to the buildings tangible capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$98,003 to accumulated amortization, representing the increased amortization had the liability originally been recognized for each tank system.

An asset retirement obligation in the amount of \$768,187, representing the original \$1,839,406 obligation discounted to the present value amount using a rate of 4.2%.

A decrease to opening accumulated surplus of \$418,044, as a result of the recognition of the liability an accompanying increase in amortization expense and accretion expense for the years since lease of the buildings.

Lease obligation:

An asset retirement obligation in the amount of \$230,303, representing the original \$282,903 obligation discounted to the present value amount using a rate of 4.2%.

A decrease to opening accumulated surplus of \$169,253, as a result of the recognition of the liability and accompanying increase in amortization expense and accretion expense for the years since the lease of the buildings.

ii. PS 3450 - Financial Instruments and PS 2601 - Foreign Currency Translation:

On January 1, 2023, the Region adopted Canadian public sector accounting standard PS3450 - Financial Instruments and PS2601 - Foreign Currency Translation. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS3450, all financial instruments are included on the Statement of Financial Position and are measured at cost or amortized cost based on the characteristics of the instrument and the Region's accounting policy choices.

2) BUDGET FIGURES

Budget figures presented in the Consolidated Financial Statements are based on the 2023 budget approved by York Regional Council on February 23, 2023. 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	\$ 3,957,450,074
Reclassification of investment income	135,000,000
Transfer from reserves	(490,733,497)
Proceeds of debt issued for Regional purposes	(242,315,995)
Housing York Inc.	48,480,000
Related entities adjustments	(31,220,445)
Total revenues	3,376,660,137
Expenses	
Approved budget	3,957,450,074
Reclassification of investment income	135,000,000
Transfer to reserves	(712,172,694)
Acquisition of tangible capital assets	(707,497,445)
Debt principal repayments	(197,445,015)
Amortization	349,536,033
Post employment benefits	22,190,000
Housing York Inc.	42,191,000
Related entities adjustments	(31,220,445)
Total expenses	2,858,031,508
Annual surplus	\$ 518,628,629

3) NET TAXATION

Tax revenue of \$1,357,117,850 (2022 - \$1,281,693,565) is comprised of \$1,339,408,924 (2022 - \$1,272,994,934) in general tax levy and \$17,708,926 (2022 - \$8,698,631) of other tax amounts.

4) INVESTMENTS

Included in cash and cash equivalents are short-term investments of \$150,106,520 (2022 - \$80,000,030) with a market value of \$150,036,509 (2022 - \$80,000,030). Long-term investments of \$5,598,735,171 (2022 - \$5,010,725,424) have a market value of \$5,387,373,036 (2022 - \$4,629,069,730).

As at December 31, 2023, the Region's investments measured at amortized cost exceed the market value, representing a temporary decline in value. No impairment is recognized due to the investment's low-risk nature, the issuers' high credit ratings, and the Region's intention to hold these investments to their maturities. The Region monitors the investment portfolio in accordance with its Investment Policy and has mitigation strategies to address possible impairment.

Cash and cash equivalents and long-term investments include \$513,344,736 (2022 - \$726,999,233) of restricted funds as required under legislation to fund obligatory reserve funds. The yields on investments held range from 0.63% to 6.64% (2022 - 0.59% to 5.95%).

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2023

5) ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	2023 \$	2022 \$
Government of Canada	45,485,972	48,167,640
Government of Ontario	18,094,322	28,072,997
Other municipalities	180,501,800	150,549,218
Other receivables	133,926,904	235,433,176
	<hr/>	<hr/>
	378,008,998	462,223,031
Less: allowance for doubtful accounts	(644,646)	(61,763)
	<hr/>	<hr/>
	377,364,352	462,161,268

Accounts receivable are assessed for collectability on an annual basis. In 2023, \$157,635 was deemed uncollectable and written off (2022 - \$134,650).

6) EMPLOYEE BENEFITS OBLIGATIONS

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 \$23,305,388.

	2023 \$	2022 \$
Post employment benefits (a)	130,581,371	123,410,114
Workplace Safety and Insurance Board (WSIB) (c)	95,137,647	79,447,159
Long-term disability claims (d)	66,246,442	66,476,667
Vested sick leave benefits (e)	45,971,489	44,782,662
	<hr/>	<hr/>
Subtotal	337,936,949	314,116,602
Vacation payable	29,376,227	29,891,186
	<hr/>	<hr/>
Total	367,313,176	344,007,788

Notes to the Consolidated Financial Statements
December 31, 2023

The following table sets out the accrued benefit liability for each plan as at December 31, 2023.

	Post employment benefits \$	WSIB \$	Long-term disability claims \$	Vested sick leave benefits \$	2023 Total \$	2022 Total \$
Accrued benefit obligation, beginning of year	124,458,071	113,945,874	43,188,283	36,172,094	317,764,322	354,676,569
Benefit service cost	5,693,423	20,101,510	6,335,614	2,947,066	35,077,613	36,544,610
Interest accrued	5,607,749	5,237,424	1,945,994	1,613,728	14,404,895	11,935,294
Actuarial (gain)/loss	-	-	-	-	-	(57,795,855)
Benefit payments	(5,376,239)	(15,218,882)	(6,223,522)	(3,570,015)	(30,388,658)	(27,596,296)
Accrued benefit obligation, end of year	130,383,004	124,065,926	45,246,369	37,162,873	336,858,172	317,764,322
Unamortized actuarial (gain)/loss	198,367	(28,928,279)	21,000,073	8,808,616	1,078,777	(3,647,720)
Accrued benefit liability, end of year	130,581,371	\$95,137,647	66,246,442	45,971,489	337,936,949	314,116,602

The amortization of actuarial losses for the current year is in the amount of \$4,726,497 (2022 - \$10,515,044).

	Post employment benefits	WSIB	Long-term disability	Vested sick leave benefits
Expected inflation rate	2.00%	2.00%	2.00%	2.00%
Expected level of salary increases	3.00%	3.00%	3.00%	3.00%
Interest discount rate	4.50%	4.50%	4.50%	4.50%
Future health care cost rate	5.67%	4.00%	N/A	5.67%
Expected Average Remaining Service Life				
Regional Operations	14	10	8	6
Police Services	13	10	8	13

a) Post-Employment Benefits

Employees who retire under the Ontario Municipal Employees Retirement System (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 until age of 65. Those retirees from age 65 to age 75 are eligible to receive a health care spending account.

An independent actuarial valuation dated January 25, 2023 estimates the liability of these benefits to be \$130,581,371 (2022 - \$123,410,114), which is reported in the Consolidated Statement of Financial Position. The reserve balance at December 31, 2023 is \$94,529,005 (2022 - \$74,880,157).

b) Pension Agreement

The Region contributes to OMERS, a multi-employer plan on behalf of approximately 7,084 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 2023, employer contribution amounts to \$77,103,153 (2022 - \$70,341,713) and is recorded as an expense in the Consolidated Statement of Operations and Accumulated Surplus. Employee contributions also amount to \$77,103,153 (2022 - \$70,341,713).

Because OMERS is a multi-employer plan, the Region does not recognize any share of the pension deficit of \$4.2 billion at December 31, 2023.

c) 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 January 25, 2023 estimates the liability for all claims incurred to December 31, 2023 to be \$95,137,647 (2022 - \$79,447,159), which is reported in the Consolidated Statement of Financial Position. The worker's compensation reserve balance at December 31, 2023 is \$95,137,647 (2022 - \$79,409,680).

d) Long-Term Disability Claims

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2023

In October 2002, the Region adopted a self-insured arrangement for its long-term disability benefit program. 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 basis. An independent actuarial valuation dated January 25, 2023 estimates the liability for the claims incurred to be \$66,246,442 (2022 - \$66,476,667) as at December 31, 2023, which is reported in the Consolidated Statement of Financial Position. The reserve balance at December 31, 2023 is \$66,246,442 (2022 - \$66,466,525).

e) Long-Term Disability Self-Funding Arrangement

An independent actuarial valuation report dated January 25, 2023 estimates the liability for both Regional operations and Police Services at \$45,971,489 (2022 - \$44,782,662), which is reported in the Consolidated Statement of Financial Position. The reserve balance at December 31, 2023 is \$8,014,332 (2022 - \$7,930,576).

Regional Operations

Commencing in 2000, the accumulated sick leave plan was replaced by a Short-term Disability plan for employees in Regional Operations. The estimated actuarial value of the assets is \$82,624 (2022 - \$23,040).

Police Services

For Police Services 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 July 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 \$46,054,113 (2022 - \$44,805,702).

7) DEFERRED REVENUE

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

	Balance at December 31, 2022 \$	Inflows \$	Amounts recognized into revenue \$	Balance at December 31, 2023 \$
Deferred capital grants	29,139,667	4,952,840	(10,693,660)	23,398,847
Deferred revenue - prepaid development charge credit agreements (PDCCA)	-	13,181,841	(1,430,184)	11,751,657
Other*	19,482,673	49,325,873	(36,918,683)	31,889,863
Total deferred revenue - general	48,622,340	67,460,554	(49,042,527)	67,040,367
Development charges	614,744,832	260,026,550	(466,592,601)	408,178,781
Gas Tax/Canada Community-Building Fund	112,254,401	58,884,131	(65,972,577)	105,165,955
Total deferred revenue - obligatory reserve funds	726,999,233	318,910,681	(532,565,178)	513,344,736

*Other deferred revenue includes funding for affordable social housing programs.

8) LONG-TERM LIABILITIES

The use of long-term liabilities to finance capital expenses is governed by Provincial legislation. Provincial legislation gives York Region authority to issue long-term debt for both York Region and Local Municipalities. The debentures issued for such purpose are direct, joint and several obligations of the York Region and all its local municipalities.

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

	2023 \$	2022 \$
Outstanding long-term liabilities at the end of the year, including sinking funds and those incurred on behalf of local municipalities	3,651,862,287	3,522,244,883
Mortgages payable by Housing York Inc.	19,152,666	27,828,823
Gross long-term liabilities	3,671,014,953	3,550,073,706
Less recoverable from local municipalities		
Sinking fund debentures	73,588,951	28,100,000
Non-sinking fund debentures	93,862,087	109,144,751
	167,451,038	137,244,751
Net long-term liabilities at the end of the year	3,503,563,915	3,412,828,955

The total gross amount of the long-term liabilities to be retired by sinking funds is \$3,530,000,000 (2022 - \$3,380,000,000). The amount of sinking fund assets is \$1,308,796,959 (2022 - \$1,078,205,363). Long-term liabilities are financed through a combination of development charges, water and sewer rates and tax levy.

The weighted average interest rate for Region's debts is 3.15% having maturity dates range from July 2024 to December 2051.

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

2024	\$ 208,274,160
2025	211,987,461
2026	201,842,437
2027	194,737,856
2028	189,207,743
Thereafter	2,144,886,715
Net sinking fund debt repayable according to actuarial recommendations	352,627,543
Total	\$ 3,503,563,915

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 \$101,677,066 (2022 - \$104,368,994).

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2023

9) ASSET RETIREMENT OBLIGATION

The Region's other long-term liabilities consists of several asset retirement obligations as following:

a) Asbestos obligation:

The Region owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of *PS 3280 Asset Retirement Obligations*, the Region recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2022. Estimated costs have been discounted to the present value using a discount rate of 4.2% per annum.

b) Tank system obligation:

The Region owns and operates various fuel tanks and tank systems where there is a legal obligation to remove them. Following the adoption of *PS 3280 Asset Retirement Obligations*, the Region recognized an obligation relating to the removal and post-removal care of the tanks and tank systems as estimated at January 1, 2022. Estimated costs have been discounted to the present value using a discount rate of 4.2% per annum.

c) Lease obligation:

The Region leases one building for which there is a contractual obligation to restore the building to its original state at the end of the lease term. Following the adoption of *PS 3280 Asset Retirement Obligations*, the Region recognized an obligation relating to the restoration of the leased facility as estimated at January 1, 2022. Estimated costs have been discounted to the present value using a discount rate of 4.2% per annum.

The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings tangible capital assets and the restatement of prior year balances (see Note (1.c)).

Changes to the asset retirement obligation liability in the year are as follows:

Asset Retirement Obligation	Asbestos obligation \$	Tank system \$	Lease obligation \$	Balance at December 31, 2023 \$
Opening balance	10,872,509	800,451	239,976	11,912,936
Accretion expenses	456,645	33,619	10,079	500,343
Closing balance	11,329,154	834,070	250,055	12,413,279

Asset Retirement Obligation	Asbestos obligation \$	Tank system \$	Lease obligation \$	Balance at December 31, 2022 \$
Opening balance	-	-	-	-
Adjustment on adoption of asset retirement obligation standard (Note 1 (c))	10,434,270	768,187	230,303	11,432,760
Opening balance, as restated	10,434,270	768,187	230,303	11,432,760
Accretion expenses	438,239	32,264	9,673	480,176
Closing balance	10,872,509	800,451	239,976	11,912,936

10) CONTRACTUAL RIGHTS AND CONTINGENT ASSETS

a) Contractual Rights

The Region has rights to economic resources arising from contracts or agreements entered into before December 31, 2023. 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 17 L/Cs of \$134,781,442 (2022 - 18 L/Cs of \$135,224,643).
- An agreement with Metrolinx to fund the construction of bus rapidways. The remaining funding Metrolinx has guaranteed the Region is \$26,044,531 (2022 - \$29,553,004).

- Rights to transit advertisements, solar revenue and other lease revenue. Future revenue from these sources for the next 5 years are approximately:

2024	9,490,772
2025	7,929,037
2026	6,342,309
2027	4,558,012
2028	2,670,460

b) Contingent Assets

As at December 31, 2023, 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 some of these actions. However, the amount of possible damages to be received is undeterminable as at December 31, 2023.

11) CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

The Water Servicing Agreement with the City of Toronto is based on the Region's proportionate share of overall operating cost and includes a contribution for future asset management. In 2023, the Region paid \$37,657,066 (2022 - \$40,265,475) for water purchased under this agreement. The Water Servicing Agreement with the Region of Peel is also based on the Region's proportionate share of operating costs, and includes a contribution for future asset management. In 2023, the Region paid \$20,994,521 (2022 - \$20,983,400) for purchases under this agreement, excluding reconciling items.

The Water Supply 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 the Region's proportionate share of operating cost and includes a contribution for future asset management. In 2023, Peel provided servicing for York wastewater flows for a total payment of \$6,708,960 (2022 - \$6,438,147) before reconciling items. The York-Peel Wastewater Servicing Agreement 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:

2024	6,770,569
2025	6,390,362
2026	6,194,389
2027	5,073,467
2028	4,945,509

d) York Rapid Transit Plan / Yonge North Subway Extension Project

In 2002, the Region entered into a public-private partnership with York Consortium 2002 to implement the York Rapid Transit Plan. The York Rapid Transit Plan 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 10(a).

In 2020, the Region signed a preliminary agreement with the Province to work towards delivering the Yonge North Subway Extension. This project would extend the TTC subway Line 1, north from Finch Station by approximately 8 kilometres, to the Richmond Hill Centre, just north of Highway 7. The planning, design and engineering phase is underway. This is a critical rapid transit link that includes up to 5 subway stations in York Region. The total project cost is estimated to be approximately \$5,600,000,000. In February 2023, work began on early upgrades to Finch Station to prepare for construction of the extension, and in mid-year Metrolinx launched the tendering process for tunneling of the line. In June 2023, the Province confirmed to the Region that its contribution would be capped at \$1,120,000,000, subject to certain conditions including an ongoing contribution to the operation and maintenance of the subway extension.

e) York Region Hospital Capital Funding

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Notes to the Consolidated Financial Statements December 31, 2023

In 2009, Council approved a memorandum of understanding (MOU) between the Region and York Region hospitals, which provides direction for capital funding of the four regional hospitals from 2009 to 2031. Despite the termination of the MOU in 2019, the financial commitments remained. The Region's total obligation for the Cortellucci Vaughan Hospital, the only remaining commitment, is approximately \$154,154,789, including forecasted future adjustments. As of December 31, 2023, the Region has paid \$101,829,085 to this hospital and the remaining commitment is \$52,325,704 (2022 - \$60,048,228).

f) York University Markham Centre Campus Capital Funding

In 2014, Council approved a memorandum of understanding (MOU) between the Region and York University to provide up to \$25,000,000 in 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 2024. 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 MOU. 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. By the end of 2023, York University's Markham Centre Campus had received three instalments of \$5,000,000 in total. The fourth and final instalment of \$20,000,000 would be payable upon substantial completion expected in 2024.

12) 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. The Region increased its self-insured retention (SIR) effective July 1, 2021 to \$1,000,000 per occurrence for liability and automobile claims. The Region's Property policy includes a deductible of \$100,000 per occurrence for most losses and the deductible under its Crime policy is \$150,000.

The Region estimates that the liability as at December 31, 2023 for all outstanding public liability claims is \$7,874,167 (2022 - \$6,760,671). The total insurance reserve is \$34,750,808 (2022 - \$34,070,341).

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 Consolidated Statement of Financial Position.

13) LIABILITY FOR CONTAMINATED SITES

The Region recognized an estimated liability of \$655,685 (2022 - \$619,886) for remediation of a contaminated site not in productive use. The liability is based on estimated cost of remediating the site with known contamination prepared by a third-party environmental consulting firm.

The estimated liability is included in accounts payable and accrued liabilities in the Consolidated Statement of Financial Position. The Region estimates the liability is expected to be fully settled and recoverable from a third-party in 2024.

14) PROVINCIAL OFFENCES ADMINISTRATION

The Region administers, prosecutes, and collects on court ordered 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, by phone, 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 on a gross basis 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 of the *Provincial Offences Act*. The gross revenue for 2023 amounts to \$25,326,167 (2022 - \$14,378,814 and the net surplus/(deficit) amounts to \$2,926,891 (2022 - \$(3,714,161)). Balances arising from operations of POA Court are consolidated within these financial statements and reported in protection to persons and property on the Consolidated Statement of Operations and Accumulated Surplus.

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Notes to the Consolidated Financial Statements December 31, 2023

15) TANGIBLE CAPITAL ASSETS

COST	Balance at December 31, 2022 Restated (Note (1.c)) \$	Additions/Transfers \$	Disposals \$	Asset Retirement Obligations \$	Balance at December 31, 2023 \$
Land	689,438,045	52,138,301	-	-	741,576,346
Land improvements	419,345,566	11,110,000	-	-	430,455,566
Buildings	3,002,351,087	145,492,849	(2,976,112)	-	3,144,867,824
Equipment and machinery	931,383,169	39,023,402	(14,300,164)	-	956,106,407
Vehicles	500,913,890	38,914,515	(27,556,764)	-	512,271,641
Transit infrastructure	539,363,104	-	-	-	539,363,104
Roads infrastructure	2,916,268,688	122,991,664	(15,490,603)	-	3,023,769,749
Water and wastewater infrastructure	2,436,707,841	25,559,685	-	-	2,462,267,526
Assets under construction	1,288,881,984	117,656,764	-	-	1,406,538,748
Total	12,724,653,374	552,887,180	(60,323,643)	-	13,217,216,911

ACCUMULATED AMORTIZATION	Balance at December 31, 2022 Restated (Note (1.c)) \$	Disposals \$	Amortization expense \$	Asset Retirement Obligations \$	Balance at December 31, 2022 \$
Land improvements	202,407,453	-	17,527,098	-	219,934,551
Buildings	1,040,603,439	(2,976,112)	78,288,483	68,286	1,115,984,096
Equipment and machinery	465,421,976	(14,270,179)	56,185,244	-	507,337,041
Vehicles	301,654,104	(27,390,019)	39,297,736	-	313,561,821
Transit infrastructure	73,718,309	-	14,743,662	-	88,461,971
Roads infrastructure	1,158,136,923	(14,624,173)	103,425,406	-	1,246,938,156
Water and wastewater infrastructure	332,978,275	-	27,394,280	-	360,372,555
Total	3,574,920,479	(59,260,483)	336,861,909	68,286	3,852,590,191

	Balance at December 31, 2022 Restated (Note (1.c)) \$	Balance at December 31, 2023 \$
Land	689,438,045	741,576,346
Land improvements	216,938,113	210,521,015
Buildings	1,961,747,648	2,028,883,728
Equipment and machinery	465,961,193	448,769,366
Vehicles	199,259,786	198,709,820
Transit infrastructure	465,644,795	450,901,133
Roads infrastructure	1,758,131,765	1,776,831,593
Water and wastewater infrastructure	2,103,729,566	2,101,894,971
Assets under construction	1,288,881,984	1,406,538,748
Total	9,149,732,895	9,364,626,720

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2023

In 2023, the Region did not receive contributed assets (2022 - \$52,000) from external parties.

The Region recognized a write-down of tangible capital assets of \$869,330 in 2023 (2022 - \$3,716,702), mainly due to replacing capital assets that were close to the end of their useful life.

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 Consolidated Statement of Financial Position.

16) ACCUMULATED SURPLUS

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

	2023	2022 Restated
	\$	\$
Surplus		
Invested in tangible capital assets	4,941,303,481	4,806,914,639
Investments in related entities	405,275,326	374,792,363
	5,346,578,807	5,181,707,002
Reserves and Reserve Funds		
Asset Replacement Reserves		
Roads infrastructure	814,247,068	823,303,235
Capital replacement-water and sewer	801,008,481	743,012,199
Regionally owned housing	263,302,396	233,367,103
Facilities rehabilitation and replacement	183,059,743	168,703,495
Transit vehicle replacement	101,146,221	64,494,640
Equipment/vehicle replacement	100,450,025	98,843,902
	2,263,213,934	2,131,724,574
Sinking Fund	1,295,173,158	1,067,533,830
Corporate Reserves		
Rates stabilization	132,622,712	122,096,780
Pandemic management and recovery	118,457,501	120,276,176
Tax stabilization	62,222,078	61,048,892
Fiscal stabilization	55,313,251	53,365,769
Working capital	50,000,000	50,000,000
Insurance	34,750,808	34,070,341
Waste management stabilization	34,703,637	38,207,278
Fuel cost stabilization	23,544,148	24,316,249
Hospital financing	10,794,212	10,940,507
Innovation investment	7,816,537	6,294,779
Land securement	6,115,557	5,246,180
Innovation	6,007,420	5,833,362
Cannabis contingency	3,001,279	2,914,320
Court services	2,891,201	2,255,629
Green energy	2,634,809	2,362,470
IT licensing and software development	1,250,320	1,214,099
	552,125,470	540,442,831

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2023

	2023	2022
	\$	Restated \$
Capital Reserves		
Debt reduction	427,503,964	385,420,970
Solid waste management	100,746,951	96,379,172
Social housing development	99,282,408	66,004,701
Non-profit housing capital	79,202,857	86,617,827
Rapid transit	68,927,095	44,704,932
Tax levy development	61,037,115	-
Roads capital acceleration	51,531,919	52,636,654
General capital	45,546,863	45,735,637
Transit	24,730,416	1,039,108
IT development	21,776,235	22,842,228
Rate supported development	18,576,267	-
Roads capital	16,271,285	25,763,930
Land bank	5,363,566	7,957,732
Police infrastructure	1,688,398	1,969,591
	1,022,185,339	837,072,482
Contingent Liability and Other		
Workers' compensation	95,137,647	79,409,680
Group benefits	94,529,005	74,880,157
Long-term disability	66,246,442	66,466,525
Sick leave	8,014,332	7,930,576
Seized funds	193,637	222,206
	264,121,063	228,909,144
Total Reserves and Reserve Funds	5,396,818,964	4,805,682,861
Adjustment on adoption of the asset retirement obligation standard	-	(10,641,203)
Total Reserves and Reserve Funds, as restated	5,396,818,964	4,795,041,658
Total	10,743,397,771	9,976,748,660

17. 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 comprised 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.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2023

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.

	General government \$	Protection to persons and property \$	Transportation services \$	Environmental services \$	Health and emergency services \$
REVENUES					
Net taxation	185,671,455	398,728,479	420,131,940	62,277,204	89,176,974
Provincial grants	555,784	15,785,735	26,011,748	77,472	139,451,319
Federal grants	172,565	-	46,174,915	1,153,834	111,106
Development charges	1,024,805	16,260,336	238,872,600	208,356,830	4,738,678
User charges	-	-	-	394,762,972	-
Investment income	186,015,579	-	-	-	-
Fees and services	6,859,856	36,111,113	78,911,622	18,398,520	981,881
Other	2,675,287	4,004,756	15,414,741	26,399,594	367,194
Total revenue	382,975,331	470,890,419	825,517,566	711,426,426	234,827,152
EXPENSES					
Salaries and benefits	106,851,531	392,923,984	77,945,023	65,046,289	179,418,750
Operating expenses	38,029,856	56,925,228	256,473,651	282,817,860	40,459,250
Amortization	20,754,649	16,641,035	178,299,721	102,268,268	6,780,204
Government transfers	-	7,179,080	1,580,794	13,028,409	9,305,385
Interest payments	443,626	1,977,579	26,804,958	70,526,887	315,243
Total expenses	166,079,662	475,646,906	541,104,147	533,687,713	236,278,832
Annual Surplus (Deficit)	216,895,669	(4,756,487)	284,413,419	177,738,713	(1,451,680)

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2023

	Community services	Social housing	Planning and economic development	Total 2023	Total 2022 Restated
	\$	\$	\$	\$	\$
REVENUES					
Net taxation	114,727,932	74,456,253	11,947,613	1,357,117,850	1,281,693,565
Provincial grants	553,016,484	48,926,136	5,629,028	789,453,706	667,058,052
Federal grants	1,906,883	21,709,526	8,363,583	79,592,412	54,348,385
Development charges	-	(3,140,648)	480,000	466,592,601	433,871,575
User charges	-	-	-	394,762,972	387,759,922
Fees and services	-	-	339,188	186,354,767	150,557,348
Investment income	5,604,676	26,186,622	6,774,009	179,828,299	124,954,639
Other	2,250,557	3,397,359	2,205,631	56,715,119	35,209,269
Total revenue	677,506,532	171,535,248	35,739,052	3,510,417,726	3,135,452,755
EXPENSES					
Salaries and benefits	113,129,246	16,827,716	13,247,229	965,389,768	936,691,695
Operating expenses	414,055,030	86,747,459	3,857,754	1,179,366,088	932,538,641
Amortization	1,727,917	9,186,156	1,272,245	336,930,195	337,072,378
Government transfers	129,201,830	-	110,000	160,405,498	137,585,668
Interest payments	-	1,608,773	-	101,677,066	104,368,994
Total expenses	658,114,023	114,370,104	18,487,228	2,743,768,615	2,448,257,376
Annual Surplus (Deficit)	19,392,509	57,165,144	17,251,824	766,649,111	687,195,379

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2023

18) FINANCIAL INSTRUMENTS

a) Establishing Fair Value

All financial instruments are classified as level 1 based on the fair value hierarchy. Level 1 is applicable when valuation can be based on quoted prices in active markets for identical assets and liabilities. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, accrued payroll and benefits approximate their fair values due to the short-term nature of these financial assets and liabilities.

b) Credit Risk

Credit risk is the risk of a financial loss to the municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the municipality consisting of cash and accounts receivables.

As at December 31, 2023 there were no significant balances of accounts receivable due from any single customer. There was \$157,635 (2022 - \$134,650) of write-offs during the year. The Region actively monitors accounts receivable and has the right to enforce payment as per the contract.

c) Liquidity Risk

Liquidity risk results from the Region's potential inability to meet its obligations associated with the financial liabilities as they come due. The Region monitors its operations and cash flows to ensure current and future obligations will be met. The Region believes its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

Contractual cash flows:

Description	Carrying value \$	Within 1 year \$	1-5 years \$	>5 years \$	2023 Total \$
Accounts payable and accrued liabilities	908,542,377	908,542,377	-	-	908,542,377
Liability for asset retirement obligation	12,413,279	-	1,303,787	11,109,492	12,413,279
Long-term liabilities	3,671,014,953	224,688,381	838,430,819	2,607,895,753	3,671,014,953
	4,591,970,609	1,133,230,758	839,734,606	2,619,005,245	4,591,970,609

Description	Carrying value \$	Within 1 year \$	1-5 years \$	>5 years \$	2022 Total \$
Accounts payable and accrued liabilities	939,309,899	939,309,899	-	-	939,309,899
Liability for asset retirement obligation	11,912,936	-	1,251,235	10,661,701	11,912,936
Long-term liabilities	3,550,073,706	218,589,704	833,602,603	2,497,881,399	3,550,073,706
	4,501,296,541	1,157,899,603	834,853,838	2,508,543,100	4,501,296,541

d) Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect the Region's net results of operations or the fair value of its holdings of financial instruments.

- Foreign currency risk – the Region is not exposed to any significant currency risk due to limited foreign currency transactions.
- Interest rate risk – the Region limits its exposure to interest rate risk by issuing debt that is only denominated in Canadian dollars with an interest rate that will be fixed over its term. At December 31, 2023, the Region did not hold financial assets or financial liabilities that expose it to significant variation in cash flow due to fluctuations in interest rates.
- Other price risk – the Region is not exposed to any significant other price risk from fluctuation in fair value of equity funds. The Region's exposure to this type of risk is limited to investments in pooled equity funds.

19) COMPARATIVE FIGURES

Certain 2022 comparative figures have been reclassified to conform to the current presentation.



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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 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, 2023
- the statement of financial activities and change in fund balance for the year then ended
- the statement of cash flows 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, 2023, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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, slightly slanted style. 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 26, 2024

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Position As at December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Investment - at amortized cost (Note 4)	1,296,221,097	1,053,946,321
Cash	11,485,572	23,362,256
Interest receivable	1,090,216	896,711
Total Assets	1,308,796,885	1,078,205,288
LIABILITIES		
Actuarial requirement for retirement of the sinking fund (Note 5)	1,239,993,382	1,019,824,810
Fund balance	68,803,503	58,380,478
Total Liabilities and Fund Position	1,308,796,885	1,078,205,288

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Activities and Change in Fund Balance For the Year ended December 31, 2023

	Budget (Note 10) \$	2023 \$	2022 \$
REVENUE			
Local Municipalities	2,607,421	2,607,421	2,607,421
Regional Corporation	192,345,076	192,345,076	192,345,076
	194,952,497	194,952,497	194,952,497
Net investment income (Note 6)	25,216,074	35,639,099	25,949,546
	220,168,571	230,591,596	220,902,043
EXPENSES			
Actuarial requirement for the year (Note 5)	(220,168,571)	(220,168,571)	(216,212,373)
Change in Fund Balance	-	10,423,025	4,689,670
Opening Fund Balance	53,690,808	58,380,478	53,690,808
Closing Fund Balance	53,690,808	68,803,503	58,380,478

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

THE REGIONAL MUNICIPALITY OF YORK

Sinking Funds Statement of Cash Flows Year ended December 31, 2023

	2023 \$	2022 \$
OPERATING		
Change in fund balance	10,423,025	4,689,670
Changes in non-cash assets and liabilities	-	-
Interest receivable	(193,505)	(896,711)
Actuarial requirement for retirement of the sinking fund	220,168,572	216,212,373
Net change in cash from operations	230,398,092	220,005,332
INVESTING		
Net change in investments	(242,274,776)	(258,679,521)
Net change in cash	(11,876,684)	(38,674,189)
Opening, cash	23,362,256	62,036,445
Closing, cash	11,485,572	23,362,256

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

1) PURPOSE OF THE SINKING FUND

The Regional Municipality of York's sinking fund accumulate amounts through periodic contributions, which are calculated such that the contributions and interest earnings will be sufficient to retire the principal amount of the sinking funds debt when it matures.

Note 7 in these financial statements contains the schedule of projected debenture maturity amounts.

The Sinking Funds are governed under the *Municipal Act (Ontario)* and are exempt from income taxes under Section 149(1) of the *Income Tax Act (Canada)*.

2) SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Canadian Public Sector Accounting Standards. The significant accounting policies are summarized below.

a) Investments

Investments are comprised of cash and fixed income securities and are valued based on cost plus accrued investment/interest income.

The sinking fund invests in debentures issued or guaranteed by Provincial and Municipal governments and corporate bonds; the fair value of investments recorded in the financial statements is based on the latest bid prices and the change in fair value is included in the statement of operations and changes in surplus as investment income. Investment transactions are recorded on a settlement date basis and transaction costs are expensed as incurred.

The sinking fund's investment activities expose it to a range of financial risks, including market risk, credit risk, and interest rate risk (Note 4).

b) Revenue Recognition

Contributions are recognized as revenue in the year received. Interest income is recorded when earned.

Sinking fund debenture issues are grouped by interest rates. These rates represent the investment earnings assumptions for each of the respective funds and are used in determining the annual contributions required to retire the outstanding debt.

Investment income includes investment income and interest income, net of bank service charges, audit fees and unrealized gain (loss) on the increase/decrease in the fair value of the investments.

3) USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and deficit/surplus at the reporting date and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. In particular, there is significant judgment applied in determining actuarial requirements for the sinking fund.

The actuarial requirements liability of the sinking funds represents the amounts levied during the year as set out in the sinking fund debenture bylaws plus interest accrued, compounded at the sinking funds rates of 1.0%, 1.5%, 1.6%, 2.0% or 3.0%. These actuarial requirement liabilities are presented at amortized cost, which approximates fair value. The average rate of return and term to maturity relate only to fixed income securities. Any excess revenue over these requirements is included in the sinking fund balance.

4) INVESTMENTS

Fair value represents bid price for each investment, while face value represents the original cost of the investment at the purchase date. Sinking fund investments will be held to maturity. In addition, there were no indicators which suggested that the sinking funds' investments were permanently impaired as at December 31, 2023 and therefore, no adjustments were recognized.

	2023 Fair Value \$	2023 Face Value \$	2022 Fair Value \$	2022 Face Value \$
Debt investments issued or guaranteed by:	-	-	-	-
Provincial governments	1,077,799,397	1,172,265,560	839,114,656	970,337,148
Corporations	124,655,670	123,955,537	81,999,770	83,609,173
	1,202,455,067	1,296,221,097	921,114,426	1,053,946,321

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Sinking Fund Financial Statements December 31, 2023

	2023	2022
Amortized cost, including accrued interest	\$1,296,221,097	\$1,053,946,321
Weighted average rate of return	2.99%	2.55%
Average term to maturity	8 Years	9.5 Years
Excess of fair value over amortized cost	(93,766,034)	(132,831,895)

5) ACTUARIAL REQUIREMENTS

	2023 \$	2022 \$
Actuarial requirements, beginning of year	1,019,824,810	803,612,437
Change in actuarial liability requirements	220,168,572	216,212,373
Actuarial requirements, end of year	1,239,993,382	1,019,824,810

6) INVESTMENT INCOME

	2023 \$	2022 \$
Investment Revenues:		
Interest From Coupon Bonds	3,685,987	1,652,768
Bond Premium/(Discount) Amortized	702,617	167,201
Zero Coupon Discounts Amortized	29,139,289	22,691,366
Realized Capital Gains	-	594,467
Total Investment Revenues	33,527,893	25,105,802
Other Revenues:		
Bank Interest	2,056,986	832,100
Security Lending	85,776	37,791
Total Other Revenues	2,142,762	869,891
Expenses		
Safekeeping and Transaction Fees	(31,556)	(26,147)
Total	35,639,099	25,949,546

7) SCHEDULE OF PROJECTED DEBENTURE

For the year ended December 31, 2023, the following is a list of the projected maturities of debentures issued by the Regional Municipality of York held within the general fund portfolio. The list only includes years when debentures are expected to mature.

Maturity Year	Amount \$
2032	25,000,000
2041	5,000,000
2043	5,000,000
	<u>35,000,000</u>

8) RISK EXPOSURE

The sinking funds are subject to market risk, credit risk, and interest rate risk with respect to the investment portfolio. The sinking fund's interest-bearing investments are exposed to interest rate risk. Sinking fund's investments are at risk due to fluctuations in market prices whether changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The sinking fund manages risk by investing across a wide variety of asset classes and investment strategies.

The sinking fund holds investments in fixed income securities issued by corporations and government entities and as such have fixed income credit risk. The sinking fund mitigates this risk by limiting the investment portfolio to investments in A- grade or higher.

The sinking fund's liquidity risk is the risk of being unable to settle or meet commitments as they come due. These commitments include payment of the funding obligations of the sinking fund. Liquidity risk is managed by ensuring the sinking fund invest in securities that are actively traded.

9) CAPITAL MANAGEMENT

In managing capital, the sinking fund focuses on liquid resources available for reinvestment. The sinking fund's objective is to have sufficient liquid resources to meet its debenture obligations when they mature. The need for sufficient liquid resources is considered in the investment process. As at December 31, 2023, the sinking fund has met their objective of having sufficient liquid resources to meet current obligations.

10) BUDGET

Budget figures presented in the Sinking Fund Statement of Financial Activities and Changes in Fund Balance are based on the 2023 budget approved by the Sinking Fund Committee on July 14, 2023.



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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 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, 2023
- the statement of financial activities and fund balances 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, 2023, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 26, 2024

THE REGIONAL MUNICIPALITY OF YORK

Residents' Trust Funds and Donation Account
Statement of Financial Position
As at December 31, 2023

	Trust \$	Donation \$	2023 \$	2022 \$
FINANCIAL ASSETS				
Cash	243,157	41,864	285,021	266,021
Residents' petty cash	6,500	-	6,500	6,500
Total assets	249,657	41,864	291,521	272,521
Fund balances	249,657	41,864	291,521	272,521

THE REGIONAL MUNICIPALITY OF YORK

Residents' Trust Funds and Donation Account
Statement of Financial Activities and Fund Balances
Year ended December 31, 2022

	Trust \$	Donation \$	2023 \$	2022 \$
Fund balances, beginning of year	233,621	38,900	272,521	291,851
Source of funds:				
Deposits on behalf of residents	402,630	1,375	404,005	314,392
Interest earned on deposits	-	1,589	1,589	943
	402,630	2,964	405,594	315,335
Use of funds:				
Withdrawals	(386,594)	-	(386,594)	(334,665)
Net activity	16,036	2,964	19,000	(19,330)
Closing fund balance	249,657	41,864	291,521	272,521

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, 2023

1) RESIDENTS' TRUST FUNDS

The residents's trust funds for residents of Newmarket Health Centre and Maple Health Centre (the "facilities") were established in accordance with the Regional Municipality of York policy, and in compliance with the *Fixing Long-Term Care Act, 2021* and *General Regulation 246/22*. These accounts are utilized to process Trust Funds/Comfort Allowance deposits and to make payments for authorized good and services purchased by residents.

2) SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Region Municipality of York ("Region") - Residents' Trust Funds and Donation Account are prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS"), as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada").

- 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 reported separately and 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.

3) 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.