

***THE
REGIONAL MUNICIPALITY
OF YORK***

2018

***CONSOLIDATED
FINANCIAL
STATEMENTS***

2018 Financial Statements

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Placeholder for Auditor's Report

THE REGIONAL MUNICIPALITY OF YORK
Consolidated Statement of Financial Position
As at December 31, 2018

| | 2018 | 2017 |
|--|----------------------|------------------------|
| | \$ | \$ |
| ASSETS | | |
| Financial Assets | | |
| Cash and cash equivalents (Note 4) | 472,421,826 | 584,959,230 |
| Accounts receivable (Note 5) | 328,410,381 | 302,932,786 |
| Investments (Note 4) | 3,327,326,728 | 2,809,142,444 |
| Debt amounts recoverable from Area municipalities (Notes 8) | 175,289,246 | 150,717,094 |
| Total | 4,303,448,181 | 3,847,751,554 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 718,204,400 | 766,551,251 |
| Employee benefit obligations (Note 6) | 221,953,092 | 201,538,476 |
| Deferred revenue (Note 7) | 160,784,391 | 87,130,056 |
| Deferred revenue-obligatory reserve funds (Note 7) | 386,668,255 | 432,524,557 |
| Gross long-term liabilities (Note 8) | 3,615,010,211 | 3,610,101,326 |
| Total | 5,102,620,349 | 5,097,845,666 |
| Net Debt | (799,172,168) | (1,250,094,112) |
| Non-Financial Assets | | |
| Tangible capital assets (Note 13) | 7,999,815,545 | 7,933,241,565 |
| Inventory | 6,257,623 | 5,099,652 |
| Prepaid expenses | 12,371,940 | 11,362,213 |
| Accumulated Surplus (Note 14) | 7,219,272,940 | 6,699,609,318 |

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

THE REGIONAL MUNICIPALITY OF YORK
Consolidated Statement of Operations and Accumulated Surplus
For the year ended December 31, 2018

| | Budget (Note 2) \$ | 2018 \$ | 2017 \$ |
|---|--------------------------|----------------------|----------------------|
| Revenues | | | |
| Net taxation | 1,092,496,496 | 1,095,110,525 | 1,042,649,817 |
| User charges | 331,996,530 | 316,536,359 | 278,893,236 |
| Transfer payments (Note 16) | 673,020,000 | 605,537,568 | 550,678,180 |
| Development charges | 519,403,465 | 474,241,470 | 283,713,949 |
| Fees and services | 157,601,195 | 184,057,933 | 198,528,964 |
| Investment income | 58,941,744 | 68,651,950 | 71,288,620 |
| Other | 14,452,241 | 27,144,439 | 95,242,118 |
| Total Revenues | 2,847,911,671 | 2,771,280,244 | 2,520,994,884 |
| Expenses | | | |
| General government | 185,582,819 | 132,713,667 | 186,487,358 |
| Protection to persons and property | 378,822,224 | 384,485,474 | 360,160,874 |
| Transportation services | 503,901,950 | 534,361,854 | 426,928,151 |
| Environmental services | 482,020,637 | 608,715,441 | 512,689,529 |
| Health and emergency services | 196,173,882 | 149,321,300 | 153,294,902 |
| Community services | 305,145,351 | 341,163,381 | 277,556,364 |
| Social housing | 137,549,476 | 88,894,682 | 91,017,269 |
| Planning and economic development | 12,999,222 | 11,960,823 | 14,669,113 |
| Total Expenses | 2,202,195,561 | 2,251,616,622 | 2,022,803,560 |
| Annual Surplus | 645,716,110 | 519,663,622 | 498,191,324 |
| Accumulated Surplus, Beginning of Year | 6,699,609,318 | 6,699,609,318 | 6,201,417,994 |
| Accumulated Surplus, End of Year | 7,345,325,428 | 7,219,272,940 | 6,699,609,318 |

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

THE REGIONAL MUNICIPALITY OF YORK
Consolidated Statement of Change in Net Debt
For the year ended December 31, 2018

| | Budget (Note 2) \$ | 2018 \$ | 2017 \$ |
|---|--------------------------|-------------------------------|------------------------|
| Annual surplus | 645,715,610 | 519,663,622 | 498,191,324 |
| Amortization of tangible capital assets | 263,478,000 | 274,971,937 | 241,457,738 |
| Proceeds on disposal of tangible capital assets | - | 1,129,356 | 6,859,085 |
| Acquisition of tangible capital assets | (677,473,000) | (344,054,183) | (643,378,191) |
| Contributed assets | - | - | (14,605,811) |
| Loss on disposal of tangible capital assets | - | 1,378,910 | 3,534,800 |
| Change in inventory | - | (1,157,971) | (106,303) |
| Change in prepaid expenses | - | (1,009,727) | (463,125) |
| Decrease in net debt | <u>231,720,610</u> | <u>450,921,944</u> | <u>91,489,517</u> |
| Net debt, Beginning of year | <u>(1,250,094,112)</u> | <u>(1,250,094,112)</u> | <u>(1,341,583,629)</u> |
| Net debt, End of year | <u>(1,018,373,502)</u> | <u>(799,172,168)</u> | <u>(1,250,094,112)</u> |

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

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Cash Flows

For the year ended December 31, 2018

| | 2018 | 2017 |
|---|---------------------------|---------------------------|
| | \$ | \$ |
| Operating | | |
| Annual surplus | 519,663,622 | 498,191,324 |
| Items not involving cash: | | |
| Amortization | 274,971,937 | 241,457,738 |
| Loss on disposal of tangible capital assets | 1,378,910 | 3,534,800 |
| Contributed assets | - | (14,605,811) |
| Changes in non-cash assets and liabilities: | | |
| Accounts receivable | (25,477,595) | (27,961,818) |
| Accounts payable and accrued liabilities | (48,346,851) | 44,448,577 |
| Employee benefit obligations | 20,414,616 | 21,267,152 |
| Deferred revenue | 73,654,335 | (95,029,597) |
| Deferred revenue-obligatory reserve funds | (45,856,302) | 88,929,471 |
| Inventory | (1,157,971) | (106,303) |
| Prepaid expenses | (1,009,727) | (463,125) |
| Net change in cash and cash equivalents from operations | <u>768,234,974</u> | <u>759,662,408</u> |
| Capital | | |
| Acquisition of tangible capital assets | (344,054,183) | (643,378,191) |
| Proceeds on disposal of tangible capital assets | 1,129,356 | 6,859,085 |
| Net change in cash and cash equivalents from capital | <u>(342,924,827)</u> | <u>(636,519,106)</u> |
| Investing | | |
| Net change in investments | <u>(518,184,284)</u> | <u>(236,290,635)</u> |
| Financing | | |
| Long-term debt issued | - | 300,000,000 |
| Long-term debt repaid | (19,663,267) | (257,160,788) |
| Net change in cash and cash equivalents from financing | <u>(19,663,267)</u> | <u>42,839,212</u> |
| Net change in cash and cash equivalents | (112,537,404) | (70,308,121) |
| Opening cash and cash equivalents | <u>584,959,230</u> | <u>655,267,351</u> |
| Closing cash and cash equivalents | <u><u>472,421,826</u></u> | <u><u>584,959,230</u></u> |

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

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

1) ACCOUNTING POLICIES

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

a) Basis of Consolidation

- i) The consolidated financial statements reflect the assets, liabilities, revenues and expenses in the operating fund, capital fund, 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. (YTN). 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 related operations are not included in the consolidated financial statements. The financial activities and position of the trust funds and donations received on behalf of the Centres are reported separately in the Residents' Trust Funds and Donation Account Statement of Financial Position, and Statement of Financial Activities.

b) Basis of Accounting

i) Accrual Basis of Accounting

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

ii) Revenues and Expenses

Property tax revenue is recognized on an accrual basis using the approved tax rates and the anticipated assessment in the current year. Other revenues are recognized as they are earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods or services or the creation of a legal obligation to pay.

iii) Cash and Cash Equivalents

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

iv) Investments

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

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

There are no write downs in 2018 (2017 - nil).

v) **Tangible Capital Assets**

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

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

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

vi) **Government transfers**

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

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

vii) **Deferred Revenue**

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

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

viii) **Deferred Revenue - Obligatory Reserve Funds**

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

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

ix) **Employee benefit liabilities**

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

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

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

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

x) **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.

As at December 31, 2018, there are no sites that meet the recognition criteria and no liability is recorded (2017 – nil).

xi) **Reserves and Reserve Funds**

Reserves are 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.

xii) **Segment Disclosure**

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

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

xiii) 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, liability for contaminated sites, and claims provisions.

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

c) Adoption of New Accounting standards

The following standards issued by PSAB were effective January 1, 2018. The implementation of these standards had no impact on the annual surplus, net debt or accumulated surplus.

i) PS 2200 – Related Party Transaction

PS 2200 defines a related party and establishes disclosures required for related party transactions. Disclosure is required when transactions or events between related parties occur at a value different from what would have been arrived at if the parties were not related and the transaction could have a material financial impact on the financial statements.

ii) PS 3210 – Assets

PS 3210 provides additional guidance for applying the definition of an asset and further expands the definition as it relates to control. It also includes disclosure requirements related to assets not recorded on the financial statements (Note 13).

iii) PS 3320 – Contingent Assets

PS 3320 defines contingent assets as possible assets arising from situations involving uncertainty and establishes disclosure requirements (Note 9).

iv) PS 3380 – Contractual Rights

PS 3380 defines contractual rights to future assets and revenue and requires disclosure of the nature, extend and timing of the contracts (Note 9).

v) PS 3420 – Inter-entity Transactions

PS 3420 provides guidance on how to account for transactions between public sector entities that comprise a government's reporting entity.

d) Future Changes in Accounting Standards

The following standards issued by PSAB will be effective January 1, 2019:

i) PS 3430 – Restructuring Transactions

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

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2018

2) BUDGET FIGURES

Budget figures presented in these consolidated financial statements are based on the Council-approved 2018 budget. In the Statement of Operations, some accrual budget numbers have been reallocated for comparability purposes. The following table reconciles the approved budget with the budget figures as presented in these consolidated financial statements using the accrual basis of accounting.

| | <u>\$ ('000s)</u> |
|--|-------------------|
| Revenues | |
| Approved budget | 3,042,463 |
| Transfer from reserve funds | (416,649) |
| Reclassification of investment income | 58,942 |
| Metrolinx projects | 147,761 |
| Consolidated entities | <u>15,395</u> |
| Total revenues | 2,847,912 |
| Expenses | |
| Approved budget | 3,042,463 |
| Transfer to reserve funds | (443,509) |
| Acquisition of tangible capital assets | (677,473) |
| Debt principal repayments | (145,032) |
| Reclassification of revenue | 58,942 |
| Amortization | 263,478 |
| Post employment benefits | 10,533 |
| Metrolinx projects | 85,657 |
| Consolidated entities | <u>7,137</u> |
| Total expenses | <u>2,202,196</u> |
| Annual surplus | <u>645,716</u> |

3) TAX REVENUE

Tax revenue of \$1,095 million (2017 - \$1,043 million) is comprised of \$1,069 million (2017 - \$1,023 million) in general tax levy and \$26 million (2017 - \$20 million) of other tax amounts.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2018

4) INVESTMENTS

Included in cash and cash equivalents are short-term investments of \$5,600,000 (2017 - \$230,000,000) with a market value of \$5,599,328 (2017 - \$230,000,000).

Long-term investments of \$3,327,326,728 (2017 - \$2,809,142,444) have a market value of \$3,326,449,110 (2017 - \$2,820,566,682).

Cash and cash equivalents and long-term investments include \$386,668,255 (2017 - \$432,524,557) of restricted funds as required under legislation to fund obligatory reserve funds.

The yields on investments held range from 1.24% to 4.17% (1.21% to 4.17% in 2017).

5) ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

| | 2018 | 2017 |
|---------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Government of Canada | 34,299,039 | 40,033,597 |
| Government of Ontario | 25,857,359 | 20,689,203 |
| Other Municipalities | 172,426,349 | 151,235,541 |
| Others | 95,827,634 | 90,974,445 |
| | <u>328,410,381</u> | <u>302,932,786</u> |
| Less: Allowance for Doubtful Accounts | - | - |
| | <u>328,410,381</u> | <u>302,932,786</u> |

Accounts receivable are assessed for collectability on an annual basis. In 2018, \$68,950 was deemed uncollectable and written off (2017 - \$98,520).

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

6) EMPLOYEE BENEFIT LIABILITIES

The amounts represent liabilities established for accrual accounting purposes expected to be settled in future periods. In some cases, reserves have been established to fund these amounts. In other cases, the liabilities are to be funded from future years' budgetary allocations. Net increase in the total amount is \$20,414,616.

| | 2018 | 2017 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Post employment benefits (c) | 88,984,669 | 81,367,969 |
| Vested sick leave benefits (a) | 37,557,723 | 35,859,794 |
| Long-term disability claims (e) | 40,723,403 | 36,442,733 |
| Workplace Safety and Insurance Board (WSIB) (d) | 32,324,939 | 26,801,862 |
| Vacation payable | 22,362,358 | 21,066,118 |
| | <u>221,953,092</u> | <u>201,538,476</u> |

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2018

Actuarial valuations:

The following table sets out the accrued benefit liability for each plan as at December 31, 2018.

| | Post employment benefits \$ | Vested sick leave benefits \$ | Long term disability \$ | WSIB \$ | 2018 total \$ |
|---|--------------------------------------|-------------------------------------|-------------------------------|-------------|------------------|
| Accrued benefit liability, beginning of year | 81,367,969 | 35,859,794 | 36,442,733 | 26,801,862 | 180,472,358 |
| Current service cost | 5,227,693 | 3,326,486 | 7,060,227 | 6,246,185 | 21,860,591 |
| Amortization of loss | 1,557,254 | 954,150 | 2,092,598 | 2,540,601 | 7,144,603 |
| Interest cost | 3,748,454 | 1,437,325 | 1,566,830 | 1,906,576 | 8,659,185 |
| Benefit payments | (2,916,701) | (4,020,032) | (6,438,985) | (5,170,285) | (18,546,003) |
| Accrued benefit liability, end of year | 88,984,669 | 37,557,723 | 40,723,403 | 32,324,939 | 199,590,734 |

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

| | Post employment and sick leave | Long term disability | WSIB |
|------------------------------------|-----------------------------------|----------------------|-------|
| Expected inflation rate | 1.75% | 1.75% | 1.75% |
| Expected level of salary increases | 2.75% | 2.75% | 2.75% |
| Interest discount rate | 3.75% | 3.50% | 3.75% |
| Future health care cost rate | 4.92% | N/A | 4.50% |

a) Liability for Vested Sick Leave Benefits

Regional Operations

Commencing in 2000, the accumulated sick leave plan was replaced by a Short-term Disability plan for employees in Regional Operations. Under the plan, employees with five or more years of service were given the option of receiving a cash payout of fifty percent of the balance in their sick leave bank as at December 31, 1999 or deferring payment until termination of employment with the Region. The estimated actuarial value of the liability of the accumulated days for employees who chose the deferral option is \$244,618 (2017 - \$412,129) at the end of the year. Employees who had less than five years of service at December 31, 1999 were given the option on the fifth anniversary of their hire date to either receive payment for the value of accumulated sick days as at December 31, 1999 or defer payment until termination of their employment with the Region. A reserve has been established for the past service liability and is reported in the Consolidated Statement of Financial Position. The reserve balance at December 31, 2018 is \$5,887,958 (2017 - \$6,051,490).

Police Services

For members hired before July 22, 2013, the sick leave benefit plan provides for an accumulative unused sick leave bank. After five years of service, members are entitled to a cash payment of one-half of the sick bank balance to a maximum of six months salary when they leave the municipality's employ. Members were also provided with an election to opt for a cash settlement of one-half of their sick banks 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 REGIONAL MUNICIPALITY OF YORK
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December 31, 2018

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 \$37,313,105 (2017 - \$35,447,665). A reserve was established to provide for a portion of the Police Services past service liability and the balance at the end of the year is \$0 (2017 - (\$4,338,704)) and is included in accumulated surplus in the Consolidated Statement of Financial Position.

An independent actuarial valuation report dated November 17, 2017 estimates the liability for both Regional operations and police services at \$37,557,723 (2017 - \$35,859,794).

b) Pension Agreement

The Region contributes to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan on behalf of approximately 6,115 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 2018, employer contribution amounts to \$60,753,605 (2017 - \$59,315,711) and is recorded as an expense in the Consolidated Statement of Operations. Employee contributions also amount to \$60,753,605 (2017 - \$59,315,711).

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, 2018.

c) Post-Employment Benefits

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

An independent actuarial valuation dated November 17, 2017 estimates the liability of these benefits to be \$88,984,669 (2017 - \$81,367,969), which is reported in the Consolidated Statement of Financial Position.

d) Workplace Safety and Insurance Board

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

An independent actuarial valuation dated January 31, 2017 estimates the liability for all claims incurred to December 31, 2018 to be \$32,324,939 (2017 - \$26,801,862), which is reported in the Consolidated Statement of Financial Position. The unamortized actuarial loss as at December 31, 2018 is \$20,961,612 (2017 - \$23,502,213).

e) Long-Term Disability Self-Funding Arrangement

In October 2002, the Region adopted a self-insured arrangement for its long-term disability benefit program (LTD). Under this arrangement, the Region funds its own claims through a segregated reserve and contracts with an insurance carrier to adjudicate and administer all claims on an Administrative Services Only (ASO) basis. An independent actuarial valuation dated January 31, 2017 estimates the liability for claims incurred to be \$40,723,403 (2017 - \$36,442,733) as at December 31, 2018, which is reported in the Consolidated Statement of Financial Position.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2018

7) DEFERRED REVENUE

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

| | Balance at Dec 31, 2017 | Inflows | Transferred out | Balance at Dec 31, 2018 |
|----------------------------------|----------------------------|--------------------|----------------------|----------------------------|
| | \$ | \$ | \$ | \$ |
| Deferred capital grants | 56,410,978 | 439,659,358 | (375,793,937) | 120,276,399 |
| Security deposits and agreements | 19,240,618 | 76,701,663 | (66,544,891) | 29,397,390 |
| Other | 11,478,460 | 19,230,720 | (19,598,578) | 11,110,602 |
| Total deferred revenue-general | <u>87,130,056</u> | <u>535,591,741</u> | <u>(461,937,406)</u> | <u>160,784,391</u> |
| Development charges | 372,311,579 | 439,874,364 | (474,241,470) | 337,944,473 |
| Gas tax | 60,212,978 | 50,703,913 | (62,193,109) | 48,723,782 |
| Total obligatory reserve funds | <u>432,524,557</u> | <u>490,578,277</u> | <u>(536,434,579)</u> | <u>386,668,255</u> |

8) LONG-TERM LIABILITIES

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

| | 2018 \$ | 2017 \$ |
|--|-----------------------------|----------------------|
| Long-term liabilities incurred by the Region including those incurred on behalf of local municipalities and outstanding at the end of the year | 2,846,380,565 | 2,987,290,725 |
| Sinking fund debenture debt | 717,422,170 | 565,658,041 |
| Mortgages payable by Housing York Inc. | <u>51,207,476</u> | <u>57,152,560</u> |
| Gross long-term liabilities | 3,615,010,211 | 3,610,101,326 |
| Less: Recoverable from area municipalities | <u>175,289,246</u> | <u>150,717,094</u> |
| Net long-term liabilities at the end of the year | <u>3,439,720,965</u> | <u>3,459,384,232</u> |

The total gross amount of the long-term liabilities to be retired by sinking funds is \$2,632,577,782 (2017 - \$2,784,341,927). The amount of sinking fund assets is \$717,422,170 (2017 - \$565,658,041). Long-term liabilities are financed through a combination of development charges, water and sewer rates, and tax levy.

Interest rates and maturity dates for the debts range from 2.0% to 6.52% and from April 2019 to December 2051.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2018

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

| | |
|--|------------------------|
| 2019 | \$183,796,735 |
| 2020 | 279,932,869 |
| 2021 | 409,615,301 |
| 2022 | 126,413,994 |
| 2023 | 123,723,142 |
| Thereafter | 1,901,796,503 |
| Net sinking fund debt repayable according to actuarial recommendations | <u>414,442,421</u> |
| | <u>\$3,439,720,965</u> |

c) Charges for Net Long-term Liabilities

Total interest charges for the year for net long-term liabilities which are included in the Consolidated Statement of Operations are \$127,022,866 (2017 - \$129,392,486).

9) CONTRACTUAL RIGHTS / CONTINGENT ASSETS

a) **Contractual Rights**

The Region has rights to economic resources arising from contracts or agreements entered into before December 31, 2018. The rights will become assets and revenues 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 to be held as collateral for future development charges. Currently, the Region securely holds 44 L/Cs of \$91 million.
- An agreement with Metrolinx to fund the construction of bus rapidways. The remaining funding Metrolinx has guaranteed the Region is approximately \$446 million.
- Rights to transit advertisement, solar revenue and other lease revenue. Future revenue from these sources for the next 5 years are approximately as follows:

| | |
|------|-------------|
| 2019 | \$3,596,000 |
| 2020 | 3,383,000 |
| 2021 | 2,327,000 |
| 2022 | 1,922,000 |
| 2023 | 1,880,000 |

b) **Contingent Assets**

The Region, in the course of its operations, has made claims against others. The claims are in an early stage and an estimate of any payment to the Region is not estimable.

10) CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

The Region has agreements to purchase water from the City of Toronto and the Region of Peel under two separate long term water supply agreements. Payments in respect of these agreements amounted to \$25,191,412 (2017 - \$24,689,868) for purchased water from the City of Toronto and \$19,023,670 (2017 - \$17,876,707) for the Region of Peel. Payments under these agreements are financed by user rates charged to area municipalities based on consumption.

b) Operating Leases

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

| | |
|------|----------|
| 2019 | \$12,517 |
| 2020 | 12,102 |
| 2021 | 9,599 |
| 2022 | 8,258 |
| 2023 | 8,299 |

c) York Rapid Transit Plan

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

d) Yonge Subway Extension (YSE) Project

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

For the current phase of preliminary design and engineering (PDE), the provincial government committed \$55.0 million and York Region committed 100% of its federal share, \$36.3 million, of the Public Transit Infrastructure Fund (PTIF) phase one funding, for a total \$91.3 million under the YSE PDE memorandum of understanding (MOU).

The \$36.3 million of funding committed by the Region builds on the \$4.1 million the Region already provided to complete the YSE conceptual design.

e) York Region Hospitals Capital Funding

In 2009, Council approved a memorandum of understanding (MOU) between the Region and York regional hospitals which provides direction for capital funding of the four regional hospitals from 2009 to 2031. Under the MOU, the Region provides funding for approved projects and their associated approved eligible costs. Total capital distributions to Markham Stouffville Hospital, Southlake Regional Health Centre, Vaughan Health Campus of Care and Mackenzie Health amount to approximately \$344 million over the period of the MOU. The reserve balance at December 31, 2018 is \$68,449,984 (2017 - \$54,734,988).

11) CONTINGENT LIABILITIES

a) **Public Liability Insurance**

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

The Region estimates that the liability as at December 31, 2018 for all outstanding public liability claims is \$6,580,835 (2017 - \$7,130,990). The total reserve available for public liability and environmental impairment is \$23,877,186 (2017 - \$20,332,066).

b) **Other Contingencies**

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

12) PROVINCIAL OFFENCES ADMINISTRATION

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

Gross revenue is comprised primarily of fines levied under Part I, II and III (including delay penalties) for POA charges. The total revenue for 2018 amounts to \$22,665,795 (2017 - \$21,942,116) and the net revenue amounts to \$3,650,124 (2017 - \$2,183,364). Balances arising from operation of the POA offices are consolidated with these financial statements.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2018

13) TANGIBLE CAPITAL ASSETS

| Cost | Balance at | | | Balance at |
|----------------------------|-----------------------|--------------------|---------------------|-----------------------|
| | December 31 | Additions | Disposals | December 31 |
| | 2017 | | | 2018 |
| | \$ | \$ | \$ | \$ |
| Land | 498,507,588 | 10,263,878 | - | 508,771,466 |
| Land improvements | 365,811,630 | 12,270,847 | - | 378,082,477 |
| Buildings | 2,505,261,981 | 87,720,792 | (317,000) | 2,592,665,773 |
| Equipment and machinery | 792,466,338 | 40,551,599 | (11,413,438) | 821,604,499 |
| Vehicles | 395,860,173 | 35,410,941 | (15,837,360) | 415,433,754 |
| Transit infrastructure | 471,405,128 | 4,126,649 | - | 475,531,777 |
| Roads infrastructure | 1,960,074,253 | 94,806,541 | (5,836,580) | 2,049,044,214 |
| Water/sewer infrastructure | 1,987,791,249 | 92,628,217 | - | 2,080,419,466 |
| Assets under construction | 1,346,101,790 | (33,725,281) | - | 1,312,376,509 |
| Total | 10,323,280,130 | 344,054,183 | (33,404,378) | 10,633,929,935 |

| Accumulated amortization | Balance at | | | Balance at |
|---------------------------------|----------------------|---------------------|--------------------|----------------------|
| | December 31 | Disposals | Amortization | December 31 |
| | 2017 | | expenses | 2018 |
| | \$ | \$ | \$ | \$ |
| Land improvements | 119,644,483 | - | 17,596,720 | 137,241,203 |
| Buildings | 690,888,509 | (303,967) | 70,276,886 | 760,861,428 |
| Equipment and machinery | 338,983,613 | (11,413,138) | 48,650,518 | 376,220,993 |
| Vehicles | 207,361,487 | (13,384,065) | 35,286,759 | 229,264,181 |
| Transit infrastructure | - | - | 12,513,994 | 12,513,994 |
| Roads infrastructure | 829,959,541 | (5,794,942) | 67,464,724 | 891,629,323 |
| Water/sewer infrastructure | 203,200,932 | - | 23,182,336 | 226,383,268 |
| Total | 2,390,038,565 | (30,896,112) | 274,971,937 | 2,634,114,390 |

| | Net book value | |
|----------------------------|----------------------|----------------------|
| | December 31 | December 31 |
| | 2017 | 2018 |
| | \$ | \$ |
| Land | 498,507,588 | 508,771,466 |
| Land improvements | 246,167,147 | 240,841,274 |
| Buildings | 1,814,373,472 | 1,831,804,345 |
| Equipment and machinery | 453,482,725 | 445,383,506 |
| Vehicles | 188,498,686 | 186,169,573 |
| Transit infrastructure | 471,405,128 | 463,017,783 |
| Roads infrastructure | 1,130,114,712 | 1,157,414,891 |
| Water/sewer infrastructure | 1,784,590,317 | 1,854,036,198 |
| Assets under construction | 1,346,101,790 | 1,312,376,509 |
| Total | 7,933,241,565 | 7,999,815,545 |

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2018

The Region did not receive contributed assets from external parties in 2018 (2017 - \$15 million).

There were no write-downs of tangible capital assets in 2018 (2017 – nil).

Unrecognized Assets

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

14) ACCUMULATED SURPLUS

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

| | 2018 | 2017 |
|---|---------------|---------------|
| | \$ | \$ |
| Surplus | | |
| Invested in tangible capital assets | 3,981,490,126 | 3,913,780,394 |
| Investments in related entities | 240,446,484 | 219,977,153 |
| | 4,221,936,610 | 4,133,757,547 |
| Reserves and Reserve Funds | | |
| Sinking fund | 707,851,702 | 557,518,906 |
| Roads infrastructure | 600,950,908 | 527,534,992 |
| Capital replacement-water and sewer | 319,534,386 | 220,009,283 |
| Debt reduction | 166,179,414 | 185,700,852 |
| Facilities rehabilitation and replacement | 140,855,297 | 122,233,559 |
| Regionally owned housing | 130,247,548 | 112,606,917 |
| Social housing development | 100,073,135 | 104,625,391 |
| Equipment/vehicle replacement | 87,190,096 | 75,299,988 |
| Transit vehicle replacement | 78,805,770 | 67,177,408 |
| Solid waste management | 78,425,422 | 77,352,077 |
| Hospital financing | 68,449,984 | 54,734,988 |
| Tax stabilization | 60,166,354 | 59,751,562 |
| Capital reserve fund | 58,384,889 | 59,367,624 |
| Non-profit housing capital | 57,391,392 | 50,826,433 |
| Workers' compensation | 53,286,551 | 36,812,115 |
| Fiscal stabilization | 47,306,623 | 46,042,019 |
| Long-term disability | 46,644,022 | 44,645,347 |
| Working capital | 44,552,211 | 45,052,211 |
| Rates stabilization | 33,211,571 | 22,334,004 |
| Insurance | 23,877,186 | 20,332,066 |
| IT development | 20,405,742 | 20,741,514 |
| Fuel cost stabilization | 15,666,527 | 13,407,137 |

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2018

| | 2018 | 2017 |
|---------------------------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| Roads capital | 13,132,741 | 7,625,996 |
| Land Bank | 12,196,220 | 11,943,749 |
| Sick leave | 5,887,958 | 1,712,786 |
| Innovation | 5,302,550 | 5,192,783 |
| Group benefits | 4,866,395 | 2,279,024 |
| University campus | 4,179,857 | 3,092,794 |
| Court services | 3,867,143 | 2,814,954 |
| Land securement | 2,834,979 | 2,441,054 |
| Move Ontario | 2,223,358 | 2,139,010 |
| Transit | 1,188,226 | 628,231 |
| IT licensing and software development | 1,131,441 | 1,110,846 |
| Green energy | 913,406 | 462,964 |
| Seized funds | 155,326 | 301,187 |
| Total Reserves and Reserve Funds | <u>2,997,336,330</u> | <u>2,565,851,771</u> |
| Total | <u>7,219,272,940</u> | <u>6,699,609,318</u> |

15) SEGMENT DISCLOSURE

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

General Government

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

Protection to persons and property

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

Transportation services

The department operates and delivers regional infrastructure involving roadways, public transit, traffic systems, and bridges 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 and enforcement. Staff members render programs such as land ambulance service, immunization, nutrition, mental health and health inspection.

Community services

Children's Services plans, manages and coordinates a Region-wide child care services. Long Term Care operates long-term care facilities for seniors. The Ontario Works and Ontario Disability 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 waiting 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 a long-term comprehensive approach to planning and development processes to ensure the efficient use of land and community infrastructure. Services include long-range capital planning, development review, road occupancy permits and inspection services. It also includes the activities of a wholly-owned entity, YTN Telecom Network Inc. which offers access to communications infrastructure.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2018

| | General government | Protection to persons and property | Transportation services | Environmental services | Health and emergency services |
|--------------------------|-----------------------|--|----------------------------|---------------------------|-------------------------------------|
| Revenues | | | | | |
| Net taxation | 1,095,110,525 | - | - | - | - |
| User charges | - | - | - | 316,536,359 | - |
| Transfer payments | 1,670,556 | 14,622,639 | 168,954,980 | 29,434,972 | 92,161,026 |
| Development charges | 7,204,291 | 10,923,431 | 203,085,239 | 239,520,906 | 8,748,318 |
| Fees and services | 5,529,532 | 34,177,229 | 96,347,082 | 15,354,892 | 545,987 |
| Investment income | 68,651,950 | - | - | - | - |
| Other | 456,388 | 2,246,781 | 23,226,492 | (934,716) | 142,363 |
| | <u>1,178,623,242</u> | <u>61,970,080</u> | <u>491,613,793</u> | <u>599,912,413</u> | <u>101,597,694</u> |
| Expenses | | | | | |
| Salaries and benefits | 90,323,744 | 322,733,819 | 61,277,392 | 56,156,471 | 121,585,091 |
| Interest payments | 312,864 | 3,784,897 | 20,775,055 | 98,832,443 | 228,007 |
| Operating expenses | 25,305,593 | 39,034,786 | 315,728,301 | 344,668,885 | 19,723,066 |
| Government transfers | 433,955 | 6,167,000 | 2,196,982 | 11,350,636 | 3,332,624 |
| Amortization | 16,337,511 | 12,764,972 | 134,384,124 | 97,707,006 | 4,452,512 |
| | <u>132,713,667</u> | <u>384,485,474</u> | <u>534,361,854</u> | <u>608,715,441</u> | <u>149,321,300</u> |
| Annual Surplus (Deficit) | <u>1,045,909,575</u> | <u>(322,515,394)</u> | <u>(42,748,061)</u> | <u>(8,803,028)</u> | <u>(47,723,606)</u> |

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2018

| | Community services | Social housing | Planning and economic development | Total 2018 | Total 2017 |
|--------------------------|-----------------------|---------------------|---|----------------------|----------------------|
| Revenues | | | | | |
| Net taxation | - | - | - | 1,095,110,525 | 1,042,649,817 |
| User charges | - | - | - | 316,536,359 | 278,893,236 |
| Transfer payments | 257,389,166 | 40,965,947 | 338,282 | 605,537,568 | 550,678,180 |
| Development charges | - | 3,748,138 | 1,011,147 | 474,241,470 | 283,713,949 |
| Fees and services | 5,543,463 | 21,714,369 | 4,845,379 | 184,057,933 | 198,528,964 |
| Investment income | - | - | - | 68,651,950 | 71,288,620 |
| Other | 1,025,062 | 982,069 | - | 27,144,439 | 95,242,118 |
| | <u>263,957,691</u> | <u>67,410,523</u> | <u>6,194,808</u> | <u>2,771,280,244</u> | <u>2,520,994,884</u> |
| Expenses | | | | | |
| Salaries and benefits | 87,641,142 | 12,123,993 | 10,931,441 | 762,773,093 | 733,718,847 |
| Interest payments | - | 3,089,600 | - | 127,022,866 | 129,392,486 |
| Operating expenses | 184,977,317 | 65,983,775 | 860,543 | 996,282,266 | 824,881,219 |
| Government transfers | 66,919,263 | - | 166,000 | 90,566,460 | 93,353,270 |
| Amortization | 1,625,659 | 7,697,314 | 2,839 | 274,971,937 | 241,457,738 |
| | <u>341,163,381</u> | <u>88,894,682</u> | <u>11,960,823</u> | <u>2,251,616,622</u> | <u>2,022,803,560</u> |
| Annual Surplus (Deficit) | <u>(77,205,690)</u> | <u>(21,484,159)</u> | <u>(5,766,015)</u> | <u>519,663,622</u> | <u>498,191,324</u> |

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2018

16) TRANSFER PAYMENT REVENUE

| | 2018 | 2017 |
|-------------------------|--------------------|--------------------|
| | \$ | \$ |
| Provincial grants | | |
| Child care | 149,458,235 | 113,326,502 |
| Transit | 121,016,326 | 158,588,383 |
| Social assistance | 90,347,386 | 81,384,321 |
| Public health | 50,243,872 | 41,472,516 |
| Ambulance | 41,917,154 | 39,702,410 |
| Housing | 31,476,848 | 24,316,553 |
| Services for seniors | 17,380,869 | 16,479,099 |
| Police | 14,618,257 | 13,405,750 |
| Environmental Services | 9,811,065 | - |
| Roadways | 249,018 | 60,000 |
| Other | 2,090,719 | 508,327 |
| | <u>528,609,749</u> | <u>489,243,861</u> |
| | | |
| Federal grants | | |
| Gas tax | 46,870,232 | 51,500,925 |
| Environmental Services | 19,623,906 | - |
| Housing | 9,489,100 | 9,545,516 |
| Transit | 508,868 | 52,644 |
| Social assistance | 202,677 | 314,060 |
| Other | 233,036 | 21,174 |
| | <u>76,927,819</u> | <u>61,434,319</u> |
| | | |
| Total transfer payments | <u>605,537,568</u> | <u>550,678,180</u> |

17) COMPARATIVE FIGURES

Certain 2017 comparative figures have been reclassified to conform to the current presentation.

SINKING FUND

STATEMENT OF FINANCIAL POSITION,

FINANCIAL ACTIVITIES

AND

CHANGE IN FUND BALANCE

2018



Placeholder for Auditor's Report

THE REGIONAL MUNICIPALITY OF YORK
Sinking Fund Statement of Financial Position

As at December 31, 2018

| | 2018 | 2017 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash | 11,739,447 | 27,597,470 |
| Investments – at amortized cost (Note 1) | 703,980,395 | 538,007,772 |
| Interest receivable | 2,149,494 | 699,938 |
| Total Assets | 717,869,336 | 566,305,180 |
| Liabilities | | |
| Actuarial requirement for retirement of the Sinking Fund (Note 2) | 694,117,116 | 543,066,355 |
| Fund balance | 23,752,220 | 23,238,825 |
| Total Liabilities and Fund Position | 717,869,336 | 566,305,180 |

THE REGIONAL MUNICIPALITY OF YORK
Sinking Fund Statement of Financial Activities and Change in Fund Balance

For the year ended December 31, 2018

| | Budget | 2018 | 2017 |
|------------------------------------|---------------|-------------------|---------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Contributions from: | | | |
| Area Municipalities | 1,284,333 | 1,284,333 | 3,950,360 |
| Regional Corporation | 132,052,800 | 132,052,800 | 142,490,197 |
| Total contributions | 133,337,133 | 133,337,133 | 146,440,557 |
| Interest and capital gains | 17,713,627 | 18,427,012 | 20,253,978 |
| Total revenues | 151,050,760 | 151,764,145 | 166,694,535 |
| Expenses | | | |
| Actuarial requirement for the year | (151,050,760) | (151,250,750) | (161,487,973) |
| Payments to Area Municipalities | - | - | (23,854) |
| Change in Fund Balance | - | 513,395 | 5,182,708 |
| Opening Fund Balance | 23,238,825 | 23,238,825 | 18,056,117 |
| Closing Fund Balance | 23,238,825 | 23,752,220 | 23,238,825 |

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

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Sinking Fund Financial Statements
December 31, 2018

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

1) INVESTMENTS

All investments are purchased with the intention of holding them until maturity. They are recorded at cost, price adjusted annually for amortization of discount or premium on a present value basis as determined at the time of purchase with the amount of such amortization included in the interest earned on the Statement of Financial Activities and Change in Fund Balance. The investments have a market value of \$710,657,988 (2017 - \$541,294,059).

2) ACTUARIAL REQUIREMENTS

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

RESIDENTS'
TRUST FUNDS AND DONATION ACCOUNT
STATEMENT OF FINANCIAL POSITION
AND
FINANCIAL ACTIVITIES
2018



Placeholder for Auditor's Report

THE REGIONAL MUNICIPALITY OF YORK
Residents' Trust Funds and Donation Account
Statement of Financial Position
As at December 31, 2018

| | Trust | Donation | 2018 | 2017 |
|-------------------------|----------------|---------------|-----------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Cash | 176,861 | 36,733 | 213,594 | 246,753 |
| Residents' petty cash | 6,500 | - | 6,500 | 6,500 |
| Total Assets | <u>183,361</u> | <u>36,733</u> | <u>220,094</u> | <u>253,253</u> |
| Fund Balances | <u>183,361</u> | <u>36,733</u> | <u>220,094</u> | <u>253,253</u> |

THE REGIONAL MUNICIPALITY OF YORK
Residents' Trust Funds and Donation Account
Statement of Financial Activities
For the year ended December 31, 2018

| | Trust | Donation | 2018 | 2017 |
|----------------------------------|-----------------|---------------|------------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Fund balances, beginning of year | 215,729 | 37,524 | 253,253 | 246,403 |
| Source of funds: | | | | |
| Deposits on behalf of residents | 367,431 | 361 | 367,792 | 382,092 |
| Interest earned on deposits | - | 686 | 686 | 519 |
| | 367,431 | 1,047 | 368,478 | 382,611 |
| Use of funds: | | | | |
| Withdrawals | (399,799) | (1,838) | (401,637) | (375,761) |
| Net activity | <u>(32,368)</u> | <u>(791)</u> | <u>(33,159)</u> | 6,850 |
| Fund balances, end of year | <u>183,361</u> | <u>36,733</u> | <u>220,094</u> | <u>253,253</u> |

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

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Residents' Trust Funds and Donation Account
Statement of Financial Position and Financial Activities
December 31, 2018

1) ACCOUNTING POLICIES

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

2) BASIS OF ACCOUNTING

- a) Cash and investments are recorded at cost.
- b) Deposits on behalf of 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.