

Clause 4 in Report No. 2 of Audit Committee was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 29, 2017.

4

2016 Financial Statements and Auditor's Report

Audit Committee recommends adoption of the following recommendation contained in the report dated May 25, 2017 from the Commissioner of Finance :

1. Council receive this report for information.
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Report dated May 25, 2017 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that Council receive this report for information.

2. Purpose

This report provides information to Council on the 2016 financial activities of the Region as required by the Municipal Act, 2001.

3. Background

Municipalities are required to prepare financial statements and report them to Council

Under the Municipal Act, 2001, municipalities must:

1. Prepare financial statements in accordance with generally accepted accounting principles
2. Report the financial affairs of the municipality to Council
3. Appoint a licensed auditor who is responsible for auditing the accounts and transactions of the municipality annually and expressing an opinion on the municipality's financial statements

4. Analysis and Implications

The auditor's opinion on the 2016 financial statements is free of any qualifications or conditions

The consolidated financial statements were prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board (PSAB). The statements include financial activities of the Region and all entities that are accountable to and controlled by the Region, including Housing York Inc. and the York Region Rapid Transit Corporation.

KPMG LLP conducted the annual audit in accordance with generally accepted auditing standards. The 2016 Auditor's Report reflects KPMG's opinion that the financial statements present fairly, in all material respects, the financial position of the Region in accordance with generally accepted accounting principles. The audit opinion was issued without reservation or condition.

Key financial results for 2016 are highlighted below.

Financial assets increased by \$318M from 2015

Financial Assets are cash and assets that can be converted to cash in a short period of time. Cash on hand, investments and accounts receivable are examples of financial assets.

Total Financial Assets increased by \$318M or 9 per cent from 2015, as summarized in Table 1.

Table 1
Summary of Financial Assets Increase

	\$ (millions)
Cash and cash equivalents	162
Investments	255
Accounts receivable	(72)
Amounts recoverable from local municipalities	<u>(27)</u>
	318

Both Cash and cash equivalents and Investments increased mainly from cash inflows from investment income (\$88M), transfer payment advances (\$121M), development charges collected (\$62M) and sinking fund contributions (\$137M). A greater proportion of financial assets are held in cash and cash equivalents to align with the Region's operational needs and investment strategy.

The decrease in accounts receivable reflects smaller amounts outstanding for provincial transfer payments and HST recoveries at the end of 2016. This is partially offset by increases in water/sewer rate billings and property tax receivables outstanding from local municipalities.

In 2016, the Region collected \$27M (net) from local municipalities to repay debt on their behalf, resulting in a decrease in the balance recoverable by the Region.

Liabilities increased by \$222M from 2015

Liabilities include accounts payable and accrued liabilities, employee benefit obligations, deferred revenue and long-term debt. Total liabilities increased by \$222M or 5 per cent from 2015, as summarized in Table 2.

Table 2
Summary of Liabilities increase

	\$ (millions)
Accounts payable and accrued liabilities	(100)
Employee benefit obligations	19
Long-term liabilities	109
Sinking fund debenture debt	14
Deferred revenue	<u>180</u>
	222

Accounts payable and accrued liabilities decreased by \$100M or 12 per cent from 2015. Amounts outstanding to vendors decreased from the prior year in alignment with the Region's budgeted capital spending.

Employee benefit obligations increased by \$19M or 12 per cent from 2015 due to increases in actuarial valuations and an anticipated rise in health care costs. Employee benefit obligations include extended health and dental coverage for early retirees, vested sick leave benefits, long-term disability claims, vacation payable and workers' compensation obligations.

Long-term liabilities increased by \$109M or 4 per cent from 2015, which represents net new debt issued in 2016. These amounts include debt issued and repaid on behalf of local municipalities.

Sinking fund debenture debt increased by \$14M or 23 per cent from 2015. This represents an increase in debt that is backed by sinking fund contributions to settle amounts as they become due.

Deferred revenue increased by \$180M or 52 per cent from 2015, as detailed in Table 3. Deferred revenue represents funds received that are set aside for specific purposes at a later date.

Table 3
Summary of Deferred Revenue accounts increase

	\$ (millions)
Development charges	58
Amounts from Metrolinx for future rapid transit development	107
Other provincial funding	<u>15</u>
	180

The increase in deferred revenue is mainly attributable to cash advanced from the Province for Metrolinx projects and development charges collected in excess of amounts spent in 2016.

Net debt decreased by \$96M from 2015

Net debt presented in the financial statements does not represent the amount of debt owed by the Region. Rather, net debt is a commonly accepted accounting term used in the financial statements to define the amount by which the Region's financial liabilities exceed financial assets. Net debt provides a measure of the future revenues required by the Region to pay for past transactions and events.

The Region's net debt decreased in 2016 by \$96M or 7 percent, as the growth in financial assets (\$318M) exceeded the growth in liabilities (\$222M)

Non-financial assets increased by \$413M from 2015

Non-financial assets consist of the Region's tangible capital assets, inventory and prepaid expenses. The Region's non-financial assets increased by \$412M or 5 per cent from 2015, primarily due to the acquisition and construction of new tangible capital assets during 2016.

The net book value of the tangible capital assets reported in the 2016 financial statements is \$7.5B. Net book value is the original cost of the assets less amortization, or estimated usage, since the assets were put into service.

The accumulated surplus increased by \$509M from 2015

The accumulated surplus is the total of past annual surpluses, and indicates the value of the Region's net resources, including tangible capital assets, that can be used to provide future services.

The annual surplus is calculated based on generally accepted accounting principles. It differs from the operating surplus. The latter represents unspent amounts from the operating budget.

The Region's accumulated surplus increased by \$509M or 9 per cent from 2015 to a total of \$6.2B at the end of 2016.

The increase in accumulated surplus has been invested in tangible capital assets and related entities (\$274M), and contributed to reserves and reserve funds such as the sinking fund, capital asset replacement and debt reduction reserves (\$235M).

The Region did not adopt any new accounting standards in 2016

The Finance Department reviewed the Public Sector Accounting Standards updates and determined that no changes to the Region's accounting policies were required in 2016.

5. Financial Considerations

The Region allocated surplus funds totalling \$10M to specific reserves

In accordance with the Council-approved reserve and surplus management policy, the Region allocated \$10M from the operating surplus to the reserves and reserve fund accounts. Table 4 shows how the surplus funds were allocated.

Table 4
Summary of operating surplus allocation

	\$ (millions)
Workers' compensation reserve fund	3.7
Long term disability reserve fund	3.5
Social housing reserve fund	2.2
Working capital reserve	<u>0.6</u>
	10.0

6. Local Municipal Impact

There are no local municipal impacts associated with this report.

7. Conclusion

The 2016 financial statements reflect the financial results and position of the Region, and are presented in accordance with the Municipal Act, 2001 and Public Sector Accounting Board reporting requirements.

For the 19th year in a row, the Region received the Canadian Award for Financial Reporting from the Government Finance Officers Association (GFOA) for its 2015 Financial Statements. The award was given for the Region's high quality financial reporting documents that promote accessibility and understandability of financial information. The 2016 Financial Statements will be submitted for consideration for this award.

For more information on this report, please contact Warren Marshall, Director, Controllership Office, at Ext. 71601.

The Senior Management Group has reviewed this report.

Attachment (1)

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Accessible formats or communication supports are available upon request

**THE
REGIONAL MUNICIPALITY
OF YORK**

2016

**CONSOLIDATED
FINANCIAL
STATEMENTS**

2016 Financial Statements

Table of Contents

- Consolidated Statements of Financial Position, Operations and Accumulated Surplus, Change in Net Debt, Cash Flows, and Notes to the Consolidated Financial Statements
 - Sinking Fund Statements of Financial Position, Financial Activities and Change in Fund Balance, and Notes to the Financial Statements
 - Residents' Trust Fund and Donation Account Statements of Financial Position, Financial Activities and Notes to the Financial Statements
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INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of The Regional Municipality of York, which comprise the statement of financial position as at December 31, 2016, the statements of operations and accumulated surplus, change in net debt, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian public sector accounting standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Regional Municipality of York as at December 31, 2016, the results of its operations and accumulated surplus, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive style and is underlined with a thin horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

May 16, 2017

Vaughan, Canada

THE REGIONAL MUNICIPALITY OF YORK
Consolidated Statement of Financial Position
As at December 31, 2016

	2016	2015
	\$	\$
ASSETS		
Financial Assets		
Cash and cash equivalents (Note 3)	655,267,351	492,937,560
Accounts receivable (Note 4)	241,548,015	313,134,867
Investments (Note 3)	2,572,851,809	2,318,411,139
Debt amounts recoverable from		
Area municipalities (Notes 5 and 9a)	184,140,047	211,070,743
Total	<u>3,653,807,222</u>	3,335,554,309
LIABILITIES		
Accounts payable and accrued liabilities	722,102,674	821,969,382
Employee benefit obligations (Note 5)	180,271,324	161,363,047
Deferred revenue (Note 6)	182,159,653	64,776,623
Deferred revenue-obligatory reserve funds (Note 6)	343,595,086	281,560,316
Gross long-term liabilities (Note 7)	3,567,262,114	3,444,007,911
Total	<u>4,995,390,851</u>	4,773,677,279
Net Debt	(1,341,583,629)	(1,438,122,970)
Non-Financial Assets		
Tangible capital assets (Note 11)	7,527,109,186	7,116,050,341
Inventory	4,993,349	3,937,124
Prepaid expenses	10,899,088	10,476,477
Accumulated Surplus (Note 12)	<u>6,201,417,994</u>	5,692,340,972

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, 2016

	Budget (Note 1b xiii)	2016	2015
	\$	\$	\$
Revenues			
Net taxation/user charges	1,283,338,499	1,277,868,947	1,214,394,680
Transfer payments (Note 14)	671,894,143	489,374,822	651,485,254
Development contributions	303,418,259	283,350,272	281,033,242
Fees and services	125,769,059	169,046,677	144,695,693
Interest and investment	65,622,341	87,903,802	94,804,765
Other	99,757,875	46,815,647	96,473,554
Total Revenues	2,549,800,176	2,354,360,167	2,482,887,188
Expenses			
General government	223,082,872	173,142,398	154,797,376
Protection to persons and property	330,241,222	338,689,482	331,304,851
Transportation services	520,227,321	445,386,414	371,588,836
Environmental services	430,246,692	456,153,002	431,960,462
Health and emergency services	166,537,499	134,538,640	130,264,900
Community services	235,111,153	258,452,173	237,151,372
Social housing	96,723,963	29,629,613	102,864,804
Planning and economic development	9,021,509	9,291,423	8,572,398
Total Expenses	2,011,192,231	1,845,283,145	1,768,504,999
Annual Surplus	538,607,945	509,077,022	714,382,189
Accumulated Surplus, Beginning of Year	5,692,340,972	5,692,340,972	4,977,958,783
Accumulated Surplus, End of Year	6,230,948,917	6,201,417,994	5,692,340,972

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, 2016

	Budget	2016	2015
	\$	\$	\$
Annual surplus	538,607,945	509,077,022	714,382,189
Amortization of tangible capital assets	224,692,941	233,638,361	207,690,044
Proceeds on disposal of tangible capital assets	-	776,362	3,868,496
Change in inventory	-	(1,056,225)	(396,393)
Change in prepaid expenses	-	(422,611)	4,957,423
Loss on disposal of tangible capital assets	-	2,645,444	8,009,444
Acquisition of tangible capital assets	(806,732,000)	(620,787,701)	(808,496,822)
Contributed assets	-	(27,331,311)	-
Decrease/(Increase) in net debt	(43,431,114)	96,539,341	130,014,381
Net debt, Beginning of year	(1,438,122,970)	(1,438,122,970)	(1,568,137,351)
Net debt, End of year	(1,481,554,084)	(1,341,583,629)	(1,438,122,970)

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, 2016

	2016	2015
	\$	\$
Operating		
Annual surplus	509,077,022	714,382,189
Items not involving cash:		
Amortization	233,638,361	207,690,044
Loss on disposal of tangible capital assets	2,645,444	8,009,444
Contributed assets	(27,331,311)	-
Changes in non-cash assets and liabilities:		
Accounts receivable	71,586,852	(55,557,196)
Accounts payable and accrued liabilities	(99,866,708)	13,270,657
Employee benefit obligations	18,908,277	14,920,805
Deferred revenue	117,383,030	(170,444,711)
Deferred revenue-obligatory reserve funds	62,034,770	(22,570,380)
Inventory	(1,056,225)	(396,393)
Prepaid expenses	(422,611)	4,957,423
Net change in cash and cash equivalents from operations	886,596,901	714,261,882
Capital		
Acquisition of tangible capital assets	(620,787,701)	(808,496,822)
Proceeds on disposal of tangible capital assets	776,362	3,868,496
Net change in cash and cash equivalents from capital	(620,011,339)	(804,628,326)
Investing		
Net change in investments	(254,440,670)	101,447,714
Financing		
Long-term debt issued	316,295,700	261,211,269
Long-term debt repaid	(153,037,774)	(47,794,753)
Interest earned on own sinking funds	(13,073,027)	(12,535,252)
Net change in cash and cash equivalents from financing	150,184,899	200,881,264
Net change in cash and cash equivalents	162,329,791	211,962,534
Opening cash and cash equivalents	492,937,560	280,975,026
Closing cash and cash equivalents	655,267,351	492,937,560

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, 2016

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. and York Region Rapid Transit Corporation (YRRTC). All inter-unit 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. 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.

ii) 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.

iii) 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.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

iv) Tangible Capital Assets

Tangible capital assets are 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	
Land	Infinite
Land Improvements	20
Buildings	16-60
Leasehold Improvement	Lease Term
Water and Wastewater-Linear	60-100 by materials
Water and Wastewater-Discrete facilities	16-60 by asset components
Hardware and Software	3-7
Equipment and Machinery	3-30
Vehicles	3-18
Roads (Road surface/Structure)	16/45
Bridges (Deck/Understructure)	25/75
Culverts	60
Level Crossings	40
Intersections	16

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

In 2016, the Region received contributed assets at a cost of \$27 million (2015 - \$0) from an external party.

v) 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.

vi) Deferred Revenue

Funds received 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 which the related services have yet to be performed.

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

vii) Deferred Revenue - Obligatory Reserve Funds

Development charges, collected under the authority of Sections 33 to 35 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.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

viii) 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 income 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.

ix) Liabilities for Contaminated Sites

The Region adopted PS3260 Liability for Contaminated Sites in 2015. The standard requires the recognition of a liability for the remediation of contamination sites in the financial statements when the recognition criteria outlined in the standard are met.

As at December 31, 2016, there are no sites that meet the recognition criteria and no liability is recorded.

x) 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.

xi) 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 12.

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.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

xii) **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 significant 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.

xiii) **Budget Figures**

Budget figures presented in these consolidated financial statements are based on the Council-approved 2016 budget. The following table reconciles the approved budget with the budget figures as presented in these consolidated financial statements using the accrual basis of accounting.

	\$ ('000s)
Revenues	
Approved budget	2,863,652
Transfer from reserve funds	(214,693)
Proceeds of debt issued for Regional purpose	(326,918)
Metrolinx projects	214,198
Consolidated entities	<u>13,561</u>
Total revenues	2,549,800
Expenses	
Approved budget	2,863,652
Transfer to reserve funds	(277,499)
Acquisition of tangible capital assets	(806,732)
Debt principal repayments	(157,137)
Amortization	224,693
Post employment benefits	7,256
Metrolinx projects	149,939
Consolidated entities	<u>7,020</u>
Total expenses	<u>2,011,192</u>
Annual surplus	<u>538,608</u>

2) TAX REVENUE

Tax revenue of \$997 million (2015 - \$957 million) is comprised of \$978 million (2015 - \$935 million) in general tax levy and \$19 million (2015 - \$22 million) of other tax amounts.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

3) INVESTMENTS

Included in cash and cash equivalents are short-term investments of \$120,000,000 (2015 - \$316,000,359) with a market value of \$120,000,000 (2015 - \$316,979,059).

Long-term investments of \$2,784,639,082 (2015 - \$2,318,411,139) have a market value of \$2,813,622,906 (2015 - \$2,377,840,941).

Cash and cash equivalents and long-term investments include \$343,595,086 (2015 - \$281,560,316) of restricted funds as required under legislation to fund obligatory reserve funds.

The yields on investments held range from 1.06% to 4.63% (1.12% to 4.63% in 2015).

4) ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	2016	2015
	\$	\$
Government of Canada	25,688,030	34,640,420
Government of Ontario	28,470,535	53,601,747
Other Municipalities	145,419,209	126,057,820
Others	44,116,515	98,834,880
	<hr/> 243,694,289	313,134,867
Less: Allowance for Doubtful Accounts	2,146,274	<hr/> -
	<hr/> 241,548,015	<hr/> 313,134,867

5) 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 \$18,908,277.

	2016	2015
	\$	\$
Post employment benefits (c)	73,807,880	67,125,398
Vested sick leave benefits (a)	33,275,815	29,854,530
Long-term disability claims (e)	32,939,289	29,286,607
Workplace Safety and Insurance Board (WSIB) (d)	21,137,253	17,310,659
Vacation payable	19,111,087	<hr/> 17,785,853
	<hr/> 180,271,324	<hr/> 161,363,047

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

Actuarial valuations:

The following table sets out the accrued benefit liability for each plan as at December 31, 2016.

	Post employment benefits \$	Vested sick leave benefits \$	Long term disability \$	WSIB \$	2016 total \$
Accrued benefit liability, beginning of year	67,125,398	29,854,530	29,286,607	17,310,659	143,577,194
Current service cost	4,452,578	3,255,773	6,347,288	5,123,611	19,179,250
Amortization of loss	901,197	1,895,696	1,463,876	485,702	4,746,471
Interest cost	3,724,944	2,347,858	1,736,587	1,003,622	8,813,011
Benefit payments	(2,396,237)	(4,078,042)	(5,895,069)	(2,786,341)	(15,155,689)
Accrued benefit liability, end of year	73,807,880	33,275,815	32,939,289	21,137,253	161,160,237

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	2.00%	2.00%	2.00%
Expected level of salary increases	3.00%	3.00%	3.00%
Interest discount rate	4.75%	4.25%	4.50%
Future health care cost rate	4.67%	N/A	6.00%

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 \$495,230 (2015 - \$599,743) 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, 2016 is \$5,929,913 (2015 - \$5,785,011).

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.

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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 \$32,780,585 (2015 - \$29,254,787). 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 -\$3,479,946 (2015 – (\$4,798,991)) and is included in accumulated surplus in the Consolidated Statement of Financial Position.

An independent actuarial valuation report dated April 10, 2015 estimates the liability for both Regional operations and police services at \$33,275,815 (2015 - \$29,854,530).

b) Pension Agreement

The Region contributes to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan on behalf of approximately 5,843 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 2016, employer contribution amounts to \$54,857,900 (2015 - \$52,356,678) and is recorded as an expense in the Consolidated Statement of Operations. Employee contributions also amount to \$54,857,900 (2015 - \$52,356,678).

Because OMERS is a multi-employer plan, the Region does not recognize any share of the pension deficit of \$5.7 billion at December 31, 2016.

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 April 10, 2015 estimates the liability of these benefits to be \$73,807,880 (2015 - \$67,125,398), 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, 2016 to be \$21,137,253 (2015 - \$17,310,659), which is reported in the Consolidated Statement of Financial Position. The unamortized actuarial loss as at December 31, 2016 is \$2,315,980 (2015 - \$2,801,682).

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 \$32,939,289 (2015 - \$29,286,607) as at December 31, 2016, which is reported in the Consolidated Statement of Financial Position.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

6) DEFERRED REVENUE

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

	Balance at Dec 31, 2015	Inflows	Transferred out	Balance at Dec 31, 2016
	\$	\$	\$	\$
Deferred capital grants	45,264,808	611,520,066	(504,092,447)	152,692,427
Security deposits and agreements	10,767,588	52,462,044	(46,701,550)	16,528,082
Other	<u>8,744,227</u>	<u>35,525,114</u>	<u>(31,330,197)</u>	<u>12,939,144</u>
Total deferred revenue-general	<u>64,776,623</u>	<u>699,507,224</u>	<u>(582,124,194)</u>	<u>182,159,653</u>
Development charges	207,706,844	341,347,136	(283,350,272)	265,703,708
Gas tax	<u>73,853,472</u>	<u>47,827,908</u>	<u>(43,790,002)</u>	<u>77,891,378</u>
Total obligatory reserve funds	<u>281,560,316</u>	<u>389,175,044</u>	<u>(327,140,274)</u>	<u>343,595,086</u>

7) LONG-TERM LIABILITIES

Long-term liabilities are comprised of the following items.

	2016 \$	2015 \$
Long-term liabilities incurred by the Region including those incurred on behalf of local municipalities and outstanding at the end of the year	<u>2,880,456,153</u>	2,766,220,205
Sinking fund debenture debt	<u>624,408,506</u>	610,389,226
Mortgage payable by Housing York Inc.	<u>62,397,455</u>	67,398,480
	<u>3,567,262,114</u>	3,444,007,911
Less: Recoverable from area municipalities	<u>184,140,047</u>	<u>211,070,743</u>
Net long-term liabilities at the end of the year	<u>3,383,122,067</u>	<u>3,232,937,168</u>

The total gross amount of the long-term liabilities to be retired by sinking funds is \$2,653,144,918 (2015 - \$2,514,610,834). The amount of sinking fund assets is \$624,408,506 (2015 - \$610,389,226). Long-term liabilities are financed through a combination of development charges, water and sewer rates, and tax levy.

The payment of principal and interest of certain long-term liabilities is the responsibility of local municipalities.

Interest rates and maturity dates for the debts range from 2.0% to 7.25% and from May 30, 2017 to December 1, 2051.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

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

2017	\$172,365,796
2018	138,722,003
2019	358,306,801
2020	245,889,176
2021	375,534,223
Thereafter	1,673,787,368
Net sinking fund debt repayable according to actuarial recommendations	<u>418,516,700</u>
	<u>\$3,383,122,067</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 \$133,613,010 (2015 - \$129,551,761).

8) CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

The Region entered into 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 \$24,223,799 (2015 - \$22,615,008) for purchased water from the City of Toronto and \$19,068,925 (2015 - \$18,228,557) 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:

2017	10,149,000
2018	9,929,000
2019	9,542,000
2020	9,467,000
2021	7,261,000

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Notes to the Consolidated Financial Statements
December 31, 2016

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) **Toronto-York Subway Extension Project**

In 2007, the Region signed an agreement with the City of Toronto and the Toronto Transit Commission to design and construct an extension of the Spadina subway line that will extend from Downsview Station in northwest Toronto into York Region. The subway extension is a part of the Region's Transportation Master Plan which will support economic and residential growth.

In 2016, the project cost has been revised to \$3.2 billion and will be funded by contributions from the Federal Government, the Province of Ontario, the City of Toronto and York Region. The Region's estimated contribution is \$604 million of which \$45.9 million has been paid to the project this year.

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 \$342 million over the period of the MOU.

9) 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 has 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 at the \$100,000 level for several years. The crime policy has a deductible of \$nil while the property and boiler policy each have a deductible of \$50,000 per occurrence.

The Region estimates that the liability as at December 31, 2016 for all outstanding public liability claims is \$7,152,941 (2015 - \$6,137,095). The total reserve available for public liability and environmental impairment is \$24,043,615 (2015 - \$20,506,745).

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.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

10) 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 2016 amounts to \$20,645,959 (2015 - \$18,646,456) and the net revenue amounts to \$513,631 (2015 – \$226,345). 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, 2016

11) TANGIBLE CAPITAL ASSETS

Cost	Balance at December 31			Balance at December 31 2016
	2015	Additions	Disposals	
	\$	\$	\$	
Land	457,162,487	33,482,184	(860,032)	489,784,639
Land improvements	284,087,200	58,762,496	(220,533)	342,629,163
Buildings	1,944,628,737	425,362,262	(1,730,888)	2,368,260,111
Equipment and machinery	716,303,273	94,751,767	(33,520,019)	777,535,021
Vehicles	349,940,383	29,154,367	(6,777,667)	372,317,083
Roads infrastructure	1,661,022,100	105,694,160	(9,929,262)	1,756,786,998
Water/sewer infrastructure	1,673,010,694	293,896,056	(23,386)	1,966,883,364
Assets under construction	<u>2,094,726,917</u>	<u>(392,984,280)</u>	-	<u>1,701,742,637</u>
Total	<u>9,180,881,791</u>	<u>648,119,012</u>	<u>(53,061,787)</u>	<u>9,775,939,016</u>

Accumulated amortization	Balance at December 31			Balance at December 31 2016
	2015	Disposals	Amortization expenses	
	\$	\$	\$	
Land	0	-	-	0
Land improvements	89,376,644	(210,934)	15,804,750	104,970,460
Buildings	565,426,798	(1,075,290)	62,659,488	627,010,996
Equipment and machinery	359,370,318	(33,370,835)	45,068,318	371,067,801
Vehicles	158,733,769	(6,283,688)	30,619,485	183,069,566
Roads infrastructure	731,206,968	(8,688,768)	58,365,151	780,883,351
Water/sewer infrastructure	<u>160,716,953</u>	<u>(10,466)</u>	<u>21,121,169</u>	<u>181,827,656</u>
Total	<u>2,064,831,450</u>	<u>(49,639,981)</u>	<u>233,638,361</u>	<u>2,248,829,830</u>

	Net book value December 31		Net book value December 31 2016
	2015	\$	
	\$	\$	
Land	457,162,487		489,784,639
Land improvements	194,710,556		237,658,703
Buildings	1,379,201,939		1,741,249,115
Equipment and machinery	356,932,955		406,467,220
Vehicles	191,206,614		189,247,517
Roads infrastructure	929,815,132		975,903,647
Water/sewer infrastructure	1,512,293,741		1,785,055,708
Assets under construction	<u>2,094,726,917</u>		<u>1,701,742,637</u>
Total	<u>7,116,050,341</u>		<u>7,527,109,186</u>

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

12) ACCUMULATED SURPLUS

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

	2016	2015
	\$	\$
Surplus		
Invested in tangible capital assets	3,696,020,670	3,476,884,943
Other	99,583,600	45,087,716
	3,795,604,270	3,521,972,659
Reserves		
Equipment/vehicle replacement	68,615,497	63,246,572
Working capital	44,666,384	44,106,688
Group benefits	2,097,166	2,549,373
Total Reserves	115,379,047	109,902,633

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

	2016	2015
	\$	\$
Reserve Funds		
Sinking fund	600,120,809	562,314,181
Roads infrastructure	454,046,650	391,755,197
Debt reduction	222,783,063	210,658,949
Capital reserve-water and sewer	153,071,387	140,352,814
Social housing development	106,855,530	92,976,218
Facilities rehabilitation and replacement	105,433,376	91,801,063
Regionally owned housing	79,560,647	65,333,682
Solid waste management	74,459,335	63,986,671
Capital reserve fund	50,981,211	51,644,552
Hospital financing	54,816,829	44,691,771
Tax stabilization	53,211,005	51,519,492
Transit vehicle replacement	50,688,988	34,341,028
Fiscal stabilization	44,067,763	38,142,496
Non-profit housing capital	41,998,273	31,575,748
Long-term disability	33,389,173	28,159,848
Rates stabilization	31,029,816	4,300,000
Social assistance	24,315,743	23,362,282
Insurance	24,043,615	20,506,745
Workers' compensation schedule II	21,220,438	20,368,836
IT development	18,755,990	15,106,508
Land bank	11,722,045	11,245,484
Fuel cost stabilization	7,749,471	5,644,167
Transit	7,120,570	7,532,857
Move Ontario	5,988,816	27,922,989
Innovation	5,096,393	4,897,954
Sick leave	2,449,967	986,020
University campus	2,038,351	1,000,000
Court services	2,011,184	1,000,000
Land securement	1,416,422	807,663
IT licensing and software development	303,037	-
Seized funds	297,114	248,610
Alternative community living	266,912	256,060
Green energy	28,540	-
Insurance claims and certificate system	12,779	12,260
Roads capital	(916,565)	16,013,535
Total Reserve Funds	2,290,434,677	2,060,465,680
 Total	 6,201,417,994	 5,692,340,972

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

13) 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, prevent crime from occurring, detect offenders, and enforce the law.

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.

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 providing 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.

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

	General government	Protection to persons and property	Transportation services	Environmental services	Health and emergency services
Revenues					
Net taxation/user charges	997,439,330	-	-	280,429,617	-
Transfer payments	(134,774)	10,575,378	178,573,133	-	86,451,626
Development contributions	-	4,650,511	76,078,984	201,194,588	970,334
Fees and services	17,689,294	16,536,294	88,851,072	16,165,467	685,740
Interest and investment	46,346,057	-170,137	20,793,750	9,841,926	1,646,432
Other	590,822	1,792,436	9,082,424	32,978,282	13,375
	1,061,930,729	33,384,482	373,379,363	540,609,880	89,767,507
Expenses					
Salaries and benefits	106,097,100	285,817,173	68,336,213	49,538,161	107,545,409
Interest payments	331,220	3,469,243	17,796,013	108,217,885	194,208
Operating expenses	41,410,289	36,838,761	256,349,434	200,698,183	21,205,269
Government transfers	9,868,277	-	-	8,689,245	1,181,109
Amortization	15,435,513	12,564,305	102,904,755	89,009,528	4,412,645
	173,142,399	338,689,482	445,386,415	456,153,002	134,538,640
Annual Surplus (Deficit)	888,788,330	(305,305,000)	(72,007,052)	84,456,878	(44,771,133)

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

	Community services	Social housing	Planning and economic development	Total 2016	Total 2015
Revenues					
Net taxation/user charges	-	-	-	1,277,868,947	1,214,394,680
Transfer payments	185,347,729	28,561,730	-	489,374,822	651,485,254
Development contributions	-	34,834	421,021	283,350,272	281,033,242
Fees and services	5,534,403	23,584,407	-	169,046,677	144,695,693
Interest and investment	998,918	8,446,856	-	87,903,802	94,804,765
Other	1,067,894	1,290,414	-	46,815,647	96,473,554
	192,948,944	61,918,241	421,021	2,354,360,167	2,482,887,188
Expenses					
Salaries and benefits	76,188,616	11,041,411	6,446,704	711,010,789	656,735,027
Interest payments	-	3,604,441	-	133,613,010	129,551,761
Operating expenses	123,059,618	7,221,023	2,844,719	689,627,294	700,873,224
Government transfers	57,655,062	-	-	77,393,692	73,654,943
Amortization	1,548,877	7,762,738	-	233,638,361	207,690,044
	258,452,173	29,629,613	9,291,423	1,845,283,145	1,768,504,999
Annual Surplus (Deficit)	(65,503,229)	32,288,628	(8,870,402)	509,077,022	714,382,189

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2016

14) TRANSFER PAYMENT REVENUE

	2016 \$	2015 \$
Provincial grants		
Transit	149,625,532	284,353,491
Child care	95,779,949	82,541,359
Social assistance	73,820,783	74,779,716
Public health	48,994,717	48,905,162
Ambulance	37,456,909	36,017,395
Housing	19,354,270	31,972,690
Services for seniors	15,532,718	15,768,844
Police	10,575,378	9,998,986
Roadways	60,000	1,000
Other	(134,773)	611,203
	451,065,483	584,949,846
Federal grants		
Gas tax	28,467,125	31,321,939
Housing	9,207,460	8,854,124
Transit	420,475	26,845,117
Social assistance	214,279	22,805
Other	-	257,436
Environmental services	-	(766,013)
	38,309,339	66,535,408
Total transfer payments	489,374,822	651,485,254

15) METROLINX PROJECT

Under an agreement signed with Metrolinx, the Region receives funds from Metrolinx to build assets that upon completion will be owned by Metrolinx. The following chart summarizes the amounts spent on the project which are treated as expenses.

The total commitment to this project over the life of the contract is \$1,755,000,000.

	\$
Spent prior to 2016	862,755,500
Spent in 2016	<u>43,391,684</u>
Total spent	<u>906,147,184</u>
Total commitment	<u>1,755,000,000</u>
Balance to be spent	<u>848,852,816</u>

SINKING FUND

STATEMENT OF FINANCIAL POSITION,

FINANCIAL ACTIVITIES

AND

CHANGE IN FUND BALANCE

2016



THE REGIONAL MUNICIPALITY OF YORK
Sinking Fund Statement of Financial Position
As at December 31, 2016

	2016	2015
	\$	\$
Financial Assets		
Cash	14,421,152	39,301
Investments – at amortized cost (Note 1)	608,482,116	606,958,817
Interest receivable	<u>1,505,238</u>	3,391,108
Total Assets	<u>624,408,506</u>	610,389,226
Liabilities		
Actuarial requirement for retirement of the Sinking Fund (Note 2)	606,352,389	596,283,299
Fund balance	<u>18,056,117</u>	14,105,927
Total Liabilities and Fund Position	<u>624,408,506</u>	610,389,226

THE REGIONAL MUNICIPALITY OF YORK
Sinking Fund Statement of Financial Activities and Change in Fund Balance
For the year ended December 31, 2016

	Budget	2016	2015
	\$	\$	\$
Revenues			
Contributions from:			
Area Municipalities	6,811,164	6,811,164	7,395,869
Regional Corporation	136,586,674	<u>136,586,674</u>	132,761,611
Total contributions	<u>143,397,838</u>	<u>143,397,838</u>	140,157,480
Interest and capital gains	16,266,190	20,865,026	19,590,872
Total revenues	159,664,028	164,262,864	159,748,352
Expenses			
Actuarial requirement for the year	(159,638,277)	(159,638,277)	(153,532,658)
Payments to Area Municipalities	(668,267)	(674,397)	(4,218)
Payments to Regional Corporation	<u>(2,531,733)</u>	0	(41,177)
Change in Fund Balance	(3,174,249)	3,950,190	6,170,299
Opening Fund Balance	14,105,927	14,105,927	7,935,628
Closing Fund Balance	10,931,678	18,056,117	14,105,927

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Sinking Fund Financial Statements
December 31, 2016

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 \$610,224,197 (2015 - \$623,344,421).

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 2% or 3% 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

2016



THE REGIONAL MUNICIPALITY OF YORK
Residents' Trust Funds and Donation Account
Statement of Financial Position
As at December 31, 2016

	Trust \$	Donation \$	2016 \$	2015 \$
Financial Assets				
Cash	198,930	40,973	239,903	222,027
Residents' petty cash	6,500	-	6,500	6,500
Total Assets	205,430	40,973	246,403	228,527
Fund Balances	205,430	40,973	246,403	228,527

THE REGIONAL MUNICIPALITY OF YORK
Residents' Trust Funds and Donation Account
Statement of Financial Activities
For the year ended December 31, 2016

	Trust \$	Donation \$	2016 \$	2015 \$
Fund balances, beginning of year	177,666	50,863	228,529	216,416
Source of funds:				
Deposits on behalf of residents	378,150	15,460	393,610	403,827
Interest earned on deposits	0	582	582	608
	378,150	16,042	394,192	404,435
Use of funds:				
Withdrawals	(350,386)	(25,932)	(376,318)	(392,324)
Net activity	27,764	(9,890)	17,874	12,111
Fund balances, end of year	205,430	40,973	246,403	228,527

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, 2016

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.