



2016 COMMUNITY REPORT

COMMUNITY REPORT

for the year ended December 31, 2016
The Regional Municipality of York
Ontario, Canada

york.ca



York Region



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Prepared by Corporate Services Department and Finance Department



OUR VISION

Creating strong, caring, safe communities.

OUR MISSION

York Region staff are committed to providing cost effective, quality services that respond to the needs of our rapidly growing communities.

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Chairman & CEO
Wayne Emmerson



Regional Councillor (dec.)
Danny Wheeler
Town of Georgina



Mayor
Geoffrey Dawe
Town of Aurora



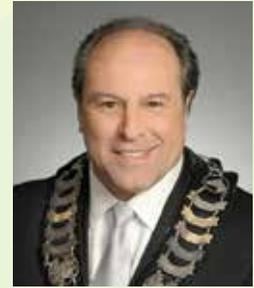
Mayor
Virginia Hackson
Town of East Gwillimbury



Mayor
Margaret Quirk
Town of Georgina



Regional Councillor
Naomi Davison
Town of Georgina



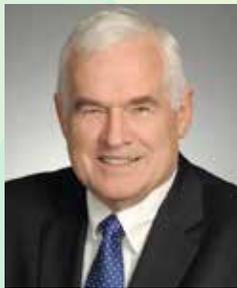
Mayor
Steve Pellegrini
Township of King



Mayor
Frank Scarpitti
City of Markham



Regional Councillor
Jack Heath
City of Markham



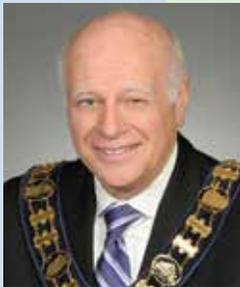
Regional Councillor
Jim Jones
City of Markham



Regional Councillor
Joe Li
City of Markham



Regional Councillor
Nirmala Armstrong
City of Markham



Mayor
Tony Van Bynen
Town of Newmarket



Regional Councillor
John Taylor
Town of Newmarket



Mayor
David Barrow
Town of Richmond Hill



Regional Councillor
Vito Spatafora
Town of Richmond Hill



Regional Councillor
Brenda Hogg
Town of Richmond Hill



Mayor
Maurizio Bevilacqua
City of Vaughan



Regional Councillor
Michael Di Biase
City of Vaughan



Regional Councillor
Mario Ferri
City of Vaughan



Regional Councillor
Gino Rosati
City of Vaughan



Mayor
Justin Altmann
Town of Whitchurch-Stouffville

REGIONAL COUNCIL

One of six Regional governments in Ontario, The Regional Municipality of York is an upper-tier municipal government that provides common programs and services for the residents and businesses in nine cities and towns. The area municipalities are represented by their Mayors and Regional Councillors on Regional Council.

YORK REGION CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

The York Region Chairman and Chief Executive Officer (CEO) is the head of Council. The Chairman and CEO is elected by members of Regional Council at the first meeting of each term and serves a four-year term.

The 21-member York Regional Council sets the policies, direction and budgets for York Region through Committee of the Whole and Council meetings that include reports on:

- Audit
- Community and Health Services
- Environmental Services
- Finance and Administration
- Planning and Economic Development
- Transportation Services

During Committee of the Whole meetings, members receive public input, review policies and consider staff reports before making recommendations to Regional Council.

Three task forces, drawn from members of Regional Council, also help guide the development and policy in three critical areas: Transportation, Broadband and a Seniors' Strategy.

Three boards and the corporations they oversee operate with varying degrees of Council oversight:

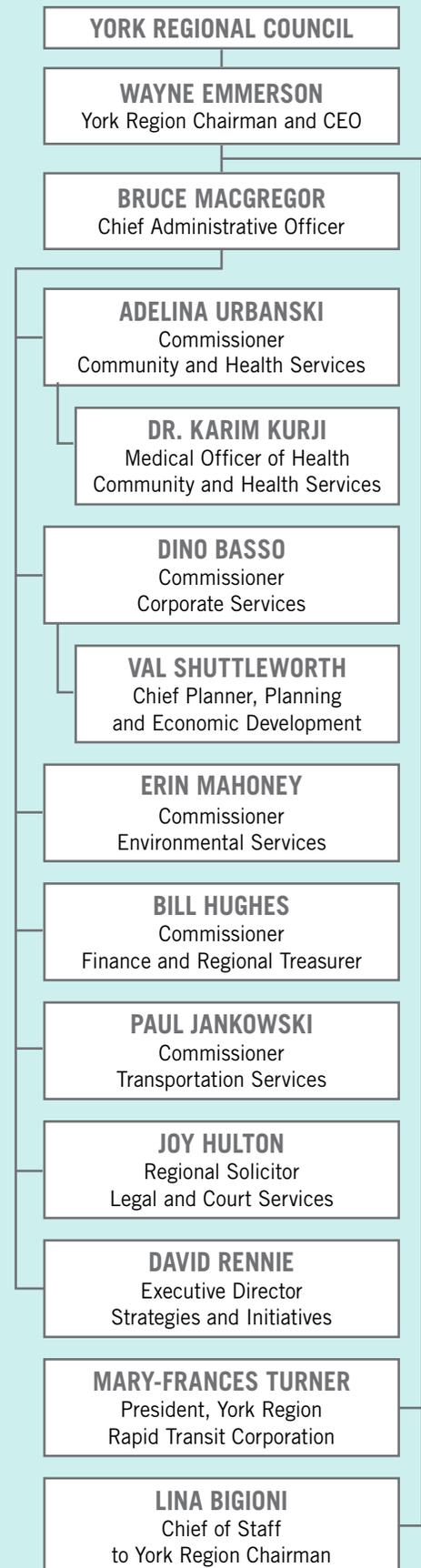
- York Region Rapid Transit Corporation Board of Directors
- York Regional Police Services Board of Directors
- Housing York Inc. Board of Directors

CHIEF ADMINISTRATIVE OFFICER (CAO)

The CAO oversees a senior management team responsible for providing programs and services to residents and businesses, in addition to financial, technical, property, legal, administrative and human resource services. The following positions make up the senior management team:

- Commissioner of Community and Health Services
- Commissioner of Corporate Services
- Commissioner of Environmental Services
- Commissioner of Finance and Regional Treasurer
- Commissioner of Transportation Services
- Regional Solicitor
- Executive Director of Strategies and Initiatives

YORK REGION ORGANIZATIONAL STRUCTURE





Wayne Emmerson
Chairman and CEO

A MESSAGE FROM THE YORK REGION CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The end of 2016 marks the halfway point of this council term. Over the past 24 months, we have made significant progress and have much to be proud of.

The accomplishments are remarkable. We celebrated the opening of the Richmond Hill Youth Hub - a multipurpose facility with housing and homelessness supports and we continued making improvements to transit and transportation services.

Additionally, in 2016, York Regional Council approved the update to two critical documents:

- The Transportation Master Plan is a blueprint for addressing our transportation and mobility needs until 2041
- The Water and Wastewater Master Plan outlines the Region's strategy to achieve water and wastewater service delivery excellence and long-term environmental and fiscal sustainability also until 2041

Updating these key strategies, combined with the many initiatives highlighted throughout this report, further demonstrates our commitment to identifying and responding to the diverse and changing needs of our communities – now and for the future.

York Region is one of Canada's fastest-growing large urban municipalities with nearly 1.2 million people and approximately 20,000 new residents moving here every year. We proudly have the second largest business centre in Ontario, and in 2016 more than 15,000 jobs were added to our local economy; exceeding both the provincial and federal averages.

We remain laser-focused on creating strong, safe and caring communities, but we can't do it alone. None of our achievements would be possible without the dedication of our staff, partners and residents.

On behalf of York Regional Council, thank you for your ongoing passion and commitment to making York Region the best place to live, work and play.

Sincerely,

Wayne Emmerson
Chairman and CEO
The Regional Municipality of York



Bruce Macgregor
CAO

A MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

On behalf of the York Region administration, it is with great pride I share The Regional Municipality of York 2016 Community Report.

The 2016 Community Report combines our year-two reporting of the *York Region 2015 to 2019 Strategic Plan: From Vision to Results* with our annual financial report.

Organized by the plan's four strategic result areas, the 2016 Community Report includes a sampling of the major accomplishments in the Council-approved objectives of:

- Economic Vitality
- Healthy Communities
- Sustainable Environment
- Good Government

The introduction to a full-cost recovery model for water use, achieving more than 90 per cent waste diversion rate and the development of a Seniors Strategy to help define our role in serving an aging population are a few key successes in 2016.

In the second year of our four-year plan, I am proud to report 85 per cent of the plan's key performance measures are on track and trending in the desired direction. In fact in some cases, we have already achieved our four-year objective within half this time. The complete list of all 48 performance measures is available on page 38.

The second part of this document includes the 2016 Treasurer's Report which provides a detailed analysis of our organization's effective business planning and strategy. It looks at trends related to a number of key indicators of financial performance and measures being taken to manage any potential risk. This section also includes information about York Region's financial management policies, including multi-year budgeting and the Regional fiscal strategy.

As York Region's CAO, I am proud of the almost 4,500 dedicated and professional staff who deliver important services across York Region. Our staff are committed to striving for excellence and ensuring residents receive the critical services we deliver across York Region each and every day.

Bruce Macgregor
Chief Administrative Officer
The Regional Municipality of York

YORK REGION. WHO ARE WE?

YORK REGION IS A SPECIAL PLACE – IT IS UNIQUELY CHARACTERIZED BY ITS RICH CULTURAL DIVERSITY, VIBRANT COMMUNITY LIFE, VAST GREEN SPACES AND LAKE SIMCOE WATERFRONT.

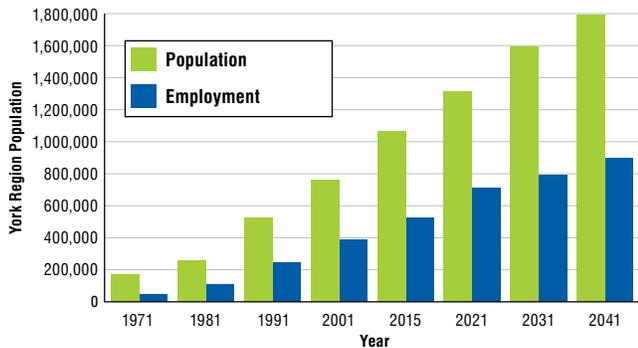
SOURCE: YORKSCENE.COM

WE ARE GROWING.

During 2016, York Region grew by approximately 20,600 people, accounting for 16 per cent of the Greater Toronto and Hamilton Area growth.

The Provincial Growth Plan calls for York Region’s population to grow from 1.1 million in 2015 to 1.8 million in 2041 and employment to grow from 580,000 in 2015 to 900,000 in 2041.

York Region Population Growth - 1971 to 2041



WE ARE EDUCATED.

More than 70 per cent of York Region residents have a post-secondary education. We rank #1 most educated population among Canada’s largest municipalities.

WE WORK HARD.

York Region is home to almost 50,000 businesses and 595,000 jobs. We are the second largest business centre in Ontario and the destination of choice for more than 4,500 Information, Communication and Technology (ICT) businesses. This makes us the second largest ICT cluster in Canada. The average household income is \$127,066 and the average cost of a detached resale home is \$1,167,889.

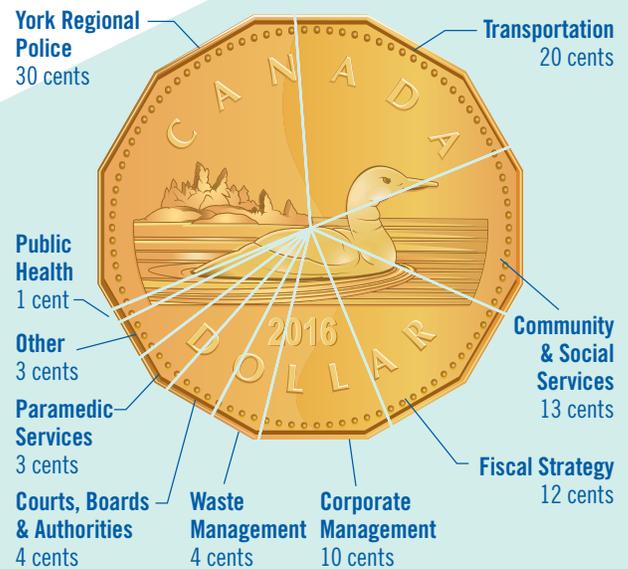
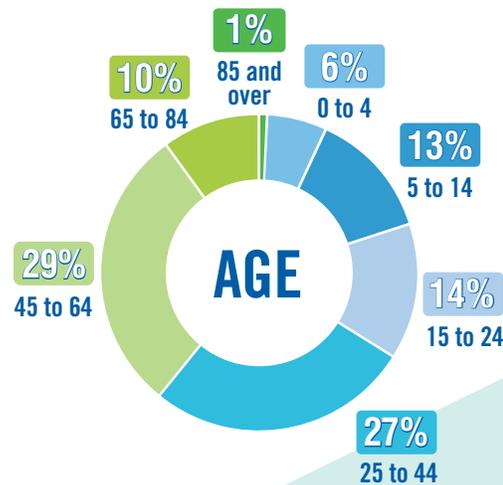
WE ARE FISCALLY RESPONSIBLE.

The 2016 York Region budget was \$2.8 billion and included \$1.2 billion to maintain and operate York Region services and \$783 million in funding for capital projects. 2016 was the second year of a four-year budget that aligns with the current term of York Regional Council and the York Region 2015 to 2019 Strategic Plan: From Vision to Results.

WE ARE DIVERSE.

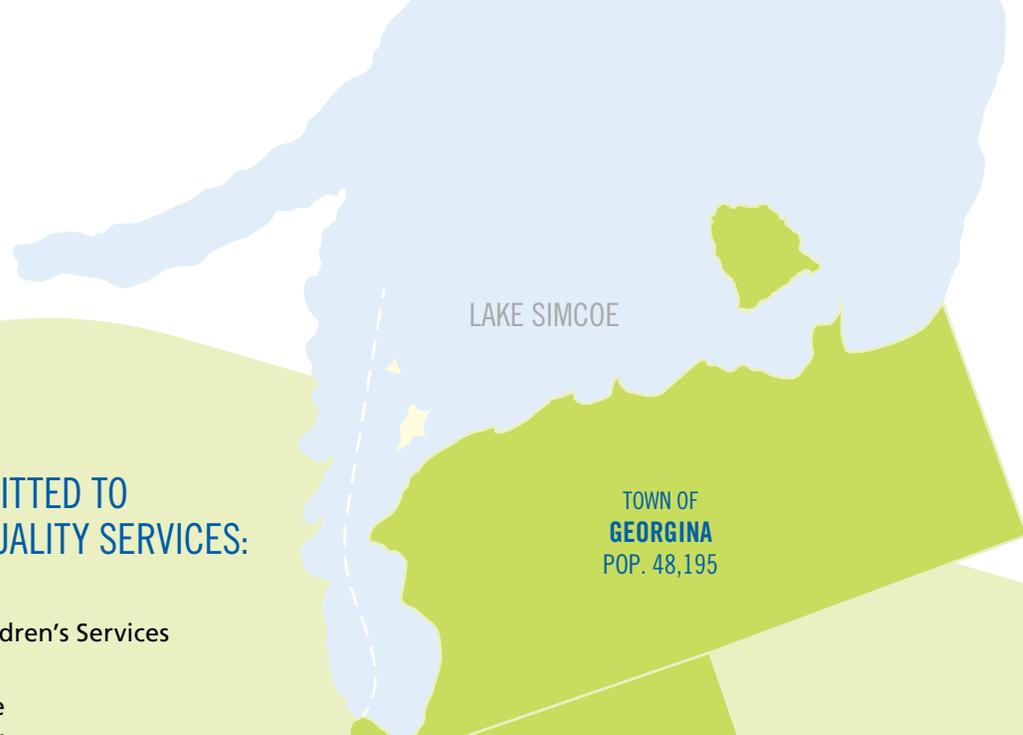
If York Region were a village of 100 people this is what we would look like.

- 54** villagers would be born in Canada
- 1** villager would be a non-permanent resident
- 45** villagers would be immigrants, of these:
 - 27** would be born in Asia
 - 12** would be born in Europe
 - 4** would be born in the Americas (including North, South and Central)
 - 2** would be born in Africa



WE ARE COMMITTED TO DELIVERING QUALITY SERVICES:

- Court Services
- Family and Children’s Services
- Housing
- Long Term Care
- Paramedic Services
- Planning and Economic Development
- Police Services
- Public Health
- Regional Roads & Street Trees
- Social Assistance
- Solid Waste Management
- Transit and Rapid Transit (YRT/ Viva)
- Water/Wastewater Treatment
- York Regional Forest



LAKE SIMCOE

TOWN OF **GEORGINA**
POP. 48,195

TOWN OF **EAST GWILLIMBURY**
POP. 25,211

DURHAM REGION

TOWN OF **NEWMARKET**
POP. 87,329

TOWN OF **AURORA**
POP. 59,995

TOWN OF **WHITCHURCH-STOUFFVILLE**
POP. 46,271

SIMCOE COUNTY

TOWNSHIP OF **KING**
POP. 25,866

TOWN OF **RICHMOND HILL**
POP. 210,623

CITY OF **MARKHAM**
POP. 353,899

CITY OF **VAUGHAN**
POP. 329,517

PEEL REGION

CITY OF TORONTO

Total population estimates as of December 31, 2016 - 1,186,907

THE REGIONAL MUNICIPALITY OF YORK | STRATEGIC FRAMEWORK

WHAT IS VISION 2051?

Vision 2051 is York Region's long-term strategy that describes the vision for York Region in the year 2051.

Vision 2051 describes a York Region that:

- Is a place where everyone can thrive
- Is made up of livable cities and complete communities
- Has a resilient natural environment and agricultural system
- Has appropriate housing for all ages and stages
- Has an innovation economy
- Has interconnected systems for mobility
- Promotes living sustainably
- Has open and responsive governance



WHAT IS THE REGIONAL OFFICIAL PLAN?



Consistent with *Vision 2051*, the Regional Official Plan sets out directions and policies to guide growth management, land use, economic, environmental and community planning decisions.

The policies deal with growth management while protecting the Region's agricultural and rural areas, building strong healthy communities and vibrant cities. The policies also ensure effective delivery and use of infrastructure and public service facilities. The policies in the Regional Official Plan set the stage for more detailed planning with the Region's nine cities and towns and help co-ordinate planning efforts across York Region.

The Regional Official Plan guides how growth and re-development will occur and sets a course for the future we desire as envisioned through *Vision 2051*.

In February 2015, The Regional Municipality of York released its *2015 to 2019 Strategic Plan: From Vision to Results*, which outlines four areas of focus to meet the community's changing needs.

Maintaining the quality of life in York Region over the long term requires strategic focus and this plan outlines the goals we continue to strive for to achieve the longer-term goals of *Vision 2051*.

Building on the success of the 2011 to 2015 Regional Strategic Plan, the plan provides a detailed course of action over the next four years within the following four strategic result areas:

- Economic Vitality
- Healthy Communities
- Sustainable Environment
- Good Government

This plan has been carefully integrated with the Region's multi-year budget process and coincides with this term of council to ensure we continue to make progress on serving our communities.

Highlights of the 2015 to 2019 plan include:

- Managing traffic congestion within York Region
- Addressing affordable housing concerns
- Continuing to support attraction of high quality jobs to the Region
- Increasing the health and resiliency of our communities
- Achieving Regional fiscal sustainability
- Continuing to manage the Region's growth
- On-going protection of our natural environment
- Improving the way York Region's programs and services are accessed



The York Region 2016 Community Report highlights some of the successes during our second year of this plan. Using a results-based accountability model, below is a brief overview of how we are trending in the second year within each of the strategic result areas.

YEAR 2 (2016) OVERALL PROGRESS SUMMARY STATEMENT KEY REGIONAL PERFORMANCE MEASURES

A Key Regional Performance Measure demonstrates how well a York Region program or service system is working and helps indicate whether the desired impact is taking shape as a result of the Region's focused efforts. York Region has made significant progress in Year 2 (2016) of its four-year Strategic Plan. In total, 41 of 48 Key Regional Performance Measures (85 per cent) are trending in the desired direction. These achievements demonstrate strong, organized and collaborative efforts across the organization and in relationship to Council's direction. The complete list of all 48 indicators is available on page 38.

85%
of Key Regional Performance Measures are trending in the desired direction



ECONOMIC VITALITY

Strengthening the Region's economy is trending positively by fostering an environment that attracts, grows and maintains businesses; supporting the development and retention of Region-wide workforce; and focusing on networks and systems that connect people.



HEALTHY COMMUNITIES

Supporting community health and well-being is continuing to show progress through increasing the range of available and affordable housing choices; protecting our public health; making our communities more welcoming and inclusive; and strengthening the Region's network of human services to support people in achieving their potential.



SUSTAINABLE ENVIRONMENT

Managing environmentally sustainable growth has made significant gains towards managing traffic congestion; optimizing critical infrastructure systems capacity; encouraging growth along the Regional Centres and Corridors; and preserving green spaces.



GOOD GOVERNMENT

Providing responsive and efficient public service has achieved considerable progress towards making it easier to access Regional information and services; ensuring a fiscally prudent and efficient Region; stewardship of the Region's assets; and strengthening organizational capacity and effectiveness.



strengthening the region's economy

BRINGING MORE JOBS CLOSER TO HOME

Reinforcing York Region's emerging position as a global technology hub, General Motors announced it is bringing a new automotive software development centre to Markham. The centre will help develop innovative technologies to support emerging concepts such as autonomous and shared vehicles and mobility systems (self-driving cars).

The global automotive firm joins an increasing number of companies making high-tech investments in York Region. Other major employers, including Aviva Canada's new Canadian head office and KPMG Canada's new regional office are also making business investments in the Region. Collectively, these investments mean thousands of new jobs for the Region.

Investments like these helped boost York Region employment by 3.1 per cent between 2015 and 2016, bringing the total to almost 600,000 jobs by mid-year 2016. The growth trend continues over the past several years with the Region's gains outpacing national and provincial averages. As well, in 2016 the Region's growth at 3.1 per cent outpaced the national, provincial and Greater Toronto Area averages.

The Region continues to work with its local municipalities and potential investors to promote York Region's unique position in the Greater Toronto Area as a place where talent and opportunity intersect.





Reasons for businesses to choose York Region as a location include its investment in modern infrastructure and rapid transit, commitment to complete communities and strong economic development strategy. Investors also point to its diverse and highly skilled and educated workforce and the availability of globally competitive banking, financing, engineering, design, technical and commercialization services.

An attraction for highly-skilled workers is the share of full-time jobs in York Region, which is an important labour market indicator of economic performance. At over 70 per cent of jobs being full time, the Region continues to demonstrate strength in this area. As the structure of the economy and people's work preferences change, the share of part-time, contract, seasonal and temporary jobs is increasing.

As in previous years, the services-producing sectors accounted for the largest share of jobs at 77 per cent in the York Region workforce. The total share of services-producing sector jobs has risen from 73 per cent in 2006 to 77 per cent in 2016, reflecting a shift in the Canadian economy as a whole.

Among the service sectors, the largest job gains have been in the health care and social assistance sector. These jobs include physicians, dentists and other health care practitioners. Between 2015 and 2016, this sector gained the largest absolute number of jobs, some 2,400. Over the past 10 years, its average annual rate of growth has been 7.8 per cent.

Growth in this sector creates new opportunities for innovation in the Region. Examples include the CreateIT Now accelerator, ORION at Southlake Regional Health Centre, the new Mackenzie Vaughan Hospital and Mackenzie Health Centre, Vaughan International Commercialization Centre, Leo Innovation and the Pulse hub accelerator at venture LAB.

Finance and insurance added a net 13,300 jobs over the past 10 years, growing at an annual rate of seven per cent. York Region is home to corporate or divisional back-end operations, such as processing and call centres, of many financial institutions, as well as hundreds of branch-level places of employment. In total, York Region's financial sector consists of roughly 27,000 jobs.

In 2016, the finance and insurance sector experienced an increase of 990 jobs, or 6.4 per cent, and key firms from this sector continue to locate in the Region. Over the long term, the online, self-serve services, automation and other new technologies are likely to reduce traditional finance sector employment, which will be only partially offset by growth in jobs in information and communications technology.

The professional, scientific and technical services sector includes subsectors such as information technology, legal services, accounting, engineering and technical services, architectural and interior design services, management consulting and research and development. This sector continues to attract highly skilled workers to York Region, which is home to major operations of such global companies in this sector as IBM, AMD, Huawei, Deloitte, AECOM, Parsons, Worley Parsons, Oracle, Compugen, Pricewaterhouse Coopers and MMM Group. In 2015-2016, several national consulting engineering firms relocated to or established an office in the Region.

Despite a continuing growth trend in service-sector jobs, York Region continues to provide a higher share of goods-producing jobs than either Ontario or Canada as a whole, largely due to automotive sector and construction activity in the Region.

Manufacturing remained the Region's largest single employer, accounting for 15 per cent of jobs in total. Despite the economic shift to a more service-based economy, employment in the Region's goods-producing sector grew 2.7 per cent or 3,200 jobs between 2015 and 2016. The manufacturing and construction sectors were the greatest contributors to this growth.

The automotive industry represents a key manufacturing sub-sector, with more than 100 auto parts firms in York Region providing about 15,000 jobs.



Photo courtesy of: General Motors Canada



YORK LINK - WHERE TALENT AND OPPORTUNITY INTERSECT

A new marketing campaign – “York Link: Where Talent and Opportunity Intersect” – is raising awareness of York Region as a location for business investors.

The York Link campaign showcases the Region's ability to compete for new investments and jobs. York Link aims to highlight how investors can leverage the combination of the Region's ample talent, including some of Canada's most highly skilled professionals, and the opportunities the Region offers as home to the GTA's fastest-growing business clusters.

Launched in September 2016, the campaign is reaching decision-makers across York Region, the GTA and abroad to highlight these and other benefits of investing in York Region.

York Link is the latest step in implementing the Economic Development Action Plan 2016 to 2019, which sets out steps to accelerate innovation, collaboration and partnerships in the Region.

A grounding principle of the plan is high-speed internet connectivity throughout the Region. This is critical to building a knowledge economy, promoting new investment and business growth and meeting the access and lifestyle needs of residents. In support of this goal, the Region created a broadband task force in 2015 to engage with local municipalities and other stakeholders.

As part of that effort, York Region hosted its second annual Broadband and Innovation Summit in the Town of Richmond Hill in October 2016. The event marked the first step in achieving “intelligent community” designation for York Region. Subsequent steps now underway include holding a focused workshop for governmental, institutional and business leaders, gathering data to assess the Region's current position and mentoring by community leaders from the Intelligent Community Forum's international network.



supporting community health and well-being

AFFORDABLE HOUSING AND SOCIAL ENTERPRISE SPACE

York Region continued to make progress on its 10-year housing strategy in 2016 with the opening of the Richmond Hill Hub marking a key milestone.

The nine-storey, multi-purpose building is located on Yonge Street just north of Crosby Avenue, providing easy access to highways, transit, shopping, restaurants, parks and schools. It offers a total of 202 apartments, 16 of which are accessible for seniors, singles and small families with a mix of incomes.

Features include a multipurpose room, a roof-top patio and garden and a spacious lobby with a fireplace and living wall.

On the ground floor, 360°kids, an experienced provider of services for youth in the Region, operates

a program for young people that provides a full range of supports to help them avoid homelessness or move from homelessness to independent living.

The new building, which also includes market-rent units and is intended to be financially self-sustaining, joins Belinda's Place in Newmarket as major early successes under the 10-year housing plan.

The 10-year housing plan responds to growing pressures on the accommodation market in the Region. This is due to York Region's low vacancy rate of 1.5 per cent (a healthy market should be at three per cent) and rising real estate values. In 2016, residential housing prices in York Region climbed by more than 25 per cent.



BOOSTING POWER THROUGH IMMUNIZATIONS

New provincial direction and technology made 2016 a busy year for York Region's public health unit, requiring a massive effort to ensure thousands of students were vaccinated and their records entered into a new database.

Following up on a 2015 review of its vaccination programs, the provincial government stressed to municipalities the importance of enforcing the Immunization of School Pupils Act, which requires students to be immunized against a range of diseases.

The Region is home to more than 190,000 elementary and secondary school students, which created a challenge for enforcement. York Region Public Health focused the 2015-2016 school year on getting nearly 8,000 17-year old students in compliance with the act as it was the last chance before the bulk of these students left the system. By running after-school and evening clinics and reaching out to parents in a variety of ways and languages, the Region ensured 99 per cent of these students were up to date by the end of the school year.

At the same time, the Region enhanced its record-keeping of vaccines.

As part of its renewed emphasis on vaccination, the province introduced a new, on-line database allowing records to be updated in real time, for example at a school clinic. It can also be shared by different school boards and serve as an inventory control system. These features reduce errors, duplication and waste. Switching to a new system has resulted in cleaner and more complete records.

NEW STRATEGY HELPS KEEP SENIORS CONNECTED AND HEALTHY

Seniors are the fastest-growing age group in York Region, which means by 2031 one in five residents will be over 65. A new Seniors Strategy, drawn up by a task force formed in 2015 and endorsed by Regional Council in November 2016, is helping the Region and its partners to prepare for this shift.

Developing the strategy involved talking about the opportunities a growing seniors' population creates, as well as the challenges if seniors are isolated or in poor health, which is an increasing risk after the age of 75. It prompted the task force and Regional staff to think differently about seniors: to understand that most are





both willing and able to remain healthy, active and connected, and the Region's role is to support that aim.

The strategy identifies four major roles for the Region around the seniors' population and will be phased in over the next five years. Specific actions include:

- Educating people about being prepared financially for retirement and about how to navigate the many programs that support seniors
- Looking at eligibility for programs and services based on criteria like income instead of age
- Expanding existing prevention programs and identifying needed new ones
- Working with partners on hubs where services needed by seniors will be located in one place
- Offering more housing options for those who wish to age in place
- Looking for ways to enhance and better coordinate transit services for seniors

As well as setting out actions, the strategy also discusses the Region's advocacy with other levels of government.

#GET2UFASTER

Despite rising call volumes, York Region's paramedics are getting patients to hospital faster and hospitals are reducing transfer delays once they arrive.

Since 2010, the volume of calls handled by paramedics has risen by more than 30 per cent, owing to an increase in the overall population and more specifically the seniors' population. Despite the higher call volume and heavier road traffic, paramedics emergency response to patients in nine out of 10 cases was within 10 minutes and 36 seconds in 2016. That's an improvement of almost three minutes since 2010. This improved performance has allowed Paramedic Services to meet the approved Response Time Performance Plan targets.

The other important factor that has supported response time performance over that period is the reduction of time taken to transfer a patient into hospital care. This time has dropped at all hospitals in the Region significantly since 2010. This enables paramedics to get back into service more quickly to help other patients in the community and meet response time targets.



The improvements reflect a multi-faceted strategy over the past several years:

- Launching the #Get2UFaster public education campaign offering tips (for example, remember to turn on outside house lights at night) to reduce delays in transport
- Using mobile devices and computers in vehicles to get paramedics needed information faster from dispatchers
- Working with hospital partners on a transfer-of-care efficiency project to shorten the time taken for a patient to be transferred to hospital care once they arrive in the emergency department

Another aspect of the strategy is the EPIC program, in which paramedics visit frequent emergency service users during non-emergencies to help them better manage their health and get needed support. This is helping to reduce costly emergency calls, as well as making patients feel safer and more in control of their health. Expanded in 2016, York Region Paramedic Services provided over 2,300 home visits and 125 patients are enrolled in the program

STEPPING UP THE TRAVELLER EXPERIENCE

Regional roads may be getting busier, but collision rates are at their lowest in years. Between 2013 and 2015, the 2016 Annual Traffic Safety Report showed total collisions decreased by 13 per cent and those involving casualties fell by eight per cent. The declines came despite an average increase in daily vehicle trips of more than three per cent a year.

There were about 8,300 collisions on Regional roads in 2015, down from about 9,600 two years earlier. In addition to traveller education and enforcement activities, which typically play major roles in modifying driver behaviours, the report also noted several initiatives by the Region and its partners to curb collisions:

- Red light cameras. Right-angle collisions at intersections have dropped sharply with the installation of red light cameras, which is an important safety outcome since these are the most severe collisions. In 2016, Regional Council approved 20 new cameras, bringing the total to 40. As well as the new installations, nine existing cameras will be moved to cover 29 new locations in total.

- Speed Watch Program. York Region has revised speed limits on several road sections across the Region to ensure better safety and consistency. In addition, it has deployed radar-linked pixel boards that show drivers their speed as they pass, which encourages compliance with speed limits. The Region can also request enforcement if there is excessive speeding in an area.
- Pledge to Ignore Campaign. One in six collisions involves a driver who is distracted, usually by talking or texting on a cellphone. The Region's "Pledge to Ignore" campaign asks residents to commit to not using a cellphone while driving or walking near traffic.

While most types of collision have decreased, there was a slight increase in accidents involving pedestrians between 2013 and 2015. The highest number of collisions involving a pedestrian happened in November, likely due to the end of daylight saving time when pedestrians are not as visible in the late afternoon. York Region and York Regional Police continue to promote their Pedestrian Safety Campaign, which advocates respect between motorists and pedestrians.

The 2016 Traffic Safety Report also noted:

- The most common collision is rear-ending at an intersection with traffic signals
- Aggressive driving practices, including following too close, exceeding the speed limit, driving too fast for conditions, improper passing and improper lane changes account for 38 per cent of all collisions
- The heaviest day of the week for collisions is Friday, the heaviest hour between 5 p.m. and 6 p.m., and the heaviest months are September through February.



MAKING PROGRESS TO SUPPORT MENTAL HEALTH

An increasingly close partnership between York Region and York Regional Police, known as Mental Health Matters, is helping to bring better support to residents struggling with mental health issues.

This initiative to services grew out of the increasing needs of many residents for better mental health supports. York Regional Police and Paramedic Services have seen increases of mental health-related calls between 2010 and 2014.

Mental Health Matters is taking a holistic approach to mental health concerns by:

- Building resilience and preventing mental health issues from occurring
- Providing coordinated and holistic supports to those who need them
- Intervening effectively in crises

The initiative builds on existing programs, such as those that support parents of infants and aim to build resiliency in children, as well as providing services to adults in crisis or otherwise at risk. It recognizes that better coordination across services, such as housing, income support, children's services and employment opportunities, will help lead to better mental health.

This is in line with a provincial government strategy that emphasizes the need to create a holistic integrated approach to service delivery.

The key goals established for the Mental Health Matters Strategy in 2016 were to:

- Create a multi-disciplinary case management model, including exploring opportunities for common intake assessment and common consent
- Improve data collection and evaluation
- Better train staff to work with residents experiencing mental health issues and know where to find additional resources and support

In addition, a new Community of Practice provides a network for social workers and outreach workers with clients who have service challenges due to complex mental health needs. The goals are to share information and best practices.

Work in 2016 focused on preparing a Mental Health Data Summary to review information on the population's state of mental health and its impact on York Region programs. This work will also support the development of performance measures, identifying data gaps and provide a framework for reviewing programs using an evidence-based approach.

Other coordinated efforts to address mental health crisis include a Rapid Response Table made up of Regional staff, York Regional Police officers and community organizations offering mental health, addiction, family/youth, health, housing and other related services. The table discusses, on an anonymous basis, individuals who are at elevated risk and decides how to best help them.

York Regional Police are a central part of the initiative because for years, 911 has been the only around-the-clock option to deal with someone in a mental health crisis. The police recognize the need both to defuse the situation and get the person in crisis the longer-term services they need.

The Mental Health Support Team mobile unit was created as a partnership of a York Regional Police plain clothes officer and a civilian crisis worker who respond together in a mental health crisis. Building on the success of that initiative, a new model allows the crisis worker to go directly to the scene and work with the front-line officers. As well as being more cost-effective, this gives officers insights into how the crisis worker, trained in social work, can calm the situation and probe what triggered the crisis.

Police now also employ social workers on staff so officers can easily provide a referral to a person in crisis. As well, the requalification process for officers emphasizes de-escalation skills.





managing environmentally sustainable growth

VIVA RAPIDWAYS

The new Viva rapidway segment along Davis Drive enjoyed its first full year of service in 2016, with passengers benefiting from quicker travel along the designated bus-only middle lanes. Since the 2.6-kilometre rapidway segment opened in late 2015, passenger volumes are up and travel time is down.

In 2016, Viva services experienced the highest overall ridership increase with 470,000 additional boardings; an average of 35,000 travellers per weekday in 2016.

In the Town of Newmarket, Viva yellow on Davis Drive completed its first full year of service and carried an average of 1,300 travellers per weekday. The Davis Drive rapidway makes it easier for staff, patients,

visitors and volunteers to get to Southlake Regional Health Centre as well as delivering passengers to offices, restaurants, shops and residential areas.

The new segment on Davis Drive brings the total Viva rapidway network to almost nine kilometres. Viva is complemented by York Region Transit (YRT) buses that make more frequent stops and by Mobility Plus, which provides service to residents with disabilities who cannot use the other bus services for their full trip.

All three services, together known as YRT/Viva, are integrated and passengers can transfer from one to another.



Providing travel options is vital to improving the traveller experience. As more Viva rapidways are built throughout the Region, YRT/Viva is a growing viable alternative ensuring transit users arrive at their destination more quickly and reliably, and they can connect easily to other modes of transportation.

Those other modes will soon include the extension of the Toronto-York Spadina Subway Extension into York Region – with stops at Pioneer Village, the intersection of Highway 407 and Highway 7 and the Vaughan Metropolitan Centre (VMC). Work is also underway to connect to the subway with bus terminals at the VMC and Pioneer Village.

PLANNING FOR TODAY, TOMORROW AND OUR FUTURE

The Region worked to update three long-term plans in 2016, all of which are fundamental to accommodating expected growth in population and jobs out to 2041. Updates to the Transportation Master Plan and the Water and Wastewater Master Plan are discussed in more detail below and on page 29, respectively.

Much of the work to update the York Region Official Plan, which provides population and employment forecasts and outlines the policies to guide growth, economic, environmental and community planning decisions, was completed in 2016. The final update is awaiting the province's decisions on amendments to its Growth Plan for the Greater Golden Horseshoe, which was also under review in 2016.

The amendments to the provincial plans will have major impacts on how the Region will grow. The Growth Plan sets minimum thresholds for how much new development must take place within existing built-up areas – referred to as “intensification” – and targets for population and employment density. The proposed Growth Plan amendments would increase both intensification and density targets for York Region.

In its response, the Region advised the province that the proposed targets were challenging, given the York Region forecast population of 1.79 million by 2041. Moreover, the increased targets were being proposed without enough provincial investment in the infrastructure required to support existing planned levels of intensification.

The province is currently assessing all feedback it received on the proposed amendments.

York Region moved forward on a top transit priority in 2016 with the launch of a campaign to educate residents and rally them to support the Yonge Subway Extension to Highway 7 in the Town of Richmond Hill, which will serve the transportation needs of this intensifying area, and facilitate economic growth.

Better integrated public transit is a key pillar of the Region's Transportation Master Plan, which was updated and endorsed by Regional Council in 2016. The updated Transportation Master Plan addresses this with five major pillars:

1. Create a World-Class Transit System:

Build on past successes to deliver transit services that attract more travellers and are better integrated with other travel modes and transit in other jurisdictions. Successes to date include the extension of the Toronto-York Spadina Subway Extension (TYSSE) into the Region, which is expected to be completed by 2017, and putting in place major sections of the Viva rapidway network.

2. Develop a Road Network Fit for the Future:

Use new technology, complete missing links (critical gaps) in the transportation network and add more “midblock crossings” to carry local municipal roads over 400-series highways.

3. Integrate Active Transportation in Urban Areas:

Build networks for walking, cycling and other modes of active transportation, make it easier to combine active transportation and public transit and encourage consistent infrastructure for walking and cycling across local municipalities.

4. Maximize the Potential of Employment Areas:

Enable goods to move more efficiently throughout the Region.

5. Make the Last Mile Work:

Make it easier for people to get to or from their homes or workplaces to transit by better planning to integrate transit into existing and new communities and ensuring more destinations are within walking or cycling range, adopting innovations and using demand management tools.

In support of the first pillar, public transit, the Ontario government announced in 2016 that it would provide more than \$55 million to continue planning and design work on the Yonge subway project, which would extend the line 7.4 kilometres north to reach Highway 7 in the Town of Richmond Hill.

With a total cost estimated at \$4 billion in 2015 dollars, however, making the extension a reality will require a long-term funding commitment from both the province and the federal government.

The extension would serve more than 165,000 riders every workday while spurring the creation of 31,000 jobs and housing for 48,000 new residents. Extending the subway would help the Region keep up with its high rate of growth and job creation and provide permanent economic benefits.

MANAGING GREEN INFRASTRUCTURE

Woodlands are a key feature in healthy and sustainable natural environments. In 2016, the Regional Greening Strategy advanced progress towards achieving the Region's 25 per cent woodland cover target by 2031. Greening Strategy programs continue to be an effective mechanism to support the Region's environmental policies and combat climate change. By planting more than 93,000 trees including in urban environments, engaging residents at over 220 events and securing 41 additional hectares of land in 2016, the Region is helping ensure a greener future for residents and visitors.

The value of trees is challenging to quantify, however some of the key benefits Regional trees provide on an annual basis include: \$8 million in energy savings, remove 3,200 tonnes of air pollution, remove 77,000 tonnes of carbon annually, equivalent to taking 60,000 cars off roads. Approved by Council in 2016, York Region's Forest Management Plan lays out the vision and goals for trees and woodlands in the Region, including setting a canopy cover goal of 35 per cent by 2031 and 40 per cent by 2051. Results will be achieved through a series of objectives, strategies and short, medium and long-term actions.



AHEAD OF SCHEDULE ON MEETING WASTE DIVERSION RATES

York Region reached a major goal of its Regional Official Plan in 2016, exceeding 90 per cent waste diversion from landfill. In addition to materials that are recycled, reused and composted, the diversion from landfill figure includes 111,849 tonnes of waste processed at energy-from-waste facilities, approximately 29 per cent of which was processed at the new Durham York Energy Centre.

The Durham York Energy Centre is jointly owned by York Region and Durham Region and can process up to 140,000 tonnes per year of garbage that remains after waste diversion programs and recover energy and recyclable metals. At full capacity, the facility generates enough electricity to power roughly 10,000 homes while complying with the most stringent environmental standards in the industry.





WELDXPERTS
ESTABLISHED 1988

SUPPORTING “ONE WATER” ACROSS YORK REGION

One Water is an emerging concept that takes a holistic and sustainable approach to water management. It is critical to achieving York Region’s Vision 2051, which foresees a Region in which water conservation and reuse are fundamental elements of the water system. In the most recent update of the Water and Wastewater Master Plan in 2016, One Water emerged as a key strategic component. Consulting widely with residents and others on the update was a major activity through 2015 and into 2016, when the new master plan was finalized and endorsed by Council.

Through One Water, water and wastewater activities will be more sustainable, both environmentally and financially. Using One Water as its guiding principle, and through partnerships and innovation, the Region will take steps to make the best possible use of water from all sources as it meets the needs of growth.

By taking a collaborative, integrated approach to understanding and minimizing the impacts of water and wastewater systems on water resources, One Water will help reduce the burden on water sources and infrastructure. This will involve a range of actions, including water conservation, water reuse and low impact design and green infrastructure solutions that rely on natural plants and processes to replace or supplement human-built assets.

A One Water Action Plan will build on several existing measures supporting the new approach:

- The Region’s Long-Term Water Conservation Strategy, updated in March 2016. It includes a Fusion Gardening® pilot project that, in partnership with Landscape Ontario, trains contractors on designing and maintaining water-efficient landscaping and gardens that incorporate low impact development and/or green infrastructure features. Other elements include targeting high water users in communities and the industrial-commercial-institutional sector, continuing such outreach as the “Water Is” campaign, and starting pilot projects within the next five years to position the Region to implement water reuse in future.

- The move to full cost recovery rates for water and wastewater, which started on April 1, 2016. The new rates will ensure all the Region’s costs of building and operating water and wastewater systems will be recouped through rates by 2021. The rates also encourage water conservation and reduce waste.
- Major investments in the Duffin Creek Plant have contributed to its excellence ensuring it meets or exceeds all provincial wastewater treatment standards. In 2016, Council received a report showing the plant, jointly owned and operated by York Region and Durham Region, meets or exceeds all provincial and federal standards. Over the past two decades, the two regions and the provincial and federal governments have invested more than \$850 million in new technologies, equipment, training and best practices to ensure the plant continues to protect the health of residents, Lake Ontario and the local environment.

Going forward, the new One Water approach will underpin capital investments in new infrastructure and asset management. For example, the Upper York Sewage Solutions Individual Environmental Assessment project has proposed a water reclamation centre in the northern part of the Region that will treat wastewater first using conventional methods and then with highly advanced technologies. The resulting reclaimed water will be of high enough quality to be safely discharged into the sensitive watershed of Lake Simcoe or used for other purposes like non-food crop irrigation.





providing responsive and efficient public service

TOP EMPLOYER FOR YOUNG PEOPLE AWARD

York Region was selected in 2016 for the designation of one of Canada's Top Employers for Young People 2017. The selection reflects several initiatives the Region has taken to encourage younger people to join its workforce and to develop their skills:

- The Region's Accelerated Advancement for Analysts – or Triple A – program provides recent graduates of relevant Master's programs with real-world experience. Through the two-year rotational program, analysts work in several areas of the Region's finance department, including budget development, treasury, financial reporting, procurement and information technology services.
- The finance department recently launched a three-year pilot

initiative to allow candidates with fewer years of experience to be considered for certain positions in the department, with incremental pay increases as experience, knowledge and skills grow.

- The Region pays up to \$1,500 in tuition subsidies each year for employees taking job-related courses. Other supports for career development include in-house and online training, in-house career planning services, mentoring, leadership training and an online employee skills inventory.

Encouraging the hiring and development of younger employees is important for the Region which, like many Canadian organizations, is expecting many workers among the large baby boomer cohort to retire in the next few years.



BETTER ASSET MANAGEMENT NOW SAVES MONEY LATER

A new report card on the Region's infrastructure gives most assets an "A" or "B" grade, providing a strong starting point for asset management plans across the corporation.

The grades, set out in an updated State of Infrastructure Report presented to York Regional Council in October 2016, reflect the estimated reliability, capacity and condition of assets at year-end 2015.

The report is an important step in better asset management planning for the Region. Asset management plans work through the complex relationships among operating budgets, capital outlays and fiscal strategy to provide the desired level of service while minimizing, over the long term, the costs and risks related to assets such as roads, transit, facilities, water and wastewater and green infrastructure (e.g. street trees). A thorough plan ensures the organization can cover asset-related costs as they arise.

The current good condition of major assets underscores that the Region benefits from having made the most of its infrastructure investments fairly recently. Starting from such a strong base, York Region can continue planning how best to manage its assets without having to deal with a major backlog of old or underperforming infrastructure.

A central tenet of asset management is recognizing that taking proper care of assets is more cost-effective than having to acquire new assets due to failure. Poorly-maintained assets can be costly and pose risks in many ways, such as increased operations or maintenance costs, emergency repairs, unplanned service outages and the risk of damage to the environment. Keeping track of assets as they age through detailed condition assessments also provides the Region with valuable data to make better and more informed decisions. Departments are taking those factors into account as they develop asset management plans using the detailed asset information gathered for the State of Infrastructure Report.

At an organizational level, asset management planning is helping the Region better understand the interplay of operational and fiscal costs, and risks that are inherent to capital investments and their timing.





This is helping to set priorities for the capital plan and providing realistic estimates of operating costs.

Smarter planning is increasingly important because as assets age, more resources are required to renew and replace assets. In the Region's 10-year capital plan, more than one-third of spending is expected to be on renewals and replacements. The Region continues to work to optimize lifecycle costs, link infrastructure investment decisions to service outcomes, improve decision-making accountability and transparency, and demonstrate the long term consideration of decisions while improving customer service.



REGIONAL EMPLOYEES SUPPORT A VERY SUCCESSFUL 2016 UNITED WAY CAMPAIGN

York Region and York Regional Police raised a total of \$575,088 for the United Way in 2016, exceeding their employee campaign goal by more than \$95,000.

The success of the campaign was recognized with the United Way Leadership Spirit Award, given to an organization demonstrating creative and effective methods of attracting and increasing fundraising dollars.

Regional employees have raised more than \$4.3 million over the past two decades to support critical United Way programs and agencies that improve lives locally.

The United Way Toronto & York Region brings a wide range of partners together to create community-led solutions in three priority areas: helping kids be all they can be, moving people from poverty to possibility and supporting healthy people and strong neighbourhoods.

The 2016 campaign raised a total of \$102 million, the charity's highest achievement to date. It was also the largest United Way campaign in the world.





INTEGRATING “IN-HOUSE” ENERGY EFFICIENCY SOLUTIONS

An updated Energy Conservation and Demand Management Plan is helping ensure greenhouse gas emissions from Regional activities are addressed. In fact, the updated plan lays the groundwork for moving toward zero emissions by 2051, a goal set out in Vision 2051.

Endorsed by Council in May 2016, the plan provides details of Regional initiatives and outlines targets and specific program measures to align with the goal. It targets emissions within both the Region’s direct control, such as vehicles and buildings that it owns and operates, and its indirect control, such as Regional buildings operated by a third party.

Initiatives to date include LEED® Silver certification for new buildings, building audits, retrofits, energy-efficient fleet and transit vehicles and hybrid vehicles. Further efforts to conserve energy and optimize services are underway. They include enhancing the guidelines for sustainable building design, retrofitting more buildings, generating electricity through renewable sources and purchasing higher-efficiency vehicles.

Efforts are already underway in transit and water and wastewater services, the most energy-intensive operations of the Region, to minimize environmental impacts through demand management, assessing possible fleet electrification and evaluating alternative fuels.

These early efforts are starting to pay off. Between 2006 and 2014, total Regional emissions grew by 3.2 per cent a year on average, reaching an estimated level of close to 90,000 tonnes in 2014, outpacing population growth. In September 2016, an annual energy report was presented to York Regional Council showing greenhouse gas emissions fell by 994 tonnes in 2015, a 1.1 per cent decrease from 2014.

Specific measures that reduced emissions in 2015 included:

- Improving routes in transit operations to save 684,000 litres of diesel fuel and eliminate 1,800 tonnes of greenhouse gas emissions
- Running workshops through a pilot program at a Housing York Inc. residence, with energy consumption dropping by nine per cent afterwards

- Installing solar panels at various facilities to generate 165 kilowatts of clean renewable electricity, or enough to power 180 average-sized homes for one year

Measures in 2016 included energy audits for 20 per cent of Housing York Inc. and housing providers' portfolios to find more opportunities to improve energy efficiency and introducing new technology to reduce transit vehicle idling.

Energy efficiency benefits both the environment and the Region's bottom line. The province's new cap and trade program has increased the price the Region pays for natural gas, gasoline and diesel fuels. Greater energy conservation efforts are helping to mitigate this impact.

IMPLEMENTING AGGRESSIVE COLLECTION OF UNPAID FINES

Regional Council endorsed a new strategy in 2016 to improve collections of unpaid court fines.

When an offender does not pay a fine, municipal and provincial taxpayers end up bearing the costs. The new strategy leverages a range of tools to help York Region Court Services tackle a backlog of unpaid fines that stood at \$46 million when the strategy was implemented in May. Increased collection efforts for the first seven months resulted in a one per cent increase in the overall default recovery rate, and a 16 per cent increase in default fine revenue over 2015. It allows Court Services to increase its capacity, both through internal staffing and outsourcing to additional collection agencies, to follow up on unpaid fines.

It would also allow local municipalities to add unpaid fines owed by a resident to his or her property tax bill.

Finally, the strategy would set the total fee on a defaulted fine at \$60, up from the previous \$40.

Updated bylaws will allow enforcement of the new measures around property tax and the default fee.

In addition, the provincial government has passed legislation that denies licence plate renewal to those with unpaid fines for certain offences. The effective date is January 1, 2017.



CONSTRUCTION OF YORK REGION'S NEW ADMINISTRATIVE CENTRE ANNEX BEGINS

To better serve York Region residents, construction of a new community facility is underway in the Town of Newmarket at the corner of Yonge Street and Eagle Street.

Once open in 2020, the York Region Administrative Centre Annex will provide residents with better access to community, health and court services in one central location.

The eight-storey, 422,000 square-foot facility will offer the following public services:

- Public health clinics
- Social and housing services and Ontario Works
- Provincial Offences Act courts
- York Small Business Enterprise Centre
- Access York contact centre

Located next to York Region's Administrative Centre headquarters – the Annex will create a civic campus within an established government district. The close proximity of the buildings is expected to improve business synergies and create operational efficiencies.

Over a 30-year period, York Region expects to realize significant savings by consolidating a variety of satellite locations throughout Newmarket to the Annex, rather than continuing to lease or invest in aged owned facilities.



2011

2012

2013

2014

2015



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Canadian Award
for
Financial Reporting

Presented to

The Regional Municipality
of York, Ontario

Jeffrey R. Lane
Executive Director / CEO

THE REGIONAL MUNICIPALITY OF YORK | AWARDS AND HIGHLIGHTS



HEALTHY COMMUNITIES

Baby Friendly Initiative (BFI) Designation from the World Health Organization and United Nations Children’s Fund (UNICEF); recognized for continuing to make efforts to improve care for pregnant women, mothers and newborns.

Innovation Award from the Ontario Non-Profit Housing Association for the Richmond Hill Hub; recognized as a shining example of the mixed-use, community hub model in affordable housing.

Silver certification in the Canada Awards for Excellence Program under the Excellence, Innovation and Wellness Standard from Excellence Canada; recognized for leadership, governance, planning, processes, social responsibility, partners, suppliers, customers, employees and results.



SUSTAINABLE ENVIRONMENT

Leadership in Energy and Environmental Design (LEED) silver certification from the Canada Green Building Council for York Region Transit’s Operations, Maintenance and Storage Facility; recognized for achieving high performance in key areas of human and environmental health.

Public Project of the Year by the Ontario Public Works Association Awards for the Bill Fisch Forest Stewardship and Education Centre; recognized for being built to the world’s strictest environmental standards.

Corporate Leadership Award from the Canadian Urban Transportation Association (CUTA) for the Transit Network Consultation campaign.

Outstanding Achievement in Fleet Management from the North American Fleet Association; recognized for outstanding achievements, accomplishments and innovation in fleet management.

Exemplary Source Water Protection Award from the American Water Works Association; recognized for establishing and maintaining source water protection programs that account for their unique local conditions, incorporate the interests of stakeholders and reflect sustainable long-term commitments.



GOOD GOVERNMENT

Leadership Award from the United Way Toronto and York Region; recognized for demonstrating creative and effective methods of attracting and increasing fundraising dollars.

Excellence in Municipal Systems Award – Self Serve Data Depot by the Municipal Information Systems; recognized for the York Info Partnerships and Open Data Program.

Corporate Communications Department of the Year plus three Awards of Excellence and nine Awards of Merit by the International Association of Business Communicators; recognized for communications excellence throughout the Greater Toronto Area.

Distinguished Budget Award from the Government Finance Officers Association (GFOA) for the 12th consecutive year in preparing high quality budget documents that meet best practices set out by the GFOA.

Canadian Award for Financial Report (CANFR) and the Popular Annual Financial Reporting Award (PAFR) from the Government Finance Officers Association (GFOA) for preparing high quality financial reporting documents that promote accessibility and understandability of financial information.

High credit ratings from two international rating agencies. Moody’s Investors Service assigned its top Triple A rating – Aaa – for 16th consecutive year. Standard & Poor’s Financial Services LLC reaffirmed York Region’s “AA+” credit rating.

KEY REGIONAL PERFORMANCE MEASURES YEAR 2 (2016) PROGRESS

41 OF **48** = **85%** of Key Regional Performance Measures are trending in the desired direction

3 of 48 measures are not trending in the desired direction
4 of 48 measures are waiting for current data



ECONOMIC VITALITY TREND

| | |
|---|---|
| Increase percentage of business engagements resulting in business retention, expansion and attraction | ● |
| Increase percentage of business engagements with targeted business sectors | ● |
| Increase percentage of businesses in services-producing sector | ● |
| Increase number of road lane kilometres new and rehabilitated | ● |
| Increase number of rapidway lane kilometres | ● |
| Decrease average time on social assistance | ▲ |
| Increase percentage of employment land within 1 kilometre of 400-series highways | ▲ |
| Increase percentage of employment land within 500 metres of a transit stop | ▲ |



HEALTHY COMMUNITIES TREND

| | |
|---|---|
| Increase number of subsidized households | ● |
| Increase percentage of total housing stock medium/high density residential housing | ● |
| Increase number of households that receive housing assistance | ● |
| Increase number of shelter beds | ● |
| Increase number of vaccines administered | ● |
| Maintain percentage of samples that meet Ontario drinking water standard | ● |
| Increase number of bike lane and paved shoulder kilometres | ● |
| Maintain or grow number of individual and collective actions of the Human Services Planning Board | ● |
| Maintain per capita investment of the Community Investment Fund | ● |
| Decrease number of long term care residents transported to hospital | ● |
| Reduction in mental health crisis calls to 911 | ● |

LEGEND

- - Trending in the desired direction
- - Annual variation not in the desired direction
- - Not trending in the desired direction for > 2 years
- ▲ - Waiting for current data



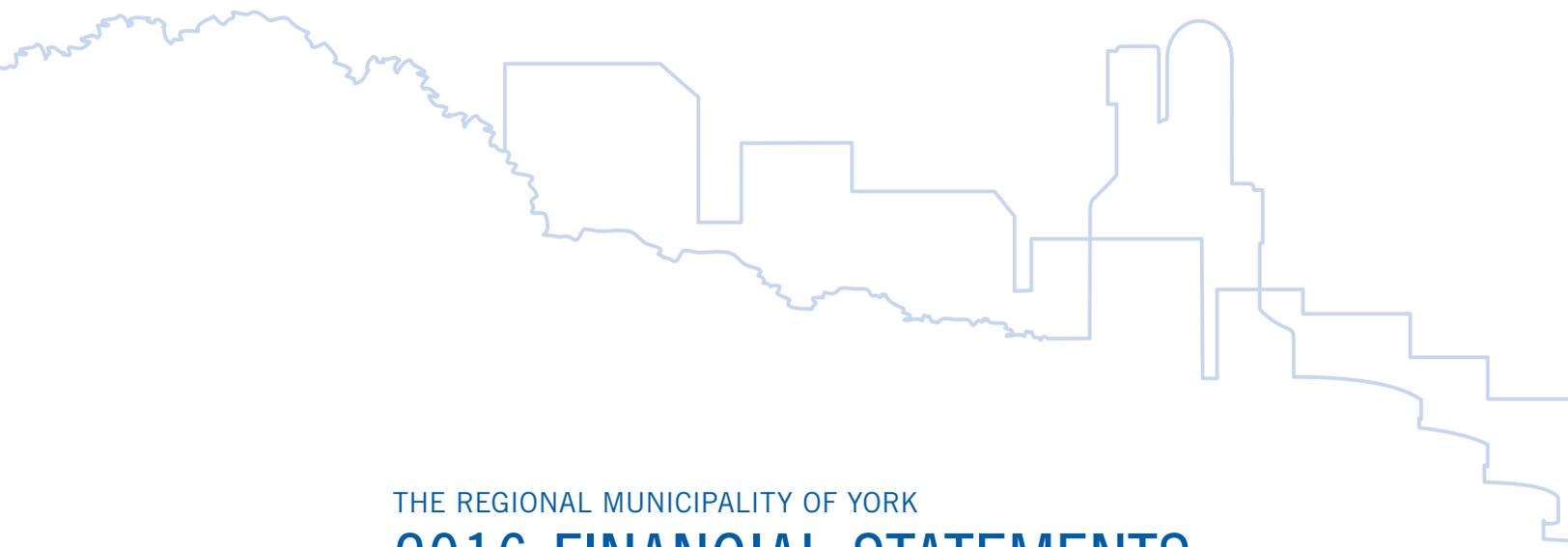
SUSTAINABLE ENVIRONMENT TREND

| | |
|--|---|
| Increase number of road lane kilometres new and rehabilitated | ● |
| Increase number of traffic signals reviewed and optimized annually | ● |
| Increase number of rapidway lane kilometres | ● |
| Maintain percentage of treated water returned to environment within regulated standards | ● |
| Reduce quantity of inflow and infiltration in Regional and local wastewater systems | ● |
| Measure percentage of capital budget spent on renewal/asset management | ● |
| Increase percentage of solid waste diverted from landfill | ● |
| Decrease average residential water demand | ● |
| Increase percentage of new development located in Regional Centres and Corridors | ● |
| Increase percentage of new non-residential development located in Regional Centres and Corridors | ● |
| Maintain percentage of York Region land subject to environmental protection policies | ● |
| Increase transit ridership per capita | ● |
| Increase number of trees and shrubs planted annually through the Regional Greening Strategy programs | ● |
| Increase number of hectares of environmental lands secured through the Regional Greening Strategy programs | ● |



GOOD GOVERNMENT TREND

| | |
|--|---|
| Increase number of staff using the Customer Relationship Management technology system | ● |
| Increase number of services available online | ● |
| Increase number of data sets available online | ● |
| Increase number of social media followers | ● |
| Increase percentage of business continuity plans tested annually | ● |
| Increase reserve to debt ratio | ● |
| Maintain high credit rating | ● |
| Increase percentage of invoices paid within 30 days | ● |
| Increase contribution to asset replacement and rehabilitation as percentage of replacement value | ● |
| Increased percentage of assets with real condition assessment data | ● |
| Maintain criteria to achieve top employer recognition(s) | ● |
| Increase number of corporate-wide call types handled by Access York | ● |
| Increase number of visits to Regional websites | ● |
| Increase percentage of Formal Freedom of Information Requests handled within 30 days | ● |
| Measure leadership and management skills gap index | ▲ |



THE REGIONAL MUNICIPALITY OF YORK

2016 FINANCIAL STATEMENTS

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Bill Hughes
Commissioner of Finance
and Regional Treasurer

THE REGIONAL MUNICIPALITY OF YORK

TREASURER'S REPORT

I am pleased to present this report on The Regional Municipality of York's financial performance for the year ended December 31, 2016.

Together with our audited consolidated financial statements and other information provided in this Community Report, the Treasurer's Report is a key element of our accountability to York Regional Council and our residents.

It explains our financial management practices and discusses 2016 financial results. It also looks at trends in several indicators of financial performance, and concludes with a discussion of our outlook and measures we are taking to manage risk.

In 2016, the second year of the current term of Regional Council, York Region recorded a surplus of \$509.1 million on the full accrual basis of accounting. This was \$29.5 million lower than the expected surplus of \$538.6 million outlined in Note 1 to the financial statements.

It was also \$205.3 million lower than the \$714.4 million surplus recorded in 2015. The 2015 surplus reflected a one-time increase of \$234 million arising from financial arrangements between the provincial transit agency, Metrolinx, and the Region. Results in 2016 were consistent with the average annual surplus of \$463.2 million over the past five years.

York Region's accumulated surplus rose from \$5.7 billion to \$6.2 billion by the end of 2016, reflecting the addition of the annual surplus.

Putting in place infrastructure to meet the needs of growth while maintaining the Region's fiscal health is a top priority. The increase in capital assets totalled \$648.1 million in 2016. More than 80 per cent was for road, transit and water and wastewater assets.

Financial assets, which are cash, and assets that can be quickly converted to cash, increased by \$318.2 million from a year earlier. The increase largely reflects investment income, transfer payments received in advance of their use, cash set aside for future debt repayment, and collection of development charges.

Net cash inflows from financing activities amounted to \$150.2 million. This was down by \$50.7 million from the \$200.9 million of the previous year, and well below the average of \$284.2 million a year over the past five years. These results reflect the Regional fiscal strategy, which is improving the Region's financial sustainability by reducing its reliance on debt.

York Region maintained its strong credit ratings of AA+ from S&P Global Ratings and Aaa, the highest rating available, from Moody's Investors Service in 2016. The Region's results for the year show it is on the path toward achieving the highest rating from both agencies, as it works to moderate and ultimately reverse the trend in debt.

FINANCIAL MANAGEMENT STRATEGIC FRAMEWORK

The strategic framework underlying the Region's financial management consists of the following elements:

- Vision 2051 and 2015-2019 Strategic Plan
- The Regional Fiscal Strategy

VISION 2051 AND THE 2015 - 2019 STRATEGIC PLAN

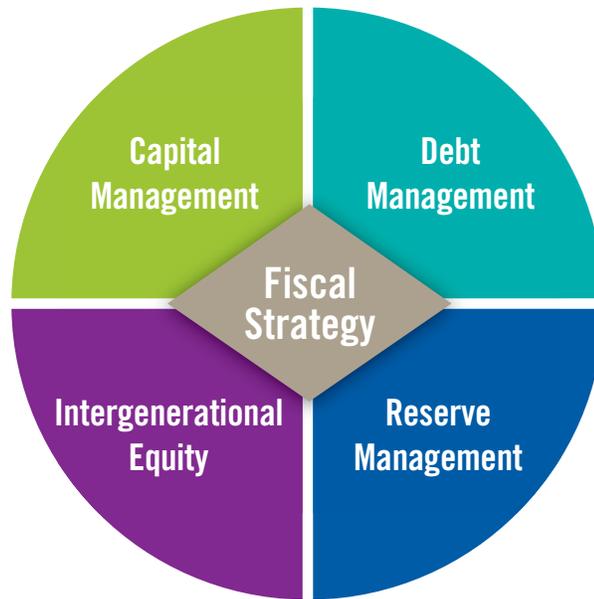
The Region's long-term direction is guided by *Vision 2051*, which sets out where the Region aspires to be by 2051. For each new term of Council, the Region develops a four-year strategic plan to advance the long-term vision. *Vision 2051* and the 2015-2019 Strategic Plan are discussed in more detail on page 12 of this report.

Financial sustainability means that over the long term there is a balance between the need for services and the cost of providing them. Managing the Region's finances and assets in a prudent and efficient way is a key element of supporting *Vision 2051* and the strategic plan. The finance function ensures the resources will be available to achieve the priorities set out in those plans, while maintaining the Region's fiscal health. This work is guided by the Regional Fiscal Strategy and implemented through the Region's multi-year budgeting practices.

REGIONAL FISCAL STRATEGY

Providing services and the infrastructure to meet the needs of expected population growth while maintaining the Region's fiscal health requires careful long-term planning. This planning must bring together three distinct but related strands of activity: managing the capital plan, saving for the future by building reserves and reducing reliance on debt.

The Finance Department integrates these strands through the Regional fiscal strategy, which was initially adopted in 2014 and continues to be updated annually. Careful management of these components puts the Region in a more sustainable financial position and helps ensure intergenerational equity, which means financial responsibility is fairly shared between current and future residents.



The Capital Plan

The majority of the Region’s capital investments have been made to provide infrastructure to serve future population and employment growth. York Region can collect development charges for growth when it occurs. Because the Region has to build those assets before all the expected growth occurs, making the investments requires the Region to borrow.

Given this, getting the timing right is crucial. When development charge collections arrive more slowly than expected, as has been the case in recent years, the Region faces the risk of higher debt and interest costs and less fiscal flexibility. To manage this risk, the Region reduced planned spending in its 10-year capital plans in 2013, 2014 and 2015.

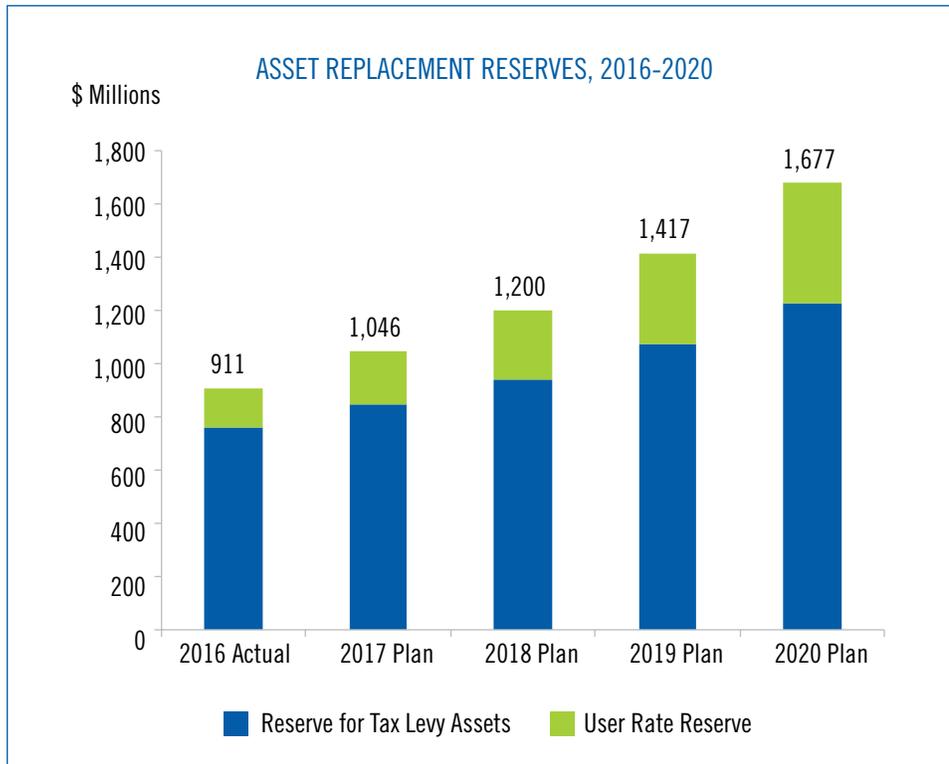
Capital planning must also take into account the need to renew and ultimately replace capital assets, for which funding must come from sources other than development charges. In the past, debt was required for some renewal and replacement projects, but the Regional fiscal strategy has eliminated this need by improving planning, increasing the use of reserves and enhancing reserve contributions.

Building Reserves

For water and wastewater assets, York Regional Council has approved increases in user rates. Starting in 2021, increased rates are expected to cover the entire cost of providing services, including funding reserves for water and wastewater renewals and replacements.

For renewal and rehabilitation of other infrastructure, York Region continued in 2016 to act on a five-year commitment made in 2013 to gradually increase contributions to reserves. In 2016, the reserve contribution grew by 1.8 per cent of the 2015 tax levy, to reach \$92.4 million. In 2017, the contribution will grow by two per cent of the previous year’s tax levy.

The graph below, reflecting 2016 results and the 2017 budget, shows how asset replacement reserves are expected to grow as a result of the fiscal strategy:



As well, 50 per cent of the Region’s supplementary tax revenues may be added to these reserves each year. Supplementary tax revenues reflect growth in assessment values, owing to new properties or property improvements after the data in the tax roll are finalized. In 2016, local municipalities collected roughly \$16 million in gross supplementary revenues on behalf of the Region, of which \$4 million was applied to increasing reserves.

Long-term Debt Management Plan

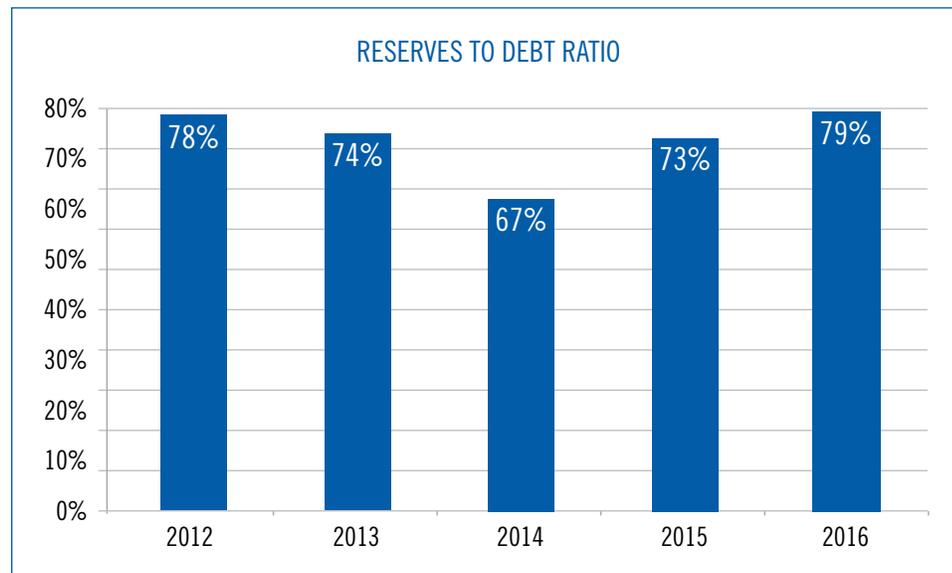
The Region’s long-term debt management plan reflects the Regional fiscal strategy. It takes into account borrowing needs over a multi-year period, considers risks to the plan and ways of mitigating them, and ensures compliance with Regional and provincial policies. The plan’s aim is to avoid issuing new tax-levy and user rate debt and to manage development charge debt down after 2017.

The plan in the 2016 budget outlined \$0.8 billion in debenture funding for a 10-year capital plan of \$6.1 billion. Assuming no change in that outlook, it projected the Region’s outstanding debt would increase from \$2.8 billion in 2016 to a peak of \$2.9 billion in 2017 and start to decrease in 2018. At the end of 2016, debt was \$2.7 billion, slightly less than forecast.

Impact of the Regional Fiscal Strategy

The ratio of reserves to debt is an important marker of fiscal sustainability and flexibility. A high ratio shows that if revenues decline, York Region has other resources to meet its obligations. Conversely, if the ratio is too low, it can indicate vulnerability to economic downturns.

Adherence to the Regional Fiscal Strategy will improve this ratio by reducing reliance on debt and building reserves. The positive impact of the strategy, introduced in 2014, is shown in the graph below:



Note: The reserves figure includes development charges and gas tax funding. It excludes the sinking fund reserve balance. The debt figure represents the Region's gross debt, net of sinking fund assets.

As additions to debt moderate and reserves grow in line with the Fiscal Strategy, the ratio is expected to improve. During the 2016 budget, the reserve to debt ratio was expected to pass 100 per cent by 2021, at which time the Region would become a net investor; the forecast date has since been updated to 2020.

Continued use of the Regional Fiscal Strategy will:

- Help to ensure fiscally responsible capital plans that keep pace with expected growth
- Add significantly to asset replacement and renewal reserves
- Reduce Regional borrowings from what they would otherwise have been

MULTI-YEAR BUDGETING

In 2015, the Region introduced a new multi-year budget framework that coincides with the four-year term of York Regional Council. The 2016 budget was developed under the new framework.

Multi-year budgeting enables Council to approve a one-year budget and an outlook for the remaining years. This approach gives the Region the opportunity to direct financial resources toward key strategic priorities during each Council term, while maintaining the flexibility each year to adjust the plan to address new needs and priorities if these arise.

Multi-year budgeting helps to provide greater certainty about future tax levies. In 2016, despite some unexpected fiscal pressures, the tax levy increase of 2.85 per cent was unchanged from the outlook in the four-year plan developed a year earlier.

Expected population growth is a major driver of the multi-year budget. A growing population means greater demand for programs and services. Future demand also reflects other factors, including changing social and economic conditions and the expectations of the public and other levels of government. Budgets also include estimates of any offsetting funding that might be received, such as transfer payments, user fees and fares.

FINANCIAL MANAGEMENT, CONTROLS AND REPORTING

In addition to the Regional vision and strategic plans, financial management reflects the requirements of provincial legislation and internal financial policies and controls. The audit function is also a key element of financial management.

PROVINCIAL LEGISLATION

Provincial direction determines many aspects of municipal financial management, including the setting of development charges, debt issuance, budgeting, accounting and reporting.

Development Charges

The Region's development charge rates and policies are guided and regulated by the *Development Charges Act*. Development charges are levied on new residential and non-residential development and are used to fund the infrastructure needed to serve growth. They are the main source of funding for the growth-related portion of the Region's capital plan.

A development charge rate is the end result of a calculation that starts with forecasting the growth expected in the Region and estimating the infrastructure needed to serve that growth. The legislation requires various deductions from the estimate to determine the amount eligible for recovery through development charges. These include expected grants and subsidies, 10 per cent of the amount related to providing some services, such as social housing and waste diversion, any benefit to existing and future development beyond the forecasting period, and, for some services, adjustment to ensure that future service levels do not exceed historic averages.

The Province updated the act in 2015 to allow recovery of a greater portion of growth-related transit infrastructure costs and to make waste diversion infrastructure eligible for development charge recovery. The Region's current development charges bylaw expires in June 2017.

Debt Issuance

Under the *Municipal Act*, municipalities in Ontario may only issue debt for capital projects. A regulation under the act limits the amount of municipal debt and other financial obligations that may be incurred.

The regulation restricts the aggregate annual cost of servicing the expected long-term debt and financial obligations to 25 per cent of certain elements of a municipality's revenue. For the Region, these include property taxes, water and wastewater revenue, transit fares, investment income earned on reserve and reserve funds (excluding the sinking fund), other user fees and provincial fines.

In addition to this limit, the Region qualifies for a "growth cost supplement" that is equal to 80 per cent of the average of the Region's last three fiscal years of development charge collections, which provides it with more debt room to meet the capital-related needs of growth. For prudence, the Region's policy is to add only 70 per cent of the three-year average, not the full permitted 80 per cent.

YORK REGION BYLAWS, POLICIES AND CONTROLS

In addition to the Regional fiscal strategy and long-term debt management plan, the Region has put in place various bylaws, policies and control procedures to support better financial management and stewardship of the Region's assets and reduce risk. These cover such activities as borrowing, managing reserves, investing Regional funds, procurement, insurance coverage and development charges.

MANAGEMENT RESPONSIBILITY

The Controllership Office within the Finance Department is responsible for organization-wide controls, policies and procedures to safeguard the Region's financial resources. It also keeps financial records, prepares the annual consolidated financial statements and reports on results.

The consolidated financial statements are prepared by management in accordance with Canadian Generally Accepted Accounting Principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Note 1 to the consolidated financial statements provides a summary of the significant accounting policies.

AUDIT FUNCTION

The Audit Services branch in the Office of the Chief Administrative Officer advises on managing and controlling risk, performs independent appraisals of control systems and helps identify efficiencies and improvements in new and existing processes, programs and services.

The Region's external auditors conduct an audit of the consolidated financial statements in accordance with Canadian public sector accounting standards. Their unqualified opinion of the financial statements appears on page 68.

Council's Audit Committee helps ensure the Region's administration properly carries out its responsibilities for financial reporting, internal control, auditing and monitoring compliance with laws, regulations and the Region's Code of Conduct. Audit Committee membership consists of:

- Mayor Virginia Hackson (Chair)
- Mayor Geoffrey Dawe (Vice-Chair)
- Regional Councillor Nirmala Armstrong
- Regional Councillor Brenda Hogg
- Mayor Steve Pellegrini
- Regional Councillor Gino Rosati
- York Region Chairman and CEO Wayne Emmerson (ex-officio)

BASIS OF BUDGETING, ACCOUNTING AND FINANCIAL REPORTING

Being able to easily compare planned and actual results is a critical marker of good financial management.

In line with provincial requirements set out in the *Municipal Act*, York Region develops its budget to essentially balance major cash inflows, like tax receipts, transfer payments, user fees and borrowing, and major outflows, like operating costs and capital projects. Any excess of inflows over outflows at year-end is called an operating surplus.

The provincial government requires municipalities to account for and publicly report on their financial activities following the guidance of the Public Sector Accounting Board. The board requires the use of full accrual-based accounting, which does not directly reflect many cash inflows and outflows in determining whether there has been a surplus (which, under full accrual, is called the annual surplus). As a result, comparing actual results to the budget plan requires a reconciliation. This reconciliation also captures other differences between the budget and financial statements.

A reconciliation between the 2016 budget and actual results appears in Note 1 (b), subsection xiii, to the consolidated financial statements. This reconciliation differs from the one set out in the 2016 budget plan because:

- York Region used the updated approach adopted for the 2017 budget to develop the financial note reconciliation
- During the year, Council approved moving \$93.5 million in spending on capital projects from later years into 2016. The additional revenue to support the spending was to come from various reserves, including a Metrolinx-related reserve for the transit spending, and borrowing. This meant that expected revenues, capital expenditure, changes in reserves and debt proceeds all had to be updated in the financial statement note reconciliation.
- The reconciliation in the 2016 budget assumed that a planned \$214.2 million in funding from Metrolinx would be fully offset by an expense, because the Region would use it to build assets that would be owned by Metrolinx. The Note 1 reconciliation reflects an estimated \$64.3 million of the spending that is not an expense under full accrual. Metrolinx-related expense in the reconciliation thus increased by a net \$149.9 million, representing the \$214.2 million less \$64.3 million.

With the planned acceleration in capital spending and other adjustments, expected capital expenditures totalled \$806.7 million on a full accrual basis.

WHAT IS THE FULL ACCRUAL BASIS OF ACCOUNTING?

Accrual accounting recognizes revenues as they are earned, even if the money has not been received, and spending on goods and services when it is incurred, even if the invoice has not yet been paid. Where capital investments are concerned, this treatment also requires when a new asset is built or acquired, its full cost is not recorded in that year. Instead, only a portion of the cost, called amortization, is recorded as an expense in the year of acquisition and every subsequent year of the asset's useful life.

RESULTS FOR 2016 AND INDICATORS OF FINANCIAL PERFORMANCE

This section compares 2016 results to the budget plan and the previous year. It also incorporates an analysis of trends and other financial indicators, as recommended by the Public Sector Accounting Board.

COMPARISON OF ACTUAL RESULTS TO BUDGET PLAN

| | 2016 Budget | 2016 Actual | Variance |
|-------------------------------|-------------|-------------|-----------|
| REVENUES: | | | |
| Net taxation/user charges | \$1,283.3 | \$1,277.9 | (\$5.4) |
| Transfer payments | \$671.9 | \$489.4 | (\$182.5) |
| Development contributions | \$303.4 | \$283.4 | (\$20.0) |
| Interest and investment | \$65.6 | \$87.9 | \$22.3 |
| Other | \$225.6 | \$215.9 | (\$9.7) |
| Total revenues | \$2,549.8 | \$2,354.4 | (\$195.4) |
| EXPENSES: | | | |
| Transportation | \$520.2 | \$445.4 | (\$74.8) |
| Environmental Services | \$430.3 | \$456.2 | \$25.9 |
| Community and Health Services | \$498.3 | \$422.6 | (\$75.7) |
| York Regional Police | \$330.2 | \$338.7 | \$8.5 |
| Other | \$232.1 | \$182.4 | (\$49.7) |
| Total expenses | \$2,011.2 | \$1,845.3 | (\$165.8) |
| Annual surplus | \$538.6 | \$509.1 | (\$29.5) |

Notes:

1. Numbers may not add due to rounding
2. Budget figures are based on the reconciliation in Note 1 to the financial statements

IMPROVING COMPARABILITY TO THE BUDGET

To allow better comparison between the Regional budget and final results, in this discussion and the accompanying graphs and tables:

- “Other” revenue comprises the lines “Fees and services” and “Other” in the financial statements
- “Transportation” refers to the Transportation Services department and York Region Rapid Transit Corporation, a Regionally-owned entity that is consolidated with the results of the Transportation Services department in financial reporting. In the financial statements, “Transportation services” refers to the consolidated results
- “Community and Health Services” comprises the lines “Health and emergency services,” “Community services” and “Social housing” in the financial statements. The social housing line consolidates the results of Housing York Incorporated
- “York Regional Police” refers to the line “Protection to persons and property” in the financial statements
- “Other” expense includes the lines “General government” and “Planning and economic development” in the financial statements

Total revenue was \$195.4 million less than the revised budget plan. The largest variance was in transfer payments, which were \$182.5 million below plan. This was largely because some planned transit projects did not go ahead during the year and thus did not require the funding that had been budgeted for them.

Among other sources of revenue, earnings on the Region’s investments were \$22.3 million higher than planned, at \$87.9 million.

Operating spending, at \$1,845.3 million, was \$165.8 million less than planned in the revised budget. Financial reporting, including adjustments for full accrual, shows that:

- Transportation was \$74.8 million under budget. Transportation Services’ net spending in 2016 was \$205 million, slightly above its approved budget of \$203.1 million. York Region Rapid Transit was essentially on budget. The balance of the variance reflects lower-than-expected spending on certain transit projects outside the Region’s own asset portfolio, which show as expenses in its financial statements.
- Community and Health Services was \$75.7 million below budget. A change in accounting treatment for Housing York Incorporated accounted for most of the change. Lower-than-budgeted net operating spending for the department as a whole accounted for the balance. The underspending was due largely to hiring delays, lower-than-expected demand for rent subsidies and delay in starting some programs.

- Environmental Services was \$25.9 million over budget. The department achieved a slight surplus on a budgetary basis. The Region shares the costs of some water and wastewater assets with the City of Toronto and Region of Peel. These assets were previously held as assets under construction. In 2016, assets valued at \$514 million were reclassified as Environmental Services assets. This resulted in a higher-than-budgeted amortization expense. As well, in the reclassification, roughly \$17.5 million was deemed to be expense, not tangible capital assets, which also increased results against budget.

As a result of variation in revenues and expenses from plan, the surplus of \$509.1 million for the year was \$29.5 million lower than the expected \$538.6 million.

YEAR-OVER-YEAR COMPARISON OF OPERATING RESULTS:

| | 2015 Actual | 2016 Actual | Change |
|-------------------------------|-------------|-------------|-----------|
| REVENUES: | | | |
| Taxation/user charges | \$1,214.4 | \$1,277.9 | \$63.5 |
| Transfer payments | \$651.5 | \$489.4 | (\$162.1) |
| Development contributions | \$281.0 | \$283.4 | \$2.4 |
| Interest and investment | \$94.8 | \$87.9 | (\$6.9) |
| Other | \$241.2 | \$215.9 | (\$25.4) |
| Total revenues | \$2,482.9 | \$2,354.4 | (\$128.5) |
| EXPENSES: | | | |
| Transportation | \$371.6 | \$445.4 | \$73.8 |
| Environmental Services | \$432.0 | \$456.2 | \$24.2 |
| Community and Health Services | \$470.3 | \$422.6 | (\$47.7) |
| York Regional Police | \$331.3 | \$338.7 | \$7.4 |
| Other | \$163.4 | \$182.4 | \$19.0 |
| Total expenses | \$1,768.5 | \$1,845.3 | \$76.8 |
| Annual surplus | \$714.4 | \$509.1 | (\$205.3) |

The annual surplus for the year was \$509.1 million, a decrease of \$205.3 million from 2015. Revenues were \$128.5 million lower than reported in 2015, while expenses were \$76.8 million higher.

Revenues and expenses in 2015 were both affected by one-time events related to financial arrangements between York Region Rapid Transit Corporation and Metrolinx, the provincially-owned transit agency. These events, which are discussed in more detail in the 2015 Community report, resulted in a higher-than-expected annual surplus in 2015.

Transfer Payments Decline, But Most Other Revenue Sources Rise

Revenue for 2016 was \$2,354.4 million, a decline of 5.2 per cent from \$2,482.9 million a year earlier. This was mainly the result of reduced revenues related to a drop in capital construction activity. With less activity, less funding was needed.

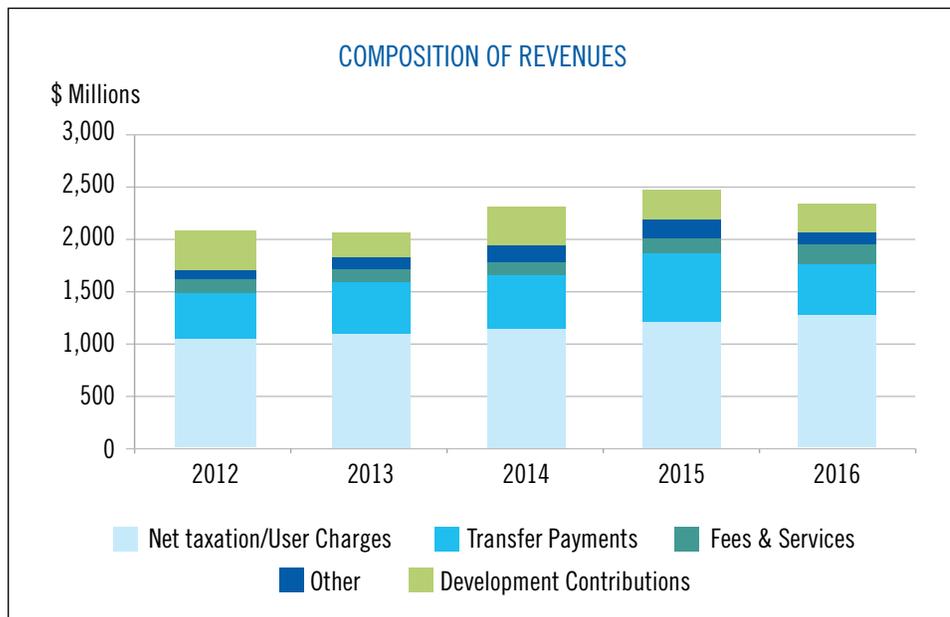
The Region's largest sources of revenue are net taxation and user fees for water and wastewater services. These two components of revenue rose by \$63.5 million in 2016 to reach \$1,277.9 million. The increase was made up of gains of \$40.8 million in taxation revenues, reflecting the approved tax levy increase of 2.85 per cent and assessment growth of 1.76 per cent, and \$22.7 million in user fees, owing mainly to approved water and wastewater user rate increases.

Transfer payments declined by \$162.1 million from 2015 to 2016. This was largely due to a decline of \$134.8 million in provincial grants and \$26.4 million in federal grants for transit projects, reflecting the completion of major elements of the projects being funded. In addition, provincial support for social housing fell by \$12.6 million, as two major projects were completed. These declines were partially offset by increases in other transfer payments, particularly for child care.

Income earned on the Region's investments declined by 7.3 per cent, going from \$94.8 million in 2015 to \$87.9 million in 2016. The return on investments was lower than in 2015 as market interest rates declined to historic lows leading up to the American presidential election in the fall. Despite low interest rates, the Region's general and sinking fund portfolios were able to realize \$34.8 million in capital gains in 2016.

Other revenues fell by \$25.4 million, largely reflecting a decline in capital recoveries for work done on behalf of local municipalities. The decline resulted from both lower total capital spending and the completion of fewer major projects during the year. Recoveries tend to be higher in the year a project is completed, because results and allocation of costs are more readily identifiable.

FIVE-YEAR TREND IN REVENUES



The Public Sector Accounting Board notes that dependence on sources of revenue over which a government has little or no control can signal vulnerability.

Among revenue sources that the Region largely controls, taxation and user-fee revenue accounted for 54 per cent of revenues in 2016, an increase from the previous year. Another 13 per cent, including fees, services and interest earnings, also represents own-source revenues. In total, revenues over which the Region has control amounted to about two-thirds of revenue in 2016.

Over the past five years, these revenue sources have consistently provided more than 60 per cent of total revenues.

Among revenue sources over which the Region has limited control, transfer payments have provided between 21 per cent and 26 per cent of the Region's revenues over the past five years, with the lowest level occurring in 2016. The higher level in earlier years largely reflected the Metrolinx funding for transit-related assets. Construction on a number of Metrolinx projects finished in 2015, resulting in additional transfers to the Region. This somewhat overstated transfer payment growth that year. The size of the Metrolinx program also tends to overshadow higher transfers in other areas, particularly child care.

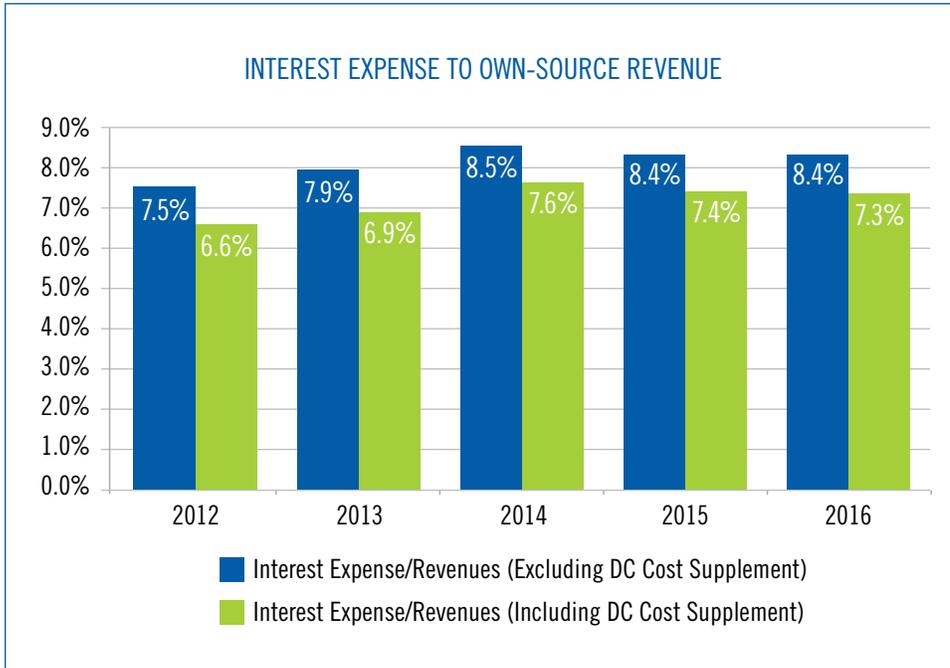
In general, transfer payments reflect either specific, time-limited funding arrangements for transit investments or provincial government decisions in areas like child care that have benefited all municipalities. The Region is accustomed to managing the impact of changes in these payments.

Development contributions are another revenue source largely out of York Region's control. They represent cash from the development charge account that is used to pay for growth-related capital projects. Contributions vary considerably as a share of revenues because the investments they fund also vary from year to year. In the past two years they have been relatively stable, at 11 per cent in 2015 and 12 per cent in the year just ended, mainly because funding needs tapered off as several major growth-related capital projects were being completed.

As long as growth-related investments are needed over the long term, however, the development charge account must be replenished with collections. These can be very challenging to forecast. Managing the capital plan as part of the Region's fiscal strategy is the key to reducing the risks related to this uncertainty.

Another potential marker of financial vulnerability is the ratio of interest expense to own-source revenues. Rapid growth in interest expense when own-source revenues are growing more slowly increases the ratio. When the ratio becomes too high, a government may be forced to divert so much of its revenues to paying interest that it must constrain spending on other important priorities.

The graph below shows that the ratio declined in 2016, after steady growth in the preceding years:



The graph shows two sets of bars because of the importance of development-related revenues to the Region’s financial picture. Development charges are a key source of debt service funding, one that is reflected in the “growth cost supplement” to Regional borrowings that was discussed in the section on financial management, controls and reporting.

Including these revenues, which is appropriate because of their role in servicing debt, lowers the ratio slightly. Because the development growth cost supplement has been relatively flat over the past five years, however, it has had a relatively small impact on changes in the ratio.

EXPENSES RISE TO SERVE THE NEEDS OF A LARGER POPULATION

Expenses in 2016 rose by \$76.8 million, or 4.3 per cent, from a year earlier to reach \$1,845.3 million. The increase was mainly because of the need to serve a larger population.

Impacts on expenses from the Metrolinx projects are reflected in Transportation results. In 2016, the expense related to building Metrolinx rapidways and stations increased by \$42 million. The balance of the increase in Transportation expense for 2016, which totalled \$32 million, related to operating and maintaining a larger road network and transit system.

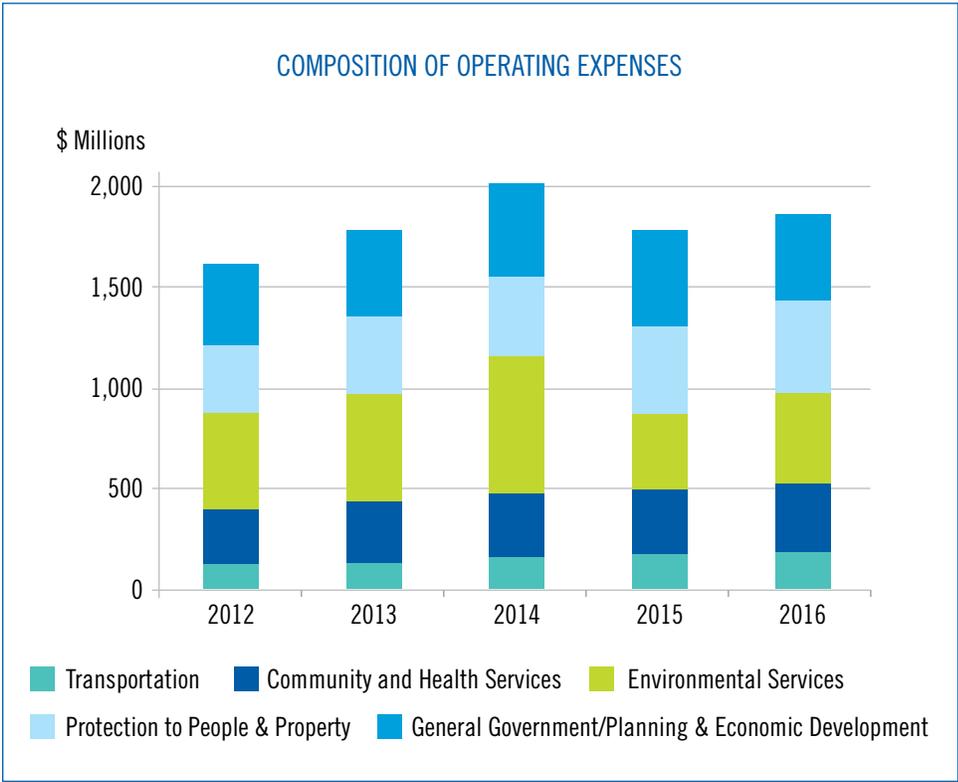
Environmental Services spending grew by \$24.2 million, reflecting higher amortization expense on a larger asset portfolio and higher interest expense and payroll costs, partially offset by a reduction in operating costs.

Spending by Community and Health Services fell by a reported \$47.7 million. Social housing expense fell by \$73.2 million, reflecting a change in accounting methodology for capital projects completed for Housing York Incorporated.

Excluding those results, Community and Health Services expense went up by \$25.6 million, reflecting additional spending on programs for children, which was fully funded by increased provincial transfers, as well as a greater demand for its other programs.

Other expense increased by \$19 million, owing mainly to higher employment-related benefits.

THE TREND IN OPERATING EXPENSES

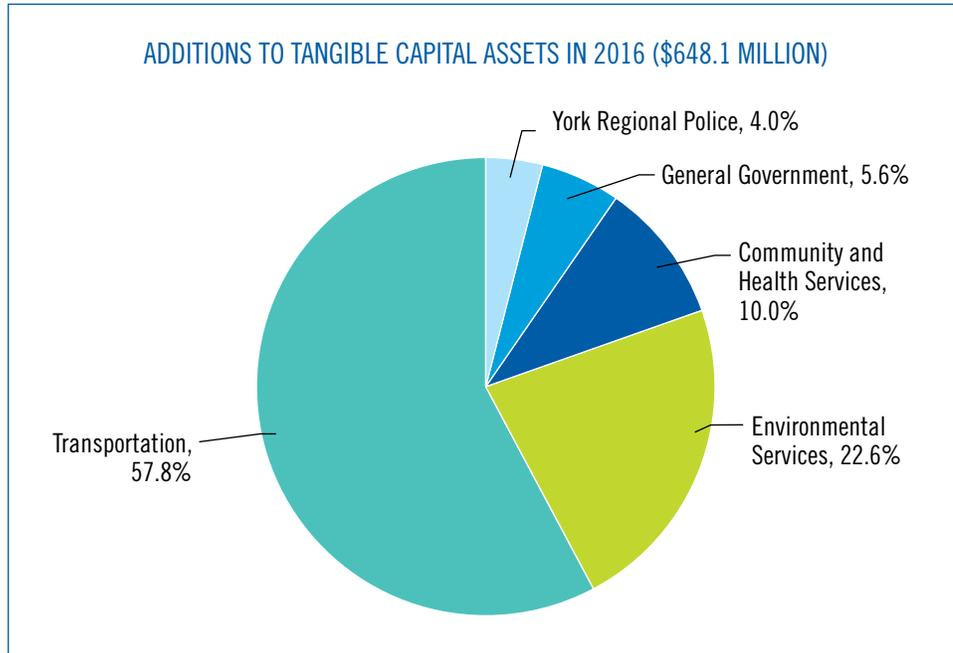


The underlying five-year trend in operating expense reflects the need to serve a larger population, as well as the growth in amortization expense as the Region’s capital portfolio has increased. The expansion of some programs funded by the provincial government was also a factor.

The underlying trend has been somewhat masked by the year-to-year variance in operating expense in Transportation linked to Metrolinx projects. In 2014, the projects significantly increased operating spending for Transportation. In 2015, as several transit projects ended, expenses saw a major decrease. An updated approach to tracking the split between operating expense and additions to Regionally-owned capital will help to moderate the variance. As long as projects are being built on behalf of Metrolinx, however, this will be reflected in higher reported operating spending by the Region.

ADDITIONS TO CAPITAL SUPPORT GROWTH AND HELP MANAGE CONGESTION

York Region's portfolio of tangible capital assets grew by \$648.1 million in 2016, with Transportation and Environmental Services responsible for the largest shares, as shown below:



The increase reflected land purchases and improvement, and new or expanded buildings, equipment and vehicles, transit networks, road systems and water and wastewater infrastructure.

As noted, Regional Council gave in-year approval to add spending authority to several capital projects in 2016. The capital expenditure plan was updated accordingly. By year-end, however, the additional capital authorization was not used, and the final capital program was in alignment with the plan set out in the 2016 budget.

Transportation, with responsibility for road and transit networks, accounted for \$374.6 million, or 57.8 per cent, of total additions to the capital portfolio. In 2016 this included an estimated \$64.3 million related to Metrolinx investments in bus rapidways. Even though the bulk of the spending is on assets owned by Metrolinx, it also results in some improvements to Regionally-owned assets.

The large share of the year's total capital program spent on transportation and transit projects reflects the Region's emphasis on addressing traffic congestion, the most frequently cited concern of residents.

Environmental Services, which is responsible for water and wastewater infrastructure, accounted for a further \$146.6 million or 22.6 per cent of capital spending in the year. With several major projects winding down, both its absolute spending and share of the total declined from 2015.

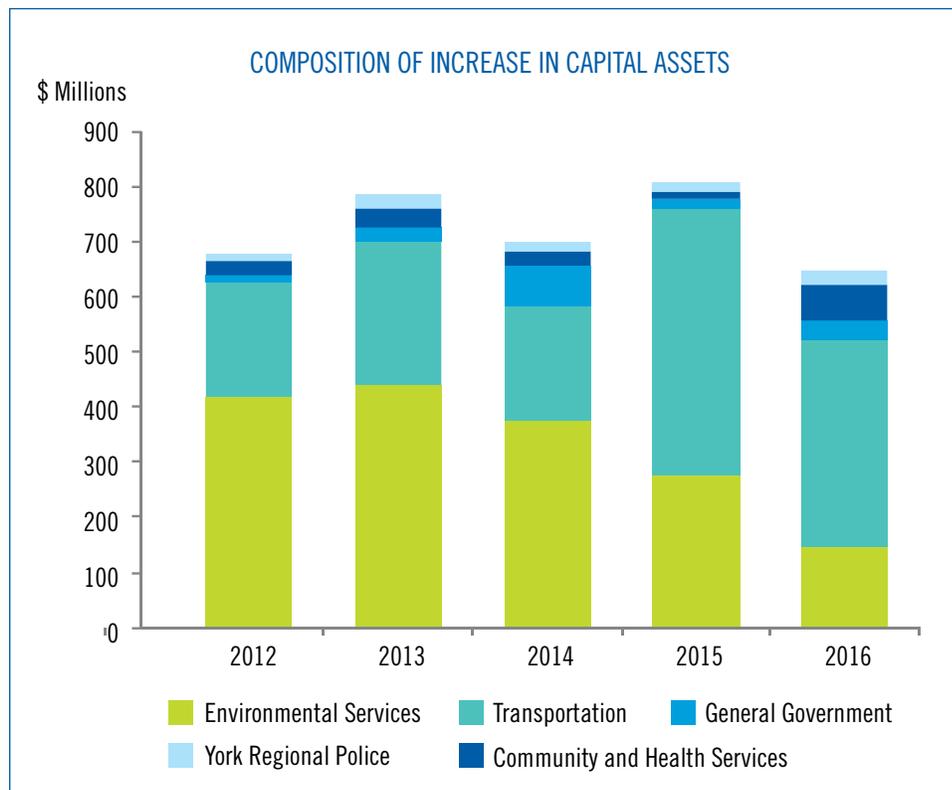
Community and Health Services recorded an increase of \$64.7 million in tangible capital assets, which represents 10 per cent of the total. This was largely

attributable to the completion of two large housing projects. The increase for general government was \$36.5 million, or 5.6 per cent of capital spending during the year, representing initial work on the new Annex building and a space intensification initiative.

Total tangible capital assets include assets under construction of \$1.7 billion at year-end. This reflected a decrease of \$393.0 million over the year, owing to the completion of major projects and the reclassification of some water and wastewater assets.

After taking into account amortization expense of \$233.6 million and the disposal of assets during the year, the net book value of the Region’s assets rose by \$411 million, going from \$7.1 billion at 2015 year-end to \$7.5 billion at the end of 2016.

TREND IN TANGIBLE CAPITAL ASSETS



Capital spending over the past five years has been dominated by major projects carried out by Transportation and Environmental Services, which are typically the departments with the largest capital programs. The share attributable to Environmental Services declined gradually over the past five years with the completion of some major projects.

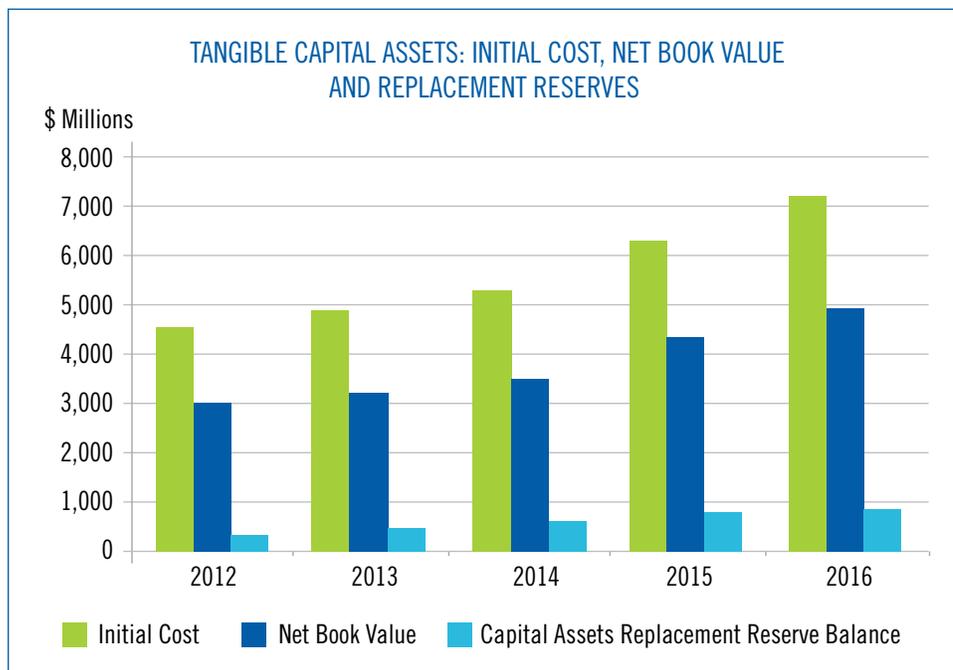
For Transportation, reported results have been affected by the funding received for Metrolinx-related projects. With several projects ending in 2015, and final accounting done, some funding was recognized as having been used to improve Regionally-owned assets. This impact was recorded in that year, even though some of the benefit might have accrued in earlier years.

Major capital projects in other departments are undertaken less frequently than in Transportation and Environmental Services. For example, the purchase or acquisition of buildings to provide public services, which is a general government responsibility, happens only periodically. This was the case, for example, in 2014, when the Region bought and renovated a facility, and in 2016, for the Annex project discussed above.

Capital needs are a major element of governments' planning and budgeting. Governments are increasingly recognizing the need to cover not just the costs of buying or building new assets, but maintaining and rehabilitating them while they are in service and replacing them when needed. Many assets are in service for decades and in some cases are "out of sight and out of mind." Without careful planning and ongoing attention, a government can face very high renewal or replacement costs without adequate resources to cover them.

One measure of a government's asset-related vulnerability is the relationship between the initial cost of assets and their current, amortized value (or net book value).

The graph shows that both the net book value and initial cost of the Region's assets are rising, and the rates of increase are very similar:



Note: The Region's asset replacement reserves exclude land, land improvements and assets under construction. For comparability, these items have also been excluded from capital assets in the chart above.

This means the Region is adding new assets, which helps to offset the decline in the net book value of existing assets. As projects are completed and come into service, the rate of increase in net book value may slow. This is typical in rapidly growing municipalities like the Region, and may be followed by several years of equally important but lower outlays for rehabilitation of those assets. During this period, net book value may stabilize or even decline slightly.

When the ratio of net book value to initial cost becomes very low, however, it indicates that the government has assets at or beyond their useful lives, has not invested in rehabilitation and is not replacing depleted assets. At this stage the ratio would signal a problem. Generally, however, the ratio is of limited value in tracking asset-related vulnerability, because it does not reflect the normally higher cost of replacing assets, nor the government's ability to pay.

York Region's approach is to develop a detailed, rigorous long-term plan for managing its assets and ensuring funds are available for that purpose:

- The Region, through its asset management planning, is constantly improving its understanding of asset condition to help determine the best timing for investments in rehabilitation and replacements.
- As the graph shows, the Regional Fiscal Strategy has accelerated the growth of asset replacement reserves, which have increased by about 26 per cent a year on average since 2012. As well, the Region regularly funds some rehabilitation projects from its annual budget as "pay-as-you-go" spending from the current year's tax levy, not out of the replacement reserves, as an additional source for asset management investment.

ACCUMULATED SURPLUS RISES, WHILE NET DEBT FALLS

Public sector financial reporting in Canada focuses on "net debt," which is the difference between financial assets, like cash, and liabilities, including debt.

The Region's net debt at year-end 2016 was \$1,341.6 million, representing the difference between its \$3,653.8 million in financial assets and \$4,995.4 million in debt and other liabilities.

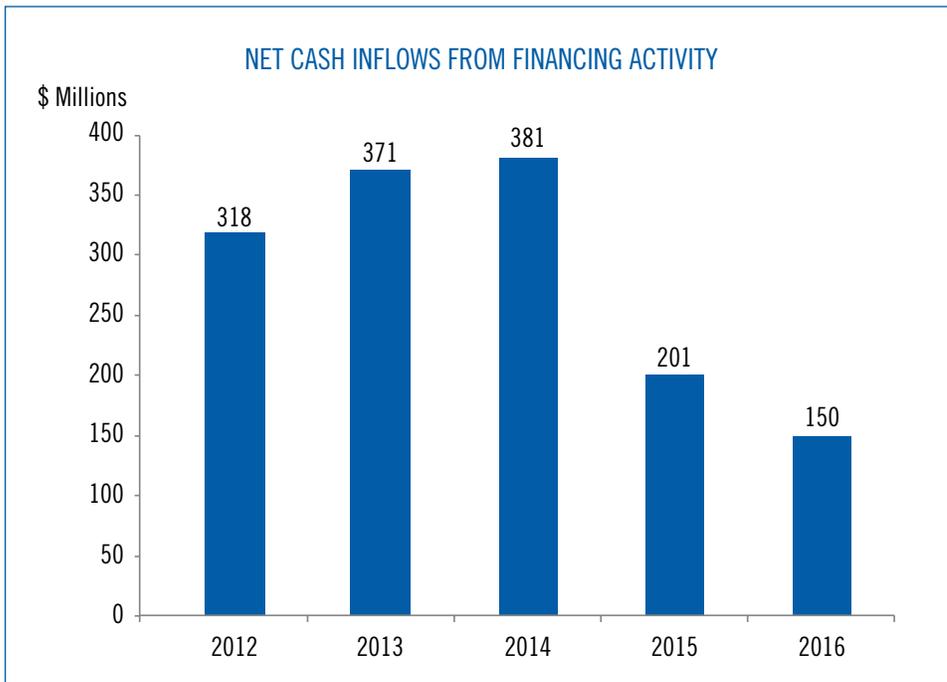
This was a decrease of \$96.5 million in net debt, because financial assets increased by more than liabilities. Financial assets rose by \$318.2 million, largely reflecting higher cash and investments at year-end. Liabilities went up by \$221.7 million, owing largely to increases in deferred revenues that totalled \$179.4 million, an increase in debt of \$123.2 million, and an \$18.9 million rise in employee benefit obligations. These increases were offset by a reduction of \$99.9 million in accounts payable and other accrued liabilities.

When net debt was offset against \$7,543.0 million in non-financial assets, including infrastructure and other capital assets, the Region showed an accumulated surplus of \$6,201.4 million. The accumulated surplus grew by \$509.1 million from the previous year, representing the addition of the annual surplus.

Cash from operations, which is the annual surplus adjusted for amortization, the drawdown of deferred revenues and other non-cash items, amounted to \$886.6 million in 2016. The adjustments to cash included \$27.3 million in assets that were contributed to the Region by a local municipality. New net borrowings totalled \$150.2 million. These cash inflows totalled \$1,064.1 million. Of that amount, the Region used \$620.1 million to invest in capital and added \$254.4 million to its investment portfolio. The balance represents the increase of \$162.3 million in cash and its equivalents by year-end.

Net cash inflows from financing activities totalled \$150.2 million in 2016. This is the amount of net new debt issued by the Region after repayment of existing long-term debt, and also reflects \$13.1 million in investment income earned on the Region's sinking funds. Sinking funds are amounts set aside to repay long-term debt.

As the graph shows, the Region's reliance on net cash inflows from borrowing has declined since the introduction of the Regional fiscal strategy in 2014.



OUTLOOK

EXTERNAL RISKS

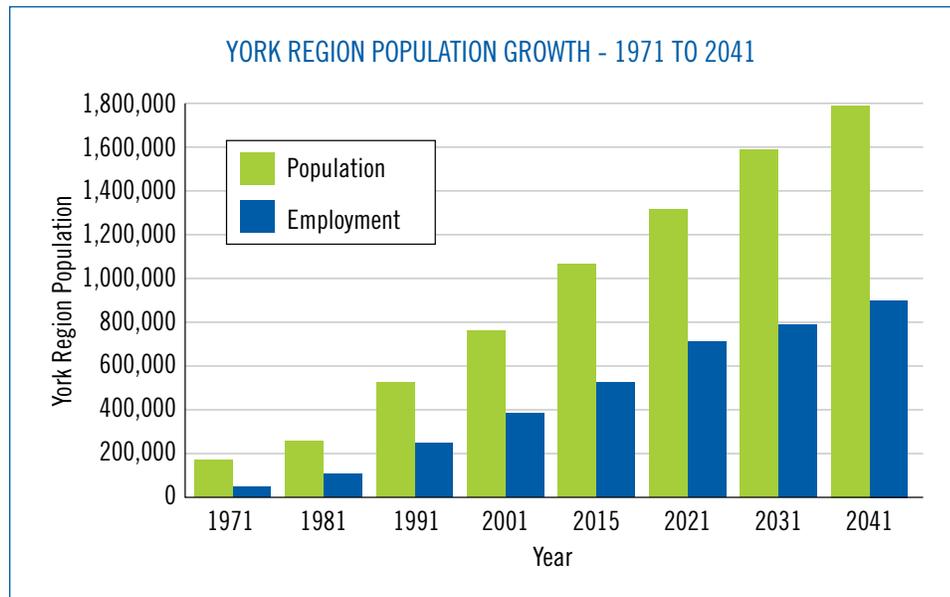
Slower-than-expected Growth

Since its formation in 1971, population and economic growth in York Region have largely determined its fiscal picture. While York Region is continuing to grow, the rate of population increase is currently slower than in the recent past and this trend may continue over the near term. Such alternating periods of higher and lower growth have characterized the Region since its formation.

The current cycle of lower-than-expected development charge collections is due to a number of factors. These include slower-than-expected population growth and changes in housing types and employment densities.

York Region is managing these risks through the Regional Fiscal Strategy, especially by putting in place a more rigorous capital planning framework and strengthening its debt management plan.

While the Region works to manage the current period of lower-than-expected development charge collections, in the longer term it must address growth targets set by the provincial Growth Plan for the Greater Golden Horseshoe under the *Places to Grow Act*. These targets require the Region to be prepared for a population of close to 1.8 million residents by 2041, a significant increase from the current level of almost 1.2 million.



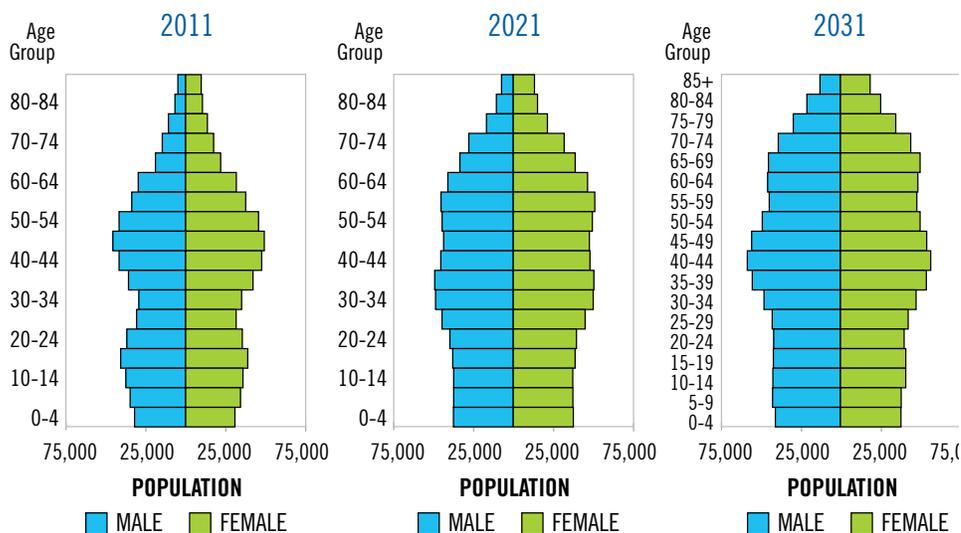
The possibility that the amount and timing of actual growth may differ from the provincial forecast is a risk factor for the Region and adds a layer of complexity to long-term fiscal planning.

New Services and Strategies for the Needs of a Changing Population

The population of York Region is not just growing, it is changing. Regional forecasts suggest that:

- The strongest growth in the next several years will be among seniors, as the graph below shows
- The share of children and youth in the population is unlikely to grow as strongly as in the past, reflecting the fact that young adults (those aged 25 to 44) are waiting longer to form families
- The Region will continue to become more urban as population is increasingly focused in built-up areas

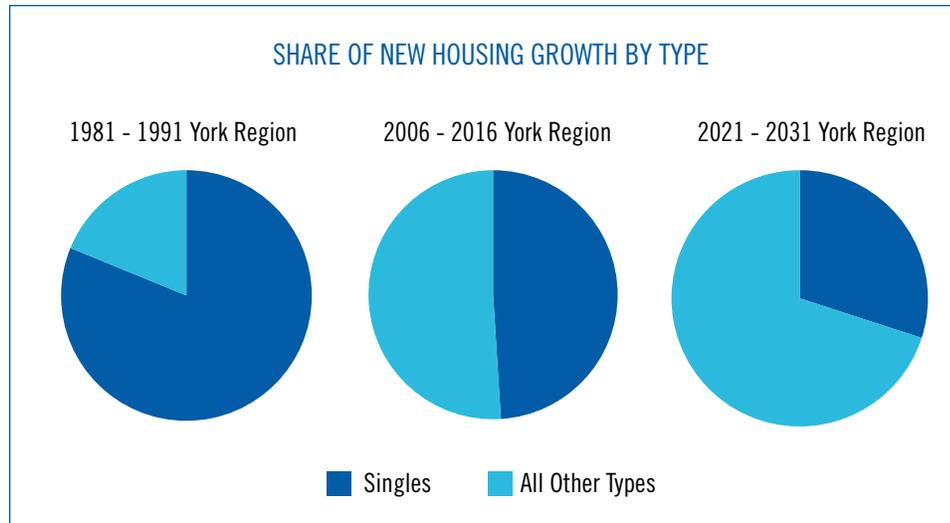
YORK REGION POPULATION PYRAMID



Source: The Regional Municipality of York, Long Range Planning Branch, Population Estimates, 2012

The first trend in particular is likely to have fiscal impacts. Growth in the over-65 age group will ultimately mean a significant share of residents over 75, an age group that tends to rely more heavily on health-related services. To help manage this risk while addressing needs appropriately, the Region is implementing a seniors' strategy, as discussed earlier in the Supporting Community Health and Well-being section, that will provide guidance in adjusting service levels and altering service delivery models as needed.

Over time, growth in the seniors population and other factors are likely to result in more compact development. More condominiums and other higher-density housing types are already being built, especially in the southern part of the Region. By 2031, the single detached house will still represent the largest share of the housing stock, at 55 per cent, but other housing types will dominate new construction, as the following graph shows.



Note: The 1981-1991 and 2006-2016 share are based on CMHC Completion Data. The 2021-2031 figures were forecast by the Long Range Planning Branch using the 2017 development charge forecast.

Growth and urbanization have impacts on the spending side that must be properly managed. These include demand for more services and often, new services. Through the strategic planning and budgeting processes, each department determines how best to use its resources to address these changes.

The next section focuses on specific infrastructure challenges arising from growth and urbanization.

Addressing the Transit Needs of a More Urban Region

Without effective transit, increasing urbanization will inevitably create more traffic congestion. The Region itself does not have the resources to build the comprehensive rapid transit system needed to support the higher population density foreseen in the provincial Growth Plan, especially in the current period of underperformance in development charge collections.

This makes provincial and federal support for rapid transit essential. Such assistance is also logical, since a network involving better GO train service and an extended Yonge Street subway line, as well as purely Regional transit services, would support economic growth and provide benefits beyond the borders of York Region.

Through the Regional Express Rail initiative, the provincial government is currently moving ahead on investments to improve GO rail service. Increasing the GO network and services could result in significant costs to the Region, including the need to provide new rail crossings on Regional roads, deal with traffic flow into and out of GO stations and parking lots, and expand transit service at stations.

Federal and provincial commitments to the early phases of the Yonge subway extension are an encouraging sign. As the federal and provincial governments make longer-term investment decisions in all areas of rapid transit, it will be essential for them to address the Region's pressing need for ongoing support.

Limited Revenue Options

Revenue sources for municipalities in Ontario are determined by the provincial government. For York Region, these include property taxes, user fees and charges, development charges, fines and penalties and investment income.

Under provincial legislation, the City of Toronto has the power to levy additional direct taxes that are not available to the Region or other Ontario municipalities.

As the Region grapples with the need to fund growth-related infrastructure, manage its large existing asset base and provide quality services, it is clear that current revenue sources are inadequate for achieving long-term financial sustainability. The property tax increases and additional debt needed to meet these costs over the foreseeable future are not likely to be acceptable.

Implementing revenue measures similar to those that already exist in Toronto could generate significant revenues to fill the fiscal gap and help put the Region on a path to long-term financial sustainability. This would require a change in provincial legislation.

Provincial Regulation and Policy Frameworks

Provincial decisions on policies and regulation have profound impacts on the Region's costs, as well as its revenue sources.

On regulation, while the Region fully supports provincial standards that safeguard residents, it also looks to approaches that are efficient and cost-effective.

On the policy front, lack of clear direction where provincial interests intersect – for example, accommodating growth while meeting more stringent environmental standards – creates uncertainty for the Region. Spending on continuous updates to the Regional Official Plan, driven by the need to conform to the Provincial Growth Plan, is becoming a burden. Provincial policy coordination that takes into account all provincial goals and priorities would provide welcome relief.

The Impacts of a Changing Climate

There is growing evidence that extreme weather events such as ice storms, drought, heavy rainfall, flooding and tornados are happening more frequently than in the past.

The consequences of such events are hard to predict: for example, while reduced snow and milder temperatures in 2015 and 2016 reduced the need for snow clearing, there was an increase in the number of events that required the spreading of salt.

To better manage risk, departments are working to assess the likelihood and severity of extreme climate-related events. This was an important theme for the update of the Water and Wastewater Master Plan in particular, because these assets are more vulnerable to extreme weather.

The Economy and Market Conditions

Revenues are subject to risks arising from general economic conditions. Economic growth in Ontario, including the Greater Toronto Area, continues to show steady moderate growth after the 2008 global economic crisis. Growth has averaged 2.6 per cent a year over the past three years.

The structure of the Region's economy, however, is a potential risk factor, given its relatively high dependence on jobs in manufacturing, particularly vehicle part production. As noted earlier in the section on economic vitality, suppliers to the vehicle manufacturing industry face risks related to the move of jobs to other, lower-cost jurisdictions and possible renegotiation of trade agreements.

The Region's economic development plan is helping to manage that risk. It achieved a major goal with provincial approval of a new campus of York University in the City of Markham. This will help support the shift already underway towards more service-oriented jobs, especially in technical and professional areas, and create more office-based employment. In 2016, as discussed earlier in this report, another success in this area was the announcement by General Motors that it would bring a new software development centre to the Region.

A widespread, severe and prolonged economic downturn might affect development charge collections in the Region. If the downturn also made financial markets more risk-averse, the cost of debt servicing would increase. The Region's strong financial management capacity, noted by rating agencies, is a key factor in managing these risks. The Regional fiscal strategy, which is resulting in improved financial condition, can be adjusted, if necessary, in response to changing circumstances.

Another means the Region uses to manage economic and market risks is maintaining a high level of reserves, which provide liquidity in case of a sudden change in conditions and provide the Region with investment income.

INTERNAL RISKS

Changing Workforce

Some risks related to day-to-day operations have potential long-term, enterprise-wide impacts. The makeup of the workforce is an example. The Region, like many other organizations, is planning for the succession needs of an aging workforce, to ensure that valuable institutional knowledge is preserved.

As more employees retire, the Region faces increasing expense for post-employment benefits. In 2016, the amount was \$6.7 million. This is an expense that, under provincial guidance, municipalities may exclude in their annual budgets but must include in financial reporting. The Region follows these practices, but as the amount grows, including it in the budget may provide greater transparency and comparability between the financial plan and actual results.

Shifts in Technology

Changes in technology and its delivery are also having an impact on York Region's operating outlook. An important example is the growth in cloud-based computer software applications, which can shift spending from capital to operating expense.

As well, the Region is increasingly using technology to modernize and transform its business processes. While providing the longer-term benefits of higher service quality and greater efficiency, this shift can trigger higher initial costs.

CONCLUSION

The trends and financial indicators show York Region is making progress on its goals of serving growth, saving for future needs and achieving financial sustainability. Provincial action, however, is key to giving the Region access to the revenue options likely to be needed in the longer term.

Our progress to date has depended on the knowledge and expertise of a very large number of people at the Region and elsewhere, as well as their strong commitment to working together on solutions.

I would like to take this opportunity to thank elected officials, staff across all departments, local municipal partners and outside agencies for providing this support as we plan and budget for our future and report on our progress.

Staff in the Finance Department deserve my special thanks for their commitment and efforts on behalf of York Region. Because of their work, Council members and the Chairman, committees, departments, residents and other interested parties better understand the financial implications of the issues facing the Region, which supports more effective decision-making. Together, we are working toward the important goals of a fiscally prudent and efficient Region and stewardship of its assets.



Bill Hughes
Commissioner of Finance & Regional Treasurer
May 16, 2017



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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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 16, 2017

Vaughan, Canada

FINANCIAL STATEMENTS

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 | 3,653,807,222 | 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 | 4,995,390,851 | 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) | 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 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.

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.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements

December 31, 2016

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.

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.

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.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements

December 31, 2016

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.

| | <u>\$ ('000s)</u> |
|--|-------------------|
| 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 | 13,561 |
| 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 | 7,020 |
| Total expenses | 2,011,192 |
| Annual surplus | 538,608 |

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.

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).

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements

December 31, 2016

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 |
| | <u>243,694,289</u> | <u>313,134,867</u> |
| Less: Allowance for Doubtful Accounts | 2,146,274 | - |
| | <u>241,548,015</u> | <u>313,134,867</u> |

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 | 17,785,853 |
| | <u>180,271,324</u> | <u>161,363,047</u> |

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 | <u>73,807,880</u> | <u>33,275,815</u> | <u>32,939,289</u> | <u>21,137,253</u> | <u>161,160,237</u> |

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% |

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements

December 31, 2016

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.

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 | 8,744,227 | 35,525,114 | (31,330,197) | 12,939,144 |
| Total deferred revenue-general | 64,776,623 | 699,507,224 | (582,124,194) | 182,159,653 |
| Development charges | 207,706,844 | 341,347,136 | (283,350,272) | 265,703,708 |
| Gas tax | 73,853,472 | 47,827,908 | (43,790,002) | 77,891,378 |
| Total obligatory reserve funds | 281,560,316 | 389,175,044 | (327,140,274) | 343,595,086 |

7. LONG-TERM LIABILITIES

a) 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 | 2,880,456,153 | 2,766,220,205 |
| Sinking fund debenture debt | 624,408,506 | 610,389,226 |
| Mortgage payable by Housing York Inc. | 62,397,455 | 67,398,480 |
| | 3,567,262,114 | 3,444,007,911 |
| Less: Recoverable from area municipalities | 184,140,047 | 211,070,743 |
| Net long-term liabilities at the end of the year | 3,383,122,067 | 3,232,937,168 |

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.

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 | 418,516,700 |
| | \$3,383,122,067 |

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).

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements

December 31, 2016

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 water 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 |

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 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.

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 | Additions | Disposals | Balance at |
|----------------------------|----------------------|--------------------|---------------------|----------------------|
| | December 31 2015 | | | December 31 2016 |
| | \$ | \$ | \$ | \$ |
| 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 | 2,094,726,917 | (392,984,280) | - | 1,701,742,637 |
| Total | 9,180,881,791 | 648,119,012 | (53,061,787) | 9,775,939,016 |

| ACCUMULATED AMORTIZATION | Balance at | Disposals | Amortization | Balance at |
|----------------------------|----------------------|---------------------|--------------------|----------------------|
| | December 31 2015 | | expenses | December 31 2016 |
| | \$ | \$ | \$ | \$ |
| Land | - | - | - | - |
| 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 | 160,716,953 | (10,466) | 21,121,169 | 181,827,656 |
| Total | 2,064,831,450 | (49,639,981) | 233,638,361 | 2,248,829,830 |

| | Net book value | Net book value |
|----------------------------|----------------------|----------------------|
| | December 31 2015 | December 31 2016 |
| | \$ | \$ |
| 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 | 2,094,726,917 | 1,701,742,637 |
| Total | 7,116,050,341 | 7,527,109,186 |

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 |
| | <u>3,795,604,270</u> | <u>3,521,972,659</u> |
| 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 | <u>115,379,047</u> | <u>109,902,633</u> |
| 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 | <u>2,290,434,677</u> | <u>2,060,465,680</u> |
| Total | <u>6,201,417,994</u> | <u>5,692,340,972</u> |

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 administering 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 |

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements

December 31, 2016

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> |



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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 financial statements of the sinking funds of The Regional Municipality of York, which comprise the statement of financial position as at December 31, 2016, the statement of financial activities and change in fund balance for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the sinking funds of The Regional Municipality of York as at December 31, 2016, the results of its operations and changes in its financial position for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 16, 2017

Vaughan, Canada

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 | 1,505,238 | 3,391,108 |
| Total Assets | 624,408,506 | 610,389,226 |
| LIABILITIES | | |
| Actuarial requirement for retirement of the Sinking Fund (Note 2) | 606,352,389 | 596,283,299 |
| Fund balance | 18,056,117 | 14,105,927 |
| Total Liabilities and Fund Position | 624,408,506 | 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, 2015

| | Budget | 2016 | 2015 |
|------------------------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| REVENUES | | | |
| Contributions from: | | | |
| Area Municipalities | 6,811,164 | 6,811,164 | 7,395,869 |
| Regional Corporation | 136,586,674 | 136,586,674 | 132,761,611 |
| Total contributions | 143,397,838 | 143,397,838 | 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 | (2,531,733) | - | (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 accompanying notes are an integral part of these Financial Statements.

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.



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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 financial statements of residents' trust funds and donation account of The Regional Municipality of York, which comprise the statement of financial position as at December 31, 2016 and the statement of financial activities for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the funds held in residents' trust funds and its donation account by The Regional Municipality of York as at December 31, 2016, the results of its operations and changes in its financial position for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 16, 2017

Vaughan, Canada

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 | - | 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.

STATISTICAL REVIEW

THE REGIONAL MUNICIPALITY OF YORK

Five Year Review (unaudited)

| (in thousands of dollars) | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-----------|-----------|-----------|-----------|-----------|
| CONSOLIDATED FINANCIAL ACTIVITIES | | | | | |
| Analysis of Revenues | | | | | |
| Net taxation/user charges | 1,277,869 | 1,214,395 | 1,137,490 | 1,089,936 | 1,045,034 |
| Transfer payments | 489,375 | 651,485 | 521,668 | 495,375 | 451,832 |
| Development contributions | 283,350 | 281,033 | 361,871 | 221,158 | 378,685 |
| Fees and service charges | 169,047 | 144,696 | 134,293 | 130,161 | 118,252 |
| Other | 134,719 | 191,278 | 161,328 | 121,131 | 84,146 |
| | 2,354,360 | 2,482,887 | 2,316,650 | 2,057,761 | 2,077,949 |
| Analysis of Expenses by Object | | | | | |
| Salaries, wages and employee benefits | 711,011 | 656,735 | 615,471 | 583,519 | 531,912 |
| Debt servicing | 133,613 | 129,552 | 122,136 | 106,567 | 93,370 |
| Operating and general expenses | 689,627 | 700,873 | 1,002,622 | 833,447 | 722,683 |
| Amortization | 233,639 | 207,690 | 183,306 | 168,019 | 152,111 |
| Transfers to others | 77,393 | 73,655 | 76,142 | 74,251 | 94,535 |
| | 1,845,283 | 1,768,505 | 1,999,677 | 1,765,803 | 1,594,611 |
| Analysis of Expenses by Function | | | | | |
| General government | 173,142 | 154,797 | 150,549 | 117,316 | 112,352 |
| Protection to persons and property | 338,690 | 331,305 | 308,042 | 298,548 | 272,853 |
| Transportation services | 445,386 | 371,589 | 683,624 | 541,097 | 482,142 |
| Environmental services | 456,153 | 431,960 | 397,624 | 384,249 | 328,017 |
| Health and emergency services | 134,539 | 130,265 | 126,998 | 119,476 | 110,466 |
| Community services and housing | 288,082 | 340,017 | 324,847 | 297,268 | 281,330 |
| Planning and economic development | 9,291 | 8,572 | 7,993 | 7,849 | 7,451 |
| | 1,845,283 | 1,768,505 | 1,999,677 | 1,765,803 | 1,594,611 |
| Annual Surplus | 509,077 | 714,382 | 316,973 | 291,958 | 483,338 |
| Accumulated Surplus | 6,201,418 | 5,692,341 | 4,977,959 | 4,660,986 | 4,369,027 |
| Net Debt | 1,341,584 | 1,438,123 | 1,568,137 | 1,364,270 | 1,037,953 |

THE REGIONAL MUNICIPALITY OF YORK
Five Year Review (unaudited)

| (in thousands of dollars) | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|----------------|----------------|----------------|----------------|----------------|
| OUTSTANDING OBLIGATIONS | | | | | |
| Debt Outstanding | | | | | |
| Total Long Term Liabilities | 2,904,323 | 2,833,617 | 2,750,975 | 2,508,945 | 2,187,287 |
| Overlapping Debt* | (184,140) | (211,071) | (219,605) | (218,122) | (226,656) |
| Net Long Term Liabilities | 2,720,183 | 2,622,546 | 2,531,370 | 2,290,823 | 1,960,631 |
| Net Long Term Liabilities per capita | \$2,292 | \$2,249 | \$2,211 | \$2,027 | \$1,768 |
| Sinking Fund | 624,409 | 610,389 | 500,686 | 360,149 | 211,151 |
| Charges for Net Long Term Liabilities | | | | | |
| Recovered from: | | | | | |
| General Tax Rates | 256,869 | 259,315 | 254,686 | 238,268 | 213,834 |
| User Rates | 38,990 | 40,271 | 41,962 | 40,011 | 39,272 |
| Total | 295,859 | 299,586 | 296,648 | 278,279 | 253,106 |
| Debt charges as a % of Total Expenses | 16.0% | 16.9% | 14.8% | 15.8% | 15.9% |
| Debt Limit Available for New Debt | 163,025 | 145,826 | 133,448 | 109,204 | 105,257 |

Note: Some comparative figures have been reclassified to conform with 2016 presentation.

*Of area municipalities

THE REGIONAL MUNICIPALITY OF YORK

Five Year Review (unaudited)

Miscellaneous Information

| | 2016 | 2015 | 2104 | 2103 | 2012 |
|--|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | |
| Full Time Equivalent Employees ⁽¹⁾ | 5,575 | 5,442 | 5,288 | 5,145 | 4,978 |
| Unemployment Rate ⁽²⁾ | 5.8% | 5.8% | 6.2% | 7.1% | 7.1% |
| Acquisition of Tangible Capital Assets | \$648,119,012 | \$808,496,822 | \$701,279,211 | \$785,018,923 | \$676,607,481 |
| Community and Health | | | | | |
| Percentage of Total Housing Stock Medium/High Density Residential Housing | 26.3% | 25.6% | 24.7% | 23.8% | 23.3% |
| New Annual Residential Units/Building Permits | 10,597 | 9,546 | 6,234 | 7,830 | 10,598 |
| Annual Building Permit Values (\$ 000s) | 4,760,297 | 3,887,514 | 2,804,647 | 2,837,193 | 3,474,170 |
| Number of Subsidized Households | 5,088 | 4,913 | 4,925 | 4,904 | 4,822 |
| Number of Households that Receive Housing Assistance | 10,362 | 8,127 | 14,883 | 15,215 | 13,159 |
| Number of Mental Health Crisis Calls to York Regional Police | 4,334 | 3,818 | 3,812 | 3,504 | 3,429 |
| Number of Vaccines Administered | 38,493 | 33,143 | 47,212 | 50,634 | 45,511 |
| Roads and Transit | | | | | |
| Total Kilometres of Roads in the Region ⁽³⁾ | 4,175 | 4,158 | 4,128 | 4,093 | 3,523 |
| Number of Road Lane Kilometres New and Rehabilitated | 190 | 175 | 102 | 220 | 210 |
| Number of Rapidway Lane Kilometres | 8.6 | 8.6 | 3.5 | 2.5 | 0 |
| Number of Bike Lane and Paved Shoulder Kilometres | 398 | 362 | 324 | 271 | 210 |
| Number of Traffic Signals Reviewed and Optimized Annually | 591 | 437 | 356 | 323 | 251 |
| Transit Ridership per Capita | 21.0 | 21.4 | 22.4 | 21.5 | 20.0 |
| Environment | | | | | |
| Number of Trees and Shrubs Planted Annually Through the Regional Greening Strategy Program | 93,188 | 94,637 | 91,698 | 45,907 | 99,349 |
| Percentage of Solid Waste Diverted from Landfill | 91% | 87% | 85% | 87% | 82% |
| Average Residential Water Demand per Capita (Litres per Capita per Day) | 199 | 200 | 200 | 205 | 210 |
| Annual Water Flows (Thousands of Cubic Metres) | 122,007 | 122,437 | 118,385 | 120,485 | 125,644 |
| Annual Wastewater Flows (Thousands of Cubic Metres) | 119,110 | 120,194 | 116,483 | 118,796 | 123,343 |
| Total Kilometres of Water Distribution /Transmission Pipe | 350 | 338 | 338 | 337 | 335 |
| Total Kilometres of Wastewater Mains | 330 | 319 | 297 | 296 | 282 |
| Demographics | | | | | |
| Population | 1,186,907 | 1,166,321 | 1,144,760 | 1,130,386 | 1,108,600 |
| Seniors Population ⁽⁴⁾ | 139,016 | 136,605 | 134,070 | 131,379 | 128,866 |
| Households | 367,926 | 360,298 | 352,415 | 340,138 | 332,788 |
| Average Household Income ⁽⁵⁾ | 122,611 | 120,634 | 118,657 | 116,681 | 114,704 |

Notes:

- (1) As approved in the annual budget.
- (2) Based on Statistics Canada information.
- (3) Methodology for calculating kilometres of roads changed in 2014. Restated figures are not available for years prior to 2013 and are not comparable.
- (4) Residents of York Region over the age of 65.
- (5) 2012 to 2015 figures have been restated based on 2016 Environics Envision data. All figures are based on the 2011 census.

TOP 10 CORPORATE RATE PAYERS IN YORK REGION

| Rank | Business Name | Rank | Business Name |
|------|------------------------------|------|-------------------------------|
| 1 | Ivanhoe Cambridge II Inc. | 6 | Canadian National Railway Co. |
| 2 | ONTREA Inc. | 7 | Canada's Wonderland Company |
| 3 | CPPIB Upper Canada Mall Inc. | 8 | ACC Parkway Nominee Inc. |
| 4 | IBM Canada Limited | 9 | 3500 Steeles Avenue East |
| 5 | Montez Hillcrest Inc. | 10 | 2748355 CANADA INC. |

HOW TO CONTACT US

For information on York Region services and programs,
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Accessible formats or communication supports
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