

THE REGIONAL MUNICIPALITY OF YORK

Audit Committee
June 12, 2014
Report of the
Commissioner of Finance

2013 FINANCIAL STATEMENTS AND AUDITOR'S REPORT

1. RECOMMENDATIONS

It is recommended that this report be received for information.

2. PURPOSE

The purpose of this report is to provide Council with a summary of the financial activities of the Corporation for the year 2013.

3. BACKGROUND

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

Under the *Municipal Act*, municipalities must do the following:

1. A municipality must prepare financial statements in accordance with generally accepted accounting principles (Section 294.1)
2. The Treasurer must report the financial affairs of the municipality to Council (Section 286.1)
3. The municipality must appoint a licensed auditor who is responsible for auditing the accounts and transactions of the municipality annually and expressing an opinion on the municipality's financial statements (Section 296.1).

4. ANALYSIS AND OPTIONS

The auditor has issued an unqualified opinion on the 2013 financial statements

The annual audit, performed by KPMG LLP, is conducted in accordance with generally accepted auditing standards. For 2013, the Auditor's Report, which forms an integral part of the financial statements, has been issued by KPMG without reservation and reflects their unqualified opinion that the financial statements present fairly, in all material respects, the financial position of the Region in accordance with generally accepted

accounting principles. The financial activities of Housing York Inc. and York Region Rapid Transit Corporation are consolidated with the financial activities of the Region.

Financial assets increased by \$221M from 2012

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

“Total Financial Assets” have increased by \$221M from 2012. Table 1 summarizes the changes in Financial Assets.

Table 1
Summary of Financial Assets Increase

	\$ (millions)
Cash and cash equivalents	-115
Investments	346
Debt amounts recoverable from local municipalities	-8
Accounts receivable	<u>-2</u>
	<u>221</u>

The decrease in cash and cash equivalents and increase in “Investments” is mainly due to the investment of cash, debentures and amounts received from Metrolinx in 2013.

The \$8M decrease in local municipal debt is a result of the repayment of existing debt by the local municipalities.

Liabilities increased by \$546M from 2012

Liabilities include accounts payable and accrued liabilities, employee benefits obligations, deferred revenue and gross long-term liabilities. Liabilities increased by \$546M. The changes are summarized in Table 2.

Table 2
Summary of Liabilities increase

	\$ (millions)
Accounts payable and accrued liabilities	120
Employee benefit obligations	10
Deferred revenue	54
Gross long-term liabilities	239
Retirement and sinking fund	<u>123</u>
	<u>546</u>

“Accounts Payable and Accrued Liabilities” increased \$120M over 2012, representing a 22.8% increase over 2012. The major sources of this increase are listed in Table 3, including \$50M for Rapid Transit capital projects and \$40M in Provincial billings for GO Transit growth-related capital.

Table 3
Summary of Accounts Payable and Accrued Liabilities increase

	\$ (millions)
Rapid Transit capital projects	50
Amounts accrued for GO Transit capital	40
Water and wastewater infrastructure projects	28
Accruals for daycare operators	<u>2</u>
	120

“Employee benefits obligations” increased by \$10M due to increases in actuarial valuations. Employee benefit obligations include extended health and dental coverage for early retirees, vested sick leave benefits, long-term disability claims, vacation payable and Workers’ Compensation obligations.

“Deferred Revenue” increased by \$54M mainly due to a net increase in the categories shown in Table 4.

Table 4
Summary of Deferred Revenue accounts increase

	\$ (millions)
Development charges - obligatory	-53
Gas tax - obligatory	9
Security deposits and agreements	-38
Amounts from Metrolinx for future rapid transit development	142
Provincial funding	<u>-6</u>
	54

“Gross Long-term Liabilities” increased by a net \$239M due to \$450M of new debt issued. It was partially offset by repayments of existing debt.

“Retirement and sinking fund” increased by \$123M due to additional contributions made and interest earned during the year that are set aside and will be used to pay off future sinking fund debt.

Net debt increased by \$326M from 2012

Net Debt is the amount that Financial Liabilities exceed Financial Assets. Financial assets and liabilities increased by more than \$221M and \$547M respectively during the year. Therefore, net debt increased by \$326M or 31%.

Non-financial assets increased by \$614M in 2013

Non-Financial Assets consist of the net book value (cost less accumulated amortization) of the Region's tangible capital assets plus inventory and prepaid expenses. The Region's non-financial assets increased by \$614M in 2013 due to the acquisition of tangible capital assets during the year.

Since 2009, the Region has been reporting its tangible capital assets in the audited financial statements as part of the Region's non-financial assets, as required by the Public Sector Accounting Board (PSAB). The net book value of the Region's capital assets reported in the 2013 financial statements is \$6,010,907,965. Net book value is the original cost of these assets less amortization, or estimated usage, since the assets were put into service.

The accumulated surplus increased by \$292M in 2013

An accumulated surplus represents the amount by which all assets exceed all liabilities. An accumulated surplus indicates that a government has net resources that can be used to provide future services.

The Accumulated Surplus for the Region is \$4,660,985,651 for 2013, an increase of \$292M.

Reserves and Reserve Funds, which are a part of the Accumulated Surplus total and are no longer reported separately in the Financial Statements, have increased by approximately \$470M. Included in the increase were reclassification of sinking fund reserve, interest revenues and contributions from the operating surplus.

5. FINANCIAL IMPLICATIONS

These financial statements are prepared in accordance with generally accepted accounting principles and reflect the sound financial management of the Region. Transfers were made to various reserves, in accordance with Council's approved reserve and surplus management strategy.

The surplus management policy was changed in 2013

As part of the Fiscal Strategy approved by Council in December 2013, the allocation of the year end operating surplus was amended. Under the current policy, the surplus is allocated in the following order:

1. Contingent liability reserves (e.g., Workers Compensation Reserve, Long Term Disability Reserve), up to established target levels
2. General Capital Reserve, up to its target level
3. Fuel Stabilization Reserve, when a loss has been incurred from hedging transactions in the year
4. Debt Reduction Reserve.

Any net surplus attributed to housing operations will be allocated 80% to the Social Housing Development Reserve fund and 20% to the Working Capital Reserve.

Supplemental and omitted property taxes received in a year will be allocated 50% to the Debt Reduction Reserve fund and 50% to Asset Replacement Reserve funds determined by the Commissioner of Finance and Treasurer.

The 2013 operating surplus of \$43.9M was transferred to the following reserves and reserve funds accounts.

Table 5
Summary of surplus allocation

	\$ (millions)
Debt reduction reserve fund	40.5
Social housing reserve fund	2.7
Working capital reserve	<u>.7</u>
	<u>43.9</u>

6. LOCAL MUNICIPAL IMPACT

There are no local municipal impacts associated with this report.

7. CONCLUSION

The 2013 financial statements are presented in accordance with the *Municipal Act*. The format is consistent with the reporting requirements of the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, which will qualify the statements for consideration for the Canadian Award for Financial Reporting presented by the Government Finance Officers Association.

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

The Senior Management Group has reviewed this report.

Recommended by:

Approved for Submission:

Bill Hughes
Commissioner of Finance

Bruce Macgregor
Chief Administrative Officer

June 3, 2014

Attachment 1

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***THE
REGIONAL MUNICIPALITY
OF YORK***

2013

***CONSOLIDATED
FINANCIAL
STATEMENTS***

2013 Financial Statements

Table of Contents

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

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

We have audited the consolidated financial statements of The Regional Municipality of York, which comprise the statement of financial position as at December 31, 2013, 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.

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, 2013, 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.

Chartered Professional Accountants, Licensed Public Accountants

April 28, 2014
Toronto, Canada

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THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Financial Position

As at December 31, 2013

	2013	2012
	\$	\$
ASSETS		
Financial Assets		
Cash and cash equivalents (Note 3)	382,744,977	497,960,655
Accounts receivable (Note 4)	178,246,163	180,335,000
Investments (Note 3)	2,114,194,067	1,768,091,474
Debt amounts recoverable from Area municipalities (Notes 5 and 9a)	218,121,565	226,655,694
Total	<u>2,893,306,772</u>	<u>2,673,042,823</u>
LIABILITIES		
Accounts payable and accrued liabilities	647,014,261	526,973,246
Employee benefit obligations (Note 7)	134,197,551	123,832,297
Deferred revenue (Note 6)	220,500,698	122,477,227
Gross long-term liabilities (Note 5)	2,508,944,941	2,269,715,256
Retirement and sinking fund (Note 5)	360,149,002	237,363,447
Deferred revenue-obligatory reserve funds (Note 6)	386,770,613	430,634,789
	<u>4,257,577,066</u>	<u>3,710,996,262</u>
Net Debt	(1,364,270,294)	(1,037,953,439)
Non-Financial Assets		
Tangible capital assets (Note 14)	6,010,907,965	5,397,301,685
Inventory	2,757,050	2,731,121
Prepaid expenses	11,590,930	6,947,504
Accumulated Surplus (Note 12)	<u>4,660,985,651</u>	<u>4,369,026,871</u>

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, 2013

	Budget	2013	2012
	\$	\$	\$
Revenues			
Net taxation/user charges	1,087,458,000	1,089,936,162	1,045,033,613
Transfer payments (Note 15)	493,480,151	495,374,989	451,832,095
Development contributions	260,373,000	221,157,590	378,684,812
Fees and services	149,155,276	130,161,510	118,252,150
Interest	-	32,860,377	39,469,873
Other	55,431,080	88,271,050	44,676,328
Total Revenues	<u>2,045,897,507</u>	<u>2,057,761,678</u>	<u>2,077,948,871</u>
Expenses			
General government	117,209,153	117,316,399	112,352,166
Protection to persons and property	297,319,335	298,548,297	272,853,444
Transportation services	550,850,808	541,096,731	482,142,340
Environmental services	388,024,297	384,248,619	328,016,511
Health and emergency services	131,039,012	119,475,823	110,466,375
Community services	211,263,012	205,829,811	199,011,494
Social housing	95,212,850	91,438,603	82,318,431
Planning and development services	7,685,670	7,848,615	7,450,525
Total Expenses	<u>1,798,604,137</u>	<u>1,765,802,898</u>	<u>1,594,611,286</u>
Annual Surplus		291,958,780	483,337,585
Accumulated Surplus, Beginning of Year		4,369,026,871	3,885,689,286
Accumulated Surplus, End of Year		<u><u>4,660,985,651</u></u>	<u><u>4,369,026,871</u></u>

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, 2013

	Budget	2013	2012
	\$	\$	\$
Annual surplus	247,293,370	291,958,780	483,337,585
Amortization of tangible capital assets	151,133,564	168,019,058	152,111,353
Proceeds on disposal of tangible capital assets	-	817,393	727,399
Change in inventory	-	(25,929)	(765,145)
Change in prepaid expenses	-	(4,643,426)	5,245,401
Loss on sale of tangible capital assets	-	2,576,192	3,018,375
Acquisition of tangible capital assets	(1,181,389,000)	(785,018,923)	(676,607,481)
Increase in net debt	<u>(782,962,066)</u>	<u>(326,316,855)</u>	<u>(32,932,513)</u>
Net debt, Beginning of year	<u>(1,037,953,439)</u>	<u>(1,037,953,439)</u>	<u>(1,005,020,926)</u>
Net debt, End of year	<u><u>(1,820,915,505)</u></u>	<u><u>(1,364,270,294)</u></u>	<u><u>(1,037,953,439)</u></u>

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

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Cash Flows

For the year ended December 31, 2013

	2013	2012
	\$	\$
Operating		
Annual surplus	291,958,780	483,337,585
Items not involving cash:		
Amortization	168,019,058	152,111,353
Loss on sale of tangible capital assets	2,576,192	3,018,375
Changes in non-cash assets and liabilities:		
Accounts receivable	2,088,837	39,579,980
Accounts payable and accrued liabilities	120,041,015	92,968,942
Employee benefit obligations	10,365,254	10,789,156
Deferred revenue	98,023,471	33,064,999
Deferred revenue-obligatory reserve funds	(43,864,176)	89,973,805
Inventory	(25,929)	(765,145)
Prepaid expenses	(4,643,426)	5,245,401
Net change in cash and cash equivalents from operations	<u>644,539,076</u>	<u>909,324,451</u>
Capital		
Acquisition of tangible capital assets	(785,018,923)	(676,607,481)
Proceeds on disposal of tangible capital assets	817,393	727,399
Net change in cash and cash equivalents from capital	<u>(784,201,530)</u>	<u>(675,880,082)</u>
Investing		
Net change in investments	<u>(346,102,593)</u>	<u>(478,677,631)</u>
Financing		
Long-term debt issued	458,209,840	405,867,822
Long-term debt repaid	(79,450,635)	(81,621,658)
Interest earned on own sinking funds	(8,209,836)	(5,867,823)
Net change in cash and cash equivalents from financing	<u>370,549,369</u>	<u>318,378,341</u>
Net change in cash and cash equivalents	(115,215,678)	73,145,079
Opening cash and cash equivalents	<u>497,960,655</u>	<u>424,815,576</u>
Closing cash and cash equivalents	<u><u>382,744,977</u></u>	<u><u>497,960,655</u></u>

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

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

1. ACCOUNTING POLICIES

The consolidated financial statements of the Regional Municipality of York are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada (CPA Canada).

The focus of PSAB financial statements is on the financial position of the Region and the changes thereto. The Consolidated Statement of Financial Position reports the financial assets and liabilities, and the non financial assets and liabilities of the Region. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the amount by which all assets exceed all liabilities. An accumulated surplus indicates that the Region has net resources that can be used to provide future services and meet its obligations.

a) Basis of Consolidation

- i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses in the Operating Fund of all entities which are accountable to and controlled by the Region. They include the activities of all committees of Council, York Region Police Services Board, Housing York Inc. and York Region Rapid Transit Corporation (Rapidco). Inter-unit balances and transactions are eliminated from the consolidated financial statements.
- ii) The financial activities of the sinking fund are disclosed separately in the sinking fund financial statements.
- 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 activity 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) Full Accrual Basis of Accounting

The consolidated financial statements are prepared using the full accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

The annual cost of owning and using a capital asset (estimated amortization) is deducted from annual results. That is, a part of the cost of the asset is recognized in annual results in each of the periods of its useful life.

ii) Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with a term to maturity of 120 days or less after year end.

iii) Deferred Revenue-General

Funds received for specific purposes are accounted for as deferred revenue until the Region discharges the obligation which led to the receipt of the funds.

iv) Deferred Revenue-Obligatory Reserve Funds

Development Charges, collected under the authority of Sections 33 to 35 of the Development Charges Act 1997, are reported as Deferred Revenue in the Consolidated Statement of Financial Position in accordance with the recommendations of PSAB. Amounts applied to qualifying capital projects are recorded as revenues in the fiscal period in which the funds are expended on qualifying capital projects.

The Region receives gas tax revenues under municipal funding agreements for the transfer of the revenues. These funds, by their nature, are restricted in their use and until applied to applicable works are recorded as deferred revenue. Amounts applied to qualifying projects are recorded as revenue in the fiscal period they are expended.

v) Government transfers

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

On January 1, 2013, the Region adopted Public Sector Accounting Standard PS 3410, Government Transfers. This standard was adopted on a prospective basis from the date of adoption. Under PS 3410, government contributions received or receivable are recognized in revenue once the eligibility criteria, if any, are met unless they meet the definition of a liability.

There were no adjustments required as a result of the adoption of this standard.

vi) Investments

Investment income earned on surplus current fund and reserve funds (other than development charges) are reported as revenue in the period earned. Investment income on the development charge reserve funds is added to the fund balance and form part of the respective deferred revenue balances.

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

vii) Pensions and Employee Benefits

The Region accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined benefit plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the Region's employ.

Other post-employment benefits are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. 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 on high-quality debt instruments 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 PSAB 3250 Retirement Benefits. Therefore, for the purpose of these financial statements, the plans are considered unfunded.

viii) 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 PSAB 2700. For additional information, see Note 13.

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

ix) Budget Figures

Regional Municipality of York's Council completes a review of its operating budget each year. The approved budget for 2013 is included in the budget figures presented in the Consolidated Statement of Operations. The budget as approved by Regional Council includes those expenses which are part of current tax levies and user charges.

	<u>in \$ (000s)</u>
Revenues	
Approved budgets	2,955,050
Transfer from other funds	(193,335)
Proceeds of debt issued for Regional purpose	(744,021)
Other units	28,203
Total revenues	<u>2,045,897</u>
Expenses	
Approved budgets	2,955,050
Transfer to other funds	(230,268)
Capital expenses	(597,025)
Debt principal repayments	(178,019)
Amortization	(151,134)
Othe units	49,169
Total expenses	<u>1,798,604</u>
Annual surplus	<u>247,293</u>

x) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight line basis over their estimated useful lives in number of years as follows:

Land	Infinite
Land Improvements	20
Buildings	15-60
Leasehold Improvement	Lease Term
Water and Wastewater-Linear	60-100 by materials
Water and Wastewater-Discrete facilities	15-60 by asset components
Hardware and Software	3-7
Equipment and Machinery	3-30
Vehicles	3-18
Roads (Road surface/Structure)	15/45
Bridges (Deck/Understructure)	25/75
Culverts	60
Level Crossings	40
Intersections	15

xi) Use of Estimates

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

xii) Tax Revenue

Property tax revenue is recognized on an accrual basis using the approved tax rates and the anticipated assessment related to the current year.

On January 1, 2013 the Region adopted Public Sector Accounting Standard PS 3510, Tax Revenue. This standard was adopted on a prospective basis from the date of adoption. Under PS 3510, municipalities recognize property tax revenue using the approved tax rate and the anticipated assessment. The standard requires that tax revenue is reported net of tax concessions. Tax transfers are included as an expense and taxes levied on behalf of others in a flow through arrangement are not reported in the statement of operations.

There were no adjustments required as a result of the adoption of this standard.

2. COST-SHARED CAPITAL PROJECTS

The Regional Municipality of York paid the Region of Peel and the City of Toronto \$86.0 million in 2013 (\$97.0 million in 2012) to cover the Region's portion of capital costs incurred to construct additional water and wastewater infrastructure. While the contributions were made under a cost-sharing arrangement, the Region believes that they possess the risks and rewards of ownership of these assets to the level of their contribution. These costs are recorded in Assets under Construction and are amortized over the period that the benefits are realized once the assets are in use.

3. INVESTMENTS

Included in cash and cash equivalents are short-term investments of \$221,984,994 (2012 - \$198,512,221) with a market value of \$221,973,229 (2012 - \$198,321,353).

Long-term investments of \$2,114,194,067 (2012 - \$1,768,091,474) have a market value of \$2,111,614,965 (2012 - \$1,811,049,822).

Cash and cash equivalents and long-term investments include \$386,770,613 (2012 - \$430,634,789) of restricted funds as required under legislation to fund obligatory reserve funds.

The yields on investments held range from 1.10% to 4.63% (0.91% to 4.88% in 2012).

4. ACCOUNTS RECEIVABLE

This amount is comprised of the following:

	2013	2012
	\$	\$
Government of Canada	18,433,455	23,288,262
Government of Ontario	12,524,717	3,932,396
Other Municipalities	72,627,680	81,170,932
Others	74,660,311	72,030,757
	<u>178,246,163</u>	<u>180,422,347</u>
Less: Allowance for Doubtful Accounts	0	87,347
	<u>178,246,163</u>	<u>180,335,000</u>

5. LONG-TERM LIABILITIES

- a) The balance for long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following items. Interest rates and maturity dates for the debts range from 2% to 8% and from January 2, 2014 to December 1, 2051.

The total gross amount of the long-term liabilities to be retired by sinking funds is \$2,064,851,002 (2012 - \$1,737,636,551). The amount of the sinking funds assets available to retire debt is \$360,149,002 (2012 - \$237,363,447).

	2013	2012
	\$	\$
Total long-term liabilities incurred by the Municipality including those incurred on behalf of area municipalities and outstanding at the end of the year	2,430,830,433	2,187,287,149
Mortgages payable by Housing York Inc.	<u>78,114,508</u>	<u>82,428,107</u>
	2,508,944,941	2,269,715,256
Retirement and sinking fund	360,149,002	237,363,447
Less: Recoverable from area municipalities	<u>218,121,565</u>	<u>226,655,694</u>
Net long-term liabilities at the end of the year	<u>2,650,972,378</u>	<u>2,280,423,009</u>

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Consolidated Financial Statements
December 31, 2013

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

2014	\$184,931,015
2015	186,656,320
2016	134,278,898
2017	122,151,074
2018	88,471,716
Thereafter	1,607,218,872
Net sinking fund debt repayable according to actuarial recommendations	<u>327,264,483</u>
	<u>\$2,650,972,378</u>

Long-term liabilities are financed through a combination of development charges, water and sewer rates, and tax levy.

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 \$106,567,310 (2012 - \$93,369,518).

6. DEFERRED REVENUE

Deferred revenue set aside for specific purposes by legislation, regulation, or agreement as at December 31, composed of:

	Balance at December 31, 2012 \$	Inflows \$	Transferred out \$	Balance at December 31, 2013 \$
Deferred capital grants	54,844,514	397,227,025	(257,519,119)	194,552,420
Security deposits and agreements	55,970,812	23,962,031	(61,692,566)	18,240,277
Other	<u>11,661,901</u>	<u>1,114,548</u>	<u>(5,068,448)</u>	<u>7,708,001</u>
Total deferred revenue-general	<u>122,477,227</u>	<u>422,303,604</u>	<u>(324,280,133)</u>	<u>220,500,698</u>
Development charges	377,638,788	168,080,729	(221,157,590)	324,561,927
Gas tax	<u>52,996,001</u>	<u>45,010,415</u>	<u>(35,797,730)</u>	<u>62,208,686</u>
Total obligatory reserve funds	<u>430,634,789</u>	<u>213,091,144</u>	<u>(256,955,320)</u>	<u>386,770,613</u>

7. EMPLOYEE BENEFITS

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 \$10,365,254.

	2013	2012
	\$	\$
Post employment benefits (c)	55,621,649	50,668,627
Vested sick leave benefits (a)	25,125,896	25,080,048
Long-term disability claims (e)	22,283,109	20,963,480
Vacation payable	17,257,938	15,609,171
Workplace Safety and Insurance Board (WSIB) (d)	13,908,959	11,510,971
	<u>134,197,551</u>	<u>123,832,297</u>

Actuarial valuations:

The following table sets out the extrapolated results for each of the plans as at December 31, 2013.

	Post employment benefits \$	Vested sick leave benefits \$	Long term disability \$	WSIB \$	2013 total \$
Accrued benefit liability, beginning of year	50,668,627	25,080,048	20,963,480	11,510,971	108,223,126
Current service cost	3,362,316	3,908,917	3,530,666	3,709,765	14,511,664
Amortization of (gain) loss	511,408	1,572,690	(626,000)	365,299	1,823,397
Interest cost	2,490,092	1,972,064	718,127	661,875	5,842,158
Benefit payments and adjustments	(1,410,794)	(7,407,823)	(2,303,164)	(2,338,951)	(13,460,732)
Accrued benefit liability, end of year	<u>55,621,649</u>	<u>25,125,896</u>	<u>22,283,109</u>	<u>13,908,959</u>	<u>116,939,613</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%	N/A
Interest discount rate	4.25%	4.25%	4.75%

Total employee benefit obligations amount to \$134,197,551 (2012 - \$123,832,297).

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 \$951,475 (2012 - \$1,103,376) 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, 2013 is \$4,666,478 (2012 - \$4,922,401).

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 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, in one of three election windows on September 1, 2013, September 1, 2014 or September 1, 2015. 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 \$24,174,421 (2012 - \$23,976,672). 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 \$11,698,751 (2012 - \$18,514,677) and is included in accumulated surplus in the Consolidated Statement of Financial Position.

According to an independent actuarial valuation report dated February 11, 2014 the total estimated liability for both regional operations and police services is \$25,125,896 (2012 - \$25,080,048).

b) **Pension Agreement**

The Region contributes to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan on behalf of approximately 5,299 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 2013, employer contribution amounts to \$49,954,145 (2012 - \$40,928,585) and is included as an expense in the Consolidated Statement of Operations. Employee contributions also amount to \$49,954,145 (2012 - \$40,928,585).

The OMERS pension plan has a deficit of \$8.6 billion at December 31, 2013 based on actuarial valuation of plan assets. OMERS increased contributions for both employers and employees by 0.9% for 2013. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, additional increases in the contributions may be required.

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 of \$2,000 per year.

According to an independent actuarial valuation report dated February 11, 2014 the total future cost associated with these benefits is \$55,621,649 (2012 - \$50,668,627) and 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.

According to an independent actuarial valuation dated February 5, 2014 the estimated liability for all claims incurred to December 31, 2013 is \$13,908,959 (2012 - \$11,510,971) and is reported in the Consolidated Statement of Financial Position. The unamortized actuarial loss as at December 31, 2013 is \$1,825,618 (2012 - \$2,190,917).

e) **Long-Term Disability Self Funding Arrangement**

In October 2002, the Region adopted a self-insured arrangement for its long-term disability benefit (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. According to an independent actuarial valuation dated February 5, 2014 the estimated liability for claims incurred is \$22,283,109 (2012 - \$20,963,480) as at December 31, 2013 and is reported in the Consolidated Statement of Financial Position.

8. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

a) **York-Toronto Water Supply Agreements**

Under the terms of agreements with the City of Toronto, the Region is entitled to purchase water at rates established every year. Payments in respect of these agreements amounted to \$20,186,688 (2012 - \$21,654,880). Payments under these agreements are financed by area municipalities based on water consumption.

e) **York-Peel Water Supply Agreement**

In 2001, the Region entered into an inter-regional water servicing agreement with the Regional Municipality of Peel. Under the terms of the agreement, the Region is entitled to purchase water from Peel at a negotiated rate. York Region began purchasing water from the Region of Peel in late 2005. The agreement provides for a buy-in payment of \$52.4 million, payable in three equal instalments of \$17.46 million. The final instalment was paid in 2012. York Region is required to pay operating costs to the Region of Peel for water consumption based on the York Wholesale Rate, commencing in 2005, through to 2031 and beyond. The York Wholesale Rate includes a component to be contributed to a Capital Repair and Replacement Reserve. Payments under this agreement form part of Region's operating expenses and will be financed by the area municipalities based on water consumption.

c) **Operating Leases**

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

	\$
2014	8,444,000
2015	6,904,000
2016	5,104,000
2017	4,094,000
2018	3,953,000

d) **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 rate of traffic congestion and support economic and residential growth. The future works for the YRTP has been rebranded as VIVANext and includes the construction of the Yonge and Spadina Subway extensions, and also extension and conversion to Light Rail Transit. Implementation of the YRTP is estimated to cost \$21.2 billion to 2031 and is contingent upon future funding agreements with provincial and federal governments.

e) **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.

The project cost is estimated to be \$2.6 billion over 9 years 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 \$351 million of which \$54.5 million has been paid to the project this year.

f) **York Region Hospitals Capital Funding**

In 2009, Regional 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) **Long-term Liabilities**

The Region is contingently liable for long-term liabilities for which the responsibility for the payment of principal and interest is recoverable from other municipalities.

b) **Public Liability Insurance**

The Region's public liability insurance limits are set at \$50,000,000. Environmental impairment liability is fully self-insured by the Region. The Region has maintained the same self-insured retention (SIR) levels over the past few years. Most policies have an SIR of \$100,000 per occurrence with the exception of Crime which has an SIR of \$0 and Property and Boiler which have each have an SIR of \$50,000 per occurrence.

The Region estimates that the liability as at December 31, 2013 for all outstanding public liability claims is, \$4,650,783 (2012 - \$5,351,214). The total reserve available for public liability and environmental impairment is \$19,019,051 (2012 - \$23,710,779).

c) **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.

The gross revenue is comprised primarily of fines levied under Part I, II and III (including delay penalties) for POA charges. The total revenue for 2013 amounts to \$15,664,208 (2012 - \$15,446,897) and the net loss amounts to \$1,954,282 (2012 - \$1,926,361). Balances arising from operation of the POA offices are consolidated with these financial statements.

11. LIMITATION ON PROPERTY TAX INCREASES AND FUNDING FOR BUSINESS CLASSES UNDER THE MUNICIPAL ACT, 2001

The Municipal Act, 2001 (the "Act") has required that municipalities to limit (cap) any annual assessment related property tax increases on the Commercial, Industrial, and Multi-Residential property classes. The Act also enables municipalities to retain assessment related property decreases in order to fund the cost of capping.

Since 2005, York Region Council has approved the application of all municipal capping options available under section 329.1 of the Act to accelerate movement towards current value assessment (CVA) level taxes for affected properties. A summary of these options is presented below:

1. Assessment-related property tax increases are limited to an amount which is the greatest of 10% of the previous year's annualized capped taxes, or 5% of the previous year's annualized full CVA taxes.
2. Capped or clawed back properties that are within \$250 of their full CVA taxes are moved to the CVA tax level in the current taxation year and are kept there for subsequent taxation years.
3. Eligible new construction/new-to-class properties are taxed at a minimum of 100% of their full CVA tax value for the 2009 and subsequent taxation years.
4. A property that reached its CVA tax level in the previous year is excluded from the capping program in the current and subsequent taxation years.
5. Properties that were in a capped or clawed back position in the previous year that, as a result of reassessment, would have crossed over in the current year (i.e. move from clawed back to capped, or from capped to clawed back) are kept at the CVA tax level in the current and subsequent taxation years.

The Region is also required by the Act to perform a "banking" role for the local municipalities to ensure that they would have neither a surplus nor a shortfall as a result of this process. The Region will only transfer funds between area municipalities as part of the tax related adjustments and does not incur any direct financial costs to area municipalities. However, if there is a shortfall in the amount of property tax decreases available to fund the cost of capping protection in a particular property class, the Region and the local municipalities share the cost of the shortfall on a pro rata basis equal to the proportionate share of the property taxes levied.

12. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2013	2012
	\$	\$
Surplus		
-Invested in tangible capital assets	3,040,556,854	3,242,465,265
-Other	21,667,066	(1,811,496)
	<u>3,062,223,920</u>	<u>3,240,653,769</u>
Reserves		
-Equipment/vehicle replacement	55,599,917	51,460,918
-Working capital	42,494,163	41,819,788
-Group benefits	2,985,451	2,472,905
-Vacation pay	857,542	833,239
-OMERS (Type 3)	94,604	94,604
Total Reserves	<u>102,031,677</u>	<u>96,681,454</u>

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Notes to the Consolidated Financial Statements
December 31, 2013

	2013	2012
	\$	\$
Reserve Funds		
-Sinking fund	324,607,427	0
-Roads infrastructure	289,475,583	125,747,553
-Debt reduction	229,624,260	0
-Social housing development	111,172,951	123,554,836
-Facilities rehabilitation and replacement	67,567,430	194,384,540
-Solid waste management	53,059,269	51,494,010
-Capital reserve fund	50,828,766	219,797,402
-Tax stabilization	47,447,606	47,398,636
-Regionally owned housing	43,126,404	12,580,478
-Move Ontario	29,205,853	29,884,167
-Capital reserve-water and sewer	29,101,424	(22,427,325)
-Long-term disability	28,316,126	27,698,158
-Roads capital	26,640,336	57,760,160
-Social assistance	26,434,218	26,146,128
-Hospital financing	21,493,947	15,692,626
-Insurance	19,019,051	23,710,779
-Non-profit housing capital	18,369,438	12,965,404
-Sick leave	16,365,229	23,437,078
-Workers' compensation schedule II	16,333,436	14,999,490
-IT development	11,473,202	9,959,839
-Land bank	10,000,000	0
-Fiscal stabilization	8,930,142	8,677,065
-Transit	8,917,365	15,468,003
-Innovation	4,342,063	4,219,010
-Fuel cost stabilization	2,187,732	1,083,207
-Land securement	2,170,140	3,011,580
-Seized funds	279,866	278,297
-Alternative community living	229,789	213,356
-Insurance claims and certificate system	11,001	10,689
-Gas tax	0	1,595,505
-Provincial highways	0	1,175,953
-Computer software acquisition	0	1,175,024
Total Reserve Funds	1,496,730,054	1,031,691,648
Total	4,660,985,651	4,369,026,871

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, the 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 mandate is to ensure the safety of the lives and property of citizens; prevent crime from occurring; detect offenders; and enforce the law.

Transportation services

This division 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, and solid waste disposal and diversion. It also delivers infrastructure projects, both for new and expanded assets and major rehabilitation of existing assets.

Health and emergency services

It provides a variety of health related programs and services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. Staff members render programs such as land ambulance service, immunization, nutrition, mental health and health inspection.

Community services

Children's Services plans, manages and coordinates a Region-wide child care services. Long Term Care operates long-term care facilities for seniors. The Ontario Works and Ontario Disability Support Programs deliver a range of programs providing employment and financial assistance to residents in need.

Social housing

Social housing is responsible for administrating social housing providers, the rent supplement programs and managing a social housing waiting list.

Housing York Inc. is a non-profit housing corporation providing affordable rental units for its residents.

Planning and development services

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, building permits and inspection services.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements

December 31, 2013

	General government	Protection to persons and property	Transportation services	Environmental services	Health and emergency services
Revenues					
Net taxation/user charges	879,571,249	-	-	210,364,913	-
Transfer payments	-59,837	8,967,738	207,425,900	16,965,873	77,130,657
Development contributions	-	6,022,846	28,542,058	184,625,783	254,792
Fees and services	12,645,778	15,599,465	64,884,791	15,187,055	1,027,945
Interest	17,552,174	563,779	7,141,382	1,327,470	1,240,768
Other	11,653,485	1,615,853	9,348,559	26,122,705	-
	921,362,849	32,769,681	317,342,690	454,593,799	79,654,162
Expenses					
Salaries and benefits	55,266,042	256,910,673	53,486,918	38,974,959	97,021,259
Interest payments	345,962	3,179,215	10,239,735	87,923,785	240,783
Operating expenses	42,248,682	26,759,948	403,536,441	191,488,368	13,628,286
Government transfers	6,692,484	-	-	7,515,175	4,561,972
Amortization	12,763,229	11,698,461	73,833,637	58,346,332	4,023,523
	117,316,399	298,548,297	541,096,731	384,248,619	119,475,823
Annual Surplus (Deficit)	804,046,450	(265,778,616)	(223,754,041)	70,345,180	(39,821,661)

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	Community services	Social housing	Planning and development services	Total 2013	Total 2012
Revenues					
Net taxation/user charges	-	-	-	1,089,936,162	1,045,033,613
Transfer payments	151,962,634	32,634,324	347,700	495,374,989	451,832,095
Development contributions	282,869	1,330,810	98,432	221,157,590	378,684,812
Fees and services	1,937,698	18,851,067	27,711	130,161,510	118,252,150
Interest	765,860	4,268,944	-	32,860,377	39,469,873
Other	958,190	38,572,258	-	88,271,050	44,676,328
	155,907,251	95,657,403	473,843	2,057,761,678	2,077,948,871
Expenses					
Salaries and benefits	65,627,489	10,296,907	5,934,283	583,518,530	531,911,982
Interest payments	30,290	4,607,540	-	106,567,310	93,369,518
Operating expenses	83,497,581	70,416,178	1,871,118	833,446,602	722,683,022
Government transfers	55,481,767	-	-	74,251,398	94,535,411
Amortization	1,192,684	6,117,978	43,214	168,019,058	152,111,353
	205,829,811	91,438,603	7,848,615	1,765,802,898	1,594,611,286
Annual Surplus (Deficit)	(49,922,560)	4,218,800	(7,374,772)	291,958,780	483,337,585

THE REGIONAL MUNICIPALITY OF YORK
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December 31, 2013

14. TANGIBLE CAPITAL ASSETS

Cost	Balance at	Additions	Disposals	Balance at
	December 31			December 31
	2012			2013
	\$	\$	\$	\$
Land	364,695,553	19,242,733		383,938,286
Land improvements	140,753,436	23,118,001	(421,156)	163,450,281
Buildings	1,414,903,027	182,579,235	(7,820,262)	1,589,662,000
Equipment and machinery	452,661,319	101,989,335	(6,207,977)	548,442,677
Vehicles	275,065,969	13,474,256	(9,839,430)	278,700,795
Roads infrastructure	1,305,171,663	82,354,910	(16,109,738)	1,371,416,835
Water/sewer infrastructure	1,121,888,684	22,664,941		1,144,553,625
Assets under construction	1,947,101,254	339,595,512		2,286,696,766
Total	7,022,240,905	785,018,923	(40,398,563)	7,766,861,265

Accumulated amortization	Balance at	Disposals	Amortization	Balance at
	December 31		expenses	December 31
	2012			2013
	\$	\$	\$	\$
Land	0	-	-	0
Land improvements	66,487,420	(300,316)	6,636,936	72,824,040
Buildings	442,160,235	(7,041,223)	40,961,778	476,080,790
Equipment and machinery	251,203,660	(6,193,313)	44,269,136	289,279,483
Vehicles	108,815,737	(8,847,115)	22,482,785	122,451,407
Roads infrastructure	635,750,593	(14,623,011)	41,859,653	662,987,235
Water/sewer infrastructure	120,521,575	-	11,808,770	132,330,345
Total	1,624,939,220	(37,004,978)	168,019,058	1,755,953,300

	Net book value	Net book value
	December 31	December 31
	2012	2013
	\$	\$
Land	364,695,553	383,938,286
Land improvements	74,266,016	90,626,241
Buildings	972,742,792	1,113,581,210
Equipment and machinery	201,457,659	259,163,194
Vehicles	166,250,232	156,249,388
Roads infrastructure	669,421,070	708,429,600
Water/sewer infrastructure	1,001,367,109	1,012,223,280
Assets under construction	1,947,101,254	2,286,696,766
Total	5,397,301,685	6,010,907,965

15. TRANSFER PAYMENT REVENUE

	2013	2012
	\$	\$
Provincial grants		
Transit	168,262,893	175,548,100
Social assistance	67,990,062	62,489,827
Child care	61,199,528	46,795,183
Public health	46,796,572	45,877,270
Ambulance	30,318,598	27,298,365
Services for seniors	22,276,713	21,752,867
Housing	19,251,575	13,739,329
Police	8,967,738	9,033,102
Roadways	3,676,031	303,333
Other	497,004	1,734,603
Environmental services	0	240,000
	<u>429,236,714</u>	<u>404,811,979</u>
Federal grants		
Transit	25,484,597	2,925,345
Gas tax	21,397,730	5,956,041
Housing	13,382,749	9,794,407
Other	3,860,258	793,581
Environmental services	1,965,874	27,224,624
Social assistance	27,729	4,003
Public health	15,487	18,782
Roadways	3,851	303,333
	<u>66,138,275</u>	<u>47,020,116</u>
Total transfer payments	<u>495,374,989</u>	<u>451,832,095</u>

16. METROLINX PROJECT

Under an agreement signed with Metrolinx, the Region receives funds from Metrolinx to build assets that upon completion will be transferred to Metrolinx. The following chart summarizes the amounts spent on the project.

Included in revenue is \$160,484,452 received from Metrolinx for assets that are owned and controlled by Metrolinx. The corresponding expense amounts are recorded in Transportation Services expense.

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

	\$
Spent prior to 2013	227,160,745
Spent in 2013	<u>160,484,452</u>
Total spent	<u>387,645,197</u>
 Total commitment	 <u>1,755,000,000</u>
 Balance to be spent	 <u>1,367,354,803</u>

SINKING FUND

STATEMENT OF FINANCIAL POSITION,

FINANCIAL ACTIVITIES

AND

CHANGE IN FUND BALANCE

2013





KPMG LLP
Yonge Corporate Centre
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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, 2013, 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.

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, 2013, the results of its operations and changes in its financial position for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

April 28, 2014
Toronto, Canada

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Position

As at December 31, 2013

	2013	2012
	\$	\$
Financial Assets		
Investments – at amortized cost (Note 1)	358,906,450	237,363,447
Interest receivable	1,242,552	-
Total Assets	360,149,002	237,363,447
Liabilities		
Actuarial requirement for retirement of the		
Sinking Fund (Note 2)	359,111,338	237,206,766
Fund balance	1,037,664	156,681
Total Liabilities and Fund Position	360,149,002	237,363,447

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Activities and Change in Fund Balance

For the year ended December 31, 2013

	Budget	2013	2012
	\$	\$	\$
Revenues			
Contributions from:			
Area Municipalities	7,405,437	7,395,877	6,954,386
Regional Corporation	100,887,119	100,887,122	82,810,843
Total contributions	108,292,556	108,282,999	89,765,229
Interest and capital gains	14,164,057	14,502,553	6,641,625
Total revenues	122,456,613	122,785,552	96,406,854
Expenses			
Actuarial requirement for the year	(121,904,572)	(121,904,569)	(96,899,754)
Change in Fund Balance	552,041	880,983	(492,900)
Opening Fund Balance	156,681	156,681	649,581
Closing Fund Balance	708,722	1,037,664	156,681

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

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 \$357,895,788 (2012 - \$249,414,397).

2. ACTUARIAL REQUIREMENTS

The actuarial requirements of the sinking fund represent the amounts levied during the year as set out in the sinking fund debenture by-law plus interest thereon capitalized at a rate of 2% or 3% per annum compounded annually. Any excess revenue over these requirements is included in the sinking fund balance.

RESIDENTS'
TRUST FUNDS AND DONATION ACCOUNT
STATEMENT OF FINANCIAL POSITION
AND
FINANCIAL ACTIVITIES
2013



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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, 2013 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the funds held in trust and its donation account by The Regional Municipality of York as at December 31, 2013, the results of its operations and changes in its financial position for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

April 28, 2014
Toronto, Canada

THE REGIONAL MUNICIPALITY OF YORK
Residents' Trust Funds and Donation Account
Statement of Financial Position
As at December 31, 2013

	Trust \$	Donation \$	2013 \$	2012 \$
Financial Assets				
Cash	152,955	50,557	203,512	216,468
Residents' petty cash		-	0	5,500
Total Assets	<u>152,955</u>	<u>50,557</u>	<u>203,512</u>	<u>221,968</u>
Fund Balances	<u>152,955</u>	<u>50,557</u>	<u>203,512</u>	<u>221,968</u>

THE REGIONAL MUNICIPALITY OF YORK
Residents' Trust Funds and Donation Account
Statement of Financial Activities
For the year ended December 31, 2013

	Trust \$	Donation \$	2013 \$	2012 \$
Fund balances, beginning of year	<u>173,769</u>	<u>48,199</u>	<u>221,968</u>	<u>216,290</u>
Source of funds:				
Deposits on behalf of residents	396,340	1,905	398,245	394,150
Interest earned on deposits	-	1,453	1,453	2,110
	<u>396,340</u>	<u>3,358</u>	<u>399,698</u>	<u>396,260</u>
Use of funds:				
Withdrawals	(417,154)	(1,000)	(418,154)	(390,582)
Net activity	<u>(20,814)</u>	<u>2,358</u>	<u>(18,456)</u>	<u>5,678</u>
Fund balances, end of year	<u>152,955</u>	<u>50,557</u>	<u>203,512</u>	<u>221,968</u>

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

THE REGIONAL MUNICIPALITY OF YORK
Notes to the Residents' Trust Funds and Donation Account
Statement of Financial Position and Financial Activities
December 31, 2013

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.