



2018 COMMUNITY REPORT

COMMUNITY REPORT

For the year ended December 31, 2018
The Regional Municipality of York
Ontario, Canada
york.ca



York Region

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For the year ended December 31, 2018
The Regional Municipality of York
Ontario, Canada
Prepared by Corporate Services and Finance
york.ca





OUR VISION

Strong, Caring,
Safe Communities

OUR MISSION

Working together to serve our thriving
communities – today and tomorrow

OUR VALUES

Integrity

Commitment

Accountability

Respect

Excellence

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Chairman & CEO
Wayne Emmerson



Mayor
Tom Mrakas
Town of Aurora



Mayor
Virginia Hackson
Town of East Gwillimbury



Mayor
Margaret Quirk
Town of Georgina



Regional Councillor
Robert Grossi
Town of Georgina



Mayor
Steve Pellegrini
Township of King



Mayor
Frank Scarpitti
City of Markham



Regional Councillor
Don Hamilton
City of Markham



Regional Councillor
Jack Heath
City of Markham



Regional Councillor
Joe Li
City of Markham



Regional Councillor
Jim Jones
City of Markham



Mayor
John Taylor
Town of Newmarket



Regional Councillor
Tom Vegh
Town of Newmarket



Mayor
David Barrow
City of Richmond Hill



Regional Councillor
Joe DiPaola
City of Richmond Hill



Regional Councillor
Carmine Perelli
City of Richmond Hill



Mayor
Maurizio Bevilacqua
City of Vaughan



Regional Councillor
Mario Ferri
City of Vaughan



Regional Councillor
Gino Rosati
City of Vaughan



Regional Councillor
Linda Jackson
City of Vaughan



Mayor
Iain Lovatt
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 to residents and businesses in nine cities and towns. The area municipalities are represented by Mayors and Regional Councillors on Regional Council.

York Region Chairman and Chief Executive Officer

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, members receive public input, review policies and consider staff reports before making recommendations to Regional Council.

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

- York Region Rapid Transportation Board of Directors
- York Regional Police
- Housing York Inc. Board of Directors
- York Net Board of Directors

Chief Administrative Officer

The Chief Administrative Officer (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 Finance and Regional Treasurer
- Commissioner of Corporate Services
- Commissioner of Environmental Services
- Commissioner of Transportation Services
- Regional Solicitor
- Chief Planner
- Executive Director of Strategies and Initiatives
- Executive Director of Human Resources

YORK REGION ORGANIZATIONAL STRUCTURE





Wayne Emmerson
Chairman and CEO

A MESSAGE FROM THE YORK REGION CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The 2018 Community Report highlights the combined efforts of York Regional Council, York Region staff and community partners. It also marks the end of the 2015 to 2018 term of council and puts a spotlight on the work we have done together to make our communities strong, safe and caring.

The accomplishments achieved over the past four years lay the foundation for the type of communities future generations will want to call home.

Last year, York Regional Council approved a \$3 billion budget, which included \$810 million for new infrastructure and \$2.2 billion to support core Regional services. In 2018, capital spending included the highest investment in transportation of any Regional Council in our history, helping better move people, goods and services across our regional transportation network.

With more than 52,000 businesses and 636,600 jobs York Region remains the second largest business centre in Ontario. Last year, York Regional Council solidified its commitment to improved broadband by incorporating YorkNet. As a Region-owned

corporation, YorkNet builds and manages a high-speed, open-access dark fibre network that provides cost-effective and less-restrictive access to York Region facilities, the broader public sector and private sector entities.

Through community partnerships, our SM4RT LIVING Plan, the Durham York Energy Centre and resident support of our innovative waste reduction programs, York Region achieved over 90% waste diversion from landfill in 2018.

York Region remains one of the most diverse communities in Canada, with our residents speaking over 120 different languages and identifying with more than 230 distinct ethnic origins. Recognizing our diversity as a source of strength, vitality and economic opportunity, Council endorsed the Inclusion Charter for York Region in June 2018, reconfirming our commitment to welcoming and inclusive communities.

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

Wayne Emmerson
Chairman and CEO
The Regional Municipality of York



Bruce Macgregor
CAO

A MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

On behalf of York Region's Senior Management Team and the 4,500 committed staff who work diligently to deliver our core services across York Region, I am pleased to share The Regional Municipality of York 2018 Community Report.

This report includes our final reporting for the 2015-2019 Strategic Plan and Budget. The four-year cycle for planning and budgeting coincides with the four-year term of Regional Council. It also allows us to align with the goals of the Region's long-term outlook, *Vision 2051*.

The priority areas outlined in the 2015-2019 Strategic Plan are the foundation of this report and have been used to organize and highlight accomplishments achieved in:

- Strengthening the Region's Economy
- Supporting Community Health and Well-Being
- Managing Environmentally Sustainable Growth
- Providing Responsive and Efficient Public Service

In 2018, there was an increase in business engagements with targeted business sectors, an increase in new development in the Region's urban centres and an increase in the number of services made available to residents online.

I am proud to report 85% of the plan's key performance measures are trending in the desired direction. The complete list of all 45 performance measures is available on page 25.

The Treasurer's Report and Financial Statements found in the second portion of this report assure accountability in achieving our highlighted priorities.

The programs and services featured represent the dedication and commitment of York Regional Council, staff, municipal counterparts and stakeholders in maintaining the quality of life we are most proud of in York Region. We will continue to seek out opportunities to drive innovation and, through our Council, place our residents and business owners at the forefront of all decisions.

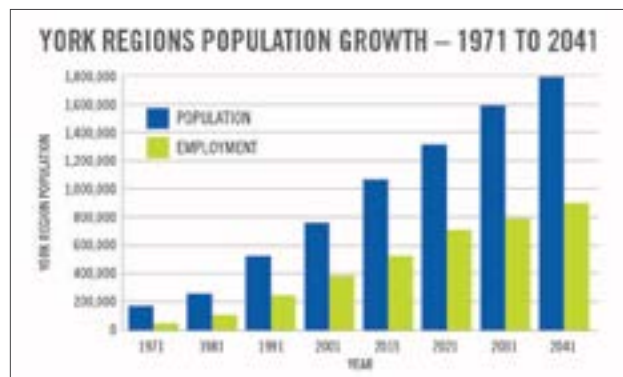
Bruce Macgregor
Chief Administrative Officer
The Regional Municipality of York

YORK REGION. WHO ARE WE?

We are growing

During 2018, York Region grew by approximately 22,800 people, accounting for 14.9% of the Greater Toronto and Hamilton Area growth.

The Provincial Growth Plan calls for York Region's population to grow from 1.2 million in 2018 to 1.8 million in 2041 and employment to grow from 636,600 in 2018 to 900,000 in 2041.



We are educated

Seventy per cent of York Region's residents have a post-secondary education. We rank as the #1 most educated population among Canada's largest municipalities.

We work hard

York Region is home to 52,000 businesses and 636,600 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 according to 2016 census data is \$95,776 ranking York Region second highest among all municipalities in Ontario.

We are fiscally responsible

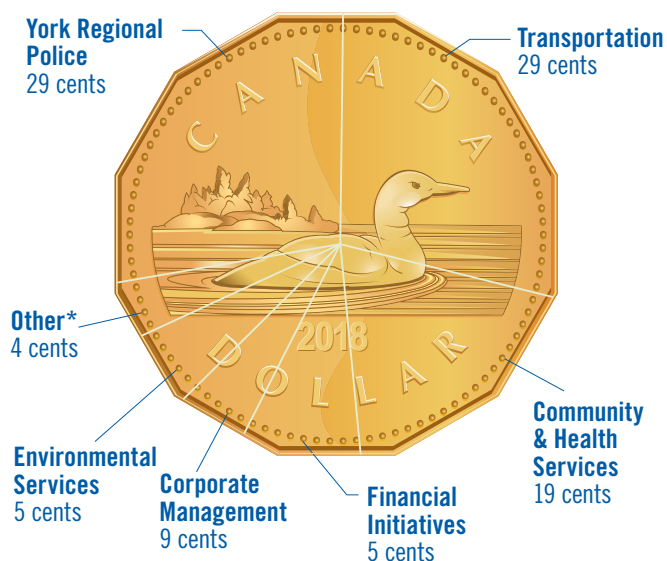
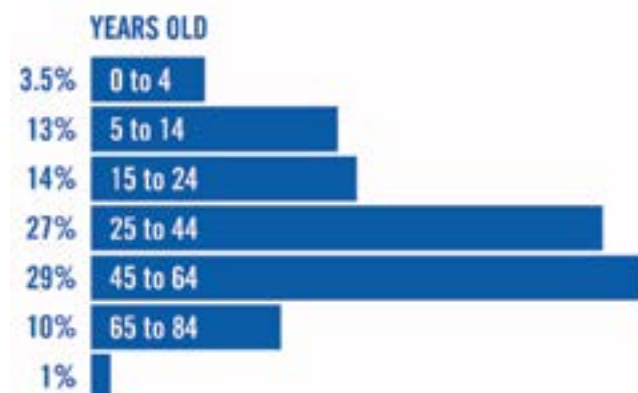
The 2018 York Region budget was \$3 billion and included \$2.2 billion to maintain and operate York Region services and \$810 million in funding for capital projects.

2018 was the final year of a four-year budget that aligns with the 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:

- 52** villagers would be born in Canada
 - 1** villager would be a non-permanent resident
- 47** villagers would be born outside of Canada, of these:
 - 30** would be born in Asia
 - 11** would be born in Europe
 - 4** would be born in the Americas (including North, South and Central)
 - 2** would be born in Africa



* Examples include: External Partners and Initiatives, York Region Rapid Transit Corporation, Court Services

**We are committed to
delivering quality services**

- Children's Services
- Court Services
- Economic Development
- Forestry
- Housing Services
- Long-Term Care
- Paramedic Services
- Planning
- Police Services
- Public Health
- Regional Roads
- Social Assistance
- Transit
- Waster Management
- Water

**Comprised of
9 MUNICIPALITIES**



Total population estimate
1,192,600
(as of September 30, 2018)

Source: York Region, Corporate Services, Long Range Planning Branch,
based on Statistics Canada data and CMHC Housing Completion data.
Note: Population totals do not total to estimated population due to rounding.

THE REGIONAL MUNICIPALITY OF YORK STRATEGIC PLANNING FRAMEWORK

What is Vision 2051?

Vision 2051 is York Region's long-range community plan 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 agriculture system
- Has appropriate housing for all ages and stages
- Has an innovative 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 agriculture and rural areas, building strong healthy communities and vibrant cities. The policies 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 in **Vision 2051**.

Building on the success of the **2011 to 2015 Strategic Plan**, the plan provides a detailed course of action within the following four community result areas:

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

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

York Region recently released the **2015 to 2019 Strategic Plan Final Year 4 (2018) Progress Report**, showing 85% of performance measures trending in the desired direction. Due to a strong commitment from the entire organization, York Region has made significant progress on many performance measures since 2014.

Specifically, York Region has:

- Increased the percentage of business engagements with targeted business sectors by 12%
- Maintained 99.9% of samples that meet Ontario drinking water standard
- Increased the percentage of solid waste diverted from landfill by 9%
- Increased the number of services available online from 7 to 28



The 2018 Community Report highlights some of the successes during the final year of the 2014 to 2018 term of Regional Council.

YEAR 4 (2018) 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 the final year of its four-year Strategic Plan, with 85% of Key Regional Performance Measures 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 45 performance measures is available on page 25.



ECONOMIC VITALITY

Strengthening the Region's economy continued to trend positively by fostering an environment that attracts growth and maintains business; supporting the development and retention of a Region-wide workforce; focusing on networks and systems that connect people; and ensuring optimal locations for business and employment growth are available.



HEALTHY COMMUNITIES

Supporting community health and well-being continued to show progress in 2018 through an increased range of available and affordable housing choices; 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 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

It's a great time to live and work in York Region

York Region continues to be a destination of choice for businesses and top talent in the Greater Toronto and Hamilton Area (GTHA), Ontario and Canada. For the fifth consecutive year, employment growth continued to outpace national and provincial employment rates, adding 15,120 jobs between 2017 and 2018.

Business and job growth are fundamental to economic vitality, and is a cornerstone for maintaining a prosperous Region. As a key goal in the Region's Economic Development Action Plan, attracting and retaining a variety of high quality jobs across a broad range of sectors is essential to ensuring those living in York Region have the opportunity to work and thrive where they live.

Collaboration with local municipalities, stakeholders and other partners continues to make a real impact on the Region's business community and economic growth. From start-ups to world-class global organizations, Canadian and international business communities continue to choose York Region as a top place to invest.

The Region's strong economy is underlined by an integrated population, employment growth, a skilled labour force, established and diversified employment clusters, major infrastructure and a strong transportation network. As the Region's City Centres continue to evolve and mature, these attributes, combined with a competitive office real estate market, the new TTC Line 1 subway extension into the City of Vaughan, digital broadband infrastructure and innovation in a number of areas, all contribute to York Region being a leading economic centre in the GTHA.

Investing in our Economic Hubs

In 2018, York Region made significant investments in building and enhancing the Regional road network for all road users. In collaboration with the Cities of Markham and Richmond Hill, York Region has transformed the road network around the Highway 404/Highway 7 interchange, one of the four major employment zones in the Greater Toronto Area (GTA). This area is home to the leading Information and Communication Technology (ICT) companies, making it one of the highest concentrations of tech businesses in Canada.

Funding the transformation of two of our major growth centres in Markham and Richmond Hill demonstrates Regional commitment to economic growth and strengthens our transit investments along Highway 7. As we plan for the future, York Region continues to prioritize interconnected systems for mobility while working with our cities and towns to ensure local infrastructure improvements can effectively handle the increased demands of our planned population and employment growth.

The Highway 404/Highway 7 interchange project provides travellers with more options along Highway 7 and adjacent roads. It also connects key employment areas and business parks impacting over 30,000 jobs in the immediate area while improving the flow of traffic in the surrounding employment areas impacting close to 100,000 jobs.

Additional investment in the rapid transit network continues to support the Region's growth and city building efforts. Highlights of 2018 rapid transit development include continued reconstruction of:

- Bathurst Street and Centre Street in the City of Vaughan
- Highway 7 West in the City of Vaughan
- Yonge Street in the Town of Newmarket
- Yonge Street in the City of Richmond Hill

Moving people, goods and services

York Region is one of Canada's fastest-growing large urban municipalities with 1.2 million people and approximately 20,000 new residents moving here every year. In order to ensure the safe and efficient travel of residents, visitors, goods and services, York Regional Council has invested more money in transportation and transit-related initiatives than any other term of Council.

In 2018, Council amended the Development Charge Bylaw to help fund 56 new roads-related projects, including road widenings, rail grade separations and interchange improvements. To assist in funding these additional projects, development charges payable on new homes were increased by 19% and between 18% and 28% on new non-residential properties. In amending this bylaw, Council reinforced its commitment to the economic vitality of our community. By adding an additional \$1.5 billion in development charges the Region will keep up with planned and approved growth while also keeping people, goods and services moving on our roads.

Supporting a Region-wide workforce

A key indicator of economic vitality is the Region's employment rate. To support those residents who are likely to have a regular need for employment related travel but face financial barriers to accessing transit, York Region has piloted a one-year Transit Assistance Program. Assisting 450 residents in 2018, the Transit Assistance Program makes transit more affordable by offering eligible residents York Region Transit monthly passes at a discounted rate.

City Building includes housing options

Complete communities include a variety of housing options that meet the needs of residents of all ages, stages and abilities. A variety of housing options includes a mix and range of both ownership and rental housing that is affordable, suitably sized and in good condition. A diverse mix and range of housing options, including affordable options, is a major contributor to the quality of life of residents and workers, the economy and individual and community health and well-being.

Rental units are vital to a healthy mix of housing options. Rental units provide housing for people who do not want the expense or responsibility of maintaining their own home and is the only option for low and moderate income residents and workers who cannot afford housing in the current housing market. There are a number of factors increasing the demand for rental housing in York Region, including high home ownership costs relative to income and the changing nature of the economy.

Rental housing provides choice for skilled workers who are often retained through contracts and do not desire permanent, long-term housing commitments. Rental housing also provides options for low and moderate income earners who are often pushed out of the Region's housing market altogether and are required to commute from surrounding areas.

In 2018, York Regional Council supported Housing Initiatives and Incentives that will support the development of mid-range affordable housing developments in the Region's major growth centres and urban areas.

Supporting community health and well-being

Taking action to address affordable housing

Building a complete community in York Region includes building a healthy housing market with a full mix of options. Housing connects residents to our economy, transportation systems, health and social services and the environment.

Despite being a very affluent community, York Region faces some unique challenges around housing options and affordability. These include low rental supply and vacancy rates and the increasing cost of home ownership across the Region. York Regional Council recognizes these challenges, and through *Housing Solutions: A Place for Everyone* we continue to make progress on building communities that meet the needs of residents at every age and stage.

This 10-year housing plan includes four goals: increase the supply of rental housing; sustain the existing rental supply; support home ownership affordability and strengthen the homelessness and housing stability system. Most of the actions identified in the plan are complete or currently underway.

In 2018, redevelopment work began on a portion of the Unionville Home Society campus with completion expected in 2021. Once completed, this affordable housing facility will include approximately 260 apartments for seniors', a public community centre and a senior's hub offering seniors-focused services to the community.

Work also continued on the redevelopment project at 275 Woodbridge Avenue in the City of Vaughan. When completed in 2019, this affordable housing facility will feature 162 units for seniors, singles, couples and families – including 33 accessible units.

In collaboration with developers and builders, York Region continues to find innovative solutions to increase the supply of mid-range affordable housing. Through the Draft Rental Housing Incentives Guideline and Community Improvement Plan, developers might take advantage of a 48-month deferral for Regional development application fees for purpose-built rentals. They could also receive Tax Increment Equivalent Grants for the Regional portion of property taxes for up to five years.

To ensure housing is made available to the residents who need it most, York Region established new eligibility rules for subsidized housing. Taking effect October 1, 2018, the new income and asset limits help ensure available subsidies are targeted to those with the greatest need. Under the new eligibility rules, York Region no longer accepts new applications for the subsidized housing wait list from applicants with assets over \$75,000 and/or incomes over \$80,000.



Taking steps to end homelessness

From April 17 to 20, 2018, York Region took part in an Ontario-wide effort to better understand homelessness in our communities. In partnership with community agencies, local cities and towns, community partners and citizen volunteers, York Region led its first homelessness count.

With the aim of better understanding the scope of homelessness in our community, connecting people to the right services and supports, and helping people with the greatest needs get the right supports, 238 trained staff and volunteers canvassed locations across the Region where individuals experiencing homelessness are known to frequent. Surveys were conducted at emergency and transitional housing facilities, outdoor locations, meal programs, public libraries, food banks and local drop-in centres.

Through the count, York Region found there is no one 'typical' profile of someone experiencing homelessness in our communities. People surveyed ranged in age, household composition, income and reasons why they become homeless. However, the count provided the opportunity to develop the Region's first By Name List (BNL) – a real time list of individuals and families experiencing homelessness in our community. This list helps the Region better understand the unique needs and barriers of our homeless residents, so they can be matched with the right services and supports. This helps the Region and community partners take critical steps towards helping people with the highest needs find and keep housing and allows us to work towards ending chronic homelessness in York Region.

In addition to the homelessness count, Regional Council has invested in a number of programs to prevent, reduce and end homelessness in our communities. These highlights include:

- Providing financial assistance, counselling and aftercare to help 1,282+ social assistance recipients who were homeless or at risk of homelessness to obtain housing and stay housed
- Helping those experiencing chronic homelessness to find and keep permanent housing by providing wrap-around and housing-based supports
- Providing drop-in supports, emergency and transitional housing to 1,369 youth at-risk of homelessness

Helping residents when they need it most

In 2018, York Regional Council supported over 78,000 low and moderate income residents, helping them receive services and improve their well-being.

Through the Community Investment Fund, York Region allocated \$5.5 million to support 49 projects. These projects provided direct services to residents and supported organizational development and skill building activities for community agencies. Allocations through the fund had a vital impact on York Region residents in 2018:

- Approximately 46,000 nutritious breakfasts and snacks were distributed to York Region students through the Food for Learning program
- More than 700 individuals experiencing homelessness found shelter at Inn from the Cold and Mosaic Interfaith Out of the Cold during the winter months
- Over 4,000 residents received support to help with transportation needs through the Transit Ticket Program, which provides approximately \$100,000 to non-profit community agencies to help buy transit fares for client use
- Four community agencies received more than \$100,000 to support capacity building activities that help strengthen their performance and impact

Since 2002, the Community Investment Fund has supported agencies in all nine local cities and towns to deliver programs and services to address community needs and service gaps. Council's continued support of the fund results in residents reporting being healthier and making healthier choices, obtaining and keeping jobs that match their skills, moving toward economic independence and housing stability and becoming more connected and engaged in their communities.

Strengthening the Region's network of human services

Through collaborative efforts of the Human Services Planning Board, York Regional Council is helping to strengthen community capacity to address local needs and improve resident's quality of life.

The Human Services Planning Board of York Region (HSPB) is a York Region led, multi-sector collaborative comprised of leaders and decision-makers from social service agencies, funders, government and education, health care and private sectors. Through the HSPB 2016 to 2018 Action Plan, York Region has had a positive impact on local municipalities and on residents living with low and moderate income. Between 2016 and 2018, board members worked together to remove barriers related to affordable housing and progressive employment.

Highlights from the final year of the action plan include:

- Identifying programs and tools that provide incentives to increase the private market rental housing supply
- Exploring new workforce development strategies that provide a better understanding of the impact of underemployment and precarious employment on York Region's economic vitality
- Building and showcasing a business case for employers outlining the benefits of adopting progressive employment practices to open the doors to new employees and experiences

Preparing for cannabis legalization

On October 17, 2018, recreational use of cannabis was legalized across Canada. In preparation for legalization, York Region worked collaboratively with municipal partners and staff, including York Regional Police, municipal by-law enforcement, inter-municipal communications teams, Fire Services and customer service staff to address the changes cannabis legislation would bring to York Region's communities.

Efforts focused on educating residents about the health and social effects of cannabis use, including the dangers of cannabis impaired driving.

Improving York Paramedics response times

In 2018, York Region Paramedic Services saw a 6.1% increase in demand for service from residents and visitors to York Region. Despite this increase in demand, York Region paramedics continue to exceed response targets as set out in the Paramedic Response Time Performance Plan.

Targets for emergency medical response times are legislated by the province and set annually by York Regional Council. The performance plan outlines acceptable response time between when a call is made to 911 and when paramedics arrive at an emergency.

York Region Paramedics exceeded response time targets for sudden cardiac arrest thanks in part to support from local municipal fire services. Response times for sudden cardiac arrest is measured based on the arrival of any person who can provide defibrillation (CPR or AED).

Protecting community health

York Regional Council remains committed to creating and maintaining safe, healthy communities. Through the public health unit, York Region supports healthy communities by offering child and adult immunization programs to help protect residents from vaccine-preventable diseases like measles, mumps, rubella, tetanus, polio and whooping cough.

In 2018, York Region Public Health:

- Distributed over 625,000 vaccine doses to community health care providers and public health clinics
- Vaccinated 50,235 residents
- 2,300 investigations of individuals who were reported to have a disease of public health significance (excluding tuberculosis, sexually transmitted infections and blood-borne infections)
- 67,018 requests sent to York Region residents requesting updated immunization information for their children

York Region has the largest student population in Ontario, with more than 194,000 students in 400 schools. Approximately 86.9% of seven-year-old students in York Region have up-to-date immunizations, above the provincial average of 79.5%.





Managing environmentally sustainable growth

Expanding transit options to keep people moving

Enhancing and improving the Region's transportation network includes providing travellers with alternative travel options, addressing safety, investing in system improvements including asset management and improving traveller experience to encourage more transit use.

In 2018, Council invested \$217 million in the Regional road network, improving travel opportunities for all road users, including road widening, a newly constructed crossing over Highway 404 north of Highway 7, additional 19 lane-kilometres of road and 33 kilometres of cycling lanes plus an enhanced suite of transit services.

Through York Region Transit's family of services, which includes York Region Transit, Viva bus rapid transit, Community Bus, On-Demand and Mobility Plus services, over 22 million transit trips were taken across the Region's transportation network in 2018. With the opening of the TTC Line 1 subway extension and enhanced GO Transit service to the Region's nine cities and towns, residents and visitors are increasingly using public transportation to connect to the places they want to go in York Region and beyond.

Residents have told us that transportation is a top priority and that travelling across the Region easily and efficiently is important. 2018 efforts to build our transit network and enhance services to meet the needs of residents now and in the future include:

- Installing on-bus LCD displays with real-time next stops and route connection information
- Launching a Mobility On-Demand booking app and introducing same day service to all travellers

- Increasing On-Demand service by 37%
- Upgrading and improving intersections to enhance traffic operations
- Working with transit agency partners to find a fare and service integration solution and support inter-regional transit travel
- Completing 74% of the Yonge Street transit rapidway, with full completion expected in 2019
- Providing services to reduce the number of single occupant vehicles on the road, especially during rush hour
- Continuing to work with Provincial and Federal governments to secure a long-term financial commitment for the Yonge Subway Expansion, the Region's top transit priority

York Region forestry building achieves Living Building certification

The Bill Fisch Forest Stewardship and Education Centre was the first in Canada to achieve Living Building Challenge certification. This global sustainability standard puts York Region among only 21 buildings worldwide to meet this criteria.

The status of Living Certified by the International Living Future Institute is considered the most rigorous green building standard in the world based on sustainability requirements related to site, water, energy, health, materials, equity and beauty.

In addition to meeting stringent environmental design requirements, buildings must demonstrate net zero energy and water performance over a 12-month period.

Going green to reduce greenhouse gas emissions

York Region has long been a leader in reducing energy consumption and greenhouse gas emissions (GHG). In 2018, Regional Council continued to support innovation in reducing our carbon footprint.

York Region owns and operates over \$12.3 billion in assets in the form of buildings, transit vehicles, fleet vehicles, water and wastewater facilities and supporting infrastructure.

York Region reinforced its commitment to the environment with the construction of 16 additional solar panel systems in 2018. Total annual solar production by the Region is estimated to be 437 MWh which is enough to power 45 average sized homes each year from clean renewable energy.

Additional conservation accomplishments include:

- Making retrofits to York Region Transit buses, resulting in increased efficiency and 1,100 GHG emissions reduction per year
- Approving a pilot project for six battery-powered electric transit buses
- Conserving approximately 10.6 million mega-litres per day of water and wastewater that require energy intensive treatment through water conservation and inflow and infiltration prevention programs
- Integrating 18 hybrid and plug-in hybrid electric vehicles to the corporate fleet to achieve better fuel efficiency
- Installing anti-idling and hybrid technologies that reduce ambulance fuel consumption
- Achieving over 99% in provincial water quality standard report

Protecting our natural environment

From planting trees to educating residents, York Region's Greening Strategy is yielding big benefits for residents and nature.

Demonstrating Regional Council's commitment to environmental leadership, the Region's Greening Strategy supports healthy natural environments and sustainable communities, today, and for future generations.

Continued investment in green infrastructure, including tree planting and forest restoration, has multiple benefits for our communities ranging from climate change mitigation to public health improvements.

Greening Strategy highlights from 2018 include:

- Planting more than 101,000 trees and shrubs, creating 44 hectares of new woodlands
- Engaging 15,600 residents through events, hikes and education programs designed to inspire people to make a personal commitment to protecting and preserving the Region's natural environment
- Protecting the 32.5-hectare Maple Cross Nature Reserve, adding more than 1,300 hectares of environmentally significant land in York Region since 2011





Providing responsive and efficient public service

#loveYR

It's hard to tell the story of York Region and that is what makes our community so special. It's home. It's work. It's play. It's people. A tier of government. A place on the map. For every individual who calls York Region home, the story of this place is different.

In 2018, York Region celebrated the community we call home by bringing awareness to the Region's core services and the impactful difference we make in the lives of residents, visitors, businesses and workers.

Through social media, public engagement, communications and marketing initiatives, the #loveYR campaign educated residents on the core services delivered by York Region.

Highlights of the campaign include:

- **World Toilet Day** reminding residents of the important role they play when it comes to protecting our environment and waterways
- **World Cities Day** celebrating the Region's urban locations where residents can live, work and play with options available for transportation, employment, housing, retail, entertainment, education and access to services
- **International Day of Older Persons** recognizing the Region's oldest residents and the important role they play in our families and communities
- **Emergency Preparedness Week** educating residents about their role in preparing for an emergency
- **Road Safety Week** acknowledging the role of York Region, York Region Transit and York Regional Police in providing a safe and reliable transportation network

Uniting and strengthening communities through the Inclusion Charter for York Region

York Region is one of the most diverse communities in Canada, with our residents speaking over 120 different languages and identifying with more than 230 distinct ethnic origins. Recognizing our diversity as a source of strength, vitality and economic opportunity, York Regional Council unanimously endorsed the Inclusion Charter for York Region in June 2018, reconfirming York Region's commitment to welcoming and inclusive communities.

Developed in collaboration with the Municipal Diversity and Inclusion Group (MDIG) and the Community Partnership Council (CPC), the Inclusion Charter is a common commitment to creating inclusive environments for all who live, work and play here.

Partners include municipalities, police services, hospitals, school boards, conservation authorities and agencies. Through endorsement, participating organizations commit to taking action to achieve the Charter's vision in their organization and in the community.

This work has also gained international support. In 2018, the United Nations Institute for Training and Research (UNITAR CIFAL Atlanta) recognized the Inclusion Charter as a leading practice model for communities around the world to use to become more inclusive.



Strengthening the Region's approach to managing assets

Providing a coordinated and affordable approach to managing Regional assets is the cornerstone of good government. Through the updated Corporate Asset Management Policy, Regional Council has demonstrated a commitment to providing public value through accountability, transparency, predictability, participation and capacity to deliver services.

York Region manages over \$11 billion in public assets, with more than 90% accounting for core infrastructure such as roads, bridges, treatment and conveyance of water and wastewater systems and storm management systems. Throughout the last term of Council, the Region continued to grow its asset base and put programs in place to manage these important resources. Some of these plans include:

- Making decisions based on life-cycle data of the asset to maximize its value
- Aligning asset management planning with climate change reduction approaches and the development of the Region's Climate Change Action Plan
- Integrating industry standards and best practices while balancing asset cost, performance and risk

The Corporate Asset Management Policy is well aligned with the Region's asset management practices and ensures responsible stewardship while continuing to provide services in a sustainable way.

Regional investments performing well

Through the Treasury Office, York Region manages both General Fund and Sinking Fund investment portfolios.

Investment returns for the General Fund totaled \$64.6 million, representing a return of 2.28%. These returns help in financing York Region's operating and capital costs over the longer term. Returns on the Sinking Fund totaled \$18.4 million, or 2.86%. Both funds exceeded their respective targets and benchmarks.

Supporting local hospitals

York Region continues to help our hospitals grow and improve services to residents through its multi-year commitment to providing \$342 million in funding until 2031. Annual funding amounts are adjusted for hospital performance and assessment growth, and divided among four local hospitals: Mackenzie Richmond Hill Hospital, Markham Stouffville Hospital, Southlake Regional Health Centre and Mackenzie Vaughan Hospital. 2018 funding amounts for the four hospitals include:

- Mackenzie Vaughan Hospital: \$6,603,922
- Markham Stouffville Hospital: \$3,977,029
- Southlake Regional Health Centre: \$2,098,581
- Mackenzie Richmond Hill Hospital: \$1,995,852

Honouring our country's triumphs and tragedies

The 2018 Olympic Winter Games are took place in PyeongChang, South Korea between February 9 and 26. That same month, York Regional Council extended its best wishes to the five local athletes who represented Canada at the games:

- Derek Livingston, Snowboarding, Hometown: Town of Aurora
- Gabrielle Daleman, Figure Skating, Hometown: Town of Newmarket
- Laura Stacey, Hockey, Hometown: Township of King
- Paul Porier, Figure Skating, Hometown: City of Markham
- Phylcia George, Bobsleigh, Hometown: City of Markham

Shortly after the close of the Winter Games, York Regional Council and staff once again came together to honour Canadian athletes. On April 12, 2018, York Region paid tribute to the victims, survivors and families of the Humboldt Broncos bus collision. Participating in #jerseyday, lowering our flags and observing a moment of silence was a small measure of solitude for the grieving families, friends and loved ones affected by this tragedy.

AWARDS AND HIGHLIGHTS

GOOD GOVERNMENT



Government Finance Officers Association Distinguished Budget Presentation of Award for the 2018 budget document.

Government Finance Officers Award for the 2017 annual community report.

Canadian Award for Excellence in Financial Reporting Award recognizing easily readable, well organized reports that present financial information in a clear and concise manner.

Best Diverse Employer by Mediacorp Canada Inc., recognizing York Region's exceptional workplace diversity and inclusion programs.

Corporate Communications and Non-Profit Communications Department of the Year from the International Association of Business Communications (IABC) for GTA and world-wide communications excellence.

High credit ratings from two international rating agencies. Moody's Investors Services assigned its top Triple A rating – Aaa – for the 18th consecutive year. Standard & Poor's Financial Services LLC reaffirmed York Region's "AA+" rating.

ECONOMIC VITALITY



Innovative Service Delivery Award from the Ontario Good Roads Association for the Region's commitment to making winter road operations more efficient.

Innovative Management Practices Award from the Ontario Good Roads Association for the Region's ability to implement systematic approaches to efficiently manage 1,800 road-related tasks and activities.

Public Works Project of the Year Award from the Ontario Public Works Association for the Region's Bayview Avenue road improvement project.

Technology and New Media Award of Excellence from the Economic Developers Council of Ontario recognizing the York Link social media channels.

HEALTHY COMMUNITIES



Silver Level Accreditation from Excellence Canada achieved by the Infectious Diseases Control Division of York Region Public Health.

SUSTAINABLE ENVIRONMENT



Living Building Challenge Certification for the Bill Fisch Stewardship and Educational Centre – the first building in Canada to achieve Living Building Challenge Certification, the most rigorous green building standard in the world.

2018 IT Project of the Year Award from the Ontario Public Works Association for York Region's inflow and infiltration monitoring program.

ClimateWise Innovation Award recognizing the Anti-Idling technology project led by Paramedic Services.



2015 TO 2019 STRATEGIC PLAN - FROM VISION TO RESULTS

KEY REGIONAL PERFORMANCE MEASURES

FINAL YEAR 4 (2018) PROGRESS

38 OF 45 = 85% of Key Regional Performance Measures are trending in the desired direction

*Note: 3 Performance Measures have been removed from the overall tally due to (1) Performance Measure with data not available for reporting and (2) Performance Measures duplicated within the plan.



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	—

LEGEND

- Trending in the desired direction
- Not trending in the desired direction
- Trend unchanged
- ▲ Waiting for current data



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	●



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 (residential) development located in Regional Centres and Corridors	●
Increase percentage of new non-residential (commercial office) 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 (Regional programs – Customer-relationship management subcategories) 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 (Skills competency expected)	●



Laura Mirabella, FCPA, FCA,
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, 2018.

This report and the Region's audited financial statements, together with other information in the Community Report, demonstrate the Region's accountability to its residents for the use of financial resources to achieve its goals.

Because long-term financial sustainability is a key goal, the Regional Fiscal Strategy guides financial planning and management. Through the strategy, the Region is reducing reliance on debt by carefully planning growth-driven capital projects and building reserves for future spending needs. The entire strategy, which is explained in more detail on page 30, is founded on the principle of intergenerational equity, which ensures current and future taxpayers will pay a fair share for the services they receive.

The financial results in this report are presented on the full accrual basis of accounting. The Region's budget, on the other hand, was presented in a way that showed that cash inflows, including the property tax levy, were balanced against all expected major cash outflows.

For comparability, the 2018 budget provided an outlook for revenues and spending on a full accrual basis, and this report compares final results to that outlook. This report also briefly compares the results against the original budget.

Results for the year show the Region's financial picture continues to improve. The Region's balance sheet recorded an accumulated surplus of \$7.2 billion at the end of 2018, up from \$6.7 billion at the end of 2017. The increase reflects a surplus of \$519.7 million from operations over the year as determined on the full accrual basis. The Region's debt, excluding borrowings on behalf of local municipalities and net of sinking fund assets, fell by \$170 million by year-end, while its investments rose by \$518.2 million.

OVERVIEW OF THIS REPORT AND THE FINANCIAL STATEMENTS

TREASURER'S REPORT

The Treasurer's report expands on the information provided in the Region's financial statements by:

- Outlining the strategic framework guiding the Region's financial management
- Giving highlights of the Region's financial performance in 2018
- Discussing financial results for 2018 compared to 2017 and the 2018 budget plan, focusing on the Consolidated Statement of Financial Position and the Consolidated Statement of Operations
- Explaining the framework for planning and reporting on financial activities and the Region's responsibilities for managing its finances and safeguarding assets
- Looking at possible risks to the Region's long-term financial sustainability and how they are managed

FINANCIAL STATEMENTS AND STATISTICAL REVIEW

The Region's financial statements follow the Treasurer's report. Taken together, the financial statements describe the Region's financial position at the end of the year and show how it changed from the previous year. The notes that follow the statements are an integral part of the Region's financial reporting.

Consolidated Statement of Financial Position

This statement is the Region's balance sheet, listing its assets, liabilities and accumulated surplus as of December 31, 2018.

Consolidated Statement of Operations

This statement reports the Region's revenues and expenses for the year. The net difference is either an annual surplus or annual deficit. Revenues exceeded expenses in the year ended December 31, 2018, resulting in an annual surplus.

Consolidated Statement of Change in Net Debt

This statement reconciles the change in net debt for the current and prior year. Under public sector financial reporting in Canada, "net debt" is defined as the difference between a reporting entity's financial assets and its liabilities. This differs from how the Region uses the term "net debt" in other documents where the term is used to mean its issued debt, excluding borrowings on behalf of local municipalities and net of sinking fund assets.

Consolidated Statement of Cash Flows

This statement outlines the Region's sources of cash, shows how they were applied to meet cash needs and gives the resulting change in cash and cash equivalents by year-end.

The financial statements and notes are followed by an unaudited statistical review of key financial and non-financial figures over the past five years. This review begins on page 76.

Two other sets of financial statements are provided, starting on page 82. They are for:

- The sinking fund, which is held and reported on separately from other Regional assets. The fund's purpose is to allow the Region to meet the repayment requirements of its sinking fund debt. Sinking-fund debt requires that funds equivalent to a share of the debt be set aside on a prearranged schedule before the maturity date. *The Municipal Act*, 2001 requires sinking funds to be audited annually.
- Funds held in trust by the Region for residents of Newmarket Health Centre and Maple Health Centre and donations to those facilities. The Region invests these funds on behalf of the residents and interest earned is credited to the funds.

STRATEGIC FRAMEWORK

For the 2018 fiscal year, the main elements guiding the Region's financial management were:

- Vision 2051 and the 2015-2019 Strategic Plan
- The 2018 Budget
- 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.

Every four years, to coincide with the new term of Council, the Region develops a four-year Strategic Plan with the purpose of turning the Region's long-term vision and goals into day-to-day activities. The priorities of the 2015-2019 Strategic Plan were economic vitality, a sustainable environment, healthy communities and good government.

The diagram below provides further details.



2018 BUDGET

The Regional budget provides the financial framework to accomplish the Strategic Plan and ultimately support Vision 2051.

Multi-year budgeting is a vital aspect of the financial framework. At the start of each council term, Regional Council reviews a four-year plan consisting of a proposed budget for the upcoming year and an outlook for the remaining three years. In each of the following three years, the outlook is reduced by one year.

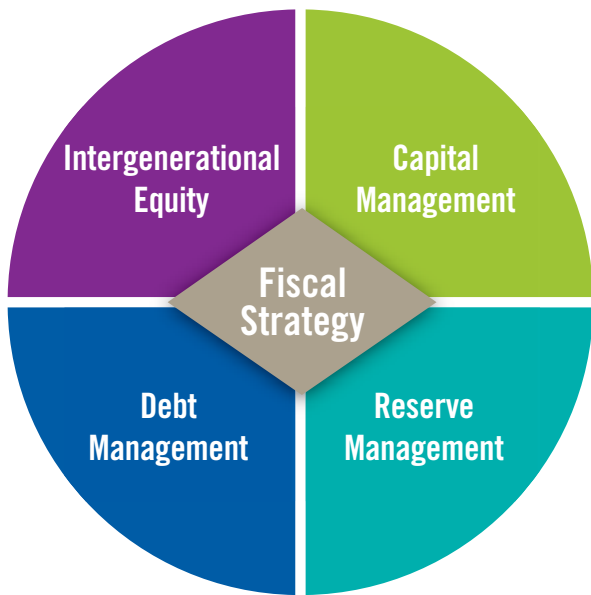
While the four-year framework gives overall direction, Council has the flexibility to make changes each year as conditions warrant. The 2018 budget covered the final year of the Region's first four-year budget, which was introduced in 2015. This report provides results for 2018 compared to the budget and the previous year.

As noted, the budget shows major cash inflows and outflows, and determines the tax levy needed to achieve the balance between these. It thus gives decision-makers and other readers a clear picture of where cash resources are expected to come from and how they will be applied to all activities, including capital and operations, to meet current and future needs.

This annual report provides a set of statements on the full accrual basis that together give a full picture of financial activities and results for the year. This aligns with the recommendations of the Public Sector Accounting Board, which develops accounting standards for governments in Canada.

REGIONAL FISCAL STRATEGY

The purpose of the Regional Fiscal Strategy, adopted in 2014 and updated annually, is to help the Region achieve long-term financial sustainability. It brings together four distinct but related elements, as shown in the diagram below.



Intergenerational equity is key to the strategy. It means that financial responsibility is shared fairly between current and future residents: today's residents are not burdened with the costs of services that will be largely enjoyed by those who come after them, and future residents will not have to pay for services largely enjoyed by previous residents.

Capital management is important because the Region must often build major infrastructure like roads, transit and water and wastewater systems in advance of the expected population and employment growth they will serve. Although the costs are expected to be covered by development charges when growth occurs, debt is often used to bridge the timing gap. Making investments at the best possible time, based on realistic forecasts, helps to reduce debt levels and debt service costs.

Reserves are funds that are built up over time for special purposes, including paying asset-related costs to avoid issuing debt. Under the strategy, the Region has significantly increased the level of reserves dedicated to asset renewal and replacement. A corporate-wide asset management plan, endorsed by Regional Council in 2018, provides guidance on the size and timing of the needed investments. The strategy also saw the creation of a debt reduction reserve. Funded from the tax levy, it is mainly used to cover growth-related capital costs that are not eligible for development charge funding.

The Region's long-term **debt management plan** takes into account borrowing needs over the following 10 years, complies with Regional and provincial policies and considers risks to the plan and ways of mitigating them.

2018 HIGHLIGHTS

Over the course of the 2018 fiscal year, York Region:

- Increased its investments by \$518.2 million to bring the total to \$3.3 billion
- Paid down \$170 million in debt, excluding borrowings on behalf of local municipalities and net of sinking fund assets, to reach \$2.7 billion from a peak of \$2.9 billion in 2017
- Saw an increase of \$519.7 million in its accumulated surplus, reflecting results from operations

CHANGES IN FINANCIAL POSITION

The Consolidated Statement of Financial Position, which appears on page 56, gives a picture of the Region's balance sheet at December 31, 2018. The table below provides a summary.

Consolidated Statement of Financial Position

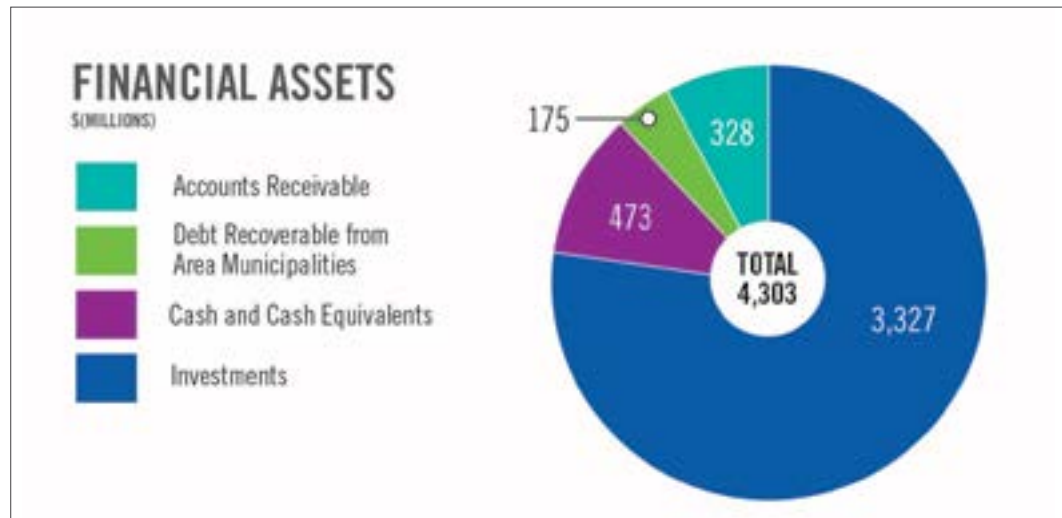
(\$ Millions)	2018 Actual	2017 Actual	Variance	% Change
Items				
Financial Assets	4,303.4	3,847.8	455.6	11.8%
Financial Liabilities	5,102.6	5,097.8	4.8	0.1%
Net Debt	(799.2)	(1,250.1)	450.9	(36.1%)
Tangible Capital Assets	7,999.8	7,933.2	66.6	0.8%
Other Non-Financial Assets	18.6	16.5	2.1	13.2%
Accumulated Surplus	7,219.3	6,699.6	519.7	7.8%

Note: numbers may not add due to rounding

The Statement of Financial Position reports the financial and non-financial assets, including tangible capital assets, available to the Region. It also lists obligations in the form of liabilities, including debt. Because the Region's total assets are greater than its liabilities, the statement shows an accumulated surplus.

FINANCIAL ASSETS RISE BY 11.8%

The Region's financial assets include cash and cash equivalents, investments and amounts owed to the Region by third parties, including debt issued by the Region on behalf of local municipalities. The pie chart below shows the breakdown:



These assets totalled \$4.3 billion at the end of 2018, up by \$455.6 million or 11.8% from the previous year. The main driver of the increase was growth in investments, which went from \$2.8 billion at the end of 2017 to \$3.3 billion a year later. This resulted from the Region building reserves, especially for asset replacement and renewal, and investing funds held for specific purposes from third parties that were received in advance of the spending need.

TANGIBLE CAPITAL ASSETS

In planning and budgeting, spending on capital is treated as a cash outflow in the year that the spending happens. This allows Regional Council to approve a capital budget that authorizes the expected cash outflows on capital projects.

Under government financial reporting, which uses the full accrual approach, cash outflows on capital projects are treated differently. The spending is not fully expensed in the year or years when the asset is built or acquired. Instead, the cash outflow is recorded in the Consolidated Statement of Cash Flows. Only a portion of the cost is recorded each year in the Consolidated Statement of Operations, as an expense called amortization. The number of years over which the cost is amortized is based on the expected service life of the asset.

Financial reporting also makes a distinction between assets under construction and assets in use. As an asset is completed and goes into service, the cost to build or acquire it moves from assets under construction into the appropriate category of assets in use. Note 13 to the financial statements shows these categories and their value at year-end.

The approved 2018 budget included a capital plan for the year of \$810.8 million. At year-end, in preparing the financial statements in line with Public Sector Accounting Standards, the Region classified \$677.5 million of this plan as spending on tangible capital assets. Of the \$677.5 million, 68.7% related to growth-related projects, while the balance went to renewing and/or replacing existing assets.

Of the \$677.5 million planned spending on tangible capital assets, \$474.1 million, or 70%, was spent, with the underspending due to delays in several projects. The growth-related portion was largely funded by development charges, while work on existing assets was covered from asset replacement reserves.

Assets under construction totalled \$1.3 billion at year-end, with the table below listing the five largest additions and providing a comparison to the budgeted amount.

2018 Top 5 Capital Spend \$(Millions)			
Project	Department	Additions	Capital Budget
Administration Centre at 17150 Yonge Street	General Government	71.1	98.3
Toronto York Spadina Subway Extension	Transportation	41.7	47.7
Major Mackenzie Drive Canadian Pacific Railway to Highway 27	Transportation	23.6	9.8
Road Asset Renewal and Replacement	Transportation	14.8	14.7
Bus Replacement	Transportation	12.5	18.0

Several major projects were completed in 2018 and put into use. The table below lists the five largest completions and the year that work first began on the project.

2018 Top 5 Additions to Assets in Use \$(Millions)

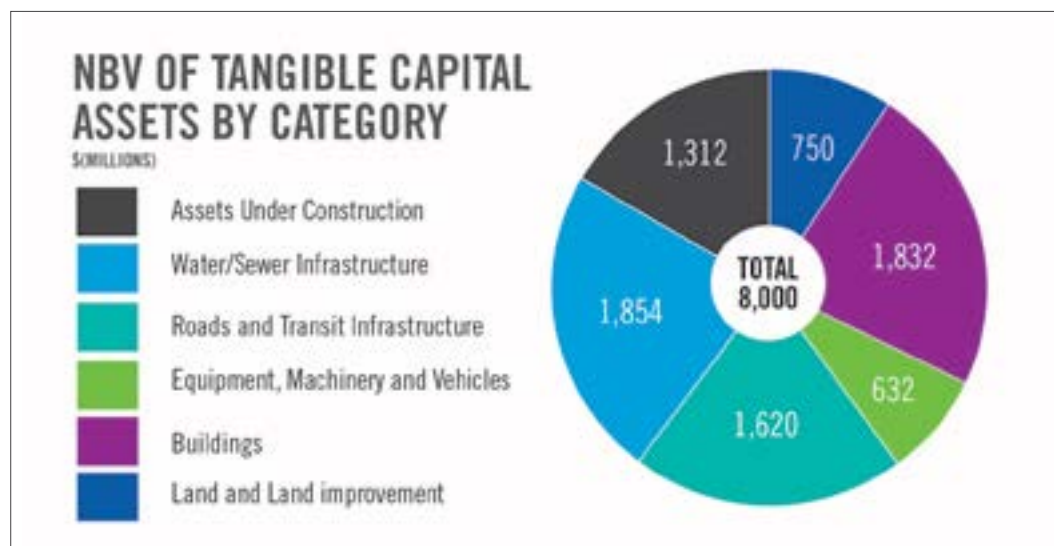
Project	Department	Additions	Project start date
Queensville Holland Landing Sharon York/Durham Sewage System Connection	Environment	71.2	2005
Toronto York Spadina Subway Extension	Transportation	67.3	2006
Bayview Avenue - Elgin Mills Road to 19th Avenue	Transportation	24.9	2002
Bayview Avenue - 19th Avenue to Stouffville Road	Transportation	14.7	2002
Road Crossing - Highway 404 between Highway 7 & 16th Avenue	Transportation	12.1	2011

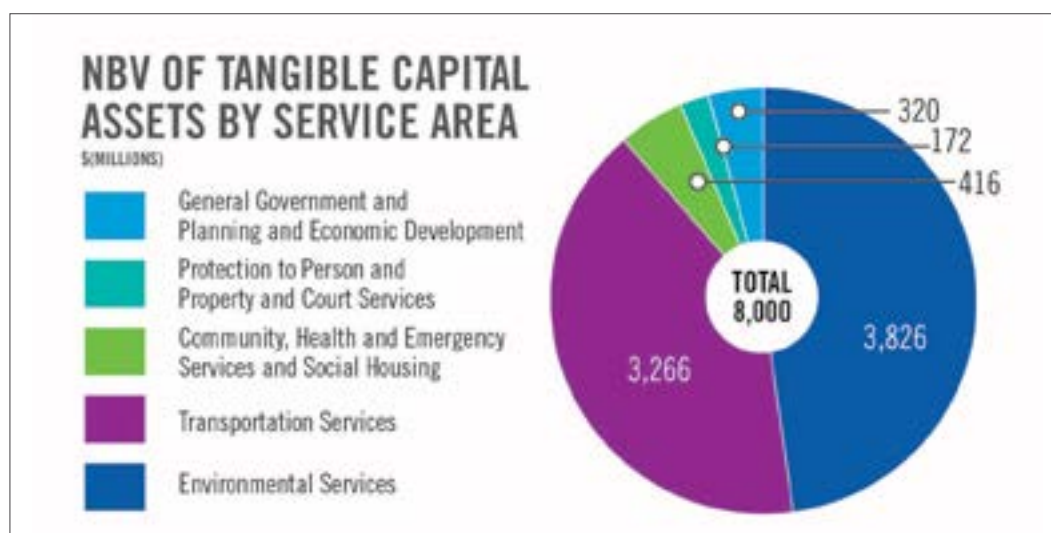
For accounting purposes, the Region reclassified \$130 million of assets under construction as an expense in 2018 as the amount was recovered from other municipalities. Considering additions, completions and the reclassification, assets under construction decreased by \$33.7 million from 2017.

After taking into account amortization expense of \$275 million and the disposal of assets during the year, the net book value (NBV) of the Region's assets rose by \$66.6 million, taking the total to \$8 billion at the end of 2018.

Net book value is the cost of an asset less its accumulated amortization and is reported on the Consolidated Statement of Financial Position.

The following graphs show the breakdown in the net book value of assets by service area and category:





Five-year trend in net book value and asset condition

As the graph below shows, the net book value of the Region's assets has steadily increased over the past five years, resulting largely from major investments in roads, transit, and water and wastewater infrastructure.



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.

One measure of the Region's potential financial vulnerability is the ratio of the net book value of assets to their initial cost. This ratio provides an estimate of the time remaining in which assets are available to provide services, with a low ratio suggesting that assets are being used up and not replaced. The ratio for the Region has held fairly steady over the past five years at between 65.7% and 72%.

This means the Region is consistently adding or replacing assets, which helps to offset the decline in the net book value of existing assets. As more projects are completed, the rate of increase in net book value may slow. This is typical in a rapidly growing municipality like York Region, and may be followed by several years of equally

important but lower outlays for rehabilitations of those assets. During this period, net book value may stabilize or even decline slightly.

Another measure of whether a government is prepared for asset-related needs is the amount of dedicated reserves available for asset management, and whether the level of reserves reflects the expected need.

Effective asset management supports long-term sustainability. Asset management planning has progressed significantly in recent years, and provincial requirements have become more specific. The Region's first Corporate Asset Management Plan, formalizing asset management planning practices across all departments, was approved by Council in June 2018.

Estimates of asset replacement values in the plan were based to the extent possible on actual asset condition, which is considered a more accurate measure of investment need than age, as used in the financial statements.

The 2018 plan represented a major step in developing a long-term financial plan to maintain, rehabilitate and eventually replace assets so the Region can continue providing quality programs and services now and into the future.

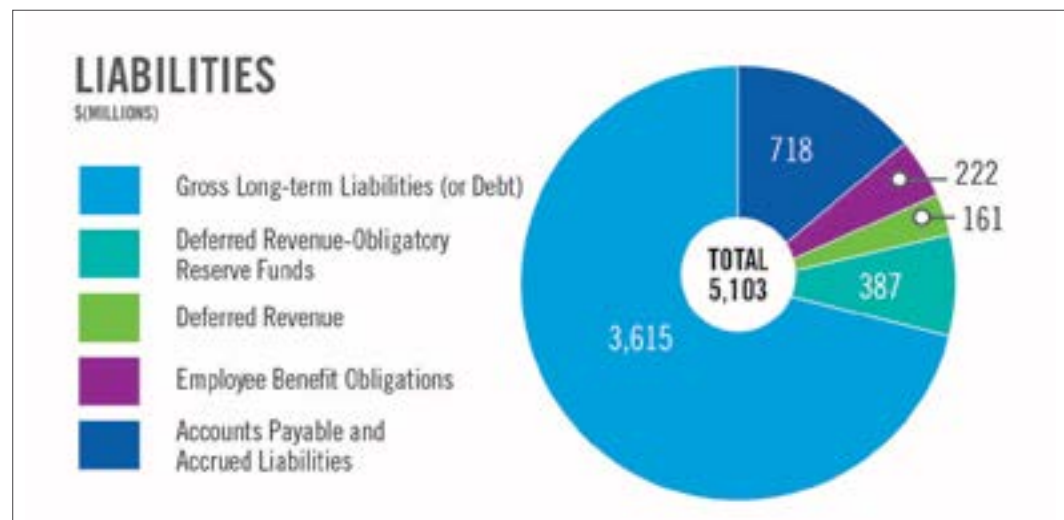
Annual contributions to capital assets reserves are based on the full asset management as identified by departments. The goal is to reach a level of contributions that meets the full needs while also achieving intergenerational equity.

Current asset replacement reserves are lower than either the depreciated cost or the estimated replacement value of the Region's assets. The long-term costs of asset rehabilitation and replacement tend to be higher than either of those measures, so asset management planning indicates the need for increased contributions to asset replacement reserves.

The next Corporate Asset Management Plan is expected in 2022.

LIABILITIES REMAINED STABLE

The Region's liabilities include accounts payable and accrued liabilities, employee benefit obligations, deferred revenue, and gross long term liabilities or debt. The pie chart below shows the breakdown:



LIABILITIES OTHER THAN DEBT

Liabilities other than debt fell slightly, ending the year at \$1.5 billion.

Accounts payable and accrued liabilities decreased by \$48.3 million from 2017, which was in line with lower capital spending in 2018.

Employee benefit obligations include the expected costs of extended health and dental coverage for retirees, vested sick leave benefits, long-term disability claims, vacation payable and workers' compensation obligations. These obligations increased by \$20.4 million or 10.1% from 2017, reflecting increases in actuarial estimates of future costs and expectation of higher health care costs.

Deferred revenue represents funds received from third parties and set aside for specific purposes at a later date. As a result, for accounting purposes, the obligations are recorded as a separate liability on the statement of financial position. The asset that balances this liability forms part of cash and investments. For financial statement purposes, these assets are excluded from the list of reserves that the Region maintains for its own use because the funds are restricted.

There are two components of deferred revenue on the Region's Consolidated Statement of Financial Position: deferred revenue – obligatory reserve funds and deferred revenue. Deferred revenue – obligatory reserve funds includes development charges to pay for future growth-related projects and gas tax revenues to be used for transit and other specified purposes. A major component of the general deferred revenue account relates to provincial funding for bus rapidway projects.

Deferred revenue for obligatory reserve funds decreased by \$45.9 million or 10.6%. This was due to a decrease of \$34.4 million in the development charge balance and \$11.5 million in gas tax reserves.

The deferred revenue account increased by \$73.7 million or 84.5% from 2017. Full funding for bus rapidways is provided by Metrolinx, the provincial agency responsible for transit in and around the Greater Toronto Area, and flows into the "deferred capital grants" portion of the account. The Region draws from the account as projects are built. In 2018, the Metrolinx-related flows were largely responsible for an increase of \$68.1 million in deferred capital grants.

DEBT

Total debt, which is reported in the Consolidated Statement of Financial Position as gross long-term liabilities, rose by \$4.9 million to reach \$3.6 billion at the end of 2018.

This total includes funds borrowed by the Region on behalf of local municipalities. The local municipal borrowings are matched by an asset in the same amount that represents their future debt repayments. Excluding that borrowing, the Region's own debt fell by \$19.7 million during the year to reach \$3.4 billion, largely reflecting the impacts of the Regional fiscal strategy.

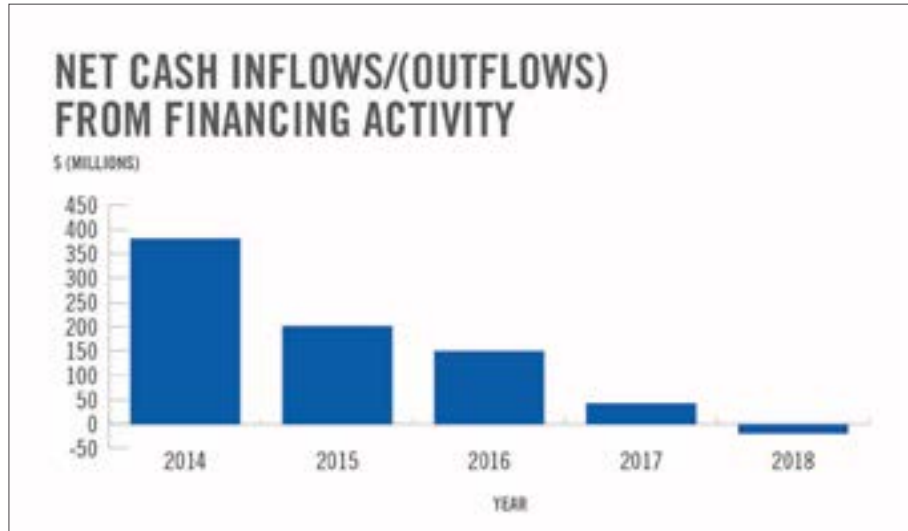
Most of the Region's borrowings are in the form of sinking fund debentures, which require the borrower to set aside funds over time to be used for repayment when the debt matures. The reserve representing these dedicated funds grew by \$150.3 million in 2018. Taking the sinking funds into account, the net outstanding debt fell by \$170 million, ending in the year at \$2.7 billion.

These figures show that the Region met its commitment to keep its own debt, net of sinking fund assets, below the peak of \$2.9 billion that was reached in 2017.

Five-year trend in debt

Reduced reliance on debt, which is one element of the Regional Fiscal Strategy, supports long-term fiscal sustainability.

As the graph below shows, the Region issued successively less debt each year from 2014 to 2017. In 2018, the Region did not need to borrow to meet its spending needs, and instead used its cash resources to pay down debt.



NET DEBT

Under public sector financial reporting in Canada, “net debt” is defined as the difference between a reporting entity’s financial assets and its liabilities. (In some contexts, however, the Region uses the term “net debt” to mean its issued debt, excluding borrowings on behalf of local municipalities and net of sinking fund assets.)

The Region’s net debt as defined for public sector reporting purposes was \$799.2 million at the end of 2018, representing the difference between its \$4.3 billion in financial assets and \$5.1 billion in debt and other liabilities.

This was a decrease of \$450.9 million from year-end 2017 because financial assets, particularly investments, increased while total liabilities remained relatively stable. Net debt provides a measure of the future revenues required to pay for past transactions and events, so a decrease in net debt is an improvement in financial position.

ACCUMULATED SURPLUS

The Region’s accumulated surplus increased by \$519.7 million or 7.8% from 2017 to a total of \$7.2 billion at the end of 2018. The increase is equal to the annual surplus and is calculated based on Public Sector Accounting Standards. (It differs from the operating surplus, which represents any excess in revenue over spending from the original budget. The 2018 operating surplus is discussed on page 48.)

The accumulated surplus is the total of past annual surpluses. It represents the difference between the Region’s assets, including tangible capital assets, and its obligations, including debt. As such, it represents the net resources the Region has to provide future services.

The Region has identified a number of specific future needs and earmarked a portion of the total accumulated surplus for them. These amounts are called reserves and reserve funds, and at 2018 year-end they totalled \$3 billion. The pie chart below provides a breakdown by reserve type.

Asset replacement reserves are funded from two main sources: a portion of user rates goes into reserves for water and wastewater renewal and replacement, while a share of the tax levy is contributed to reserves for replacing other assets, such as roads. Total asset replacement reserves stood at \$1.4 billion by year-end, having grown by \$232.7 million, or 20.7%, during the year. This increase was made up of contributions totalling \$347.1 million, less \$114.4 million used for asset management purposes during the year.

The Region’s sinking fund reserve, which is a segregated fund that can only be used to repay existing debt, is the next largest balance. It grew by \$150.3 million, or 27%, in 2018.

Capital reserves, which include funding for capital programs such as social housing development, solid waste management and hospitals, increased by \$21.9 million or 5.6%, since 2017.

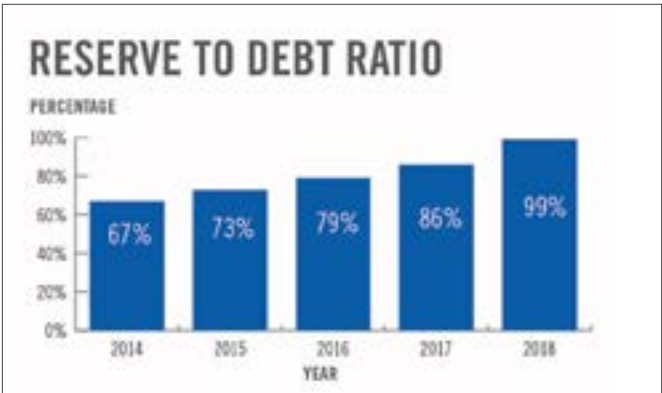
The balance reflects additional reserves that the Region maintains to smooth fluctuations in operating revenue and expense items, and to build funding over time for special projects. In total, these reserves grew by \$26.6 million, or 5.4%, over the year.



Reserves to debt

The ratio of reserves to debt is an important marker of fiscal sustainability. A high ratio shows that if revenues were to decline, other resources would be available to meet a municipality’s obligations. Conversely, a municipality with a low ratio is more vulnerable to a revenue decline.

The Regional Fiscal Strategy has steadily improved the reserves-to-debt ratio for the Region, as the graph below shows:



Note: The reserves figure includes development charges and gas tax funding. It excludes the sinking fund reserve balance. The debt figure represents Region-only debt, excluding local municipality debt and housing-related debt and net of sinking fund assets.

The Region’s strong ratio, at the end of 2018, shows it has the resources to manage short-term fluctuations in revenue.

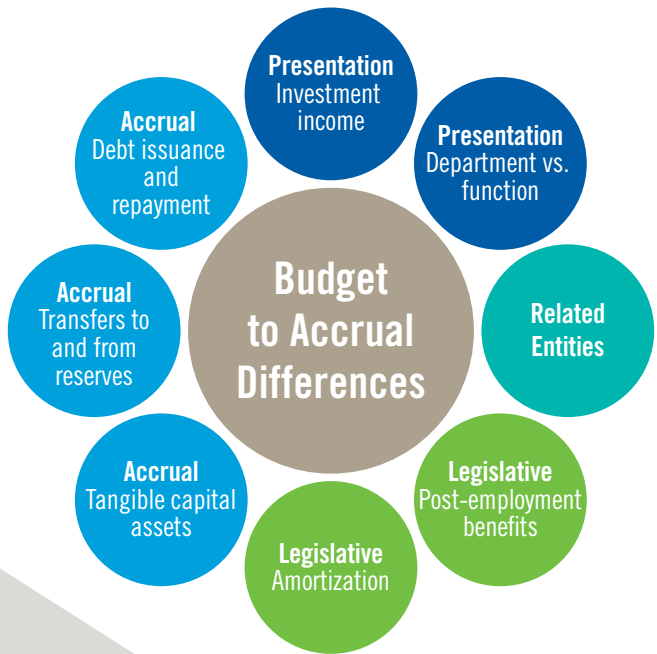
CONSOLIDATED STATEMENT OF OPERATIONS

The sections below explain the differences between revenues and spending in the budget and this report, and provide a comparison of operating results to both the budget plan and the previous year.

COMPARING ACTUAL RESULTS TO THE BUDGET

The budget is prepared on what is called the “modified accrual basis” of accounting. This approach looks mainly at the major cash inflows and major cash outflows and uses the property tax levy to achieve a balance. This is different from the accrual treatment for the consolidated financial statements prepared in accordance with the standards set by the Public Sector Accounting Board.

As a result of the different approaches used to prepare the budget and report on results, comparing actual operating results to the budget requires a reconciliation. This reconciliation also captures other differences between the budget and financial statements. The graphic below shows the adjustments required to present the approved budget on a full accrual basis.



The 2018 budget included a detailed reconciliation in the “Accrual Budget Presentation” chapter, with key figures summarized in the table below.

\$(Millions)	Approved budget	Conversions	Full accrual budget
Revenue	3,042.5	(194.6)	2,847.9
Expense	3,042.5	(840.3)	2,202.2
Surplus	-	645.7	645.7

Presentation and terminology

There are a number of differences between the financial statements and the budget as approved by Regional Council:

- Both the annual report and full accrual budget set out expense by function instead of department. The approved budget is presented by department. This has only a minor impact in most areas.
- Under full accrual accounting, investment income is a revenue item. In the approved budget, a portion of this is an offset to General Government expense.
- Transfers from reserves and the proceeds of borrowings are not reported as revenues in the financial statements. Instead, they are shown as sources of cash on the Consolidated Statement of Cash Flows. Similarly, transfers and contributions into reserves and repayments of debt are uses of cash, not expenses, under full accrual accounting.
- Assets that are expected to last for more than one year are capitalized, under full accrual accounting. This means the upfront cost is shown on the Consolidated Statement of Cash Flows that year and a fraction of the cost, called amortization, is recorded as an expense each year the asset is expected to be in service.
- Under full accrual accounting, the financial activities of three Regionally-owned entities, York Region Rapid Transit Corporation, Housing York Inc. and YTN Telecom Network Inc., are fully consolidated with the results of the department to which they are related.

The accrual budget chapter of the budget book generally uses the same presentation and terminology as the financial statements in this annual report. In the Statement of Operations, some accrual budget numbers have been updated to reflect internal reorganizations and align with provincial Financial Information Return requirements. The total budgeted figures for revenue, expenses and annual surplus remain the same.

RESULTS FOR 2018 AND FIVE-YEAR TRENDS

This section compares operating results for 2018 to the full accrual budget and to results for 2017. It also discusses five-year trends in key figures and ratios, as recommended by the Public Sector Accounting Board.

The table below provides a summary of the results from the 2018 Consolidated Statement of Operations:

Consolidated Statement of Operations					
\$(Millions)	2018 Budget	2018 Actuals	2017 Actuals	Budget to Actual Variance	Year over Year Variance
Revenues	2,847.9	2,771.3	2,521.0	(76.6)	250.3
Expenses	2,202.2	2,251.6	2,022.8	49.4	228.8
Annual Surplus, accrual basis	645.7	519.7	498.2	(126.0)	21.5

The accrual-based budget set out an expected surplus of \$645.7 million. At \$519.7 million, the 2018 surplus was \$126 million below plan. Nonetheless, it was \$21.5 million higher than the previous year's \$498.2 million.

REVENUES

The table below provides a summary of the revenues from the 2018 Consolidated Statement of Operations:

\$(Millions)	2018 Budget	2018 Actuals	2017 Actuals	Budget to Actual Variance	Year over Year Variance
Revenues					
Net Taxation	1,092.5	1,095.1	1,042.6	2.6	52.5
User Charges	332.0	316.5	278.9	(15.5)	37.6
Transfer Payments	673.0	605.5	550.7	(67.5)	54.8
Development Charges	519.4	474.2	283.7	(45.2)	190.5
Fees and Services	157.6	184.1	198.5	26.5	(14.4)
Investment Income	58.9	68.7	71.3	9.8	(2.6)
Other	14.5	27.1	95.2	12.6	(68.1)
	2,847.9	2,771.3	2,521.0	(76.6)	250.3

Note: numbers may not add due to rounding

The 2018 budget forecast revenues of \$2.8 billion. Actual 2018 revenues were \$76.6 million under plan. Despite falling short of plan, total revenues grew by \$250.3 million from 2017.

- Net taxation revenues were \$2.6 million above plan, at \$1.1 billion.

This was an increase of \$52.5 million or 5% from 2017, which was in line with the approved tax levy increase of 2.77% and assessment growth of 1.75%. The remaining increase of 0.5% relates to the increase of supplementary taxes.

The budget projection for water and wastewater user charges was based on a blended rate increase of 9% and expected growth in consumption from 2017, when rainy weather suppressed demand. Actual results were \$15.5 million below plan, largely owing to continuing low water flows in 2018.

Although below budget, this was nonetheless a year over year increase of \$37.6 million or 13.5% from exceptionally low 2017 results.

- Revenue from provincial and federal transfers was \$67.5 million less than planned, at \$605.5 million. As discussed above in the section on other liabilities, drawdowns from the deferred revenue reserve that pay for Metrolinx-funded bus rapidways are recorded as transfer payment revenues. In 2018, less work than planned was carried out on rapidway projects, which resulted in lower-than-expected revenue from this source.

Despite coming in lower than planned, transfer payments rose by \$54.8 million from 2017 to 2018. Provincial grants totalled \$528.6 million, going up in almost all areas. The largest increase was in support for child care, which went from \$113.3 million in 2017 to \$149.5 million in 2018. Federal funding rose from \$61.4 million to \$76.9 million, largely reflecting a new grant of \$19.6 million to Environmental Services under the federal Clean Water and Wastewater Fund.

Development charges, which are revenues from drawing down the development charge portion of deferred revenue collected, were \$45.2 million below forecast. This reflects lower-than-expected investments in new growth-related infrastructure, as a result of slower than planned construction, which are funded from this source.

Although less than forecast, revenue from development charge drawdowns was \$190.5 million, or 67.1%, higher than in 2017. In 2018, the Region was able to fund growth projects from development charges without the need to issue any development charge supported debt.

- Interest income and other earnings on investments was \$9.8 million higher than the forecast of \$58.9 million, reflecting better-than-expected performance in a highly uncertain market environment. The investment portfolio continued to outperform its benchmarks.

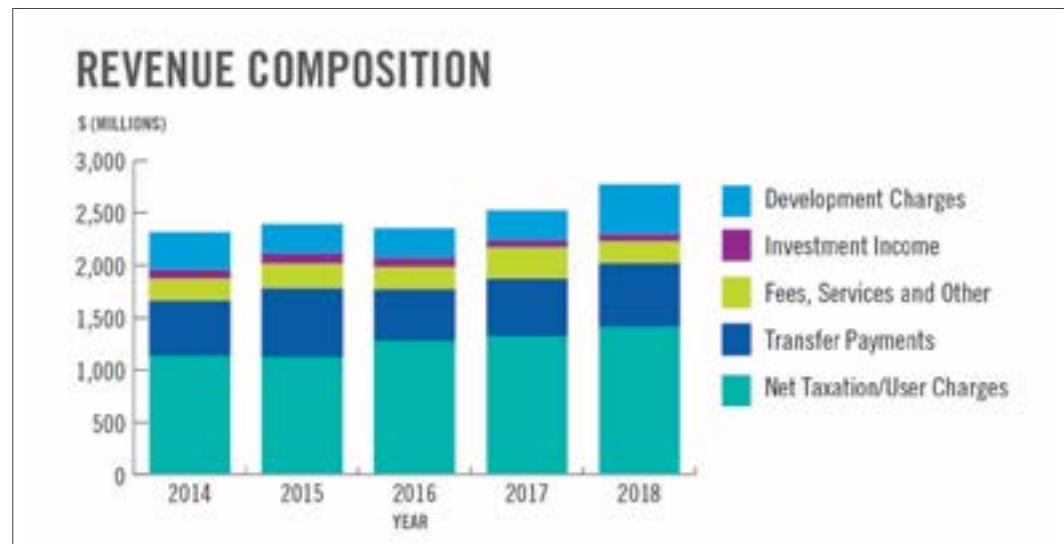
Although results were better than forecast, revenue from this source declined by \$2.6 million from the previous year due to lower rates of return compared to 2017.

- Fee and service revenue and other revenue was \$39.1 million higher than budgeted. Much of this revenue reflects recoveries from local municipalities for capital projects the Region carries out on their behalf. The budget forecast was based on an expected decline in construction activity. The decline was less than expected, so recoveries were higher than planned.

Nonetheless, the drop in construction activity resulted in a decrease of \$82.5 million from 2017.

Five-year trend

The graph below illustrates the five-year trend in revenues by source:



High dependence on sources of revenue over which a government has little or no control can make it more vulnerable to the decisions of other entities.

In total, revenues over which the Region has control, including taxation and user charges, fees, services and interest earnings, amounted to about 61% of revenue in 2018. Over the past five years, these revenue sources have consistently provided more than 60% of total revenues.

Among revenue sources over which the Region has limited control, transfer payments from senior governments have provided an average of 22.7% of the Region's revenues over the past five years, with the highest levels occurring before 2016. This reflects major funding from Metrolinx for transit projects. The shares of transfer payment revenue for 2017 and 2018 were lower than the five-year average at 21.8% and 21.9%, respectively.

In general, transfer payment fluctuations reflect either specific, time-limited funding (such as for the transit projects) or decisions by other levels of government. The Region is accustomed to managing the impact of changes in the level of these payments.

Drawdowns from development charges pay for growth-related capital projects, and drawdowns vary from year to year because the investments they fund also vary from year to year. After three years of consistent revenue from 2015 to 2017, this source of revenue rose by 67.1% in 2018. This was because higher-than-expected development charge collections made more funds available to fund more construction. As mentioned above, in 2018 the Region was able to fund growth projects from development charges without the need to issue any development charge debt.

EXPENSES

The table below provides a summary of the expenses from the 2018 Consolidated Statement of Operations:

\$(Millions)	2018 Budget	2018 Actuals	2017 Actuals	Budget to Actual Variance	Year over Year Variance
Expenses					
Transportation Services	503.9	534.4	426.9	30.5	107.5
Environmental Services	482.0	608.7	512.7	126.7	96.0
Community and Health Services (1)	638.9	579.4	521.9	(59.5)	57.5
Protection to Persons and Property (2)	378.8	384.5	360.2	5.7	24.3
Other (3)	198.6	144.7	201.2	(53.9)	(56.5)
	2,202.2	2,251.6	2,022.8	49.4	228.8

Note: numbers may not add due to rounding

Notes:

1. "Community and Health Services" comprises Health and emergency services, Community services and Social housing from the Consolidated Statement of Operations.
2. "Protection to persons and property" comprises York Regional Police, the Police Services Board, court administration and conservation authorities.
3. "Other" comprises General government and Planning and economic development from the Consolidated Statement of Operations

Total expenses were \$2.3 billion. This was an increase of \$49.4 million from the full accrual budget plan and \$228.8 million increase from 2017. The largest contributors to these expense variances are outlined below.

- In 2018, the Region wrote off over \$100 million in Environmental capital assets under construction to expense as the amount was recovered from another municipality. This was an accounting adjustment and does not reflect a cash outflow. Apart from that, actual operating costs were close to budget.

The adjustment also impacted the year over year variance. However, in 2017 there was a similar accounting adjustment in the amount of \$55.7 million that reduced the impact on the variance. Apart from these accounting adjustments, operating expense went up in 2018, largely because of the higher regulatory and other costs of operating a larger and more complex water and wastewater system.

- Spending by Transportation Services was \$30.5 million above budget, again reflecting an accounting adjustment of roads capital assets under construction to expense as the amount was recovered from other municipalities. This does not reflect a cash outflow. Apart from that change, spending was essentially on budget.

Transportation Services spending went up by \$107.4 million from 2017 to 2018. Apart from the accounting adjustment, this reflected the increased costs to operate and maintain a larger road and transit network, including amortization expense that rose by \$15.5 million largely as a result of the subway extension.

- In Community and Health Services, a decrease of \$59.5 million from budget was the result of program savings, including lower-than-anticipated payments to support non-profit housing and delays in filling staff vacancies.

On a year-over-year basis, spending in Community and Health Services rose by \$57.5 million, reflecting the increase in transfer payments from the provincial government, particularly for child care programs.

- Spending on Protection to Persons and Property, which largely reflects York Regional Police, was \$5.7 million higher than the budgeted amount of \$378.8 million, due to a reclassification of employee and post-employment benefit costs (which is discussed further below).

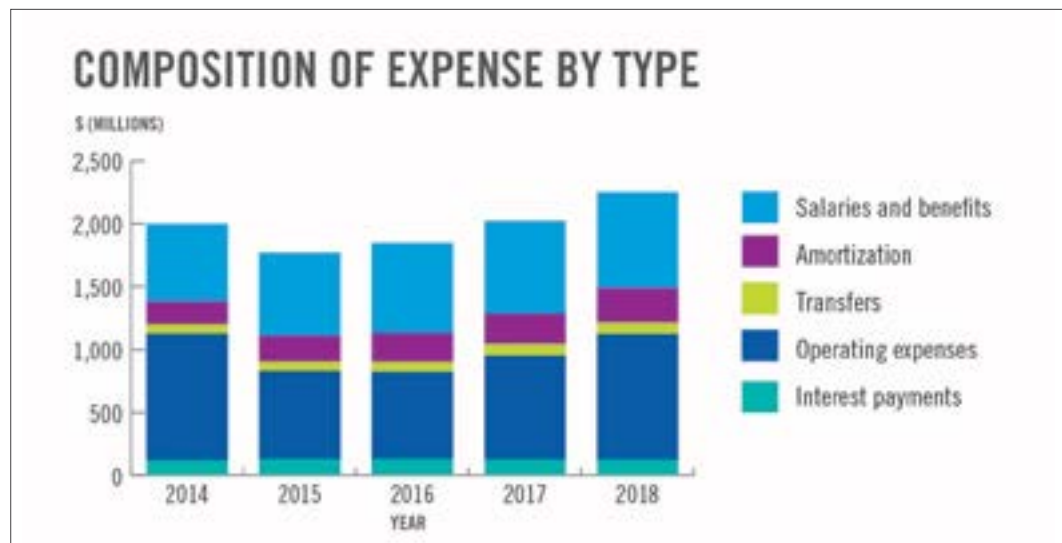
Spending was up \$24.3 million year-over-year as a result of expanded service needs for a growing population and the 2018 reclassification of employee and post-employee benefit costs.

- Spending in the "Other" category was reported at \$53.9 million less than budgeted, due mainly to a reclassification of employee and post-employment benefit costs. These costs were previously included in this line, but are now distributed to the appropriate department. The remaining underspending related to hiring delays and other operating costs that came in lower than plan.

The change in the treatment of benefit costs was the major reason for a decrease of \$56.5 million in this item from 2017.

Five-year trend

The graph below illustrates the five-year trend in expenses by type:



Amortization was the fastest-growing expense over the past five years, paralleling significant growth in the Region's portfolio of assets. From a starting point of \$183.3 million in 2014, amortization expense reached \$275.0 million in 2018, rising at an annual rate of 8.4%.

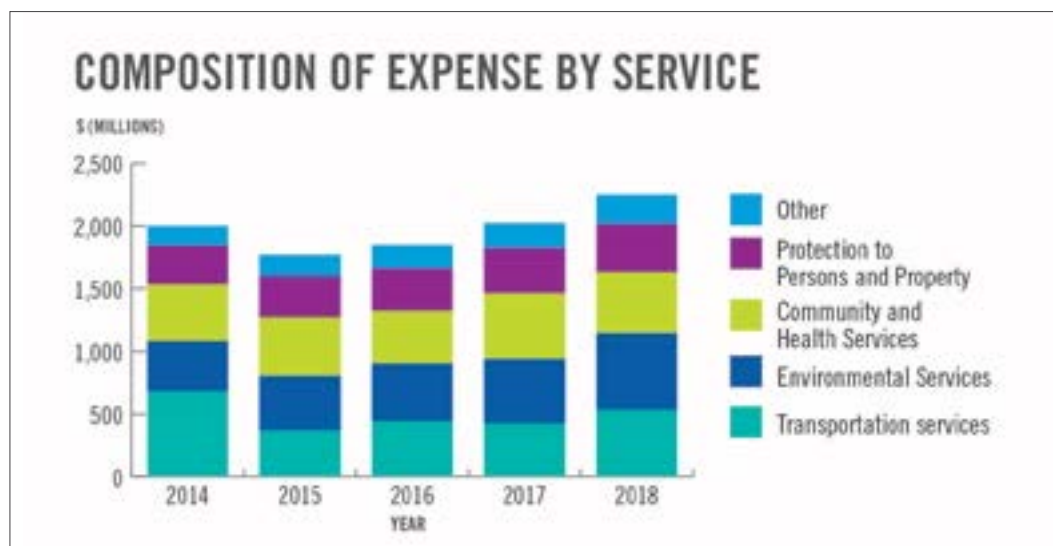
Salaries and benefits experienced the second-fastest rate of growth, at 4.4% a year, reflecting the hiring of additional police officers, paramedics, public health nurses and others, as well as a general rise in salaries and the cost of benefits.

Interest expense has grown more slowly, at an annual rate of 0.8%, reflecting a commitment to reduce reliance on debt.

Government transfers mainly relate to social assistance programs and have remained relatively stable over the last five years.

Operating expense has shown the greatest volatility among expenses, largely reflecting changes in the expense related to rapidways fully funded by Metrolinx.

The graph below illustrates the five-year trend in expenses by service area:



By service area:

- Fluctuations in Transportation Services expense largely reflect the share of Metrolinx funding for bus rapidways that the Region expensed each year.
- Environmental Services operating expense increased fairly steadily, apart from the capital-related reclassifications in 2017 and 2018, reflecting growth in its portfolio of assets, more stringent regulation and more sophisticated technologies.
- Community and Health Services received significant increases in provincial transfer payment funding over the past five years. The Region has also put more resources into emerging issues related to a larger and changing population, including homelessness and mental health needs.

Five-year trend in interest expense to own-source revenues

The ratio of interest expense to own-source revenues is a marker of financial vulnerability. When interest expense grows faster than a government's own-source revenues, it may have to divert too much of its revenues to paying interest costs, limiting its ability to fund other priorities.

The Region's ratio was 7.5% in 2018, continuing a decline from 8.5% since 2014. This is attributable to both growth in Regional own-source revenues and, for the second year in a row, a drop in interest expense. Interest expense fell to \$127 million from \$129.4 million the previous year, as Regional debt declined.

While this ratio is standard, it excludes Development Charge revenue which is a key source of funding for debt servicing. Including these revenues is appropriate and would reduce the ratio to 6.5%.

MAJOR SOURCES AND USES OF CASH

Examining the sources and uses of cash is helpful in understanding where resources came from and how they were used.

Cash inflows from operations, which is the annual surplus adjusted for amortization, the drawdown of deferred revenues and other non-cash items, amounted to \$768.2 million in 2018. The proceeds of a sale of assets were \$1.1 million. Together, cash from operations and the asset sales totalled \$769.3 million.

The Region used cash to invest \$344.1 million in capital assets, increase its investment portfolio by \$518.2 million and repay \$19.7 million of its own debt.

Because the usage of cash, at \$882 million, was greater than the cash inflows, cash and its equivalents fell to \$472.4 million by year-end, a decrease of \$112.5 million from the previous year. Nonetheless, the strong increase in investments more than offset the decline and this is reflective of the fiscal strategy.

OPERATING SURPLUS

This section looks at revenues and spending compared to the approved budget, which is prepared on a modified accrual basis.

On that basis, the Region experienced an operating surplus of \$35.5 million in 2018. Slightly lower-than-expected revenues were more than offset by spending that was also below budget.

Revenues were \$13.1 million lower than projected. Water and wastewater user rates, grants and subsidies provided less revenue than budgeted, while higher-than-planned revenues from supplementary taxes, the sale of surplus lands and planning and court revenues helped to offset the overall decline.

The main factors in lower-than-expected spending of \$48.6 million were lower salaries and benefits due to hiring delays and vacancies, program savings and lower contractor and other costs.

The operating surplus was applied to reserves and reserve funds in line with established Regional policies and the fiscal strategy.

FINANCIAL MANAGEMENT FRAMEWORK

YORK REGION BYLAWS, POLICIES AND CONTROLS

In addition to the Regional Fiscal Strategy, the Region has put in place various bylaws, policies and controls to reduce risk and support better financial management and stewardship of the Region's assets.

These cover such activities as borrowing, managing reserves, investing Regional funds, procuring goods and services, determining insurance coverage and setting development charges. As well, the audit function is a key element of financial management.

MANAGEMENT RESPONSIBILITY

The Controllershship 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 Controllershship Office prepares the consolidated financial statements in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The following section discusses recent changes in the standards. In addition, Note 1 to the consolidated financial statements provides a summary of the significant accounting policies, including the recent changes.

NEW ACCOUNTING STANDARDS

The Public Sector Accounting Board established five new accounting standards that the Region adopted in its financial reporting for 2018. Implementing these standards, which are explained in Note 1 to the financial statements, enhanced the disclosure provided in the notes to the financial statements. There was no impact on the annual surplus, net debt or accumulated surplus and no changes to accounting policies were required.

AUDIT FUNCTION

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.

The current Audit Committee members are:

- Regional Chair Wayne Emmerson (ex-officio)
- Mayor Virginia Hackson (Chair)
- Regional Councillor Robert Grossi (Vice-Chair)
- Mayor Iain Lovatt
- Mayor Tom Mrakas
- Mayor Steve Pellegrini
- Regional Councillor Joe DiPaola
- Regional Councillor Don Hamilton
- Regional Councillor Gino Rosati
- Regional Councillor Tom Vegh

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 using Canadian generally accepted auditing standards. Their unqualified opinion of the financial statements appears on page 53.

PROVINCIAL LEGISLATION

Provincial direction determines many aspects of municipal financial management, including the setting of development charges, debt issuance, budgeting, and accounting and reporting requirements. The Province has announced several changes in 2019; however there was no impact on the 2018 results.

Development charges

The Region's development charge rates and policies are guided and regulated by the provincial Development Charges Act, 1997. The current bylaw expires in June 2022.

Development charges are levied on new residential and non-residential development. They are the main source of funding for the growth-related portion of the Region's capital plan.

The setting of development charge rates starts with forecasting expected growth and estimating the related infrastructure need. The provincial Development Charges Act, 1997, then requires adjustment to determine the amount that may be recovered through development charges, and development charge rates reflect the allowed amount. As noted in the Outlook and Risk Management section, through the introduction of Bill 108, the provincial government has proposed amendments to the act that, if adopted, would affect future years.

Debt issuance

Under the Municipal Act, 2001, municipalities in Ontario may issue debt for capital projects only. A regulation under the act restricts the annual cost of servicing long-term debt and other financial obligations to 25% of a municipality's own-source revenue (such as property taxes, water and wastewater user charges, transit fares, investment income, other user fees and provincial fines).

In addition, the Region qualifies for a "growth cost supplement" that is equal to 80% 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. The Region's policy, however, is to add only 70% of the three-year average, not the full permitted 80%. The Region is meeting these limits.

OUTLOOK AND RISK MANAGEMENT

As recommended by the Public Sector Accounting Board, this section includes information on significant risks and uncertainties, and briefly outlines how the Region works to manage them.

Provincial direction

Provincial and, to a lesser extent, federal decisions on programs, policies and regulation have profound impacts on the Region's revenues and expenses. The Ontario government's 2019 budget and other announcements are affecting the Region and will likely continue to do so.

The province has indicated that Community and Health Services, whose programs are more than half funded by the province, will receive less funding than expected for certain programs and services. The Region is assessing the potential impacts of these reductions.

The province also signaled potential changes in the cost-sharing formula for funding and organization of public health units, land ambulance dispatch services and to the share of children's services costs that municipalities pay.

As well, on May 2, 2019 the provincial government tabled Bill 108, The More Homes, More Choice Act, 2019. This omnibus bill proposed amendments to 13 statutes, including those dealing with conservation authorities, development charges, education, environmental assessments, the Local Planning Appeal Tribunal (successor to the Ontario Municipal Board), heritage designation and municipal planning. The Region is currently assessing the potential impacts of the proposed changes.

Finally, two special advisors were appointed in late 2018 to review Ontario's eight regional municipalities, including York Region and its local municipalities. The advisors' mandate is to make recommendations by September 2019 on opportunities to improve regional governance and service delivery.

These provincial actions create considerable uncertainty for the Region, and in some cases raise the risk of ongoing fiscal pressures. The Region has limited ability to influence provincial decisions but does make an effort to participate in consultations and responds during commenting periods.

Slower-than-expected growth

Many large assets are built based on a population forecast, often for a specific area of the Region. When growth differs significantly from forecast, as has been the Region's recent experience, the related development charge collections can be delayed, reduced, or both. To reduce this potential timing gap, the Region has improved capital planning and is working to better understand the relationship between over-all population growth and areas of increased settlement.

A changing and growing population

Changes in the make-up of the population can have fiscal impacts. For the Region, major drivers are the increasing share of seniors in the population, a growing number of children and a higher incidence of special needs, more residents with complex mental health and other challenges, and the need to help newcomers integrate into the community. The Region has responded with a Seniors' Strategy, modernization of the child care system and specific programs and approaches designed to address other concerns. It is also tackling the increasing problem of housing affordability through housing initiatives and efforts to prevent and address homelessness.

Limited revenue options

The Region faces the needs to fund growth-related infrastructure, manage its large existing asset base and provide quality services. Given current revenues, these needs are a potential risk to long-term financial sustainability. The Region is managing the risk through the Regional Fiscal Strategy and looking at options for creating a more sustainable balance between revenues and spending needs over the long term.

The impacts of a changing climate

Projections are for an increase of 3.3 degrees Celsius in the average air temperature in the Region by 2051, with extreme weather events such as heavy rain and ice storms becoming more frequent and intense. This trend is already stressing Regional infrastructure, including trees and sections of forest, traffic signals and components of water and wastewater systems. While the full range of impacts and related costs are impossible to predict at present, York Region is currently developing a Climate Change Action Plan to address mitigation and adaptation from a corporate and community perspective.

The economy and market conditions

The Region has a relatively high dependence on jobs in manufacturing, which is highly sensitive to global economic forces. Its economic development plan is helping to manage that risk by supporting the ongoing shift towards more service-oriented jobs and helping to create more office-based employment.

If an economic downturn made financial markets more risk-averse, the cost of debt servicing would increase. The Region's strong financial management capacity and its improving ratio of reserves to debt are key factors in managing this risk.

Workforce changes

The workforce of organizations across Canada, including the Region's, is aging. This is having a wide range of impacts, including health and safety concerns on the job and financial arrangements for those who have left the workforce. For example new provincial legislation around job-related stress is exacerbating the impacts. The Region is managing these risks by increasing its contributions to a number of staffing-related reserves. As well, to manage the risk of loss of knowledge and expertise as employees retire, it is planning carefully for succession needs.

Cyber-security

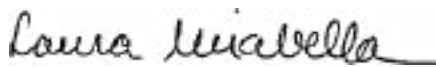
The Region continues to invest in technology to keep up with greater needs and expectations. More connectivity and a wider range of web-based applications bring convenience and cost savings, but also increase the risk of cyber-breaches. The Region has developed a comprehensive set of protocols and practices to better understand these risks and to include mitigation measures where possible. Efforts include proactive assessment of cyber risk as well as an established protocol to quickly and effectively respond in the event of a cyber breach.

CONCLUSION

The Regional Fiscal Strategy continues to improve the results presented in our annual reports. This serves as a reminder that long-term financial sustainability does not just happen – it needs to be carefully planned.

Readers of this financial report can see clearly the improvements that have resulted. The Region has worked diligently over the past several years to make it easier to compare the planned results in the budget to the final results in the annual report. Being able to see the financial plan at the start of the year, track results through the year and ultimately understand the outcomes and trends are hallmarks of financial management that is transparent and accountable.

Putting together this annual report requires the hard work and collaboration of people from across Regional government. I offer my thanks for their dedication and effort, which are clearly reflected in these pages.



Laura Mirabella, FCPA, FCA,
Commissioner of Finance and Regional Treasurer
May 16, 2019



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Regional Municipality of York (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and its consolidated results of operations, its consolidated change in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2019

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Financial Position As at December 31, 2018

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

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

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Operations and Accumulated Surplus For the year ended December 31, 2018

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

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

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Change in Net Debt For the year ended December 31, 2018

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

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

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Cash Flows For the year ended December 31, 2018

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

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements For the year ended December 31, 2018

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

1) ACCOUNTING POLICIES

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

a) Basis of Consolidation

- i. The consolidated financial statements reflect the assets, liabilities, revenues and expenses in the operating fund, capital fund, reserves and reserve funds of the Region and all entities which are accountable to and controlled by the Region. Consolidated entities include all committees of Council, York Region Police Services Board, Housing York Inc., York Region Rapid Transit Corporation (YRRTC) and YTN Telecom Network Inc. (YTN). All governmental balances and transactions were eliminated from the consolidated financial statements.
- ii. The financial activities of the Sinking Fund are disclosed separately in the Sinking Fund Statement of Financial Position, and Statement of Financial Activities and Change in Fund Balance.
- iii. Funds held in trust by the Region for the residents of Newmarket Health Centre and Maple Health Centre and their related operations are not included in the consolidated financial statements. The financial activities and position of the trust funds and donations received on behalf of the Centres are reported separately in the Residents' Trust Funds and Donation Account Statement of Financial Position, and Statement of Financial Activities.

b) Basis of Accounting

i. Accrual Basis of Accounting

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

ii. Revenues and Expenses

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

iii. Cash and Cash Equivalents

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

iv. Investments

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

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

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

v. Tangible Capital Assets

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

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

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements For the year ended December 31, 2018

vi. **Government transfers**

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

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

vii. **Deferred Revenue**

Funds received in advance to conduct certain programs, or in the completion of specific work pursuant to legislation, regulation or agreement are recorded as deferred revenue. Deferred revenue also includes user charges and fees collected for services not yet rendered. Revenue is recognized in the fiscal period in which the related expenses are incurred or services are performed.

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

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

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

ix. **Employee benefit liabilities**

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

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

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

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

x. **Liabilities for Contaminated Sites**

PS3260 Liability for Contaminated Sites requires the recognition of a liability for the remediation of contaminated sites in the financial statements when the recognition criteria outlined in the standard are met.

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

xi. **Reserves and Reserve Funds**

Reserves are appropriation from net revenue at the discretion of Council. Reserve funds are set aside by legislation, regulation or agreement. For financial reporting purposes, some reserve funds are reported as deferred revenue on the Consolidated Statement of Financial Position. Other reserve funds and reserves are balances within the accumulated surplus.

xii. **Segment Disclosure**

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The segment information is provided by financial statement guideline per PS2700. For additional information, see Note15.

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

xiii. **Use of Estimates**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Items requiring the use of estimates include the useful life of capital assets, future employee benefits, liability for contaminated sites, and claims provisions.

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

c) Adoption of New Accounting standards

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

i. **PS 2200 – Related Party Transaction**

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

ii. **PS 3210 – Assets**

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

iii. **PS 3320 – Contingent Assets**

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

iv. **PS 3380 – Contractual Rights**

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

v. **PS 3420 – Inter-entity Transactions**

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

d) Future Changes in Accounting Standards

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

i. **PS 3430 – Restructuring Transactions**

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements For the year ended December 31, 2018

2) BUDGET FIGURES

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

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

3) TAX REVENUE

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements For the year ended December 31, 2018

4) INVESTMENTS

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

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

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

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

5) ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

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

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

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

6) EMPLOYEE BENEFIT LIABILITIES

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

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements For the year ended December 31, 2018

Actuarial valuations:

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

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

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

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

a) Liability for Vested Sick Leave Benefits

Regional Operations

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

Police Services

For members hired before July 22, 2013, the sick leave benefit plan provides for an accumulative unused sick leave bank. After five years of service, members are entitled to a cash payment of one-half of the sick bank balance to a maximum of six months' salary when they leave the municipality's employ. Members were also provided with an election to opt for a cash settlement of one-half of their sick banks hours up to a maximum of six months' salary on February 17, 2017. Members hired after July 22, 2013 and members who have elected the cash settlement are enrolled in an accumulative unused sick leave plan without a cash payment.

The actuarial liability for the accumulated days to the extent that they have vested and could be taken in cash by an employee on termination amounted to \$37,313,105 (2017 - \$35,447,665). A reserve was established to provide for a portion of the Police Services past service liability and the balance at the end of the year is \$0 (2017 - (\$4,338,704)) and is included in accumulated surplus in the Consolidated Statement of Financial Position.

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

Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

b) Pension Agreement

The Region contributes to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan on behalf of approximately 6,115 members of its staff. The plan is a defined benefit plan and specifies the amount of the retirement benefit to be received by the employees based on length of credited service and average earnings.

In 2018, employer contribution amounts to \$60,753,605 (2017 - \$59,315,711) and is recorded as an expense in the Consolidated Statement of Operations. Employee contributions also amount to \$60,753,605 (2017 - \$59,315,711).

Because OMERS is a multi-employer plan, the Region does not recognize any share of the pension deficit of \$4.2 billion at December 31, 2018.

c) Post-Employment Benefits

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

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

d) Workplace Safety and Insurance Board

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

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

e) Long-Term Disability Self-Funding Arrangement

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

7) DEFERRED REVENUE

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

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements For the year ended December 31, 2018

8) LONG-TERM LIABILITIES

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

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

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

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

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

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

c) Charges for Net Long-term Liabilities

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

9) CONTRACTUAL RIGHTS / CONTINGENT ASSETS

a) Contractual Rights

The Region has rights to economic resources arising from contracts or agreements entered into before December 31, 2018. The rights will become assets and revenues will be recognized when the terms of the contracts or agreements are met.

The Region's contractual rights consist of:

- Letters of Credit (L/C) from developers to be held as collateral for future development charges. Currently, the Region securely holds 44 L/Cs of \$91million.
- An agreement with Metrolinx to fund the construction of bus rapidways. The remaining funding Metrolinx has guaranteed the Region is approximately \$446million.
- Rights to transit advertisement, solar revenue and other lease revenue. Future revenue from these sources for the next 5 years are approximately as follows:

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

b) Contingent Assets

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

10) CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

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

b) Operating Leases

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

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

c) York Rapid Transit Plan

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements For the year ended December 31, 2018

d) Yonge Subway Extension (YSE) Project

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

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

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

e) York Region Hospitals Capital Funding

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

11) CONTINGENT LIABILITIES

a) Public Liability Insurance

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

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

b) Other Contingencies

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

12) PROVINCIAL OFFENCES ADMINISTRATION

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

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements For the year ended December 31, 2018

13) TANGIBLE CAPITAL ASSETS

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

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

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

The Region did not receive contributed assets from external parties in 2018 (2017 - \$15 million). There were no write-downs of tangible capital assets in 2018 (2017 - nil).

Unrecognized Assets

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements For the year ended December 31, 2018

14) ACCUMULATED SURPLUS

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

	2018 \$	2017 \$
Surplus		
Invested in tangible capital assets	3,981,490,126	3,913,780,394
Investments in related entities	240,446,484	219,977,153
	4,221,936,610	4,133,757,547
Reserves and Reserve Funds		
Sinking fund	707,851,702	557,518,906
Roads infrastructure	600,950,908	527,534,992
Capital replacement-water and sewer	319,534,386	220,009,283
Debt reduction	166,179,414	185,700,852
Facilities rehabilitation and replacement	140,855,297	122,233,559
Regionally owned housing	130,247,548	112,606,917
Social housing development	100,073,135	104,625,391
Equipment/vehicle replacement	87,190,096	75,299,988
Transit vehicle replacement	78,805,770	67,177,408
Solid waste management	78,425,422	77,352,077
Hospital financing	68,449,984	54,734,988
Tax stabilization	60,166,354	59,751,562
Capital reserve fund	58,384,889	59,367,624
Non-profit housing capital	57,391,392	50,826,433
Workers' compensation	53,286,551	36,812,115
Fiscal stabilization	47,306,623	46,042,019
Long-term disability	46,644,022	44,645,347
Working capital	44,552,211	45,052,211
Rates stabilization	33,211,571	22,334,004
Insurance	23,877,186	20,332,066
IT development	20,405,742	20,741,514
Fuel cost stabilization	15,666,527	13,407,137
Roads capital	13,132,741	7,625,996
Land Bank	12,196,220	11,943,749
Sick leave	5,887,958	1,712,786
Innovation	5,302,550	5,192,783
Group benefits	4,866,395	2,279,024
University campus	4,179,857	3,092,794
Court services	3,867,143	2,814,954
Land securement	2,834,979	2,441,054
Move Ontario	2,223,358	2,139,010
Transit	1,188,226	628,231
IT licensing and software development	1,131,441	1,110,846
Green energy	913,406	462,964
Seized funds	155,326	301,187
Total Reserves and Reserve Funds	2,997,336,330	2,565,851,771
Total	7,219,272,940	6,699,609,318

15) SEGMENT DISCLOSURE

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

General Government

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

Protection to persons and property

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

Transportation services

The department operates and delivers regional infrastructure involving roadways, public transit, traffic systems, and bridges and culverts. York Region Rapid Transit Corporation's principal activity is the design and delivery of York Region's rapid transit systems. The corporation is solely owned by the Region.

Environmental services

The department is responsible for water treatment and distribution, wastewater collection and treatment, solid waste disposal and diversion, corporate energy, and natural heritage and forestry. It also delivers infrastructure projects, both for new and expanded assets and major rehabilitation of existing assets.

Health and emergency services

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

Community services

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

Social housing

Social housing is responsible for administering social housing providers, the rent supplement programs and managing a social housing waiting list. Housing York Inc. is a non-profit housing corporation fully owned by the Region. It provides affordable rental units for its residents.

Planning and economic development

This unit provides a long-term comprehensive approach to planning and development processes to ensure the efficient use of land and community infrastructure. Services include long-range capital planning, development review, road occupancy permits and inspection services. It also includes the activities of a wholly-owned entity, YTN Telecom Network Inc. which offers access to communications infrastructure.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements For the year ended December 31, 2018

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements For the year ended December 31, 2018

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements For the year ended December 31, 2018

16) TRANSFER PAYMENT REVENUE

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

17) COMPARATIVE FIGURES

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

STATISTICAL REVIEW

THE REGIONAL MUNICIPALITY OF YORK

Five Year Review (unaudited)

(in thousand of dollars)	2018	2017	2016	2015	2014
CONSOLIDATED FINANCIAL ACTIVITIES					
Analysis of Revenues					
Net taxation/user charges	1,411,647	1,321,543	1,277,869	1,214,395	1,137,490
Transfer payments	605,538	550,678	489,375	651,485	521,668
Development charges	474,241	283,714	283,350	281,033	361,871
Fees and service charges	184,058	198,529	169,047	144,696	134,293
Other	95,796	166,530	134,719	191,278	161,328
	2,771,280	2,520,994	2,354,360	2,482,887	2,316,650
Analysis of Expenses by Object					
Salaries, wages and employee benefits	762,773	733,719	711,011	656,735	615,471
Debt servicing	127,023	129,392	133,613	129,552	122,136
Operating and general expenses	996,282	824,881	689,627	700,873	1,002,622
Amortization	274,972	93,353	233,639	207,690	183,306
Transfers to others	90,566	241,458	77,393	73,655	76,142
	2,251,617	2,022,803	1,845,283	1,768,505	1,999,677
Analysis of Expenses by Function					
General government	132,714	186,487	173,142	154,797	150,549
Protection to persons and property	384,485	360,161	338,690	331,305	308,042
Transportation services	534,362	426,928	445,386	371,589	683,624
Environmental services	608,715	512,690	456,153	431,960	397,624
Health and emergency services	149,321	153,295	134,539	130,265	126,998
Community services and housing	430,058	368,573	288,082	340,017	324,847
Planning and development services	11,961	14,669	9,291	8,572	7,993
	2,251,617	2,022,803	1,845,283	1,768,505	1,999,677
Annual Surplus	519,664	498,191	509,077	714,382	316,973
Accumulated Surplus	7,219,273	6,699,609	6,201,418	5,692,341	4,977,959
Net Debt	799,172	1,250,094	1,341,584	1,438,123	1,568,137

THE REGIONAL MUNICIPALITY OF YORK

Five Year Review (unaudited)

(in thousands of dollars)	2018	2017	2016	2015	2014
OUTSTANDING OBLIGATIONS					
Debt Outstanding					
Total Long Term Liabilities	2,855,916	2,995,395	2,904,323	2,833,617	2,750,975
Overlapping Debt*	(175,289)	(150,717)	(184,140)	(211,071)	(219,605)
Net Long Term Liabilities	2,680,627	2,844,678	2,720,183	2,622,546	2,531,370
Net Long Term Liabilities per capita (1)	\$2,240	\$2,424	\$2,349	\$2,299	\$2,252
Sinking Fund	717,422	565,658	624,409	610,389	500,686
Charges for Net Long Term Liabilities					
Recovered from:					
General Tax Rates	276,255	277,238	256,869	259,315	254,686
User Rates	16,968	31,584	38,990	40,271	41,962
Total	293,223	308,822	295,859	299,586	296,648
Debt charges as a % of Total Expenses	13.0%	15.3%	16.0%	16.9%	14.8%
Debt Limit Available for New Debt	116,285	202,019	163,025	145,826	133,448
Acquisitions of tangible capital assets	344,054	657,984	648,119	808,497	701,279

Note: 1) Comparative figures have been restated due to revised Census Data.

*Of area municipalities

THE REGIONAL MUNICIPALITY OF YORK

Five Year Review (unaudited)

Miscellaneous Information

	2018	2017	2016	2015	2014
General Government					
Full Time Equivalent Employees (1)	5,839	5,711	5,575	5,442	5,288
Unemployment Rate (2)	4.8%	5.4%	5.8%	5.8%	6.2%
Acquisition of Tangible Capital Assets	\$344,054,183	\$657,984,001	\$648,119,012	\$808,496,822	701,279,211
Community and Health					
Percentage of Total housing Stock Medium/High Density Residential Housing	27.4%	26.6%	26.3%	25.6%	24.7%
New Annual Residential Units/Building Permits	7,902	6,048	10,926	9,546	6,234
Annual Building Permit Values (\$000s)	3,309,726	3,983,209	4,647,904	3,887,514	2,804,647
Number of Subsidized Households	5,149	5,137	5,088	4,913	4,925
Number of Households that Receive Housing Assistance	10,425	10,333	10,362	8,127	14,883
Number of Mental Health Crisis Calls to York Regional Police	5,042	4,876	4,334	3,818	3,812
Number of Vaccines Administered	50,235	53,806	38,493	33,143	47,212
Roads and Transit					
Total Kilometres of Roads in the Region	4,265	4,230	4,175	4,158	4,128
Number of Road Lane Kilometres New and Rehabilitated	140	160	190	175	102
Number of Rapidway Lane Kilometres (3)	12.3	12.3	8.7	8.7	6.0
Number of Bike Lane and Paved Shoulder Kilometres	463	433	398	362	324
Number of Traffic Signals Reviewed and Optimized	702	694	591	437	356
Transit Ridership per Capita	20.0	20.8	20.7	21.4	22.4
Environment					
Number of Trees and Shrubs Planted Annually Through the Regional Greening Strategy Program	101,122	85,464	93,188	94,637	91,698
Percentage of Solid Waste Diverted from Landfill	94%	93%	91%	87%	85%
Average Residential Water Demand per Capita (Litres per Capita per Day)	194	187	199	200	200
Annual Water Flows (Thousands of Cubic Metres)	115,730	111,425	122,007	122,437	118,385
Annual Wastewater Flows (Thousands of Cubic Metres)	113,476	108,824	119,110	120,194	116,483
Total Kilometres of Water Distribution/Transmission Pipe	360	364	350	338	338
Total Kilometres of Wastewater Mains	357	356	330	319	297
Demographics					
Population (4)	1,191,358	1,168,597	1,153,134	1,141,843	1,125,016
Seniors Population (5)	174,588	141,316	139,016	136,605	134,070
Households (6)	377,600	367,916	361,736	354,701	348,144
Average Household Income	129,139	126,607	124,283	122,446	120,107

Notes:

- 1) As approved in the annual budget.
- 2) Based on Statistics Canada Information.
- 3) 2015-2017 figures have been restated to represent total lane kilometers.
- 4) 2014-2017 figures have been restated based on newly released 2016 Census Data.
- 5) Residents of York Region over age 65.
- 6) 2014-2017 figures have been restated based on newly released 2016 Census Data.

Top 10 Corporate Rate Payers in York Region

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. IBM CANADA LIMITED
4. PROMENADE GENERAL PARTNER	9. CROMBIE PROPERTY HOLDINGS
5. MONTEZ HILLCREST INC	10. IBM CANADA LIMITED



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of the sinking funds of The Regional Municipality of York (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of financial activities and change in fund balance for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations and its change in fund balance for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2019

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Position As at December 31, 2018

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

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Activities and Change in Fund Balance For the year ended December 31, 2018

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

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Sinking Fund Financial Statements December 31, 2018

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

1) INVESTMENTS

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

2) ACTUARIAL REQUIREMENTS

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



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of residents' trust funds and donation account of The Regional Municipality of York (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of financial activities for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2019

THE REGIONAL MUNICIPALITY OF YORK

Residents' Trust Funds and Donation Account Statement of Financial Position December 31, 2018

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

THE REGIONAL MUNICIPALITY OF YORK

Residents' Trust Funds and Donation Account Statement of Financial Activities December 31, 2018

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Residents' Trust Funds and Donation Account Statement of Financial Position and Financial Activities December 31, 2018

1) ACCOUNTING POLICIES

- 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.
- 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

- Cash and investments are recorded at cost.
- 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.



HOW TO CONTACT US

For information on York Region services and programs, please call Access York 1-877-464-9675

Accessible formats or communication supports are available upon request.

MAILING ADDRESS

The Regional Municipality of York
17250 Yonge Street,
Newmarket, ON L3Y 6Z1

EMAIL ADDRESS

accessyork@york.ca

YORK REGION WEBSITE

york.ca

