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2008 FINANCIAL STATEMENTS AND AUDITORS' REPORT

The Audit Committee recommends:

1. **Receipt of the presentation by Warren Marshall, Director, Financial Services; and**

2. **Adoption of the recommendation contained in the following report dated June 4, 2009, from the Commissioner of Finance.**

1. RECOMMENDATION

It is recommended that:

1. The attached 2008 Financial Statements and Auditors' Report, along with schedules and explanatory notes, be received.

2. PURPOSE

The report is to provide Council with a summary of the financial activities of the Corporation for the year 2008.

3. BACKGROUND

This report is prepared in accordance with *Municipal Act* ("*the Act*") requirements. Section 286.1 of *the Act* requires the Treasurer to report financial affairs of the municipality to the Council. Section 294.1 of *the Act* requires a municipality to prepare financial statements for the municipality in accordance with the generally accepted accounting principles. Section 296.1 of *the Act* requires municipality to appoint a licensed auditor who is responsible for auditing the accounts and transactions of the municipality annually and expressing an opinion on the municipality's financial statements.

4. ANALYSIS AND OPTIONS

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

Significant Changes in Year End Balances

Assets

“Total Financial Assets” have increased by $79.9M. The increase in “Investments” (16.3M) and “Accounts Receivable” ($92.4M) is offset by decreases in “Cash and cash equivalents” ($21M) and “Debt amounts recoverable from Area Municipalities” ($8.1M).

The increase in “Accounts Receivable” over 2007 ($92.4M) relates to an increase in amounts owing on capital projects such as the Bathurst Collector and the Langstaff Trunk Sewer projects, both of which are developer up-front financing projects secured by letters of credit. In addition, water/waste water outstanding billing amounts for local municipalities increased due to slower payment patterns by local municipalities.

Grants from the provincial government for the Region’s rapid transit (VIVA) system totalling $74.9M were secured in 2008. As at December 31, 2008, the total due from federal and provincial governments for rapid transit is $16M ($3M and $13M respectively).

Liabilities

“Accounts payable and other liabilities” increased approximately $88M over 2007. This increase is due a 24% ($103M) increase in capital spending over 2007 on capital projects such as phase one of the Hwy 50 construction project with the Region of Peel and work at Roddick Road and Highway 407.

Employee benefits obligations increased by $7M due to increases in actuarial valuations. Employee benefit obligations include extended health and dental coverage for early retirees, vested sick leave benefits, long-term disability claims, vacations payable and Workers’ Compensation obligations.

Ontario Infrastructure Projects Corporation (OIPC) short term loans decreased by $17M because the remaining loans are converted to long term debentures during 2008. OIPC loans were formerly known as Ontario Strategic Infrastructure Financing Authority (OSIFA) loans and were used to provide low cost, short-term financing for transit and environmental services infrastructure projects.

“Gross Long-term Liabilities” decreased by $98M as existing debt was paid down in 2008, but no new debt was issued.

“Deferred Revenue-Obligatory Reserve Funds” decreased by $44M. The 2008 balance consists of development charges of $477M and the federal gas tax rebate $20M.

Reserves and Reserve Funds
The Reserves and Reserve Funds have increased by approximately $189M mainly due to receipts of provincial funding for Move Ontario program ($80.9M) and capital infrastructure funding ($52.7M).

In accordance with Regional Council's approved reserve and surplus management strategy, the 2008 operating surplus of $27.8M was transferred to the Capital Reserve Fund ($14.4M), the Tax Stabilization Reserve ($9.1M), Social Housing Reserve ($3.5M) and the Working Capital Reserve ($.8M).

Tangible Capital Assets
During 2008, Region of York continued to work towards compliance with the new requirements of PSAB Section 3150. For the year 2009, all municipalities will be required to report the net book value of the tangible capital assets in their financial statements. With the assistance of staff in the operating departments, Region has developed a listing and values of assets that will be used to provide opening balances for January 1, 2009.

5. FINANCIAL IMPLICATIONS

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

6. LOCAL MUNICIPAL IMPACT

There is no impact on local municipalities associated with this report.

7. CONCLUSION

The 2008 financial statements are presented in accordance with the *Municipal Act*. The financial activities of Housing York Inc. and York Region Rapid Transit Corporation are consolidated with the financial activities of the Region. The format is consistent with the reporting requirements of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants which will qualify the statements for consideration for the CANFR award presented by the Government Finance Officers Association.

For more information on this report, please contact Jim Kelly, Manager, Corporate Accounting Services at Ext. 1683.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)

Attachment 1

THE REGIONAL MUNICIPALITY OF YORK

2008 CONSOLIDATED FINANCIAL STATEMENTS

2008 Financial Statements

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York Region

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AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of The Regional Municipality of York (the "Region") as at December 31, 2008 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Region as at December 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedules is presented for additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

April 3, 2009

THE REGIONAL MUNICIPALITY OF YORK
Consolidated Statement of Financial Position
As at December 31, 2008

	2008 $	2007 $
ASSETS		
Financial Assets		
Cash and cash equivalents (Note 3)	**243,623,918**	264,633,856
Accounts receivable (Note 4)	**220,637,071**	128,183,105
Investments (Note 3)	**988,272,085**	971,895,603
Debt amounts recoverable from		
Area municipalities (Notes 5 & 9a)	**142,141,619**	150,269,381
Total	**1,594,674,693**	1,514,981,945
LIABILITIES		
Accounts payable and other liabilities	**299,468,914**	211,148,014
Accrued interest on long-term liabilities	**8,261,154**	8,740,641
Employee benefit obligations (Note 7)	**84,209,464**	76,770,823
OIPC loans (Note 7f)	**-**	17,251,211
Gross long-term liabilities (Note 5)	**1,162,946,704**	1,261,189,750
Retirement and sinking fund debenture (Note 5)	**28,174,992**	14,715,041
	1,583,061,228	1,589,815,480
Deferred revenue-obligatory reserve funds (Note 6)	**497,648,440**	541,939,049
Total	**2,080,709,668**	2,131,754,529
Net Debt	**(486,034,975)**	(616,772,584)
Non Financial Assets		
Prepaid expenses and inventory	**9,560,101**	15,771,471
	(476,474,874)	(601,001,113)
Municipal Position		
Capital fund (Note 1b ix)	**(89,154,472)**	58,806,570
Investments in social housing and rapid transit	**(32,819,838)**	(16,687,444)
Reserves and reserve funds	**763,669,409**	574,404,676
Total fund balances	**641,695,099**	616,523,802
Amounts to be recovered (Note 7)	**(1,118,169,973)**	(1,217,524,915)
Total Municipal Position	**(476,474,874)**	(601,001,113)

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

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Financial Activities

For the year ended December 31, 2008

	Budget (Unaudited) $	**2008** $	2007 $
Revenues			
Net taxation/user charges	839,928,000	**853,119,474**	803,628,396
Transfer payments	288,401,000	**367,118,724**	240,610,677
Development contributions	303,918,000	**226,396,913**	164,519,592
Fees and services	120,589,510	**102,656,559**	98,118,741
Interest	-	**30,080,659**	20,148,999
Other	20,971,352	**85,038,516**	89,738,528
Total Revenues	1,573,807,862	**1,664,410,845**	1,416,764,933
Expenditures			
Current			
General government	68,730,000	**81,455,059**	72,918,933
Protection to persons and property	206,367,000	**198,915,638**	186,891,603
Transportation services	203,127,974	**202,567,748**	193,730,523
Environmental services	162,300,000	**152,969,891**	145,278,950
Health and emergency services	91,223,000	**84,329,737**	80,428,879
Community services	206,248,000	**195,580,122**	197,108,270
Social housing	106,001,448	**87,292,943**	107,064,509
Planning and development	11,276,426	**10,120,397**	6,316,851
Total Current	1,055,273,848	**1,013,231,535**	989,738,518
Capital			
General government	19,248,000	**11,533,770**	11,081,225
Protection to persons and property	16,931,000	**12,311,192**	13,563,348
Transportation services	276,970,000	**192,911,185**	135,901,131
Environmental services	368,364,000	**294,376,717**	249,324,215
Health and emergency services	5,200,000	**2,814,117**	1,851,589
Community services and housing	6,560,000	**6,494,720**	5,949,433
Planning and development	79,000	**-**	-
Total Capital	693,352,000	**520,441,701**	417,670,941
Total Expenditures	1,748,625,848	**1,533,673,236**	1,407,409,459
Decrease in Net Debt		**130,737,609**	9,355,474
Change in Non Financial Assets		**(6,211,370)**	9,151,298
Change in Amounts to be Recovered (Note 7)		**(99,354,942)**	92,064,015
Increase in Fund Balances		**25,171,297**	110,570,787

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

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Changes in Financial Position

For the year ended December 31, 2008

	2008	2007
	$	$
Operations		
Decrease in net debt	**130,737,609**	9,355,474
Uses:		
Increase in accounts receivable	**(92,453,966)**	-
Decrease in deferred revenue-obligatory reserve funds	**(44,290,609)**	-
Decrease in accrued interest on long-term liabilities	**(479,487)**	-
	(137,224,062)	-
Sources:		
Decrease in accounts receivable	-	41,837,510
Increase in accounts payable and other liabilities	**88,320,900**	3,864,567
Increase in accrued interest on long-term liabilities	-	3,897
Increase in employee benefit obligations	**7,438,641**	9,076,576
Increase in deferred revenue-obligatory reserve funds	-	25,248,520
	95,759,541	80,031,070
Net change in cash and cash equivalents from operations	**89,273,088**	89,386,544
Investing		
Net increase in investments	**(16,376,482)**	(92,652,177)
Financing		
Long-term debt issued	-	184,324,993
Long-term debt repaid	**(91,965,084)**	(92,890,869)
Interest earned on own sinking funds	**(585,110)**	(119,187)
OIPC loans repaid	**(1,356,350)**	4,014,372
Net increase in cash and cash equivalents from financing	**(93,906,544)**	95,329,309
Net increase (decrease) in cash and cash equivalents	**(21,009,938)**	92,063,676
Opening cash and cash equivalents	**264,633,856**	172,570,180
Closing cash and cash equivalents	**243,623,918**	264,633,856

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

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

1. ACCOUNTING POLICIES

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

The focus of PSAB financial statements is on the financial position of the Region and the changes thereto. The Consolidated Statement of Financial Position reports the financial assets and liabilities, and the non financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

a) Basis of Consolidation

i) These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures in the Current Fund, Capital Fund, Reserves and Reserve Funds of all entities which are accountable to and controlled by the Region. They include the activities of all committees of Council, York Region Police Services Board, Housing York Inc. and York Region Rapid Transit Corporation (Rapidco). Inter-fund balances and transactions are eliminated from the consolidated financial statements.

Certain 2007 comparative figures have been reclassified to conform to current presentation.

ii) The financial activities of the sinking fund are not included in these statements.

iii) Funds held in trust by the Region for the residents of Newmarket Health Centre and Maple Health Centre and their related operations are not included in the financial statements. The financial activity and position of the trust funds and donations received on behalf of the Centres are reported separately in the Residents' Trust Funds and Donation Account Statement of Financial Position, and Statement of Financial Activities.

b) Basis of Accounting

i) Accrual Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are the cost of goods and services and are recognized when acquired in the period, whether or not payments have been made or invoices received.

ii) Capital Assets

The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. Capital assets are reported as expenditures in the Consolidated Statement of Financial Activities in the year of acquisition.

iii) Use of Estimates

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

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

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

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

v) **Reserves and Reserve Funds**

Certain amounts, as approved by Regional Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfer to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

vi) **Government Transfers**

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

vii) **Investments**

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

Investments are carried at the lower of cost and market value. Any discount or premium is amortized over the remaining term of the investments.

viii) **Pensions and Employee Benefits**

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

Other post-employment benefits are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. Unamortized actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to Workers Safety and Insurance Board (WSIB) are amortized over the average expected period during which the benefits will be paid. The cost of plan amendments is accounted for in the period they are adopted.

Where applicable, the Region has set aside reserve funds intended to fund these obligations, either in full or in part. These reserve funds were created under municipal by-law and do not meet the definition of a plan asset under CICA PS 3250 Retirement Benefits. Therefore, for the purpose of these financial statements, the plans are considered unfunded.

ix) **Municipal Position-Capital Fund**

Approval of Council has been obtained for the pending issues of long-term liabilities and for those commitments to be financed from revenues beyond the term of the Council.

x) **Segment Disclosure**

A new reporting requirement for municipal governments is established under PSAB 2700 for Segment Disclosure and is effective for fiscal years beginning on or after April 1, 2007. 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 Region has adopted this standard for the fiscal year ended December 31, 2008 and presented financial information in segmented format in Note 16.

2. BUDGET FIGURES

The Regional Municipality of York's Council completes a review of its operating and capital budgets each year. The approved operating budget for 2008 is reflected on the Schedule of Current Fund Operations and is included in the budget figures presented in the Consolidated Statement of Financial Activities. The budget as approved by Regional Council includes those expenditures which are part of current tax levies and user charges. Figures are restated to include accruals for amounts accounted for in these financial statements subject to future funding.

Budgets established for the Capital Fund and Reserves and Reserve Funds are set on a project-oriented basis, spending of which may be carried out over one or more fiscal years. The budgets reflected in the Schedule of Capital Fund Operations and the Schedule of Reserves and Reserve Funds and included in the Consolidated Statement of Financial Activities is an annual budget only as required by the recommendations of the PSAB of CICA.

3. INVESTMENTS

Included in cash and cash equivalents are short-term investments of $187,520,479 (2007 - $249,267,553) with a market value of $187,740,821 (2007 - $249,297,964).

Long-term investments of $988,272,085 (2007 - $971,895,603) have a market value of $1,009,099,585 (2007 - $971,211,792).

Cash and cash equivalents and long-term investments include $497,648,440 (2007 - $541,939,049) of restricted funds as required under legislation to fund obligatory reserve funds.

4. ACCOUNTS RECEIVABLE

This amount is comprised of the following:

	2008	2007
	$	$
Government of Canada	**12,384,870**	12,089,099
Government of Ontario	**8,316,786**	13,010,254
Other Municipalities	**114,110,132**	84,584,337
Others	**90,931,915**	22,731,168
	225,743,703	132,414,858
Less: Allowance for Doubtful Accounts	**5,106,632**	4,231,753
	220,637,071	128,183,105

5. LONG-TERM LIABILITIES

a) The balance for long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following items. Interest rates for the debts range from 2.4% to 11.5%.

The total gross amount of the long-term liabilities to be retired by sinking funds is $427,700,000 (2007 - $427,700,000). The amount of the sinking funds assets available to retire debt is $28,174,992 (2007 - $14,715,041).

	2008	2007
	$	$
Total long-term liabilities incurred by the Municipality including those incurred on behalf of area municipalities and outstanding at the end of the year amount to	**1,072,573,593**	1,167,905,437
Mortgages payable by Housing York Inc.	**90,373,111**	93,284,313
	1,162,946,704	1,261,189,750
Retirement and sinking fund debenture	**28,174,992**	14,715,041
Less: Recoverable from area municipalities	**142,141,619**	150,269,381
Net long-term liabilities at the end of the year	**1,048,980,077**	1,125,635,410

b) Long-term liabilities are repayable as follows:

2009	$115,525,532
2010	130,357,226
2011	120,756,454
2012	120,756,678
2013	122,292,209
Thereafter	390,561,822
Net sinking fund debt repayable according to actuarial recommendations	48,730,156
	$1,048,980,077

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

c) **Charges for Net Long-term Liabilities**
Total interest charges for the year for net long-term liabilities which are included in the Consolidated Statement of Financial Activities are $52,000,792 (2007 - $49,609,458).

6. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

Included in deferred revenue are development charges of $477,436,570 (2007 - $531,977,214) and federal gas tax revenues of $20,211,870 (2007 - $9,961,835).

7. AMOUNTS TO BE RECOVERED

Amounts to be recovered 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 decrease/(increase) in amounts to be recovered is $99,354,942 (2007 – ($92,064,015)).

	2008 $	2007 $
Long-term liabilities	**1,020,805,085**	1,110,920,369
Benefits payable for early retirees (c)	**30,767,699**	28,984,474
Long-term disability claims (e)	**17,600,083**	16,510,390
Vested sick leave benefits (a)	**16,792,351**	15,579,214
Vacation payable	**12,820,787**	11,085,811
Accrued interest payable on long-term liabilities	**8,261,154**	8,740,641
Workers' compensation obligations (d)	**6,228,544**	4,610,934
Insurance claims (Note 9b)	**4,894,270**	3,841,871
OIPC loans (f)	**-**	17,251,211
	1,118,169,973	1,217,524,915

Actuarial valuations: The following table sets out the extrapolated results for each of the plans as at December 31, 2008.

	Benefits payable for early retirees $	Vested sick leave benefits $	Long term disability $	Workers' compensation $	2008 total $
Accrued benefit liability, beginning of year	28,984,474	15,579,214	16,510,390	4,610,934	65,685,012
Current service cost	1,324,809	1,268,171	2,627,817	2,555,495	7,776,292
Amortization of (gain) loss	(158,730)	172,082	(686,894)	248,667	(424,875)
Interest cost	1,348,513	884,745	513,646	372,926	3,119,830
Benefit payments	(731,367)	(1,111,861)	(1,364,876)	(1,559,478)	(4,767,582)
Accrued benefit liability, end of year	30,767,699	16,792,351	17,600,083	6,228,544	71,388,677

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:

	Benefits payable for early retirees	Vested sick leave benefits	Workers' compensation
Expected inflation rate	2%	2%	2%
Expected level of salary increases	3%	3%	N/A
Interest discount rate	5%	5%	5%

Total employee benefit obligations amount to $84,209,464 (2007 - $76,770,823).

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 $1,551,656 (2007 - $1,543,568) 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, 2008 is $4,637,481 (2007 - $4,456,642).

Police Services

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become 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.

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 $15,240,695 (2007 - $14,035,646). A reserve was established to provide for a portion of the Police Services past service liability and the balance at the end of the year is $11,612,606 (2007 - $11,068,765) and is reported in the Consolidated Statement of Financial Position.

According to an independent actuarial valuation report dated February 20, 2009 the total estimated liability for both regional operations and police services is $16,792,351 (2007 - $15,579,214).

b) Pension Agreement

The Region contributes to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan on behalf of approximately 4,440 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 2008, employer contribution amounts to $23,869,110 (2007 - $21,200,528) and is included as an expenditure in the Consolidated Statement of Financial Activities. Employees contribution also amounts to $23,869,110.

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. Police Services provides post employment benefits to age 65 and then a health spending account of $3,000 per year to age 70 or age 75 for senior officers indexed at CPI.

According to an independent actuarial valuation report dated February 20, 2009 the total future cost associated with these benefits is $30,767,699 (2007 - $28,984,474) and is reported in the Consolidated Statement of Financial Position.

d) Workers' Compensation

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

According to an independent actuarial valuation dated February 21, 2009 the estimated liability for all claims incurred to December 31, 2008 is $6,228,544 (2007 - $4,610,934) and is reported in the Consolidated Statement of Financial Position. The unamortized actuarial loss as at December 31, 2008 is $2,100,913 (2007 - $319,855).

e) Long-Term Disability Self Funding Arrangement

In October 2002, the Region adopted a self-insured arrangement for its long-term disability benefit (LTD). Under this arrangement, the Region funds its own claims through a segregated reserve and contracts with an insurance carrier to adjudicate and administer all claims on an Administrative Services Only (ASO) basis. According to an independent actuarial valuation dated February 17, 2009 the estimated liability for claims incurred is $17,600,083 (2007 - $16,510,390) as at December 31, 2008 and is reported in the Consolidated Statement of Financial Position.

f) OIPC Loans

On September 24, 2003 and January 6, 2004 the Region entered into two separate financing agreements with the Ontario Strategic Infrastructure Financing Authority (OSIFA), subsequently renamed the Ontario Infrastructure Projects Corporation (OIPC), for loan commitments of $50 million each to finance capital projects. Under the terms of the financial agreements, OIPC is to provide cost effective financing, first in form of short-term loans for costs incurred during the construction and development stage of these projects, and thereafter upon substantial completion of the projects converting to long-term borrowing in the form of debentures issued by the Region to OIPC. During 2008, the remaining loans of $15,894,861were converted into debentures.

8. Contractual Obligations and Commitments

a) Water Agreements

Under the terms of agreements with the City of Toronto, the Region is entitled to purchase water at rates established every year. Payments in respect of these agreements amounted to $18,978,931 (2007 - $20,409,720). Payments under these agreements are financed by area municipalities based on water consumption.

b) York-Peel Water Supply Agreement

In 2001, the Region entered into an inter-regional water servicing agreement with the Regional Municipality of Peel. Under the terms of the agreement, the Region is entitled to purchase water from Peel at a negotiated rate. The Region of York began purchasing water from the Region of Peel in late 2005. The agreement provides for a buy-in payment of $52.4 million, payable in three equal instalments of $17.46 million. Two payments have been made to date, with the third and final instalment due in 2011. The Region of York is required to pay operating costs to the Region of Peel for water consumption based on the York Wholesale Rate, commencing in 2005, through to 2031 and beyond. The York Wholesale Rate includes a component to be contributed to a Capital Repair and Replacement Reserve. Payments under this agreement will be financed by the area municipalities based on water consumption.

c) Operating Leases

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

	$
2009	5,812,000
2010	4,964,000
2011	4,005,000
2012	3,763,000
2013	3,653,000

d) York Rapid Transit Plan

In 2002, the Region entered into a public-private partnership with York Consortium 2002 to implement the York Rapid Transit Plan (YRTP). The YRTP was developed from the Region's Transportation Master Plan, which identified the need to implement a rapid network that would reduce the rate of traffic congestion and support economic and residential growth. The future works for the YRTP has been rebranded as VIVANext and includes the construction of the Yonge and Spadina Subway extensions. Implementation of the YRTP is estimated to cost $6 billion over next 10 years and is contingent upon future funding agreements with provincial and federal governments.

e) Toronto-York Subway Extension Project

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

The project cost is estimated to be $2.6 billion over the next 8 years and will be funded by contributions from the Federal Government, the Province of Ontario, the City of Toronto and Region of York. The Region's estimated contribution is $351 million.

9. CONTINGENT LIABILITIES

a) Long-term Liabilities

The Region is contingently liable for long-term liabilities for which the responsibility for the payment of principal and interest is recoverable from other municipalities, school boards and unconsolidated local boards. The total amount outstanding as at December 31, 2008 is $142,141,619, (2007 - $150,269,381) and is recorded on the Consolidated Statement of Financial Position.

b) Public Liability Insurance

During 2008, the Region insured public liability through participation in a reciprocal insurance exchange, Ontario Municipal Insurance Exchange (OMEX).

Public liability insurance limits are set at $50,000,000. Environmental impairment liability is fully self-insured by the Region. The Region increased its level of self-insured retention, from the various deductible levels under the independent insurance policies, to $100,000 on January 1, 1998 under the OMEX policies.

Insurance premiums, claims under the deductible provisions of policies and claims in excess of insurance limits are paid from a Self Insurance Reserve Fund established by the Region. The Region makes annual contributions to the reserve on the basis of type of coverage, deductibles and insurance limits. Contributions in 2008 are $7,384,037 (2007 - $6,966,611) and are reported in the Consolidated Statement of Financial Activities.

The Region estimates that the liability as at December 31, 2008 for all outstanding public liability claims is, $4,894,270 (2007 - $3,841,871). The total reserve available for public liability and environmental impairment is $12,989,099 (2007 - $9,620,981).

c) Contingencies

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

10. EXPENDITURES BY OBJECT

The consolidated statement of financial activities reports expenditures by function. The Regional Municipality of York's expenditures by object are as follows:

	2008	2007
	$	$
Current Fund Expenditures		
Salaries, wages and benefits	**379,333,553**	348,651,881
Long-term debt charges	**52,000,792**	49,609,458
Materials, services, rents and financial items	**447,647,656**	435,991,308
Asset acquisitions	**8,872,984**	6,321,495
Transfers to other governments and the public	**125,376,550**	149,164,376
	1,013,231,535	989,738,518
Capital Fund Expenditures		
Materials, services, rents and financial items	**437,675,412**	349,078,548
Asset acquisitions	**80,094,250**	66,019,242
Transfers to other governments and the public	**2,672,039**	2,573,151
	520,441,701	417,670,941

11. LOCAL SERVICE REALIGNMENT COSTS

Accounts payable and other include a $13,497,935 (2007 - $14,515,457) obligation due to the Province for Local Service Realignment costs for Social Assistance and Social Housing attributed to Greater Toronto Area (GTA) Pooling.

Annual Local Service Realignment costs for 2008 have been included as expenditures in the Consolidated Statement of Financial Activities based on billings from the Province for Social Assistance, an interim agreement with the Province for Social Housing payments, and unbilled amounts relating to 2008. This obligation is to be phased out over the next five years.

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.

The gross revenues consist of fines levied under Part I, II and III (including delay penalties) for POA charges and amount to $9,164,126 (2007 - $8,269,762). The net loss amounts to $2,213,437 (2007 - $2,579,358). Balances arising from operation of the POA offices are consolidated with these financial statements.

13. Service Contracts with the Ministry of Community & Social Services and Ministry of Children & Youth Services

The Region has service contracts with the Ministry of Community and Social Services (MCSS) and Ministry of Children and Youth Services (MCYS). One requirement of the service contracts is the production of a report by management, Transfer Payment Annual Reconciliation (TPAR), formerly called the Annual Program Expenditure Reconciliation (APER), which shows a summary by service of all revenues and expenditures and any resulting surpluses or deficits that relate to the service contracts.

A review of these reports shows the following services to be in a surplus position for the year ended December 31, 2008:

Child Care Services	$17,160
Homelessness	-

Subsidy revenue has been recognized according to the cost sharing formula in the approved service contracts and not based on cash flowed. The surplus amount above is the net cash flow owed by the Region of York for these services contracts from MCSS and MCYS and is reflected in the corporate liabilities account.

14. Limitation on Property Tax Increases and Funding for Business Classes under the Municipal Act, 2001

The Municipal Act, 2001 (the "Act") requires that municipalities limit (cap) any annual assessment related property tax increases to 5% on the Commercial, Industrial, and Multi-Residential property classes. The Act also provides that the costs of capping can be funded through retaining assessment related property decreases. Starting in 2005, the Province allowed additional capping options. The Region adopted the following capping options for 2005 and future taxation years:

1. Assessment-related property tax increases be capped at the greater of 10% of the previous year's annualized capped taxes, or 5% of the previous year's annualized full Current Value Assessment (CVA) taxes;
2. Properties for which tax increase have been capped (protected), but are within $250 of their full CVA taxes, be moved to the CVA tax level within the current taxation year;
3. Properties for which tax decreases have been retained (clawed back), but are within $250 of their full CVA taxes, be moved to the CVA tax level within the current taxation year.
4. Capped taxes on eligible new construction/new-to-class properties be phased out by 2008 through annual increments to the minimum property tax payable.

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

15. Tangible Capital Assets

Effective January 1, 2007 the Region adopted Public Sector Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets by way of a note to the financial statements until Section 3150-Tangible Capital Assets comes into effect on January 1, 2009. These provisions require local governments to capitalize assets at historical cost and amortize these assets over their estimated useful life.

During 2007 and 2008, the Region continued to work towards compliance with the new requirements. As at December 31, 2008 the Region has developed a complete listing and values of assets that will be used to provide opening balances as at January 1, 2009.

a) Major Asset Classification

Classifications	Useful life (Years)
Land	Infinite
Buildings	15-50
Leasehold Improvement	Lease Term
Water and Wastewater-Linear	60-100 by materials
Water and Wastewater-Discrete facilities	15-60 by asset components
Hardware and Software	3-7
Equipments	5-30
Vehicles	3-18
Roads (Road surface/Structure)	15/45
Bridges (Deck/Understructure)	25/75
Culverts	60
Level Crossings	40
Intersections	15

b) Method used for determining the cost of each major category

The financial information recorded includes the actual or estimated original cost of the tangible capital assets. When a municipality does not have historical cost accounting records for its tangible capital assets, other methods are used to estimate the cost and accumulated amortization of the assets. The Region applies a consistent method of estimating the cost of the tangible capital assets for which it does not have historical cost records, except in circumstances where it can be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement cost, Engineering News Record was used as a resource for determining appropriate indices in order to deflate the replacement cost to an estimated asset acquisition cost.

c) Amortization

Amortization is calculated on a straight-line basis over an asset's expected useful life for all classes excepting Land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero. Amortization convention is to start amortization the month following the month that the asset is put in service.

d) Contributed Capital

Contributed capital assets for buildings, roads and water & wastewater are recognized at fair market value.

e) Works of Art

Works of art for display in municipal property are not included as tangible capital assets. The cost of the Region's works of art is not determinable. Therefore, no valuation of the collection has been conducted or disclosed in the consolidated financial statements.

16. Segment Disclosure

	General government	Protection to persons and property	Transportation services	Environmental services	Health & emergency services
CURRENT FUND					
Revenue					
Net taxation/user charges	724,333,431	-	-	128,786,043	-
Transfer payments	979,080	7,008,822	2,240,000	-	56,230,992
Development contributions	2,081,710	1,171,700	10,548,385	79,062,233	-
Fees and services	15,928,309	5,001,473	44,584,071	12,566,999	1,279,607
Interest	-	-	-	-	-
Other	22,504,719	-	13,104	-	-
	765,827,249	13,181,995	57,385,560	220,415,275	57,510,599
Salaries and benefits	24,371,399	175,641,027	28,193,800	19,010,240	68,310,379
Debt charges	83,617	865,361	9,036,395	36,056,421	304,428
Materials and contracted services	39,020,397	17,189,031	155,375,898	87,846,861	7,989,317
Rent and services	10,734,613	5,220,219	9,633,794	9,235,310	1,812,140
Government transfers	7,245,033	-	327,861	821,059	5,913,473
	81,455,059	198,915,638	202,567,748	152,969,891	84,329,737
Net Revenue (Expenditure)	684,372,190	(185,733,643)	(145,182,188)	67,445,384	(26,819,138)
CAPITAL FUND					
Revenue					
Development contributions	-	1,776,900	55,946,744	75,507,241	302,000
Transfer payments	46,222	182,994	18,012,047	-	586,249
Other	-	1,167,365	6,300,888	54,415,253	42,193
	46,222	3,127,259	80,259,679	129,922,494	930,442
Expenditure					
Contracted services	6,541,671	2,819,791	136,375,866	285,589,956	-53,091
Asset acquisitions	4,986,637	9,491,401	56,535,319	6,120,184	2,867,208
Government transfers	5,462	-	-	2,666,577	-
	11,533,770	12,311,192	192,911,185	294,376,717	2,814,117
Net Revenue (Expenditure)	(11,487,548)	(9,183,933)	(112,651,506)	(164,454,223)	(1,883,675)
RESERVE FUNDS					
Transfer payments	52,748,348	-	94,834,579	-	-
Interest income	15,589,937	549,583	4,966,697	3,057,617	-
Net Revenue (Expenditure)	68,338,285	549,583	99,801,276	3,057,617	-
FINANCIAL ACTIVITIES					
Revenue	834,211,756	16,858,837	237,446,515	353,395,386	58,441,041
Current Expenditures	81,455,059	198,915,638	202,567,748	152,969,891	84,329,737
Capital Expenditures	11,533,770	12,311,192	192,911,185	294,376,717	2,814,117
Net Revenue (Expenditure)	741,222,927	(194,367,993)	(158,032,418)	(93,951,222)	(28,702,813)

	Community services	Social housing	Planning and development services	Total 2008	Total 2007
CURRENT FUND					
Revenue					
Net taxation/user charges				853,119,474	803,628,396
Transfer payments	99,718,490	20,612,549	699,583	187,489,516	179,913,529
Development contributions	-	-	-	92,864,028	82,902,783
Fees and services	5,174,477	17,306,980	814,643	102,656,559	98,118,741
Interest	-	327,151	-	327,151	194,456
Other	-	594,994	-	23,112,817	20,457,680
	104,892,967	38,841,674	1,514,226	1,259,569,545	1,185,215,585
Salaries and benefits	47,957,839	8,285,217	7,563,652	379,333,553	348,651,881
Debt charges	402,694	5,251,876	-	52,000,792	49,609,458
Materials and contracted services	68,113,905	36,097,442	2,555,339	414,188,190	382,771,590
Rent and services	1,078,761	4,616,408	1,205	42,332,450	59,541,213
Government transfers	78,026,923	33,042,000	201	125,376,550	149,164,376
	195,580,122	87,292,943	10,120,397	1,013,231,535	989,738,518
Net Revenue (Expenditure)	(90,687,155)	(48,451,269)	(8,606,171)	246,338,010	195,477,067
CAPITAL FUND					
Revenue					
Development contributions	-	-	-	133,532,885	81,616,809
Transfer payments	877,646	-	-	19,705,158	36,522,978
Other	-	-	-	61,925,699	69,280,848
	877,646	-	-	215,163,742	187,420,635
Expenditure					
Contracted services	890,174	5,511,045	-	437,675,412	349,078,548
Asset acquisitions	27,790	65,711	-	80,094,250	66,019,242
Government transfers	-	-	-	2,672,039	2,573,151
	917,964	5,576,756	-	520,441,701	417,670,941
Net Revenue (Expenditure)	(40,318)	(5,576,756)	-	(305,277,959)	(230,250,306)
RESERVE FUNDS					
Transfer payments	-	12,341,123	-	159,924,050	24,174,170
Interest income	2,984,774	2,604,900	-	29,753,508	19,954,543
Net Revenue (Expenditure)	2,984,774	14,946,023	-	189,677,558	44,128,713
FINANCIAL ACTIVITIES					
Revenue	108,755,387	53,787,697	1,514,226	1,664,410,845	1,416,764,933
Current Expenditures	195,580,122	87,292,943	10,120,397	1,013,231,535	989,738,518
Capital Expenditures	917,964	5,576,756	-	520,441,701	417,670,941
Net Revenue (Expenditure)	(87,742,699)	(39,082,002)	(8,606,171)	130,737,609	9,355,474

THE REGIONAL MUNICIPALITY OF YORK
Schedule of Current Fund Operations
For the year ended December 31, 2008

	Budget (Unaudited) $	**2008** $	2007 $
Revenues			
Net taxation/user charges	839,928,000	**853,119,474**	803,628,396
Transfer payments	190,025,000	**179,790,228**	172,207,557
Development contributions	97,950,000	**92,864,028**	82,902,783
Fees and services	95,483,000	**73,494,674**	68,409,649
Other	-	**22,504,719**	20,090,971
Total Revenues	1,223,386,000	**1,221,773,123**	1,147,239,356
Expenditures			
General government	68,730,000	**81,455,059**	72,918,933
Protection to persons and property	206,367,000	**198,915,638**	186,891,603
Transportation services	176,652,000	**172,437,323**	165,458,501
Environmental services	162,300,000	**152,969,891**	145,278,950
Health and emergency services	91,223,000	**84,329,737**	80,428,879
Community services	206,248,000	**195,580,122**	197,108,270
Social housing	99,264,000	**82,614,586**	90,267,804
Planning and development	7,062,000	**10,120,397**	6,316,851
Total Expenditures	1,017,846,000	**978,422,753**	944,669,791
Net Revenues	205,540,000	**243,350,370**	202,569,565
Financing and Transfers			
Debt principal repayments	(106,848,000)	**(86,531,785)**	(90,134,289)
Accrued interest on long-term liabilities	-	**(479,487)**	3,897
Future employee benefits	-	**7,438,641**	9,076,576
Insurance claims	-	**1,052,399**	514,526
Net transfer to reserves and reserve funds	(94,131,000)	**(150,988,041)**	(124,279,832)
Transfer to capital operations	(4,561,000)	**(7,857,511)**	(5,227,827)
Net Financing and Transfers	(205,540,000)	**(237,365,784)**	(210,046,949)
Change in non financial assets	-	**(5,984,586)**	7,477,384
Change in Current Fund	-	-	-
Surplus/(deficit) beginning of year	-	-	-
Surplus/(deficit) end of year	-	-	-

THE REGIONAL MUNICIPALITY OF YORK
Schedule of Capital Fund Operations
For the year ended December 31, 2008

	Budget (Unaudited) $	**2008** **$**	2007 $
Revenues			
Development contributions	205,968,000	**133,532,885**	81,616,809
Transfer payments	89,852,000	**19,705,158**	36,522,978
Other	20,614,000	**61,925,699**	69,280,848
Total Revenues	316,434,000	**215,163,742**	187,420,635
Expenditures			
General government	19,248,000	**11,533,770**	11,081,225
Protection to persons and property	16,931,000	**12,311,192**	13,563,348
Transportation services	276,970,000	**192,911,185**	135,901,131
Environmental services	368,364,000	**294,376,717**	249,324,215
Health and emergency services	5,200,000	**2,814,117**	1,851,589
Community services	825,000	**917,964**	632,138
Social housing	5,735,000	**5,576,756**	5,317,295
Planning and development	79,000	**-**	-
Total Expenditures	693,352,000	**520,441,701**	417,670,941
Net Expenditures	(376,918,000)	**(305,277,959)**	(230,250,306)
Financing and Transfers			
Proceeds from long-term debt	245,605,000	**-**	173,268,277
Debt issue costs	-	**-**	(1,870,555)
OIPC loans	-	**(1,356,350)**	4,014,372
Interest earned on own sinking fund	-	**(585,110)**	(119,187)
Transfer from current fund	4,561,000	**7,857,511**	5,227,827
Transfer from reserve fund	126,752,000	**151,400,866**	98,643,195
Net Financing and Transfers	376,918,000	**157,316,917**	279,163,929
Change in Capital Fund	-	**(147,961,042)**	48,913,623
Opening Capital Fund Balance	-	**58,806,570**	9,892,947
Closing Capital Fund Balance	-	**(89,154,472)**	58,806,570

THE REGIONAL MUNICIPALITY OF YORK

Schedule of Change in Reserves and Reserve Funds

For the year ended December 31, 2008

	Budget (Unaudited) $	2008 $	2007 $
Revenue			
Transfer payments	-	**159,924,050**	24,174,170
Interest	-	**29,753,508**	19,954,543
	-	**189,677,558**	44,128,713
Transfers from/(to) other funds			
Transfer from current fund	150,047,000	**205,886,152**	169,506,607
Transfer to current fund	(55,916,000)	**(54,898,111)**	(45,226,775)
Transfer to capital fund	(126,752,000)	**(151,400,866)**	(98,643,195)
Net Financing and Transfers	(32,621,000)	**(412,825)**	25,636,637
Change in Reserve and Reserve Fund Balance	(32,621,000)	**189,264,733**	69,765,350
Opening Balance	574,404,676	**574,404,676**	504,639,326
Ending Balance	541,783,676	**763,669,409**	574,404,676

THE REGIONAL MUNICIPALITY OF YORK
Schedule of Reserves and Reserve Funds
For the year ended December 31, 2008

	2008	2007
Reserves		
-Working capital	**37,906,834**	37,030,315
-Equipment replacement	**33,944,000**	5,898,534
-Vacation pay	**688,471**	710,529
-OMERS (Type 3)	**94,604**	94,604
-Group benefits	**(558,692)**	347,183
Total Reserves	**72,075,217**	44,081,165
Reserve Funds		
-Capital reserve	**210,690,068**	208,508,426
-Roads infrastructure	**103,900,000**	-
-Move Ontario	**68,292,963**	-
-Social housing	**63,780,322**	51,237,232
-Facilities rehabilitation and replacement	**45,342,758**	24,216,092
-Tax stabilization	**35,000,000**	24,172,335
-Social assistance	**25,000,000**	58,780,156
-Solid waste management	**20,481,668**	24,701,007
-Roads capital	**18,419,639**	20,627,544
-Long-term disability	**17,085,601**	13,899,057
-Sick leave	**16,250,087**	15,525,407
-Regionally owned housing	**14,634,000**	-
-Insurance	**12,989,099**	9,620,981
-Capital reserve-water and sewer	**10,078,302**	28,897,565
-Transit	**7,084,329**	14,029,305
-Workers' compensation schedule II	**7,000,000**	13,008,386
-Non-profit housing capital	**4,437,125**	666,821
-Innovation	**3,053,594**	2,657,677
-Provincial Gas Tax	**2,531,727**	3,227,656
-Provincial highways	**2,007,239**	2,260,717
-Land securement	**1,391,835**	5,659,944
-Computer software acquisition	**1,278,609**	992,607
-York Region Transit mobility vehicle	**548,992**	522,699
-Alternative Community Living	**172,779**	217,441
-Seized funds	**133,699**	133,175
-Insurance claims and certificate system	**9,757**	12,243
-Federal Public Transit Funds	-	3,423,478
-Property tax write-offs	-	3,000,000
-Child benefit	-	313,882
-Ontario Bus Replacement Program	-	11,678
Total Reserve Funds	**691,594,192**	530,323,511

SINKING FUND

STATEMENT OF FINANCIAL POSITION,

FINANCIAL ACTIVITIES

AND

CHANGE IN FUND BALANCE

2008

York Region

KPMG

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AUDITORS' REPORT

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

We have audited the statement of financial position of the Sinking Funds of The Regional Municipality of York (the "Region") as at December 31, 2008 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Sinking Funds of the Region as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

April 3, 2009

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Position

As at December 31, 2008

	2008 $	2007 $
Financial Assets		
Investments – at amortized cost (Note 1)	**28,174,992**	14,715,041
Total Assets	**28,174,992**	14,715,041
Liabilities		
Actuarial requirement for retirement of the Sinking Fund (Note 2)	**27,908,734**	14,578,836
Fund balance	**266,258**	136,205
Total Liabilities and Fund Position	**28,174,992**	14,715,041

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Activities and Change in Fund Balance

For the year ended December 31, 2008

	Budget (Unaudited) $	2008 $	2007 $
Revenues			
Contributions from:			
Area Municipalities	2,714,057	**2,714,057**	2,714,057
Regional Corporation	9,884,553	**9,884,553**	9,884,553
Total contributions	12,598,610	**12,598,610**	12,598,610
Interest earned	853,922	**861,342**	261,683
Total revenues	13,452,532	**13,459,952**	12,860,293
Expenditures			
Actuarial requirement for the year	(13,329,898)	**(13,329,899)**	(12,814,711)
Change in Fund Balance	122,634	**130,053**	45,582
Opening Fund Balance	136,205	**136,205**	90,623
Closing Fund Balance	258,839	**266,258**	136,205

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

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

1. Investments

All investments are purchased with the intention of holding them until maturity. They are recorded at cost, price adjusted annually for amortization of discount or premium on a present value basis as determined at the time of purchase with the amount of such amortization included in the interest earned on the Statement of Financial Activities and Change in Fund Balance. The investments have a market value of $29,620,384 (2007 - $15,073,063).

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 4%, 5% or 8% per annum compounded annually. Any excess revenue over these requirements is included in the sinking fund balance.

RESIDENTS'

TRUST FUNDS AND DONATION ACCOUNT

STATEMENT OF FINANCIAL POSITION

AND

FINANCIAL ACTIVITIES

2008

York Region

KPMG

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AUDITORS' REPORT

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

We have audited the residents' trust funds and donation account statement of financial position of The Regional Municipality of York (the "Region") as at December 31, 2008 and the trust funds statement of financial activities for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the funds held in trust and its donation account by the Region as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

April 3, 2009

THE REGIONAL MUNICIPALITY OF YORK
Residents' Trust Funds & Donation Account
Statement of Financial Position
As at December 31, 2008

	Trust $	Donation $	**2008 $**	2007 $
Financial Assets				
Cash	205,873	62,633	**268,506**	199,477
Investments	253,669	-	**253,669**	282,034
Residents' petty cash	5,000	-	**5,000**	5,000
Total Assets	464,542	62,633	**527,175**	486,511
Fund Balances	464,542	62,633	**527,175**	486,511

THE REGIONAL MUNICIPALITY OF YORK
Residents' Trust Funds & Donation Account
Statement of Financial Activities
For the year ended December 31, 2008

	Trust $	Donation $	**2008 $**	2007 $
Fund balances, beginning of year	437,681	48,830	**486,511**	462,183
Source of funds:				
Deposits on behalf of residents	255,561	17,818	**273,379**	231,691
Increase in investments	6,635	-	**6,635**	5,735
Interest earned on deposits	4,094	2,731	**6,825**	5,902
	266,290	20,549	**286,839**	243,328
Use of funds:				
Withdrawals	(239,429)	(6,746)	**(246,175)**	(219,000)
Investing				
Matured investments not reinvested	-	-	**-**	-
Net activity	26,861	13,803	**40,664**	24,328
Fund balances, end of year	464,542	62,633	**527,175**	486,511

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

1. Accounting Policies

a) These financial statements reflect the financial activity and financial position of funds held in trust by the Regional Municipality of York (the 'Region') for residents of Newmarket Health Centre and Maple Health Centre, and funds donated to the facilities.

b) Funds held in trust and monies received by way of donation are invested by the Region on behalf of the residents. Interest is credited to the funds based on the average yield earned by the Region on its investments.

2. Basis of Accounting

a) Cash and investments are recorded at cost.

b) Deposits on behalf of residents are reported upon receipt and interest income is reported on the accrual basis of accounting. Withdrawals are reported in the period made.

3. Investments

The investments have a market value of $265,143 (2007 - $288,068).