1
2003 FINANCIAL STATEMENTS AND AUDITORS' REPORT

The Audit Committee recommends the adoption of the recommendation contained in the following report, May 14, 2004, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. The attached 2003 Financial Statements and Auditors' Report, along with schedules and explanatory notes, be received.

2. PURPOSE

In accordance with Section 286 of the Municipal Act, this report is provided to the Audit Committee for information and forwarding to Council.

3. ANALYSIS AND OPTIONS

3.1 Significant Changes in Year-End Balances

The Consolidated Statement in Financial Position indicates that "Accounts Payable and other liabilities" have increased by $34.6 million over the previous year. This can be attributed to higher fourth quarter expenditures resulting in higher year-end accruals and is reflective of the Region's growing capital expenditure program.

These statements show a net increase in cash and investments of $114.7 million. Investments were generated as the result of an increase in the "Deferred Revenue – obligatory reserve funds" (development charges) of $78.2 million and the operating surplus of $17.2 million. The operating surplus was transferred to the Capital Reserve ($7.6 million), the Working Capital Reserve ($2.0 million) and the Tax Stabilization Reserve Fund ($7.6 million) in accordance with the Region's Council approved reserve strategy. It should be noted that as part of the reserve strategy, a portion of the surplus in the Social Assistance and Social Housing programs is transferred to the Social Assistance Social Housing Reserve Funds. In 2003, these transfers were $2.2 million and $7.6 million respectively. Overall, reserves and reserve funds increased by $34.1 million over the previous year.

Table 1 highlights the major sources of the operating surplus.

Table 1
Sources of 2003 Operating Surplus

Department/Service	Millions ($)
Supplementary Taxes (net)	8.2
Social Housing	1.5
General Government	3.9
Other Programs	3.6

For each of the six years, 1997 to 2002, the Region received the CANFR award for its financial statements from the Government Finance Officers Association (GFOA). The award is presented to municipalities whose financial statements are prepared in accordance with the requirements of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The Region is one of only seven municipalities in Ontario to qualify for the CANFR award. These financial statements reflect our continued adherence to PSAB standards.

These consolidated financial statements include the activities of the York Region Police Services Board and Housing York Inc.

4. FINANCIAL IMPLICATIONS

These financial statements reflect the sound financial management of the Region. The $17.2 million operating surplus was transferred to various reserves per Council approved policy.

5. LOCAL MUNICIPAL IMPACT

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

6. CONCLUSION

The 2003 financial statements are presented in accordance with the Municipal Act. The financial activities of York Housing Inc. 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 Institute of Chartered Accountants which will qualify the statements for consideration for the CANFR award presented by the Government Finance Officers Association.

The Senior Management Group has reviewed this report.

(A copy of the attachments referred to in the foregoing has been forwarded to each Member of Council with the June 17, 2004 Audit Committee agenda and a copy thereof is on file in the Office of the Regional Clerk.)