



# 2019 COMMUNITY REPORT

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For the year ended December 31, 2019  
The Regional Municipality of York  
Ontario, Canada

[york.ca](http://york.ca)



**York Region**





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For the year ended December 31, 2019  
The Regional Municipality of York  
Ontario, Canada

Prepared by Corporate Services and Finance

[york.ca](http://york.ca)



**York Region**

## 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



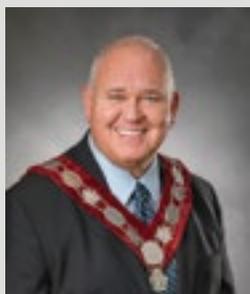
Mayor  
Margaret Quirk  
Town of Georgina



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 Perrelli  
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 (York Region) 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 the members of Regional Council at the first meeting of each term and serves a four-year term.

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

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

During Committee of the Whole, Council members receive public input, review policies, consider staff reports and have discussions prior to making recommendations to be considered at Regional Council meetings.

The following boards and corporations oversee and operate with varying degrees of Council oversight:

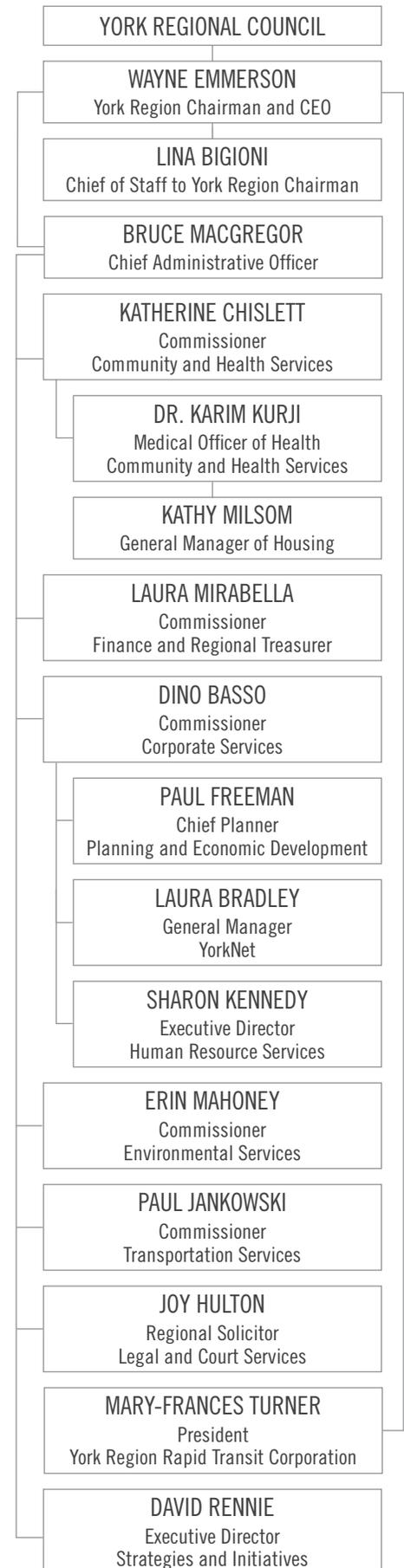
- York Region Rapid Transit Corporation
- York Regional Police Services Board
- Housing York Inc.
- YorkNet

### Chief Administrative Officer

The Chief Administrative Officer (CAO) leads a team of senior executives and general managers of the Region's boards and corporations. Together, this team oversees the day-to-day operations of The Regional Municipality of York:

- 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
- Medical Officer of Health
- Chief Planner
- President York Region Rapid Transit Corporation
- Executive Director of Strategies and Initiatives
- Executive Director of Human Resources
- General Manager York Telecom Network
- General Manager Housing

## YORK REGION ORGANIZATIONAL STRUCTURE





Wayne Emmerson  
Chairman and CEO

## A MESSAGE FROM THE YORK REGION CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The 2019 Community Report highlights the combined efforts of York Regional Council, York Region staff and community partners, shining a spotlight on our collaborative efforts

to make our communities strong, caring and safe places to live, work, play and visit.

This year also marks the first in our four-year Corporate Strategic Plan. The accomplishments over the past year lay the foundation for the kind of communities future generations will want to call home.

Last year, York Regional Council approved a \$3.2 billion budget, which included \$867 million for new infrastructure and \$2.3 billion to support core Regional services. In 2019, capital spending included an investment of more than \$450 million in our Regional transportation network. Regional Council also approved a 1% tax levy to create a Roads Capital Acceleration Reserve dedicated to accelerating construction on numerous road projects identified in the Capital Plan.

In the same year, the Ontario government committed significant funding to move the construction of the Yonge Subway Extension forward. As Regional Council's top transportation priority, this critical rapid-transit link will unlock new travel choices for all commuters, connect workers to high-value jobs and drive prosperity at national, provincial and regional levels.

In addition to moving a number of critical infrastructure projects forward, the past year also created a level of uncertainty for The Regional Municipality of York. In early 2019 the provincial government announced a review of regional governments to ensure they continue

to work efficiently to provide vital services to our communities. Throughout the year, Regional Council provided significant feedback to the province, standing firm in support of the status quo.

Through the 2019 Ontario Budget, the provincial government also announced its intention to modernize the way public health units are organized, proposing the amalgamation of the 35 provincial public health units into 10 new health entities. In response, Regional Council, in its role as Board of Health, has advocated to have the public health unit remain within the geographical boundaries of York Region and its current reporting structure remain intact.

At the same time, York Region Public Health officials turned their attention to better understanding health concerns of a new infectious disease in Wuhan, China and the potential impacts on York Region. Through these initial steps, York Region's public health unit was prepared for the emergence of a world-wide pandemic in early 2020 and further demonstrated the important role public health plays in protecting and improving the health of York Region residents.

Strengthening regional government and the services we provide to more than 1.2 million residents remains a priority. We remain committed to working with partners at all levels of government to further optimize service delivery and reduce costs while at the same time ensuring we continue to build thriving communities for residents, businesses and visitors.

On behalf of York Regional Council, thank you for your on-going 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's 2019 Community Report.

This report combines our Year One reporting for the *2019 to 2023 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 the goals of the Region's long-term outlook, *Vision 2051*.

The priority areas outlined in the *2019-2023 Strategic Plan* are the foundation of this report and have been used to organize and highlight achievements in four community result areas:

- Increase Economic Prosperity
- Support Community Health, Safety and Well-being
- Build Sustainable Communities and Protect the Environment
- Deliver Trusted and Efficient Services

I am proud to report 77% of the plan's key performance measures are trending in the desired direction. The complete list of all 31 performance measures is available on page 9.

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

Over the course of the 2019 fiscal year, York Region increased its financial assets, paid down debt and had an annual surplus of \$689.2 million which is furthered discussed in the Treasurer's Report on page 32.

The programs and services featured represent the dedication and commitment of York Regional Council, staff, municipal counterparts, stakeholders and partners 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 place our residents and business owners at the forefront of all decisions.

A handwritten signature in black ink, appearing to read 'Bruce Macgregor', with a long horizontal flourish extending to the right.

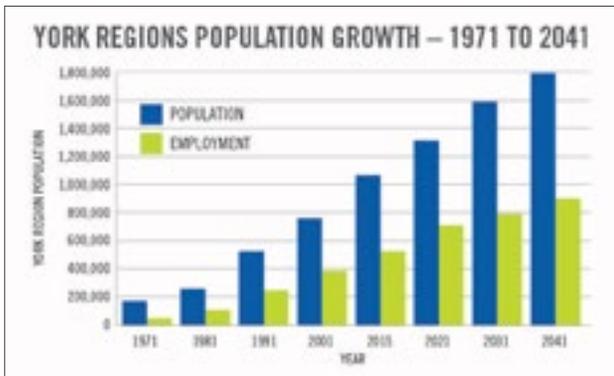
Bruce Macgregor  
Chief Administrative Officer  
The Regional Municipality of York

# YORK REGION. WHO ARE WE?

## We are growing

During 2019, York Region grew by approximately 11,100 people, accounting for 8.5% of the Greater Toronto and Hamilton Area (GTHA) growth.

The Provincial Growth Plan calls for York Region’s population to grow from 1.2 million in 2019 to 1.8 million in 2041 and employment growth from 654,650 in 2019 to 900,000 in 2041.



## We are educated

Seventy per cent of York Region’s residents have a post-secondary education. York Region ranks as the most educated population among Canada’s large municipalities.

## We work hard

York Region is home to 54,000 businesses and more than 650,000 jobs. It is the third largest business centre in Ontario and the destination of choice for more than 4,300 Information, Communication and Technology (ICT) businesses. This makes the Region the second largest ICT cluster in Canada. According to 2016 census data, the average household income is \$95,776, ranking York Region the second highest among all Ontario municipalities.

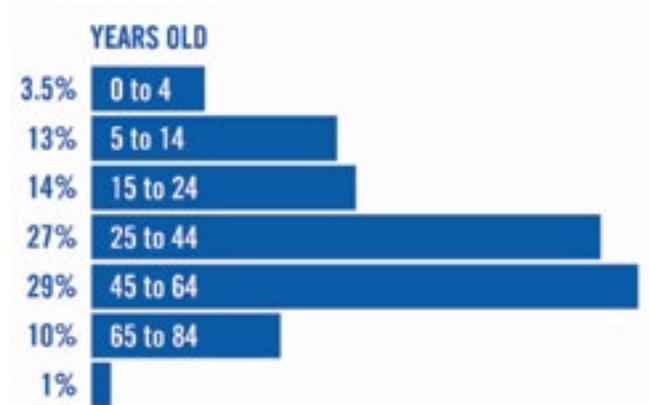
## We are fiscally responsible

The 2019 York Region budget of \$3.2 billion included \$2.3 billion to maintain and operate York Region services and \$867 million in capital project funding. 2019 was the first year in the four-year budget and aligns with the current term of York Regional Council and the *2019 to 2023 Strategic Plan: From Vision to Results*.

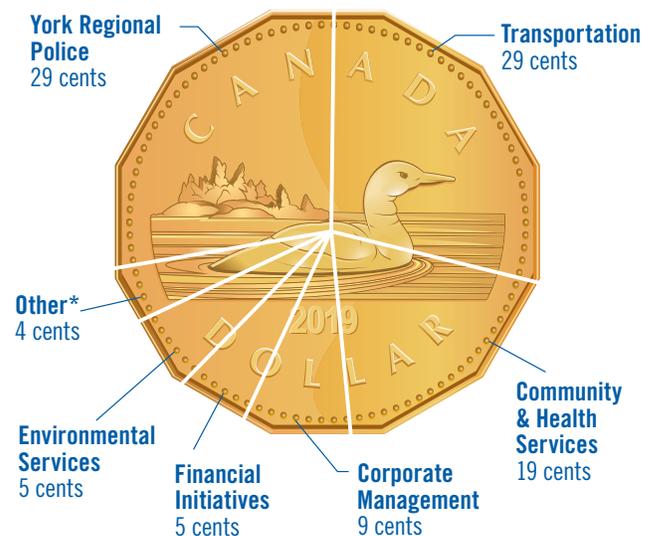
## We are diverse

If York Region were a village of 100 people:

- 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



## TAX LEVY FUNDING

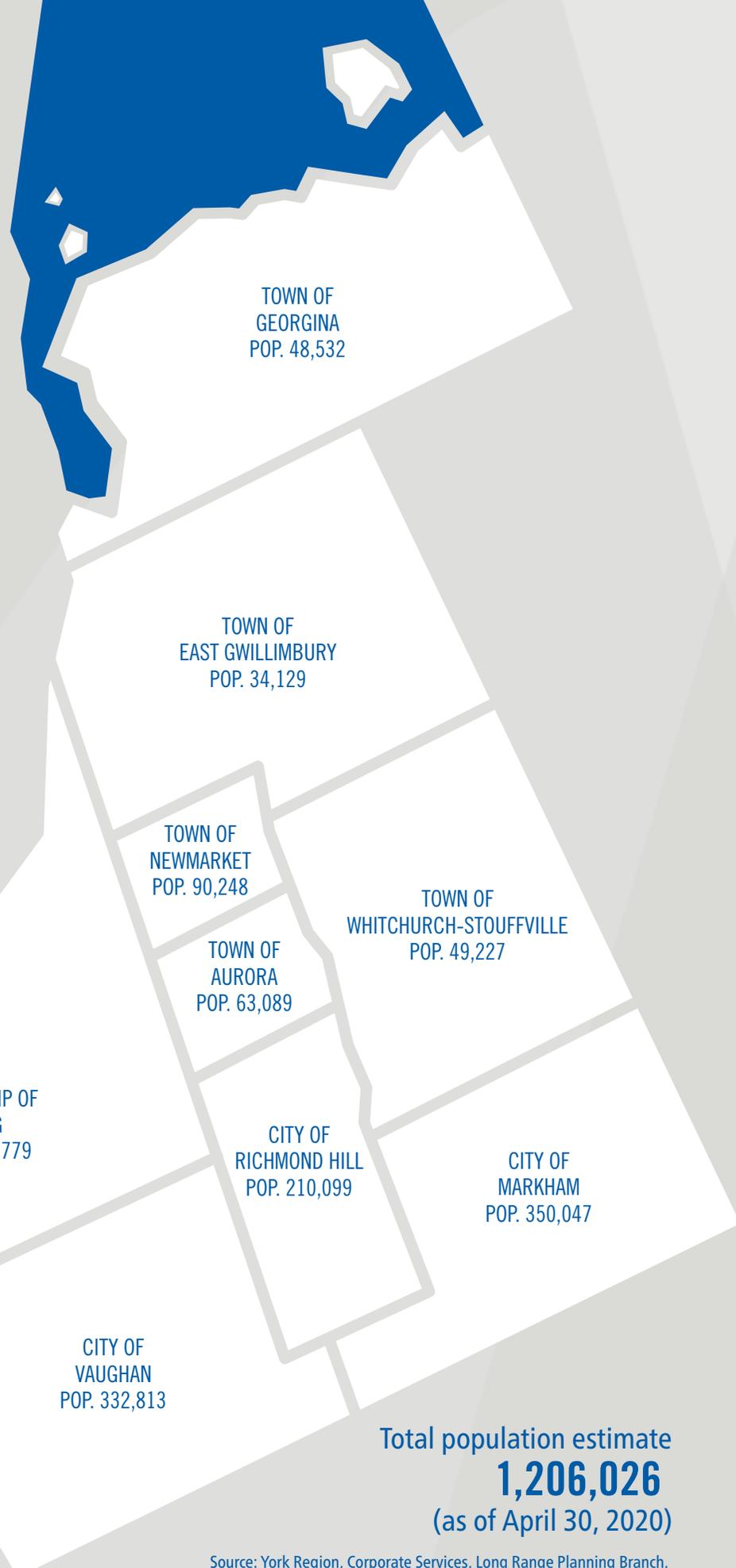


\* Examples include: External Partners and Initiatives, York Region Rapid Transit Corporation, Court Services

**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

Core Services: Legislated services provided directly to the public to help maintain a high quality of life for York Region residents.



**Comprised of 9 MUNICIPALITIES**

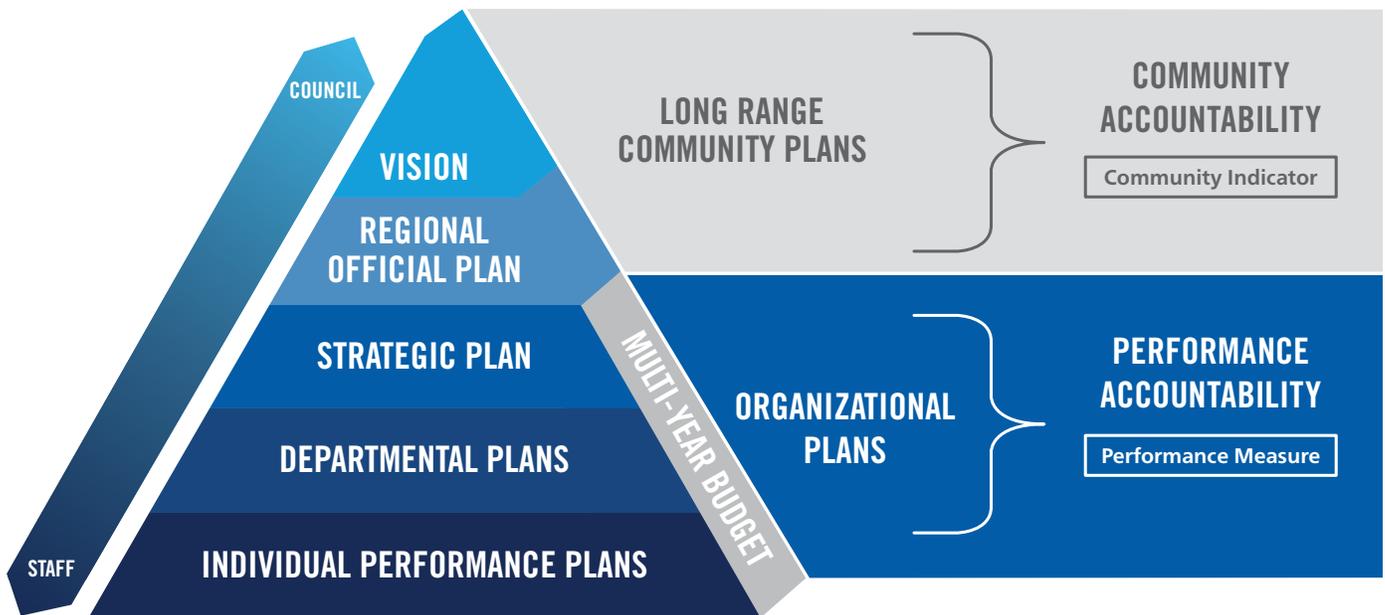
**Total population estimate 1,206,026 (as of April 30, 2020)**

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

The strategic planning process helps set the Region's ambition for the future and how best to achieve it.

Strategic planning in York Region is built on a Results-Based-Accountability (RBA) framework and includes two key components – **Community Accountability** and **Performance Accountability** – which consider the collective contribution and the York Region specific contribution to the well-being of our community.



## YORK REGION HAS A NUMBER OF PLANS CONTRIBUTING TO ITS VISION OF **STRONG, CARING, SAFE COMMUNITIES**

### VISION 2051

Vision 2051 is York Region's long-range community plan that describes the ideal 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



### REGIONAL OFFICIAL PLAN

Consistent with Vision 2051, the Regional Official Plan sets directions and policies to guide growth management, land use, economic, environmental and community planning decisions to achieve the future York Region desires.

The Regional Official Plan guides how growth and redevelopment will occur 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 sets the stage for more detailed planning with the Region's nine cities and towns and help coordinate planning efforts across York Region.



### STRATEGIC PLAN

In February 2019, The Regional Municipality of York released its *2019 to 2023 Strategic Plan: From Vision to Results*, which outlines four areas of focus to meet the community's changing needs.

Building on the success of the 2015 to 2019 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 budgeting process and aligns with this term of Council to ensure it continues to make progress on serving our communities.



### MULTI-YEAR BUDGET

York Region's multi-year budget outlines the financial framework to achieve the community results outlined in the Strategic Plan, and ultimately support Vision 2051.

Multi-year budgeting aligns with the four-year term of Regional Council and provides the overall financial direction for York Region, while offering flexibility to make changes as conditions warrant.

### DEPARTMENTAL PLANS

Each of York Region's six department areas develops business planning documents that focus on their specific services areas within the Region. These department plans support the community result areas set out in the Strategic Plan and help work toward Vision 2051.

### INDIVIDUAL PERFORMANCE PLANS

Organization-wide, individual staff complete annual performance plans to identify goals and activities in alignment with departmental and organizational plans.

# 2019 TO 2023 STRATEGIC PLAN YEAR 1 (2019) PROGRESS REPORT



SUMMARY: 24 of 31 = 77% of Performance Measures Trending in the Desired Direction

Result Area	Performance Measure	Historical Data					Baseline Trend
		2015	2016	2017	2018	YEAR 1 2019	
<b>Economic Vitality</b>	Increase % of business engagements resulting in business retention, expansion and attraction	51%	44%	45%	37%	53%	●
	Maintain # of transit ridership per capita	21.4	20.7	20.8	20	19.8	●
	Increase # of kilometres of bus rapidways	8.70	8.70	12.30	12.30	27.30	●
	Increase # of people and employment within 500 metres of transit	Data not available for reporting			241,000	257,000	●
	Maintain % of on-time performance on all transit routes	94.17%	94.58%	94.14%	91.45%	91.48%	●
	Increase # of road lane kilometres	4,144.44	4,174.51	4,229.70	4,265.12	4,309.46	●
<b>Healthy Communities</b>	Maintain % of residents that rate York Region as a safe place to live	97%	96%	96%	94%	95%	●
	Maintain police emergency (Priority 1) response time in minutes	8.2	7.4	7.3	7.2	6.5	●
	Maintain % of municipal drinking water samples meeting Ontario Drinking Water Standards	99.99%	99.96%	99.93%	99.89%	100.00%	●
	Increase % of regional roads with sidewalks and/or dedicated bike lanes in urban areas	Data not available for reporting			88%	84%	●
	Increase % of 17-year-old students in compliance with Immunization of School Pupils Act	59.15%	59.15%	86.43%	91.83%	92.00%	●
	Increase % of food service premises with a certified food handler at all times	43%	47%	52%	68%	77%	●
	Increase % of York Region clients receiving help to improve their housing stability	Data not available for reporting					▲
	Maintain paramedic response time for emergency response services to meet Council approved targets	79%	80%	78%	76%	76%	●
	Increase # of advocacy activities related to long-term care beds	Data not available for reporting			3	13	●
	Decrease # of days to determine York Region residents' eligibility for social assistance	8	9	9	8	8	-
	Decrease # of children with an immediate need waiting for subsidized childcare	2,255	1,957	1,258	1,575	2,152	●
	Increase % of individuals and families remaining stably housed after six months who were homeless or at risk of homelessness	Data not available for reporting				83%	○



Result Area	Performance Measure	Historical Data					Baseline Trend
		2015	2016	2017	2018	YEAR 1 2019	
Sustainable Environment	Maintain % of wastewater receiving treatment	99.99%	99.99%	99.97%	99.99%	100.00%	●
	Maintain % of residential solid waste diverted from landfill	87%	91%	93%	94%	94%	●
	Decrease # of megalitres of treated water consumed per 100,000 population	10,989	10,718	9,605	9,855	10,004	●
	Decrease # of per capita greenhouse gas emissions across Regional operations in tonnes	66.00	69.70	64.80	65.20	65.40	●
	Increase % of growth occurring within the built-up areas	58.1%	44.5%	46.9%	59.3%	75.0%	●
	Increase % of development applications meeting timeline commitments	Data not available for reporting				100%	○
	Maintain # of trees and shrubs planted annually through the Regional Greening Strategy Program	94,637	93,188	85,464	101,122	102,332	●
Good Government	Maintain / Improve comparative \$ of operating cost per unit of service*	0.81	0.86	0.91	1.00	1.01	●
	Increase % of public-facing transactions that can be completed online or with a mobile device	Data not available for reporting			60%	73%	●
	Increase % of reserve-to-debt ratio	73%	79%	86%	99%	111%	●
	Maintain % of regional assets with a condition assessment rating of fair or better condition	Data not available for reporting		91%	90%	87%	●
	Maintain % of York Region residents that are satisfied with Regional government	83%	86%	78%	75%	81%	●
	Increase # of open data sets	131	163	177	214	228	●

\*NOTE: 2018 as baseline year and considered trending in the right direction compared to inflation. 2019 data may be subject to change based on finalized FIR data.

- LEGEND**
- = Trending in the desired direction
  - = Not trending in the desired direction
  - = Trend unchanged
  - = No trend information
  - ▲ = Collecting data

For more information visit [york.ca/stratplan](http://york.ca/stratplan)

# Increasing Economic Prosperity

## Unlocking travel options for workers, businesses and the community

The TTC Yonge Subway Extension into the Richmond Hill/Langstaff Urban Growth Centre at Highway 7 in the City of Richmond Hill is the top transportation priority for Regional Council.

For the past two decades York Region and York Region Rapid Transit Corporation have been working to advance this critical project and deliver this missing link in the Greater Toronto and Hamilton Area's (GTHA) rapid transit network.

In 2019, through the Government of Ontario's Big Move announcement, the province committed \$5.6 billion over the next 10 years to move this vital project forward into construction.

The Yonge Subway Extension is a cross-jurisdictional project spanning the City of Toronto, City of Vaughan, City of Markham and the City of Richmond Hill. Once complete, the Yonge Subway extension will act as a centralized hub, offering commuters a variety of transportation choices to move around the Region and the GTHA faster and more efficiently.

Strong transit systems are the backbone of complete communities and creating new transit connections helps fuel innovation and economic development. A project of this magnitude will lead to new businesses, the creation of 31,000 jobs and more housing choices for approximately 48,000 residents.

In York Region, transportation remains the predominant issue for almost half of all residents who rely on the Region's transportation network for efficient access to work, home, school and other destinations.

To unlock more travel options for York Region's more than 635,000 daily commuters, Regional Council approved \$453 million in capital funding to keep commuters moving across the Region. This investment included the rehabilitation and preservation of 178 lane kilometres of Regional roads, expansion of the Region's transit bus fleet including the purchase of electric buses, completing construction of the Cornell Bus Terminal in the City of Markham and SmartCentres Place Bus Terminal at the Vaughan Metropolitan Centre. To support active transportation initiatives, construction of the 121-kilometre Lake-to-Lake cycling route and walking trail continued.

Looking to the future, Regional Council reaffirmed its commitment to improving the traveller experience and meeting the needs of the growing community through the creation of the Roads Capital Acceleration Fund. This fund will be used to accelerate priority road growth projects that improve connections to the provincial highway network and to rapid transit. At the same time, improved travel options will enhance economic development opportunities and connect residents to jobs now and in the future.



## Attracting business and jobs

The Region's economy is supported by core attributes of a strong population and employment growth, a skilled labour force, a high quality of life that attracts talent, established and diversified industry clusters, major infrastructure and transportation investments and positive locational and accessibility factors.

For the fifth consecutive year, employment growth continued to outpace national and provincial employment rates, adding 13,800 jobs between 2018 and 2019. The manufacturing, retail trade and professional, scientific and technical services sectors continue to hold the largest share of surveyed employment, demonstrating York Region continues to be a leading destination for business, talent and investment in the GTHA.

As the third largest business community in Ontario and the second largest tech hub in Canada, York Region remains a prosperous place to live, work and to raise a family. To showcase the Region's thriving technology and innovation sector, York Region partnered with local tech scale-ups, innovation support organizations and local municipal partners at Collision Conference 2019. As North America's fastest growing tech conference, Collision provided an opportunity to promote York Region as one of North America's most attractive and vibrant economic areas.

In 2019, Regional Council approved the *Economic Action Plan 2020 to 2023*, reaffirming Council's commitment to supporting business and job growth across the nine cities and towns. Fostering an environment that attracts business, grows employment and draws talent is fundamental to the economic prosperity and quality of life in York Region.

## Connecting residents to jobs

York Region's nine cities and towns are some of the most sought-after communities in the GTA and Canada. With support from all levels of government the Region is making unprecedented investments in public transit, infrastructure and services to accommodate forecasted growth up to 1.8 million residents and 900,000 jobs over the next 20 years. A majority of new development is taking place in York Region's provincially designated urban growth centres and connecting transit corridors, anchoring its evolution into a world-class complete community that offers a full spectrum of live/work opportunities.

In 2019, Regional Council approved a number of financial incentives to promote city building and the development of complete communities that include a variety of housing options to meet the needs of residents of all ages, stages and abilities.

Complete communities are vital to York Region's overall competitiveness and fiscal sustainability. Targeting investments and incentives to the Region's four Urban City Centres will better connect residents to appropriate housing and transit options, while attracting long-term employment opportunities that allow residents to work and live in the same community.

Promoting office and affordable housing development demonstrates Council's on-going commitment to creating vibrant and sustainable city centres where people and businesses can thrive for generations to come.

## Connecting talent to industry

York Region supports innovation eco-system development in collaboration with stakeholders including VentureLAB, York University, Seneca College and other innovation community stakeholders. Through the Innovation Investment Fund, the Region continues to support new investments in post-secondary training and research facilities, research institutes or transformative infrastructure projects directly related to innovation and utilization of new technologies.

In 2019, York University expanded its academic footprint by offering programming for the first time at IBM Canada's headquarters in the City of Markham. This partnership, supported by the Region, connects students to relevant internship and academic opportunities that support innovation, research and development.

## Supporting a thriving Agriculture and Agri-Food industry

York Region is home to more than 700 farm-based businesses and 270 food and beverage manufacturers and distributors. Combined, this industry provides about 57,000 jobs and over \$2.7 billion to the local economy.

As one of Canada's fastest growing communities, York Region is anticipated to grow to 1.8 million by 2041. This growing population puts pressure on the Region's existing land base and agriculture sector. At the same time, a growing population also provides access to a large and diverse customer base for food and beverage producers and processors.

In 2019, Regional Council developed the Agriculture and Agri-food Advisory Committee to deliver the actions set out in the *Agriculture and Agri-Food Strategy* with the goal of supporting the long-term economic prosperity and viability of agriculture and farming in York Region.





# Supporting Community Health, Safety and Well-being

## Protecting community health

In April 2019, the Ontario Government announced its intention to modernize the way public health and emergency health services are delivered across the province. This included the implementation of 10 new health entities to replace the 35 current provincial public health units, decreased patient offload times and eliminate hallway health care.

Throughout 2019, York Regional Council, in its role as Board of Health, engaged in ongoing consultations and collaboration with the provincial government, advocating in support of the current integrated governance model of public health and emergency health services. York Region's current model of care is effective, responsive and efficient in supporting the health and well-being of the 1.2 million residents who live in our communities.

York Region's dedicated public health and paramedic services staff work hard every day to ensure the health and well-being of our communities. York Region's unique and proven integrated model of care is responsive to the needs of the diverse and growing population and is closely aligned with health, social, housing and other services offered at the municipal level.

By advocating in support of the status quo, Regional Council continues to support a community health structure that provides a seamless customer experience integrated with other community services that address social determinants of health.

Through the Provincial governments proposed modernization of health services, York Region was also asked to identify a 10% reduction in the overall public health budget and contribute funding for 40% of all public health services delivered by April 2021.

In response, York Region engaged Deloitte to conduct an independent third party review of service delivery and administrative expenditures in the Public Health Branch. This review identified efficiencies that would allow the Region to manage changes to the public health funding formula while maintaining a positive customer experience and protecting the health and well-being of the community through quality programs and services.

At the same time, York Region's public health teams also turned their attention to health concerns arising in Wuhan, China and the potential impacts on York Region. Through these initial steps to better understand the epidemiology of the novel coronavirus (COVID-19), York Region's public health unit was better prepared for the emergence of a world-wide pandemic in early 2020, further demonstrating Regional Council's position to maintain the current model of municipal health services.

Further support of community health includes Regional Council's multi-year commitment to helping local hospitals grow. In 2019, York Region contributed \$15 million to capital projects at Mackenzie Vaughan Hospital, Mackenzie Richmond Hill Hospital, Markham Stouffville Hospital and Southlake Regional Health Centre.

Through this funding, Regional Council is providing residents with improved access to health care and overall support of community health, safety and well-being.

## Putting Community Safety and Well-Being First

York Region remains one of the safest communities in Canada with a low overall crime rate and the lowest total crime code and crime severity index among the nation's large municipalities.

To further strengthen community safety, Regional Council approved the development of the Community Safety and Well-Being Plan in collaboration with York Regional Police. The plan identifies and assesses risks to community safety and well-being and focuses on social development and preventative actions to further reduce and mitigate crime, victimization and harm in the community.

Through targeted community engagement and collaboration with local municipalities and community organizations, the Community Safety and Well-Being Plan solidifies Regional Council's commitment to meeting the complex needs of a growing and diverse population while continuing to contribute to strong, caring and safe communities for all.

## Improving access to 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 network, health and social services and the environment.

Despite being an 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. Through the approval of the second phase of York Region's 10-year Housing and Homelessness Plan, *Housing Solutions 2019 to 2023*, York Region continues to make progress on building communities that meet the needs of residents at every age and stage of life.

This 10-year housing plan includes three goal areas that include increasing the supply of affordable and rental housing, helping people find and keep housing and strengthening the housing and homelessness system.

In 2019, redevelopment work continued on three properties on Woodbridge Avenue in the City of Vaughan with completion expected in 2020. This new mixed-income building will offer affordable housing for families, individuals and seniors in 162 new, affordable housing units.

Construction also continued on the Unionville Seniors Development. When complete in 2022, it will provide 260 affordable apartments for seniors in the City of Markham. Work is also underway to construct a 100-unit apartment building in the Town of Whitchurch-Stouffville.

In collaboration with developers and builders, York Region continues to find innovative solutions to increase the affordable housing supply across the Region. In 2019, Regional Council approved targeted development charge deferral programs to encourage more purpose-build rental in the Region's urban city centres. Providing financial incentives to encourage this growth reaffirms Regional Council's commitment to creating vibrant and sustainable communities where residents can thrive for generations to come.

## Meeting the diverse needs of seniors

York Region's population is growing and changing with 20% of residents expected to be 65 years or older by 2031.

Throughout 2019, Regional Council continued to make significant progress in meeting the changing needs of an aging population. Last year, York Region continued to deliver exemplary care and services to ensure the safety and comfort of residents.

This includes 532 residents supported through 192 long stay long-term care beds, six short-stay respite beds and 34 convalescent care beds provided at the Region's two long-term care homes.

More than 2,000 adults participated in five Adult Day Programs, receiving support, benefiting from social inclusion and providing their caregivers with respite. The Psychogeriatric Resource Consultant Program also provided over 900 visits to long-term care homes and community service agencies to deliver 1,800 hours of direct service and provide almost 6,000 staff with knowledge and skills to engage effectively with adults and persons living with dementia or cognitive diagnoses.

The specialized needs and complexity of residents' care are changing with a high demand for services. York Region's long-term care homes continue to deliver exemplary care that meets the unique and diverse needs of residents all while reporting high satisfaction ratings from residents and their families.

### Opening new paramedic stations

In 2019, York Region opened two new paramedic response stations in the Town of Newmarket to better serve the growing community with emergency health services.

The new stations were built for an increase in population and will enable Paramedic Services to continue to support community health, safety and well-being with improved response times.

Targets for emergency medical response times are legislated by the province and set annually by Regional Council. The Paramedic Services Performance Plan outlines acceptable response time between when a call is made to 911 and when paramedics arrive at an emergency. York Region Paramedic Services consistently exceeds response time targets for sudden cardiac arrest and continue to reduce offload times in local community hospitals.

### Strengthening human services

In 2019, Regional Council approved the appointment of 25 members to the Community Partnership Council and 23 members to the Human Services Planning Board of York Region.

The Community Partnership Council and Human Services Planning Board include representation from diverse sectors that include government, newcomer supports, employment, police, education, health and social services. Collectively, they provide Regional Council with strategic advice on human service matters and develop innovative solutions to meet the growing needs of York Region's diverse communities.



## Supporting the well-being of children and families

Supporting the health and well-being of all residents is a top priority for Regional Council. Through the launch of eChat in 2019, expectant and new parents are now provided with the option to speak with a public health nurse confidentially and anonymously through an online chat function on the York Region website.

This free service provides information about pregnancy, breastfeeding, parenting, mental health and child development to York Region parents, helping support healthy pregnancy and positive development for York Region's youngest residents.

Regional Council also approved the *2020 to 2023 Child Care and Early Years Service System Plan* to respond to the evolving needs of children and parents in the community. The plan sets the priorities and key actions to better use community resources to strengthen and integrate child care and early years services for children from birth to age 12.

Through coordination and integration with partners, the plan helps provide stability to children's services in an environment where family needs are rapidly evolving and growing. Supporting the early years confirms the Region's commitment to building strong, caring and safe communities that meet the needs of residents of all ages, stages and abilities.

With a focus on providing a high-quality child care and early years system that is accessible, affordable and responsive, approximately 70,000 children and families benefited directly or indirectly from the programs and services provided by or contracted through York Region each year.

## Helping residents when they need it most

Since 2002, York Region's 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. Regional 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.

In 2019, the Community Investment Fund supported over 75,000 low and moderate income residents through the funding of 43 projects that address community health, economic independence, housing stability and social inclusion. These projects provide direct services to residents and supported organizational development and skill building activities through allocations to 40 different community agencies.

## Taking action against opioid use

Like many communities in Ontario and across Canada, York Region has experienced the growing impact of opioid harms. To help address opioid harms in the community, Regional Council approved the *Opioid Action Plan*.

Through this plan, Regional Council is better able to support individuals, families and community members impacted by opioid use. Based on expert advice, this plan provides recommendations for a community-wide effort to address drug-related harms that occur among people of all ages and income levels in the Region. In an effort to build strong, caring, safe communities for all, the Opioid Action Plan recognizes the different degrees of opioid use and the need for intervention and support at all levels, addressing factors that contribute to or reduce harm.



# Building Sustainable Communities and Protecting the Environment

## Protecting our natural environment

York Region is home to an abundance of natural resources. As the community continues to grow, Regional Council remains committed to preserving a clean environment. To achieve this goal, Council has made significant investments in water and wastewater innovation, and over the last decade has invested over \$2 billion in wastewater improvements to service the growing needs of our communities.

In 2019, York Region and Durham Region received environmental assessment approval to proceed with treatment and operational enhancements at the Duffin Creek Water Pollution Control Plant. This plant is one of the top performing wastewater treatment facilities of its scale in the entire Great Lakes basin and treats wastewater from 80% of the businesses and residents in York Region.

The Duffin Creek plant continues to have the lowest phosphorus discharge limits of plants discharging to the open waters of Lake Ontario and the least impact on greenhouse gas emissions. The plant consistently provides high-quality effluent with no untreated bypasses, meaning even when the amount of wastewater flowing into the plant is at its peak, wastewater is held until it's eventually treated before being released back into Lake Ontario.

Over the next 20 years, York Region is expected to grow to 1.8 million people and 900,000 jobs. To accommodate this growth the necessary infrastructure needs to be in place to ensure wastewater is removed and clean water is delivered to residents.

With approval of the Class Environmental Assessment, York Region can move forward with the full water treatment capacity of Duffin Creek while still contributing to the sustainability of our communities.

## Delivering clean, safe drinking water

Regional Council is committed to providing residents with clean, safe and reliable drinking water. York Region continues to receive excellent drinking water scores, achieving a score of 100% for water samples meeting Ontario's drinking water quality standards and an overall average inspection and sample score of 99.54% in the 2018-2019 Chief Drinking Water Inspector's Annual Report Card.

York Region also continues to take an integrated and innovated approach to managing water and wastewater services. Through the *2021 Water and Wastewater Master Plan*, Regional Council is addressing the long-term water and wastewater needs of our communities through sustainable measures.

Drinking water in York Region originates from three sources: Lake Ontario, Lake Simcoe and groundwater wells within York Region. As part of the provincial Source Water Protection program, York Region takes significant steps to protect municipal drinking water sources from contamination and over use. Through this program, Regional Council remains committed to protecting water supplies now and for future generations.



## Building strong waste reduction and diversion practices

York Region remains on the forefront of sustainability and waste reduction practices, consistently exceeding Regional Council's goal of diverting 90% of waste from landfill and diverting more than 85,000 tons of recyclables annually.

Regional Council has long advocated for an Ontario-wide effort to reduce litter and waste in the community, and in 2019 supported the Government of Ontario's efforts to re-energize the province-wide Blue Box program. With continued collaboration with municipal and provincial partners, a move towards full producer responsibility by 2025 and a standardized approach to blue box management will further reduce plastics in landfills and move the community closer to achieving zero waste.

Through the Region's Integrated Waste Management Master Plan, SM4RT Living, Regional Council continues to support waste reduction and reuse activities across the nine cities and towns. With a focus on reducing, reusing, recycling and recovering energy from waste, this plan sets the stage for waste reduction and diversion practices in the Region.

Energy-from-waste recovered is a process that captures the energy produced from waste after all diversion efforts have been maximized. This process also lowers greenhouse gas emissions, recovers metals and reduces the volume of waste going to landfill. In 2019, York Region's waste produced enough electricity to power more than 3,000 homes and supplied enough industrial steam to heat over 6,000 homes.

In a further effort to support waste reduction, Regional Council opened the first Lendery in 2019 at the Milliken Mills Library in the City of Markham. The Lendery is unique to York Region and is an area of the library that houses items residents can sign out similar to a book. By borrowing items, including tools, sports equipment and small appliances, rather than purchasing them, residents are able to do their part in reducing the environmental impacts related to production, transportation and disposal into the Region's waste system.

## Enhancing and preserving green space

Regional Council is a leader in protecting and enhancing the natural environment. Through the *York Region Greening Strategy*, York Region is delivering significant results and contributing to healthier sustainable communities for all residents.

The achievements of the Greening Strategy proactively preserve and protect the natural environment, while providing a range of recreational, environmental and health benefits so residents can enjoy a high quality of life for generations to come.

Continued investment in green infrastructure, including tree planting and forest restoration, deliver on Council's commitment to environmental leadership and provide multiple benefits for the community ranging from climate change mitigation to public health improvements.

Greening Strategy highlights from 2019:

- Planting 102,332 trees and shrubs
- Securing an additional nine hectares of environmentally significant lands
- Engaging 13,061 residents through events, hikes and educational programs designed to inspire people to make a personal commitment to protecting and preserving the Region's natural environment
- Securing \$10 million in funding through Infrastructure Canada's Disaster Mitigation and Adaptation Fund to support urban tree planting and new woodland creation across York Region over the next eight years

## Piloting sustainable transit options

Regional Council continues to demonstrate its commitment to reducing greenhouse gas emissions through the purchases of six 40-foot battery electric buses.

As part of a pilot program in collaboration with the federal government, the Canadian Urban Transit Research and Innovation Consortium, the Town of Newmarket and Newmarket-Tay Power Distribution, the electric bus trial allows the Region to reduce fuel consumption and maintenance costs and gain hands-on experience and knowledge in the field of electric transit vehicles.

Electrification of the transit fleet is one of many ways Regional Council is working to reduce its carbon footprint and achieve a goal of zero greenhouse gas emissions by 2051.





# Delivering Trusted and Efficient Services

## Strengthening Regional Government

On January 15, 2019, the Provincial Government announced a review of Regional governments to ensure they are working efficiently and effectively to provide vital services to our communities.

The review included consultations with elected Council members, municipal and business stakeholders and members of the public who live and work in York Region.

Throughout the year, Regional Council has provided significant feedback to the Ontario government, standing firm in support of the Region's two-tier government structure as the most effective means to deliver critical infrastructure and services to the communities and residents.

On October 25, 2019, the Ontario Minister of Municipal Affairs announced the province had listened to the feedback of Ontario municipalities and committed to having governance, service delivery and decision making of municipalities remain the responsibility of the municipality.

Included in the initial provincial announcement was a commitment to make Ontario municipalities stronger, by providing funding to help municipal governments identify efficiencies and cost-savings through a \$7.35-million Audit and Accountability Fund. Strengthening Regional government has always been a priority for York Region, and Regional Council remains committed to working with our provincial partners to further explore ways to optimize service delivery and reduce costs, while at the same time ensure we continue to build thriving communities for residents, businesses and visitors.

## Supporting a strong and financially sustainable York Region

As part of the 2020 budget, Regional Council adopted an updated fiscal strategy. Introduced in 2014, York Region's fiscal strategy is an integrated approach to guiding the timing of the capital plan, helping manage debt and save for the future.

Under the fiscal strategy, York Region builds up reserves over time so funds are available to pay for the maintenance of its assets and other contingencies without the need to issue tax-levy or user-rate debt. Reserves are anticipated to grow to approximately \$5.1 billion by 2029, of which \$3.6 billion will be for future asset rehabilitation and replacement, such as roads, bridges, service facilities and buildings.

York Region uses debt to bridge the timing difference between when a growth-related asset is built and when it is paid for by development charges. To keep debt at an appropriate level, the fiscal strategy adjusts the capital plan to ensure projects, where appropriate, are built at a pace that closely matches population growth. About 70% of the Region's outstanding debt relates to previous investments in water and wastewater infrastructure and will be repaid through future development charge collections.

## Updating the Vision for the future of York Region

In 2019, Regional Council began the process of updating its corporate vision and outlining its desired future for the community.

Recognizing the important role residents, businesses and stakeholders play in the future of York Region, the updated Vision will combine consultation feedback from the Municipal Comprehensive Review and the Regional Official Plan, with feedback from the public and key stakeholders.

Vision informs Council decisions, the Corporate Strategic Plan, departmental plans and individual performance plans. It is a key consideration of York Region's strategic planning and business planning processes and establishes the overall vision and direction for the Region.

## York Region recognized as a top employer in the Greater Toronto Area

In 2019, York Region was named one of the Greater Toronto's Top Employers by MediaCorp Canada Inc. – the country's largest publisher of quality employment-related periodicals.

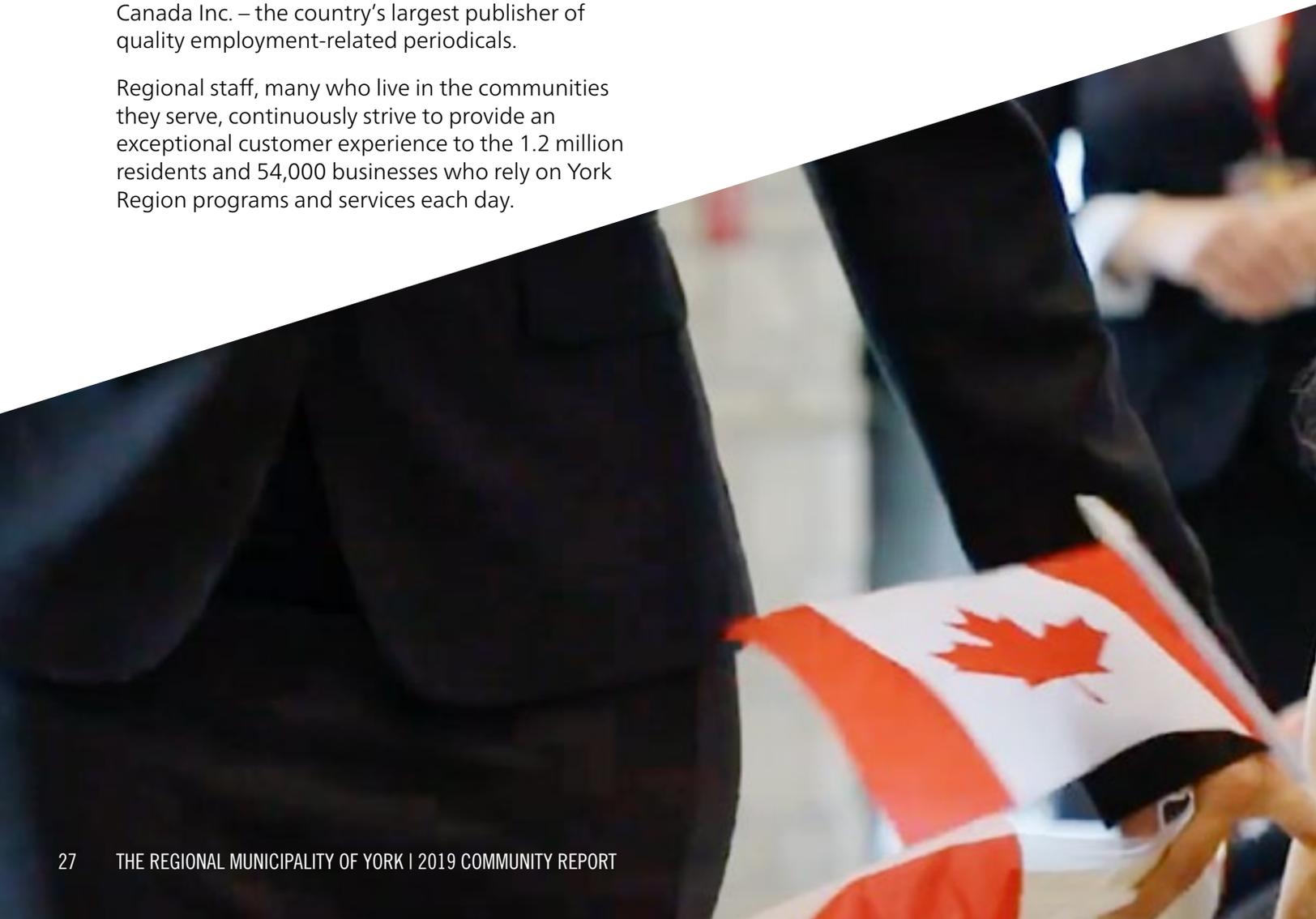
Regional staff, many who live in the communities they serve, continuously strive to provide an exceptional customer experience to the 1.2 million residents and 54,000 businesses who rely on York Region programs and services each day.

As a top employer, York Region was evaluated on physical workplace, work atmosphere and social, health, financial and family benefits, vacation and time off, employee communications, performance management, training and skills development and community involvement.

Several reasons York Region was selected as a top employer:

- On-going support to employee health and well-being
- Providing opportunities for employees to grow and develop new skills, including engaging with the next generation of employees and supporting a culture of continuous learning
- Engaging with partners in the administration of programs and initiatives focused on diversity and inclusion, including the Inclusion Charter of York Region

In addition to recognition as a Top Employer for the GTA, York Region was also recognized as one of Canada's top employers for young people and as a top diversity employer in Canada.



## Innovating Ontario's Justice System

In 2019, York Region was awarded the P.J. Marshall Innovation award from the Association of Municipalities of Ontario, recognizing the Region's remote video testimony project.

In collaboration with York Region Courts Services, York Regional Police and Information Technology Services, the remote video testimony project allows York Regional Police officers to provide real-time testimony from police districts into the courtroom. This means residents will enjoy increased public safety due to heightened police presence on the streets as officers will spend less time travelling to and from court appearances.

York Region is the first municipality in Ontario to introduce video testimony in court proceedings. Thanks to the success of the project in York Region, other municipalities and law enforcement organizations are considering adopting the initiative.

## Celebrating our diversity by welcoming new Canadians to York Region

In June 2019, Regional Council welcomed 40 new Canadian citizens, representing 16 different countries, during an oath of citizenship ceremony.

The Oath of Citizenship is a solemn declaration recipients who have been granted citizenship must take, promising to obey Canadian laws while fulfilling their duties as Canadian citizens. The Oath of Citizenship is recited at a citizenship ceremony and the ceremony is the final legal step to becoming a Canadian citizen. Over the last 10 years, Canada has welcomed nearly 1.7 million new Canadians.

York Region is recognized as a diverse and growing community that welcomes newcomers. With one of the largest diverse immigrant populations in Canada, York Region residents speak over 120 different languages and come from more than 230 distinct ethnic backgrounds.

### #loveyr

York Region is an amazing place to live, work and play. Together with our nine cities and towns, we work hard to provide cost-effective, quality services that help our communities thrive.

In 2019, York Region continued to celebrate 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 #loveyrcampaign educated residents on the core services delivered by York Region.



# AWARDS AND HIGHLIGHTS



## ECONOMIC VITALITY

**Public Works Project of the Year Award** for road improvement to Bayview Avenue



## HEALTHY COMMUNITIES

**Ontario Award for Paramedic Bravery** recognizing two York Region paramedics for going above and beyond their duties to assist a resident in distress

**Governor General's Emergency Medical Services Exemplary Service Medal** awarded to eight York Region paramedics who have each completed 20 years of exemplary service

**Gold Certification from Excellence Canada** achieved by York Region Public Health



## SUSTAINABLE ENVIRONMENT

**TAC Environmental Achievement Award, American Public Works Association Project of the Year Award, Ontario Public Works Association Project of the Year Award** and **Professional Engineers Ontario Project of the Year Award** for the Bayview Corridor Project

**Ontario Water Works Association's Water Efficiency 2019 Award of Excellence** for innovation and excellence in reducing water consumption

**Excellence in Innovation in Civil Engineering Award** from the Canadian Society of Civil Engineers

**IT Project of the Year Award** for York Region's Inflow and Infiltration Monitoring Program



## GOOD GOVERNMENT

**Government Finance Officers Association Distinguished Budget Presentation Award** for the 2019 budget document

**Government Finance Officers Award** for the 2018 annual community report

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

**GTA Top Employer, Best Diverse Employer and Best Employer for Young People** from MediaCorp Canada Inc.

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

**P.J. Marshall Innovation Award** from the Association of Municipalities of Ontario for Court Services remote testimony project

**Esri Canada Award of Excellence** for outstanding use of geographic information systems technology and an innovative approach to data sharing

**High credit ratings in 2019** with both Moody's Investors Service and S&P Global Ratings reaffirmed their credit ratings for York Region. The Moody's rating is Aaa/Stable, the highest possible. While S&P's is slightly lower at AA+/Stable, in 2019 it upgraded the outlook for the Region from stable to positive



2011

2016

2012

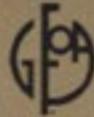
2017

2013

2018

2014

2015



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Canadian Award  
for  
Financial Reporting

Presented to

The Regional Municipality  
of York, Ontario

*Jeffrey R. Chan*

Executive Director / CEO





Laura Mirabella, FCPA, FCA,  
Commissioner of Finance  
and Regional Treasurer

The Regional Municipality of York

# TREASURER'S REPORT

The financial plans and reports of The Regional Municipality of York have consistently stressed the importance of planning and commitment to ensure resources are available to meet our residents' needs now and in the future.

The need for this approach has never been clearer. This report on the Region's financial performance for the 2019 fiscal year was delivered at a time of unprecedented uncertainty. Efforts to curb the spread of COVID-19, a highly contagious viral disease, closed schools, public spaces and most businesses around the world and across Canada, including in York Region. Even as governments considered how to ease restrictions while ensuring public safety, it was clear the impacts of this crisis were likely to be significant and long-lasting.

This report shows how several years of effort by the Region, guided by its fiscal strategy, have reduced reliance on debt and helped to build reserves for future spending needs. In 2019, the Region became a net investor, with more funds invested or in cash than it had in outstanding debt. While the road ahead will undoubtedly be difficult, commitment to financial sustainability has improved the Region's ability to deliver urgently needed services as the world recovers.

Results for the year show continuing strengthening in the Region's balance sheet. The accumulated surplus reached \$7.9 billion at the

end of 2019, up from \$7.2 billion at the end of 2018. The increase reflects a surplus of \$689.2 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 \$56.3 million by year-end, while its financial assets, including cash, cash equivalents and investments, rose by \$228.0 million.

As the previous paragraph indicates, the financial results in this report are presented on the full accrual basis of accounting. The Regional budget as approved by Council was presented in a way that showed cash inflows, including the property tax levy, were balanced against all expected cash outflows.

For comparability to these financial statements, the 2019 budget book provided revenues and spending on a full accrual basis. This report compares final results to the accrual based budget. It also reports briefly on the results against the original budget as approved by Regional Council. Providing a comparison to the budget helps to show how financial resources are being used to achieve the Region's plans and goals.

The discussion and analysis that follows, including comparison to plan and a look at trends over time, and the financial statements themselves form a key part of our accountability to residents.

# 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 2019
- Discussing financial results for 2019 compared to 2018 and the 2019 budget, 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, 2019.

### 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, 2019, 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 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 a statistical review of key financial and non-financial figures over the past five years. This review begins on page 84.

Two other sets of financial statements are provided, starting on page 90. 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 2019 fiscal year, the main elements guiding the Region's financial management were:

- Vision 2051 and the 2019-2023 Strategic Plan
- The 2019 Budget
- The Regional Fiscal Strategy

## VISION 2051 AND THE 2019-2023 STRATEGIC PLAN

The Region's long-term direction is provided 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 2019-2023 Strategic Plan are economic vitality, a sustainable environment, healthy communities and good government.

The diagram below provides further details.



## 2019 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.

The budget presented for Council approval in 2019 covered the four years from 2019 to 2023 inclusive. While the four-year framework gives overall direction, Council has the flexibility to make changes each year as conditions warrant.

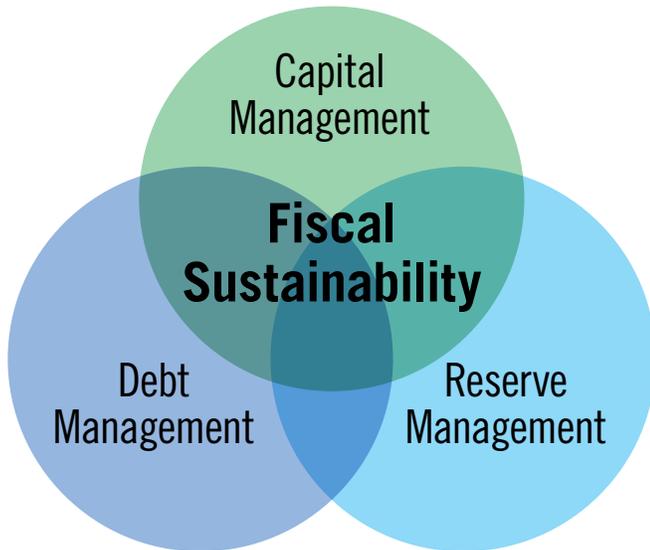
As noted, the Region's budget shows major cash inflows and outflows, and determines the tax levy needed to achieve the balance between these. It gives decision-makers and other readers a clear picture of where cash resources are expected to come from and how they will be applied to all activities, including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

For consistency with financial reporting, the annual budget includes a section entitled "Accrual Budget Presentation" in which figures are provided on the same basis as in the annual report. This report compares results for 2019 to the accrual-based budget.

## 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 and fairness over time. It brings together three related elements, as shown in the diagram below.



The strategy recognizes the importance of fairness over time (intergenerational equity): no taxpayer at a given point in time benefits at the expense of a taxpayer at another point in time. This works in both directions — today’s residents should not be unduly burdened to pay for projects that will largely benefit later residents, and future residents should not be unduly burdened with the costs of projects that largely benefited past 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 specific purposes, including paying capital-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.

## 2019 HIGHLIGHTS

Over the course of the 2019 fiscal year, York Region:

- Increased its financial assets, including cash, cash equivalents and investments, by \$228.0 million to bring the total to \$4.5 billion
- Paid down \$56.3 million in debt, excluding borrowings on behalf of local municipalities and net of sinking fund assets, to decline to \$2.7 billion from a peak of \$2.9 billion in 2017
- Saw an increase of \$689.2 million in its accumulated surplus, reflecting results from operations

## CHANGES IN FINANCIAL POSITION

The Consolidated Statement of Financial Position, which appears on page 64, gives a picture of the Region’s balance sheet at December 31, 2019. The table below provides a summary.

### Consolidated Statement of Financial Position

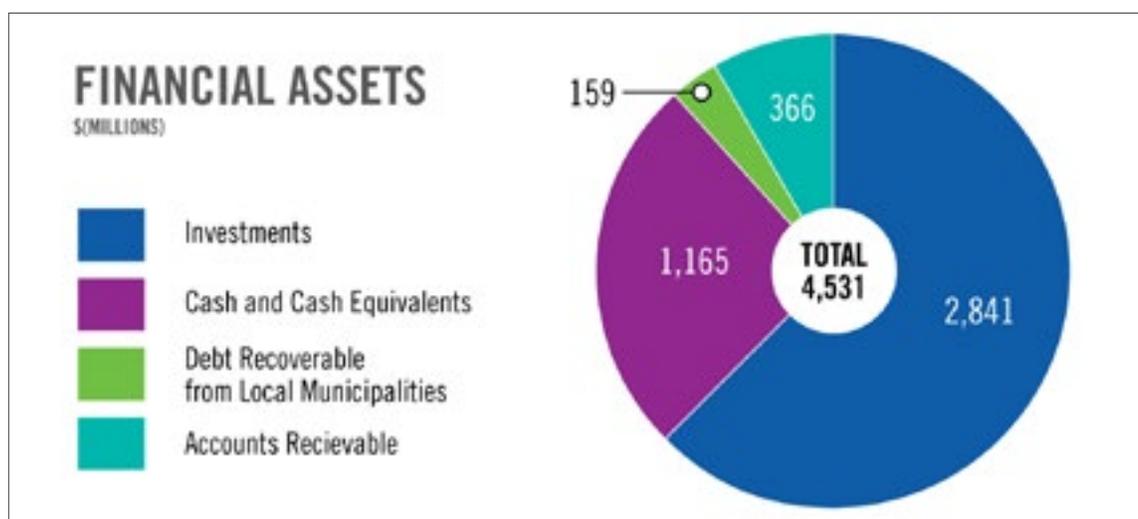
(\$ Millions)	2019 Actual	2018 Actual	Variance	% Change
Items				
Financial Assets	4,531.5	4,303.4	228.0	5.3%
Financial Liabilities	5,093.9	5,102.6	(8.7)	(0.2%)
Net Debt	(562.4)	(799.2)	236.7	(29.6%)
Tangible Capital Assets	8,449.8	7,999.8	450.0	5.6%
Other Non-Financial Assets	21.2	18.6	2.5	13.6%
Accumulated Surplus	7,908.5	7,219.3	689.2	9.5%

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 5.3%

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 \$4.5 billion at the end of 2019, up by \$228.0 million or 5.3% from the previous year.

Cash and cash equivalents grew by \$691.8 million from \$472.4 million at the end of 2018 to reach almost \$1.2 billion a year later. The increase largely reflected a proactive management decision to decrease the Region’s long-term investment portfolio, which was \$485.9 lower by year-end 2019 than a year earlier, and move the proceeds to cash and cash equivalents. As well as providing capital gains from the sale of fixed income and equity securities, this shift allowed for greater liquidity in case of possible market turbulence in 2020.

## TANGIBLE CAPITAL ASSETS

The approved 2019 budget included a capital plan for the year of \$866.7 million. Under Public Sector Accounting Standards, which are used to prepare the financial statements and accrual-based budget, \$727.6 million of the plan was classified as spending on tangible capital assets, with the balance allocated to capital-related operating expense. Of the \$727.6 million, \$584.7 million was for growth-related projects, while the balance was to go to renewing and/or replacing existing assets.

By year end, \$518.7 million or 71.3% of the plan was spent, with the underspending due to delays in Transportation projects, a later-than-anticipated start to planning and design work on the Yonge Subway Extension and delays in housing land purchases and construction. The growth-related portion was largely funded by development charges and \$149.5 million in debt issuance, while work on existing assets was covered from asset replacement reserves.

Financial reporting 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 show these categories and their value at year-end.

Assets under construction totalled \$1.3 billion at year end. The table below lists the five largest additions to the assets under construction account and provides a comparison to the originally budgeted amount.

<b>2019 Top 5 Capital Spend \$(Millions)</b>			
<b>Project</b>	<b>Department</b>	<b>Additions</b>	<b>Capital Budget</b>
Administration Centre at 17150 Yonge Street	General Government	51.3	56.4
York Durham Sewage System Forcemain Twinning	Environment	38.1	*17.0
Toronto York Spadina Subway Extension	Transportation	26.4	57.4
Vaughan Metro Centre Hwy 400 & Hwy 7 Interchange	Transportation	20.4	*19.0
Yonge Subway Extension	Transportation	18.6	32.4

\*Additional spending was within overall Capital Spending Authority.

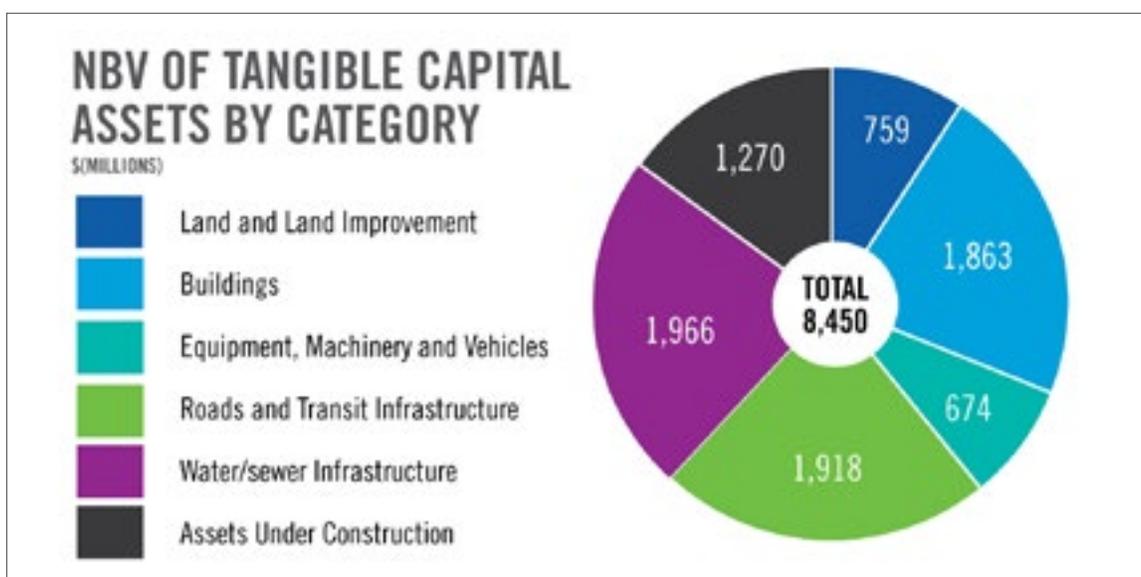
Several projects were completed in 2019 and put into use. The table below lists the five largest completions and the year that work first began on the project.

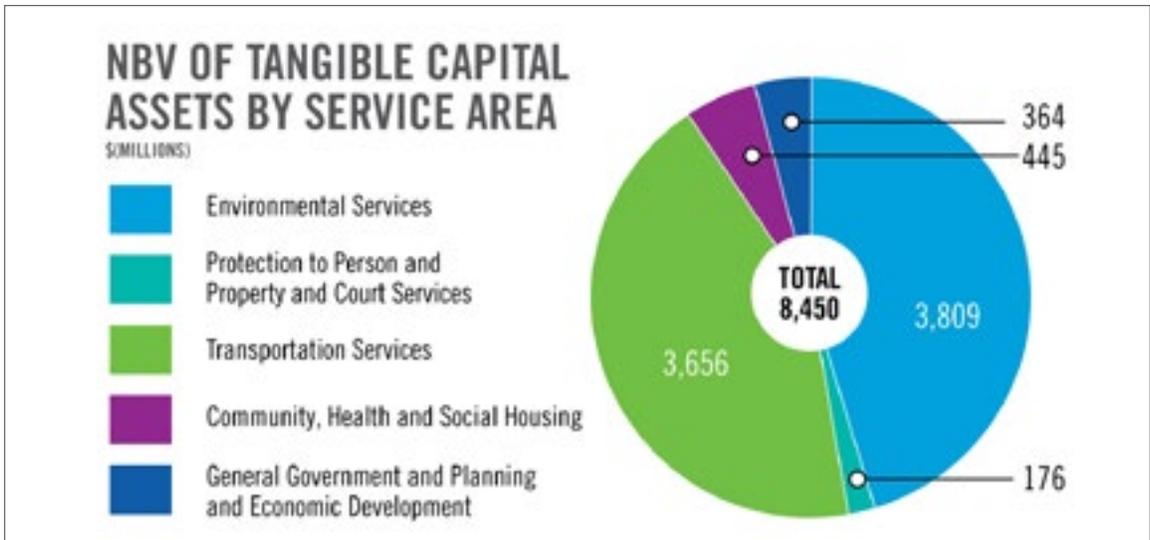
### 2019 Top 5 Additions to Assets in Use \$(Millions)

Project	Department	Additions	Project start date
Peel Water Supply - Cost Shared Works	Environment	64.9	2009
Toronto York Spadina Subway Extension	Transportation	48.3	2006
Woodbridge Lane	Housing York Inc	39.5	2010
SmartVMC Bus Terminal	Transportation	32.5	2012
Leslie Street Pumping Station	Environment	31.9	2004

Net book value as reported on the Consolidated Statement of Financial Position is the cost of an asset less its accumulated amortization. After taking into account amortization expense of \$312.6 million and the disposal of assets during the year, the net book value of the Region's assets rose by \$450.0 million, taking the total to \$8.4 billion at the end of 2019.

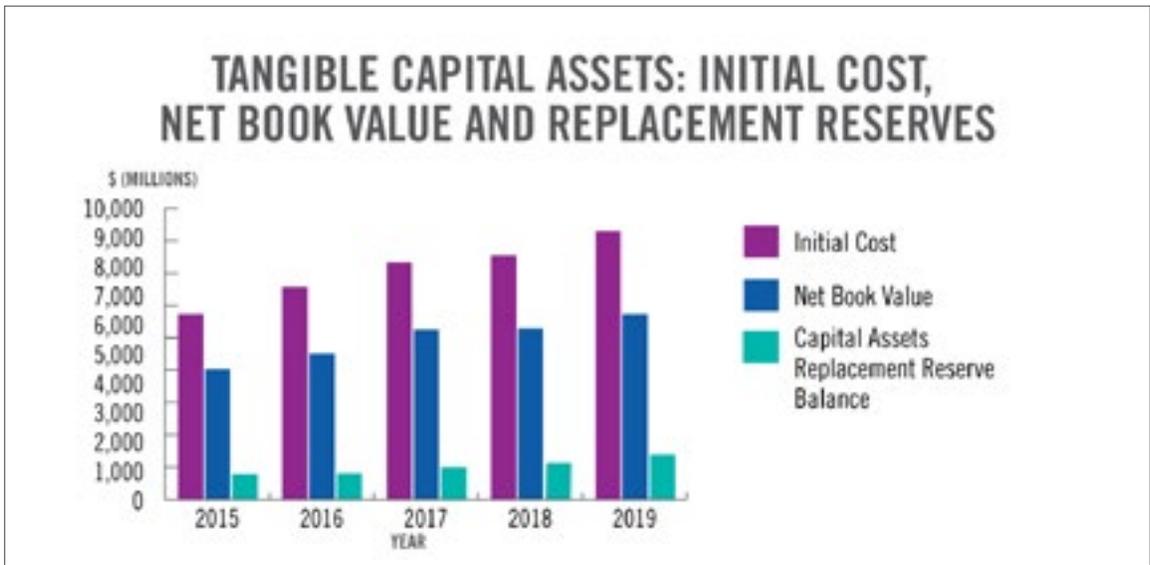
The following graphs show the breakdown in the net book value of assets by category and service area:





### 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 of 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 67.5% and 72.0%.

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 Regional 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 that the Region can continue providing quality programs and services now and into the future.

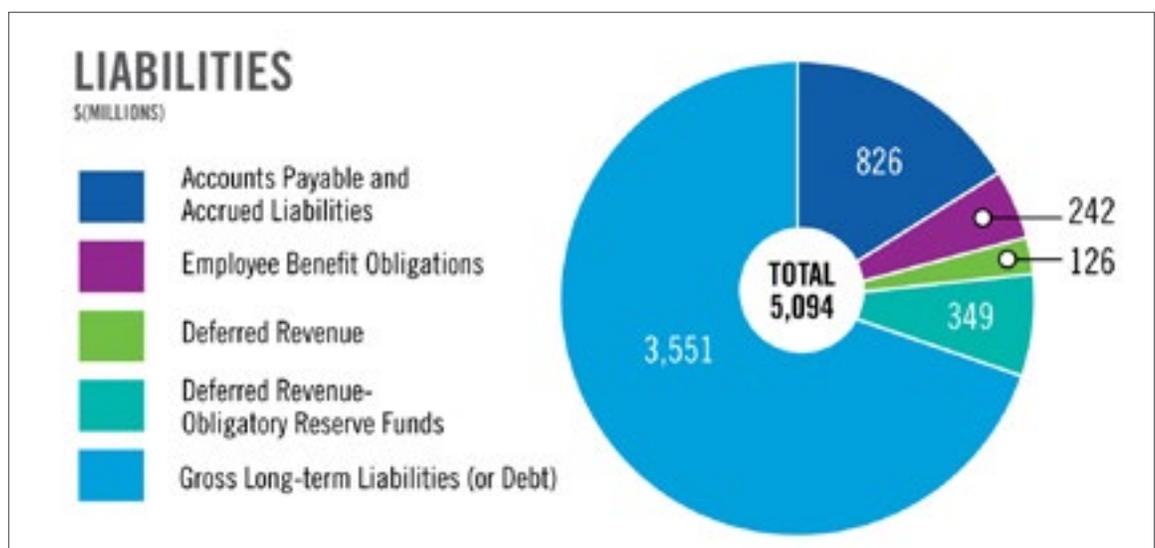
Annual contributions to capital assets reserves are based on the full asset management needs as identified by departments. The goal is to reach a level of contributions that meets the full needs while also achieving intergenerational equity.

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, indicating a 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:



Total liabilities decreased by \$8.7 million or 0.2%, ending the year at \$5.1 billion.

## LIABILITIES OTHER THAN DEBT

Liabilities other than debt increased by \$55.3 million, ending the year at \$1.5 billion.

Accounts payable and accrued liabilities increased by \$108.2 million from 2018, which was in line with higher capital spending in 2019.

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 \$20.1 million or 9.1% from 2018, 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. For accounting purposes, the funds are recorded on the asset side of the consolidated statement of financial position in cash and investments, balanced by the deferred revenue. They are excluded from the list of reserves that the Region maintains for its own use because their use is restricted by third-party agreements.

There are two components of the deferred revenue on the Region's Consolidated Statement of Financial Position: general deferred revenue and deferred revenue-obligatory reserve funds.

The general deferred revenue account decreased by \$35.1 million or 21.8% from 2018. The majority of the decrease relates to Metrolinx, the provincial transit agency, which has fully funded several bus rapidway projects in the Region. Funding is recorded in the "deferred capital grants" portion of the general deferred revenue account, from which the Region draws as projects are built. In 2019, the decrease reflected ongoing completion of currently funded projects.

Deferred revenue-obligatory reserve funds include development charges that are collected to pay for future growth-related projects and gas tax revenues to be used for transit and other specified purposes. This component decreased by \$37.9 million or 9.8% in 2019. A net increase of \$30.1 million in gas tax balance was more than offset by a net decrease of \$68.0 million in the development charge balance.

## DEBT

Total debt, which is reported in the Consolidated Statement of Financial Position as gross long-term liabilities, fell by \$64.0 million to reach \$3.6 billion by the end of 2019.

Total debt includes funds borrowed by the Region on behalf of local municipalities. The local municipal borrowings, which totalled \$159.5 million at the end of 2019, are matched by an asset in the same amount that represents their future debt repayments.

Most of the Region's own 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 \$8.1 million in 2019.

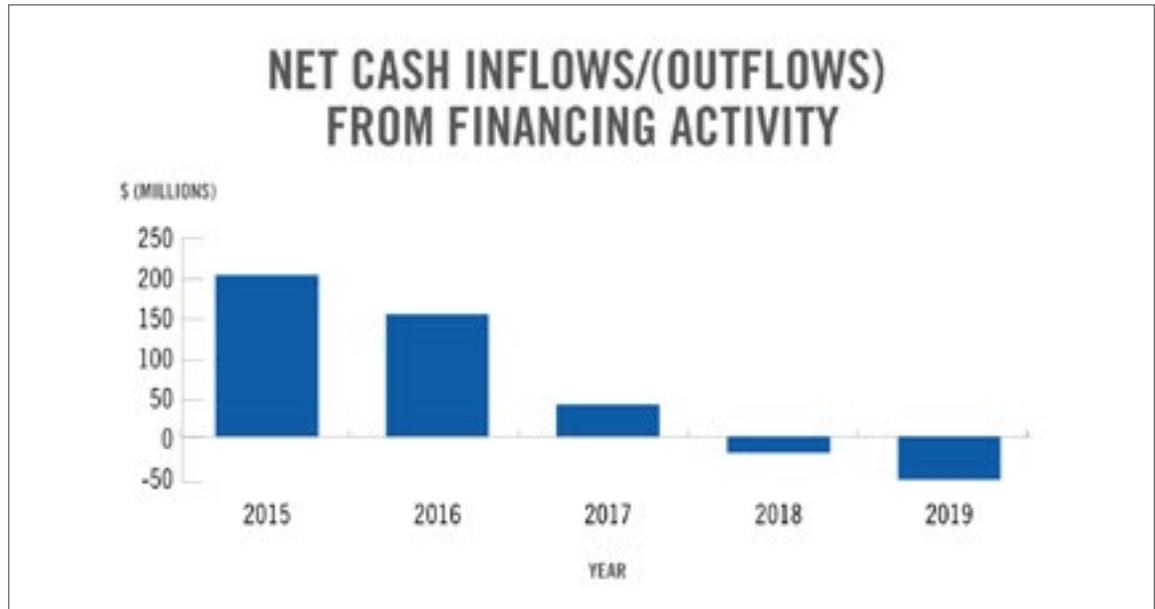
Netting off the sinking fund asset and excluding local municipal borrowing, the Region's net outstanding debt fell by \$56.3 million, ending the year at \$2.7 billion. The Region issued \$149.5 million in new development-charge-supported debt in 2019 to help fund growth-related capital spending. This was more than offset by repayment of outstanding debt, resulting in the overall decrease.

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 is one element of the Regional Fiscal Strategy, because it supports long-term fiscal sustainability.

The graph below, which reflects debt issuance/repayment according to the Consolidated Statement of Cash Flows, shows that the Region issued successively less debt each year from 2015 to 2017. In 2018, it did not need to borrow to meet its spending needs, and instead used cash reserves to reduce debt. In 2019, it decreased overall debt despite an increase in development-charge-supported debt.



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

The ratio of interest expense to own-source revenues (such as property taxes, water and wastewater user charges, transit fares, investment income, other user fees and provincial fines) 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 6.4% in 2019, continuing a decline from 8.4% in 2015. This is attributable to both growth in Regional own-source revenues and, for the third year in a row, a drop in interest expense (as discussed in the Consolidated Statement of Operations on page 65. Interest expense fell to \$120.4 million in 2019 from \$127.0 million the previous year, as Regional debt continued to decline.

This ratio is calculated without including development charge revenue, which is a key source of funding for debt servicing. Including these revenues would reduce the ratio to 5.6%, down from 7.4% in 2015.

## 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, 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 \$562.4 million at the end of 2019, representing the difference between its \$4.5 billion in financial assets and \$5.1 billion in debt and other liabilities.

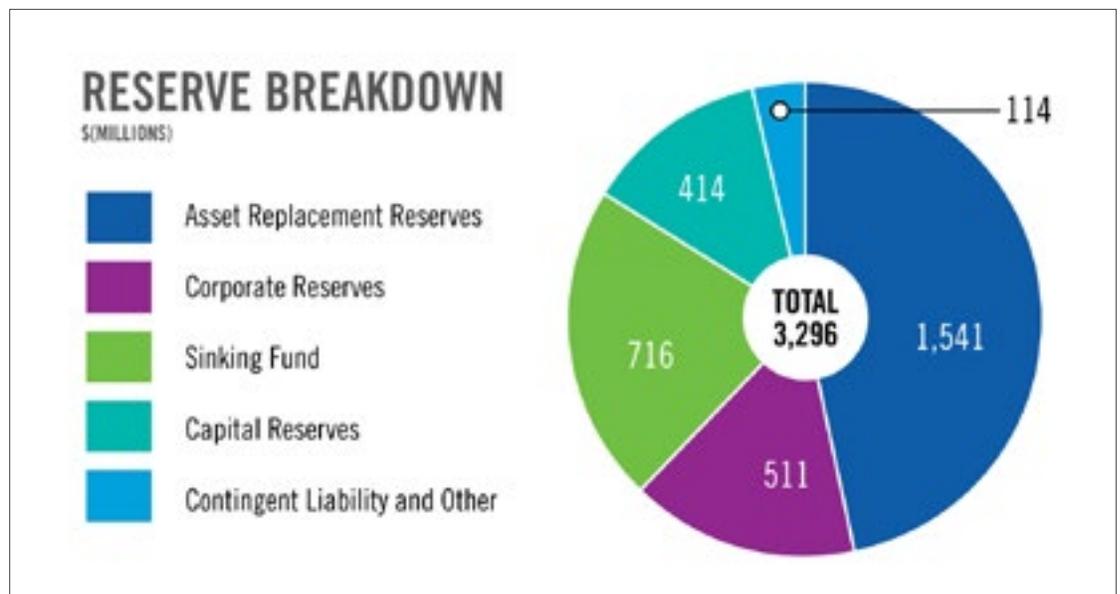
Net debt decreased by \$236.7 million from the year-end level of \$799.2 million in 2018 because financial assets, particularly cash and cash equivalents, increased while total liabilities remained relatively stable. Net debt provides a measure of the future revenues required to pay for past transactions and events, so a decrease in net debt is an improvement in financial position.

## ACCUMULATED SURPLUS

The Region’s accumulated surplus increased by \$689.2 million or 9.5% from 2018 to reach \$7.9 billion at the end of 2019. 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 or underspending in relation to the operating budget. The 2019 operating surplus is discussed on page 54.)

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 2019 year-end they totalled \$3.3 billion, up from \$3.0 billion a year earlier. 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 \$1.5 billion by year-end, having increased by \$183.0 million or 13.5%, during the year. This increase was made up of contributions totalling \$405.8 million, less \$222.8 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 \$8.1 million or 1.2% in 2019 to reach \$716.0 million by year end.

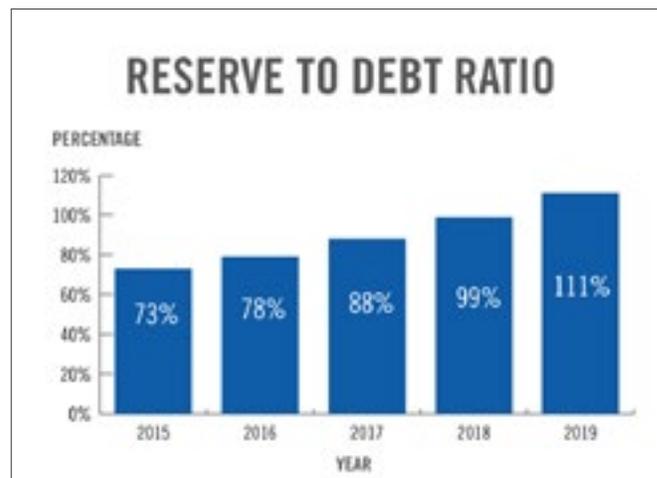
Capital reserves, which include funding for capital programs such as social housing development, solid waste management and hospitals, rose by \$2.7 million or 0.7% in 2019.

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 rose by \$105.4 million, or 20.3%, over the year.

### Reserves to debt

The ratio of reserves to debt is an important marker of fiscal sustainability. A high ratio shows sufficient funds would be available for future capital investments without an excessive reliance on debt. It also ensures 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 2019 shows that it achieved a net investor’s position and it has the resources to manage short-term fluctuations in revenue.

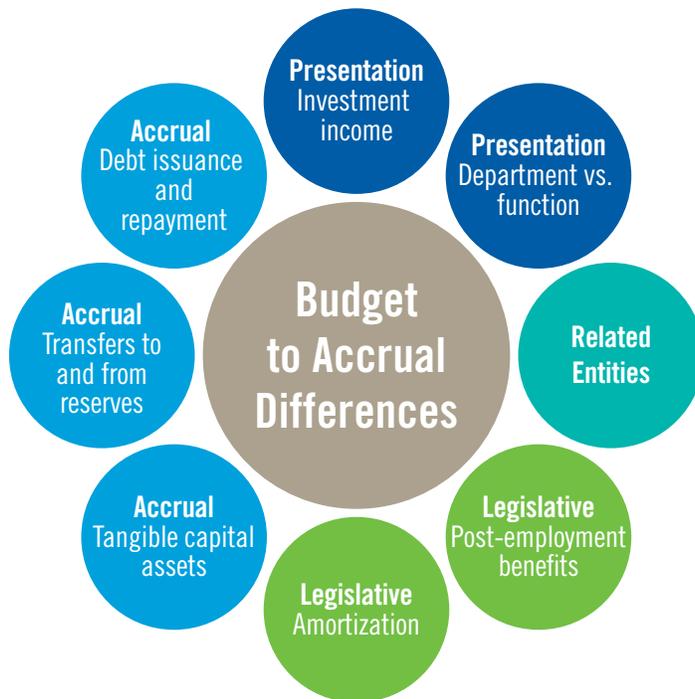
## CONSOLIDATED STATEMENT OF OPERATIONS

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 expected cash inflows and outflows and uses the property tax levy to achieve a balance. This is different from the accrual treatment for the consolidated financial statements, which are 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 plan requires a reconciliation. This reconciliation also captures other differences between the budget and financial statements, as the graphic below shows:



The major differences between the full accrual financial statements and the modified accrual budget as approved by Regional Council include:

### Presentation

- Under full accrual accounting, investment income is a revenue item and is treated as such in the financial statements. In the approved budget, a portion of this is an offset to General Government expense.
- The annual report and the 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.

### Related entities

- 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 treatment of these entities is different in the approved budget.

### Legislative

- Post employment benefits are employee benefits that have been earned but will be paid in the future as employees retire. Amortization is a fraction of the cost of a tangible capital asset and is recorded as an expense each year the asset is expected to be in service. Under provincial law, these items may be excluded from a municipal budget because they require no cash outlay, as long as Council is informed. The Regional budget follows the approach allowed by provincial law.

## Accrual

- Under full accrual accounting, assets that are expected to last for more than one year are capitalized. This means the upfront cost of building and acquiring tangible capital assets is shown not as an expense, but instead on the Consolidated Statement of Cash Flows in the year the spending occurs and amortization is recorded as an expense over the life of the asset. The budget as approved by Council treats capital spending as an expense in the year it occurs. This facilitates approval of a capital budget that authorizes the expected cash outflows on capital projects over time.
- Transfers from reserves and the proceeds of borrowings are sources of cash, not revenues under full accrual accounting. Similarly, transfers and contributions into reserves and repayments of debt are uses of cash, not expenses, under full accrual accounting. In the budget approved by Council, these inflows and outflows are taken into account in balancing the budget as required by provincial statute.

In the “Accrual Budget Presentation” chapter, the 2019 budget book included a detailed reconciliation between the budget prepared for Council approval and the same budget presented on a full accrual basis. The table below summarizes key figures:

<b>\$(Millions)</b>	<b>Approved budget</b>	<b>Adjustments</b>	<b>Full accrual budget</b>
Revenue	3,210.9	(349.3)	2,861.6
Expense	3,210.9	(884.5)	2,326.4
Surplus	-	535.2	535.2

The full accrual budget presented in the budget book generally used the same presentation and accounting approaches 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, expense and annual surplus remain the same.

## RESULTS FOR 2019 AND FIVE-YEAR TRENDS

This section compares operating results for 2019 to the full accrual budget and to results for 2018. It also discusses five-year trends in key figures and ratios, as recommended by the Public Sector Accounting Board.

The table below summarizes results from the 2019 Consolidated Statement of Operations:

<b>Consolidated Statement of Operations</b>					
<b>\$(Millions)</b>	<b>2019 Budget</b>	<b>2019 Actuals</b>	<b>2018 Actuals</b>	<b>Budget to Actual Variance</b>	<b>Year over Year Variance</b>
Revenues	2,861.6	2,941.9	2,766.2	80.2	175.6
Expenses	2,326.4	2,252.6	2,246.6	(73.8)	6.1
Annual Surplus, accrual basis	535.2	689.2	519.7	154.0	169.6

Note: numbers may not add due to rounding

At \$689.2 million, the surplus for 2019 was \$154.0 million higher than expected in the accrual-based budget. It was also \$169.6 million higher than the previous year’s \$519.7 million.

## REVENUES

The table below provides a summary of the revenues from the 2019 Consolidated Statement of Operations with comparisons to the accrual-based budget and the previous year:

\$(Millions)	2019 Budget	2019 Actuals	2018 Actuals	Budget to Actual Variance	Year over Year Variance
<b>Revenues</b>					
Net Taxation	1,145.0	1,152.2	1,090.9	7.2	61.2
User Charges	354.4	353.9	316.5	(0.5)	37.4
Transfer Payments	690.3	779.8	604.7	89.5	175.2
Development Charges	415.7	293.0	474.2	(122.7)	(181.2)
Fees and Services	161.5	167.5	164.8	5.9	2.6
Investment Income	61.6	119.3	68.7	57.7	50.6
Other	33.1	76.2	46.4	43.1	29.8
	2,861.6	2,941.9	2,766.2	80.2	175.6

Note: numbers may not add due to rounding

At just over \$2.9 billion, actual 2019 revenues were \$80.2 million higher than expected in the 2019 budget, and \$175.6 million above actual 2018 revenues.

- Net taxation revenues were \$7.2 million above plan, due mainly to better-than-expected performance for supplementary taxes net of write-offs. Net supplementary taxes do not fund operating costs and are directly allocated to reserves.

The increase over 2018 was \$61.2 million or 5.6%, which was in line with the approved tax levy increase of 3.96%, assessment growth of 2.15%, and a slight year-to-year decrease in 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 2018. Actual results were close to plan.

The year-over-year increase was \$37.4 million or 11.8%, reflecting both the rate increase and higher consumption.

- Revenue from provincial and federal transfers was \$89.5 million more than planned, at \$779.8 million. The main reason was a Metrolinx asset donation to Transportation Services of \$131.6 million related to the rapidways, which was \$89.8 million more than budgeted.

Transfer payments rose by \$175.2 million or 29.0% from 2018 to 2019. Provincial grants totaled \$699.0 million, a year-over-year increase of \$171.2 million, largely attributable to the Metrolinx donation discussed above. In addition, social assistance revenue increased by \$19.2 million, due mainly to additional provincial funding as a result of a higher Ontario Works caseload. Federal funding increased slightly to \$80.9 million from \$76.9 million a year earlier.

- Development charge revenue is the amount drawn down from the deferred revenue account to pay for Regional infrastructure needed to support growth. This revenue source was \$122.7 million below forecast, due to delays in growth-related construction activity.

Revenue from development charge drawdowns was \$181.2 million or 38.2% lower than in 2018. This was mainly due to the Region using development-charge-supported debt to fund a portion of growth-related infrastructure in 2019 instead of drawing down development charge balance.

- At \$119.3 million, interest income and other earnings on investments was \$57.7 million higher than the budget forecast of \$61.6 million. This reflected better-than-expected income performance and capital gains on the sale of fixed-income securities and equities. The investment portfolio continued to outperform its benchmarks.

The year-over-year increase was \$50.6 million or 73.7%.

- Fee and service revenue was \$5.9 million higher than budgeted. The majority of the difference relates to higher-than-planned revenues from paid duty earnings and unbudgeted recoveries for joint force investigative projects for York Regional Police.

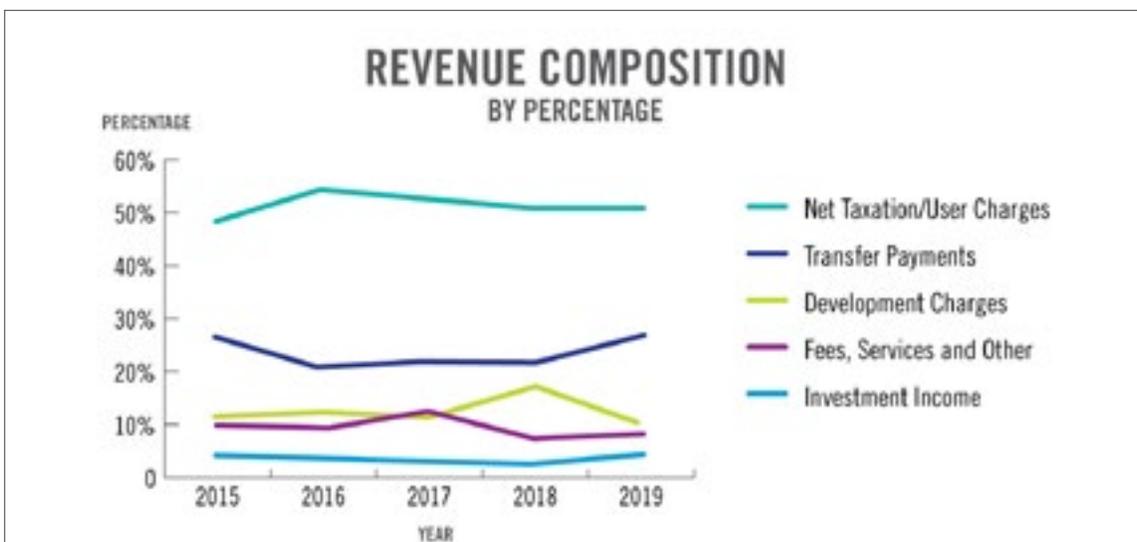
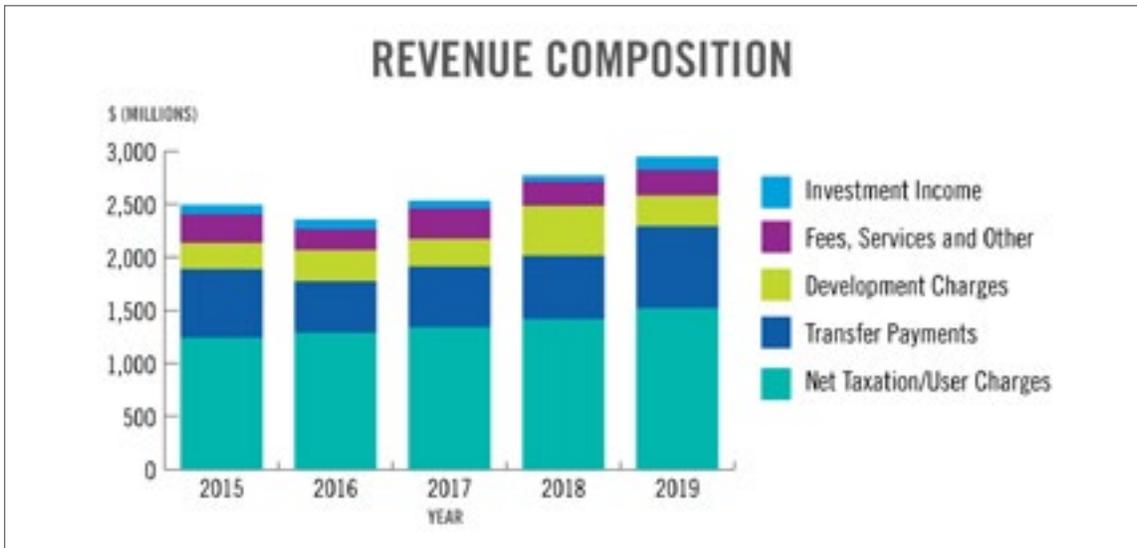
Overall, there was a year-over-year increase in fee and service revenue of \$2.6 million or 1.6%.

- Other revenue was \$43.1 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.

This was a year-over-year increase of \$29.8 million or 64.2%.

## Five-year trend

The graphs below illustrate the year-to-year changes in sources of revenue over the past five years:



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, comprising taxation and user charges, fees, services and interest earnings, amounted to about 63.5% of revenue in 2019. Over the past five years, these revenue sources have provided 64.2% of total revenues on average.

Among revenue sources over which the Region has limited control, transfer payments from senior governments have provided an average of 23.4% of revenues over the past five years. In 2019, the figure was higher than average at 26.5%, owing largely to the provincial donation of Metrolinx-related assets to the Region that was treated as a transfer payment.

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 as long as sufficient time to adjust is provided.

Drawdowns of development charges are used to pay for growth-related capital projects, and can change sharply from year to year in line with the investments they fund. Over the past five years, this source of revenue has averaged 12.3% of the Region's total. In the first three years, the level was fairly stable. In 2018 it increased sharply to 17.1% of total revenue, followed by a decline to 10.0% in 2019 as the Region relied on debt to fund a portion of growth-related capital costs.

## EXPENSES

The table below provides a summary of the expenses from the 2019 Consolidated Statement of Operations with comparisons to the accrual-based budget and the previous year:

\$(Millions)	2019 Budget	2019 Actuals	2018 Actuals	Budget to Actual Variance	Year over Year Variance
<b>Expenses</b>					
Transportation Services	608.7	607.6	539.4	(1.0)	68.2
Environmental Services	496.6	482.3	612.4	(14.3)	(130.1)
Community and Health Services (2)	621.3	612.0	579.7	(9.3)	32.2
Protection to Persons and Property (3)	394.9	405.7	385.7	10.7	20.0
Other (4)	205.0	145.0	129.4	(59.9)	15.6
	2,326.4	2,252.6	2,246.6	(73.8)	6.1

### Notes:

1. Numbers may not add due to rounding
2. "Community and Health Services" comprises Health and emergency services, Community services and Social housing from the Consolidated Statement of Operations
3. "Protection to persons and property" comprises York Regional Police, the Police Services Board, court administration and conservation authorities
4. "Other" comprises General government and Planning and economic development from the Consolidated Statement of Operations

Total expenses were \$2.3 billion. This was a decrease of \$73.8 million from the full accrual budget plan and a \$6.1 million increase from 2018. The decrease was mainly due to relatively late 2019-2022 budget approval causing below-budget spending on salaries and benefits as there were delays in hiring to fill new positions.

The variances by service area and largest contributing factors are outlined below.

- Overall spending by Transportation Services was on target with the budget.  
Transportation Services spending went up by \$68.2 million from 2018 to 2019. This reflected increased construction activities to build the bus rapidways and higher amortization of \$22.9 million due to a larger road and transit network and infrastructure.
- Spending by Environmental Services was \$14.3 million below budget mainly as a result of savings from salaries and benefits, as explained above, reduced interest expense and lower general operating expense.

Environmental Services spending decreased by \$130.1 million from 2018. In the previous year, there was a one-time write-off of the department’s capital assets under construction to expense of over \$100.0 million as the amount was recovered from another municipality. The remaining decrease reflected less repair and rehabilitation work related to asset management.

- In Community and Health Services, a decrease of \$9.3 million from budget largely reflected changes in provincial priorities and lower flow-through payments to partners in 2019. Uncertainty around future provincial funding resulted in delays in filling staff vacancies, take-up of funding for partners to create more child-care spaces was slower than expected and fee stabilization payments to child-care operators ended. These decreases were partially offset by increases in social assistance benefits owing mainly to a higher-than-expected Ontario Works caseload.

On a year-over-year basis, spending in Community and Health Services rose by \$32.2 million, largely because of a higher Ontario Works caseload that increased social assistance expense.

- Spending on Protection to Persons and Property, which largely reflects York Regional Police, was \$10.7 million higher than the budgeted amount of \$394.9 million, partially due to higher-than-expected spending on officer overtime, major investigations and general expenses. While expenses related to large-scale joint investigations had not been budgeted for, some of these costs were recovered from other police services. Apart from these items, the remaining variance relates to non-cash items such as amortization and employee and post-employment benefit costs.

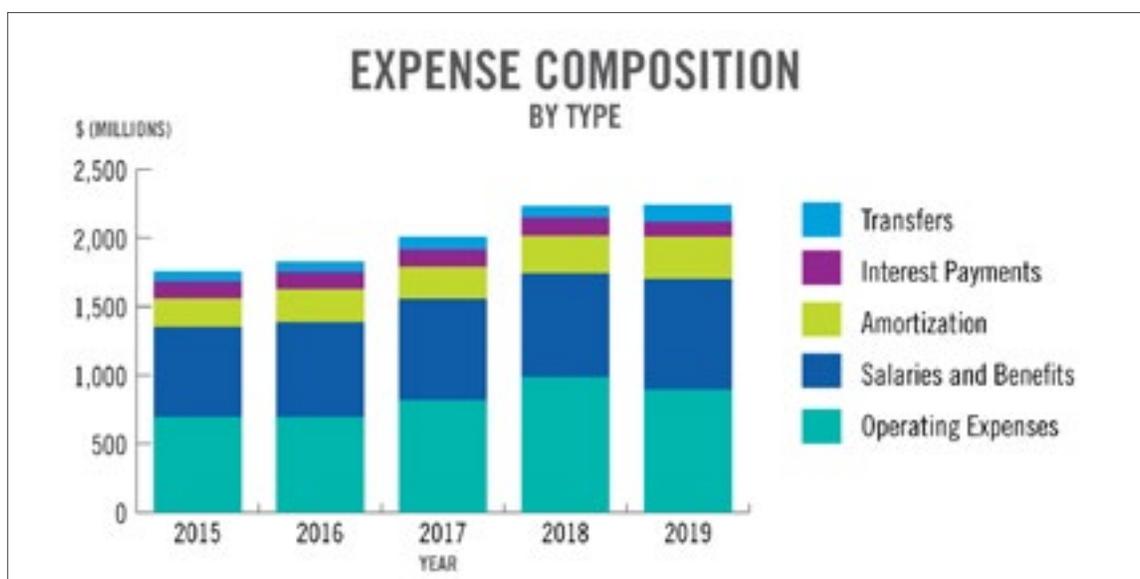
Spending was up \$20.0 million year over year as a result of expanded service needs for a growing population and the impact of the federal legalization of cannabis.

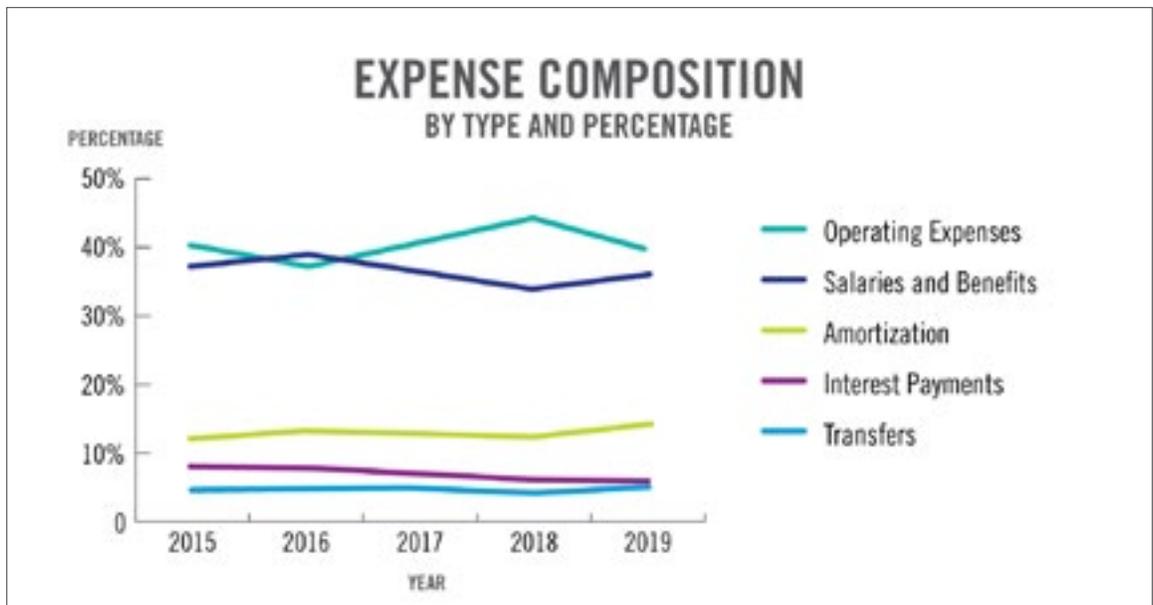
- Spending in the “Other” category was \$59.9 million less than shown in the accrual-based budget, owing mainly to reclassifying an item originally in the budget as an expense as a change to a reserve.

Apart from this reclassification, actual spending increased by \$15.6 million or 12.1% and was consistent with the increase expected in the budget plan.

## Five-year trend

The graphs below show the five-year trend in expenses by type:





Amortization was the fastest-growing expense item over the past five years, paralleling significant growth in the Region’s portfolio of assets. From a starting point of \$207.7 million or 11.7% of total expense in 2015, it rose steadily to reach \$312.6 million or 13.9% of total expense in 2019. The impacts of this trend are greatest on Transportation Services and Environmental Services departments, which are responsible for the bulk of the Region’s assets.

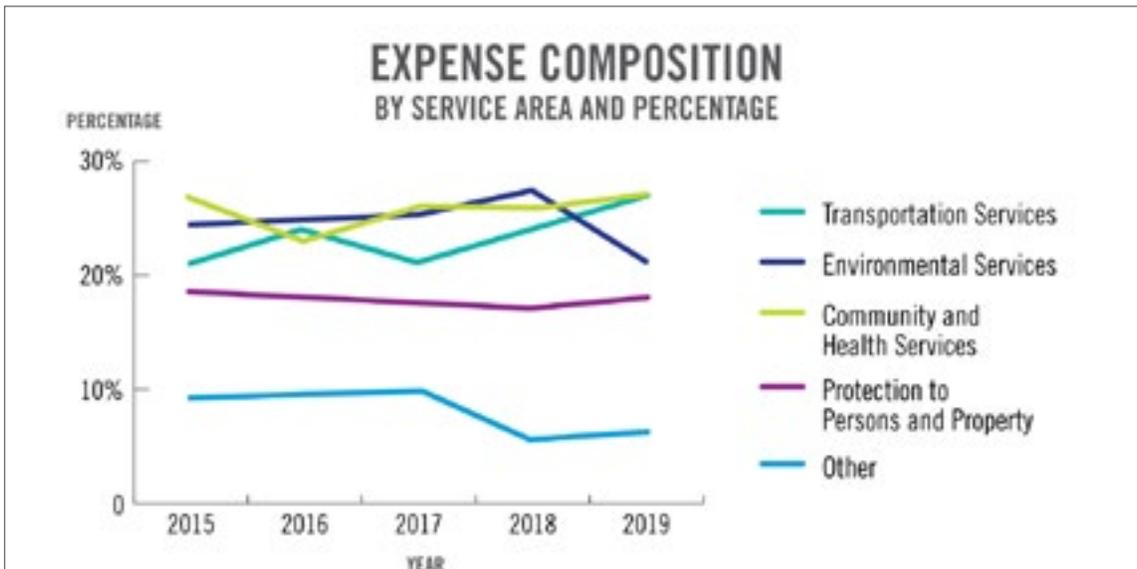
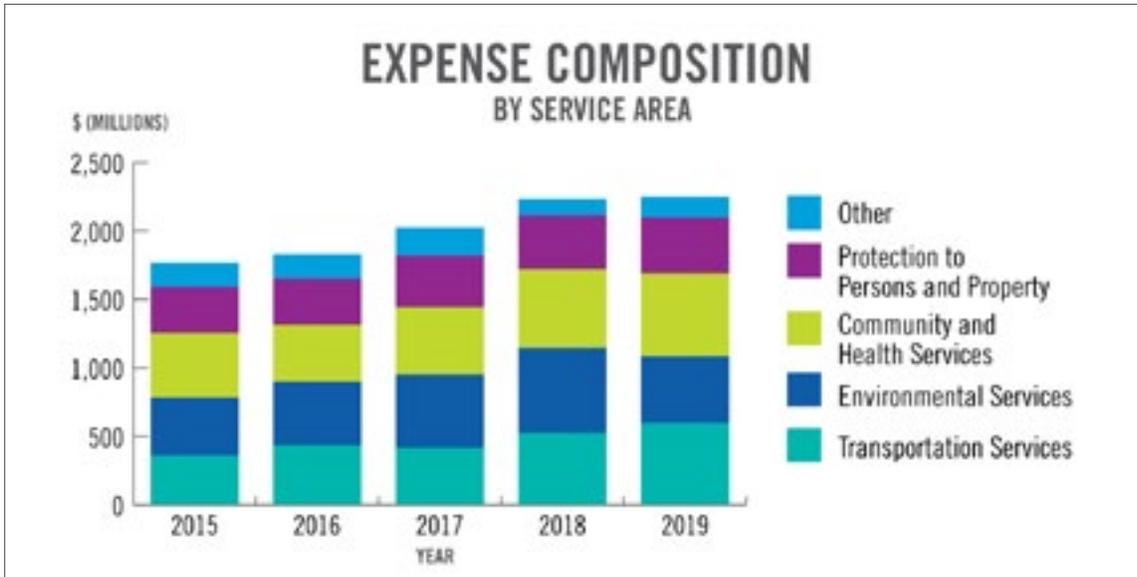
Government transfers, which mainly relate to social assistance, grew from \$73.7 million or 4.2% of total expense in 2015 to \$109.6 million or 4.9% in 2019. This included a single-year increase of 21.0% from 2018 to 2019. The increased spending was largely matched by increased funding from the provincial government.

Operating expense, consistently one of the largest expense items, rose from \$700.9 million or 39.6% of total expense in 2015 to \$902.0 million or 40.0% in 2019. This item fluctuated considerably from year to year because it reflected, among other things, construction work on bus rapidways fully funded and carried out on behalf of Metrolinx.

Salaries and benefits grew from \$656.7 million in 2015 to \$808.0 million in 2019, 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. This item’s share of total expense fell slightly, from 37.1% in 2015 to 35.9% in 2019.

Interest expense peaked in 2016 at \$133.6 million and has declined in each subsequent year as the Region reduced its reliance on debt. It totalled \$120.4 million in 2019 against \$129.6 million in 2015, falling from 7.3% to 5.3% of total expense.

The graphs below illustrate the five-year trend in expenses by service area:



By service area:

- Growth and fluctuations in Transportation Services expense largely reflect the share of Metrolinx funding for bus rapidways that has been expensed each year. As noted above, this spending was fully funded by Metrolinx. Transportation has also seen amortization expense increase as a result of significant investments in tangible capital assets.
- Environmental Services expense increased fairly steadily, after taking into account one-time adjustments in 2017 and 2018, going from \$432.0 million in 2015 to \$482.3 million in 2019. This reflects higher costs to operate and maintain a larger and more technically complex portfolio of assets, higher amortization expense and more stringent regulation, offset by the department’s ongoing efforts to find savings. The department’s share of total expense fell from 24.4% in 2015 to 21.4% in 2019.

- Community and Health Services expense rose from \$470.3 million or 26.6% of total spending in 2015 to 612.0 million or 27.2% in 2019. The department received significant increases in provincial transfer payments over the five years, particularly in 2017 and 2019, which is reflected in higher expense as this funding was flowed through to third parties. The Region has also put more resources into emerging issues related to a larger and changing population, including homelessness and mental health needs.
- Protection to Persons and Property largely reflects York Regional Police, whose budget is strongly tied to staffing costs. Expense has increased from \$331.3 million in 2015 to \$405.7 million in 2019, paralleling the Region's overall growth in salaries and benefits.

## 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, the contributed asset and other non-cash items, amounted to \$887.7 million in 2019. The sale of tangible capital assets provided \$3.9 million, and the Region reduced its investment portfolio by \$485.9 million because of concerns about market volatility. In total, cash from operations and the sale of financial and non-financial assets amounted to \$1.4 billion.

The Region invested \$637.4 million in capital assets and repaid \$48.2 million of its own debt.

After these outflows, cash and cash equivalents stood at almost \$1.2 billion by year-end, an increase of \$691.8 million from the previous year.

## 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 \$54.6 million in 2019.

Revenues were \$32.0 million higher than projected. Supplementary taxes, investment income, grants and subsidies, court fines, paid duty fees and external recoveries provided more revenue than budgeted.

The main factors in lower-than-expected spending of \$22.6 million were lower salaries and benefits costs due to hiring delays and vacancies, lower program costs due to lower than expected needs and efficiencies in other areas.

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

The Controllership 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

A new accounting standard issued by the Public Sector Accounting Board, relating to the transfer of assets in a restructuring transaction, became effective January 1, 2019. It had no impact on the Region's annual surplus, net debt or accumulated surplus for the year ended December 31, 2019.

### 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:

- York Region Chairman and CEO 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 61.

## 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. Provincial Bill 108, which enabled several changes to existing arrangements, received Royal Assent in 2019. None of its provisions directly affected 2019 results. The Outlook and Risk Management section discusses its potential impact on future years.

### Development charges

The Region's development charge rates and policies are set out in a Regional bylaw that is 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 Development Charges Act then requires adjustment to determine the amount that may be recovered through development charges, and development charge rates reflect the allowed amount.

### 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.

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 met these limits in 2019.

## 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.

### The economy and market conditions

In March 2020, the Canadian federal and provincial governments took several steps to curb the spread of COVID-19, a respiratory disease caused by a new coronavirus. Actions included closing most workplaces, as well as schools and public facilities. In early April, the Conference Board of Canada projected a cumulative loss of 2.8 million jobs, or nearly 15% of Canada's total, in March and April. By that point, new employment insurance claims had passed the two-million mark.

The auto-parts sector was forecast to lose more than 40,000 jobs in Canada as a whole as a result of plant closures. As home to more than 100 auto parts and electronics manufacturing companies, the Region has a relatively high dependence on jobs in this sector. Other important job sectors for the Region, including retail and personal services, also experienced major losses.

As the crisis developed, the Region and local

municipalities took steps to ease the financial impacts on residents including:

- Deferring the budgeted increase of 9% in water and wastewater rates that was to go into effect on April 1, 2020, with an estimated impact to the Region of \$25 million
- Waiving interest until January 1, 2021 on any portion of property tax instalments, for the 2020 taxation year, not remitted to the Region as a direct result of a local municipality's COVID-19 tax relief program, save and except for the interest related to the final 2020 installment which shall be waived until March 31, 2021

As of mid-April, the combined impact of unexpected costs and lower revenues resulting from the COVID-19 crisis was estimated at more than \$3.5 million a week on average. Direct costs included overtime and other additional staffing costs, as well as personal protective equipment and training for workers. Indirect impacts included higher costs to process a greater volume of residential waste, lower transit fare and user rate revenues and lower fine and related revenues because courts were closed.

While the fiscal impacts of COVID-19 on the Region over the longer term remain to be seen, they may include lower-than-expected development charge collections from continued mandated closures, lower-than-expected assessment growth and the need for continued financial relief for residents and businesses as they rebuild.

Senior levels of governments, in response to COVID-19, have committed funding on a wide range of new and expanded financial supports. It remains to be seen how this may impact the Region's costs in response to the emergency. The Region is tracking these programs and promoting their use to residents. The Region also anticipates receiving federal and provincial funding to help offset COVID-19 related expenditures. Currently, information on federal and provincial funding for the Region's emergency response is very limited. The Region is continuing to monitor the impacts of these initiatives.

The Region's strong balance sheet and financial

management capacity will be key factors in managing the impacts of COVID-19. Cash, its equivalents and investments stood at just over \$4.0 billion at the end of 2019. Liquidity was improved before year-end by increasing cash and its equivalents by \$691.8 million from the previous year and reducing longer-term investments by \$485.9 million.

The crisis caused financial markets to weaken and became more averse to risk. As a stimulus measure, central banks, including the Bank of Canada, reduced interest rates.

Despite these impacts, the Region appears well positioned to maintain a relatively strong financial position while continuing to meet its residents' needs.

### Provincial direction

Provincial and, to a lesser extent, federal decisions on programs, policies, regulation and funding have impacts on the Region's revenues and expenses. The Ontario government's 2020 budget and other announcements are affecting the Region and will likely continue to do so. The Region continues to assess the potential impacts of these changes.

In 2019, the *More Homes, More Choice Act, 2019* received Royal Assent. This omnibus bill enabled changes to several statutes, including those dealing with development charges and municipal planning. The province subsequently tabled and received Royal Assent for Bill 138, which reversed a number of changes pertaining to development charges made by the previous bill.

As a result of these changes, starting on January 1, 2020, development charge rates are frozen at site plan or zoning bylaw amendment application. The regulatory framework does not limit how long developers can freeze rates. In addition, institutional, rental housing and non-profit housing development can defer payment to time of occupancy and are able to pay in annual installments over five or twenty years. To mitigate the negative financial impact of these provisions, in February 2020 York Region Council adopted a policy to charge interest on frozen and phased development charges, as permitted under the amended *Development Charges Act, 1997*.

The province also made significant changes to

funding for Community and Health Services programs, many of which are provincially subsidized. Although the total amount of provincial funding was expected to rise slightly in the Region's 2020 fiscal year, this reflected the introduction of a new seniors' dental program and small increases in some existing programs, largely offset by cuts in other areas. Internal costs to the Region rose to manage new responsibilities and program growth and to make up for lower provincial cost-sharing.

The provincial government also announced plans to amalgamate 35 public health units across the province into 10 units under autonomous boards as of April 1, 2020, and suggested that similar changes would be made to emergency health services. In October 2019, the provincial government appointed a special adviser to consult with stakeholders on public health and emergency paramedic service challenges. The Region submitted responses to the consultation process and was scheduled to meet with the special adviser and senior provincial health officials in early 2020. Given the COVID-19 crisis, however, this meeting was expected to be rescheduled.

The province's direction would have had major impacts on Public Health in the Region, which at present is governed by a board of health made up of members of Regional Council, and potentially on York Region Paramedic Services as well. Both Public Health and Paramedic Services are functionally within Community and Health Services.

Provincial actions such as these create considerable uncertainty for the Region, make longer-term planning difficult and can raise the risk of ongoing fiscal pressures. The Region has limited ability to influence provincial decisions but does take part in consultations and responds during comment periods.

## Slower-than-expected population growth

Many large growth-related 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 overall 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 pay for new growth-related infrastructure, manage the life-cycle costs of new and existing assets, renew and replace ageing assets 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 has prepared a Climate Change Action Plan to address mitigation and adaptation from a corporate and community perspective.

## 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. In some cases new provincial legislation, for example 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 work to safeguard data.

## CONCLUSION

The year just ended was a significant one for York Region, as it strengthened its financial position and moved from being a net borrower to a net investor.

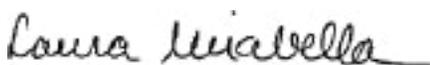
This progress has left the Region well positioned to weather the COVID-19 crisis that created major uncertainty in the 2020 fiscal year. Guided by a balanced fiscal strategy, we have built reserves for future needs and to help smooth the impacts of unexpected disruptions.

The ability of the Region to respond effectively as the crisis unfolded was thanks in large part to staff across the organization. As the Region supports residents and businesses during and after the crisis, it is far from clear, however, what the full impacts of this unprecedented global event will be.

Despite any short-term adjustments, we will nonetheless continue to pursue the long-term goals of the Region's fiscal strategy – reducing reliance on debt, building reserves and managing the capital plan prudently. This experience has unquestionably shown the value of planning for a strong financial position.

We will continue, as well, to explain our financial plans and report on their outcomes in ways that are clear and show accountability to our residents.

Every year this annual report depends on the hard work and collaboration of people from across Regional government. This year brought a new level of challenge as staff dealt with the professional and personal impacts of COVID-19 while meeting the legislated reporting deadline. I offer my deepest thanks for their dedication and effort.



Laura Mirabella, FCPA, FCA,  
Commissioner of Finance and Regional Treasurer  
May 11, 2020





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## 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, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes 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, 2019, and its consolidated results of operations, its consolidated changes 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.



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.
- 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' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2020

## THE REGIONAL MUNICIPALITY OF YORK

### Consolidated Statement of Financial Position As at December 31, 2019

	2019 \$	2018 \$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and cash equivalents (Note 4)	1,164,257,925	472,421,826
Accounts receivable (Note 5)	366,316,108	328,410,381
Investments (Note 4)	2,841,431,098	3,327,326,728
Debt amounts recoverable from local municipalities (Notes 8)	159,468,322	175,289,246
<b>Total</b>	<b>4,531,473,453</b>	<b>4,303,448,181</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	826,367,635	718,204,400
Employee benefit obligations (Note 6)	242,104,066	221,953,092
Deferred revenue (Note 7)	125,691,131	160,784,391
Deferred revenue-obligatory reserve funds (Note 7)	348,719,019	386,668,255
Gross long-term liabilities (Note 8)	3,551,027,481	3,615,010,211
<b>Total</b>	<b>5,093,909,332</b>	<b>5,102,620,349</b>
<b>Net Debt</b>	<b>(562,435,879)</b>	<b>(799,172,168)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 13)	8,449,791,134	7,999,815,545
Inventory	6,976,422	6,257,623
Prepaid expenses	14,190,872	12,371,940
<b>Total</b>	<b>8,470,958,428</b>	<b>8,018,445,108</b>
Contractual rights / contingent assets (Note 9)		
Contractual obligations and commitments (Note 10)		
Contingent liabilities (Note 11)		
Subsequent event (Note 18)		
<b>Accumulated surplus (Note 14)</b>	<b>7,908,522,549</b>	<b>7,219,272,940</b>

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

## THE REGIONAL MUNICIPALITY OF YORK

### Consolidated Statement of Operations and Accumulated Surplus Year ended December 31, 2019

	Budget (Note 2) \$	2019 \$	2018 \$
<b>REVENUES</b>			
Net taxation (Note 3)	1,144,988,360	1,152,162,507	1,090,945,754
User charges	354,402,953	353,922,631	316,536,359
Transfer payments (Note 16)	690,315,909	779,841,153	604,651,038
Development charges	415,706,704	293,035,354	474,241,470
Fees and services	161,510,714	167,458,208	164,825,811
Investment income	61,579,354	119,274,291	68,651,950
Other	33,119,079	76,171,198	46,376,561
<b>Total Revenues</b>	<b>2,861,623,073</b>	<b>2,941,865,342</b>	<b>2,766,228,943</b>
<b>EXPENSES</b>			
General government	190,506,541	129,457,518	117,078,747
Protection to persons and property	394,910,995	405,658,455	385,665,574
Transportation services	608,651,038	607,643,630	539,405,319
Environmental services	496,570,103	482,288,832	612,355,719
Health and emergency services	174,985,897	158,928,796	154,793,232
Community services	355,109,276	352,435,658	334,016,931
Social housing	91,226,472	100,627,994	90,938,193
Planning and economic development	14,451,459	15,574,850	12,311,606
<b>Total Expenses</b>	<b>2,326,411,781</b>	<b>2,252,615,733</b>	<b>2,246,565,321</b>
<b>Annual surplus</b>	<b>535,211,292</b>	<b>689,249,609</b>	<b>519,663,622</b>
Accumulated Surplus, Beginning of Year	7,219,272,940	7,219,272,940	6,699,609,318
<b>Accumulated Surplus, End of Year</b>	<b>7,754,484,232</b>	<b>7,908,522,549</b>	<b>7,219,272,940</b>

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

## THE REGIONAL MUNICIPALITY OF YORK

### Consolidated Statement of Change in Net Debt Year ended December 31, 2019

	Budget	2019	2018
	\$	\$	\$
<b>ANNUAL SURPLUS</b>	535,211,292	689,249,609	519,663,622
Amortization of tangible capital assets	306,870,675	312,611,771	274,971,937
Proceeds on disposal of tangible capital assets	-	3,862,501	1,129,356
Acquisition of tangible capital assets	(727,559,355)	(637,443,875)	(344,054,183)
Contributed assets	-	(131,568,415)	-
Loss on disposal of tangible capital assets	-	2,562,429	1,378,910
Change in inventory	-	(718,799)	(1,157,971)
Change in prepaid expenses	-	(1,818,932)	(1,009,727)
Decrease in net debt	114,522,612	236,736,289	450,921,944
Net debt, Beginning of year	(799,172,168)	(799,172,168)	(1,250,094,112)
<b>Net debt, End of year</b>	<b>(684,649,556)</b>	<b>(562,435,879)</b>	<b>(799,172,168)</b>

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

## THE REGIONAL MUNICIPALITY OF YORK

### Consolidated Statement of Cash Flows Year ended December 31, 2019

	2019	2018
	\$	\$
<b>OPERATING</b>		
<b>Annual surplus</b>	689,249,609	519,663,622
Items not involving cash:		
Amortization	312,611,771	274,971,937
Loss on disposal of tangible capital assets	2,562,429	1,378,910
Contributed assets	(131,568,415)	-
Changes in non-cash assets and liabilities:		
Accounts receivable	(37,905,727)	(25,477,595)
Accounts payable and accrued liabilities	108,163,235	(48,346,851)
Employee benefit obligations	20,150,974	20,414,616
Deferred revenue	(35,093,260)	73,654,335
Deferred revenue-obligatory reserve funds	(37,949,236)	(45,856,302)
Inventory	(718,799)	(1,157,971)
Prepaid expenses	(1,818,932)	(1,009,727)
<b>Net change in cash and cash equivalents from operations</b>	<b>887,683,649</b>	<b>768,234,974</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(637,443,875)	(344,054,183)
Proceeds on disposal of tangible capital assets	3,862,501	1,129,356
<b>Net change in cash and cash equivalents from capital</b>	<b>(633,581,374)</b>	<b>(342,924,827)</b>
<b>INVESTING</b>		
Net change in investments	485,895,630	(518,184,284)
<b>FINANCING</b>		
Long-term debt issued	347,900,000	-
Long-term debt repaid	(396,061,806)	(19,663,267)
<b>Net change in cash and cash equivalents from financing</b>	<b>(48,161,806)</b>	<b>(19,663,267)</b>
<b>Net change in cash and cash equivalents</b>	<b>691,836,099</b>	<b>(112,537,404)</b>
Opening cash and cash equivalents	472,421,826	584,959,230
Closing cash and cash equivalents	1,164,257,925	472,421,826

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 local municipalities within the regional boundaries include the towns of Aurora, East Gwillimbury, Georgina, Newmarket, Whitchurch-Stouffville, the Township of King, the City of Markham, the City of Richmond Hill and the City of Vaughan.

**1) SIGNIFICANT 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, revenue, expenses in the operating fund, capital fund and 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. (YorkNet). 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 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 when it meets the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. User charges and 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.

**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 temporary decline in value, the respective investment is written down to recognize the loss.

There are no write downs in 2019 (2018 - 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:

<b>Asset</b>	<b>Useful life (in years)</b>
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
Roads Infrastructure	15-45

## THE REGIONAL MUNICIPALITY OF YORK

### Notes to the Consolidated Financial Statements December 31, 2019

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

Contributed tangible capital assets are recorded at their fair value at date of receipt and are recorded as revenue.

Interest on debt incurred during construction of related tangible capital assets is expensed in the Consolidated Statement of Operations and Accumulated Surplus.

vi. **Loans Receivable**

Loans receivable are recorded at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Changes in the valuation of loans are recognized in the Consolidated Statement of Operations and Accumulated Surplus. Interest is accrued on loans receivable to the extent it is deemed collectable.

vii. **Inventory**

Inventory is valued at the lower of cost and net realizable value.

viii. **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.

ix. **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.

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

Development charges, collected under the authority of Section 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.

xi. **Employee Benefit Liabilities**

The cost 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.

xii. **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, 2019, there are no sites that meet the recognition criteria and no liability is recorded (2018 - \$nil).

xiii. **Reserves and Reserve Funds**

Reserves are an 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.

xiv. **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 standard PS2700. For additional information, see Note 15.

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 generated the revenue. Transfer payments were allocated to the segment based upon the purpose for which the transfer was made. Development contributions were allocated to the segment for which the contribution was received.

xv. **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 estimate 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 standard issued by PSAB was effective January 1, 2019. The implementation of this standard had no impact on the annual surplus, net debt or accumulated surplus.

i. **PS 3430 - Restructuring Transactions**

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

## THE REGIONAL MUNICIPALITY OF YORK

### Notes to the Consolidated Financial Statements December 31, 2019

#### 2) BUDGET FIGURES

Budget figures presented in the Consolidated Financial Statements are based on the 2019 budget approved by Council on February 28, 2019. In the Consolidated Statement of Operations and Accumulated Surplus, 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.

<b>Revenues</b>	
Approved budget	\$3,210,902,338
Reclassification of investment income	57,313,067
Transfer from reserves	(429,327,286)
Proceeds of debt issued for Regional purposes	(172,806,046)
Funding from Metrolinx	182,462,000
Housing York Inc.	39,951,000
Related entities adjustments	(26,872,000)
<b>Total Revenues</b>	<b>2,861,623,073</b>
<b>Expenses</b>	
Approved budget	3,210,902,338
Reclassification of investment income	57,313,067
Transfer to reserves	(474,839,614)
Acquisition of tangible capital assets	(727,559,355)
Debt principal repayments	(144,921,073)
Amortization	306,870,675
Post employment benefits	11,059,743
Spending funded by Metrolinx	82,291,000
Housing York Inc.	32,167,000
Related entities adjustments	(26,872,000)
<b>Total Expenses</b>	<b>2,326,411,781</b>
<b>Annual surplus</b>	<b>\$535,211,292</b>

#### 3) TAX REVENUE

Tax revenue of \$1,152,162,507 (2018 - \$1,090,945,754) is comprised of \$1,134,597,015 (2018 - \$1,069,431,840) in general tax levy and \$17,565,492 (2018 - \$21,513,914) of other tax amounts.

#### 4) INVESTMENTS

Included in cash and cash equivalents are short-term investments of \$110,000,000 (2018 - \$5,600,000) with a market value of \$110,000,000 (2018 - \$5,599,328).

Long-term investments of \$2,841,431,098 (2018 - \$3,327,326,728) have a market value of \$2,905,595,768 (2018 - \$3,326,449,110).

Cash and cash equivalents and long-term investments include \$348,719,019 (2018 - \$386,668,255) of restricted funds as required under legislation to fund obligatory reserve funds.

The yields on investments held range from 1.50% to 4.75% (1.24% to 4.17% in 2018).

## THE REGIONAL MUNICIPALITY OF YORK

### Notes to the Consolidated Financial Statements December 31, 2019

#### 5) ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	2019 \$	2018 \$
Government of Canada	70,236,242	34,299,039
Government of Ontario	9,716,828	25,857,359
Other Municipalities	174,877,347	172,426,349
Other receivables	111,485,691	95,827,634
	<hr/> 366,316,108	<hr/> 328,410,381
Less: Allowance for Doubtful Accounts	-	-
	<hr/> 366,316,108	<hr/> 328,410,381

Accounts receivable are assessed for collectability on an annual basis. In 2019, \$29,176 was deemed uncollectable and written off (2018 - \$68,950).

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 \$20,150,974.

	2019 \$	2018 \$
Post employment benefits (c)	96,643,069	88,984,669
Vested sick leave benefits (a)	39,719,161	37,557,723
Long-term disability claims (e)	45,037,147	40,723,403
Workplace Safety and Insurance Board (WSIB) (d)	37,906,038	32,324,939
Vacation payable	22,798,651	22,362,358
	<hr/> 242,104,066	<hr/> 221,953,092

## THE REGIONAL MUNICIPALITY OF YORK

### Notes to the Consolidated Financial Statements December 31, 2019

The following table sets out the accrued benefit liability for each plan as at December 31, 2019.

	Post employment benefits \$	Vested sick leave benefits \$	Long-term disability \$	WSIB \$	2019 \$
Accrued benefit liability, beginning of year	88,984,669	37,557,723	40,723,403	32,324,939	199,590,734
Current service cost	5,530,220	3,520,254	7,254,383	6,430,804	22,735,661
Amortization of loss	1,557,254	954,150	2,031,707	2,540,601	7,083,712
Interest cost	3,972,269	1,473,234	1,643,711	2,017,431	9,106,645
Benefit payments	(3,401,343)	(3,786,200)	(6,616,057)	(5,407,737)	(19,211,337)
Accrued benefit liability, end of year	96,643,069	39,719,161	45,037,147	37,906,038	219,305,415
Unamortized actuarial loss	14,320,795	907,333	18,104,631	50,836,664	84,169,423
Accrued benefit obligation, end of year	110,963,864	40,626,494	63,141,778	88,742,702	303,474,838

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%	3.25%	3.50%
Future health care cost rate	4.58%	N/A	3.75%

#### 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, the 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 liabilities under the accumulated days for employees who chose the deferral option is \$151,627 (2018 - \$244,618) 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 at 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, 2019 is \$6,015,870 (2018 - \$5,887,958).

##### 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 bank hours up to a maximum of six months' salary on February 17, 2017. Members hired after June 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 \$39,567,534 (2018 - \$37,313,105). 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 \$1,823,327 (2018 - \$nil) 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 \$39,719,161 (2018 - \$37,557,723).

**b) Pension Agreement**

The Region contributes to the Ontario Municipal Employees Retirement System (OMERS), a multi- employer plan on behalf of approximately 6,253 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 2019, employer contribution amounts to \$63,246,865 (2018 - \$60,753,605) and is recorded as an expense in the Consolidated Statement of Operations and Accumulated Surplus. Employee contributions also amount to \$63,246,865 (2018 - \$60,753,605).

Because OMERS is a multi-employer plan, the Region does not recognize any share of the pension deficit of \$3.4 billion at December 31, 2019.

**c) Post-Employment Benefits**

Employees who retire under 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 \$96,643,069 (2018 - \$88,984,669), 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 December 2, 2019 estimates the liability for all claims incurred to December 31, 2019 to be \$37,906,038 (2018 - \$32,324,939), which is reported in the Consolidated Statement of Financial Position. The unamortized actuarial loss at December 31, 2019 is \$32,415,653 (2018 - \$20,961,612).

**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 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 August 7, 2019 estimates the liability for the claims incurred to be \$45,037,147 (2018 - \$40,723,403) as at December 31, 2019, 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, 2018 \$	Inflows \$	Outflows \$	Balance at Dec 31, 2019 \$
Deferred capital grants	120,276,399	90,570,761	(131,825,162)	79,021,998
Security deposits and agreements	29,397,390	70,494,261	(69,872,687)	30,018,964
Other	11,110,602	23,379,499	(17,839,932)	16,650,169
<b>Total deferred revenue - general</b>	<b>160,784,391</b>	<b>184,444,521</b>	<b>(219,537,781)</b>	<b>125,691,131</b>
Development charges	337,944,473	225,048,003	(293,035,355)	269,957,121
Gas tax	48,723,782	72,837,906	(42,799,790)	78,761,898
<b>Total obligatory reserve funds</b>	<b>386,668,255</b>	<b>297,885,909</b>	<b>(335,835,145)</b>	<b>348,719,019</b>

## THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements  
December 31, 2019

### 8) LONG-TERM LIABILITIES

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

	2019 \$	2018 \$
Outstanding long-term liabilities at the end of the year, including those incurred on behalf of local municipalities	2,787,071,312	2,846,380,565
Sinking fund debenture	718,307,869	717,422,170
Mortgages payable by Housing York Inc.	45,648,300	51,207,476
Gross long-term liabilities	3,551,027,481	3,615,010,211
Less: Recoverable from local municipalities	159,468,322	175,289,246
Net long-term liabilities at the end of the year	3,391,559,159	3,439,720,965

The total gross amount of the long-term liabilities to be retired by sinking funds is \$2,601,692,077 (2018 - \$2,632,577,782). The amount of sinking fund assets is \$718,307,869 (2018 - \$717,422,170). 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 2.00% to 6.52% and from March 2020 to December 2051.

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

2020	\$ 172,307,377
2021	164,631,930
2022	174,982,863
2023	172,292,011
2024	171,413,658
Thereafter	2,060,223,620
Net sinking fund debt repayable according to actuarial recommendations	475,707,700
	\$ 3,391,559,159

#### 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 and Accumulated Surplus are \$120,435,883 (2018 - \$127,022,867).

**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, 2019. The rights will become assets and revenues and 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 that are used as collateral for future development charges. Currently, the Region securely holds 40 L/Cs of \$101,087,614.
- An agreement with Metrolinx to fund the construction of bus rapidways. The remaining funding Metrolinx has guaranteed the Region is approximately \$487,988,776.
- Rights to transit advertisements, solar revenue and other lease revenue. Future revenue from these sources for the next 5 years are approximately as follows:

2020	\$ 3,788,704
2021	2,685,551
2022	2,701,448
2023	2,731,355
2024	2,831,109

**b) Contingent Assets**

The Region, in the course of its operations, has made claims against others. The claims are in an early state and potential payment to the Region cannot be estimated.

**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 two agreements amounted to \$28,660,910 (2018 - \$25,191,412) for purchased water from the City of Toronto and \$18,796,311 (2018 - \$19,023,670) for the Region of Peel. Payments under these agreements are financed by user rates charged to local municipalities based on their consumption.

**b) Peel Wastewater Servicing Agreement**

The Region has agreements with the Region of Peel for wastewater servicing. The agreement will continue into perpetuity unless early termination is agreed to. Payments in respect to this agreement amounted to \$5,655,761 (2018 - \$5,550,426). Payments under this agreement are financed by user rates charged to local municipalities.

**c) Operating Leases**

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

2020	\$ 12,551,536
2021	9,769,751
2022	8,233,910
2023	8,222,151
2024	7,190,360

**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 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 December 31, 2019

#### e) 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 long-term funding commitments for capital construction are still required.

For the current phase of preliminary design and engineering (PDE), the provincial government committed \$55,000,000 and the Region committed 100% of its federal share, \$36,300,000, of the Public Transit Infrastructure Fund (PTIF) phase one funding, for a total of \$91,300,000 under the YSE PDE memorandum of understanding (MOU).

The \$36,300,000 committed by the Region builds on the \$4,115,361 the Region already provided to complete the YSE conceptual design.

#### f) 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. In 2019, Council approved termination of the MOU and reduced reserve contributions to cover three Council-approved projects. These three Council-approved projects remain financial commitments of the Region despite a termination of the MOU. The cancer care clinic project at Southlake Regional Health Centre was approved for \$17,410,296 and all of its funding has been paid out. The redevelopment project at Markham Stouffville Hospital received approval for \$50,900,000, and by the end of 2019 has received \$38,762,935 in funding. In 2017, the new Mackenzie Vaughan Hospital project received approval for its full share under the MOU, which is approximately \$154,445,940 including forecasted future adjustments for assessment growth. By the end of 2019, Mackenzie Vaughan had received \$15,566,793. The Region's commitment for the remaining payments to Markham Stouffville and Mackenzie Vaughan Hospitals at the end of 2019 is \$151,016,212 including forecasted future adjustments for assessment growth (2018 - \$280,670,473).

### 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 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, 2019 for all outstanding public liability claims is \$8,256,052 (2018 - \$6,580,835). The total reserve available for public liability and environmental impairment is \$28,997,172 (2018 - \$23,877,186).

#### 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 License 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 2019 amounts to \$23,398,247 (2018 - \$22,665,795) and the net revenue amounts to \$3,417,496 (2018 - \$3,650,124). Balances arising from operations of POA offices are consolidated with these financial statements.

## THE REGIONAL MUNICIPALITY OF YORK

### Notes to the Consolidated Financial Statements December 31, 2019

#### 13) TANGIBLE CAPITAL ASSETS

COST	Balance at December 31 2018	Additions	Disposals	Balance at December 31 2019
	\$	\$	\$	\$
Land	508,771,466	15,083,245	(793,615)	523,061,096
Land improvements	378,082,477	13,442,536	(5,098,287)	386,426,726
Buildings	2,592,665,773	104,329,107	(14,034,589)	2,682,960,291
Equipment and machinery	821,604,499	108,706,005	(14,136,039)	916,174,465
Vehicles	415,433,754	33,662,030	(15,315,113)	433,780,671
Transit infrastructure	475,531,777	53,821,327	-	529,353,104
Roads infrastructure	2,049,044,214	341,317,875	(20,310,379)	2,370,051,710
Water/sewer infrastructure	2,080,419,466	140,873,671	(326,575)	2,220,966,562
Assets under construction	1,312,376,509	(42,223,506)	-	1,270,153,003
<b>Total</b>	<b>10,633,929,935</b>	<b>769,012,290</b>	<b>(70,014,597)</b>	<b>11,332,927,628</b>

ACCUMULATED AMORTIZATION	Balance at December 31 2018	Disposals	Amortization expenses	Balance at December 31 2019
	\$	\$	\$	\$
Land improvements	137,241,203	(4,926,803)	18,540,115	150,854,515
Buildings	760,861,428	(14,023,307)	73,168,792	820,006,913
Equipment and machinery	376,220,993	(14,107,993)	61,131,266	423,244,266
Vehicles	229,264,181	(13,322,206)	36,688,710	252,630,685
Transit infrastructure	12,513,994	-	15,346,696	27,860,690
Roads infrastructure	891,629,323	(16,976,242)	78,955,401	953,608,482
Water/sewer infrastructure	226,383,268	(233,116)	28,780,791	254,930,943
<b>Total</b>	<b>2,634,114,390</b>	<b>(63,589,667)</b>	<b>312,611,771</b>	<b>2,883,136,494</b>

	Net book value December 31, 2018	Net book value December 31 2019
	\$	\$
Land	508,771,466	523,061,096
Land improvements	240,841,274	235,572,211
Buildings	1,831,804,345	1,862,953,378
Equipment and machinery	445,383,506	492,930,199
Vehicles	186,169,573	181,149,986
Transit infrastructure	463,017,783	501,492,414
Roads infrastructure	1,157,414,891	1,416,443,228
Water/sewer infrastructure	1,854,036,198	1,966,035,619
Assets under construction	1,312,376,509	1,270,153,003
<b>Total</b>	<b>7,999,815,545</b>	<b>8,449,791,134</b>

In 2019, the Region received contributed assets at fair market value of \$131,568,415 (2018 - \$nil) from external parties.

There were no write-downs of tangible capital assets in 2019 (2018 - \$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 December 31, 2019

#### 14) ACCUMULATED SURPLUS

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

	2019 \$	2018 \$
<b>Surplus</b>		
Invested in tangible capital assets	4,332,902,744	3,981,490,126
Investments in related entities	279,128,311	240,446,484
	4,612,031,055	4,221,936,610
<b>Reserves and Reserve Funds</b>		
Sinking fund	715,994,902	707,851,702
Roads infrastructure	663,594,417	600,950,908
Capital replacement-water and sewer	397,984,188	319,534,386
Debt reduction	198,866,305	166,179,414
Regionally owned housing	153,645,955	130,247,548
Facilities rehabilitation and replacement	148,170,185	140,855,297
Equipment/vehicle replacement	89,455,676	87,190,096
Transit vehicle replacement	87,333,356	78,805,770
Social housing development	87,193,316	100,073,135
Hospital financing	70,503,662	68,449,984
Non-profit housing capital	65,058,940	57,391,392
General capital	63,840,945	58,384,889
Tax stabilization	59,627,679	60,166,354
Solid waste management	57,859,507	78,425,422
Rates stabilization	54,941,535	33,211,571
Workers' compensation	50,388,734	53,286,551
Fiscal stabilization	49,031,455	47,306,623
Long-term disability	47,826,994	46,644,022
Working capital	44,552,211	44,552,211
Waste management stabilization	30,574,413	-
Insurance	28,997,172	23,877,186
IT development	22,343,764	20,405,742
Roads capital acceleration	21,680,113	-
Fuel cost stabilization	19,591,181	15,666,527
Roads capital	15,115,160	13,132,741
Sick leave	7,839,197	5,887,958
Group benefits	7,684,982	4,866,395
Land bank	7,452,745	12,196,220
Investment innovation	6,327,318	4,179,857
Innovation	5,461,862	5,302,550
Court services	4,870,815	3,867,143
Cannabis contingency	3,280,420	-
Land securement	2,832,509	2,834,979
Move Ontario	2,290,158	2,223,358
Green energy	1,359,370	913,406
Transit	1,217,809	1,188,226
IT licensing and software development	1,159,611	1,131,441
Police infrastructure	359,945	-
Seized funds	182,988	155,326
Total Reserves and Reserve Funds	3,296,491,494	2,997,336,330
<b>Total</b>	7,908,522,549	7,219,272,940

**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, social housing, 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 Service 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 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 Region-wide child care services. Long Term Care operates long-term care facilities for seniors. The Ontario Works and Ontario Disabilities Support Programs deliver a range of programs providing employment and financial assistance to residents in need.

**Social housing**

Social housing is responsible for administrating social housing providers, the rent supplement programs and managing a social housing wait 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 long-term comprehensive approach to planning and development processes to ensure the efficient use of land and community infrastructure. Services include a long-range capital planning, development review, road occupancy permits and inspection services. It also includes the activities of YorkNet which offers access to communications infrastructure.

## THE REGIONAL MUNICIPALITY OF YORK

### Notes to the Consolidated Financial Statements December 31, 2019

	General government \$	Protection to persons and property \$	Transportation services \$	Environmental services \$	Health and emergency services \$
<b>REVENUES</b>					
Net taxation	176,117,082	343,228,273	333,757,132	57,366,027	73,466,460
User charges	-	-	-	353,922,631	-
Transfer payments	356,938	13,526,202	336,909,111	17,249,906	93,204,015
Development charges	400,233	4,768,758	107,384,894	175,001,295	3,400,958
Fees and services	2,272,892	35,861,965	83,011,947	14,422,868	878,781
Investment income	118,891,390	-	-	-	-
Other	442,777	2,152,821	57,356,106	13,284,024	367,169
	298,481,312	399,538,019	918,419,190	631,246,751	171,317,383
<b>EXPENSES</b>					
Salaries and benefits	93,852,932	339,662,405	77,421,621	57,152,261	123,566,906
Interest payments	373,654	3,225,015	21,611,716	91,834,037	208,080
Operating expenses	18,589,894	42,245,476	350,450,371	212,593,677	25,105,377
Government transfers	452,475	6,346,385	907,459	10,691,411	5,189,771
Amortization	16,188,563	14,179,174	157,252,463	110,017,446	4,858,662
	129,457,518	405,658,455	607,643,630	482,288,832	158,928,796
Annual Surplus (Deficit)	169,023,794	(6,120,436)	310,775,560	148,957,919	12,388,587

## THE REGIONAL MUNICIPALITY OF YORK

### Notes to the Consolidated Financial Statements December 31, 2019

	Community services	Social housing	Planning and economic development	Total 2019	Total 2018
	\$	\$	\$	\$	\$
<b>REVENUES</b>					
Net taxation	90,760,794	67,742,222	9,724,517	1,152,162,507	1,090,945,754
User charges	-	-	-	353,922,631	316,536,359
Transfer payments	272,764,464	43,520,936	2,309,581	779,841,153	604,651,038
Development charges	-	411,847	1,667,369	293,035,354	474,241,470
Fees and services	5,606,455	22,168,909	3,234,391	167,458,208	164,825,811
Investment income	-	382,901	-	119,274,291	68,651,950
Other	1,068,398	1,063,681	436,222	76,171,198	46,376,561
	370,200,111	135,290,496	17,372,080	2,941,865,342	2,766,228,943
<b>EXPENSES</b>					
Salaries and benefits	91,918,742	12,855,673	11,599,366	808,029,906	762,773,093
Interest payments	-	3,183,381	-	120,435,883	127,022,866
Operating expenses	173,518,920	76,159,977	3,323,806	901,987,498	991,230,965
Government transfers	85,256,822	660,352	46,000	109,550,675	90,566,460
Amortization	1,741,174	7,768,611	605,678	312,611,771	274,971,937
	352,435,658	100,627,994	15,574,850	2,252,615,733	2,246,565,321
Annual Surplus (Deficit)	17,764,453	34,662,502	1,797,230	689,249,609	519,663,622

## THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements  
December 31, 2019

### 16) TRANSFER PAYMENT REVENUE

	2019 \$	2018 \$
Provincial grants		
Transit	283,637,614	121,016,326
Child care	145,778,673	149,458,235
Social assistance	109,568,833	90,347,386
Public health	50,624,467	50,243,872
Ambulance	42,579,548	41,917,154
Housing	34,295,316	31,476,848
Services for seniors	17,122,718	17,380,869
Police	13,475,725	14,618,257
Environmental Services	756,257	9,811,065
Roadways	366,514	249,018
Other	754,517	1,204,189
	698,960,182	527,723,219
Federal grants		
Gas tax	29,530,730	46,870,232
Transit	23,403,828	508,868
Environmental Services	16,493,649	19,623,906
Housing	9,225,620	9,489,100
Roadways	1,389,582	-
Social assistance	294,240	202,677
Other	543,322	233,036
	80,880,971	76,927,819
Total transfer payments	779,841,153	604,651,038

### 17) COMPARATIVE FIGURES

Certain 2018 comparative figures have been reclassified to conform to the current presentation.

### 18) SUBSEQUENT EVENT

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the US, Canadian, Ontario and local governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however, the success of these interventions is not currently determinable. The situation is dynamic and the ultimate duration and magnitude of the impact of the economy and the financial effect on the Region is not known at this time.

# STATISTICAL REVIEW

## THE REGIONAL MUNICIPALITY OF YORK

Five Year Review (unaudited)

(in thousand of dollars)	2019	2018	2017	2016	2015
<b>CONSOLIDATED FINANCIAL ACTIVITIES</b>					
Analysis of Revenues					
Net taxation/user charges	1,506,085	1,407,482	1,321,543	1,277,869	1,214,395
Transfer payments	779,841	604,651	550,678	489,375	651,485
Development charges	293,035	474,241	283,714	283,350	281,033
Fees and service charges	167,458	164,826	198,529	169,047	144,696
Other	195,445	115,029	166,530	134,719	191,278
	2,941,865	2,766,229	2,520,994	2,354,360	2,482,887
<b>Analysis of Expenses by Object</b>					
Salaries, wages and employee benefits	808,030	762,773	733,719	711,011	656,735
Debt servicing	120,436	127,023	129,392	133,613	129,552
Operating and general expenses	901,987	991,231	824,881	689,627	700,873
Amortization	312,612	274,972	241,458	233,639	207,690
Transfers to others	109,551	90,566	93,353	77,393	73,655
	2,252,616	2,246,565	2,022,803	1,845,283	1,768,505
<b>Analysis of Expenses by Function</b>					
General government	129,458	117,079	186,487	173,142	154,797
Protection to persons and property	405,658	385,666	360,161	338,690	331,305
Transportation services	607,644	539,405	426,928	445,386	371,589
Environmental services	482,289	612,356	512,690	456,153	431,960
Health and emergency services	158,929	154,793	153,295	134,539	130,265
Community services and housing	453,064	424,955	368,573	288,082	340,017
Planning and development services	15,575	12,312	14,669	9,291	8,572
	2,252,616	2,246,565	2,022,803	1,845,283	1,768,505
Annual Surplus	689,250	519,664	498,191	509,077	714,382
Accumulated Surplus	7,908,523	7,219,273	6,699,609	6,201,418	5,692,341
Net Debt	562,436	799,172	1,250,094	1,341,584	1,438,123

## THE REGIONAL MUNICIPALITY OF YORK

### Five Year Review (unaudited)

(in thousands of dollars)	2019	2018	2017	2016	2015
<b>OUTSTANDING OBLIGATIONS</b>					
<b>Debt Outstanding</b>					
Total Long Term Liabilities (1)	2,787,071	2,846,381	2,987,291	2,880,456	2,766,220
Overlapping Debt*	(159,468)	(175,289)	(150,717)	(184,140)	(211,071)
Net Long Term Liabilities	2,627,603	2,671,091	2,836,574	2,696,316	2,555,149
Net Long Term Liabilities per capita (1)	\$2,185	\$2,242	\$2,427	\$2,338	\$2,238
Sinking Fund	718,308	717,422	565,658	624,409	610,389
<b>Charges for Net Long Term Liabilities</b>					
Recovered from:					
General Tax Rates and DCs	270,832	276,255	277,238	256,869	259,315
User Rates	15,513	16,968	31,584	38,990	40,271
Total	286,345	293,223	308,822	295,859	299,586
Debt charges as a % of Total Expenses	12.7%	13.1%	15.3%	16.0%	16.9%
<b>Debt Limit Available for New Debt</b>	<b>31,456</b>	<b>116,285</b>	<b>202,019</b>	<b>163,025</b>	<b>145,826</b>
Acquisitions of tangible capital assets	637,444	344,054	657,984	648,119	808,497

Note: 1) Comparative figures revised to agree with the Total Long-Term Liabilities note disclosure, which resulted in a change to the Net Long Term Liabilities per capita calculation.

\*Of local municipalities

#### Top 10 Corporate Rate Payers in York Region

1. IVANHOE CAMBRIDGE II INC
2. CPPIB UPPER CANADA MALL INC
3. ONTREA INC
4. CANADA'S WONDERLAND COMPANY
5. PROMENADE GENERAL PARTNER
6. MONTEZ HILLCREST INC
7. CANADIAN NATIONAL RAILWAY CO
8. MON SHEONG FOUNDATION
9. IBM CANADA LIMITED
10. GREAT LAND (YONGE 16TH) INC

#### Top 10 Employers in York Region

1. CANADA'S WONDERLAND COMPANY
2. SOUTHLAKE REGIONAL HEALTH CENTRE
3. TD WATERHOUSE
4. IBM CANADA LIMITED
5. MACKENZIE RICHMOND HILL HOSPITAL
6. UNITED PARCEL SERVICE CANADA LTD.
7. AVIVA CANADA
8. MARKHAM STOUFFVILLE HOSPITAL
9. CGI INFORMATION SYSTEMS
10. DESJARDINS

## THE REGIONAL MUNICIPALITY OF YORK

### Five Year Review (unaudited)

#### MISCELLANEOUS INFORMATION

	2019	2018	2017	2016	2015
<b>General Government</b>					
Full Time Equivalent Employees (1)	5,995	5,839	5,711	5,575	5,442
Unemployment Rate (2)	4.4%	4.8%	5.4%	5.8%	5.8%
Acquisition of Tangible Capital Assets (000s)	\$637,444	\$344,054	\$657,984	\$648,119	\$808,497
<b>Community and Health</b>					
New Annual Residential Units/Building Permits	4,669	7,902	6,048	10,926	9,546
Annual Building Permit Values (000s)	\$3,149,869	\$3,309,726	\$3,983,209	\$4,647,904	\$3,887,514
Number of Subsidized Households	5,119	5,149	5,137	5,088	4,913
Average Police Emergency response time (minutes)	6.5	7.2	7.3	7.4	8.2
<b>Roads and Transit</b>					
Total Kilometres of Roads in the Region (3)	4,293	4,265	4,214	4,161	4,141
Number of Rapidway Lane Kilometres	27.3	12.3	12.3	8.7	8.7
Percentage of regional roads with sidewalks and/or dedicated bike lanes in urban areas (4)	84.0%	88.0%	Data not Available	Data not Available	Data not Available
Percentage of on-time performance on all transit routes	91.5%	91.5%	94.1%	94.6%	94.2%
Transit Ridership per Capita	19.8	20.0	20.8	20.7	21.4
<b>Environment</b>					
Number of Trees and Shrubs Planted Annually Through the Regional Greening Strategy Program	102,332	101,122	85,464	93,188	94,637
Percentage of Solid Waste Diverted from Landfill	94%	94%	93%	91%	87%
Number of per capita greenhouse gas emissions across Regional Operations	65.4	65.2	64.8	69.7	66.0
Number of megalitres of treated water consumed per 100,000 population	10,004	9,855	9,605	10,718	10,989
Annual Water Flows (Thousands of Cubic Metres)	118,718	115,730	111,425	122,007	122,437
Annual Wastewater Flows (Thousands of Cubic Metres)	116,354	113,476	108,824	119,110	120,194
Total Kilometres of Water Distribution/Transmission Pipe	360	360	364	350	338
Total Kilometres of Wastewater Mains	360	357	356	330	319
<b>Demographics</b>					
Population	1,202,535	1,191,358	1,168,597	1,153,134	1,141,843
Seniors Population (5)	175,460	174,588	141,316	139,016	136,605
Households	382,571	377,600	367,916	361,736	354,701
Average Household Income	\$131,979	\$129,139	\$126,607	\$124,283	\$122,446

Notes:

- 1) As approved in the annual budget.
- 2) Based on Statistics Canada Information.
- 3) 2015-2017 figures have been restated to represent total kilometres of road in the Region
- 4) Data collected beginning 2018
- 5) Residents of York Region over age 65.



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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 the sinking fund of The Regional Municipality of York (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- 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, 2019, 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.



### ***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' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2020

## THE REGIONAL MUNICIPALITY OF YORK

### Sinking Fund Statement of Financial Position As at December 31, 2019

	2019 \$	2018 \$
<b>FINANCIAL ASSETS</b>		
Cash	48,537,873	11,739,447
Investments – at amortized cost (Note 1)	667,427,108	703,980,395
Interest receivable	2,342,943	2,149,494
<b>Total Assets</b>	<b>718,307,924</b>	<b>717,869,336</b>
<b>LIABILITIES</b>		
Actuarial requirement for retirement of the Sinking Fund (Note 2)	684,807,669	694,117,116
Fund balance	33,500,255	23,752,220
<b>Total Liabilities and Fund Position</b>	<b>718,307,924</b>	<b>717,869,336</b>

## THE REGIONAL MUNICIPALITY OF YORK

### Sinking Fund Statement of Financial Activities and Change in Fund Balance For the year ended December 31, 2019

	Budget \$	2019 \$	2018 \$
<b>REVENUES</b>			
Local Municipalities	1,284,333	1,224,919	1,284,333
Regional Corporation	132,052,800	132,052,800	132,052,800
<b>Total contributions</b>	<b>133,337,133</b>	<b>133,277,719</b>	<b>133,337,133</b>
Interest and capital gains	18,353,419	30,819,740	18,427,012
<b>Total revenues</b>	<b>151,690,552</b>	<b>164,097,459</b>	<b>151,764,145</b>
<b>EXPENSES</b>			
Actuarial requirement for the year	(151,690,552)	(151,690,553)	(151,250,750)
Payments to Local Municipalities	-	(83,530)	-
Payments to Regional Corporation	-	(2,575,341)	-
<b>Change in Fund Balance</b>	<b>-</b>	<b>9,748,035</b>	<b>513,395</b>
<b>Opening Fund Balance</b>	<b>23,752,220</b>	<b>23,752,220</b>	<b>23,238,825</b>
<b>Closing Fund Balance</b>	<b>23,752,220</b>	<b>33,500,255</b>	<b>23,752,220</b>

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, 2019

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. When there has been a loss of value other than a temporary decline in value, the respective investment is written down to market value to recognize the loss in the Sinking Fund Statement of the Financial Activities and Change in Fund Balance. The investments have a market value of \$738,683,978 (2018 - \$710,657,988).

#### 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.

#### 3) SUBSEQUENT EVENT

Subsequent to year end, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This COVID-19 pandemic is currently impacting many organizations, as all levels of government are advising individuals to self-isolate or to practice social-distancing. It is currently not known how long or to what extent the pandemic will impact the Organization's operations. Currently, an estimate of the financial effects to the Organization cannot be made as the pandemic's impact is changing daily.



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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 fund and donation account of The Regional Municipality of York (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- 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, 2019, 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***

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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2020

## THE REGIONAL MUNICIPALITY OF YORK

### Residents' Trust Funds and Donation Account Statement of Financial Position As at December 31, 2019

	Trust	Donation	2019	2018
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
Cash	174,754	33,756	208,510	213,594
Residents' petty cash	6,500	-	6,500	6,500
<b>Total Assets</b>	<b>181,254</b>	<b>33,756</b>	<b>215,010</b>	<b>220,094</b>
<b>Fund Balances</b>	<b>181,254</b>	<b>33,756</b>	<b>215,010</b>	<b>220,094</b>

## THE REGIONAL MUNICIPALITY OF YORK

### Residents' Trust Funds and Donation Account Statement of Financial Activities Year ended December 31, 2019

	Trust	Donation	2019	2018
	\$	\$	\$	\$
<b>Fund balances, beginning of year</b>	<b>183,361</b>	<b>36,733</b>	<b>220,094</b>	<b>253,253</b>
Source of funds:				
Deposits on behalf of residents	378,359	8,650	387,009	367,792
Interest earned on deposits	-	787	787	686
	<b>378,359</b>	<b>9,437</b>	<b>387,796</b>	<b>368,478</b>
Use of funds:				
Withdrawals	(380,466)	(12,414)	(392,880)	(401,637)
Net activity	(2,107)	(2,977)	(5,084)	(33,159)
<b>Closing fund balance</b>	<b>181,254</b>	<b>33,756</b>	<b>215,010</b>	<b>220,094</b>

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

## THE REGIONAL MUNICIPALITY OF YORK

### Notes to the Residents' Trust Funds and Donation Account Statement of Financial Position and Financial Activities December 31, 2019

#### 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 the 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.

#### 3) SUBSEQUENT EVENT

Subsequent to year end, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This COVID-19 pandemic is currently impacting many organizations, as all levels of government are advising individuals to self-isolate or to practice social-distancing. It is currently not known how long or to what extent the pandemic will impact the Organization's operations. Currently, an estimate of the financial effects to the Organization cannot be made as the pandemic's impact is changing daily.



### **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.

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