



2018 COMMUNITY REPORT HIGHLIGHTS

COMMUNITY REPORT

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

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



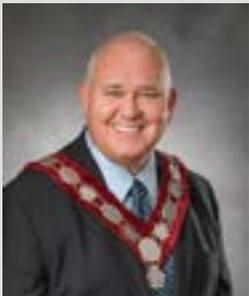
Mayor
Margaret Quirk
Town of Georgina



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 Perelli
City of Richmond Hill



Mayor
Maurizio Bevilacqua
City of Vaughan



Regional Councillor
Mario Ferri
City of Vaughan



Regional Councillor
Gino Rosati
City of Vaughan



Regional Councillor
Linda Jackson
City of Vaughan



Mayor
Iain Lovatt
Town of Whitchurch-Stouffville

REGIONAL COUNCIL

One of six Regional governments in Ontario, The Regional Municipality of York is an upper-tier municipal government that provides common programs and services to residents and businesses in nine cities and towns. The area municipalities are represented by Mayors and Regional Councillors on Regional Council.

York Region Chairman and Chief Executive Officer

The York Region Chairman and Chief Executive Officer (CEO) is the head of Council. The Chairman and CEO is elected by members of Regional Council at the first meeting of each term and serves a four year term.

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

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

During Committee of the Whole, members receive public input, review policies and consider staff reports before making recommendations to Regional Council.

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

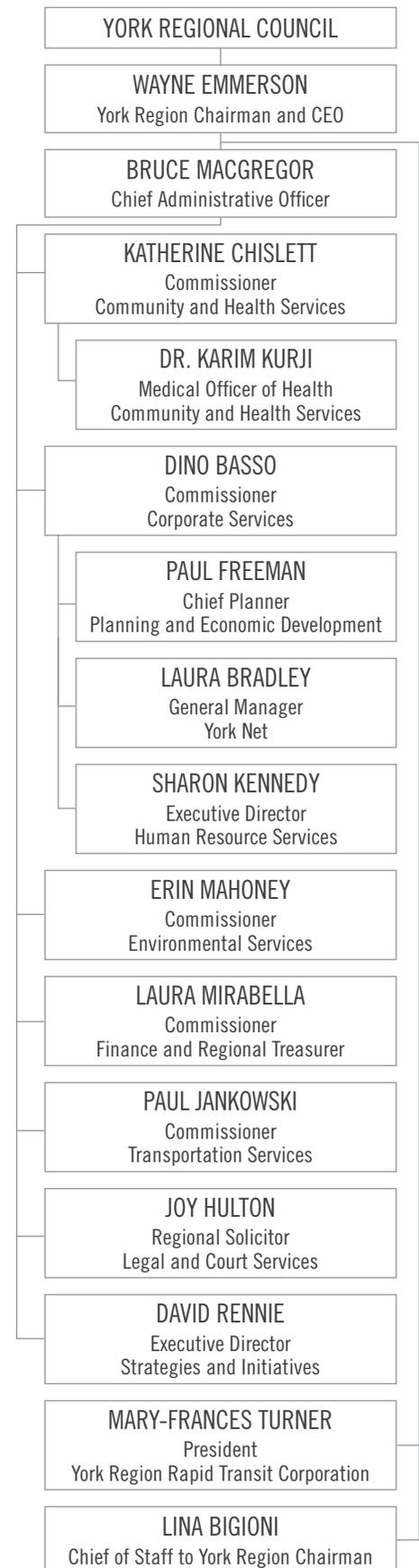
- York Region Rapid Transportation Board of Directors
- York Regional Police
- Housing York Inc. Board of Directors
- York Net Board of Directors

Chief Administrative Officer

The Chief Administrative Officer (CAO) oversees a senior management team responsible for providing programs and services to residents and businesses, in addition to financial, technical, property, legal, administrative and human resource services. The following positions make up the senior management team:

- Commissioner of Community and Health Services
- Commissioner of Finance and Regional Treasurer
- Commissioner of Corporate Services
- Commissioner of Environmental Services
- Commissioner of Transportation Services
- Regional Solicitor
- Chief Planner
- Executive Director of Strategies and Initiatives
- Executive Director of Human Resources

YORK REGION ORGANIZATIONAL STRUCTURE





Wayne Emmerson
Chairman and CEO

A MESSAGE FROM THE YORK REGION CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

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

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

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

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

Wayne Emmerson
Chairman and CEO
The Regional Municipality of York



Bruce Macgregor
CAO

A MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

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

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

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

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

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

I am proud to report 85% of the plan's key performance measures are trending in the desired direction. The complete list of all 45 performance measures is available on page 14.

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

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

A handwritten signature in black ink, appearing to be 'B Macgregor', with a long horizontal line extending to the right.

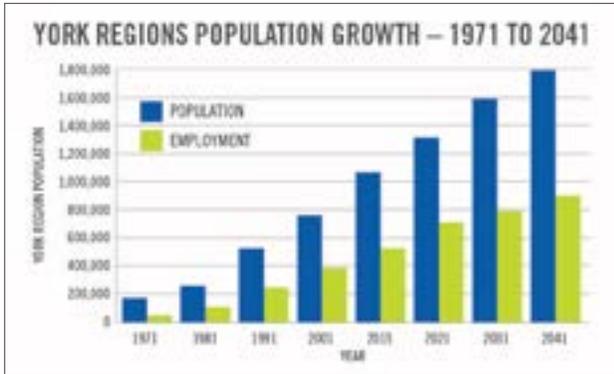
Bruce Macgregor
Chief Administrative Officer
The Regional Municipality of York

YORK REGION. WHO ARE WE?

We are growing

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

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



We are educated

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

We work hard

York Region is home to 52,000 businesses and 636,600 jobs. We are the second largest business centre in Ontario and the destination of choice for more than 4,500 Information, Communication and Technology (ICT) businesses. This makes us the second largest ICT cluster in Canada. The average household income according to 2016 census data is \$95,776 ranking York Region second highest among all municipalities in Ontario.

We are fiscally responsible

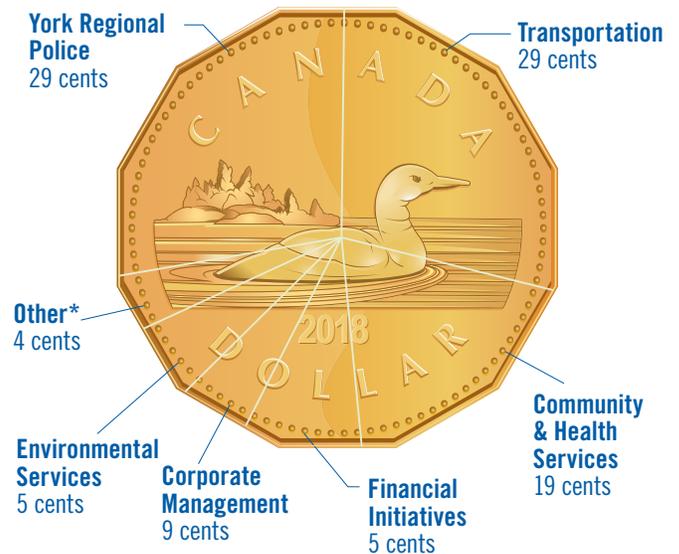
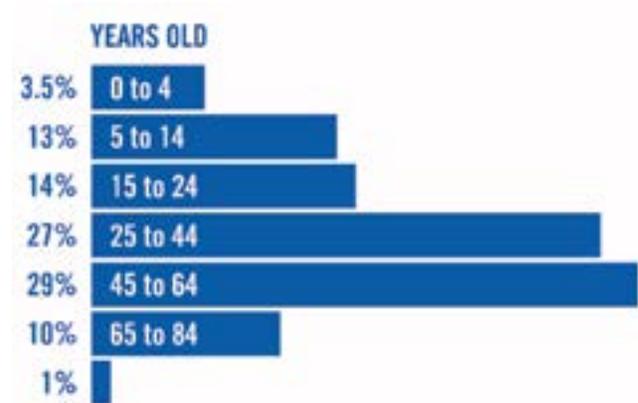
The 2018 York Region budget was \$3 billion and included \$2.2 billion to maintain and operate York Region services and \$810 million in funding for capital projects.

2018 was the final year of a four-year budget that aligns with the term of York Regional Council and the *York Region 2015 to 2019 Strategic Plan: From Vision to Results*.

We are diverse

If York Region were a village of 100 people this is what we would look like:

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



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

We are committed to delivering quality services

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



**Comprised of
9 MUNICIPALITIES**

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

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

THE REGIONAL MUNICIPALITY OF YORK STRATEGIC PLANNING FRAMEWORK

What is Vision 2051?

Vision 2051 is York Region's long-range community plan that describes the vision for York Region in the year 2051.



Vision 2051 describes a York Region that:

- Is a place where everyone can thrive
- Is made up of livable cities and complete communities
- Has a resilient natural environment and agriculture system
- Has appropriate housing for all ages and stages
- Has an innovative economy
- Has interconnected systems for mobility
- Promotes living sustainably
- Has open and responsive governance

What is the Regional Official Plan?

Consistent with *Vision 2051*, the Regional Official Plan sets out directions and policies to guide growth management, land use, economic, environmental and community planning decisions.



The policies deal with growth management while protecting the Region's agriculture and rural areas, building strong healthy communities and vibrant cities. The policies ensure effective delivery and use of infrastructure and public service facilities.

The policies in the Regional Official Plan set the stage for more detailed planning with the Region's nine cities and towns and help co-ordinate planning efforts across York Region.

The Regional Official Plan guides how growth and re-development will occur and sets a course for the future we desire as envisioned through *Vision 2051*.

In February 2015, The Regional Municipality of York released its *2015 to 2019 Strategic Plan: From Vision to Results*, which outlines four areas of focus to meet the community's changing needs.

Maintaining the quality of life in York Region over the long term requires strategic focus and this plan outlines the goals we continue to strive for to achieve the longer-term goals in *Vision 2051*.

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

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

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

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

Specifically, York Region has:

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



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

YEAR 4 (2018) OVERALL PROGRESS SUMMARY STATEMENT

KEY REGIONAL PERFORMANCE MEASURES

A Key Regional Performance Measure demonstrates how well a York Region program or service system is working and helps indicate whether the desired impact is taking shape as a result of the Region's focused efforts. York Region has made significant progress in the final year of its four-year Strategic Plan, with 85% of Key Regional Performance Measures trending in the desired direction. These achievements demonstrate strong, organized and collaborative efforts across the organization and in relationship to Council's direction. The complete list of all 45 performance measures is available on page 25.



ECONOMIC VITALITY

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



HEALTHY COMMUNITIES

Supporting community health and well-being continued to show progress in 2018 through an increased range of available and affordable housing choices; making our communities more welcoming and inclusive; and strengthening the Region's network of human services to support people in achieving their potential.



SUSTAINABLE ENVIRONMENT

Managing environmentally sustainable growth has made gains towards managing traffic congestion; optimizing critical infrastructure systems capacity; encouraging growth along the Regional Centres and Corridors; and preserving green spaces.



GOOD GOVERNMENT

Providing responsive and efficient public service has achieved considerable progress towards making it easier to access Regional information and services; ensuring a fiscally prudent and efficient Region; stewardship of the Region's assets; and strengthening organizational capacity and effectiveness.

2018 HIGHLIGHTS

STRENGTHENING THE REGION'S ECONOMY

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

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

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

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

a number of areas, all contribute to York Region being a leading economic centre in the GTHA.

SUPPORTING COMMUNITY HEALTH AND WELL-BEING

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

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

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

In 2018, redevelopment work began on a portion of the Unionville Home Society campus with completion expected in 2021. Once completed, this affordable housing facility will include approximately 260 apartments for seniors', a public community centre and a senior's hub offering seniors-focused services to the community. Work also continued on the redevelopment project at 275

Woodbridge Avenue in the City of Vaughan. When completed in 2019, this affordable housing facility will feature 162 units for seniors, singles, couples and families – including 33 accessible units.

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

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

MANAGING ENVIRONMENTALLY SUSTAINABLE GROWTH

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

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

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

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

- Installing on-bus LCD displays with real-time next stops and route connection information
- Launching a Mobility On-Demand booking app and introducing same day service to all travellers
- Increasing On-Demand service by 37%
- Upgrading and improving intersections to enhance traffic operations

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

PROVIDING RESPONSIVE AND EFFICIENT PUBLIC SERVICE

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

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

Through social media, public engagement, communications and marketing initiatives,

the #loveYR campaign educated residents on the core services delivered by York Region.

Highlights of the campaign include:

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



2015 TO 2019 STRATEGIC PLAN - FROM VISION TO RESULTS

KEY REGIONAL PERFORMANCE MEASURES

FINAL YEAR 4 (2018) PROGRESS

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

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



ECONOMIC VITALITY TREND

Increase percentage of business engagements resulting in business retention, expansion and attraction	●
Increase percentage of business engagements with targeted business sectors	●
Increase percentage of businesses in services-producing sector	-
Increase number of road lane kilometres new and rehabilitated	●
Increase number of rapidway lane kilometres*	●
Decrease average time on social assistance*	▲
Increase percentage of employment land within 1 kilometre of 400-series highways	●
Increase percentage of employment land within 500 metres of a transit stop	-



HEALTHY COMMUNITIES TREND

Increase number of subsidized households	●
Increase percentage of total housing stock medium/high density residential housing	●
Increase number of households that receive housing assistance	●
Increase number of shelter beds	●
Increase number of vaccines administered	●
Maintain percentage of samples that meet Ontario drinking water standard	●
Increase number of bike lane and paved shoulder kilometres	●
Maintain or grow number of individual and collective actions of the Human Services Planning Board	●
Maintain per capita investment of the Community Investment Fund	●
Decrease number of long term care residents transported to hospital	●
Reduction in mental health crisis calls to 911	●

LEGEND

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



SUSTAINABLE ENVIRONMENT TREND



GOOD GOVERNMENT TREND

Increase number of road lane kilometres new and rehabilitated*	●
Increase number of traffic signals reviewed and optimized annually	●
Increase number of rapidway lane kilometres*	●
Maintain percentage of treated water returned to environment within regulated standards	●
Reduce quantity of inflow and infiltration in Regional and local wastewater systems	●
Measure percentage of capital budget spent on renewal/asset management	●
Increase percentage of solid waste diverted from landfill	●
Decrease average residential water demand	●
Increase percentage of new (residential) development located in Regional Centres and Corridors	●
Increase percentage of new non-residential (commercial office) development located in Regional Centres and Corridors	●
Maintain percentage of York Region land subject to environmental protection policies	●
Increase transit ridership per capita	●
Increase number of trees and shrubs planted annually through the Regional Greening Strategy programs	●
Increase number of hectares of environmental lands secured through the Regional Greening Strategy programs	●

Increase number of staff using the Customer Relationship Management technology system	●
Increase number of services available online	●
Increase number of data sets available online	●
Increase number of social media followers	●
Increase percentage of business continuity plans tested annually	●
Increase reserve to debt ratio	●
Maintain high credit rating	●
Increase percentage of invoices paid within 30 days	●
Increase contribution to asset replacement and rehabilitation as percentage of replacement value	●
Increased percentage of assets with real condition assessment data	●
Maintain criteria to achieve top employer recognition(s)	●
Increase number of corporate-wide call types (Regional programs – Customer-relationship management subcategories) handled by Access York	●
Increase number of visits to Regional websites	●
Increase percentage of Formal Freedom of Information Requests handled within 30 days	●
Measure leadership and management skills gap index (Skills competency expected)	●

2018 AWARDS

GOOD GOVERNMENT



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

Government Finance Officers Award for the 2017 annual community report.

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

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

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

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

ECONOMIC VITALITY



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

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

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

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

HEALTHY COMMUNITIES



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

SUSTAINABLE ENVIRONMENT



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

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

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





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

MESSAGE FROM THE

COMMISSIONER OF FINANCE AND REGIONAL TREASURER

**To the members of York Regional Council, residents
and ratepayers of The Regional Municipality of York:**

I am pleased to present this report on York Region's financial performance for the year ended December 31, 2018.

It discusses our financial results for the year and includes highlights of our consolidated financial statements contained in the 2018 Community Report that can be found at **york.ca/annualreports**. The consolidated financial statements have been prepared in compliance with legislation and on a basis consistent with Canadian Public Sector Accounting Standards. York Region's external auditors, KPMG, have expressed their unqualified opinion that the financial statements fairly present the financial position of York Region as of December 31, 2018.

REGIONAL FISCAL STRATEGY

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

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

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

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

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

2018 HIGHLIGHTS

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

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

CHANGES IN FINANCIAL POSITION

The Consolidated Statement of Financial Position, which appears on page 26, gives a picture of the Region's balance sheet at December 31, 2018. The table below provides a summary.

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

Note: numbers may not add due to rounding

Financial assets

The Region's financial assets which 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 increased 11.8%. The main driver of the increase was growth in investments, which went from \$2.8 billion at the end of 2017 to \$3.3 billion a year later. This resulted from the Region building reserves, especially for asset replacement and renewal, and investing funds held for specific purposes from third parties that were received in advance of the spending need.

Tangible capital assets

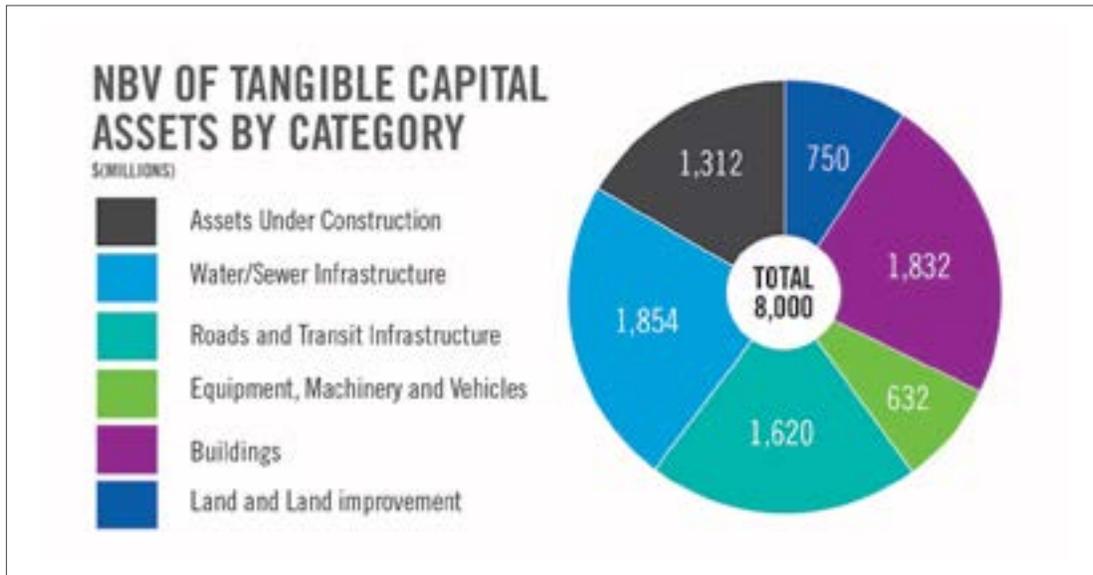
In planning and budgeting, spending on capital is treated as a cash outflow in the year that the spending happens. This allows Regional Council to approve a capital budget that authorizes the expected cash outflows on capital projects.

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

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

The net book value of the Region's assets increased by \$66.6 million in 2018 to a total of \$8 billion.

The following graph shows the breakdown in the net book value of assets by category:



Financial liabilities

The Region's liabilities include accounts payable and accrued liabilities, employee benefit obligations, deferred revenue and gross long term liabilities or debt.

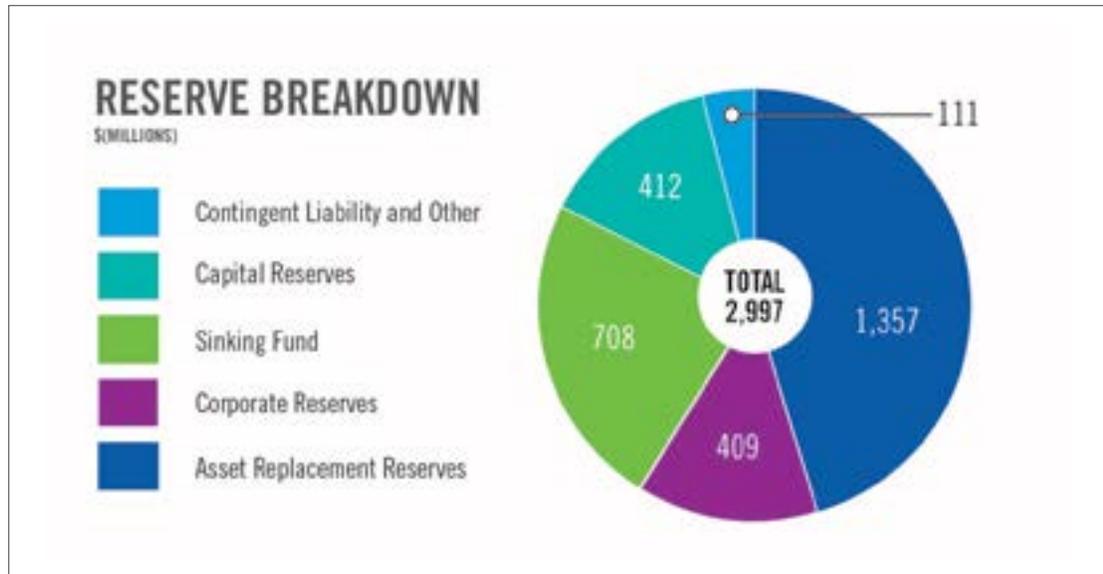
Liabilities other than debt fell slightly, ending the year at \$1.5 billion.

The Region's debt, excluding borrowings on behalf of local municipalities and net of sinking fund assets, fell by \$170 million by year-end.

Accumulated surplus

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

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



CONSOLIDATED STATEMENT OF OPERATIONS

Comparing actual results to the budget

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

In particular, transfers to and from reserves and the proceeds and repayment of borrowing are not reported as revenue and expenses in the financial statements. As a result, they are removed in the conversion of the original budget to full accrual.

For comparability, the 2018 budget provided an outlook for revenues and expense on a full accrual basis, and the consolidated financial statements compare final results to that outlook.

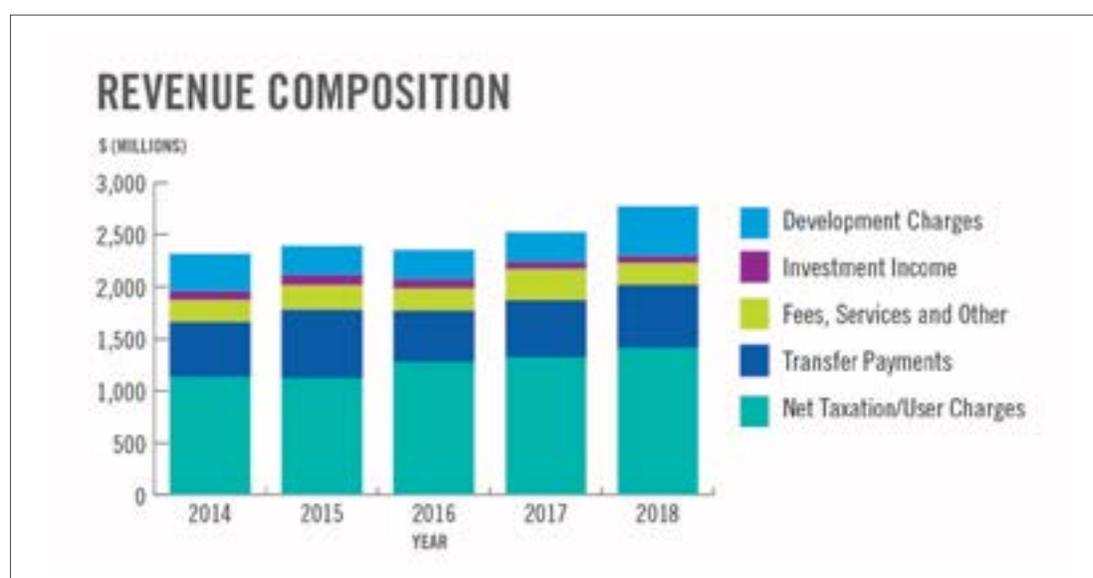
Results for 2018

Between 2017 and 2018, revenues and expenses grew by \$250.3 million and \$228.8 million, respectively. The table below provides a summary.

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

Revenues

The 2018 budget forecast revenues of \$2.8 billion. Actual 2018 revenues were \$76.6 million under plan. Despite falling short of plan, total revenues grew by \$250.3 million from 2017. The graph below illustrates the five-year trend in revenues by source:



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

In total, revenues over which the Region has control, including taxation and user charges, fees, services and interest earnings, amounted to about 61% of revenue in 2018. Over the past five years, these revenue sources have consistently provided more than 60% of total revenues. In 2018, net taxation was the Region's largest revenue source at \$1.1 billion, which was in line with the approved tax levy increase and projected assessment growth.

Among revenue sources over which the Region has limited control, transfer payments from senior governments have provided an average of 22.6% of the Region's revenues over the past five years, with the highest levels occurring before 2016. This reflects major funding from Metrolinx for transit projects. The shares of transfer payment revenue for 2017 and 2018 were lower than the five-year average at 21.8% and 21.9%, respectively.

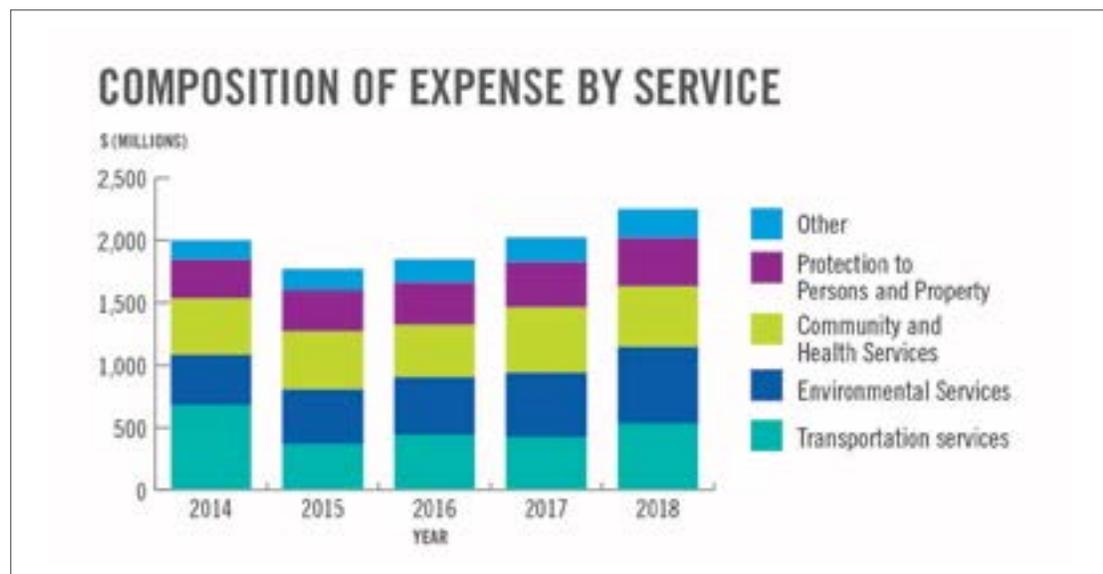
In general, transfer payment fluctuations reflect either specific, time-limited funding (such as for the transit projects) or decisions by other levels of government. Transfer payments rose by \$54.8 million from 2017 to 2018. Provincial grants totaled \$528.6 million, going up in almost all areas, most notably support for child care, which went up by \$36.2 million in 2018. Federal funding rose from \$61.4 million to \$76.9 million, largely reflecting a new grant of \$19.6 million to Environmental Services under the federal Clean Water and Wastewater Fund.

Drawdowns from development charge reserves pay for growth-related capital projects and vary from year to year because the investments they fund also vary from year to year. Revenue from development charge drawdowns was \$190.5 million, or 67.1%, higher than in 2017. In 2018, the Region was able to fund growth projects from development charges without the need to issue any development charge supported debt.

For fee and service revenue and other revenue, much of the spending reflects recoveries from local municipalities for capital projects the Region carries out on their behalf. Fee and service revenue and other revenue decreased by \$82.5 million from 2017 due to an expected decline in construction activity.

Expenses

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



Fluctuations in Transportation Services expense largely reflect the share of Metrolinx funding for bus rapidways that the Region expensed each year. Transportation Services spending went up by \$107.5 million from 2017 to 2018. This is partially due to an accounting adjustment of roads capital assets under construction to expense as the amount was recovered from other municipalities. This does not reflect a cash outflow. Apart from this accounting adjustment, the variance relates to increased costs to operate and maintain a larger road and transit network.

In 2018, the Region wrote off over \$100 million in Environmental capital assets under construction to expense as the amount was recovered from another municipality. This was an accounting adjustment and does not reflect a cash outflow. In 2017, there was a similar accounting adjustment in the amount of \$55.7 million that reduced the impact on the variance. Apart from these accounting adjustments, operating expense went up in 2018, largely because of the higher regulatory and other costs of operating a larger and more complex water and wastewater system.

Community and Health Services received significant increases in provincial transfer payment funding over recent years. The Region has also put more resources into emerging issues related to a larger and changing population, including homelessness and mental health needs. On a year-over-year basis, spending in Community and Health Services rose by \$57.5 million, reflecting the increase in transfer payments from the provincial government, particularly for child care programs.

OUTLOOK AND RISK MANAGEMENT

Provincial and, to a lesser extent, federal decisions on programs, policies and regulation have profound impacts on the Region's revenues and expenses. The Ontario government's 2019 budget and other announcements, including Bill 108, The More Homes, More choice Act, 2019, are affecting the Region and will likely continue to do so.

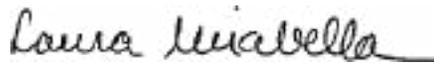
Population and economic growth in York Region has significant impacts on its fiscal picture, such as in the planning and building of large assets in the Region. Rate of population increase is currently slower than in the recent past and this trend may continue, resulting in delayed or reduced development charge collections. The Region is actively improving its capital planning to better understand the relationship between population growth and areas of increased settlement.

Through its strategic framework for financial management, including the Regional fiscal strategy and other financial plans and policies, the Region continues to mitigate and manage the risks and uncertainties it is exposed to. In addition to the risks and uncertainties outlined, there are other risks that may impact Regional performance and operations that are discussed in the 2018 Community Report.

CONCLUSION

The 2018 results show that York Region continues to improve and progress towards its long-term goal of financial sustainability. The Region started to reduce debt from its peak of \$2.9 billion in 2017, invested in infrastructure to serve residents and managed to save for future needs by increasing reserves and reserve funds. Through these achievements and careful financial management, the Region maintained a strong credit rating, allowing access to markets and lower borrowing costs.

Sincerely,

A handwritten signature in black ink that reads "Laura Mirabella". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

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

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Financial Position¹ As at December 31, 2018

	2018 \$	2017 \$
ASSETS		
Financial Assets²		
Cash and cash equivalents	472,421,826	584,959,230
Accounts receivable	328,410,381	302,932,786
Investments	3,327,326,728	2,809,142,444
Debt amounts recoverable from Area municipalities	175,289,246	150,717,094
Total	4,303,448,181	3,847,751,554
LIABILITIES³		
Accounts payable and accrued liabilities	718,204,400	766,551,251
Employee benefit obligations	221,953,092	201,538,476
Deferred revenue	160,784,391	87,130,056
Deferred revenue-obligatory reserve funds	386,668,255	432,524,557
Gross long-term liabilities	3,615,010,211	3,610,101,326
Total	5,102,620,349	5,097,845,666
Net Debt⁴	(799,172,168)	(1,250,094,112)
Non-Financial Assets⁵		
Tangible capital assets	7,999,815,545	7,933,241,565
Inventory	6,257,623	5,099,652
Prepaid expenses	12,371,940	11,362,213
Accumulated Surplus⁶	7,219,272,940	6,699,609,318

¹ The Consolidated Statement of Financial Position shows the Region's financial position, which includes the assets, liabilities, and accumulated surplus, at a specific point in time. It provides information on what the municipality owns and owes to creditors.

² Financial assets: assets easily accessible in the form of cash, cash deposits, checks, loans, accounts receivable and marketable securities.

³ Liabilities: amounts owed to creditors.

⁴ Net debt: the sum of all debt minus the financial assets available to repay the debt.

⁵ Non-financial assets: assets that are owned and will be utilized for future services, including tangible capital assets, inventory and prepaid expenses. Non-financial assets are not easily convertible to cash.

⁶ Accumulated surplus: this is an indicator of the Region's overall financial health. It is the difference between the assets (financial and non-financial assets) as compared to the liabilities.

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Operations and Accumulated Surplus¹ For the year ended December 31, 2018

	Budget	2018	2017
	\$	\$	\$
REVENUES			
Net taxation	1,092,496,496	1,095,110,525	1,042,649,817
User charges	331,996,530	316,536,359	278,893,236
Transfer payments	673,020,000	605,537,568	550,678,180
Development charges	519,403,465	474,241,470	283,713,949
Fees and services	157,601,195	184,057,933	198,528,964
Investment income	58,941,744	68,651,950	71,288,620
Other	14,452,241	27,144,439	95,242,118
Total Revenues	2,847,911,671	2,771,280,244	2,520,994,884
EXPENSES			
General government	185,582,819	132,713,667	186,487,358
Protection to persons and property	378,822,224	384,485,474	360,160,874
Transportation services	503,901,950	534,361,854	426,928,151
Environmental services	482,020,637	608,715,441	512,689,529
Health and emergency services	196,173,882	149,321,300	153,294,902
Community services	305,145,351	341,163,381	277,556,364
Social housing	137,549,476	88,894,682	91,017,269
Planning and economic development	12,999,222	11,960,823	14,669,113
Total Expenses	2,202,195,561	2,251,616,622	2,022,803,560
Annual Surplus²	645,716,110	519,663,622	498,191,324
Accumulated Surplus, Beginning of Year	6,699,609,318	6,699,609,318	6,201,417,994
Accumulated Surplus, End of Year	7,345,325,428	7,219,272,940	6,699,609,318

¹ The Consolidated Statement of Operations and Accumulated Surplus shows the sources of revenues and expenses, the annual surplus or deficit, and the change in the accumulated surplus over a period of time.

² Annual surplus: the difference between revenues and expenses; the "income" earned over a period of time.



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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