

2022 COMMUNITY REPORT

For the year ended December 31, 2022
The Regional Municipality of York
Ontario, Canada

york.ca



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The Regional Municipality of York
Ontario, Canada

Prepared by Corporate Services and Finance

york.ca

OUR VISION

Strong, Caring, Safe Communities

OUR MISSION

Working together to serve our thriving communities – today and tomorrow

OUR VALUES

Integrity

Commitment

Accountability

Respect

Excellence

LAND ACKNOWLEDGMENT

We acknowledge that York Region is located on the traditional territory of many Indigenous Peoples including the Anishinaabeg, Haudenosaunee, Huron-Wendat and Métis Peoples and the treaty territories of the Haudenosaunee, Mississaugas of the Credit First Nation and Williams Treaties First Nations. Today this area is home to many diverse Indigenous Peoples, and we recognize their history, spirituality, culture and stewardship of this land. We also acknowledge the Chippewas of Georgina Island First Nation as our closest First Nation community.

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Chairman & CEO
Wayne Emmerson



Mayor
Tom Mrakas
Town of Aurora



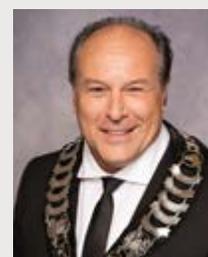
Mayor
Virginia Hackson
Town of East Gwillimbury



Mayor
Margaret Quirk
Town of Georgina



Regional Councillor
Naomi Davison
Town of Georgina



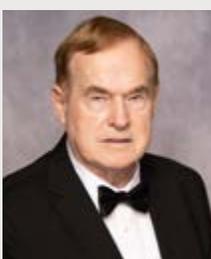
Mayor
Steve Pellegrini
Township of King



Mayor
Frank Scarpitti
City of Markham



Regional Councillor
Michael Chan
City of Markham



Regional Councillor
Jim Jones
City of Markham



Regional Councillor
Joe Li
City of Markham



Regional Councillor
Alan Ho
City of Markham



Mayor
John Taylor
Town of Newmarket



Regional Councillor
Tom Vegh
Town of Newmarket



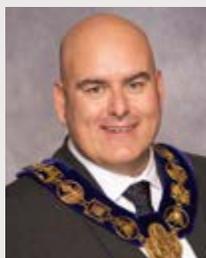
Mayor
David West
City of Richmond Hill



Regional Councillor
Godwin Chan
City of Richmond Hill



Regional Councillor
Joe DiPaola
City of Richmond Hill



Mayor
Steven Del Duca
City of Vaughan



Regional Councillor
Linda Jackson
City of Vaughan



Regional Councillor
Mario Ferri
City of Vaughan



Regional Councillor
Gino Rosati
City of Vaughan



Regional Councillor
Mario G. Racco
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 York 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 22-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
- Finance and Administration
- Planning and Economic Development
- Public Works – Environmental Services
- Public Works – 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:

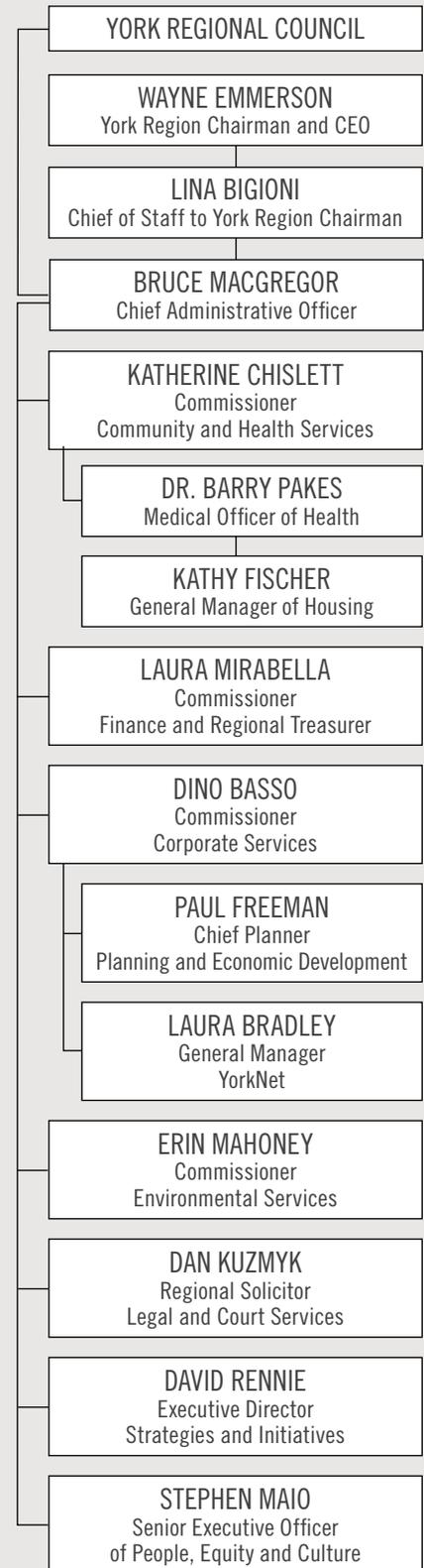
- York Region Rapid Transit Board
- York Regional Police Services Board
- Housing York Inc. Board
- YorkNet Board

Chief Administrative Officer

The Chief Administrative Officer (CAO) oversees the Senior Management Team responsible for providing programs and services to residents and businesses in addition to providing financial, technical, property, legal, administrative and human resource services. The following positions include the Region’s senior management team and senior staff responsible for advising Council and/or its Boards:

- Commissioner of Community and Health Services
- Commissioner of Corporate Services
- Commissioner of Public Works
- Commissioner of Finance and Regional Treasurer
- Regional Solicitor
- Executive Director of Strategies and Initiatives
- Senior Executive Officer of People, Equity and Culture

YORK REGION ORGANIZATIONAL STRUCTURE





Wayne Emmerson, Chairman and CEO

A MESSAGE FROM THE YORK REGION CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The 2022 Community Report highlights the efforts of York Regional Council, York Region staff and community partners, spotlighting our collective efforts to protect the health of our residents and make our communities strong, caring, safe places to live, work and raise a family.

This report highlights both York Region's unprecedented response to the COVID-19 global pandemic and collective efforts to build healthy, economically viable, sustainable and connected communities that create an environment where residents can thrive.

In 2022, Regional Council approved a \$3.7 billion budget, which included \$980 million for capital investments and \$2.7 billion to support core Regional Services. In 2022, Regional Council also approved a 1% tax levy to support rapid transit infrastructure, and specifically, York Region's share of capital costs for the construction of the Yonge North

Subway Extension. 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.

The 2018 to 2022 term of York Regional Council was unlike any other. The majority of the term was marked by a global pandemic that brought business, the community and our economy to a halt and saw the Region declare a state of emergency for the first time in our 52-year history. I am immensely proud of the actions and work of York Regional Council, our Medical Officers of Health and the thousands of York Region staff who worked diligently to keep our communities safe and support the economic interests of residents and businesses.

Despite the uncertainty caused by the pandemic, Council continued to move forward on critical programs and projects that set the foundation for the future health and prosperity of our communities. Key investments in broadband connectivity, infrastructure, housing and community programs over the past four years position York Region as the best place in Ontario to live, work, raise a family and do business.

Following the October 2022 municipal election, I was honoured to be elected to a third term as Chairman for The Regional Municipality of York. This is a privilege I do not take lightly. We enter

this new term of Council in a time of global economic uncertainty and in the face of a potential recession. Interest rates remain high, and life is becoming increasingly less affordable for our residents, meaning more individuals and families will rely on York Region for essential programs and services.

We also face legislative changes from the Government of Ontario that impact the ways in which our municipalities finance growth and may hinder our collective goal of building more affordable housing.

However, I remain confident the work of the previous term of Council and the achievements of 2022 set us on a path to success in the years ahead. We know issues like affordable housing, broadband connectivity, economic development, transportation and growth remain top priorities for our residents. I assure you Regional Council is committed to working towards these critical issues while also collaborating with all levels of government to address the post-pandemic recovery of our communities, global economic inflation and other important areas of focus.

I extend my thanks to Regional Council, our local municipal partners and staff for their exceptional work over the past year. Together, we will continue to build the York Region future generations will want to call home.

Wayne Emmerson
Chairman and CEO
The Regional Municipality of York



Bruce Macgregor, CAO

On behalf of York Region's Senior Management Team and the more than 5,000 committed staff who work diligently to deliver our core services across York Region's nine cities and towns, I am pleased to share The Regional Municipality of York's 2022 Community Report.

This report combines our final year of reporting for the 2019 to 2023 Strategic Plan and the 2022 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 Vision, York Region Council's long-term outlook for our communities.

A MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

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

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

York Region entered its third year of pandemic response in 2022, with efforts continuing to focus on the health and safety of residents and the administration of COVID-19 vaccines.

Despite a province-wide shutdown in January 2022, all federal, provincial and local public health measures have been lifted and our organization and communities are learning to live with this virus and move forward in our post pandemic recovery.

As pandemic-related measures gradually eased, York Region resumed many of the programs and services that were temporarily paused in the acute stages of the pandemic response. Today, all 15 of the Region's core service areas are back to pre-pandemic service levels and residents can continue to access the programs and services they need, when they need them.

Following these challenging years, I am pleased to report 68% of the Strategic Plan's key performance measures are trending in the desired direction. The complete list of all 31 performance measures is available on pages 9 and 10 of this report.

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

The programs and services featured throughout this report represent the dedication and commitment of York Regional Council, staff, municipal partners and community stakeholders in maintaining the quality of life we all come to expect in York Region.

As we continue to work towards a full recovery of our economy and communities, York Region will continue to work with all levels of government, residents, the business community and external stakeholders to continue building a strong, caring, safe York Region for all.

A handwritten signature in black ink, appearing to be 'B Macgregor', written over a faint circular stamp or logo.

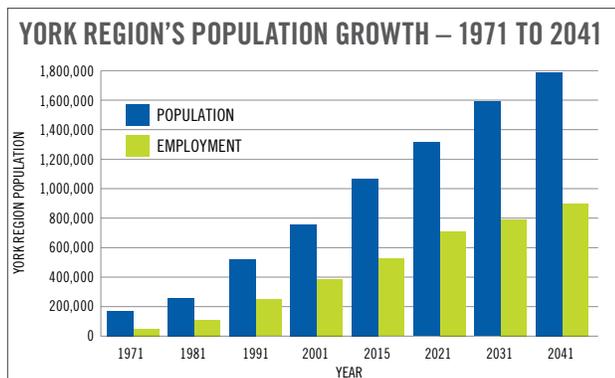
Bruce Macgregor
Chief Administrative Officer
The Regional Municipality of York

YORK REGION. WHO ARE WE?

WE ARE GROWING

During 2022, York Region grew by approximately 11,243 people, accounting for a 0.9% increase in total growth.

The provincial growth plan calls for York Region’s population to grow from more than 1.2 million in 2022 to 2.03 million in 2051 and employment to grow from more than 615,000 in 2022 to 990,000 in 2051.



WE ARE EDUCATED

With over 73% of York Region’s population having a post secondary education, York Region ranks as the second highest educated population in the Greater Toronto and Hamilton Area.

WE WORK HARD

York Region is home to 54,600 businesses and more than 615,000 jobs. It is the largest business centre in Ontario and the destination of choice for more than 4,500 Information, Communication and Technology (ICT) businesses. This makes York Region the second largest ICT cluster in Canada. According to 2021 census data, the average household income is \$112,000, ranking York Region the second highest median household income in the Greater Toronto and Hamilton Area.

WE ARE FISCALLY RESPONSIBLE

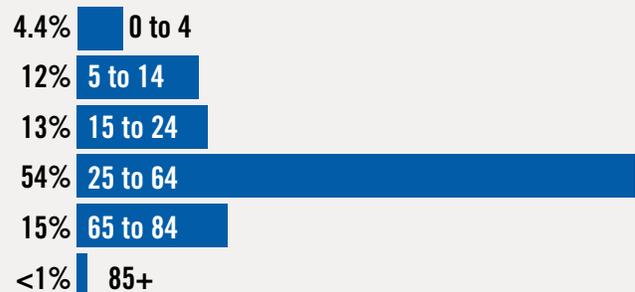
The 2022 York Region budget was \$3.7 billion and included \$2.7 billion to maintain and operate York Region services and \$980 million in capital project funding. With 2022 being the final year in the four-year budget cycle, it aligns with the 2018 to 2022 term of York Regional Council and the 2019 to 2023 Strategic Plan.

WE ARE DIVERSE

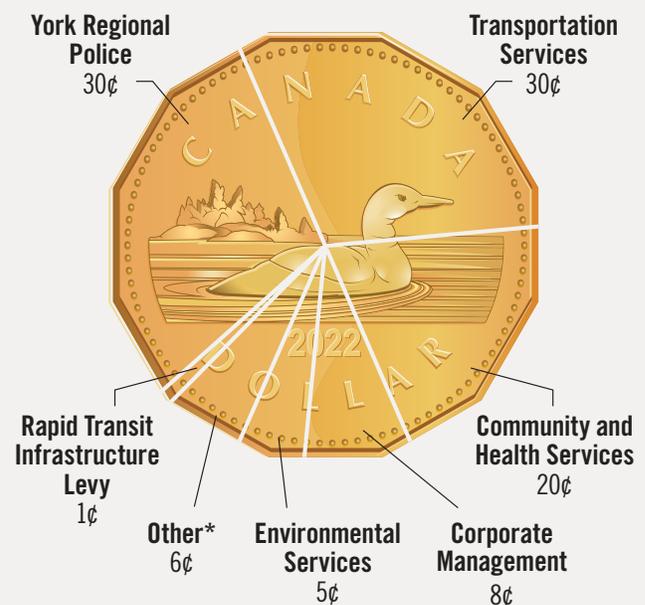
If York Region were a village of 100 people:

- 50** villagers would be born in Canada
- 2** villagers would be a non-permanent resident
- 48** villagers would be born outside of Canada, of these:
 - 33** would be born in Asia
 - 9** would be born in Europe
 - 4** would be born in the Americas (including North, South and Central)
 - 2** would be born in Africa

YEARS OLD



TAX LEVY FUNDING

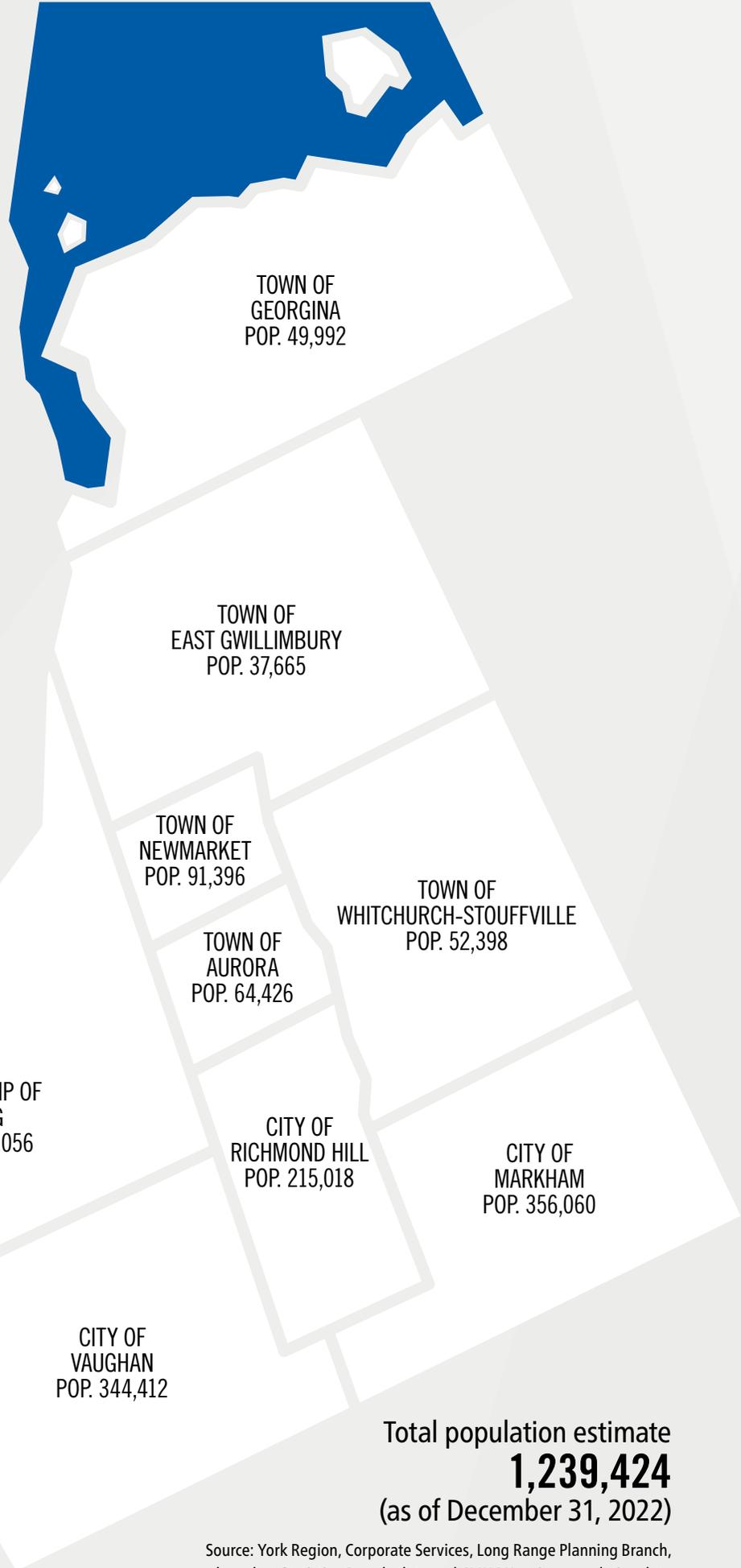


* Other includes: Financial Initiatives, External Partners, York Region Rapid Transit Corporation, YorkNet and Court Services

WE ARE COMMITTED TO DELIVERING QUALITY SERVICES

- Children’s Services
- Community Housing
- Court Services
- Development Services
- Economic Development
- Forestry
- Long-Term Care
- Paramedic Services
- Police Services
- Public Health
- Regional Roads
- Social Assistance
- Transit
- Waste 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
1,239,424
(as of December 31, 2022)

Source: York Region, Corporate Services, Long Range Planning Branch, based on Statistics Canada data and CMHC Housing completion data

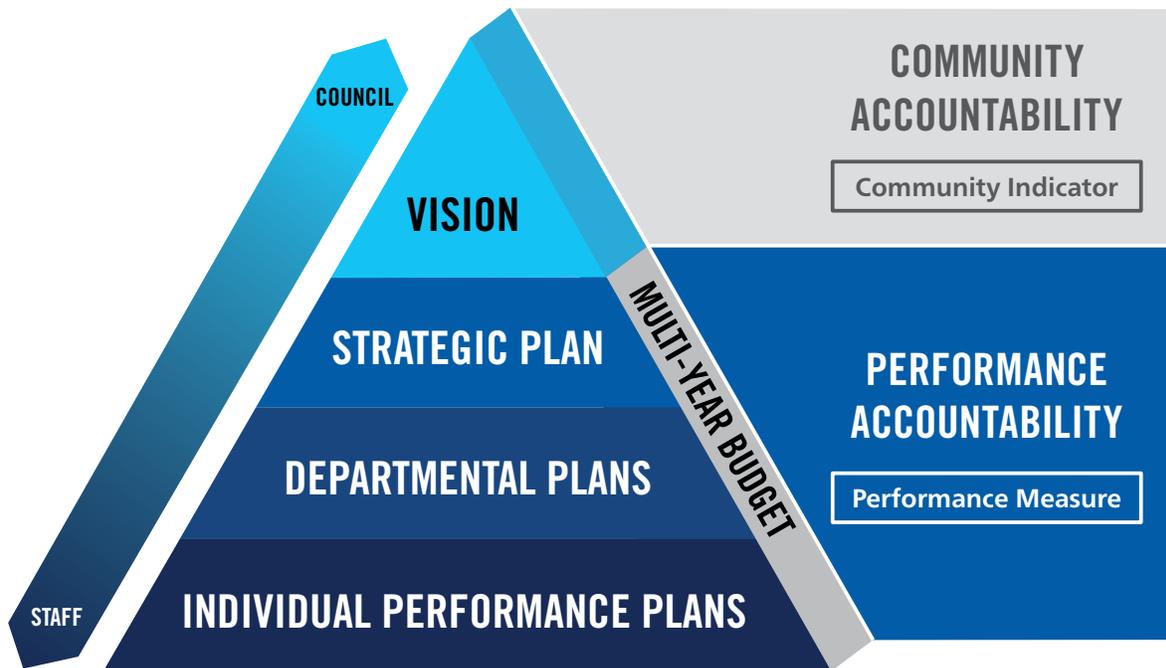
THE REGIONAL MUNICIPALITY OF YORK ACCOUNTABILITY FRAMEWORK

York Region's strategic planning framework focuses on documenting and reporting on accountability at every level of the organization.

The framework identifies two levels of accountability which consider the collective contribution and the York Region specific contribution to the well-being of our communities:

Community accountability assesses community well-being using community indicators. Community indicator results cannot be achieved by York Region alone, and involve multiple community partners. Meaningful community indicators are identified in York Region's Vision and are reported on each term of Council.

Performance accountability assesses the performance of York Region's policies and programs using performance measures to track progress in achieving corporate priorities and objectives set out in the Strategic Plan, departmental plans and individual performance plans. These plans are developed in alignment with York Region's multi-year budget to ensure resources are allocated according to Council-approved priorities.



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



VISION

In November 2021, Regional Council approved its renewed Vision, reaffirming their commitment to building strong, caring, safe communities. Vision serves as a guiding star for the Region's corporate planning activities and ensures all York Region staff are working in the same direction, regardless of their role or function within the organization. Vision outlines aspirations for our community and measures of success towards achieving this vision.



STRATEGIC PLAN

The Strategic Plan is a four-year plan that guides York Region towards Regional Council's Vision. In February 2019, Council approved the *2019 to 2023 Strategic Plan*, capturing four key priorities:

- Increase economic prosperity
- Support community health, safety and well-being
- Build sustainable communities and protect the environment
- Deliver trusted and efficient services

This plan coincides with the Region's multi-year budgeting process and aligns with the 2018 to 2022 term of Council to ensure the organization continues to make progress on serving our communities. Progress on the Strategic Plan is reported to Council annually.

MULTI-YEAR BUDGET

York Region's multi-year budget is the financial framework to achieve the community results outlined in the Strategic Plan and Departmental Plans. 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 develop business planning documents that focus on the specific service areas within the Region. Department-led plans are informed by the Regional Official Plan, master plans, Council direction, provincial and federal directives and regulatory legislative requirements.

INDIVIDUAL PERFORMANCE PLANS

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

2019 TO 2023 STRATEGIC PLAN YEAR 4 (2022) PROGRESS REPORT



SUMMARY: 21 of 31 = 68% of Performance Measures Trending in the Desired Direction

Result Area	Performance Measure	Historical Data	YEAR 1	YEAR 2	YEAR 3	YEAR 4	Baseline Trend
		2018	2019	2020	2021	2022	
Economic Vitality	Increase % of business engagements resulting in business retention, expansion and attraction	37%	53%	61%	52%	46%	●
	Maintain # of transit ridership per capita	20	19.8	9.5	8.9	8.9	●**
	Increase # of kilometres of bus rapidways	12.30	27.30	33.70	33.70	33.70	●
	Increase # of people and employment within 500 metres of transit	241,000	257,000	265,000	272,300	305,000	●
	Maintain % of on-time performance on all transit routes	91.45%	91.48%	94.74%	95.64%	95.09%	●
	Increase # of road lane kilometres	4,265.12	4,293.00	4,318.00	4,382.00	4,383.00	●
Healthy Communities	Maintain % of residents that rate York Region as a safe place to live	94%	95%	96%	95%	93%	●
	Maintain police emergency (Priority 1) response time in minutes	7:00	6:50	6:44	6:52	7:06	●
	Maintain % of municipal drinking water samples meeting Ontario Drinking Water Standards	99.89%	100.00%	99.98%	100.00%	100.00%	●
	Increase % of regional roads with sidewalks and/or dedicated bike lanes in urban areas	88%	84%	85%	86%	86%	●
	Increase % of 17-year-old students in compliance with Immunization of School Pupils Act	91.83%	92.00%	Data not available for reporting			▲**
	Increase % of food service premises with a certified food handler at all times	68%	77%	Data not available for reporting			▲**
	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	76%	76%	76%	75%	74%	●
	Increase # of advocacy activities related to long-term care beds	3	13	10	21	23	●
	Decrease # of days to determine York Region residents' eligibility for social assistance	8	8	3	5	7	●
	Decrease # of children with an immediate need waiting for subsidized childcare	1,575	2,152	1,855	421	360	●
	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%	81%	74%	81%	●**



Result Area	Performance Measure	Historical Data	YEAR 1	YEAR 2	YEAR 3	YEAR 4	Baseline Trend
		2018	2019	2020	2021	2022	
Sustainable Environment	Maintain % of wastewater receiving treatment	99.99%	100.00%	99.97%	99.99%	99.99%	●
	Maintain % of residential solid waste diverted from landfill	94%	94%	93%	92%	94%	●
	Decrease # of megalitres of treated water consumed per 100,000 population	9,855	10,004	10,368	10,245	10,596	●
	Decrease # of per capita greenhouse gas emissions across Regional operations in tonnes	65.20	65.40	55.50	53.70	57.00	●
	Increase % of growth occurring within the built-up areas	59.3%	75.0%	59.0%	58.0%	71.0%	●
	Increase % of development applications meeting timeline commitments	Data not available for reporting	100%	100%	100%	Data not available for reporting	▲ +
	Maintain # of trees and shrubs planted annually through the Regional Greening Strategy Program	101,122	102,332	60,539	92,154	110,391	●
Good Government	Maintain / Improve comparative \$ of operating cost per unit of service*	1.00	1.01	0.95	1.04	1.17	●
	Increase % of public-facing transactions that can be completed online or with a mobile device	60%	73%	75%	75%	90%	●
	Increase % of reserve-to-debt ratio	99%	111%	126%	157%	190%	●
	Maintain % of regional assets with a condition assessment rating of fair or better condition	90%	87%	86%	86%	91%	●
	Maintain % of York Region residents that are satisfied with Regional government	75%	81%	87%	80%	76%	●
	Increase # of open data sets	214	228	228	228	272	●

*NOTE: 2018 as baseline year and considered trending in the right direction compared to inflation. 2022 data may be subject to change based on finalized Ontario's Financial Information Return dataset.

LEGEND	● = Trending in the desired direction	● = Not trending in the desired direction	▲ = Data Not Available for Reporting
**Performance measures negatively impacted due to the COVID-19 pandemic. +Unable to compare against historical data. Methodology replaced by YorkTrax			

For more information visit york.ca/stratplan



INCREASING ECONOMIC PROSPERITY



5,264 housing completions



7,120 new residential building permits issues



0.9% growth in population



\$4.3 billion total construction value for industrial, commercial, institutional and residential building permits



YorkNet broadband network expanded by **50 kilometres**



615,760 jobs and **55,660 employer** businesses



4.2% unemployment rate, significantly lower than Canada's high of 5% in 2021



\$281 million investment in roads and transportation infrastructure

Building communities that offer robust employment, housing and transportation options for all ages and stages is a cornerstone to the economic growth and vitality of York Region. Through the Corporate Strategic Plan, Regional Council remains committed to fostering an environment where residents have an opportunity to work and thrive where they live.

Business and job growth are fundamental to the economic prosperity of our communities, and in 2022 York Region continued to be a destination of choice for businesses and top talent in the Greater Toronto and Hamilton Area (GTHA), Ontario and Canada.

Despite the challenges of the COVID-19 pandemic, high interest rates and global economic uncertainty, York Region continues to experience business and job growth. In 2022, our communities saw a net increase of 1,420 businesses from 2019, exceeding business growth rates in the GTHA, Ontario and Canada. During the same period, York Region recorded employment growth of 4.7%, demonstrating a return to pre-pandemic levels. Sectors with the most growth in terms of both business and employment include professional, scientific and technical services, health care and social services, construction, transportation and warehousing. Overall, small businesses (those with 1-19 employees) continued to represent the majority of York Region's employment sector, holding a 90% share of all employer establishments.

Collaboration with local municipalities, stakeholders and other partners continues to make a significant impact on employment growth and economic recovery. From start-ups to world-class global organizations, Canadian and international businesses continue to choose York Region as a place to invest, making our community Ontario's third largest business hub.

York Region's participation at the 2022 Collision Conference, the world's largest tech conference, resulted in the announcement of over \$250 million in business investments and expansions, the creation of 800 new jobs and new partnerships for York Region, our local cities and towns and the Information and Communications Technology (ICT) business sector. The conference allowed York Region to showcase our business community on a global stage, highlighting York Region as Canada's second largest tech hub, Ontario's second largest financial hub and the country's leading auto tech and auto parts cluster.

As a community where talent and opportunity intersect, York Region continues to be a destination for people to work, do business and live. In 2022, York Region's population grew by 11,243 people, with newcomers accounting for the largest share of population growth. At the same time, 7,120 residential building permits were issued, representing a total residential construction value of \$2.6 billion. During the same period, industrial, commercial and institutional building permit values increased by 4.9% to \$1.7 billion – a 20-year high for York Region.

Attracting people, businesses and jobs is fundamental to the economic success of York Region. However, building complete communities that include a variety of housing options and connect residents to transportation, jobs and opportunities is vital to York Region's long-term competitiveness and fiscal sustainability.

To continue the efficient movement of people and goods through our communities and the GTHA, Regional Council continues to make historic investments in road and transit system improvements, including a 10-year, \$3.46 billion forecasted investment in transportation infrastructure. In 2022, Regional Council invested more than \$281 million in roads and transit infrastructure projects to improve the Regional transportation network. Work continued with all levels of government to provide and expand a seamless integrated road network system.

To ensure travellers in York Region's growing communities have access to safe and reliable transportation options, a number of key transportation projects were completed in 2022. This included the rehabilitation of 143 lane kilometres of Regional roads and preservation of an additional 113 lane kilometres, the completion of the CP Rail bridge on Highway 27 in the City of Vaughan, the completion of the Cornell Bus Terminal in the City of Markham and the Major Mackenzie West Terminal in the City of Vaughan and the expansion and electrification of the Region's transit fleet.

In 2022, Regional Council approved an updated *2022 Development Charges Bylaw*, which includes \$1.12 billion to help fund the Region's portion of the Yonge North Subway Extension – Council's number one transportation priority. When complete, the Yonge North Subway Extension will deliver five new subway stations that allow easy access and seamless connections between all GTHA regions and

will have lasting benefits for residents and businesses across York Region. With construction anticipated to begin in 2023, this critical infrastructure project will bring thousands of jobs and additional housing options for more than 85,000 York Region residents. At the same time, it will continue to support post-pandemic recovery for residents, businesses and our communities.

While job, business, building and transportation growth all contribute to economic vitality, Regional Council also recognizes innovation as a fundamental driver of economic prosperity. The COVID-19 global pandemic demonstrated the critical need for universal access to high-quality broadband connectivity. In 2022, YorkNet expanded the Region's dark fibre network by more than 50 kilometres to reach 503 kilometres and connected 161 additional Regional and municipal sites, increasing the availability of fibre to support high-speed internet for underserved homes and commercial and industrial properties across the Region.

To further support economic vitality, Regional Council continues to improve access to high-quality education opportunities within our communities. Construction of York University's Markham Centre Campus continued through 2022, with the first cohort of students expected to be welcomed to the school in September 2023. Once complete, this new post-secondary facility will bring 4,200 new student spaces to York Region, strengthening opportunities for both students and businesses.

York Region's diverse economy is underscored 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 urban city centres continue to evolve, these attributes, combined with a competitive construction portfolio, the Yonge North Subway Extension, digital broadband infrastructure, an integrated transportation system and innovation in a number of areas, all contribute to York Region being a leading economic centre in the GTHA, Ontario and Canada.



PROTECTING COMMUNITY HEALTH, SAFETY AND WELL-BEING



235,375 customer interactions
through Access York



York Region Paramedics responded to
93,568 incidents in our communities



York Region Paramedics made
5,288 referrals to community agencies
and resources



Supported **22,239 individuals** with
Ontario Works financial benefits



Provided Early Intervention support to more
than **4,700 children** with special needs



Built **2 new transitional
housing** sites



Administered **744,745 COVID-19 vaccine
doses** and responded to more than **55,100
cases** of COVID-19 in the community



Supported **1,252 residents** through Transit
Assistance Programs, resulting in **115,902
discounted trips**



Co-led the **2022 Point-in-Time
Homelessness Count** in partnership
with the United Way Greater Toronto

Supporting community health, safety and well-being is a vital component to building strong, vibrant and welcoming communities. Regional Council's support of healthy communities aids residents to be engaged in community life and contribute to the economy by protecting health and safety, strengthening integrated human services, creating welcoming and inclusive communities and improving access to affordable housing and health and social supports.

In 2022, York Region continued to respond to the COVID-19 global pandemic. While the Region-wide state of emergency was lifted on April 26, 2022, the health and safety of residents remained Regional Council's top priority with the primary focus of operations on the continued administration of COVID-19 vaccines. Over the course of the year, York Region Public Health, in partnership with Public Health Ontario, our nine cities and towns and other community organizations, administered more than 744,000 COVID-19 vaccine doses through 11 fixed-site vaccination clinics and 553 community and pop-up clinics. Vaccination opportunities were made available for residents of all ages with targeted clinics for paediatric patients, individuals with vaccine anxiety and residents of long-term care, retirement homes and community living settings.

As we transitioned out of an acute pandemic response and resumed public health programs and services, COVID-19 teams still continued to respond to more than 55,000 cases of the virus in the community. More than 480 institutional outbreaks were investigated and 10 Emergency Child Care sites were opened to provide 263 children of health care and other front-line workers with child care services.

Communication efforts throughout the year largely focused on continued awareness of vaccine availability and confidence. With the gradual lifting of all pandemic related public health measures, york.ca/COVID19 remained the trusted source of COVID-19 and vaccine information in York Region for 2022. Residents across all nine cities and towns were consistently provided with timely and accurate pandemic related information through a variety of communication channels, including Twitter, Facebook and Instagram, bi-weekly video updates and local, regional and national media partners. Together, these coordinated efforts in response to the pandemic ensured communications to residents and businesses was timely, consistent and transparent.

Beyond the Region's significant pandemic response, Regional Council remained committed to building healthy, safe, welcoming and inclusive communities where all residents can thrive and live to their full potential.

In May 2022, Regional Council approved the first Community Safety and Well-Being Plan for York Region with a focus on enhanced safety and well-being through proactive and targeted community-driven actions. As required under the *Police Services Act*, York Region brought together residents, community partners, services providers, local municipalities, York Regional Police and the Human Services Planning Board of York Region to develop a targeted plan of action to build community capacity and drive change in the areas of mental well-being, housing stability and economic stability. Initiatives outlined in the plan include improved access and awareness of available mental health services in the community, education workshops dedicated to tenancy rights, eviction prevention, housing options and financial literacy and employment readiness workshops with a focus on transitional supports, coaching, interview skills and resume writing.

Following the tragic invasion of Ukraine, Regional Council supported the implementation of actions to help those displaced by the ongoing conflict and arriving in York Region. In partnership with COSTI Immigrant Services, a 20-room temporary housing and wrap-around support services site was established, providing services to 150 individuals in 2022. Additional efforts to help newcomers and residents impacted by this conflict included the launch of a dedicated web page at york.ca/SupportUkraine with information and resources, including a Ukrainian version of York Region's Newcomer Guide, to help displaced individuals settle and connect with available support services, community service providers and financial, transit, housing and community supports.

Addressing gaps in our communities, including access to early learning, is another fundamental part of supporting community health and well-being. In 2022, York Region developed a digital solution to swiftly integrate licenced child care operators into the new Canada-wide Early Learning and Child Care system, providing parents with access to reduced child care fees. Additional social service supports provided in 2022 included the support of over 5,700 families with Child Care Subsidies and providing Early Intervention supports to more than 4,700 children with special needs.

As part of the 2022 Transportation Master Plan, traveller safety has been identified as a key area of focus, with Council approving the development of a Traveller Safety Plan in 2023. In anticipation of that plan, Council continues to take steps to improve safety for motorists, transit passengers, cyclists and those walking throughout our communities. Since 2013, red light cameras installed at intersections throughout the Region have resulted in a 50% reduction of right-angle and turning collisions at signalized intersections. Council approved a red-light camera expansion plan to include fixed cameras at an additional 55 intersections between 2024 and 2026. Council also approved to maintain operational safety measures that have reduced conflicts between drivers, pedestrians and cyclists at four pilot intersections and expanded these measures to six additional intersections.

Following a successful two-year automated speed enforcement pilot to help improve safety through enforced speed limits in 12 community safety zones, Regional Council approved the designation of Community Safety Zones in all school zones on the Regional road network. Automated speed enforcement cameras will be expanded to include two mobile cameras and aims for 60 additional fixed cameras between 2024 and 2026. This creates a safer environment for students using active transportation to travel to and from school.

Throughout 2022, York Region Paramedic Services continued to be an integral part of the integrated health care system, responding to more than 93,500 incidents in our communities, making 5,288 referrals to community agencies and resources – a 140% increase over 2021 – and assisting 448 individuals through home visits and phone consultations. To proactively ensure York Region continues to have the resources and capacity to meet the increasing demand for paramedic services in our communities, including a 119% projected increase in 911 calls for paramedic services by 2031, Regional Council approved the Paramedic Services Master Plan in June 2022. The plan highlights the importance of innovation and partnership in emergency and community care, while ensuring the service remains fiscally sustainable.

Community health, safety and well-being are not attainable without an accessible housing market that includes a full mix of options and affordability. In 2022, York Region completed construction of two transitional housing sites in the Town of East Gwillimbury and Town of Georgina. Planning of a new emergency and transitional housing building for men is and a new six-storey, 100-unit affordable rental apartment building in the Town of Whitchurch- Stouffville is ongoing. Construction also continued on the unit apartment complex for seniors in the City of Markham.

Throughout the year, York Region continued to move forward on a suite of innovative approaches and policies to increase housing options endorsed by the Region's Housing Affordability Task Force. Through revisions to the *Development Charges Bylaw* and fast-tracking approvals of development applications for rental and affordable housing units, York Region has taken steps to ensure a fiscally responsible approach to addressing the housing affordability crisis. Following the Government of Ontario's October 2022 announcement of the *More Homes Built Faster Act*, Regional Council continues to work with all levels government to meet the increased demand for housing across our communities. At the same time, Council continues to advocate for continued collaboration with the province to address housing affordability while ensuring the financial burden of growth-related infrastructure does not sit with existing property taxpayers.

As our communities continue to recover from the COVID-19 global pandemic, building strong, healthy, vibrant, inclusive and welcoming communities remains a key area of focus for Regional Council and The Regional Municipality of York. Supporting safe communities, delivering and promoting affordable housing and improving access to health and social support services will contribute to a thriving York Region for generations to come.

BUILDING SUSTAINABLE COMMUNITIES AND PROTECTING THE ENVIRONMENT



Top scores in water quality, with **100% of samples** meeting provincial standards



Achieved 100% in Chief Drinking Water Inspector's Annual Report Card



Planted **110,391** trees and shrubs and secured **13.7 hectares** of environmental land



Diverted 94% of waste from landfill



Processed over **380,000 tonnes** of waste



Optimized lighting **consumption and utility costs by 50%** at Regional facilities



Installed **62 electric vehicle chargers** at Region-owned facilities



Diverted **125 billion litres** of clean and safe drinking water

York Region is home to an abundance of natural resources. As the community grows, Regional Council remains committed to delivering environmentally sustainable services, encouraging growth in the Region's designated urban city centres, reducing greenhouse gas emissions, preserving greenspace and supporting a clean environment. To achieve these goals, Regional Council has made considerable investments in enhancing green space, clean technology, sustainable infrastructure and water and wastewater innovation to build resilience and protect the health of our environment and our residents.

In 2022, York Region continued to provide residents with safe and reliable drinking water, achieving a score of 100% for water samples meeting Ontario's drinking water quality standards and an overall average inspection and sample score of 100% in the Chief Drinking Water Inspectors Annual Report.

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

As our communities grow and to ensure existing and future residents continue to have access to clean, safe and reliable water and wastewater services, Regional Council approved the updated 2022 Water and Wastewater Master Plan. This plan looks to the future to identify the infrastructure and programs required to supply drinking water and manage wastewater through to 2051. Incorporating the One Water concept, which recognizes water as a finite resource, the updated Water and Wastewater Master Plan aims to achieve a more sustainable water future. This means ensuring York Region has the appropriate infrastructure in place to meet increased demand in a cost-effective manner

while encouraging conservation and a continued decline in per-capita water use and fostering system resilience in the face of a changing climate.

In 2021, York Region launched the Circular Economy Initiatives Fund, supporting six innovative non-profit and community driven projects to help reduce residential waste and enhance education and awareness projects aimed at behavioural change. In 2022, Regional Council approved a second round of funding which saw seven organizations receive more than \$100,000 for projects, including bike repair and reuse, technology reuse, textile diversion, home waste reduction, education around organics recycling and litter clean-up events.

In partnership with our nine local cities and towns, York Region continues to be a leader in waste diversion, implementing innovative waste reduction, diversion and disposal programs that focus on reduction, reuse and recycling to meet the needs of our growing communities. In 2022, York Region processed over 380,000 tonnes of waste, diverting 94% from landfill. Initiatives like York Region's Repair Cafés and The Lendery further support waste diversion by incorporating a circular economy approach to extend the lifecycle of goods and resources. In 2022, York Region opened a third Lendery location at the Vaughan Public Library, offering residents an opportunity to sign out items they need in the moment but don't need to own, including tools, sports equipment, toys and small equipment. Similarly, York Region's Repair Cafés, which are run in partnership with NewMakelt, offer residents the opportunity to fix or repair a household item for free with the assistance of volunteer fixers.

York Region continues to be a leader in protecting the natural environment. Through the updated 2022 Greening Strategy, York Region is delivering significant results and contributing to a healthier natural environment. With input from residents across all nine cities and towns, the updated strategy continues to meet the needs of York Region residents and the objectives of Region Council. This includes valuable activities and programs that contribute to the protection of more natural features, a healthier and larger tree cover, enhancement of habitats and education to encourage biodiversity and sustainability, while also preventing greenhouse gases from entering the environment.

Continued investment in green infrastructure, including tree planting and forest restoration, delivers on Regional Council's commitment to environmental leadership and provides numerous benefits to the community, ranging from climate change mitigation to public health improvements. In 2022, this included the planting of 110,391 trees and shrubs, increasing canopy and woodland coverage across the Region and engaging over 8,600 people through in-person and virtual events.

Home to 24 forest tracts covering over 2,500 hectares of protected land, the York Regional Forest is among the Region's most cherished attractions. With more than 150 kilometres of trails, including three accessible trails, the Regional Forest offers residents and visitors a natural environment to hike, walk, horseback ride, mountain bike, cross-country ski and appreciate nature. To ensure all users of the York Regional Forest can enjoy this natural treasure, Council approved an updated rule for dogs in the Regional Forest, which came into effect on May 1, 2022. To provide a variety of visitor experiences, the updated rule requires dogs to be on-leash at all times in all Forest tracts, with the

exception of designated off-leash trails in the Bendor and Graves Tract in the Town of East Gwillimbury and the Davis Drive Tract in the Town of Whitchurch-Stouffville.

In 2022, York Region continued to move forward on its ambitious goal to achieve net zero greenhouse gas emissions by 2050. Throughout the year, efforts to reduce lighting energy consumption resulted in the optimization of utility costs by almost 50% at seven York Region facilities. Additionally, 62 electric vehicle chargers were installed at Region-owned facilities to promote public ownership of electric vehicles and support the electrification of the Region's fleet.

As part of the Region's Transit Fleet Electrification Plan, two electric buses were added to the Region's transit fleet in 2022. Steps to move towards a fully electric transit fleet were also accelerated through the federal Zero Emissions Fund with a grant of \$76 million and a low-interest loan of up to \$137 million to support the purchase of approximately 180 electric buses and associated infrastructure through March 31, 2026.

Across our communities, York Region residents continue to choose active and low-emission transportation options to move across our nine cities and towns and the GTHA. In 2022, York Region Transit ridership continued to recover from the pandemic, with ridership revenue increasing to \$15.5 million in 2022 compared to \$9.4 million in 2021. To further encourage active transportation options, Regional Council continues to support the development and capital construction of the 121-kilometre Lake-to-Lake Cycling Route and Walking Trail and the 50-kilometre South York Greenway Route. Both trails offer opportunities for recreation and active transportation, connecting residents and users to transit and mobility hubs, urban city centres and other attractions, including beaches, community centres and parks.

Looking forward, Regional Council's efforts to build sustainable communities and protect the natural environment will continue to meet the goals laid out in Vision and will be fundamental to the continued growth and economic viability of our communities.



DELIVERING TRUSTED AND EFFICIENT SERVICES



Adopted the updated **Regional Official Plan**



Introduced of **1% Rapid Transit Infrastructure Levy**



Named a **Forbes Best Employer** in Canada



1 billion people reached through over **1,500 media mentions**



1.2 million homes reached through two editions of York Region Matters



9% increase in subscribers to the Region's social media channels



32.1 million visits to york.ca, a **122% increase** over 2021



York Region Mobile app used **19,314** times



166,951 views of York Region produced videos



More than **40,000 Provincial Offences Courts** cases heard through video appearances

Ensuring reliable, responsive, efficient and fiscally responsible programs and services is fundamental to good government. Corporate management of the Region's 15 core service areas played a central role in York Region's operational and post-pandemic recovery activities throughout the year.

In 2022, Regional Council adopted the proposed 2022 York Region Official Plan (ROP), which outlines the policies to plan York Region's communities over the next 30 years. Following three years of consultation with residents, local municipal partners, Indigenous communities and various stakeholders, the ROP includes updated policies to build complete communities, promote affordable housing, achieve growth targets, protect natural and agricultural systems and conform to provincial plans. The provincial *Places to Grow Act* anticipates York Region to grow to over 2 million people and 1 million jobs by 2051. Through the significant efforts of the Municipal Comprehensive Review and Regional Council, the update ROP sets the stage to guide the growth of York Region and ensure the infrastructure and services put in place today will continue to meet the needs of future generations.

In May 2022, Regional Council approved the updated 2022 *Development Charges Bylaw* to help fund much of the infrastructure required to service the Region's provincially mandate growth targets. The updated bylaw remains fair and equitable to both the residential and non-residential sectors while ensuring the Region has the resources available to fund its portion of the Yonge North Subway Extension and facilitate the construction of affordable rental apartments and transitional housing over the next 20 years.

Despite Regional Council's best efforts to plan for future growth and ensure the delivery of trusted and efficient public services, a number of late year announcements from the Government of Ontario set the stage for uncertainty in the delivery of Regional programs and services. Both Bill 23, the *More Homes Built Faster Act*, and Bill 39, the *Better Municipal Government Act*, change the way regional and municipal governments do business.

Bill 23 amended nine provincial acts, including the *Development Charges Act* and *The Planning Act*, resulting in sweeping changes to the ways in which a municipality can finance growth-related infrastructure. Following adoption of the Regional Official Plan and the updated *Development Charges Bylaw*, Regional Council called on the Government of Ontario to halt Bill 23 to allow for a more fulsome consultation with Ontario's municipalities. While York Region is aligned with the provincial goal of building more homes and increasing the speed of approvals, Council remains committed to working with all levels of government to address the affordable housing crisis while ensuring the financial burden of growth-related infrastructure does not sit with existing taxpayers.

Provincial announcements late in 2022 referenced the appointment of facilitators to review the mix of roles and responsibilities between upper and lower-tier municipalities. York Region has a long history of collaborating with all levels of government to provide residents with high-quality public services that respect taxpayers. Regional Council welcomes the opportunity to work with provincial partners to further confirm the best way to deliver services to the residents of York Region.

While advocacy and collaboration with all levels of government was a continued priority for Regional Council in 2022, so too was the organization's continued response to the COVID-19 pandemic. Throughout the first quarter of the year, every area of the organization continued to work together to provide frontline, community-based and broad support for the corporate response to COVID-19. This included strategic communications, coordination and operation of fixed and pop-up vaccination sites, continued mobilization of staff, management and operation of emergency child care centres, analysis of critical data, wastewater surveillance, continuation of mandatory staff vaccination policies and critical supports for businesses and community partners.

Following the lifting of the Region-wide emergency declaration on April 26, 2022, efforts turned to the full return of programs and service offerings to residents and businesses and the post-pandemic recovery of our communities.

To ensure York Region continues to meet the needs of our growing and diverse communities, organizational changes were implemented to better reflect service offerings, a culture of continuous improvement and resident demands. In early 2022, York Region's Transportation Services and Environmental Services departments came together to establish a new Public Works Department. This change builds on York Region's collaborative framework to provide integrated services to the public and meet the current and future expectations of a maturing community and growing organization.

An additional organizational change in 2022 saw the Region's Human Resources unit evolve to People, Equity and Culture to better fit the needs of the organization and reflect the Region's commitment to building welcoming and inclusive communities and workplaces.

In March 2022, York Region began a one-year pilot of its hybrid work guidelines. Through the York@Work program, which adopts many of the lessons learned from the COVID-19 pandemic and reflects a modern way of doing business, the hybrid work guidelines offer flexible work arrangements for eligible York Region staff. A review of the York@Work program will be conducted in 2023 to provide further clarity and guidance on the organization's post-pandemic approach to the workplace.

In 2022, York Region also upgraded its public-facing internet site, york.ca, to ensure residents continue to have access to online services, tools and technology that support them in their everyday lives and help them access Regional programs and services. As part of an organizational commitment to digital transformation, an extensive website redesign, development and implementation project saw the launch of a new and updated york.ca. The new site,

which is built on a foundation of open-source technology, ensures the highest level of security, meets accessibility standards set out in the *Accessibility for Ontarians with Disabilities Act* and provides a responsive and positive customer experience for residents accessing Regional information, programs and services.

On October 24, 2022, residents of York Region had their say in the future governance of our communities by electing their 2022 to 2026 York Regional Council. The new Council, which includes the addition of a fourth Regional Councillor from the City of Vaughan, was sworn-in at the inaugural meeting of Council on November 17, 2022, where members voted to re-elect Wayne Emmerson as Chairman and Chief Executive Officer for a third term.

Over the next four years, Regional Council will continue to build upon the exceptional progress made during the last term. Issues like affordable housing, broadband connectivity, economic development, transportation and growth will continue to be top priorities, while delivering high-quality programs and services to York Region's growing and diverse population.

Building strong, caring, safe communities is Regional Council's commitment to the communities we serve. Looking ahead, York Region will continue to create complete, livable communities, built on a foundation of accountability, transparency, trust and fiscal responsibility to the residents who call York Region home.

AWARDS AND HIGHLIGHTS



ECONOMIC VITALITY

Infrastructure Award of Excellence from the Greater Toronto Sewer and Watermain Contractors Association

2022 PJ Marshall Innovation Award from the Association of Municipalities of Ontario for the York Durham Sewage System Forcemain Twinning Project

Institute for Sustainable Infrastructure **Envision Bronze Award** for 2nd Concession Project

Ontario Goods Roads Association **John Niedra Better Practices Award** for Innovative Practices in Asset Management: Use of Warm Mix Asphalt and Aramid Reinforcing Fibres on Road Rehabilitation Projects



SUSTAINABLE ENVIRONMENT

Susan Wiecek Forestry Education Award from Forests Ontario

Water's Next Award for Inflow and Infiltration Machine Learning Project

Transportation Association of Canada **Environmental Achievement Award** Finalist for Leslie Street Low Impact Development (LID)



HEALTHY COMMUNITIES

OMSSA Local Municipal Champion Award for the Homelessness Community Program's COVID-19 Response Team

OMSSA Local Municipal Champion Award for the EarlyON registration tool

Child and Family Health designated as a **2022 Best Practice Spotlight Organization** by the Registered Nurses Association of Ontario

Water's Next Early Adoption Award for COVID-19 wastewater surveillance

Transportation Association of Canada **Road Safety Achievement Award** and **MTO Road Safety Award** for pedestrian and cycling intersection safety pilot



GOOD GOVERNMENT

Named to Forbes List of **Canada Top Employers 2022**

S&P Global **AAA Rating**

Government Finance Officers **Distinguished Budget Presentation Award**

Four **IABC Ovation Awards**, and four **IABC Gold Quill Awards**, including **Corporate Communications Department of the Year**

Hermes Creative Platinum Award and three **Hermes Creative Gold Awards** for various transportation communications campaigns

2021



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Canadian Award
for
Financial Reporting

Presented to

The Regional Municipality
of York, Ontario

Jeffrey S. Chan
Executive Director / CEO



TREASURER'S REPORT



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

Reflecting The Regional Municipality of York's strong commitment to fiscal prudence, results for the year ended December 31, 2022, show continued strengthening of the Region's balance sheet despite the impacts of the COVID-19 pandemic and other global events.

The Region's spending in 2022 supported important priorities that advance the Region's vision of strong, caring, safe communities, including the reopening and resumption of activities curtailed by the pandemic starting in early 2020. It also took the first steps in funding the Region's \$1.12 billion share of the costs of the Yonge North Subway Extension, a longstanding Regional priority.

The 2022 Regional budget as approved by Council was presented in a way that showed how cash inflows, including the property tax levy, were balanced against all expected cash outflows. On this basis, the Region recorded an operating surplus of \$77.9 million in 2022.

The financial results in this report are presented on the full accrual basis of accounting, which differs from the budget presentation. For comparability

with this report, the 2022 budget book provided expected revenues, spending and annual surplus on a full accrual basis. This report compares 2022 results to the budget as presented on the full accrual basis.

On the full accrual basis of accounting, the Region's revenues exceeded expenses, resulting in an annual surplus of \$687.7 million from operations over the year. This was \$51.0 million lower than expected in the 2022 budget on the full accrual basis, owing mainly to lower-than-expected revenue.

With the addition of the 2022 annual surplus, the Region's accumulated surplus reached \$10.0 billion at the end of 2022, up from \$9.3 billion at the end of 2021. The Region's financial assets, including investments, rose by \$689.2 million.

The discussion and analysis that follow, as well as the financial statements themselves, represent key parts of our accountability to residents and businesses.

OVERVIEW OF TREASURER'S REPORT, FINANCIAL STATEMENTS AND STATISTICAL REVIEW

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 2022
- Discussing financial results for 2022 compared to 2021 and the 2022 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

YORK REGION FINANCIAL STATEMENTS

The Region's financial statements follow this Treasurer's report. The financial statements describe the Region's financial position at the end of the year and show how it changed from the previous year and, where relevant, from the budget. The notes that follow the financial statement 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, 2022.

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, 2022, resulting in an annual surplus.

Consolidated Statement of Change in Net Financial Assets/Net Debt

This statement reconciles the change in net financial assets/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.) By year-end 2022, the Region's financial assets were greater than its liabilities.

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.

STATISTICAL REVIEW

The financial statements and notes are followed by a statistical review of key financial and non-financial figures over the past five years.

ADDITIONAL FINANCIAL STATEMENTS

This document includes additional sets of financial statements for:

- The sinking fund, which is segregated and audited annually, as required by the *Municipal Act, 2001*. 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.
- Funds held in trust by the Region for residents of Newmarket Health Centre and Maple Health Centre, the Region's two long-term care homes, 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 2022 fiscal year, the main elements guiding the Region's financial management were:

- *Vision* and the 2019-2023 Strategic Plan
- The 2022 Budget
- The Regional Fiscal Strategy

Vision and the 2019-2023 Strategic Plan

The 2022 budget was developed with long-term direction set out in *Vision*, the Region's long-term blueprint.

Every four years, to coincide with the new term of Council, the Region develops a four-year Strategic Plan with the purpose of turning *Vision* and related 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.

2022 Budget

The Regional budget provides the financial framework to accomplish the Strategic Plan and achieve the long-term *Vision*.

Multi-year budgeting is a vital aspect of the financial framework. At the start of the 2018-2022 term of Council, Regional Council reviewed a four-year plan consisting of the proposed budget for the first year and an outlook for the remaining three years. In each of the following three years, the outlook was reduced by one year. The 2022 budget represented the final year of that multi-year budget.

While a four-year framework gives overall direction, Council has the flexibility to make changes each year as conditions warrant.

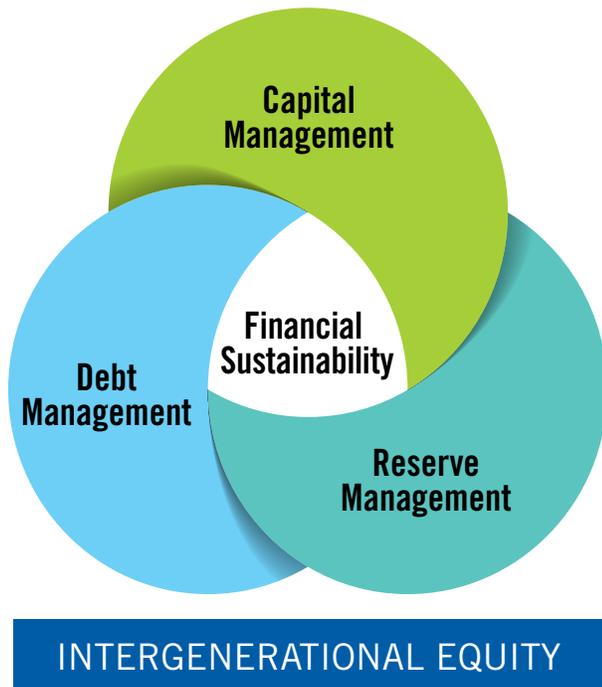
The Region's budget shows major cash inflows and outflows and determines the tax levy needed to achieve the balance between these. It gives decision-makers and other readers a clear picture of where cash resources are expected to come from and how they will be applied to all activities, including capital and operating, 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 book includes a section entitled "Accrual Budget Presentation" in which figures for expected revenue, expense and annual surplus are provided on the same basis as in the annual report. This report compares results for 2022 to the accrual-based budget.

Regional Fiscal Strategy

The purpose of the Regional Fiscal Strategy, adopted in 2013 and updated annually, is to help the Region achieve long-term financial sustainability in an equitable way 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 generation is left worse off through the actions of another. 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. While development charges are the main source of funding for growth-related projects, debt is used to bridge the timing between spending on infrastructure and collecting development charge revenue. Aligning and phasing delivery of projects is key to mitigating the financial risks associated with planning for growth and paying for the required infrastructure.

Reserves are funds that are built up and accessed 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** considers borrowing needs over the following 10 years, complies with Regional and provincial policies and considers risks to the plan and ways of mitigating them.

2022 HIGHLIGHTS

In 2022, pandemic-related pressures on the Region's budget eased significantly, although some revenues remained lower and some expenses higher. At the same time, the highest rates of inflation in four decades and continuing supply chain disruptions presented challenges to the ongoing recovery. Leveraging senior government support and carefully managing its own activities allowed the Region to remain in a strong financial position despite these factors.

By year-end York Region had on the full accrual basis of accounting:

- Increased its net financial assets by \$507.1 million to reach a balance of \$808.5 million
- Recorded an annual surplus of \$687.7 million, increasing its accumulated surplus to \$10.0 billion
- Continued to save for future needs including debt servicing costs and asset replacement needs by adding \$552.5 million to reserves, increasing the balance to \$4.8 billion
- Increased tangible capital assets by \$176.0 million, recording a total of \$9.1 billion

CHANGES IN FINANCIAL POSITION

The Consolidated Statement of Financial Position gives a picture of the Region's balance sheet on December 31, 2022. The table below provides a summary.

Consolidated Statement of Financial Position

(\$ Millions)	2022 Actual	2021 Actual	Variance	% Change
Financial Assets	6,417.5	5,728.4	689.2	12.0%
Liabilities	5,609.0	5,427.0	182.1	3.4%
Net Financial Assets	808.5	301.4	507.1	168.2%
Tangible Capital Assets	9,148.5	8,972.4	176.0	2.0%
Other Non-Financial Assets	30.4	25.8	4.6	17.9%
Accumulated Surplus	9,987.4	9,299.6	687.7	7.4%

Note: numbers may not add due to rounding

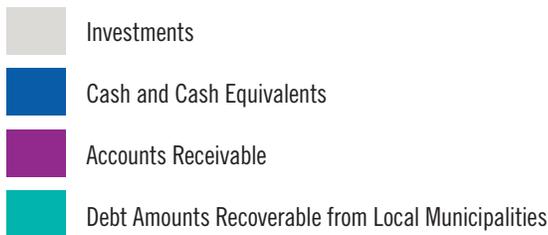
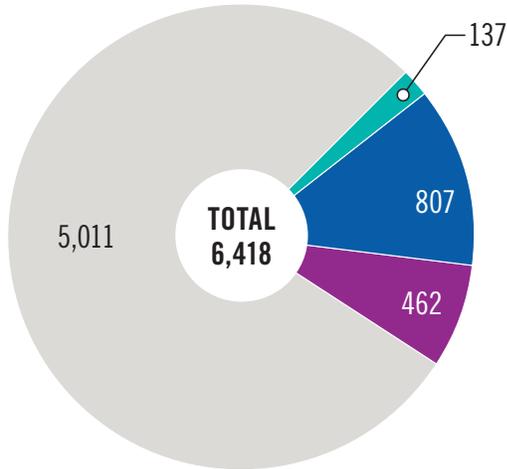
The Statement of Financial Position reports the financial and non-financial assets, including tangible capital assets, available to the Region. It also lists obligations in the form of liabilities, including debt. Because the Region's total assets are greater than its liabilities, the statement shows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

FINANCIAL ASSETS RISE BY 12.0%

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:

FINANCIAL ASSETS

\$(MILLIONS)



Note: numbers may not add due to rounding

These assets totalled \$6.4 billion at the end of 2022, up by \$689.2 million or 12.0% from the previous year, largely reflecting the Region’s operating surplus for the year and its commitment to building reserves through the Regional Fiscal Strategy. Within this category, the major change was an increase of \$1.7 billion in longer-term investments, partially offset by a decrease of \$993.7 million in cash and cash equivalents. The discussion of major sources and uses of cash that follows provides further details.

TANGIBLE CAPITAL ASSETS

The 2022 budget included a capital plan of \$980.0 million for the year. Under Public Sector Accounting Standards, which are used to prepare the financial statements and accrual-based budget, \$839.6 million of the capital plan was classified as planned spending on tangible capital assets for financial reporting purposes, with the balance allocated to capital-related operating expense.

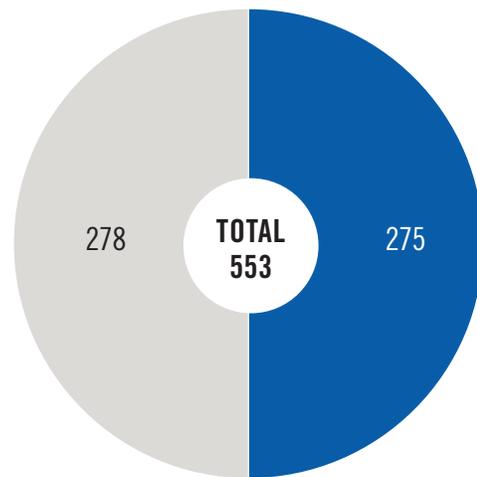
By year-end, \$553.2 million or 65.9% of the accrual-based capital plan, as calculated for year-end reporting, was spent. This share was slightly lower than in recent years. Underspending was largely due to:

- Labour disruptions, shortage of materials due to supply-chain issues and delays in transportation projects caused by third parties
- Housing services projects not moving forward as planned senior government funding was not secured
- Ongoing consultations for the Yonge North Subway Extension

As the graph below shows, nearly 50% of the spending was for growth-related projects, while the balance went to renewing and/or replacing existing assets. The growth-related portion was largely funded by development charges. The cost of renewals and replacements was largely covered from asset replacement reserves.

TANGIBLE CAPITAL ASSETS: CAPITAL SPEND

\$(MILLIONS)



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 14 to the consolidated financial statements shows 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, with a comparison to the capital budget.

2022 Top 5 Capital Spend \$(Millions)			
Project	Service Area	Additions	Capital Budget ⁽¹⁾
Conventional Bus Replacement	Transportation Services	47.7	48.4
Road Asset Renewal and Replacement	Transportation Services	38.2	51.7
55 Orlando Garage Expansion	Transportation Services	26.6	32.4
Aurora Henderson Pumping Station	Transportation Services	17.8 ⁽²⁾	15.4
Rutherford Road - Jane Street to Westburne Drive	Transportation Services	16.9	19.5

(1) Capital budget is based on the 2022 budget approved by Council on December 16, 2021.

(2) Additional spending was within overall Capital Spending Authority.

Several projects were completed and put into use in 2022. The table below lists the five largest completions and the year that work first began on the project.

2022 Top 5 Additions to Assets in Use \$(Millions)			
Project	Service Area	Additions	Project Start Date
York Durham Sewage System Forcemain Twinning	Environmental Services	126.4	2014
Major Mackenzie Drive - Canadian Pacific Railway to Pine Valley Drive	Transportation Services	122.2	2009
Cornell Terminal	Transportation Services	49.2	2014
Conventional Bus Replacement	Transportation Services	48.8	2022
Road Asset Renewal and Replacement	Transportation Services	44.9	2022

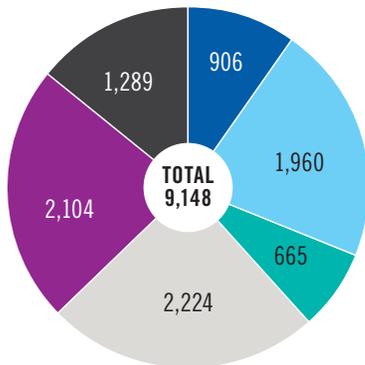
In addition to projects in the Region's 10-year capital plan, the Region also delivers construction of bus rapidways and associated infrastructure that make up the Viva bus rapid transit network. These projects are fully funded by the provincial Metrolinx agency.

Net book value (NVB) as reported on the Consolidated Statement of Financial Position is the historical cost of an asset less its accumulated amortization. After taking into account additions of capital assets, amortization expense of \$337.0 million and the disposal of assets during the year, the net book value of the Region’s assets rose by \$176.0 million, taking the total to \$9.1 billion at the end of 2022.

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

NBV OF TANGIBLE CAPITAL ASSETS BY CATEGORY

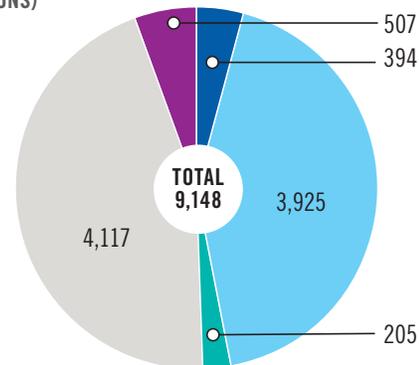
\$(MILLIONS)



- Land and Land Improvements
- Buildings
- Equipment, Machinery and Vehicles
- Roads and Transit Infrastructure
- Water and Wastewater Infrastructure
- Assets under Construction

NBV OF TANGIBLE CAPITAL ASSETS BY SERVICE AREA

\$(MILLIONS)

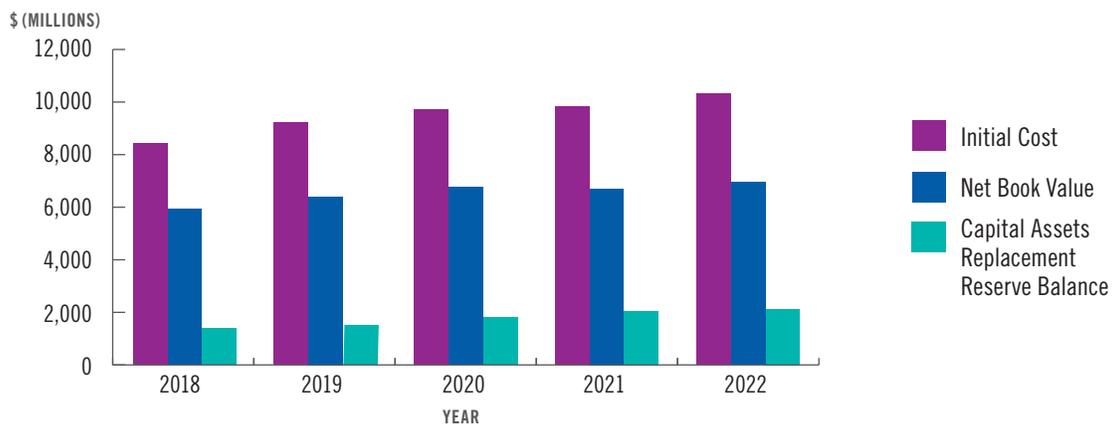


- Environmental Services
- Protection to Persons and Property and Court Services
- Transportation Services
- Community, Health and Social Housing
- General Government and Planning and Economic Development

Five-year trend in net book value and asset condition

The net book value of the Region’s assets as measured in the graph below steadily increased from 2018 to 2022. The asset base has grown largely as a result of major investments in roads, transit and water and wastewater infrastructure.

TANGIBLE CAPITAL ASSETS: INITIAL COST, NET BOOK VALUE AND REPLACEMENT RESERVES



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 graph above.

One measure of the Region’s potential financial vulnerability is the ratio of the net book value of assets to their initial cost. This ratio provides an estimate of the time remaining in which assets are available to provide services, with a low ratio suggesting that assets are being used up and not replaced. Service areas use this measure as well as regular reviews of asset condition and servicing needs to assess overall spending needs. The ratio for the Region has held fairly steady over the past five years at between 67.4% and 70.4%.

This means the Region is consistently adding or replacing assets, which helps to offset the decline in the net book value of existing assets. Net book value as presented in the financial statements, which includes assets under construction, grew because of a larger growth-related capital program.

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.

The Region’s 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.

Replacement value estimates are updated annually for the Region’s State of Infrastructure Report, the latest of which shows a current replacement value of \$19 billion.

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. An updated Corporate Asset Management Plan is expected to be presented to Regional Council in early 2024.

Current asset replacement reserves balances are lower than the accumulated amortization associated with the

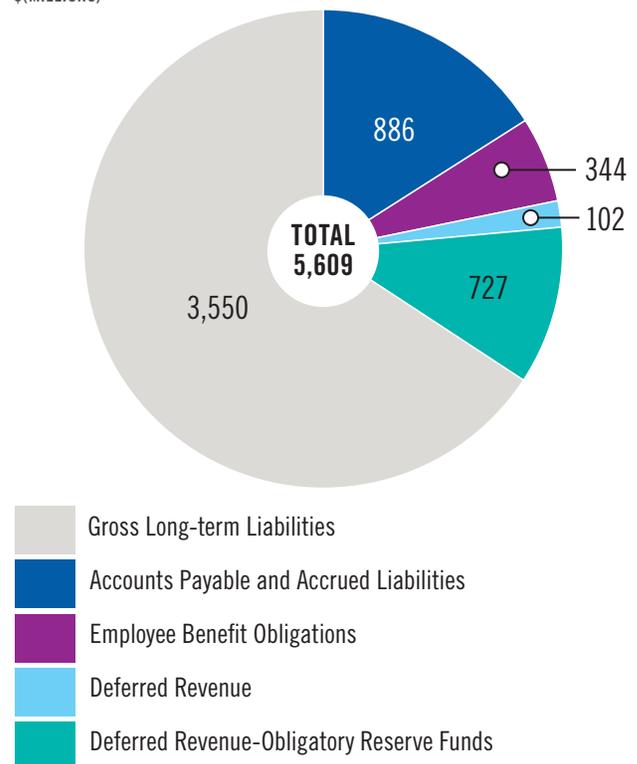
existing asset base. Accumulated amortization is one way to assess the amount of the Region’s asset value that has been consumed to date. With reserve balances below this measure, it is necessary to continue focusing on contributions to asset replacement reserves.

Planned contributions to capital reserves, including those outlined in the 2023 to 2026 Budget, provide the funding needed to fully deliver the Region’s 10-year capital plan. Additional contributions would be needed to reach the Fiscal Strategy objective of intergenerational equity, which means the future costs of asset management are shared equally by current and future residents.

LIABILITIES INCREASED BY 3.4%

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

LIABILITIES
\$(MILLIONS)



Total liabilities increased by \$182.1 million, ending the year at \$5.6 billion.

Liabilities other than debt

Liabilities other than debt increased by \$200.6 million, ending the year at \$2.1 billion. This was largely as a result of increases in deferred revenue-obligatory reserve funds and employee benefits obligations.

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. Estimates are based on long-term actuarial expectations and updated at three-year intervals. These obligations increased by \$30.4 million or 9.7% from 2021, reflecting increases in estimates of future costs and expectation of higher health care costs. The Region maintains reserves to help address these liabilities as they become due.

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 financial assets, 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 deferred revenue on the Region's Consolidated Statement of Financial Position: general deferred revenue and deferred revenue-obligatory reserve funds.

General deferred revenue includes funds received in advance to conduct certain work in accordance with legislation or agreements. It also includes user charges and fees collected for services not yet rendered. The general deferred revenue account increased by \$5.7 million or 5.9% from 2021.

Deferred revenue-obligatory reserve funds include development charges that are collected to pay for future

growth-related projects and Gas Tax/Canada Community-Building Fund revenues to be used for transit and other specified purposes. These amounts increased by a net \$146.7 million or 25.3% by year-end 2022. This was due to an increase of \$145.0 million in the development charges balance, representing new collections and accrued receivables for deferred development charges of \$578.8 million less the \$433.9 million taken into revenue to help pay for new infrastructure to support growth and a net \$1.7 million increase in the Gas Tax/Canada Community-Building Fund balance.

Debt

Total debt, which is reported in the Consolidated Statement of Financial Position as gross long-term liabilities, decreased by \$18.5 million to total \$3.6 billion by the end of 2022. No new Regional debt was issued in 2022.

Total debt includes funds borrowed by the Region on behalf of local municipalities. The local municipal borrowings, which totalled \$137.2 million at the end of 2022, 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 \$218.1 million in 2022.

Netting off the sinking fund asset and excluding local municipal borrowing, the Region's net outstanding debt ended the year at \$2.3 billion, a decrease of \$229.2 million from the previous year.

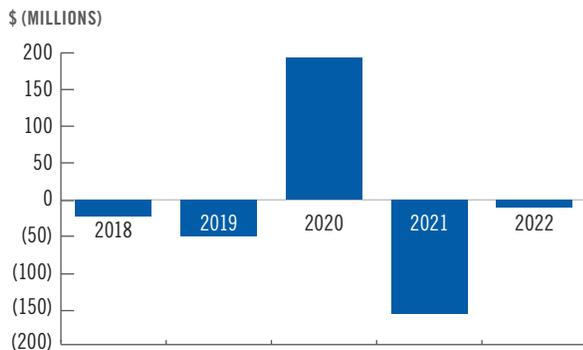
The Region met its commitment to keep its own debt, net of sinking fund assets and local municipal debt, below the peak of \$2.9 billion that was reached in 2017.

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, demonstrates the Region's success at reducing debt. In 2020, with interest rates at historic low levels, the Region increased its overall debt to finance new growth capital projects, but debt reduction resumed in 2021 and continued further in 2022 as interest rates rose.

NET CASH INFLOWS/(OUTFLOWS) FROM FINANCING ACTIVITY



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 5.3% in 2022, continuing a steady decline from 7.5% in 2018. Although borrowers faced the highest lending rates in decades in 2022, the Region's ratio fell for two reasons:

- Interest expense declined to \$104.4 million in 2022 from \$109.6 million the previous year, as reported in Note 8 to the consolidated financial statements. This is because most of the Region's existing debt is at fixed rates, it issued no new long-term debt in 2022 and it continued to repay its own outstanding borrowings during the year. Interest expense has fallen in each of the past five years.
- Its own-source revenues increased by \$74.6 million in 2022.

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 4.3%, down from 5.9% in 2018.

NET FINANCIAL ASSETS / NET DEBT

Under public sector financial reporting in Canada, the difference between a reporting entity's financial assets and its liabilities is its "net financial assets" if positive and "net debt" if negative. (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 financial assets were \$808.5 million at the end of 2022, representing the difference between its \$6.4 billion in financial assets and \$5.6 billion in debt and other liabilities.

Net financial assets increased by \$507.1 million from the previous year-end level of \$301.4 million because financial assets, particularly investments, grew at a faster rate than total liabilities.

ACCUMULATED SURPLUS

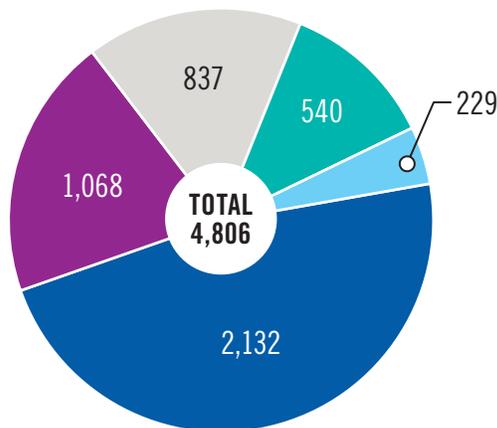
The Region’s accumulated surplus increased by \$687.7 million or 7.4% from 2021 to reach \$10.0 billion at the end of 2022. The increase is equal to the annual surplus and is calculated based on Public Sector Accounting Standards. (It differs from the operating surplus, which represents any excess in revenue or underspending in relation to the operating budget. The 2022 operating surplus is discussed in later pages.

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 2022 year-end they totalled \$4.8 billion, up from \$4.3 billion a year earlier. The pie chart below provides a breakdown by reserve type.

RESERVE BREAKDOWN

\$(MILLIONS)



Note: numbers may not add due to rounding

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 \$2.1 billion by year-end, having increased by \$115.3 million or 5.7% during the year. This increase was made up of contributions and interest earned totalling \$433.7 million, less \$318.4 million used for asset management purposes during the year.

The Region’s sinking fund reserve, which is a segregated fund that can only be used to repay existing debt, is the next largest balance. It grew by \$218.1 million or 25.7% in 2022 to reach \$1.1 billion by year-end.

Capital reserves that help to fund construction and other capital projects increased by \$135.4 million or 19.3% in 2022. The debt reduction, rapid transit and solid waste management reserves all saw growth, while the social housing development and information technology development reserves were drawn down.

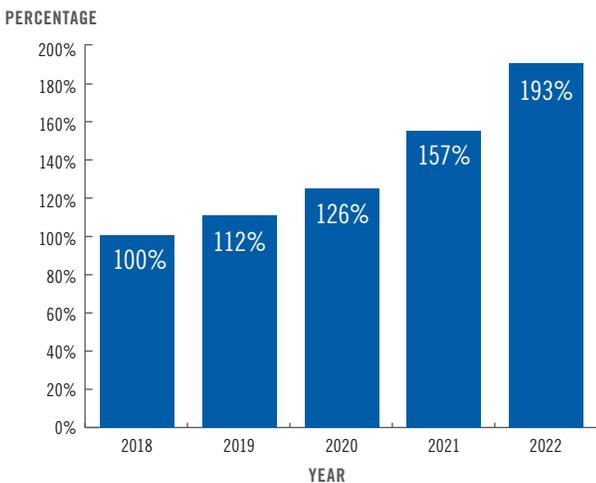
The balance reflects additional reserves that the Region maintains to smooth fluctuations in operating revenue and expense items and to build funding over time for special projects. These additional reserves rose by a total of \$83.7 million, or 12.2%, over the year.

Reserves to debt

The ratio of reserves to debt is an important marker of fiscal sustainability. Because Ontario municipalities can borrow only for capital projects, generally a high ratio shows that a municipality’s reserves hold sufficient funds for most future capital needs, helping to reduce 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 and/or high borrowing needs.

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

RESERVES-TO-DEBT RATIO



Note: The debt figure represents Region-only debt, excluding local municipality debt and housing-related debt, and is net of sinking fund assets.

The Region’s strong ratio at the end of 2022 shows that it remained in a net investor position and has resources to manage short-term fluctuations in revenue and help cover future capital needs.

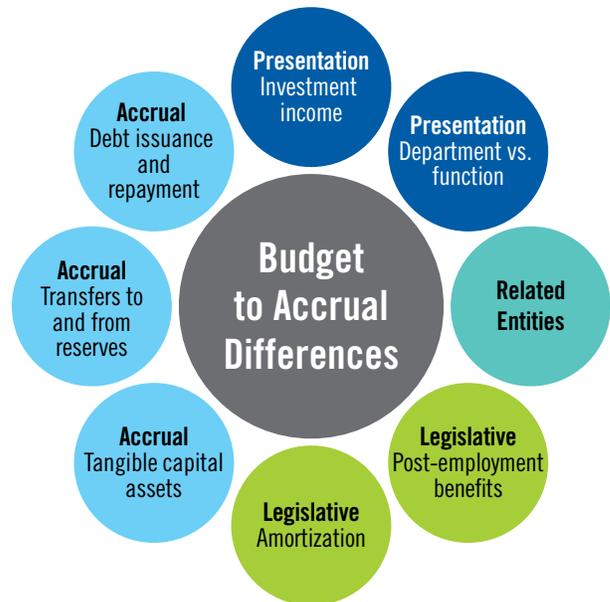
CONSOLIDATED STATEMENT OF OPERATIONS

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 between them. 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 approved budget presents planned spending by department. The financial statements and full accrual budget set out expense by function instead, which in some cases involves breaking out a department’s activities as separate items. For better comparability to the budget, the discussion of expense below combines the functions of Community and Health Services into one service area. As in previous years, Transportation Services and Environmental Services are also presented as service areas. This generally follows the presentation in the budget for 2022. During 2022, Transportation Services and Environmental Services were brought together as the Public Works department.

Related entities

- Under full accrual accounting, the financial activities of three Region-owned entities, York Region Rapid Transit Corporation, Housing York Inc. and YTN Telecom Network Inc., known as YorkNet, are fully consolidated with the results of the department to which they are related. The treatment of the first two of these entities was different in the 2022 approved budget.

Legislative

- Under the *Municipal Act*, two items may be excluded from a municipal budget because they require no cash outlay, as long as Council is informed: post-employment benefits, which are employee benefits that have been earned but will be paid in the future as employees retire; and amortization, which 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. While the Regional budget includes an expense for post-employment benefits, the basis on which it is calculated differs from the treatment outlined in Note 6 to the financial statements. The accrual-based budget is consistent with the Note. Treatment of amortization 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 2022 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:

\$(Millions)	Approved budget	Adjustments	Full accrual budget
Revenues	3,661.5	(479.3)	3,182.2
Expenses	3,661.5	(1,218.0)	2,443.5
Surplus	–	738.7	738.7

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 Consolidated 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 revenues, expenses and annual surplus remain the same.

RESULTS FOR 2022 AND FIVE-YEAR TRENDS

This section compares operating results for 2022 to the full accrual budget and to results for 2021. 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 2022 Consolidated Statement of Operations:

Consolidated Statement of Operations					
\$(Millions)	2022 Budget	2022 Actuals	2021 Actuals	Budget to Actual Variance	Year over Year Variance
Revenues	3,182.2	3,135.5	2,970.5	(46.7)	165.0
Expenses	2,443.4	2,447.7	2,299.7	4.3	148.0
Annual Surplus, Accrual Basis	738.7	687.7	670.8	(51.0)	17.0

Note: numbers may not add due to rounding

At \$687.7 million, the surplus for 2022 was \$51.0 million lower than expected in the accrual-based budget. It was \$17.0 million higher than the previous year's \$670.8 million surplus.

REVENUES

The table below provides a summary of the revenues from the 2022 Consolidated Statement of Operations with comparisons to the accrual-based budget and the previous year:

\$(Millions)	2022 Budget	2022 Actuals	2021 Actuals	Budget to Actual Variance	Year over Year Variance
Revenues					
Net Taxation	1,284.2	1,281.7	1,232.7	(2.5)	49.0
User Charges	376.0	387.8	378.0	11.7	9.8
Government Transfers	649.7	721.4	694.2	71.7	27.2
Development Charges	593.6	433.9	370.8	(159.8)	63.1
Fees and Services	126.4	150.6	117.2	24.2	33.3
Investment Income	93.0	125.0	115.1	31.9	9.8
Other	59.2	35.2	62.4	(24.0)	(27.2)
	3,182.2	3,135.5	2,970.5	(46.7)	165.0

Note: numbers may not add due to rounding

At \$3.1 billion, actual 2022 revenues were \$46.7 million lower than expected in the 2022 budget and \$165.0 million higher than actual 2021 revenues.

- Net taxation revenues were consistent with plan, at \$1.3 billion.
The increase over 2021 was \$49.0 million, or 4.0%, which was in line with the approved tax levy increase of 2.96%, assessment growth of 1.46% and offset by a year-over-year decrease in supplementary taxes of 0.43%, due to a greater impact of assessment adjustments.
- The budgeted projection for water and wastewater user charges was based on user rates approved by Regional Council in September 2021 for the period April 1, 2022, to March 31, 2028 with the goal of ensuring rates cover all costs of providing the services. Actual 2022 results were above forecast, as consumption remained higher than expected owing to a hot, dry summer.

The year-over-year increase was \$9.8 million, or 2.6%, reflecting higher consumption.

- At \$721.4 million, revenue from provincial and federal transfers was \$71.7 million higher than planned. Most of the variance comes from higher-than-budgeted revenues in senior government funding for childcare programming, including the Canada-Wide Early Learning and Child Care grant. Further, the Region received some unbudgeted funding from the province in 2022 for pandemic-related expenses and lost revenues. This funding is related to expenditures in 2020 through 2022. These increases were partially offset by declines in other areas: revenue from Metrolinx was lower than expected as fewer land settlements relating to bus rapidways were completed and the Rapid Housing Initiative did not secure senior government funding as planned.

There was an increase of \$27.2 million, or 3.9% in transfer payments from 2021 to 2022 due to the reasons above, with a partial offset from lower COVID-19 transfer payments compared to 2021.

- Development charge collections are recorded as deferred revenue on the Consolidated Statement of Financial Position. Development charge revenue in the Consolidated Statement of Operations reflects the drawing down of deferred revenue to fund new growth-related projects or to service debt that funded previous projects. This source of revenue was \$159.8 million below budget mainly because projects and related spending were delayed owing to the pandemic and refinements to project schedules.

Although lower than forecast, development charge revenue was \$63.1 million or 17.0% higher than in 2021.

- Fee and services revenue was \$24.2 million higher than budgeted. The most significant variance relates mainly to higher transit fare revenue than budgeted as ridership returned to 70% of pre-pandemic levels. Higher blue box revenue in waste management also contributed as prices for recyclables were higher than expected. These increases were partially offset by lower-than-expected revenue in Court Services, due mainly to delays in provincial re-opening of Provincial Offences Act trial courts in York Region as well as limited Justice of the Peace resources, both of which significantly reduced available court time.

Fee and services revenue rose by \$33.3 million, or 28.4%, year-over-year mainly due to higher transit fare revenue.

- At \$125.0 million, interest income and other earnings on investments were above the budget forecast of \$93.0 million.

Revenue from this source increased by \$9.8 million or 8.5 % from the previous year, reflecting better-than-expected performance in a highly uncertain market environment. The investment portfolio continued to outperform its benchmarks.

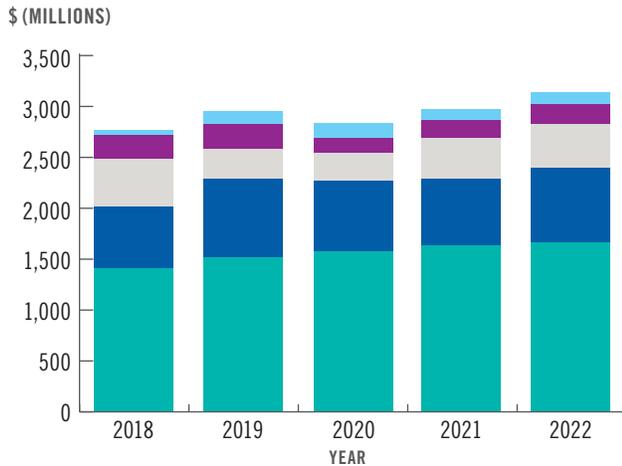
- Other revenue was \$24.0 million lower than budgeted. Much of this revenue reflects lower recoveries from local municipalities for fewer capital projects the Region carried out on their behalf. The budget forecast is based on recoveries from construction activity. Most of this variance relates to an accounting adjustment that did not affect cash. Apart from that, actual other revenue was close to budget.

The year-over-year decrease was \$27.2 million, or 43.6%, for the reason provided above.

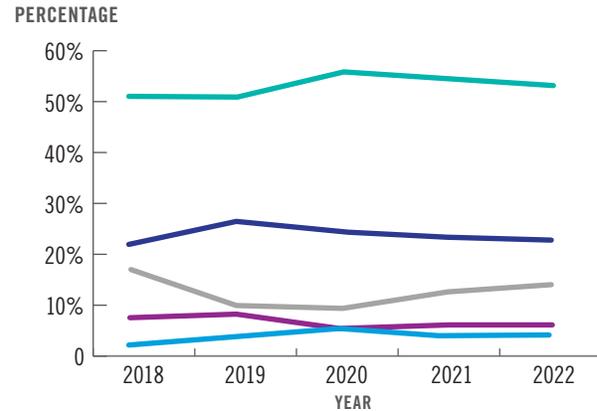
Five-year trend

The graphs below illustrate annual changes in sources of revenue over the past five years:

REVENUE COMPOSITION



REVENUE COMPOSITION BY PERCENTAGE



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 63.2% of revenue in 2022. Over the past five years, these revenue sources have provided 63.6% 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 23.8% of revenues over the past five years.

In the first phase of bus rapidway construction, funding from Metrolinx was recorded as revenue (and the related spending treated as expense to the Region). In 2019, the province donated some Metrolinx-related assets to the Region. This increased government transfers to 26.5% that year. A similar transfer in 2020 was considerably smaller. With the substantial completion of the first phase of bus rapidways late in 2020, this component of transfer payment revenue will continue to decline in significance. The decrease in Metrolinx transfers was partially offset by pandemic-related funding in 2020, 2021 and 2022.

In general, government transfer fluctuations reflect either specific, time-limited funding (such as for bus rapidway 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 capital investments they fund. Over the past five years, this source of revenue has averaged 12.6% of the Region's total. In 2018 the level was 17.1% of total revenue, followed by declines in 2019 and 2020 as the Region relied on debt to fund a portion of the growth-related infrastructure and some construction activity was deferred. In 2021 and 2022, development charge drawdowns increased to 12.5% and 13.8% of total revenue, respectively.

EXPENSES

The table below provides a summary of the expenses from the 2022 Consolidated Statement of Operations with comparisons to the accrual-based budget and the previous year:

\$(Millions)	2022 Budget	2022 Actuals	2021 Actuals	Budget to Actual Variance	Year over Year Variance
Expenses					
Transportation Services (2)	537.7	510.6	477.3	(27.0)	33.3
Environmental Services	532.1	486.8	485.1	(45.3)	1.7
Community and Health Services (3)	748.6	845.3	740.3	96.7	105.0
Protection to Persons and Property (4)	455.2	451.2	436.5	(4.1)	14.7
Other (5)	169.8	153.8	160.5	(16.0)	(6.7)
	2,443.4	2,447.7	2,299.7	4.3	148.0

Notes:

1. Numbers may not add due to rounding
2. Transportation Services including York Region Rapid Transit Corporation
3. Community and Health Services comprises Health and Emergency Services, Community Services and Social Housing (including Housing York Inc.) from the Consolidated Statement of Operations
4. Protection to Persons and Property comprises York Regional Police, the Police Services Board, Court Services and conservation authorities
5. Other comprises General Government and Planning and Economic Development (including YorkNet) from the Consolidated Statement of Operations

Total expenses were \$2.4 billion. This was an increase of \$4.3 million from the full accrual budget plan and a \$148.0 million increase from 2021.

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

- Overall spending by Transportation Services was \$27.0 million less than expected. The decrease reflects a number of costs that came in lower than budgeted, including operating costs for maintenance, spending on capital projects due to delays mainly caused by supply chain issues, amortization and salaries and benefits, owing to hiring delays.

The year-over-year increase was \$33.3 million, or 7.0%, owing mainly to higher amortization expense, higher operating costs related to ridership returning to 70% of pre-COVID levels and higher fuel prices. High fuel prices were mitigated through the Fuel Stabilization Reserve. As well, there were reclassifications of some capital spending to operating costs because these amounts were recovered from third parties.

- Spending by Environmental Services was \$45.3 million below budget. A portion of this variance relates to underspending on certain rehabilitation capital programs. Further, hirings were delayed, reducing salary and benefit costs more than expected.

On a year-over-year basis there was a slight increase of \$1.7 million.

- In Community and Health Services, spending was \$96.7 million above budget. After the 2022 Budget was approved, Community and Health Services received \$116.0 million in senior government funding. Public Sector Accounting Standards require comparison against the original budget, which did not include this funding and related expenditure. In April 2022, the Ministry of Education confirmed funding totalling \$103.2 million to the Region to implement the Canada-Wide Early Learning and Child Care system. The remainder of funding and associated expenditure is related to other streams of childcare funding and Public Health programming related to dental care and nursing retention. The increase was balanced by funding from senior governments discussed above.

On a year-over-year basis, spending in Community and Health Services rose by \$105.0 million, due mainly to the increased childcare spending.

- Spending on Protection to Persons and Property, which largely reflects York Regional Police, was close to budget at \$451.2 million.

Spending was up \$14.7 million year-over-year as a result of expanded service needs for a growing population.

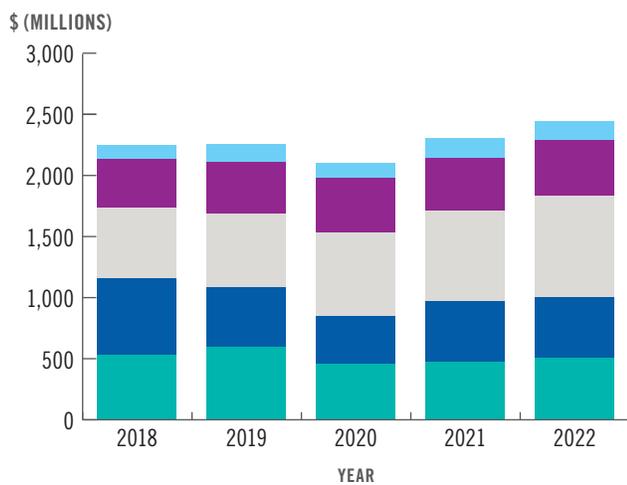
- Spending in the "Other" category (which comprises General Government and Planning and Economic Development) was \$16.0 million less than budgeted, owing partially to delays hiring staff and lower repairs and maintenance costs to Regional facilities.

On a year-over-year basis, spending was down \$6.7 million, partially reflecting lower hospital grant payments due to timing of requests and other lower operating costs.

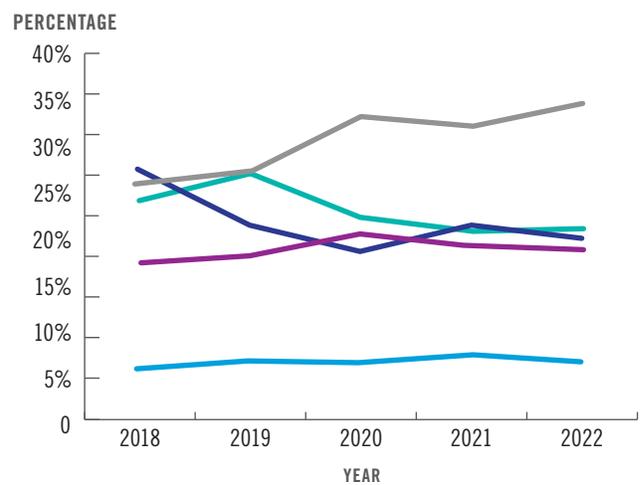
Five-year trend

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

EXPENSE COMPOSITION BY SERVICE



EXPENSE COMPOSITION BY SERVICE AND PERCENTAGE



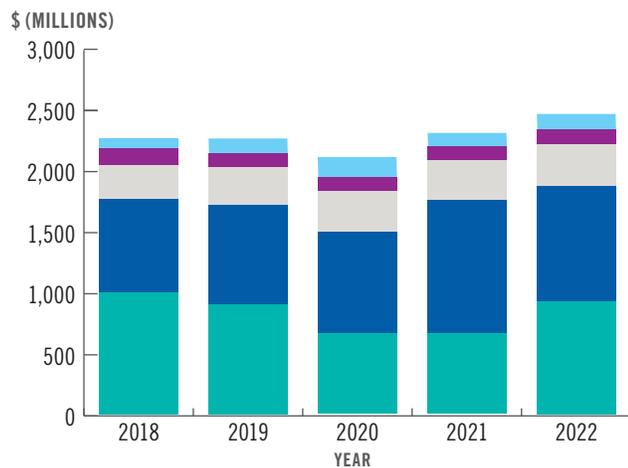
By service area:

- Fluctuations in Transportation Services expense largely reflect the Region’s role in delivering bus rapidway projects on behalf of Metrolinx. The spending, which was fully funded by Metrolinx, also resulted in the betterment of assets owned by other parties, including the Region. Annual changes reflect the portion of funding that was expensed each year as opposed to increasing the Region’s asset portfolio. Transportation Services has also seen amortization expense increase steadily as a result of significant investments in tangible capital assets. In 2020 and 2021, expense fell in part because of reduced transit service in response to the pandemic. Results from 2022 show an uptick over 2021 levels reflecting ridership returning to 70% of pre-COVID levels.
- Day-to-day Environmental Services expenses reflect the costs to operate and maintain a large and 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 27.3% in 2018 to 19.9% in 2022. Fluctuations in Environmental Services expense before 2022 reflect accounting adjustments that had the effect of increasing operating spending in 2018 and decreasing it in 2020.
- Community and Health Services expense rose from \$579.7 million or 25.8% of total spending in 2018 to \$845.3 million or 34.5% in 2022. A significant amount of the department’s expense reflects the flow-through of provincial transfer payments for social programs to third parties, which fluctuates with provincial policy direction. From 2020 through 2022 most of the Region’s pandemic-related costs were recorded in Community and Health Services. New childcare spending, funded by senior governments, contributed to the 2022 increase.
- Protection to Persons and Property largely reflects York Regional Police, whose budget is strongly tied to staffing costs. Expense has increased from \$385.7 million in 2018 to \$451.2 million in 2022. The share of total spending has remained fairly stable, as spending in this area has paralleled the Region’s overall growth in salaries and benefits.

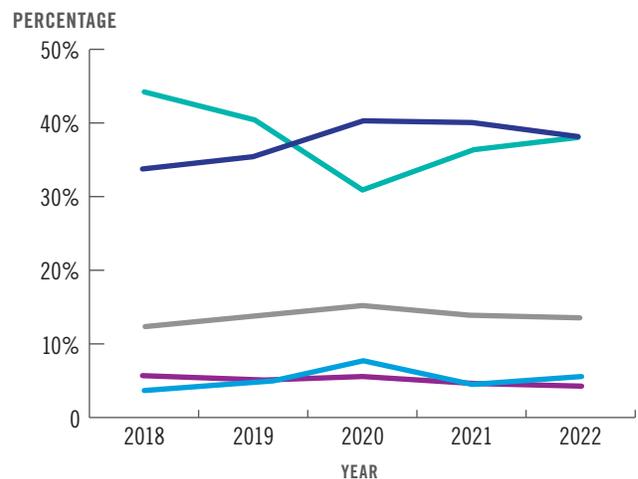
Five-year trend

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

EXPENSE COMPOSITION BY TYPE



EXPENSE COMPOSITION BY TYPE AND PERCENTAGE



Up to 2020, amortization was consistently the fastest-growing expense item, paralleling significant growth in the Region's portfolio of assets. From a starting point of \$275.0 million or 12.2% of total expense in 2018, it reached 15.2% of total expense in 2020. Although its share declined to 14.1% in 2021 and 13.8% in 2022, reflecting stronger year-over-year growth in other expenses, amortization continued to increase in absolute terms, reaching \$337.0 million. The impacts of this growth are greatest on Transportation Services and Environmental Services departments, which are responsible for the bulk of the Region's assets.

Transfers made by the Region grew from \$90.6 million or 4.0% of total expense in 2018 to \$137.6 million or 5.6% in 2022. The peak in 2020 reflects a capital grant to the Cortellucci Vaughan Hospital, which was largely completed that year.

Operating expense fell between 2018 and 2020 for a number of reasons. Bus rapidway construction that was fully funded and carried out on behalf of Metrolinx was largely finished by 2020. This work had caused the Region's revenues and expenses to fluctuate over several years. In addition, the 2018 figure included accounting adjustments that increased operating expenses related to transportation and environmental infrastructure. Finally, pandemic-related workplace closures starting early in 2020 reduced operating spending on items like transit contracts as ridership fell. In 2021, operating expense rose as some activities curtailed by the pandemic resumed. The rise in 2022 largely reflects increased spending on childcare, which as discussed above is offset by additional senior government funding. Overall, operating expense fell in absolute terms from \$991.2 million in 2018 to \$932.1 million in 2022, and from 44.1% to 38.1% as a share of all expenses over the same period.

Salaries and benefits grew from \$762.8 million in 2018 to \$936.7 million in 2022. The underlying trend generally reflects the hiring of additional police officers, paramedics, public health nurses and others to serve a larger population, as well as a rise in salaries and the cost of benefits. This item's share of total expense grew to roughly 40.1% in 2020 and remained at that level in 2021, reflecting the need to hire temporary staff, mainly in Community and Health Services, in response to the pandemic. The lower 38.3% share in 2022 reflects stronger year-over-year growth in other expenses.

Interest expense was at its highest in the last five years in 2018 at \$127.0 million and has declined in each subsequent

year as the Region reduced its reliance on debt. It totalled \$104.4 million in 2022, falling from 5.7% in 2018 to 4.3% of total expense.

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, contributed assets and other non-cash items, amounted to \$1.2 billion in 2022.

The Region invested \$518.4 million in tangible capital assets, offset by \$4.0 million in asset sale proceeds. Funds were also used to repay \$11.1 million in existing debt. No new debt was issued in the year.

The Region also used funds to increase its investment portfolio by \$1.7 billion. Cash had risen to \$1.8 billion at the end of 2021 to take advantage of high rates available on savings accounts, which is an element of cash and cash equivalents. The shift to longer-term investments in 2022 was made to allow for greater returns over time.

After these inflows and outflows, cash and cash equivalents stood at \$807.4 million by year-end, a decrease of \$993.7 million from the previous year.

OPERATING SURPLUS

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

On that basis, the Region experienced an operating surplus of \$77.9 million in 2022.

Revenues were \$6.6 million above budget and spending was \$71.4 million lower than expected in the budget. The main contributors to the surplus were Community and Health Services and Environmental Services. The outcomes differ from the full accrual results because of differences in how certain items are treated under modified accrual.

Regional Council directed \$13.8 million of the 2022 operating surplus to support critical social infrastructure, made up of \$1.0 million to the Social Housing Development Reserve and \$12.8 million to the Pandemic Management and Recovery Reserve for use by the Community and Health Services department. The remaining surplus was distributed in accordance with the Region's Surplus Management Policy.

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 activities such as borrowing, managing reserves, investing Regional funds, procuring goods and services, determining insurance coverage and levying 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. In addition, Note 1 to the consolidated financial statements provides a summary of the significant accounting policies, including the recent changes.

ACCOUNTING STANDARDS

No new accounting standards were issued by the Public Sector Accounting Board for the year ended December 31, 2022.

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 Michael Chan (vice chair)
- Mayor Steve Pellegrini
- Regional Councillor Godwin Chan
- Regional Councillor Naomi Davison
- Regional Councillor Alan Ho
- Regional Councillor Mario G. Racco

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 before the financial statements.

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. As the Outlook and Risk Management section below notes, changes in direction can create fiscal uncertainty.

DEVELOPMENT CHARGES

Development charge rates are regulated by the provincial *Development Charges Act, 1997* and are levied on new residential and non-residential development. They are the main source of funding for the growth-related projects under the Region's capital plan.

The Region's development charge rates and policies are set out in Regional bylaw 2022-31, which was approved by Council on May 26, 2022, and came into effect on June 17, 2022. The updated bylaw addresses the 2019 amendment to the *Development Charges Act* that allowed the freezing of development charges at the date of site plan or zoning

bylaw amendment application, as well as the option for installment payments for for-profit rental and institutional development charges. To mitigate the financial impacts of these changes, and as permitted under *Development Charges Act*, Regional Council adopted a policy to charge interest on frozen development charges and installment payments.

The setting of development charge rates starts with forecasting expected growth and estimating the Region's infrastructure need to service and accommodate the growth. These estimates are then adjusted in line with the *Development Charges Act* guidance to reflect amounts eligible for recovery through development charges. This work culminates in the development charge bylaw and associated rates.

On November 28, 2022, the provincial government's *More Homes Built Faster Act, 2022* (Bill 23), which is intended to accelerate housing supply growth in Ontario, received Royal Assent. Bill 23 amended the *Development Charges Act*, introducing new mandatory phase-ins, residential exemptions, discounts and capped the interest rate that municipalities can charge on frozen development charges and installment payments. Bill 23 also made some costs ineligible for development charges funding, for example Housing Services.

DEBT ISSUANCE

Under the *Municipal Act*, municipalities in Ontario may incur debt mostly for capital projects. 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 practice, however, is to add only 70% of the three-year average, not the full permitted 80%. The Region met these limits in 2022.

OUTLOOK AND RISK MANAGEMENT

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

PROVINCIAL DIRECTION

Following a provincial election in June 2022, the government made significant changes to municipal roles, powers and funding sources. Many of these changes were put in place through Bill 23. In addition to the *Development Charges Act*, Bill 23 amended several existing statutes and introduced a new one specific to York Region. Key implications of the bill are:

- The changes to the *Development Charges Act* outlined above, will reduce the Region's development charge collections. As of early 2023, the province had not announced the regulations/bulletins needed to evaluate the full financial impacts. As a result, the Region faces considerable uncertainty around how it will fund new infrastructure needed to enable growth.
- The new *Supporting Growth and Housing in York and Durham Regions Act, 2022*, requires the Region to meet growth needs in its northern communities by expanding the York-Durham Sewage System, which carries wastewater to a facility on Lake Ontario. This could cost more than the Regional solution based in the Lake Simcoe watershed that was included in previous capital plans.
- The *Planning Act, 1990* now allows for higher housing density, including adding new units to an existing dwelling "as of right" (which means without needing municipal permission beyond a building permit).

As part of the 2023-2024 provincial budget consultation, the Region requested the province to consider contributing to the cost of Regional growth-related infrastructure as it works to achieve new housing targets. The Region also continues to advocate for additional funding from senior levels of government and new revenue tools to help ensure it can deliver infrastructure and services needed to support growth.

In addition, two new regulations passed in December 2022 removed environmental protection from close to

330 hectares of previously protected Greenbelt and Oak Ridges Moraine lands in York Region to allow development applications. These measures and the “as of right” changes to the *Planning Act* could require changes to infrastructure master plans, which in turn would affect the size, timing and/or prioritization of projects in the Region’s capital plans.

FUNDING THE SUBWAY EXTENSION

Extending the Line 1 subway northward along Yonge Street to the Richmond Hill / Langstaff Urban Growth Centre at Highway 7 is a Regional priority but will require an investment of \$1.12 billion from the Region to fund its share. This will be a challenge, especially in light of Bill 23 measures that will reduce development charge collections.

The Region’s 2023-26 budget is based on 75% of the Region’s \$1.12 billion share of the subway project being funded by development charges. The remaining portion of funding represents a tax levy pressure. Regional Council approved a special Rapid Transit / Infrastructure Levy of 1% in 2022 and added a further 1% in 2023 to help fund the tax levy portion of the project. Continuation of the incremental levy beyond 2023 is subject to future Council approval.

ECONOMIC GROWTH

With high levels of vaccination and easing of pandemic-related restrictions, the Ontario and York Region economies continued to recover in 2022. New external factors, however, dampened earlier forecasts. In its fall 2022 economic update, the provincial government projected that Ontario’s real gross domestic product would rise 2.6% in 2022, 0.5% in 2023, 1.6% in 2024 and 2.1% in 2025. These figures were slightly below the average of private-sector forecasts, and for 2022 and 2023 were much lower than projections made in the spring budget.

The forecast reflected ongoing uncertainty and inflationary cost increases related to the Russia-Ukraine conflict and other global events, and higher interest rates as central banks tightened monetary policy. As a result, some sectors of the provincial and Regional economy saw lower-than-forecast growth.

Overall, however, the Region continued adding jobs in 2022. Job postings, which rose sharply in 2021, remained strong in 2022. This reflected economic recovery as well as challenges in filling jobs as an increasing number of people left the labour force, reducing the potential pool of employees. Widespread demand for labour as the economy recovered put Canada’s unemployment rate at a near-record low of 5.0% in December 2022.

In the longer term, several important sectors in the Region, including manufacturing, financial services and construction, are expected to remain robust as the economy continues its recovery and inflation moderates. Improvement is expected to be bolstered by the increasing shift toward electric vehicles, as Ontario has invested heavily in supporting the new technology, and by the recent provincial target of adding 1.5 million new residences to Ontario’s housing stock.

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, related development charge collections can be delayed. There are financial impacts when growth is not aligned to forecast.

The Regional Official Plan aligns growth with the timing and delivery of Regional infrastructure. It also coordinates with the Water and Wastewater and Transportation Master Plans. Further, the Region works with local municipalities and other stakeholders to provide new infrastructure in an orderly way. These measures support the Region’s financial sustainability.

A CHANGING POPULATION

Changes in the make-up of the population can have fiscal impacts. For the Region, a major driver is its aging population. Data from the 2021 census showed the Region’s seniors’ population was growing faster than any other age group. For the first time, there were more seniors than children in the Region. This can have fiscal impacts because seniors need more supports as they age. The Region has responded by updating its Seniors’ Strategy.

The 2021 census also recorded the arrival of almost 53,500 new immigrants to York Region since 2016. Close to 240 distinct ethnic origins were reported for the Region's population and almost half of its residents were born outside Canada. Despite a generally high level of education, newcomers to the Region often need language and other training and help finding jobs. The Region and its partners provide a range of services to help newcomers and to support diversity and inclusivity.

HOUSING AFFORDABILITY

Housing affordability continues to be a challenge in York Region and throughout the Greater Toronto and Hamilton Area. High home prices and a scarcity of rental units threaten the ability of residents living with low income to find housing they can afford. Responding to housing concerns, the Region established a Housing Affordability Task Force in February 2021 and has increased funding for housing-related programs.

THE IMPACTS OF CLIMATE CHANGE

The global climate is changing, with impacts on Canada that include warmer average temperatures, more extreme storms and more volatile weather. Projected changes in climate are expected to have wide-ranging impacts in York Region, including potentially costly property damage from flooding, hail, ice, snow and wind, economic losses, environmental degradation and health risks. The Region's recently adopted Climate Change Action Plan outlines its response, which includes measures both to mitigate impacts by reducing greenhouse gases in the atmosphere and adapt by strengthening infrastructure and promoting climate resiliency.

In the 2023 budget, the Region outlined how it will develop a new framework for reporting on its Environmental, Social and Governance performance. This framework will help to fund activities in these areas as well as monitoring and reporting on them.

PANDEMIC-RELATED RISKS

By 2022 year-end, almost all restrictions on individuals, businesses, schools and other public places had been dropped, pandemic-related supply chain problems had eased and 90% of York Region residents aged five or older had received at least one dose of a COVID-19 vaccine. As noted above, this contributed to continuing economic recovery. It also reduced impacts on the Region's finances.

Senior government funding, which tapered off in 2022 and is expected to end after 2023, was important in helping the Region cover pandemic-related costs and maintain its strong financial position. While most immediate impacts have declined, transit revenue is expected to take several years to recover. As well, the Region continues to monitor long-term impacts of the pandemic to assess whether a "new normal" baseline is being established in some areas that would affect its budget.

WORKFORCE CHANGES

Demographic factors are affecting Regional government, especially through health and safety concerns related to an aging workforce. In addition, the Region, like many other employers, faces a labour market with increasing competition for workers with the right skills as many older employees retire.

The Region is managing these pressures and risks by increasing its contributions to a number of staffing-related reserves and by placing greater emphasis on employee wellness. As well, to manage the risk of loss of knowledge and expertise as employees retire, it is planning carefully for succession needs.

CYBER-SECURITY

Web-based interactions are increasing between residents and the Region and across its workforce. Going hand-in-hand with this trend is a higher risk of cyber attacks. Third parties constantly try to access systems, whether to take information, interrupt services or steal and extort funds, reflecting a problem that is global in scope and affects all organizations. The Region has developed a comprehensive set of protocols and practices to better understand, safeguard against and act quickly to address these risks and safeguard data. In the case of a breach, the Region's processes and quick action are able to limit access and mitigate damage.

CONCLUSION

York Region's strong financial results for 2022 show the ability to manage cost pressures triggered by global events while continuing to resume regular services as pandemic pressures eased.

The Region's borrowings continued to drop in line with Council's commitment through the Regional Fiscal Strategy to reduced reliance on debt. Looking ahead, changes resulting from recent provincial measures, especially Bill 23, will present fiscal challenges by reducing revenues and increasing costs. We look forward to greater clarity and additional details from the provincial government to assess the long-term impacts. This will be particularly important in light of the Region's need to fund its \$1.12 billion share of the Yonge North Subway Extension, which has already required us to plan for additional funding.

Despite these concerns, the Region remains a net investor, with the ratio of reserves to debt continuing to rise. It is our hope that this strong position, combined with fiscal prudence, will allow the Region to successfully meet the challenges of a changing fiscal landscape.

The value of our prudent financial management to date is confirmed by maintaining highest possible credit ratings from S&P Global Ratings and Moody's Investors Service. These ratings allow the Region to borrow at favourable rates and increase our pool of potential investors.

The Treasurer's report requires diligent work and collaboration from staff across the whole organization. As always, I offer my thanks for their dedication and effort, which are clearly reflected in these pages.



Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer
May 11, 2023





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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets 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, 2022, and its consolidated results of operations, its consolidated changes in net financial assets 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 25, 2023

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Financial Position As at December 31, 2022

	2022	2021
	\$	\$
Financial Assets		
Cash and cash equivalents (Note 4)	807,414,018	1,801,084,445
Accounts receivable (Note 5)	462,161,268	427,956,752
Investments (Note 4)	5,010,725,424	3,354,679,653
Debt amounts recoverable from local municipalities (Note 8)	137,244,751	144,667,716
Total	6,417,545,461	5,728,388,566
Liabilities		
Accounts payable and accrued liabilities	885,559,546	867,751,439
Employee benefits obligations (Note 6)	344,007,788	313,607,453
Deferred revenue-general (Note 7)	102,372,694	96,673,938
Deferred revenue-obligatory reserve funds (Note 7)	726,999,233	580,309,287
Gross long-term liabilities (Note 8)	3,550,073,706	3,568,618,052
Total	5,609,012,967	5,426,960,169
Net financial assets	808,532,494	301,428,397
Non-Financial Assets		
Tangible capital assets (Note 14)	9,148,461,162	8,972,426,338
Inventory	9,227,041	9,332,545
Prepaid expenses	21,169,165	16,454,942
Total	9,178,857,368	8,998,213,825
Contractual rights and contingent assets (Note 9)		
Contractual obligations and commitments (Note 10)		
Contingent liabilities (Note 11)		
Accumulated surplus (Note 15)	9,987,389,862	9,299,642,222

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, 2022

	Budget (Note 2) \$	2022 \$	2021 \$
Revenues			
Net taxation (Note 3)	1,284,179,910	1,281,693,565	1,232,742,032
Government transfers	649,721,113	721,406,437	694,158,339
Development charges	593,634,041	433,871,575	370,752,206
User charges	376,034,053	387,759,922	378,003,651
Fees and services	126,355,792	150,557,348	117,240,452
Investment income	93,007,598	124,954,639	115,144,705
Other	59,226,770	35,209,269	62,431,333
Total Revenues	3,182,159,277	3,135,452,755	2,970,472,718
Expenses			
Transportation services	537,666,182	510,647,764	477,337,016
Environmental services	532,090,248	486,801,880	485,144,440
Community services	417,493,297	484,728,551	384,763,952
Protection to persons and property	455,242,752	451,155,142	436,470,673
Health and emergency services	240,602,902	254,638,010	259,550,562
General government	153,055,578	137,856,492	145,078,142
Social housing	90,503,729	105,926,785	95,949,346
Planning and economic development	16,793,595	15,950,491	15,383,315
Total Expenses	2,443,448,283	2,447,705,115	2,299,677,446
Annual surplus	738,710,994	687,747,640	670,795,272
Accumulated surplus, beginning of year	9,299,642,222	9,299,642,222	8,628,846,950
Accumulated surplus, end of year	10,038,353,216	9,987,389,862	9,299,642,222

Segment information is presented in Note 16.

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

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Change in Net Financial Assets Year ended December 31, 2022

	Budget	2022	2021
	\$	\$	\$
Annual surplus	738,710,994	687,747,640	670,795,272
Amortization of tangible capital assets	341,005,715	337,000,294	324,055,705
Proceeds on disposal of tangible capital assets	-	3,984,750	7,591,021
Acquisition of tangible capital assets	(839,605,198)	(518,395,440)	(506,260,106)
Contributed assets	-	(52,000)	-
Loss on disposal of tangible capital assets	-	1,427,572	20,121
Change in inventory	-	105,504	(1,957,484)
Change in prepaid expenses	-	(4,714,223)	(1,435,532)
Increase in net financial assets	240,111,511	507,104,097	492,808,997
Net financial assets / (Net debt), Beginning of year	301,428,397	301,428,397	(191,380,600)
Net financial assets, End of year	541,539,908	808,532,494	301,428,397

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, 2022

	2022	2021
	\$	\$
Operating		
Annual surplus	687,747,640	670,795,272
Items not involving cash:		
Amortization of tangible capital assets	337,000,294	324,055,705
Loss on disposal of tangible capital assets	1,427,572	20,121
Contributed tangible capital assets	(52,000)	-
Changes in non-cash assets and liabilities:		
Accounts receivable	(34,204,516)	5,176,043
Accounts payable and accrued liabilities	17,808,107	38,378,138
Employee benefit obligations	30,400,335	36,536,308
Deferred revenue-general	5,698,756	(11,995,531)
Deferred revenue-obligatory reserve funds	146,689,946	110,677,480
Inventory	105,504	(1,957,484)
Prepaid expenses	(4,714,223)	(1,435,532)
Net change in cash and cash equivalents from operations	1,187,907,415	1,170,250,520
Capital		
Acquisition of tangible capital assets	(518,395,440)	(506,260,106)
Proceeds on disposal of tangible capital assets	3,984,750	7,591,021
Net change in cash and cash equivalents from capital	(514,410,690)	(498,669,085)
Investing		
Net change in investments	(1,656,045,771)	81,018,834
Financing		
Long-term debt issued	-	300,000,000
Long-term debt repaid	(11,121,381)	(462,106,672)
Net change in cash and cash equivalents from financing	(11,121,381)	(162,106,672)
Net change in cash and cash equivalents	(993,670,427)	590,493,597
Opening, cash and cash equivalents	1,801,084,445	1,210,590,848
Closing, cash and cash equivalents	807,414,018	1,801,084,445

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2022

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. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

ii. Revenues

Property tax revenue is recognized on an accrual basis when it meets the definition of an asset, the tax is authorized by the passing of the tax levy by-law and the taxable event has occurred. Supplementary and omitted taxes are recognized when additional billings are issued according to Regional Council approved tax rate for properties that are added to the assessment roll during the year. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals and tax write-offs such as tax rebates are recorded in the Region's Consolidated Statement of Operations and Accumulated Surplus when the result of the appeal process is known.

Development charges are rates levied based on type of new development, whether residential or non-residential. Rates are set by Regional Council from time to time through a Development Charges bylaw (to a maximum of 5 years). Development charges are collected under the authority of Sections 33 to 37 of the *Development Charges Act, 1997*, when the building permit is issued and reported as deferred revenue in the Consolidated Statement of Financial Position. Revenues are recognized when amounts are used to fund the growth-related portion of the qualifying capital projects.

User charges are recognized as they are earned and measurable.

Fees and services are fees associated with services provided (including transit fare, charges for long-term care home residency, paid duty police services, sales of recycled materials, etc.). Revenues are recognized when the activity is performed and when the services are rendered.

Other revenues consist of third party funding and other recoveries including capital recovery are recorded when they are earned and measurable.

iii. 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.

iv. Expenses

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay. Interest expense is recognized as incurred. Expenses paid in the current period attributable to future benefits received are classified as prepaid expenses in the Region's non-financial assets.

Government transfer payments to other public sector entities are recognized in the year that the transfer is authorized, and all eligibility criteria have been met by the recipient. Any transfers paid in advance are deemed to have met all eligibility criteria.

v. **Assets**

Assets are economic resources controlled by the Region as a result of past transactions or events and from which future economic benefits are expected to be obtained. For the year ended December 31, 2022, all material assets have been disclosed and reported within the Region's Statements.

vi. **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.

vii. **Investments**

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

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

viii. **Loans Receivable**

Loans receivable are recorded at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exist. 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.

ix. **Non-Financial Assets**

Non-financial assets are used to provide Region services and are not available to discharge existing liabilities. These assets have useful lives extending beyond the current year and generally are not intended for sale in the ordinary course of operations.

x. **Tangible Capital Assets**

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

Asset	Useful life (in years)
Land	Infinite
Land improvements	20-50
Buildings	10-60
Equipment and machinery	2-50
Vehicles	2-20
Transit infrastructure	5-50
Roads infrastructure	15-120
Water and wastewater infrastructure	50-110

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 the construction of related tangible capital assets is expensed in the Consolidated Statement of Operations and Accumulated Surplus.

Assets under construction represents expenditures incurred for projects currently underway. Upon completion, the relating assets under construction will be transferred to the appropriate capital asset category and amortization will commence.

xi. **Inventory**

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

xii. **Contractual Rights and Obligations**

Contractual rights reflect future rights to economic resources arising from contracts and/or agreements that will result in both an asset and revenue in future fiscal periods. For further details regarding the Region's contractual rights, please refer to Note 9 (a).

Contractual obligations represent obligations, which will result in liabilities upon the completion of agreed upon terms specified in contracts and/or agreements in future fiscal periods. For further details regarding the Region's contractual obligations, including the nature, extent and timing of these types of transactions, please refer to Note 10.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2022

xiii. **Contingent Assets and Liabilities**

Contingent assets and contingent liabilities arise from circumstances when the Region is uncertain whether it has an asset and/or liability on the date of the Statements. The existence of the asset and/or liability is ultimately dependent upon the occurrence or nonoccurrence of a future event that is outside of the Region's control.

For the year ended December 31, 2022, the Region is not aware of any contingent assets. However, disclosure regarding the Region's contingent liabilities, including the nature, extent and estimated amount can be found in Note 11.

xiv. **Deferred Revenue - General**

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.

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

Development charges, collected and accrued under the authority of Section 33 to 37 of the *Development Charges Act, 1997* are recorded as Deferred Revenue - Obligatory Reserve Funds. Accrued development charges are supported by deferral agreements which are financing arrangements secured by letters of credit, certified cheques or titles to property.

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.

xvi. **Employee Benefits Obligation**

The cost of employee benefits is 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.

xvii. **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.

xviii. **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.

xix. **Use of Estimates**

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

xx. 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 guided by PS2700. For additional information, see Note 16.

Certain allocation methodologies are employed in the preparation of the segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure. 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.

xxi. Future Accounting Pronouncements

While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in PS 1201 - Financial Statement Presentation, PS 3450 - Financial Instruments, PS 2601 - Foreign Currency Translation, and PS 3041 - Portfolio Investments, must be implemented at the same time. The Region has not adopted any new accounting standards for the year ended on December 31, 2022.

(i) Standards applicable for fiscal years beginning on or after April 1, 2022 (in effect for the Region for the year ending on December 31, 2023):

PS 1201 - Financial Statement Presentation, replaces PS 1200 - Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. The new statement reports the changes in the values of financial assets and financial liabilities arising from their remeasurement at current exchange rates and/or fair value, and the government's proportionate share of other comprehensive income arising from the results of Government Business Enterprise ("GBEs") and partnerships.

PS 2601 - Foreign Currency Translation, replaces PS 2600 - Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported at fair value, to be adjusted to reflect the exchange rates in effect at the consolidated financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses. However, the new standard also provides an election that will allow for the continued recognition of all exchange gains and losses directly in the Consolidated Statement of Operations and Accumulated Surplus.

PS 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply.

PS 3280 - Asset Retirement Obligations, establishes the accounting and reporting requirements for legal obligations associated with the retirement of Tangible Capital Asset ("TCA") controlled by a government or government organization. A liability for a retirement obligation can apply to TCA either in productive use or no longer in productive use. Upon adoption of this standard, PS 3270 - Solid Waste Landfill Closure and Post-closure Liability, will no longer apply.

PS 3450 - Financial Instruments, establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments can be elected to be measured at cost, amortized cost or fair value. Unrealized gains and losses arising from changes in fair value are presented in the new Statement of Remeasurement Gains and Losses.

(ii) Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for the Region for the year ending on December 31, 2024):

PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

PS 3400 - Revenue, establishes standards on how to account for and report on revenue, specifically differentiating between revenue arising from transactions that include performance obligations, referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

PSG-8 - Purchased Intangibles, provides guidelines on accounting and reporting for purchased intangibles. Concurrently, PS 1000 - Financial Statement Concepts, has been amended to remove the prohibition against recognizing intangibles purchased in an exchange transaction in public sector financial statements.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2022

2) BUDGET FIGURES

Budget figures presented in the Consolidated Financial Statements are based on the 2022 budget approved by York Regional Council on December 16, 2021. In the 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.

Revenues	
Approved budget	\$ 3,661,447,708
Reclassification of investment income	86,171,753
Transfer from reserves	(614,594,166)
Funding from Metrolinx	34,659,858
Housing York Inc.	45,005,981
Related entities adjustments	(30,531,857)
Total revenues	3,182,159,277
Expenses	
Approved budget	3,661,447,708
Reclassification of investment income	86,171,753
Transfer to reserves	(647,655,464)
Acquisition of tangible capital assets	(839,605,198)
Debt principal repayments	(197,324,820)
Amortization	341,005,715
Post employment benefits	31,054,608
Spending funded by Metrolinx	1,429,051
Housing York Inc.	37,456,787
Related entities adjustments	(30,531,857)
Total expenses	2,443,448,283
Annual surplus	\$ 738,710,994

3) TAX REVENUE

Tax revenue of \$1,281,693,565 (2021 - \$1,232,742,032) is comprised of \$1,272,994,934 (2021 - \$1,219,091,916) in general tax levy and \$8,698,631 (2021 - \$13,650,116) of other tax amounts.

4) INVESTMENTS

Included in cash and cash equivalents are short-term investments of \$80,000,030 (2021 - \$41,139,000) with a market value of \$80,000,030 (2021 - \$41,153,489). Investments of \$5,010,725,424 (2021 - \$3,354,679,653) have a market value of \$4,629,069,730 (2021 - \$3,370,153,216).

As at December 31, 2022, the Region's investments measured at amortized cost exceed the market value, representing a temporary decline in value. No impairment is recognized due to the investment's low-risk nature, the issuers' high credit ratings, and the Region's intention to hold these investments to their maturities. The Region monitors the investment portfolio in accordance with its Investment Policy and has mitigation strategies to address possible impairment.

Cash and cash equivalents and investments include \$726,999,233 (2021 - \$580,309,287) of restricted funds as required under legislation to fund obligatory reserve funds. The yields on investments held range from 0.59% to 5.95% (2021 - 0.31% to 3.71%).

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2022

5) ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	2022 \$	2021 \$
Government of Canada	48,167,640	66,937,661
Government of Ontario	28,072,997	16,289,924
Other municipalities	150,549,218	155,721,898
Other receivables	235,433,176	189,007,269
	462,223,031	427,956,752
Less: Allowance for Doubtful Accounts	(61,763)	-
	462,161,268	427,956,752

Accounts receivable are assessed for collectability on an annual basis. In 2022, \$134,650 was deemed uncollectable and written off (2021 - \$31,682).

6) EMPLOYEE BENEFITS OBLIGATIONS

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 \$30,400,335.

	2022 \$	2021 \$
Post employment benefits (a)	123,410,114	113,756,202
Workplace Safety and Insurance Board (WSIB) (c)	79,447,159	65,569,843
Long-term disability claims (d)	66,476,667	60,543,718
Vested sick leave benefits (e)	44,782,662	42,848,187
Vacation payable	29,891,186	30,889,503
	344,007,788	313,607,453

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2022

The following table sets out the accrued benefit liability for each plan as at December 31, 2022.

	Post employment benefits \$	WSIB \$	Long-term disability claims \$	Vested sick leave benefits \$	Total \$
Accrued benefit liability, beginning of year	113,756,202	65,569,843	60,543,718	42,848,187	282,717,950
Current service cost & prior period cost amendment	7,390,673	15,126,586	10,420,722	3,606,629	36,544,610
Amortization of loss	2,701,361	5,521,081	1,718,797	573,805	10,515,044
Interest cost	4,543,484	3,758,818	2,338,979	1,294,013	11,935,294
Benefit payments	(4,981,606)	(10,529,169)	(8,545,549)	(3,539,972)	(27,596,296)
Accrued benefit liability, end of year	123,410,114	79,447,159	66,476,667	44,782,662	314,116,602
Unamortized actuarial (gain)/loss	1,047,957	34,498,715	(23,288,384)	(8,610,568)	3,647,720
Accrued benefit obligation, end of year	124,458,071	113,945,874	43,188,283	36,172,094	317,764,322

The amortization of actuarial losses for the current year is in the amount of \$10,515,044 (2021 - \$12,756,529).

	Post employment benefits	WSIB	Long-term disability	Vested sick leave benefits
Expected inflation rate	2.00%	2.00%	2.00%	2.00%
Expected level of salary increases	3.00%	3.00%	3.00%	3.00%
Interest discount rate	4.50%	4.50%	4.50%	4.50%
Future health care cost rate	6.00%	4.00%	N/A	6.00%
Expected Average Remaining Service Life				
Regional Operations	14	10	8	6
Police Services	13	10	8	13

a) 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 until age of 65. Those retirees from age 65 to age 75 are eligible to receive a health care spending account.

An independent actuarial valuation dated January 25, 2023 estimates the liability of these benefits to be \$123,410,114 (2021 - \$113,756,202), which is reported in the Consolidated Statement of Financial Position. The reserve balance at December 31, 2022 is \$74,880,157 (2021 - \$52,231,057).

b) Pension Agreement

The Region contributes to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan on behalf of approximately 6,891 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 2022, employer contribution amounts to \$70,341,713 (2021 - \$67,895,089) and is recorded as an expense in the Consolidated Statement of Operations and Accumulated Surplus. Employee contributions also amount to \$70,341,713 (2021 - \$67,895,089).

Because OMERS is a multi-employer plan, the Region does not recognize any share of the pension deficit of \$6.7 billion at December 31, 2022.

c) Workplace Safety and Insurance Board

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

An independent actuarial valuation dated January 25, 2023 estimates the liability for all claims incurred to December 31, 2022 to be \$79,447,159 (2021 - \$65,569,843), which is reported in the Consolidated Statement of Financial Position. The worker's compensation reserve balance at December 31, 2022 is \$79,409,680 (2021 - \$65,569,843).

d) Long-Term Disability Claims

In October 2002, the Region adopted a self-insured arrangement for its long-term disability benefit program. Under this arrangement, the Region funds its own claims through a segregated reserve and contracts with an insurance carrier to adjudicate and administer all claims on an Administrative Services Only basis. An independent actuarial valuation dated January 25, 2023 estimates the liability for the claims incurred to be \$66,476,667 (2021 - \$60,543,718) as at December 31, 2022, which is reported in the Consolidated Statement of Financial Position. The reserve balance at December 31, 2022 is \$66,466,525 (2021 - \$60,543,718).

e) Liability for Vested Sick Leave Benefits

An independent actuarial valuation report dated January 25, 2023 estimates the liability for both Regional operations and Police Services at \$44,782,662 (2021 - \$42,848,187), which is reported in the Consolidated Statement of Financial Position. The reserve balance at December 31, 2022 is \$7,930,576 (2021 - \$8,496,227).

Regional Operations

Commencing in 2000, the accumulated sick leave plan was replaced by a Short-term Disability plan for employees in Regional Operations. The estimated actuarial value of the assets is \$23,040 (2021 - \$4,817).

Police Services

For Police Services 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 July 22, 2013 and members who have elected the cash settlement are enrolled in an accumulative unused sick leave plan without a cash payment.

The actuarial liability for the accumulated days to the extent that they have vested and could be taken in cash by an employee on termination amounted to \$44,805,702 (2021 - \$42,853,004).

7) DEFERRED REVENUE

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

	Balance at December 31, 2021 \$	Inflows \$	Amounts recognized into revenue \$	Balance at December 31, 2022 \$
Deferred capital grants	27,894,880	34,985,978	(33,741,191)	29,139,667
Security deposits and agreements	50,981,343	2,787,853	(18,842)	53,750,354
Other*	17,797,715	11,914,975	(10,230,017)	19,482,673
Total deferred revenue - general	96,673,938	49,688,806	(43,990,050)	102,372,694
Development charges	469,789,083	578,827,324	(433,871,575)	614,744,832
Gas Tax/Canada Community-Building Fund	110,520,204	55,230,099	(53,495,902)	112,254,401
Total deferred revenue - obligatory reserve funds	580,309,287	634,057,423	(487,367,477)	726,999,233

*Other deferred revenue includes funding for affordable social housing programs.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2022

8) LONG-TERM LIABILITIES

The use of long-term liabilities to finance capital expenses is governed by Provincial legislation. Provincial legislation gives York Region authority to issue long-term debt for both York Region and Local Municipalities. The debentures issued for such purpose are direct, joint and several obligations of the York Region and all its local municipalities.

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

	2022 \$	2021 \$
Outstanding long-term liabilities at the end of the year, including those incurred on behalf of local municipalities	2,444,039,520	2,677,344,265
Sinking fund debenture	1,078,205,363	857,303,321
Mortgages payable by Housing York Inc.	27,828,823	33,970,466
Gross long-term liabilities	3,550,073,706	3,568,618,052
Less recoverable from local municipalities		
Sinking fund debentures	28,100,000	28,100,000
Non-sinking fund debentures	109,144,751	116,567,716
	137,244,751	144,667,716
Net long-term liabilities at the end of the year	\$ 3,412,828,955	3,423,950,336

The total gross amount of the long-term liabilities to be retired by sinking funds is \$2,301,794,712 (2021 - \$2,522,696,755). The amount of sinking fund assets is \$1,078,205,363 (2021 - \$857,303,321). 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 1.70% to 5.72% and from May 2023 to December 2051.

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

2023	203,307,040
2024	204,632,269
2025	205,531,440
2026	195,386,416
2027	188,281,835
Thereafter	2,041,874,129
Net sinking fund debt repayable according to actuarial recommendations	373,815,826
Total	\$ 3,412,828,955

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 \$104,368,994 (2021 - \$109,590,325).

9) **CONTRACTUAL RIGHTS AND CONTINGENT ASSETS**

a) **Contractual Rights**

The Region has rights to economic resources arising from contracts or agreements entered into before December 31, 2022. 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 18 L/Cs of \$135,224,643 (2021 - 40 L/Cs of \$168,860,175).
- An agreement with Metrolinx to fund the construction of bus rapidways. The remaining funding Metrolinx has guaranteed the Region is \$29,553,004 (2021 - \$47,696,898).
- Rights to transit advertisements, solar revenue and other lease revenue. Future revenue from these sources for the next 5 years are approximately:

2023	\$ 6,723,393
2024	3,705,376
2025	2,850,388
2026	2,243,134
2027	2,211,480

b) **Contingent Assets**

As at December 31, 2022, the Region has certain outstanding legal actions against various defendants in which the Region is seeking damages. The Region has determined that resolution in favour of the Region is likely in some of these actions. However, the amount of possible damages to be received is undeterminable as at December 31, 2022.

10) **CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

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

The Water Servicing Agreement with the City of Toronto is based on the Region's proportionate share of overall operating cost and includes a contribution for future asset management. In 2022, the Region paid \$40,265,475 (2021 - \$34,255,975) for water purchased under this agreement.

The Water Servicing Agreement with the Region of Peel is also based on the Region's proportionate share of operating costs, and includes a contribution for future asset management. In 2022, the Region paid \$20,983,400 (2021 - \$21,253,384) for purchases under this agreement, excluding reconciling items.

The Water Supply Agreements with both City of Toronto and Region of Peel continue into perpetuity unless terminated by both parties and are revisited every 5 years.

b) **Peel Wastewater Servicing Agreement**

The York-Peel Wastewater Servicing Agreement with the Region of Peel provides servicing based on increasing projected flows through 2031 at a price determined annually, based on the Region's proportionate share of operating cost and includes a contribution for future asset management. In 2022, Peel provided servicing for York wastewater flows for a total payment of \$6,438,147 (2021 - \$6,157,605) before reconciling items. The York-Peel Wastewater Servicing Agreement with the Region of Peel continues into perpetuity unless terminated by both parties and is revisited every 5 years.

c) **Operating Leases**

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

2023	\$ 7,265,155
2024	5,820,858
2025	5,570,161
2026	5,455,814
2027	4,432,076

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2022

d) York Rapid Transit Plan / Yonge North Subway Extension Project

In 2002, the Region entered into a public-private partnership with York Consortium 2002 to implement the York Rapid Transit Plan. The York Rapid Transit Plan 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 33.7 kilometres of bus rapid transit corridors.

The bus rapid transit corridors are funded by the provincial government, through Metrolinx, as disclosed in Note 9(a).

In 2020, the Region signed a preliminary agreement with the Province to work towards delivering the Yonge North Subway Extension. This project would extend the TTC subway Line 1, north from Finch Station by approximately 8 kilometres, to the Richmond Hill Centre, just north of Highway 7. The planning, design and engineering phase is underway. This is a critical rapid transit link that includes up to 5 subway stations in York Region. The total project cost is estimated to be approximately \$5,600,000,000. While the formal contribution agreement has yet to be negotiated, the current estimate for the Region's share of the project is \$1,120,000,000.

York Region allocated \$36,344,175 from the Public Transit Infrastructure Fund (phase 1) to the planning, design, and engineering (PDE) phase of the Yonge North Subway Extension project. The Region's remaining commitment to the PDE work is \$36,344,175.

e) York Region Hospital Capital Funding

In 2009, Council approved a memorandum of understanding (MOU) between the Region and York Region hospitals, which provides direction for capital funding of the four regional hospitals from 2009 to 2031. Despite the termination of the MOU in 2019, the financial commitments remained. The Region's total obligation for the Cortellucci Vaughan Hospital, the only remaining commitment, is approximately \$154,597,474, including forecasted future adjustments. As of December 31, 2022, the Region has paid \$94,549,246 to this hospital and the remaining commitment is \$60,048,228 (2021 - \$76,088,470).

f) York University Markham Centre Campus Capital Funding

In 2014, Council approved a memorandum of understanding (MOU) between the Region and York University to provide up to \$25,000,000 in financial support towards a new campus located in the Markham Centre. Construction started in October 2020 for York University's Markham Centre Campus, which is expected to welcome their first students in the Fall of 2023. Once open, the new campus will accommodate up to 4,200 students in Phase 1, with the flexibility to respond to future growth demands. In 2020, the Region entered into a Funding Agreement with York University that supersedes the MOU. In October 2020, York University met the second of two milestone requirements in the Funding Agreement and became eligible for the Region's funding in four instalments. By the end of 2022, York University's Markham Centre Campus had received three instalments of \$5,000,000 in total. The fourth and final instalment of \$20,000,000 would be payable upon substantial completion expected in 2023.

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. The Region increased its self-insured retention (SIR) effective July 1, 2021 to \$1,000,000 per occurrence for liability and automobile claims. Prior to July 1, 2021 the SIR was \$500,000 for several years. The Region's Property policy includes a deductible of \$100,000 per occurrence for most losses and the deductible under its Crime policy is \$150,000.

The Region estimates that the liability as at December 31, 2022 for all outstanding public liability claims is \$6,760,671 (2021 - \$8,140,239). The total insurance reserve is \$34,070,341 (2021 - \$32,503,860).

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 Consolidated Statement of Financial Position.

12) LIABILITY FOR CONTAMINATED SITES

The Region recognized an estimated liability of \$619,886 (2021 - \$828,659) for remediation of a contaminated site not in productive use. The liability is based on estimated cost of remediating the site with known contamination prepared by a third-party environmental consulting firm.

The estimated liability is included in accounts payable and accrued liabilities in the Consolidated Statement of Financial Position. The Region estimates the liability will be recoverable from a third-party.

13) 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 online, by mail, by phone, or in-person at any POA court in Ontario, at which time their receipt is recorded in the Integrated Courts Offences Network system ("ICON"). The Region recognizes fine revenue on a gross basis 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 of the *Provincial Offences Act* (including delay penalties). The gross revenue for 2022 amounts to \$14,378,814 (2021 - \$20,410,600 after Safe Restart and Municipal Recovery Funding) and the net surplus/(deficit) amounts to \$(3,714,161) (2021 - \$2,996,589). Balances arising from operations of POA offices are consolidated with these financial statements and reported in protection to persons and property on the Consolidated Statement of Operations and Accumulated Surplus.

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2022

14) TANGIBLE CAPITAL ASSETS

	Balance at December 31, 2021	Additions/Transfers	Disposals	Balance at December 31, 2022
COST	\$	\$	\$	\$
Land	657,093,131	33,942,883	(1,597,969)	689,438,045
Land improvements	399,759,490	19,586,076	-	419,345,566
Buildings	2,898,940,267	115,993,128	(15,720,030)	2,999,213,365
Equipment and machinery	913,339,381	43,468,602	(25,424,814)	931,383,169
Vehicles	463,441,389	63,717,760	(26,245,259)	500,913,890
Transit infrastructure	539,363,104	-	-	539,363,104
Roads infrastructure	2,682,219,854	255,270,246	(21,221,412)	2,916,268,688
Water and wastewater infrastructure	2,301,813,710	134,894,131	-	2,436,707,841
Assets under construction	1,437,307,370	(148,425,386)	-	1,288,881,984
Total	12,293,277,696	518,447,440	(90,209,484)	\$12,721,515,652

	Balance at December 31, 2021	Disposals	Amortization expense	Balance at December 31, 2022
ACCUMULATED AMORTIZATION	\$	\$	\$	\$
Land improvements	184,354,819	-	18,052,634	202,407,453
Buildings	974,271,438	(15,306,490)	79,772,502	1,038,737,450
Equipment and machinery	431,961,451	(25,244,545)	58,705,070	465,421,976
Vehicles	290,800,863	(26,147,608)	37,000,849	301,654,104
Transit infrastructure	56,775,064	-	16,943,245	73,718,309
Roads infrastructure	1,077,127,220	(18,098,519)	99,108,222	1,158,136,923
Water and wastewater infrastructure	305,560,503	-	27,417,772	332,978,275
Total	3,320,851,358	(84,797,162)	337,000,294	3,573,054,490

	Balance at December 31, 2021	Balance at December 31, 2022
	\$	\$
Land	657,093,131	689,438,045
Land improvements	215,404,671	216,938,113
Buildings	1,924,668,829	1,960,475,915
Equipment and machinery	481,377,930	465,961,193
Vehicles	172,640,526	199,259,786
Transit infrastructure	482,588,040	465,644,795
Roads infrastructure	1,605,092,634	1,758,131,765
Water and wastewater infrastructure	1,996,253,207	2,103,729,566
Assets under construction	1,437,307,370	1,288,881,984
Total	8,972,426,338	9,148,461,162

In 2022, the Region received \$52,000 in contributed assets (2021 - nil) from external parties.

The Region recognized a write-off of tangible capital assets of \$3,716,702 in 2022 (2021 - \$1,341,050), mainly due to replacing capital assets that were close to the end of their useful life.

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 Consolidated Statement of Financial Position.

15) ACCUMULATED SURPLUS

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

	2022 \$	2021 \$
Surplus		
Invested in tangible capital assets	4,806,914,639	4,710,254,065
Investments in related entities	374,792,363	336,215,422
	5,181,707,002	5,046,469,487
Reserves and Reserve Funds		
Asset Replacement Reserves		
Roads infrastructure	823,303,235	773,886,999
Capital replacement-water and sewer	743,012,199	677,362,409
Regionally owned housing	233,367,103	206,842,257
Facilities rehabilitation and replacement	168,703,495	162,219,930
Equipment/vehicle replacement	98,996,868	94,959,875
Transit vehicle replacement	64,494,640	101,327,178
	2,131,877,540	2,016,598,648
Sinking Fund	1,067,533,830	849,447,585
Corporate Reserves		
Rates stabilization	122,096,780	94,619,954
Pandemic Management and Recovery Reserve Fund	120,276,176	106,515,000
Tax stabilization	61,048,892	59,977,103
Fiscal stabilization	53,365,769	51,736,345
Working capital	50,000,000	50,000,000
Waste management stabilization	38,207,278	35,679,810
Insurance	34,070,341	32,503,860
Fuel cost stabilization	24,316,249	23,683,357
Hospital financing	10,940,507	20,037,160
Innovation investment	6,294,779	5,848,574
Innovation	5,833,362	5,691,429
Land securement	5,246,180	1,655,927
Cannabis contingency	2,914,320	2,843,411
Green energy	2,362,470	2,134,297
Court services	2,255,629	4,515,225
IT licensing and software development	1,214,099	1,185,094
	540,442,831	498,626,546
Capital Reserves		
Debt reduction	385,420,970	293,407,213
Solid waste management	96,379,172	82,881,950
Non-profit housing capital	86,617,827	78,412,185
Social housing development	66,004,701	67,721,208
Roads capital acceleration	52,636,654	48,328,842
General capital	45,582,670	45,318,725
Rapid Transit	44,704,932	31,500,000
Roads capital	25,763,930	18,920,581
IT development	22,842,228	24,344,306
Land bank	7,957,732	7,764,111
Police infrastructure	1,969,591	1,842,713

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2022

	2022 \$	2021 \$
Transit	1,039,108	1,023,656
Move Ontario	-	5,737
	836,919,515	701,471,227
Contingent Liability and Other		
Workers' compensation	79,409,680	65,569,843
Group benefits	74,880,157	52,231,057
Long-term disability	66,466,525	60,543,718
Sick leave	7,930,576	8,496,227
Seized funds	222,206	187,884
	228,909,144	187,028,729
Total Reserves and Reserve Funds	4,805,682,860	4,253,172,735
Total	9,987,389,862	9,299,642,222

16) 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 comprised 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 Services and funding provided to conservation authorities.

Transportation services

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

Environmental services

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

Health and emergency services

The Region provides a variety of health-related programs and services that contribute to healthy communities through partnerships, promotion, prevention, protection, enforcement and pandemic response. 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 administering 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, 2022

	General government \$	Protection to persons and property \$	Transportation services \$	Environmental services \$	Health and emergency services \$
REVENUES					
Net taxation	150,109,939	384,308,206	402,868,018	68,737,279	81,329,240
Provincial grants	-	17,076,472	41,576,108	(61,393)	160,329,608
Federal grants	442,822	19,578	34,029,383	2,014,795	228,733
Development charges	1,238,507	12,832,089	174,849,981	229,893,760	5,255,032
User charges	-	-	-	387,759,922	-
Fees and services	2,969,357	27,530,309	61,506,091	22,175,192	716,950
Investment income	124,916,215	-	-	-	-
Other	1,442,511	3,327,641	2,007,409	20,725,543	221,957
Total revenue	281,119,351	445,094,295	716,836,990	731,245,098	248,081,520
EXPENSES					
Salaries and benefits	86,724,380	385,510,366	74,194,281	63,702,120	183,821,800
Operating expenses	26,776,261	42,102,271	231,088,172	236,161,953	48,084,435
Amortization	22,910,988	14,966,035	177,154,044	105,637,138	5,153,919
Government transfers	1,000,926	6,597,776	1,515,247	10,750,383	17,262,501
Interest payments	443,937	1,978,694	26,696,020	70,550,286	315,355
Total expenses	137,856,492	451,155,142	510,647,764	486,801,880	254,638,010
Annual Surplus (Deficit)	143,262,859	(6,060,847)	206,189,226	244,443,218	(6,556,490)

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2022

	Community services	Social housing	Planning and economic development	Total 2022	Total 2021
	\$	\$	\$	\$	\$
REVENUES					
Net taxation	112,198,218	70,882,631	11,260,034	1,281,693,565	1,232,742,032
Provincial grants	401,356,682	44,277,893	2,502,682	667,058,052	611,415,826
Federal grants	883,906	10,453,101	6,276,067	54,348,385	82,742,513
Development charges	-	8,417,108	1,385,098	433,871,575	370,752,206
User charges	-	-	-	387,759,922	378,003,651
Fees and services	5,631,649	23,936,883	6,090,917	150,557,348	117,240,452
Investment income	-	-	38,424	124,954,639	115,144,705
Other	1,637,893	5,140,596	705,719	35,209,269	62,431,333
Total revenue	521,708,348	163,108,212	28,258,941	3,135,452,755	2,970,472,718
EXPENSES					
Salaries and benefits	113,862,551	15,604,589	13,271,608	936,691,695	920,218,691
Operating expenses	268,305,833	77,533,981	2,005,558	932,058,464	836,058,424
Amortization	2,155,332	8,403,513	619,325	337,000,294	324,055,705
Government transfers	100,404,835	-	54,000	137,585,668	109,754,301
Interest payments	-	4,384,702	-	104,368,994	109,590,325
Total expenses	484,728,551	105,926,785	15,950,491	2,447,705,115	2,299,677,446
Annual Surplus (Deficit)	36,979,797	57,181,427	12,308,450	687,747,640	670,795,272

17) COMPARATIVE FIGURES

Certain 2021 comparative figures have been reclassified to conform to the current presentation.

STATISTICAL REVIEW

THE REGIONAL MUNICIPALITY OF YORK

Five Year Review (unaudited)

(in thousand of dollars)	2022	2021	2020	2019	2018
CONSOLIDATED FINANCIAL ACTIVITIES					
Analysis of Revenues					
Net taxation/user charges	1,669,453	1,610,746	1,570,955	1,506,085	1,407,482
Government transfer	721,406	694,158	690,974	779,442	604,651
Development charges	433,872	370,752	269,207	293,035	474,241
Fees and service charges	150,557	117,240	106,511	162,944	164,826
Other	160,164	177,576	188,840	200,358	115,029
	3,135,453	2,970,473	2,826,488	2,941,865	2,766,229
Analysis of Expenses by Object					
Salaries, wages and employee benefits	936,692	920,219	845,345	799,789	762,773
Debt servicing	104,369	109,590	117,160	120,436	127,023
Operating and general expenses	932,058	836,058	653,600	910,229	991,231
Amortization	337,000	324,056	320,568	312,612	274,972
Transfers to others	137,586	109,754	169,490	109,551	90,566
	2,447,705	2,299,677	2,106,164	2,252,616	2,246,565
Analysis of Expenses by Function					
General government	137,856	145,078	117,792	129,458	117,079
Protection to persons and property	451,155	436,471	424,524	405,658	385,666
Transportation services	510,648	477,337	465,127	607,644	539,405
Environmental services	486,802	485,144	388,325	482,289	612,356
Health and emergency services	254,638	259,551	245,579	158,929	154,793
Community services and housing	590,655	480,713	453,077	453,064	424,955
Planning and development services	15,950	15,383	11,740	15,575	12,312
	2,447,705	2,299,677	2,106,164	2,252,616	2,246,565
Annual Surplus	687,748	670,795	720,324	689,250	519,664
Accumulated Surplus	9,987,390	9,299,642	8,628,847	7,908,522	7,219,273
Net Financial Assets/ (Net Debt)	808,532	301,428	(191,381)	(562,436)	(799,172)

THE REGIONAL MUNICIPALITY OF YORK

Five Year Review (unaudited)

(in thousands of dollars)	2022	2021	2020	2019	2018
OUTSTANDING OBLIGATIONS					
Debt Outstanding					
Total Long Term Liabilities	2,471,868	2,711,315	2,903,682	2,832,720	2,897,588
Overlapping Debt of Local Municipalities	(137,245)	(144,668)	(144,540)	(159,468)	(175,289)
Net Long Term Liabilities	2,334,624	2,566,647	2,759,142	2,673,251	2,722,299
Net Long Term Liabilities per capita	1,884	2,090	2,274	2,223	2,285
Sinking Fund	1,078,205	857,303	826,915	718,308	717,422
Charges for Net Long Term Liabilities					
Recovered from:					
General Tax Rates and DCs	295,128	301,063	279,126	270,832	276,255
User Rates	10,683	21,530	18,673	15,513	16,968
Total	305,811	322,593	297,799	286,345	293,223
Debt charges as a % of Total Expenses	12.5%	14.0%	14.1%	12.7%	13.1%
Remaining Debt and Financial Obligation Limit including Growth Cost Supplement	236,723	295,523	310,174	399,836	340,905
Acquisitions of tangible capital assets	518,395	506,260	667,898	637,444	344,054

Top 10 Corporate Rate Payers in York Region

1. IVANHOE CAMBRIDGE II INC
2. CPPIB UPPER CANADA MALL INC
3. ONTREA INC
4. RULAND PROPERTIES INC
5. IBM CANADA LIMITED
6. ROYBRIDGE HOLDINGS LIMITED
7. GANZ REALTY LIMITED
8. NEAMSBY INVESTMENTS INC
9. CANADIAN PROPERTY HOLDINGS
10. MONTEZ HILLCREST INC

Top 10 Employers in York Region

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

Based on 2022 employment survey

THE REGIONAL MUNICIPALITY OF YORK

Five Year Review (unaudited)

MISCELLANEOUS INFORMATION

	2022	2021	2020	2019	2018
General Government					
Full Time Equivalent Employees (1)	6,380	6,235	6,124	5,995	5,839
Unemployment Rate (2)	4.2%	6.0%	8.0%	4.4%	4.8%
Acquisition of Tangible Capital Assets (000s)	\$518,395	\$506,260	\$667,898	\$637,444	\$344,054
Healthy Communities					
New Annual Residential Units/Building Permits	7,120	10,787	5,832	4,669	7,902
Annual Building Permit Values (000s)	\$4,269,418	\$5,192,673	\$2,627,748	\$3,149,869	\$3,309,726
Number of Subsidized Households	5,917	5,575	4,998	5,119	5,149
Average Police Emergency response time (minutes)	7.1	6.5	6.4	6.5	7.0
Roads and Transit					
Total Kilometres of Roads in the Region	4,383	4,382	4,318	4,293	4,265
Number of Rapidway Lane Kilometres	33.7	33.7	33.7	27.3	12.3
Percentage of regional roads with sidewalks and/or dedicated bike lanes in urban areas	86%	86%	85%	84%	88%
Percentage of on-time performance on all transit routes	95.1%	95.6%	94.7%	91.5%	91.5%
Transit Ridership per Capita	8.9	8.9	9.5	19.8	20.0
Environment					
Number of Trees and Shrubs Planted Annually Through the Regional Greening Strategy Program	110,391	92,154	60,539	102,332	101,122
Percentage of Solid Waste Diverted from Landfill	94%	92%	93%	94%	94%
Number of per capita greenhouse gas emissions across Regional Operations	57.0	53.7	55.5	65.4	65.2
Number of megalitres of treated water consumed per 100,000 population	10,596	10,245	10,368	10,004	9,855
Annual Water Flows (Thousands of Cubic Metres)	125,194	124,487	124,112	118,718	115,730
Annual Wastewater Flows (Thousands of Cubic Metres)	122,663	121,763	121,247	116,354	113,476
Total Kilometres of Water Distribution/Transmission Pipe	360	360	360	360	360
Total Kilometres of Wastewater Mains	370	370	360	360	357
Demographics					
Population	1,239,424	1,228,180	1,213,602	1,202,535	1,191,358
Seniors Population (3)	210,701	179,314	177,075	175,460	174,588
Households	399,409	394,482	388,474	382,571	377,600
Median Household Income	\$124,770	\$117,376	\$112,000	\$108,755	\$105,510

Notes:

- 1) As approved in the annual budget.
- 2) Based on Statistics Canada Information.
- 3) Residents of York Region over age 65.



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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the 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, 2022
- the statement of financial activities and change in fund balance for the year then ended
- the statement of cash flows 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 25, 2023

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Position As at December 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Investment - at amortized cost (Note 4)	1,053,946,321	795,266,800
Cash	23,362,256	62,036,445
Interest receivable	896,711	-
Total Assets	1,078,205,288	857,303,245
LIABILITIES		
Actuarial requirement for retirement of the sinking fund (Note 5)	1,019,824,810	803,612,437
Fund balance	58,380,478	53,690,808
Total Liabilities and Fund Position	1,078,205,288	857,303,245

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Activities and Change in Fund Balance For the Year ended December 31, 2022

	Budget (Note 10) \$	2022 \$	2021 \$
REVENUE			
Local Municipalities	2,607,420	2,607,421	2,607,420
Regional Corporation	192,345,076	192,345,076	182,239,407
	194,952,496	194,952,497	184,846,827
Net investment income (Note 6)	21,259,877	25,949,546	25,876,405
	216,212,373	220,902,043	210,723,232
EXPENSES			
Actuarial requirement for the year	(216,212,373)	(216,212,373)	(204,710,863)
Payments to Regional Corporation	-	-	(334,897)
Change in Fund Balance	-	4,689,670	5,677,472
Opening Fund Balance	58,380,478	53,690,808	48,013,336
Closing Fund Balance	58,380,478	58,380,478	53,690,808

The accompanying notes are an integral part of these financial statements.

THE REGIONAL MUNICIPALITY OF YORK

Sinking Funds Statement of Cash Flows
Year ended December 31, 2022

	2022 \$	2021 \$
OPERATING		
Change in fund Balance	4,689,670	5,677,472
Changes in non-cash assets and liabilities		
Interest receivable	(896,711)	2,308,892
Actuarial requirement for retirement of the sinking fund	216,212,373	24,710,788
Net change in cash from operations	220,005,332	32,697,152
INVESTING		
Net change in investments	(258,679,521)	(99,105,903)
Net change in cash	(38,674,189)	(66,408,751)
Opening, cash	62,036,445	128,445,196
Closing, cash	23,362,256	62,036,445

The accompanying notes are an integral part of these financial statements.

1) PURPOSE OF THE SINKING FUND

The Regional Municipality of York's sinking fund accumulate amounts through periodic contributions, which are calculated such that the contributions and interest earnings will be sufficient to retire the principal amount of the sinking funds debt when it matures.

Note 7 in these financial statements contains the schedule of projected debenture maturity amounts.

The Sinking Funds are governed under the *Municipal Act* (Ontario) and are exempt from income taxes under Section 149(1) of the *Income Tax Act* (Canada).

2) SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Canadian Public Sector Accounting Standards, except that investments are recorded at fair value to better reflect their ability to meet debt obligations. The significant accounting policies are summarized below.

a) Investments

Investments are comprised of cash and fixed income securities and are valued based on cost plus accrued investment/interest income.

The sinking fund invests in debentures issued or guaranteed by Provincial and Municipal governments and corporate bonds; the fair value of investments recorded in the financial statements is based on the latest bid prices and the change in fair value is included in the statement of operations and changes in surplus as investment income. Investment transactions are recorded on a settlement date basis and transaction costs are expensed as incurred.

The sinking fund's investment activities expose it to a range of financial risks, including market risk, credit risk, and interest rate risk (Note 4).

b) Revenue Recognition

Contributions are recognized as revenue in the year received. Interest income is recorded when earned.

Sinking fund debenture issues are grouped by interest rates. These rates represent the investment earnings assumptions for each of the respective funds and are used in determining the annual contributions required to retire the outstanding debt.

Investment income includes investment income and interest income, net of bank service charges, audit fees and unrealized gain (loss) on the increase/decrease in the fair value of the investments.

3) USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and deficit/surplus at the reporting date and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. In particular, there is significant judgment applied in determining actuarial requirements for the sinking fund.

The actuarial requirements liability of the sinking funds represents the amounts levied during the year as set out in the sinking fund debenture bylaws plus interest accrued, compounded at the sinking funds rates of 1.0%, 1.5%, 1.6%, 2.0% or 3.0%. These actuarial requirement liabilities are presented at amortized cost, which approximates fair value. The average rate of return and term to maturity relate only to fixed income securities. Any excess revenue over these requirements is included in the sinking fund balance.

4) INVESTMENTS

Fair value represents bid price for each investment, while face value represents the original cost of the investment at the purchase date. Sinking fund investments will be held to maturity. In addition, there were no indicators which suggested that the sinking funds' investments were permanently impaired as at December 31, 2022 and therefore, no adjustments were recognized.

	2022 Fair Value \$	2022 Face Value \$	2021 Fair Value \$	2021 Face Value \$
Debt investments issued or guaranteed by:				
Provincial governments	839,114,656	970,337,148	811,683,512	795,266,800
Corporations	81,999,770	83,609,173	-	-
	921,114,426	1,053,946,321	811,683,512	795,266,800

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Sinking Fund Financial Statements December 31, 2022

	2022	2021
Amortized cost, including accrued interest	\$1,053,946,321	\$795,266,800
Weighted average rate of return	2.55%	3.01%
Average term to maturity	9.5 Years	11.2 Years
Excess of fair value over amortized cost	(132,831,895)	16,416,712

5) ACTUARIAL REQUIREMENTS

	2022	2021
	\$	\$
Actuarial requirements, beginning of year	803,612,437	856,901,574
Change in actuarial liability requirements	216,212,373	126,710,863
	1,019,824,810	983,612,437
Less value of debentures matured, during the year	-	(180,000,000)
Actuarial requirements, end of year	1,019,824,810	803,612,437

6) INVESTMENT INCOME

	2022	2021
	\$	\$
Investment Revenues:		
Interest From Coupon Bonds	1,652,768	1,074,073
Bond Premium/(Discount) Amortized	167,201	-
Zero Coupon Discounts Amortized	22,691,366	17,084,413
Realized Capital Gains	594,467	6,762,651
Total Investment Revenues	25,105,802	24,921,137
Other Revenues:		
Bank Interest	832,100	932,921
Security Lending	37,791	45,041
Total Other Revenues	869,891	977,962
Expenses		
Safekeeping and Transaction Fees	(26,147)	(22,694)
Total	25,949,546	25,876,405

7) SCHEDULE OF PROJECTED DEBENTURE

For the year ended December 31, 2022, the following is a list of the projected maturities of debentures issued by the Regional Municipality of York held within the general fund portfolio. The list only includes years when debentures are expected to mature.

Maturity Year	Amount \$
2032	25,000,000
2041	5,000,000
2043	5,000,000
	<u>35,000,000</u>

8) RISK EXPOSURE

The sinking funds are subject to market risk, credit risk, and interest rate risk with respect to the investment portfolio. The sinking fund's interest-bearing investments are exposed to interest rate risk. Sinking fund's investments are at risk due to fluctuations in market prices whether changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The sinking fund manages risk by investing across a wide variety of asset classes and investment strategies.

The sinking fund holds investments in fixed income securities issued by corporations and government entities and as such have fixed income credit risk. The sinking fund mitigates this risk by limiting the investment portfolio to investments in BBB grade or higher.

The sinking fund's liquidity risk is the risk of being unable to settle or meet commitments as they come due. These commitments include payment of the funding obligations of the sinking fund. Liquidity risk is managed by ensuring the sinking fund invest in securities that are actively traded.

9) CAPITAL MANAGEMENT

In managing capital, the sinking fund focuses on liquid resources available for reinvestment. The sinking fund's objective is to have sufficient liquid resources to meet its debenture obligations when they mature. The need for sufficient liquid resources is considered in the investment process. As at December 31, 2022, the sinking fund has met their objective of having sufficient liquid resources to meet current obligations.

10) BUDGET

Budget figures presented in the Sinking Fund Statement of Financial Activities and Changes in Fund Balance are based on the 2022 budget approved by the Sinking Fund Committee on July 18, 2022.



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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the 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, 2022
- the statement of financial activities and fund balances 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 25, 2023

THE REGIONAL MUNICIPALITY OF YORK

Residents' Trust Funds and Donation Account Statement of Financial Position As at December 31, 2022

	Trust \$	Donation \$	2022 \$	2021 \$
FINANCIAL ASSETS				
Cash	227,122	38,899	266,021	285,351
Residents' petty cash	6,500	-	6,500	6,500
Total assets	233,622	38,899	272,521	291,851
Fund balances	233,622	38,899	272,521	291,851

THE REGIONAL MUNICIPALITY OF YORK

Residents' Trust Funds and Donation Account Statement of Financial Activities and Fund Balances Year ended December 31, 2022

	Trust \$	Donation \$	2022 \$	2021 \$
Fund balances, beginning of year	254,285	37,566	291,851	292,857
Source of funds:				
Deposits on behalf of residents	314,002	390	314,392	335,340
Interest earned on deposits	-	943	943	303
	314,002	1,333	315,335	335,643
Use of funds:				
Withdrawals	(334,665)	-	(334,665)	(336,649)
Net activity	(20,663)	1,333	(19,330)	(1,006)
Closing fund balance	233,622	38,899	272,521	291,851

The accompanying notes are an integral part of these 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, 2022

1) RESIDENTS' TRUST FUNDS

The residents's trust funds for residents of Newmarket Health Centre and Maple Health Centre (the "facilities") were established in accordance with the Regional Municipality of York policy, and in compliance with the *Fixing Long-Term Care Act, 2021* and *General Regulation 246/22*. These accounts are utilized to process Trust Funds/Comfort Allowance deposits and to make payments for authorized good and services purchased by residents.

2) SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Region Municipality of York ("Region") - Residents' Trust Funds and Donation Account are prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada").

- 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 reported separately and 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.

3) 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.

HOW TO CONTACT US

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

Accessible formats or communication supports are available upon request.

MAILING ADDRESS

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

EMAIL ADDRESS

accessyork@york.ca

YORK REGION WEBSITE

york.ca

