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Ratings

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# Regional Municipality of York

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This report does not constitute a rating action.

## Ratings Score Snapshot

| Institutional framework |
|---|
| **Extremely predictable and supportive** |
| Very predictable and well-balanced |
| Evolving but balanced |
| Evolving but unbalanced |
| Volatile and unbalanced |
| Very volatile and underfunded |

| Individual credit profile | Score (1 Strongest – 5 Weakest) |
|---|---|
| Economy | 1 |
| Financial management | 1 |
| Budgetary performance | 1 |
| Liquidity | 1 |
| Debt burden | 2 |

| Issuer credit rating |
|---|
| AAA/Stable/-- |

## Credit Highlights

### Overview

| Credit context and assumptions | Base-case expectations |
|---|---|
| A diverse and wealthy economy and a growing population and assessment base support the Regional Municipality of York's revenue growth. | After-capital surpluses will fall as the region proceeds with its capital plan. |
| Its long-term financial management practices will allow the region to keep posting healthy budgetary results. | The debt burden will increase to 91% of operating revenues and will peak in the next five years. |
| An extremely predictable and supportive institutional framework supports the ratings. | York's robust liquidity will continue to support its creditworthiness. |

S&P Global Ratings expects that the Regional Municipality of York's (York) diverse and wealthy economy will continue to foster economic stability. We estimate that the region will continue posting healthy operating balances but that its after-capital surpluses will fall as it proceeds with its capital plan. York will issue debt to help fund part of its capital spending plan. We expect the debt burden will increase to 91% of operating revenues in 2028 and that it will peak in the next five years. We estimate debt service coverage will remain well above 100% in our forecast horizon.

## Outlook

The stable outlook reflects S&P Global Ratings' expectation that York will sustain strong operating surpluses in the next two years and its balances after capital accounts will fall but remain strong as it proceeds with its capital plan. In addition, we expect that the debt burden will increase but remain manageable.

### Downside scenario

We could lower the ratings in the next two years if York generated lower-than-expected revenue and we believed its flexibility to raise revenue was constrained. If this resulted in weaker operating performance, sustained after-capital deficits of more than 5% of total revenues, and deterioration in the debt profile, we could take a negative rating action.

## Rationale

We expect that York's diverse and wealthy economy will continue to foster economic stability. The region, in our view, will keep posting healthy operating balances, and its balances after capital accounts will fall but remain positive as it proceeds with its capital plan. We expect the debt burden will increase but remain manageable as York issues debt to help fund part of its capital plan. We estimate that debt service coverage will remain well above 100% during our forecast horizon.

### A strong economy and prudent financial management will remain key to the region's creditworthiness

We expect that the region's economic strengths will continue to foster fiscal stability and support the ratings. York's economy benefits from its proximity to, and integration, with the City of Toronto. The region boasts the sixth-largest municipal population in Canada, with an estimated 1.3 million residents in 2025, as well as a sizable employment base of about 620,000 jobs. Financial services, insurance, and real estate are the economy’s largest sectors. Building activity and assessment growth support regional revenue. Although local GDP per capita data is not available, we believe that York's GDP per capita is higher than Canada's, based on the region's high incomes. Our estimate for Canada's GDP per capita in 2026 is about US$58,700.

We believe York's financial management is very strong and in line with that of regional peers. York's long-term financial planning is robust. The region produces a multiyear budget that matches the term of the York Regional Council; from this budget, management develops annual budgets with achievable revenue and expenditure targets. We believe management demonstrates the flexibility to appropriately align the region's capital plan with fluctuations in population growth. Moreover, the region has an established commitment to fiscal sustainability through its fiscal strategy process, which successive regional councils have endorsed. The council continues to endorse building reserves and is raising money for a subway extension and other infrastructure via a dedicated levy. Like other Canadian municipalities, York can issue debt only to finance capital expenditures, and we believe it has prudent and conservative policies to govern its debt and liquidity management.

As do other Canadian municipalities, York benefits from an extremely predictable and supportive local and regional government framework that has demonstrated high institutional stability and evidence of systemic extraordinary support in times of financial distress. Most recently through the pandemic, senior levels of government provided operating and transit-related grants to municipalities, in addition to direct support to individuals and businesses. Although provincial governments mandate a significant proportion of municipal spending, they also provide operating fund transfers and impose fiscal restraint through legislative requirements to pass balanced operating budgets. Municipalities generally have the ability to match expenditures well with revenues, except for capital spending, which can be intensive. Any operating surpluses typically fund capital expenditures and future liabilities (such as postemployment obligations) through reserve contributions. Municipalities have demonstrated a track record of strong budget results and, therefore, debt burdens, on average, are low compared with those of global peers and growth over time has been modest.

## Budgetary performance will remain strong, and the debt burden will increase but remain manageable

We expect operating balances will remain strong and average 27% of operating revenues in 2024-2028. These surpluses should support York's capital plan, which includes an eight-kilometer extension of the Yonge Street subway line north to Richmond Hill. The region budgeted C$1.12 billion starting in 2022 to fund its share of the project; it plans to partially finance the project via a dedicated levy. Another important project is enlarging and improving the York Durham Sewage System, which will require new water and wastewater infrastructure. We expect after-capital surpluses will decrease as York proceeds with the capital plan and will average 8% of total revenues in 2024-2028. York has strong budgetary flexibility, in our view, owing to its above-average household incomes and relatively low tax rates. We think they would support additional revenue generation, if necessary.

We expect operating surpluses, dedicated funding, and strong reserves will continue to finance part of the region's capital plan and reduce York's reliance on debt funding. The region limits new debt issuance to support growth-related spending. We expect that it will issue about C$2.1 billion in debt in 2026-2028. We forecast tax-supported debt will increase to 91% of operating revenues in 2028 from 62% in 2025 and that it will peak in the next five years. Nevertheless, the region's direct debt represents less than five years of operating surpluses, which mitigates our assessment of the debt burden. Interest costs accounted for about 3.5% of operating revenues in 2025, and we expect they will increase to slightly more than 5% of operating revenues by year-end 2028.

York has exceptional liquidity, in our view. We estimate that total free cash in the next 12 months will be enough to cover almost 17x the estimated debt service for the period. We expect that this ratio will remain well above 100% during the outlook horizon. In addition, we believe York's access to external liquidity is strong, in part because of the region's frequent issuances and practice of holding benchmark issues that bolster liquidity for its debt in the secondary markets.

**Regional Municipality of York Selected Indicators**

| Mil. C$ | 2023 | 2024 | 2025 | 2026bc | 2027bc | 2028bc |
|---|---|---|---|---|---|---|
| Operating revenue | 3,063 | 3,162 | 3,551 | 3,649 | 3,748 | 3,858 |
| Operating expenditure | 2,249 | 2,324 | 2,463 | 2,688 | 2,771 | 2,848 |
| Operating balance | 815 | 838 | 1,088 | 961 | 977 | 1,011 |
| Operating balance (% of operating revenue) | 26.6 | 26.5 | 30.6 | 26.3 | 26.1 | 26.2 |
| Capital revenue | 289 | 340 | 252 | 301 | 376 | 353 |
| Capital expenditure | 553 | 762 | 844 | 1,003 | 1,253 | 1,176 |
| Balance after capital accounts | 551 | 416 | 495 | 259 | 100 | 187 |
| Balance after capital accounts (% of total revenue) | 16.4 | 11.9 | 13.0 | 6.6 | 2.4 | 4.5 |

**Regional Municipality of York Selected Indicators**

| | | | | | | |
|---|---|---|---|---|---|---|
| Debt repaid | 215 | 222 | 324 | 245 | 282 | 316 |
| Gross borrowings | 105 | 98 | 360 | 548 | 812 | 777 |
| Balance after borrowings | 440 | 291 | 531 | 562 | 630 | 648 |
| Direct debt (outstanding at year-end) | 2,362 | 2,239 | 2,193 | 2,510 | 3,039 | 3,500 |
| Direct debt (% of operating revenue) | 77.1 | 70.8 | 61.8 | 68.8 | 81.1 | 90.7 |
| Tax-supported debt (outstanding at year-end) | 2,362 | 2,239 | 2,193 | 2,510 | 3,039 | 3,500 |
| Tax-supported debt (% of consolidated operating revenue) | 77.1 | 70.8 | 61.8 | 68.8 | 81.1 | 90.7 |
| Interest (% of operating revenue) | 3.5 | 3.7 | 3.5 | 3.9 | 4.5 | 5.2 |
| Local GDP per capita ($) | -- | -- | -- | -- | -- | -- |
| National GDP per capita ($) | 54,847.5 | 55,015.7 | 55,728.4 | 58,672.8 | 61,756.6 | 64,524.9 |

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. C$--Canadian dollar. $--U.S. dollar.

### Rating Component Scores

| Key rating factors | Scores |
|---|---|
| Institutional framework | 1 |
| Economy | 1 |
| Financial management | 1 |
| Budgetary performance | 1 |
| Liquidity | 1 |
| Debt burden | 2 |
| Stand-alone credit profile | aaa |
| Issuer credit rating | AAA |

S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "**Methodology For Rating Local And Regional Governments Outside Of The U.S.,**" published on July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.

## Key Sovereign Statistics

- Sovereign Risk Indicators, July 14, 2026. An interactive version is available at https://www.spglobal.com/ratings/sri/

## Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

# Related Research

- Local And Regional Government (LRG) Risk Indicators For Asia-Pacific, Canada, Europe, and Latin America, June 25, 2026
- Subnational Government Outlook Midyear 2026: LRGs Show Their Mettle Amid Ongoing Conflicts, June 24, 2026
- Economic Outlook Canada Q3 2026: Resilient, Not Strong, June 24, 2026
- Institutional Framework Assessment: Canadian Municipalities Leverage Fiscal Flexibility To Address Capital Challenges, March 26, 2026
- S&P Global Ratings Definitions, Dec. 16, 2025

| Ratings Detail (as of July 20, 2026)* | | |
|---|---|---|
| **York (Regional Municipality of)** | | |
| Issuer Credit Rating | | AAA/Stable/-- |
| Senior Unsecured | | AAA |
| **Issuer Credit Ratings History** | | |
| 29-Jul-2021 | *Foreign Currency* | AAA/Stable/-- |
| 29-Jul-2019 | | AA+/Positive/-- |
| 31-Jul-2014 | | AA+/Stable/-- |
| 29-Jul-2021 | *Local Currency* | AAA/Stable/-- |
| 29-Jul-2019 | | AA+/Positive/-- |
| 31-Jul-2014 | | AA+/Stable/-- |

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.