



2020 COMMUNITY REPORT

For the year ended December 31, 2020
The Regional Municipality of York
Ontario, Canada

york.ca


York Region



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Ontario, Canada

Prepared by Corporate Services and Finance

york.ca



York Region



OUR VISION

Strong, Caring, Safe Communities

OUR MISSION

Working together to serve our thriving communities – today and tomorrow

OUR VALUES

Integrity

Commitment

Accountability

Respect

Excellence

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Chairman & CEO
Wayne Emmerson



Mayor
Tom Mrakas
Town of Aurora



Mayor
Virginia Hackson
Town of East Gwillimbury



Mayor
Margaret Quirk
Town of Georgina



Regional Councillor
Robert Grossi
Town of Georgina



Mayor
Steve Pellegrini
Township of King



Mayor
Frank Scarpitti
City of Markham



Regional Councillor
Don Hamilton
City of Markham



Regional Councillor
Jack Heath
City of Markham



Regional Councillor
Joe Li
City of Markham



Regional Councillor
Jim Jones
City of Markham



Mayor
John Taylor
Town of Newmarket



Regional Councillor
Tom Vegh
Town of Newmarket



Mayor
David Barrow
City of Richmond Hill



Acting Mayor
Joe DiPaola
City of Richmond Hill



Regional Councillor
Carmine Perrelli
City of Richmond Hill



Acting Regional Councillor
Godwin Chan
City of Richmond Hill



Mayor
Maurizio Bevilacqua
City of Vaughan



Regional Councillor
Mario Ferri
City of Vaughan



Regional Councillor
Gino Rosati
City of Vaughan



Regional Councillor
Linda Jackson
City of Vaughan



Mayor
Iain Lovatt
Town of Whitchurch-Stouffville

REGIONAL COUNCIL

One of six regional governments in Ontario, The Regional Municipality of York (York Region) is an upper-tier municipal government that provides common programs and services to residents and businesses in nine cities and towns. The area municipalities are represented by Mayors and Regional Councillors on 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 the members of Regional Council at the first meeting of each term and serves a four-year term.

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

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

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

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

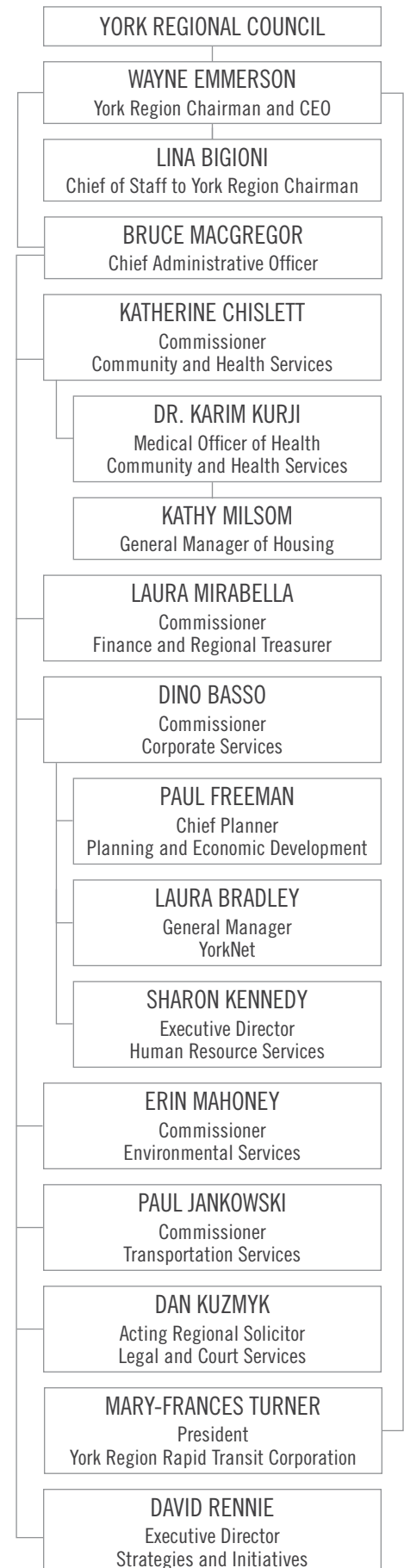
- York Region Rapid Transit Board of Directors
- York Regional Police Services Board
- Housing York Inc. Board of Directors
- York Net Board of Directors

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 Finance and Regional Treasurer
- Commissioner of Corporate Services
- Commissioner of Environmental Services
- Commissioner of Transportation Services
- Regional Solicitor
- Executive Director of Strategies and Initiatives
- Executive Director of Human Resources
- Medical Officer of Health
- Chief Planner
- President of York Region Rapid Transit Corporation
- General Manager of Housing Services
- General Manager of York Telecom Network

YORK REGION ORGANIZATIONAL STRUCTURE





Wayne Emmerson, Chairman and CEO

A MESSAGE FROM THE YORK REGION CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The 2020 Community Report highlights the combined efforts of York Regional Council, York Region staff and community partners, shining a spotlight on our collaborative efforts to make our communities strong, caring and safe places to live, work, play and visit.

The report also highlights York Region's critical response to the COVID-19 global pandemic and efforts to balance the health and safety of residents with the economic interests of local businesses. The accomplishments over the past year lay the foundation for the post-pandemic recovery of our communities, residents and businesses and will be essential to build the kind of communities future generations will want to call home.

In 2020, York Regional Council approved a \$3.3 billion budget, which included \$826 million for new infrastructure and \$2.5 billion

to support core Regional services. In 2020, capital spending included an investment of more than \$448 million in our Regional transportation network, including the acceleration of 14 roads capital projects. In December 2020, Regional Council also approved the creation of a Pandemic Management Reserve Fund to support any future tax-supported expenditure or revenue shortfall due to COVID-19.

Beyond the budget, 2020 proved to be one of the most challenging in York Region's history.

In early 2020, Regional Council and many areas of the organization began to turn attention to the rapidly evolving COVID-19 global pandemic. On February 29, York Region reported the first positive case of COVID-19 in the community, followed by the first pandemic-related death on March 22. This led to the official declaration of a state of emergency in The Regional Municipality of York on March 23.

By year end, York Region had responded to 17,737 cases of COVID-19 in the community, including 1,369 confirmed and suspected outbreaks and regrettably 359 fatalities. A response of this magnitude was only possible through a collaborative approach, and Regional Council continues to thank our partners at all levels of government, community stakeholders and residents for their support and commitment to the health and safety of all.

Throughout year one of the pandemic, Regional Council remained supportive of the health and well-being of residents and the economic vitality of the local business community. To slow the spread of the virus, while also reopening the economy, York Region was among the first municipalities to introduce the mandatory wearing of masks on York Region Transit and later in all indoor public spaces.

Regional Council strongly advocated to senior levels of government for a balanced approach to health and safety measures, focusing on the mental and physical health of residents and the interest of small businesses.

As COVID-19 vaccinations continue to be administered across our communities, Regional Council looks to 2021 with an eye on post-pandemic recovery. 2020 was a fast-changing and challenging year for all, but through collaboration, York Region, the local business community and our 1.2 million residents have demonstrated our collective strength. Together, we will continue to ensure York Region remains the best place to live, work, play and visit.

Wayne Emmerson
Chairman and CEO
The Regional Municipality of York



Bruce Macgregor, CAO

On behalf of York Region's Senior Management Team and the 4,900 committed staff who work diligently to deliver our core services across York Region, I am pleased to share The Regional Municipality of York's 2020 Community Report.

This report combines our Year Two reporting for the *2019 to 2023 Strategic Plan* and budget. The four-year cycle for planning and budgeting coincides with the four-year term of Regional Council. It also allows us to align the goals of the Region's long-term outlook, Vision.

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

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

A MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

2020 was a year unlike anything we have experienced in the 50-year history of York Region. The corporate response to the COVID-19 global pandemic saw more than 1,800 staff redeployed to ensure the health and safety of residents while also ensuring essential programs and services were uninterrupted. We also relied on the support of municipal partners who also redeployed staff to support the Region's overall response.

While a number of non-essential offerings were temporarily interrupted, the work of the Region continued, and I am proud to report 74% of the plan's key performance measures are trending in the desired direction. The complete list of all 31 performance measures is available on page 9 and 10.

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

The programs and services featured represent the dedication and commitment of York Regional Council, staff, municipal counterparts, stakeholders and partners in responding to the pandemic, while also maintaining the quality of life we are most proud of in York Region. As we work towards post-pandemic recovery, we will continue to seek out opportunities to drive innovation and place our residents and business owners at the forefront of all decisions.

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

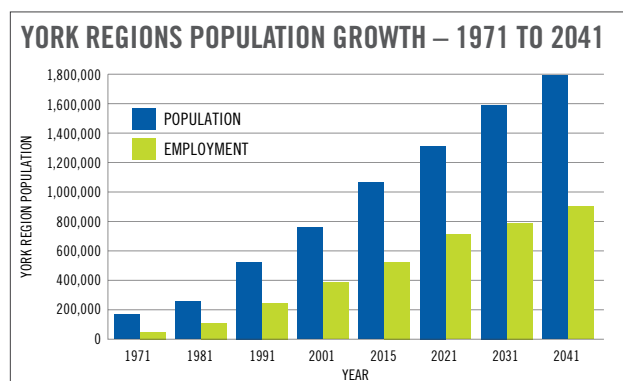
Bruce Macgregor
Chief Administrative Officer
The Regional Municipality of York

YORK REGION. WHO ARE WE?

We are growing

During 2020, York Region grew by approximately 11,100 people, accounting for 11.2% of the Greater Toronto and Hamilton Area (GTHA) growth.

The Provincial Growth Plan calls for York Region's population to grow from 1.2 million in 2019 to 2.02 million in 2051 and employment growth from 654,650 in 2019 to 990,000 in 2051.



We are educated

With 70% of York Region's residents with a post-secondary education, York Region ranks as the most educated population among Canada's large municipalities.

We work hard

York Region is home to 54,000 businesses and more than 599,600 jobs. It is the third largest business centre in Ontario and the destination of choice for more than 4,300 Information, Communication and Technology (ICT) businesses. This makes the Region the second largest ICT cluster in Canada. According to 2016 census data, the average household income is \$101,000 ranking York Region the second highest among all Ontario municipalities.

We are fiscally responsible

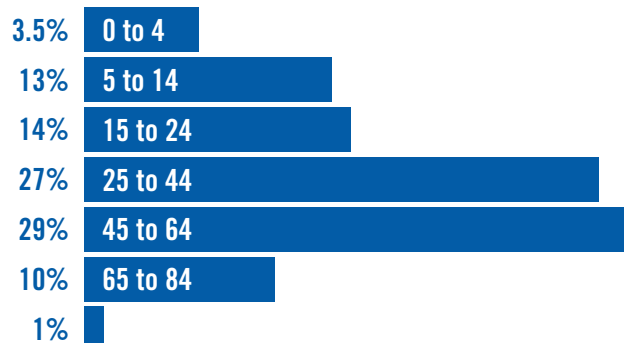
The 2020 York Region budget was \$3.3 billion and included \$2.5 billion to maintain and operate York Region services and \$826 million in capital project funding. With 2020 being the second year of the four-year budget, it aligns with the current term of York Regional Council and the *2019 to 2023 Strategic Plan: From Vision to Results*.

We are diverse

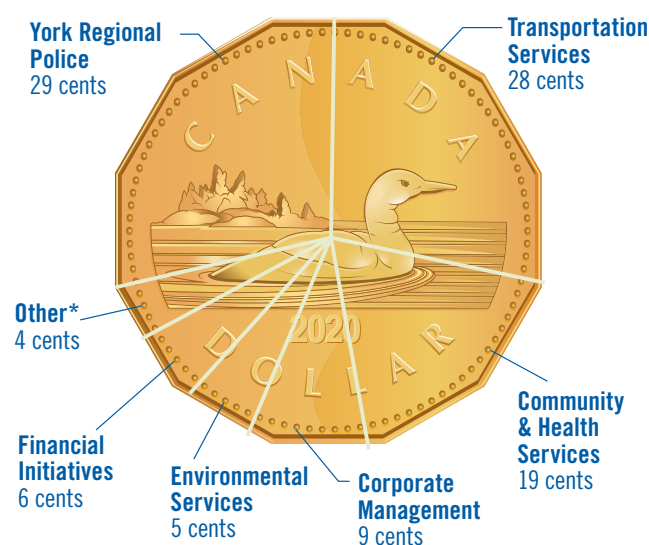
If York Region were a village of 100 people:

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

YEARS OLD



TAX LEVY FUNDING



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

**We are committed to
delivering quality services**

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

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

TOWNSHIP OF
KING
POP. 27,764

CITY OF
VAUGHAN
POP. 336,896

TOWN OF
NEWMARKET
POP. 90,221

TOWN OF
AURORA
POP. 63,258

TOWN OF
EAST GWILLIMBURY
POP. 35,098

CITY OF
RICHMOND HILL
POP. 210,371

TOWN OF
WHITCHURCH-STOUFFVILLE
POP. 49,814

CITY OF
MARKHAM
POP. 351,251

TOWN OF
GEORGINA
POP. 48,929

Comprised of
9
Municipalities

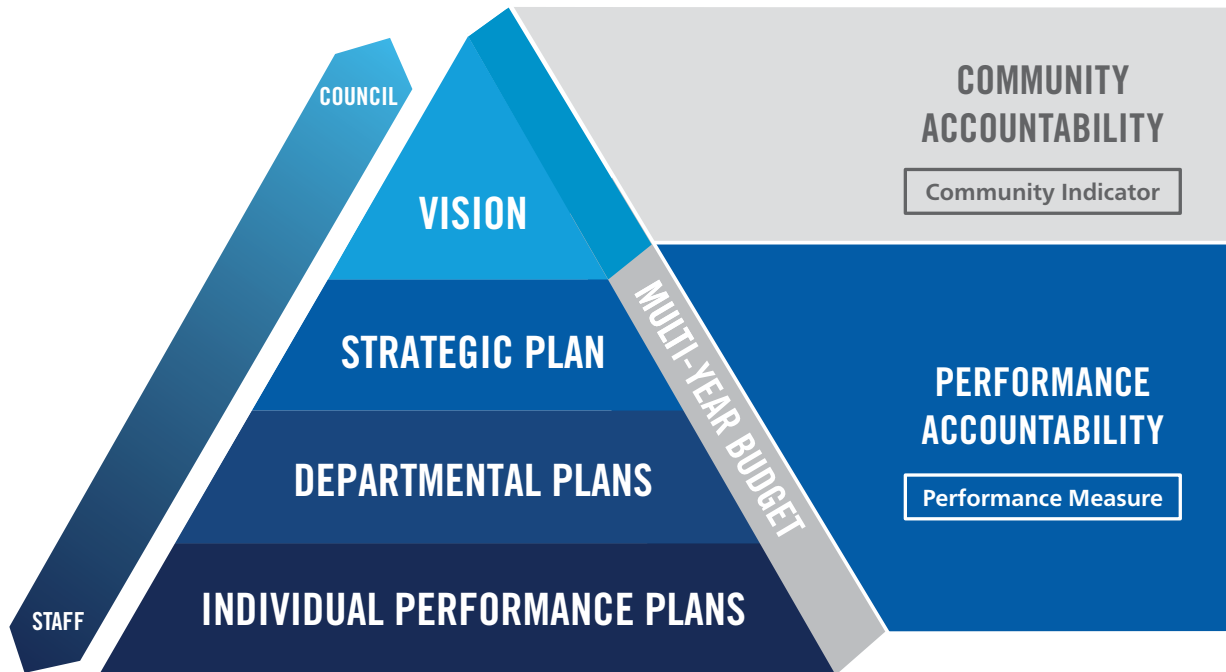
Total population estimate
1,213,602
(as of December 31, 2020)

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

THE REGIONAL MUNICIPALITY OF YORK STRATEGIC PLANNING FRAMEWORK

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

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



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

VISION

Vision is Regional Council's commitment to the community, outlining the quality of life residents want now and in the future. Vision serves as the guiding start 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. York Region works with community partners towards achieving its vision of **strong, caring, safe communities**.



STRATEGIC PLAN

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

Building on the success of the 2015 to 2019 Strategic Plan, the plan provides a detailed course of action within the following four community result areas:

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

This plan coincides with the Region's multi-year budgeting process and aligns with this term of Council to ensure it continues to make progress on serving our communities.



MULTI-YEAR BUDGET

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

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

DEPARTMENTAL PLANS

Each of York Region's six department areas develops business planning documents that focus on their specific services areas within the Region. These department plans support the community result areas set out in the Strategic Plan and help work toward Vision. Department-led plans are informed by master plans, Council direction, provincial and federal directives, including the plans such as the Regional Official Plan and regulatory and legislative requirements.

INDIVIDUAL PERFORMANCE PLANS

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

2019 TO 2023 STRATEGIC PLAN

YEAR 2 (2020) PROGRESS REPORT



SUMMARY: 23 of 31 = 74% of Performance Measures Trending in the Desired Direction

Result Area	Performance Measure	Historical Data			YEAR 1 2019	YEAR 2 2020	Baseline Trend
		2016	2017	2018			
Economic Vitality	Increase % of business engagements resulting in business retention, expansion and attraction	44%	45%	37%	53%	61%	●
	Maintain # of transit ridership per capita	20.7	20.8	20	19.8	9.5	● **
	Increase # of kilometres of bus rapidways	8.70	12.30	12.30	27.30	33.70	●
	Increase # of people and employment within 500 metres of transit	Data not available for reporting			241,000.00	257,000.00	●
	Maintain % of on-time performance on all transit routes	94.58%	94.14%	91.45%	91.48%	94.74%	●
	Increase # of road lane kilometres	4,174.51	4,229.70	4,265.12	4,293.00	4,318.00	●
Healthy Communities	Maintain % of residents that rate York Region as a safe place to live	96%	96%	94%	95%	96%	●
	Maintain police emergency (Priority 1) response time in minutes	7:12	7:06	7:00	6:50	6:44	●
	Maintain % of municipal drinking water samples meeting Ontario Drinking Water Standards	99.96%	99.93%	99.89%	100.00%	99.98%	●
	Increase % of regional roads with sidewalks and/or dedicated bike lanes in urban areas	Data not available for reporting			88%	84%	●
	Increase % of 17-year-old students in compliance with Immunization of School Pupils Act	59.15%	86.43%	91.83%	92.00%	Data not available for reporting	▲ **
	Increase % of food service premises with a certified food handler at all times	47%	52%	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	80%	78%	76%	76%	76%	●
	Increase # of advocacy activities related to long-term care beds	Data not available for reporting			3	13	●
	Decrease # of days to determine York Region residents' eligibility for social assistance	9	9	8	8	3	●
	Decrease # of children with an immediate need waiting for subsidized childcare	1,957	1,258	1,575	2,152	1,855	●
	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%	● **



Result Area	Performance Measure	Historical Data			YEAR 1 2019	YEAR 2 2020	Baseline Trend
		2016	2017	2018			
Sustainable Environment	Maintain % of wastewater receiving treatment	99.99%	99.97%	99.99%	100.00%	99.97%	<div></div>
	Maintain % of residential solid waste diverted from landfill	91%	93%	94%	94%	93%	<div></div>
	Decrease # of megalitres of treated water consumed per 100,000 population	10,718	9,605	9,855	10,004	10,368	<div></div>
	Decrease # of per capita greenhouse gas emissions across Regional operations in tonnes	69.70	64.80	65.20	65.40	55.50	<div></div>
	Increase % of growth occurring within the built-up areas	44.5%	46.9%	59.3%	75.0%	59.0%	<div></div>
	Increase % of development applications meeting timeline commitments	Data not available for reporting			100%	100%	<div></div>
	Maintain # of trees and shrubs planted annually through the Regional Greening Strategy Program	93,188	85,464	101,122	102,332	60,539	<div></div> **
Good Government	Maintain / Improve comparative \$ of operating cost per unit of service*	0.86	0.91	1.00	1.01	0.95	<div></div>
	Increase % of public-facing transactions that can be completed online or with a mobile device	Data not available for reporting		60%	73%	75%	<div></div>
	Increase % of reserve-to-debt ratio	79%	86%	99%	111%	117%	<div></div>
	Maintain % of regional assets with a condition assessment rating of fair or better condition	Data not available for reporting	91%	90%	87%	86%	<div></div>
	Maintain % of York Region residents that are satisfied with Regional government	86%	78%	75%	81%	87%	<div></div>
	Increase # of open data sets	163	177	214	228	228	<div></div>

*NOTE: 2018 as baseline year and considered trending in the right direction compared to inflation. 2020 data may be subject to change based on finalized FIR data.

LEGEND ● = Trending in the desired direction ● = Not trending in the desired direction ▲ = Collecting data
 **Performance measures negatively impacted due to the COVID-19 pandemic.

For more information visit york.ca/stratplan

Responding to the COVID-19 Global Pandemic



Responded to **17,737 cases** of COVID-19 in the community, including **359 fatalities** in 2020



Deployed **24 new programs, business solutions** and **online** projects to support the COVID-19 response



\$500 million repurposed from the Innovation Investment Reserve Fund to support local small businesses



Distributed more than **300,000 cloth facemasks** to lower-income households through the COVID-19 Community Coordination Table



30,070 inspections of workplaces, resulting in **16,754** COVID-19 education activities and **722** non-compliance charges



Reached **738,000 people** through #spiritofyr campaign, showing gratitude to front-line heroes and highlighting community resilience



4.6 million visits to all york.ca COVID-19 related web pages



Responded to more than **2,500 media requests** related to COVID-19

2020 brought challenges never before seen in The Regional Municipality of York. In February 2020, York Region reported its first positive cases of the novel coronavirus known as COVID-19. This was followed by York Region's first COVID-19 related death on March 22, 2020. In response, efforts to keep staff and residents safe and informed were ramped up and a dedicated COVID-19 web page on york.ca/COVID19 was developed to provide the community with up-to-date and relevant information.

On March 23, 2020, York Region Chairman and CEO Wayne Emmerson officially declared a state of emergency in York Region, the first time this measure had been used in the Region's 50-year history. The state of emergency included the temporary disruption of some York Region programs and services and the public closure of all York Region administrative facilities resulting in a significant number of Regional staff transitioning to work from home. This measure helped mitigate the spread of COVID-19, while ensuring residents continued to receive critical and essential public services, including transit, water and wastewater, long-term care, public health programs, social services and paramedic services.

Throughout the pandemic, the top priority of Regional Council remained the health, safety and well-being of York Region's 1.2 million residents. This was achieved through aggressive case and contact management, outbreak management, assessment centre testing, continued enforcement activity and targeted public health measures over and above the public health measures and restrictions implemented by senior levels of government.

To support vulnerable populations through COVID-19 and reduce the burden on the health care system, York Region implemented a number of short and long-term actions in mandate areas of housing, children's services, income supports and homelessness. This included providing temporary rent subsidies, increasing funding for housing stability and homelessness prevention programs, establishing no-cost emergency child-care centres for essential workers, extending funding to seasonal shelters, providing additional funding through grocery store gifts cards to Ontario Works clients and setting up a voluntary self-isolation centre for residents infected with COVID-19.

In collaboration with economic development stakeholders, economic development teams from the nine cities and towns, the Workforce Planning Board of York Region and industry leaders, the York Region Business Recovery Support Partnership was established to support local businesses through the pandemic. This partnership continues to work towards recovery-oriented initiatives for

businesses in the supply chain, business advisory services, agriculture and agri-food, tourism, arts and culture sectors, with a focus on economic vitality.

In 2020, York Region, along with the nine cities and towns, initiated a number of financial relief programs to support residents and local businesses through the pandemic. In most municipalities, these programs included the extension of property tax payment deadlines and the waiving of late payment penalties. In addition, York Region deferred the 2020 water and wastewater rate increase to 2021 and waived property tax interest for 90 days.

Over the course of the year, Regional Council continued to be a strong advocate for York Region residents and businesses, calling on senior levels of government to reconsider measures laid out in the *Keeping Ontario Safe and Open Framework* and the implementation of public health restrictions that balanced the health and safety of residents with the economic interests of local businesses.

As outlined in the Treasurer's Report, COVID-19 has had, and continues to have, a significant financial impact on the Region. As a result of higher public health and social program spending and below-forecasted revenue from services such as transit, courts and development, the overall financial impact of COVID-19 in 2020 was more than \$190 million. To offset the high costs associated with the pandemic response, York Region took quick action to reduce expenses in other areas of the organization. Non-essential hiring was delayed and all activities that were not needed or not possible due to public restrictions were limited. Financial pressures were also eased by pandemic-related funding from senior levels of government.

With Health Canada's approval of both the Pfizer and Moderna COVID-19 vaccines in December 2020, York Region was able to close out year one of the pandemic by beginning the administration of vaccinations in long-term care facilities. At the same time, plans were being finalized for the broader rollout of vaccines and the mass immunization of York Region residents into 2021.

2020 was a challenging and quickly changing year. The response to COVID-19 has been monumental in scope and impact. It has affected each and every one of York Region's 1.2 million residents and every area of our organization. Working through the pandemic has taken the effort of everyone in our community, and York Region continues to thank all residents and businesses for their continued commitment to the health and safety of each other and our communities.

Economic Vitality



6,339 housing completions in 2020



13.8% increase in average housing prices



5,832 new residential building permits issued in 2020, a **33% increase** over 2019



Almost **1% growth** in population
11.2% of the GTHA population growth



5.6% office market vacancy rate, significantly lower than Canada's high of **10.8%** in 2020



>350,000 sq. ft. of new retail space, with an additional **1,410,00 sq. ft.** under construction



8.9% of the GTHA's total Industrial, Commercial and Institutional construction value



\$5.5 billion capital funding agreement signed with Province of Ontario to support Yonge North Subway Extension



6.5 kilometres of bus rapidway segments opened



33.7 kilometres of dedicated bus lanes, tree-lined sidewalks and bike lanes completed



133 lane kilometres of road rehabilitation and **86 lane kilometres** of road preservation projects delivered



YorkNet broadband network expanded by **56 kilometres**



\$25 million in capital funding for York University's Markham Centre Campus agreement signed

Fostering an environment that attracts businesses, grows employment opportunities and attracts people is fundamental to the economic growth and vitality of York Region. Historically, the Region's economy has been supported by core attributes of strong population and economic growth, a skilled labour force, a high quality of life that attracts talent, established and diversified industry clusters, major infrastructure and transportation investments and accessibility factors.

In early 2020, the COVID-19 global pandemic led to a broad shutdown of economic activity in York Region, Ontario and Canada. While York Region's economy recorded uninterrupted job growth between 2001 and 2019, jobs decreased in 2020, with employment dropping from 654,640 jobs to an estimated 599,700 jobs. By July 2020, York Region's unemployment rate increased to 13.7% before declining to 8% by the end of the year as a result of a rebounding economy.

Despite the economic impacts of COVID-19, York Region continues to be a significant contributor to the national and provincial economies, ranking 8th for total construction among all Canadian municipalities with a value of \$2.63 billion.

York Region also continues to be a destination of choice to live. In 2020, residential building permits increased 25% from 2019, with a total of 5,832 new building permits issued in York Region. Though the cost of housing remains high across all nine cities and towns, building activity continues to support Regional Council's goal of complete communities. In 2020, apartment dwellings and townhouses accounted for 66% of all new residential permits issued, indicating progress toward a more diversified housing stock.

Building complete communities that include a variety of housing options and connect residents to transportation, jobs and opportunities is vital to the Region's overall competitiveness and fiscal sustainability. In 2020, Regional Council authorized an execution of agreement with the Province of Ontario to fund and build the Yonge North Subway Extension. This agreement provides a structured framework for the delivery of this critical infrastructure project, which once complete will deliver the missing link in the Greater Toronto and Hamilton Area's rapid transit network, stimulate the economy, create jobs and provide more housing choices.

Increasing access to efficient transportation options is also key to economic vitality and growth of the Region. In 2020, Regional Council approved a historic \$404 million 10-year investment in road and transit system improvements. As

a result of province-wide stay-at-home orders in 2020, York Region accelerated a number of these projects. With fewer travellers on York Region roads, 133 lane kilometres of road rehabilitation and 86 lane kilometres of road preservation projects were completed. In addition, York Region Rapid Transit opened 6.5 kilometres of bus rapidway segments and more than 33 kilometres of dedicated bus lanes, tree-lined sidewalks and bike lanes were completed.

As York Region continues to respond to the economic impacts of COVID-19, supporting a diversified economy that connects residents to high quality jobs remains a key objective in increasing economic prosperity. As the second largest tech hub in Canada, Ontario's second largest financial hub and one of the most diverse business centres in the country, York Region continues to be the place where talent and opportunity intersect. In 2020, York Region awarded \$100,000 to six local businesses and organizations for their commitment to driving entrepreneurship, providing the opportunity for growth and innovation in a variety of sectors.

Looking to the future, Regional Council remains committed to supporting the economy of the future. As more residents and businesses continue to conduct business and learn remotely, York Region is expanding access to broadband connectivity. In 2020 YorkNet, the Region-owned corporation that plans, builds, operates, manages and maintains a high-speed, dark-fibre network across York Region, expanded the network by 56 kilometres. Connectivity has become the cornerstone of the modern economy by expanding broadband into underserved communities of Georgina, Chippewas of Georgina Island First Nation and Udora, Regional Council is bridging the digital divide and ensuring more equitable access for all.

York Region also continues to improve access to high-quality education through significant investments in York University. In 2020, the Government of Ontario, York Region, the City of Markham and York University officially broke ground on York University's Markham Centre Campus. When doors open in 2023, the new campus will bring 4,200 new student spaces to York Region, strengthen opportunities for students and showcase York Region as a destination of choice for higher learning.

Bringing a university campus to York Region has been a long-standing priority for Regional Council. Through high-quality education and significant investments in business, housing, transportation and connectivity, York Region is creating new opportunities for growth and economic prosperity fundamental to post-pandemic recovery.

Community Health, Safety and Well-being



Responding to the COVID-19 global pandemic



Established **6** emergency child care locations to enable health care and other essential workers to stay on the job during COVID-19 pandemic response



Delivered new emergency income supports to low-income households



Created a self-isolation and traditional shelter to keep homeless people safe



Paramedic services responded to over **77,000 calls**, transporting patients to hospital within mandated timelines



Implemented speed enforcement pilot project in **12 community safety zones**



Provided a portable housing benefit to **258 households**



Built **194 new community housing units** in the City of Vaughan and City of Markham



Executed **30 search warrants** as part of Project Platinum



Seized more than \$150 million worth of illegal cannabis

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

In early 2020, as COVID-19 became a global pandemic, York Region moved quickly to mobilize its response with a range of health and human services. This included the temporary interruption of a number of programs and services to redirect resources to the pandemic response.

In direct response to the pandemic, York Region implemented a range of public health emergency responses to manage the spread of the virus, including case and contact management, outbreak management and infection prevention and control measures such as onsite inspections, as well as education, training and wide-spread communication.

Following the first province-wide lockdown to curb the spread of the virus, the needs and issues of vulnerable populations intensified as community food programs, drop-ins, libraries, schools and community centers closed. Residents living in congregated living settings such as group homes, emergency housing and long-term care were identified as being at high risk. At the same time reliance on human services increased for people with limited financial resources, the homeless and precariously housed, individuals at risk of domestic violence, older people and newcomers.

To support the health, safety and well-being of these vulnerable populations, York Region took a lead role in coordinating and collaborating with existing partners to address the unexpected needs and unforeseen challenges related to the pandemic. This included setting up emergency child care for health care and other essential workers, delivering new emergency income supports to low-income households, establishing a self-isolation shelter and a transitional shelter to keep homeless populations safe and providing emergency housing providers with support to meet new infection prevention and control requirements.

Beyond the monumental response to COVID-19, Regional Council remained committed to working with all levels of government and community partners to support the health and well-being of all residents.

In 2020, York Region launched a two-year automated speed enforcement pilot to enforce speed limits in 12

community safety zones. Through the use of cameras and speed measuring devices, this project aims to increase safety by protecting students walking to and from school on Regional roads.

To further protect the health and safety of residents, York Regional Police, overseen by the York Regional Police Services Board continued to ensure residents and workers in York Region feel safe in the community.

Pandemic restrictions had a significant impact on crime trends in York Region throughout 2020. With many people at home, certain types of crime were down, including break-and-enters and impaired operations. However, other types of crimes increased, including domestic violence, drug violations, stunt driving and street racing. Major and violent crimes linked to gangs and criminal organizations were unchanged in 2020.

Throughout 2020, York Regional Police completed a number of major investigations that resulted in the execution of 30 search warrants as part of an investigation into the tow truck industry, the dismantling of a large gun and drug trafficking ring, the identification and closure of a number of underground casinos and seizure of roughly \$150 million worth of illegal cannabis.

Recognizing community health and well-being includes a housing market with a full mix of options and affordability, Regional Council made significant progress in expanding affordable housing while also building a system of support to help people find and keep housing.

In 2020 Regional Council approved the addition of four modular affordable housing units in the Town of Georgina. Located at Housing York Inc.'s Sutton Youth Shelter and funded through the Ontario Government's Social Services Relief Fund, these modular housing units will provide new transitional housing units for individuals and families at risk of or currently experiencing homelessness. In addition, 194 new community housing units were also built in the City of Vaughan and City of Markham, and a portable housing benefit was provided to 258 households.

While much of 2020 was dedicated to the Region's response to COVID-19, a number of temporarily disrupted, non-essential programs and services continue to come back online to support the health, safety and well-being of all York Region residents. As the mass vaccination of residents continues across the community, Regional Council remains committed to supporting safe communities, delivering affordable housing options and improving access to health and social services for all residents.

Building Sustainable Communities and Protecting the Environment



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



Achieved **99.98%** in Chief Drinking Water Inspector's Annual Report Card



Reached **33.4%** canopy cover across York Region



60,539 trees and shrubs planted



Launched **6** electric buses



\$24 million in federal investments for source water protection



Engaged more than **50,000** residents through 100 virtual outreach events



York Region is home to an abundance of natural resources. As the community continues to grow, Regional Council remains committed to delivering environmentally sustainable services, encouraging growth in the Region's Urban City Centres, and enhancing and preserving green space and a clean environment. To achieve this goal, Regional Council has made significant investments in green technology, sustainable infrastructure and water and wastewater innovation.

In 2020, the COVID-19 global pandemic had significant impacts on Regional Council's initiatives to build sustainable communities and protect the environment. Responding to the impacts of workplace closures on residents, Regional Council deferred the planned water and wastewater rate increase for April 1, 2020 resulting in a \$25 million reduction in user rate revenues. At the same time workplace closures resulted in the processing of increased waste tonnage contributing to a \$2.1 million cost pressure for the year.

Access to safe and reliable drinking water, along with waste diversion and water and wastewater processing, remain services essential to the quality of life of all residents. Throughout 2020, many of the programs and services related to sustainable communities and environmental protection continued uninterrupted, despite the Region's pandemic response.

In 2020, 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 99.98% in the 2019-2020 Chief Drinking Water Inspector's Annual Report Card.

Drinking water in York Region originates from three sources: Lake Ontario, Lake Simcoe and groundwater wells within York Region. As part of the provincial Source

Water Protection program, York Region takes significant steps to protect municipal drinking water sources from contamination and over use. Through this program, Regional Council remains committed to protecting water supplies now and for future generations.

To further support the safe delivery of drinking water across all nine cities and towns, Regional Council remains committed to working with all levels of government to protect drinking water sources from the impacts of climate change.

In 2020, the federal government announced two significant investments in York Region through the Disaster Mitigation and Adaptation Fund. The first is an \$18-million investment in the Newmarket Water and Wastewater Operation Centre to improve efficiency, reduce greenhouse gas emissions and build resiliency in the ground water supply systems that serve the communities of Newmarket, Aurora, East Gwillimbury and Whitchurch-Stouffville. The second is an \$16-million infrastructure investment to protect the Lake Simcoe Watershed from storms and flooding and provide clean and safe drinking water to nearly 50,000 homes and businesses who rely on Lake Simcoe as a water source.

As one of the greenest communities in Canada, York Region continues to be an industry leader in research and innovations. This work supports the improvement of facility and field operations, asset management programs and helps shape the design of future infrastructure.

Despite the unforeseen circumstances of the COVID-19 global pandemic, York Region continued to participate in a number of research initiatives to support water, wastewater, waste management, forestry and energy conservation program delivery. In 2020, York Region joined the Canadian Water Network's COVID-19 wastewater coalition, partnering with leading scientists to help develop methods to test for COVID-19 in wastewater. This work led the provincial government to invest more than \$12 million in COVID-19 wastewater surveillance to determine how this information can assist the public health response.

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

The achievements of the Greening Strategy proactively preserve and protect the natural environment while providing a range of recreation, environmental and health benefits that have been essential to residents throughout the pandemic and will continue to contribute to a high quality of life for generations to come.

Continued investment in green infrastructure, including tree planting and forest restoration, delivers on Council's commitment to environmental leadership and provides multiple benefits for the community ranging from climate change mitigation to public health improvements. In 2020, this included the planting of 60,539 trees and shrubs, increasing canopy and woodland over across the Region to 33.4% and 23.2%, respectively, and engaging more than 50,000 residents through 100 virtual outreach events.

While ridership across York Region's Transit systems declined significantly in 2020, Regional Council remained committed to reducing greenhouse gas emissions. In June 2020, York Region Transit launched its first electric bus from the Newmarket Terminal. The launch of electrical buses marks the start of a trial to gradually electrify the transit fleet. To further reduce York Region's carbon footprint, Regional Council has committed \$14 million in energy conservation initiatives over the next five years. Strategies to reduce corporate emissions focus on transit, buildings, non-transit fleets and water and wastewater processes.

Efforts to build sustainable communities and protect the natural environment will continue to meet the goals laid out in Vision and will be fundamental in the Region's post-pandemic recovery.



Delivering Trusted and Efficient Services



More than **1,800** staff redeployed to help with organizational response to COVID-19



3,500 employees transitioned to working from home



Between **600** and **900** staff continued to work onsite delivering essential services



5.26 million visits to york.ca



More than **30** awards and accreditations received across various departments



Reached **10,000** followers on Instagram, **30,794** followers on Facebook and **38,258** on Twitter



4 Canada's Top Employer Awards



15 International Association of Business Communicators Awards



Ensuring reliable, responsive, effective, efficient and fiscally responsible regional services is fundamental to good government. Corporate management of these services played a central role in York Region's 2020 COVID-19 pandemic response and recovery activities and will continue to do so for years to come.

Throughout 2020, several areas of the organization came together to provide broad support for the corporate response to COVID-19 and build the Region's capacity to recover. This included communications, data analytics, IT services and human resources. Support entailed strategic communications, analysis of critical data, recruitment of essential public health staff and the mobilization of staff, implementation of safety measures and the transition to virtual York Regional Committee and Council meetings.

York Region also continued to monitor the fiscal impacts of COVID-19 and led advocacy efforts to secure senior government funding. Legal services analyzed the implications of numerous provincial directives and public health measures, and along with risk management professionals, provided advice on the implications of the pandemic and help plan the Regional response.

In early 2020, the Regional Emergency Response Operation Centre (REOC) opened and activated the REOC action plan, which included providing regular COVID-19 updates, developing an approach to mitigate economic impacts on businesses and residents, providing targeted financial relief to local businesses, providing essential Regional services through modified means and continued collaboration with municipalities, partner agencies and health care organization.

At the same time, a number of activities not directly related to the pandemic response continued.

The new administrative building located at 17150 Yonge Street in the Town of Newmarket opened on time and under budget. While most staff continued to work remotely, York Region Court Services was among the first areas of the organization to resume in-person services, reopening front counter services in September 2020. This resumption of services provided opportunity for York Region to pilot workplace health and safety measures while also implementing additional measures to protect members of the public.

Advocacy efforts to best support residents continued throughout 2020 in a number of areas. In response to COVID-19, Regional Council advocated to senior levels of government on a range of issues, including public health measures that balanced resident health and safety with the economic interests of businesses, financial support to maintain essential services and boarder measures to slow the spread of COVID-19.



In January, Regional Council and the York Region Board of Health formally responded to the Ontario Ministry of Health's proposed modernization of public health and emergency services. Throughout the consultation, Regional Council continued to advocate in favour of maintaining current governance, geography, service delivery for public health and indicated strong support for a provincially-coordinated and centralized strategy to drive efficiencies, improve data quality and save money across the public health system. Council also supported provincial actions to modernize emergency health services, encouraging the accelerated modernization of dispatch technologies to ensure residents receive the best possible level of emergency medical care.

Additional advocacy activities in 2020 included requesting the allocation of funds from the Non-Resident Speculation Tax collected in York Region to support the development of additional programs to increase housing affordability options for York Region residents, requesting funding support for the Yonge North Subway Extension and federal funding to further expand the YorkNet broadband network.

Despite significant resources allocated to the Region's pandemic response, many program and service areas across the organization continued to receive recognition for excellence in public service.

For the fifth consecutive year, York Region was recognized as the Communications Department of the Year from the International Association of Business Communicators. IABC is a global organization, representing non-profits, public sector organizations and Fortune 500 companies from around the world. The IABC has over 80 chapters worldwide, with its largest chapter being Toronto. IABC honours communication excellence on a worldwide and local scale through its Gold Quill and Toronto Ovation Awards.

Data Analytics and Visualization Services was the first Canadian recipient of the Esri President's Award for Government Information Services, which recognized York Region for making a positive impact through data-informed decision-making.

York Region was recognized with an Excellence in Municipal Systems Award from the Municipal Information Systems Association Ontario for the innovative and collaborative work done through YorkTrax. This system is a centralized, browser-based solution that was developed in-house and used across multiple departments to forecast and manage growth, prioritize infrastructure delivery and enhance customer service. YorkTrax streamlines the development application review and commenting process, resulting in the continuation of these services during province-wide lockdown and stay-at-home measures.

Over the course of the year, York Region was recognized as one of Greater Toronto's Top Employers, Canada's Top Employers for Young People, Canada's Best Diversity Employers and Canada's Greatest Employers. This marks the first time York Region received all four special recognitions in the same year.

York Region's solid foundation in providing trusted and efficient services to residents will play an important role in post-pandemic recovery and will remain essential as more programs and services residents rely on come back online in 2021.

AWARDS AND HIGHLIGHTS



ECONOMIC VITALITY

APEX Award of Excellence
MISA Excellence in Municipal System Award for YorkTrax
Certificate of Merit from the Peter J. Marshall Innovation Award Jury for YorkTrax



SUSTAINABLE ENVIRONMENT

Trillium award from Landscape Ontario for their outstanding leadership and contribution to the field of horticulture specifically the irrigation sector, through the development and delivery of the Water Smart Irrigation Professional program
20 years of Forest Stewardship Council Certification for the Management of the York Regional Forest
Won the Arboriculture Award of Merit from the International Society of Arboriculture (Ontario Chapter) for Urban Forestry
Award of Excellence from the Ontario Water Works Association for the Water Reuse Research Demonstration Project



HEALTHY COMMUNITIES

York Region Media Group's Newsmaker of the Year for Dr. Karim Kurji, Medical Officer of Health
Silver Award for Innovative Management from the Institute of Public Administration Canada for the new Ontario Works service delivery model
Silver Award for Innovative Management for the Ontario Works (OW) Transformation project
3M Health Care Quality Team Award (Across a Health System) for the partnership work done for the improving Stroke Outcomes Utilizing Data and Technology project
5 separate Commission on Accreditations of Rehabilitation Facilities International Accreditations for Maple and Newmarket Health Centres, Psychogeriatric Resource Consultants and Keswick and Maple Adult Day Programs



GOOD GOVERNMENT

MarCom Gold Award for the redesign of the York Region Rapid Transit website, yrt.ca
Esri President's Award for York Region's Enterprise Geographic Information System
Greater Toronto Area Top Employer
Canada's Top Diverse Employer
Canada's Greenest Employer
Canada's Top Employer for Young People
International Association of Business Communicators Communications Department of the Year
Government Finance Officers Association (GFOA) for high-quality budget and financial reporting Distinguished Budget Presentation
Government Finance Officers Association (GFOA) Canadian Award for Excellence in Financial Reporting
High credit ratings in 2020 with both Moody's Investors Service and S&P Global Ratings reaffirmed their credit ratings for York Region. The Moody's rating is Aaa/Stable, the highest possible. While S&P's is slightly lower at AA+, in 2019 it upgraded the outlook for the Region from stable to positive and maintained that outlook in 2020.





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

The Regional Municipality of York

TREASURER'S REPORT

Reflecting York Region's longstanding commitment to fiscal prudence, results for the year ended December 31, 2020 show continued strengthening of York Region's balance sheet despite the impacts of the COVID-19 global pandemic.

When the provincial government imposed strict public health measures and ordered widespread closures early in 2020 in response to the pandemic, York Region took quick action to help offset higher Public Health costs and lower revenues. Non-essential hiring was delayed and activities that were not needed or not possible because of public health restrictions were curtailed. Pressure of the Region's budget was also eased by pandemic-related funding from senior governments.

These factors allowed York Region to stay within its original budget for 2020 and prepare for expected continuing pressures in 2021 relating to COVID-19. The 2020 Regional budget as approved by York Regional 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, York Region experienced an operating surplus of \$88.0 million in 2020. In December 2020, Regional Council authorized the contribution of the 2020 operating surplus to a newly established Pandemic Management Reserve.

The financial results in this report are presented on the full accrual basis of accounting. For comparability with final results, the 2020 Budget Book provided expected revenues, spending and annual surplus on a full accrual basis, which provides the basis of comparison in this report. This report also shows 2020 financial results against the original budget as approved by Regional Council.

On the full accrual basis of accounting, York Region's revenues exceed expenses, resulting in an annual surplus of \$720.3 million from operations over the year. As a result, the Region's accumulated surplus reached \$8.6 billion at the end of 2020, up from \$7.9 billion at the end of 2019. The Region's financial assets, including cash, cash equivalents and investments, rose by \$692.5 million.

The discussion and analysis that follows, 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 2020
- Discussing financial results for 2020 compared to 2019 and the 2020 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

York 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. 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, 2020.

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, 2020, resulting in an annual surplus.

Consolidated Statement of Change in Net Debt

This statement reconciles the change in net debt for the current and prior year. Under public sector financial reporting in Canada, "net debt" is defined as the difference between a reporting entity's financial assets and its liabilities. This differs from how the Region uses the term "net debt" in other documents to mean its issued debt, excluding borrowings on behalf of local municipalities and net of sinking fund assets.

Consolidated Statement of Cash Flows

This statement outlines the Region's sources of cash, shows how they were applied to meet cash needs and gives the resulting change in cash and cash equivalents by year-end.

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. This review begins on page 73.

ADDITIONAL FINANCIAL STATEMENTS

This document includes two additional sets of financial statements, they are for:

- The sinking fund, which is held and reported on separately from other Regional assets. The fund's purpose is to allow the Region to meet the repayment requirements of its sinking fund debt. Sinking-fund debt requires that funds equivalent to a share of the debt be set aside on a prearranged schedule before the maturity date. The *Municipal Act, 2001*, requires sinking funds to be audited annually
- Funds held in trust by the Region for residents of Newmarket Health Centre and Maple Health Centre, 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 2020 fiscal year, the main elements guiding York Region's financial management were:

- Vision 2051 and the 2019-2023 Strategic Plan
- The 2020 Budget
- The Regional Fiscal Strategy

VISION 2051 AND THE 2019-2023 STRATEGIC PLAN

The Region's long-term direction is provided by Vision 2051, which sets out where the Region aspires to be by 2051.

Every four years, to coincide with the new term of Regional Council, the Region develops a four-year Strategic Plan with the purpose of turning the Region's long-term vision and goals into day-to-day activities. The priorities of the 2019 - 2023 Strategic Plan are economic vitality, a sustainable environment, healthy communities and good government.

The diagram below provides further details.



2020 BUDGET

The Regional budget provides the financial framework to accomplish the Strategic Plan and ultimately support Vision 2051.

Multi-year budgeting is a vital aspect of the financial framework. At the start of each council term, York Regional Council reviews a four-year plan consisting of a proposed budget for the upcoming year and an outlook for the

remaining three years. In each of the following three years, the outlook is reduced by one year.

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

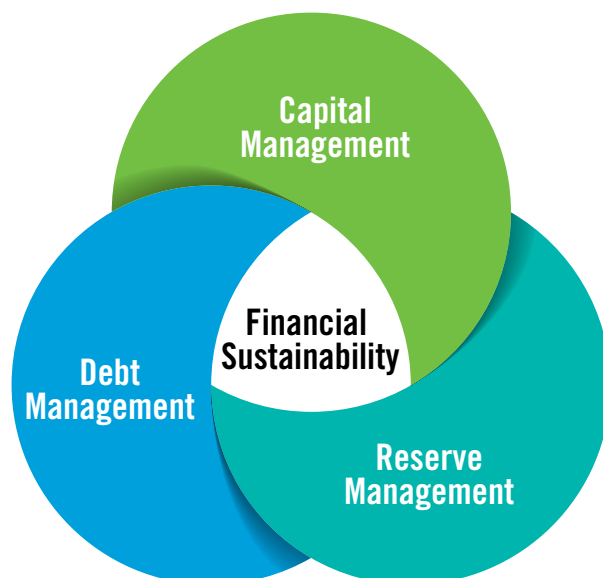
The Region's budget shows major cash inflows and outflows and determines the tax levy needed to achieve the balance between these. It gives decision-makers and other readers a clear picture of where cash resources are expected to come from and how they will be applied to all activities, including capital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

This annual report provides a set of statements on the full accrual basis that together give a full picture of financial activities and results for the year. This aligns with the recommendations of the Public Sector Accounting Board, which develops accounting standards for governments in Canada.

For consistency with financial reporting, the annual Budget 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 2020 to the accrual-based budget.

REGIONAL FISCAL STRATEGY

The purpose of the Regional Fiscal Strategy, adopted in 2014 and updated annually, is to help York 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. Although most of the growth-related costs are expected to be covered by development charges when growth occurs, debt is often used to bridge the timing gap. Making investments at the best possible time, based on realistic forecasts, helps to reduce debt levels and debt service costs.

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

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

2020 HIGHLIGHTS

Realizing the potential fiscal impacts of the pandemic that was declared early in 2020, York Region acted quickly to reduce spending across the organization so resources would be available to compensate for pandemic-related pressures on the 2020 budget.

The gross impacts of higher spending and below-forecast revenue totaled \$190.2 million over the year. This reflected much higher-than-expected public health and social program spending, as well as unplanned spending on personal protective equipment and other health and safety measures.

On the revenue side, York Region Transit operations had to continue as an essential service despite a sharp drop in ridership that reduced fare revenues to far below forecast. Court Services revenue was impacted by Provincial and Ontario Court of Justice Emergency Orders that extended timelines under the *Provincial Offences Act*, including fine due date. In light of concerns about the financial impacts of the lockdown on households, Regional Council also decided to defer a water rate increase and suspend interest charges on late property tax payments.

The Region was able to compensate for these impacts by pausing programs that could not be delivered under lockdown conditions, redeploying staff to Public Health and other areas to help with the immediate pandemic response, reducing service on many transit routes, offering on-demand transit services to replace others and freezing non-essential hiring.

By year end, revenues on the full accrual basis of accounting were \$2.8 billion, down \$67.4 million from the expected \$2.9 billion. Revenues included pandemic-related transfer payments of \$90.6 million from senior levels of government.

The revenue decrease was more than offset by a reduction of \$288.7 million in spending from the expected \$2.4 billion.

As a result of the strong operating performance, by year-end York Region had:

- Increased its financial assets, including cash, cash equivalents and investments, by \$692.5 million, to bring the total to \$5.2 billion
- Created a new Pandemic Management Reserve with a 2020 year-end balance of \$88.0 million that is available for continuing pandemic-related budget pressures
- Decreased its net debt as defined for public sector reporting purposes by \$371.1 million and
- Seen an increase of \$720.3 million in its accumulated surplus

CHANGES IN FINANCIAL POSITION

The Consolidated Statement of Financial Position gives a picture of the Region's balance sheet at December 31, 2020. The table below provides a summary.

Consolidated Statement of Financial Position

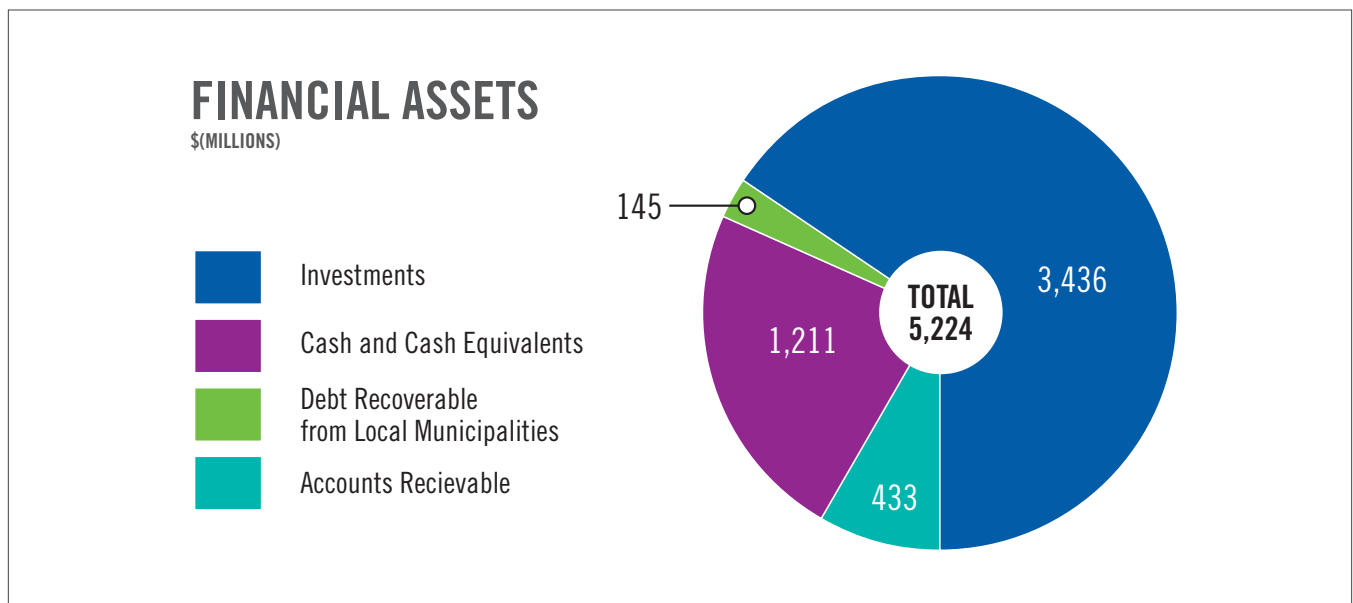
(\$ Millions)	2020 Actual	2019 Actual	Variance	% Change
Items				
Financial Assets	5,224.0	4,531.5	692.5	15.3%
Liabilities	5,415.3	5,093.9	321.4	6.3%
Net Debt	(191.4)	(562.4)	371.1	(66.0%)
Tangible Capital Assets	8,797.8	8,449.8	348.0	4.1%
Other Non-Financial Assets	22.4	21.2	1.2	5.7%
Accumulated Surplus	8,628.8	7,908.5	720.3	9.1%

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 15.3%

The Region's financial assets include cash and cash equivalents, investments and amounts owed to the Region by third parties, including debt issued by the Region on behalf of local municipalities. The pie chart below shows the breakdown:



Note: numbers may not add due to rounding

These assets totalled \$5.2 billion at the end of 2020, up by \$692.5 million or 15.3% from the previous year.

The main driver of the increase was growth in investments, which went from \$2.8 billion at the end of 2019 to \$3.4 billion a year later. This resulted from the Region building reserves, especially for asset renewal and growth-related infrastructure, through contributions from the operating budget. The Region also invests funds from third parties that are for specific purposes and are received before the spending is needed.

TANGIBLE CAPITAL ASSETS

The approved 2020 budget included a capital plan for the year of \$826.3 million. Under Public Sector Accounting Standards, which are used to prepare the financial statements and accrual-based budget, \$677.8 million of the plan was classified as spending on tangible capital assets for financial reporting purposes, with the balance allocated to capital-related operating expense.

Of the total \$677.8 million plan, \$477.7 million was for growth-related projects, while the balance was to go to renewing and/or replacing existing assets. The growth-related portion was largely funded by development charges and \$213.3 million in new borrowings, the latter largely to benefit from historically low interest rates. The cost of renewals and replacements was covered from asset replacement reserves.

By year end, \$444.6 million or 65.6% of the accrual-based budget was spent, with the underspending due to delays and deferrals in Transportation Services projects, delays in housing land purchases and construction, and additional time to secure permits and resolve construction issues on Environmental Services wastewater Rehabilitation Projects. The share of spending achieved against plan was slightly lower than in recent years.

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 \$1.2 billion at year end. The table below lists the five largest additions to the assets under construction account and provides a comparison to the originally budgeted amount.

2020 Top 5 Capital Spend \$(Millions)			
Project	Department	Additions	Capital Budget (1)
York Durham Sewage System Forcemain Twinning	Environment	67.0 (5)	35.3 (2)
Major Mackenzie Drive - Canadian Pacific Railway to Hwy 400	Transportation	44.7 (5)	42.7
Conventional Bus Replacement	Transportation	26.1	37.7 (3)
Asset Renewal and Replacement	Transportation	25.1	25.3
Newmarket Bus Terminal	Transportation	14.8	15.0 (4)

(1) Capital budget is based on the 2020 budget approved by Council on December 19, 2019.

(2) Council approved a mid-year reallocation of \$30.6 million resulting in a total capital budget in 2020 of \$65.9 million.

(3) Council approved a mid-year reallocation of \$5.4 million resulting in a total capital budget in 2020 of \$32.3 million.

(4) Council approved a mid-year reallocation of \$0.4 million resulting in a total capital budget in 2020 of \$15.4 million.

(5) Additional spending was within overall Capital Spending Authority

Several projects were completed and put into use in 2020. The table below lists the five largest completions and the year that work first began on the project.

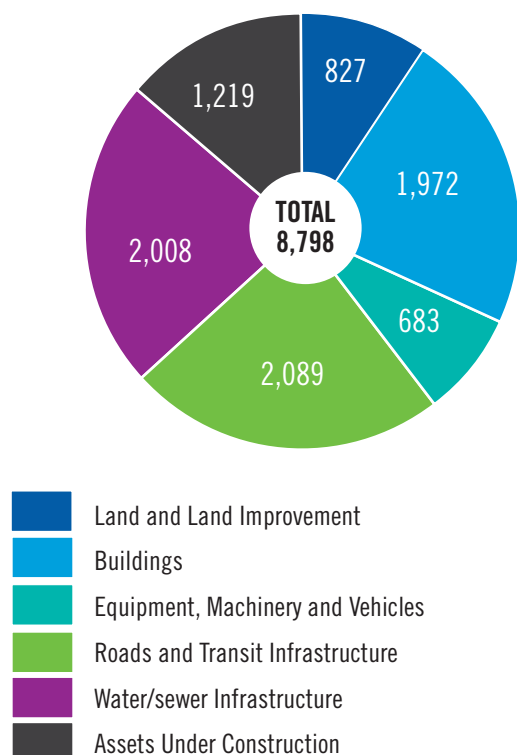
2020 Top 5 Additions to Assets in Use \$(Millions)			
Project	Department	Additions	Project Start Date
Administration Centre at 17150 Yonge Street	General Government	207.5	2004
16th Avenue Phase 1 Sewer Rehabilitation Project	Environment	55.7	2013
St John's Side Road - Bayview Ave. to Woodbine Ave.	Transportation	27.7	2008
Conventional Bus Replacement	Transportation	26.1	2020
Leslie Street - Wellington Street to St. John's Sideroad	Transportation	24.8	2008

In addition to projects in York Region's 10-year capital plan, the Region also delivers construction of rapidways and associated infrastructure that make up the Viva bus rapid transit network. These are fully funded by the provincial Metrolinx agency. Any resulting improvement to assets owned by the Region, such as a repaved roadway where rapidways have been built, is added to the Region's tangible capital assets portfolio as work is completed.

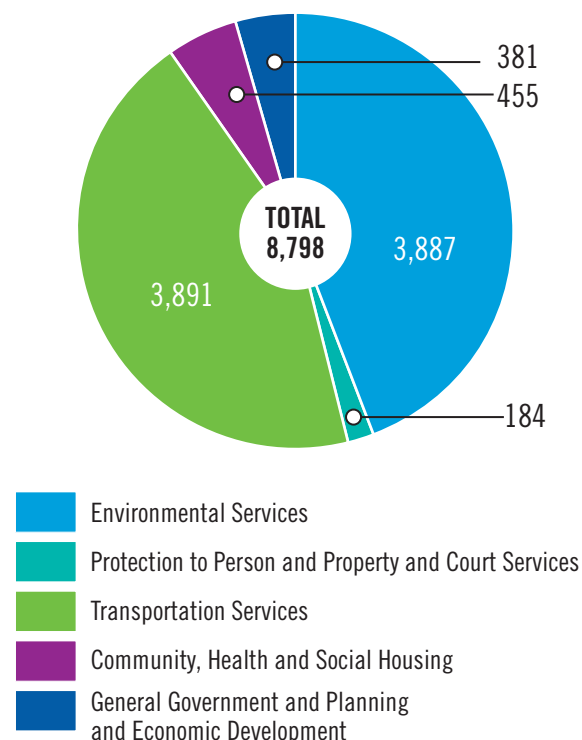
Net book value as reported on the Consolidated Statement of Financial Position is the cost of an asset less its accumulated amortization. After taking into account additions of capital assets, amortization expense of \$320.6 million and the disposal of assets during the year, the net book value of the Region's assets rose by \$348.0 million, taking the total to \$8.8 billion at the end of 2020.

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)

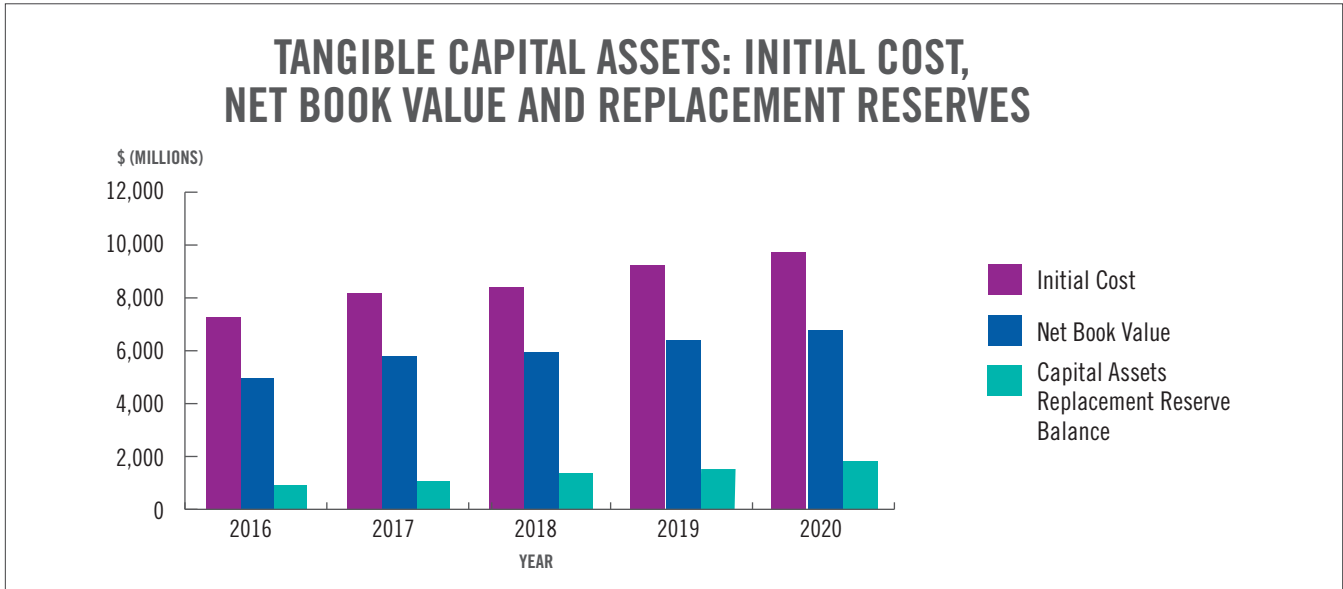


NBV OF TANGIBLE CAPITAL ASSETS BY SERVICE AREA
\$(MILLIONS)



Five-year trend in net book value and asset condition

As the graph below shows, the net book value of the Region’s assets has steadily increased over the past five years, resulting largely from major investments in roads, transit and water and wastewater infrastructure.



Note: The Region’s asset replacement reserves exclude land, land improvements, and assets under construction. For comparability, these items have also been excluded from initial cost and net book value 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 of assets are available to provide services, with a low ratio suggesting that assets are being used up and not replaced. The ratio for the Region has held fairly steady over the past five years at between 68.9% and 72.0%, and the 2020 result of 69.9% falls within that range.

This means the Region is consistently adding or replacing assets, which helps to offset the decline in the net book value of existing assets. As more projects are completed, the rate of increase in net book value may slow. This is typical in a rapidly growing municipality like York Region and may be followed by several years of equally important but lower outlays for rehabilitations of those assets. During this period, net book value may stabilize or even decline slightly.

Another measure of whether a government is prepared for asset-related needs is the amount of dedicated reserves available for asset management and whether the level of reserves reflects the expected need.

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.

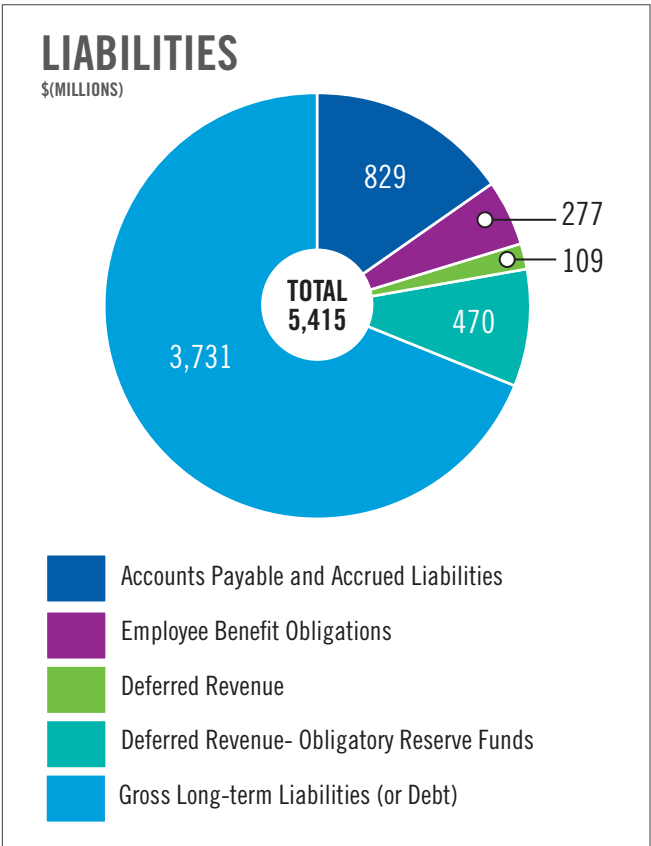
The 2018 plan represented a major step in developing a long-term financial plan to maintain, rehabilitate and eventually replace assets so that the Region can continue providing quality programs and services now and into the future.

Annual contributions to capital reserves provide the funding needed to fully deliver the Region’s 10-year capital plan. The goal is to reach a level of contributions that meets the full needs while also achieving intergenerational equity.

Current asset replacement reserves balances are lower than either the depreciated cost or the estimated replacement value of the Region’s assets. The long-term costs of asset rehabilitation and replacement tend to be higher than either of those measures, indicating a need for increased contributions to asset replacement reserves.

LIABILITIES INCREASED SLIGHTLY

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:



Note: numbers may not add due to rounding

Total liabilities increased by \$321.4 million or 6.3%, ending the year at \$5.4 billion.

LIABILITIES OTHER THAN DEBT

Liabilities other than debt increased by \$141.9 million, ending the year at \$1.7 billion.

Employee benefit obligations include the expected costs of extended health and dental coverage for retirees, vested sick leave benefits, long-term disability claims, vacation payable and workers’ compensation obligations. These obligations increased by \$35.0 million or 14.4% from 2019, reflecting increases in actuarial estimates of future costs and the expectation of higher health care costs. These estimates are based on long-term expectations and updated at three-year intervals.

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 the deferred revenue on the Region’s Consolidated Statement of Financial Position: general deferred revenue and deferred revenue-obligatory reserve funds.

The general deferred revenue account decreased by \$17.0 million or 13.5% from 2019. Most of the decrease relates to Metrolinx, the provincial transit agency, which has fully funded several bus rapidway projects in the Region. Funding is recorded in the “deferred capital grants” portion of the general deferred revenue account, from which the Region draws as projects are built. In 2020, the decrease reflected ongoing completion of funded projects.

Deferred revenue-obligatory reserve funds include development charges that are collected to pay for future growth-related projects and gas tax revenues to be used for transit and other specified purposes. This component of deferred revenue increased by \$120.9 million or 34.7% by year-end 2020. This was due to an increase of \$113.1 million in the development charges balance, representing new collections and accrued receivables for deferred development charges of \$382.3 million less the \$269.2 million that was taken into revenue and a net \$7.8 million increase in gas tax funds.

DEBT

Total debt, which is reported in the Consolidated Statement of Financial Position as gross long-term liabilities, increased by \$179.6 million to reach \$3.7 billion by the end of 2020.

Total debt includes funds borrowed by the Region on behalf of local municipalities. The local municipal borrowings, which totalled \$144.5 million at the end of 2020, 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 \$105.8 million in 2020.

Netting off the sinking fund asset and excluding local municipal borrowing, the Region’s net outstanding debt ended the year at \$2.8 billion. The Region issued \$410.0 million in new debt in 2020. Of this, \$196.7 million was

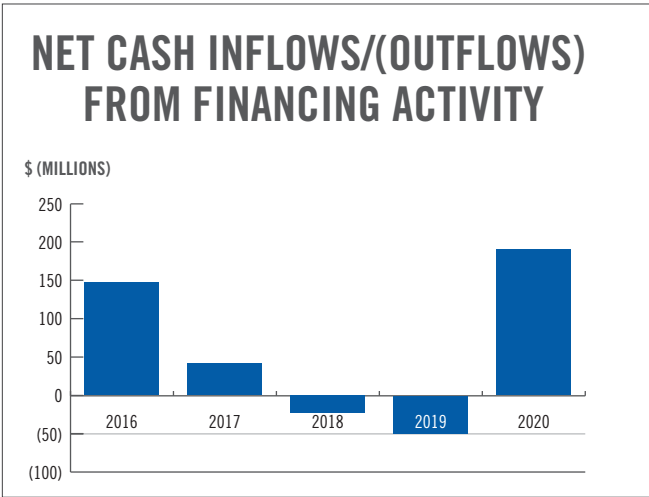
borrowed to replace existing debt and \$213.3 million represented new development-charge-supported borrowings.

Despite the slight overall increase, 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, shows that the Region issued successively less debt each year from 2016 to 2017. In 2018 and 2019, it used cash reserves and development charge funding to reduce debt. In 2020, the Region increased overall debt to finance new growth capital and to refinance a debenture that matured in 2020. The Region also locked in lower borrowing rates for a refinancing coming due in 2021.



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

The ratio of interest expense to own-source revenues (such as property taxes, water and wastewater user charges, transit fares, investment income other user fees and provincial fines) is a marker of financial vulnerability. When interest expense grows faster than a government’s own-source revenues, it may have to divert too much of its revenues to paying interest costs, limiting its ability to fund other priorities.

The Region’s ratio was 6.3% in 2020, continuing a decline from 8.4% in 2016. This is attributable to both growth in

Regional own-source revenues and, for the fourth year in a row, a drop in interest expense. Note 8 to the consolidated financial statements shows interest expense fell to \$117.2 million in 2020 from \$120.4 million the previous year.

This ratio is calculated without including development charge revenue, which is a key source of funding for debt servicing. Including these revenues would reduce the ratio to 5.6%, down from 7.4% in 2016.

NET DEBT

Under public sector financial reporting in Canada, “net debt” is defined as the difference between a reporting entity’s financial assets and its liabilities. (In some contexts, the Region uses the term “net debt” to mean its issued debt, excluding borrowings on behalf of local municipalities and net of sinking fund assets.)

The Region’s net debt as defined for public sector reporting purposes was \$191.4 million at the end of 2020, representing the difference between its \$5.2 billion in financial assets and \$5.4 billion in debt and other liabilities.

Net debt decreased by \$371.1 million from the year-end level of \$562.4 million in 2019 because financial assets, particularly investments, grew at a faster rate than total liabilities. Net debt provides a measure of the future revenues required to pay for past transactions and events, so a decrease in net debt is an improvement in financial position.

ACCUMULATED SURPLUS

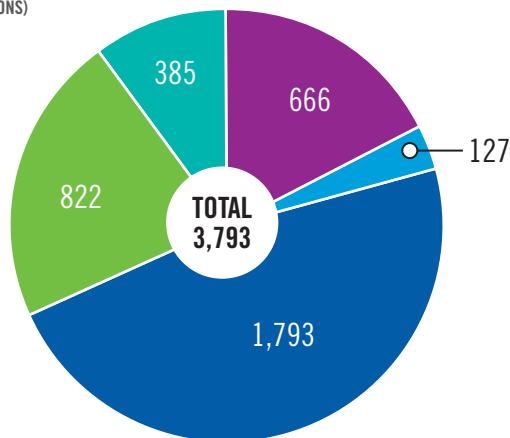
The Region’s accumulated surplus increased by \$720.3 million or 9.1% from 2019 to reach \$8.6 billion at the end of 2020. The increase is equal to the annual surplus and is calculated based on Public Sector Accounting Standards. (It differs from the operating surplus, which represents any excess in revenue or underspending in relation to the operating budget. The 2020 operating surplus is discussed on page 44.)

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 2020 year-end they totalled \$3.8 billion, up from \$3.3 billion a year earlier. The pie chart below provides a breakdown by reserve type.

RESERVE BREAKDOWN

\$(MILLIONS)



Asset replacement reserves are funded from two main sources: a portion of user rates goes into reserves for water and wastewater renewal and replacement, while a share of the tax levy is contributed to reserves for replacing other assets, such as roads. Total asset replacement reserves stood at \$1.8 billion by year-end, having increased by \$252.8 million or 16.4%, during the year. This increase was made up of contributions and interest earned totalling \$452.3 million, less \$199.5 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 \$105.8 million or 14.8% in 2020 to reach \$821.8 million by year end.

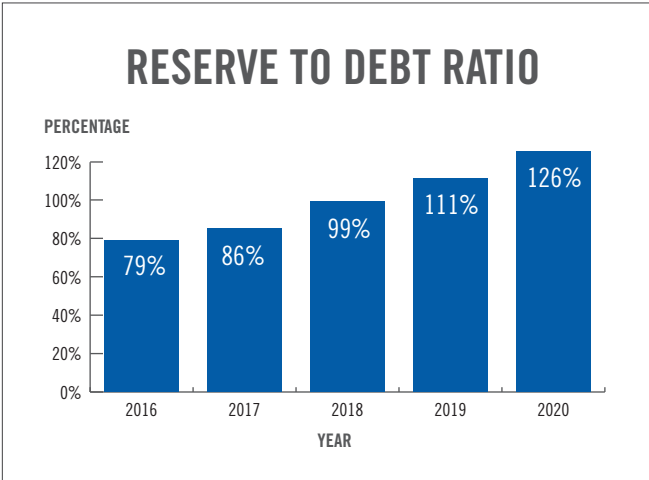
Capital reserves, which include funding for capital programs such as social housing development, solid waste management and hospitals, decreased by \$29.6 million or 7.1% in 2020. This was largely due the hospital reserve, which was established in 2009 to help fund capital projects at the hospitals in the Region and funded every year through contributions from the tax levy. The fund was drawn down by \$52.4 million in 2020 to reflect completion of major capital work at the new Cortellucci Vaughan Hospital and final payment to the Markham Stouffville Hospital.

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 include the new Pandemic Management Reserve that Regional Council established in December 2020. This reserve, funded through funds unspent at 2020 year-end, is available for future spending needs and/or revenue shortfalls due to COVID-19. Its balance at 2020 year-end was \$88.0 million. Reflecting the addition of the Pandemic Management Reserve and other contributions, these reserves rose by a total of \$167.6 million, or 26.8%, 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, a high ratio shows sufficient funds are available for future capital needs from reserves, avoiding excessive reliance on debt. It also ensures that if revenues were to decline, other resources would be available to meet a municipality's obligations. Conversely, a municipality with a low ratio is more vulnerable to a revenue decline 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:



Note: The Region's asset replacement reserves exclude funding for the replacement of land or land improvements, and for new assets under construction. The debt figure represents Region-only debt, excluding local municipality debt and housing-related debt and net of sinking fund assets.

The Region's strong ratio at the end of 2020 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.

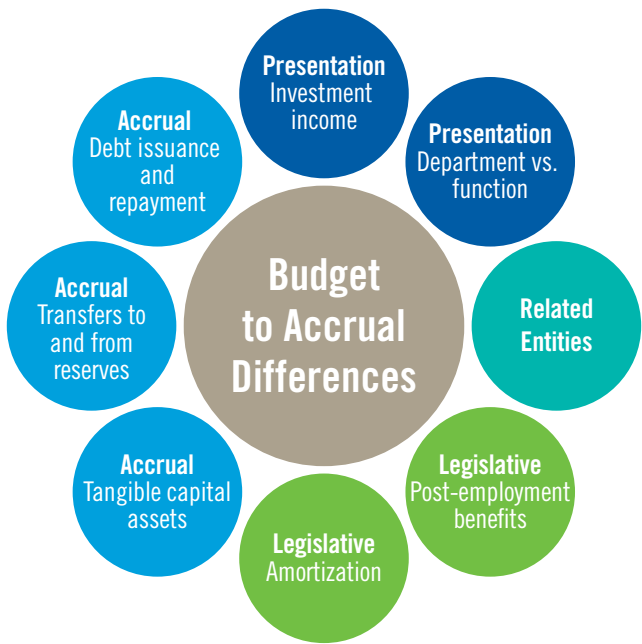
CONSOLIDATED STATEMENT OF OPERATIONS

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. This is different from the accrual treatment for the consolidated financial statements, which are prepared in accordance with the standards set by the Public Sector Accounting Board.

As a result of the different approaches used to prepare the budget and report on results, comparing actual operating results to the budget plan requires a reconciliation. This reconciliation also captures other differences between the budget and financial statements, as the graphic below shows:



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

Presentation

- Under full accrual accounting, investment income is a revenue item and is treated as such in the financial statements. In the approved budget, a portion of this is an offset to General Government expense.
- The annual report and the full accrual budget set out expense by function instead of department. The approved budget is presented by department. This has only a minor impact in most areas.

Related entities

- Under full accrual accounting, the financial activities of three Regionally owned entities, York Region Rapid Transit Corporation, Housing York Inc. and YTN Telecom Network Inc., are fully consolidated with the results of the department to which they are related. The treatment of the first two of these entities is different in the 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. The Regional budget follows the approach allowed by provincial law.

Accrual

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

In the "Accrual Budget Presentation" chapter, the 2020 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
Revenue	3,292.8	(398.9)	2,893.9
Expense	3,292.8	(897.9)	2,394.9
Surplus	-	499.0	499.0

The full accrual budget presented in the Budget Book generally used the same presentation and accounting approaches as the financial statements in this annual report. In the Statement of Operations, some accrual budget numbers have been updated to reflect internal reorganizations and align with provincial Financial Information Return requirements. The total budgeted figures for revenue, expense and annual surplus remain the same.

RESULTS FOR 2020 AND FIVE-YEAR TRENDS

This section compares operating results for 2020 to the full accrual budget and to results for 2019. 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 2020 Consolidated Statement of Operations:

Consolidated Statement of Operations					
\$(Millions)	2020 Budget	2020 Actuals	2019 Actuals	Budget to Actual Variance	Year over Year Variance
Revenues	2,893.9	2,826.5	2,941.9	(67.4)	(115.4)
Expenses	2,394.8	2,106.2	2,252.6	(288.7)	(146.5)
Annual Surplus, accrual basis	499.0	720.3	689.2	221.3	31.1

Note: numbers may not add due to rounding

At \$720.3 million, the surplus for 2020 was \$221.3 million higher than expected in the accrual-based budget. It was \$31.1 million higher than the previous year's \$689.2 million surplus.

REVENUES

The table below provides a summary of the revenues from the 2020 Consolidated Statement of Operations with comparisons to the accrual-based budget and the previous year:

\$(Millions)	2020 Budget	2020 Actuals	2019 Actuals	Budget to Actual Variance	Year over Year Variance
Revenues					
Net Taxation	1,196.9	1,197.0	1,152.2	0.0	44.8
User Charges	385.4	374.0	353.9	(11.4)	20.0
Transfer Payments	653.1	691.0	779.4	37.9	(88.5)
Development Charges	390.2	269.2	293.0	(121.0)	(23.8)
Fees and Services	160.7	106.5	162.9	(54.2)	(56.4)
Investment Income	72.3	145.0	119.3	72.8	25.7
Other	35.3	43.8	81.1	8.5	(37.3)
	2,893.9	2,826.5	2,941.9	(67.4)	(115.4)

Note: numbers may not add due to rounding

At just over \$2.8 billion, actual 2020 revenues were \$67.4 million lower than expected in the 2020 budget, and \$115.4 million lower than actual 2019 revenues.

- Net taxation revenues were consistent with plan, at \$1.2 billion.

The increase over 2019 was \$44.8 million or 3.9%, which was in line with the approved tax levy increase of 2.96%, assessment growth of 1.48%, and a decrease in supplementary taxes of 0.5% which is in line with our budget.

- The budget projection for water and wastewater user charges was based on a blended rate increase of 6.75%, reflecting a planned rate increase of 9.0% as of April 1, and expected growth in consumption from 2019. Actual results were lower than expected due to the deferral of the planned rate increase, partially offset by higher-than-expected flows.

The year-over-year increase was \$20.0 million or 5.6%, reflecting the higher consumption.

- At \$691.0 million, revenue from provincial and federal transfers was \$37.9 million more than planned. The main reason was \$90.6 million in unbudgeted federal-provincial funding related to the pandemic. This was offset by lower-than-expected flow-through funding for child care because child care centres, except those serving emergency workers' needs, had to close during the lockdown. In addition, the asset increase related to bus rapidways, which is also recorded as transfer payment revenue, was lower than budgeted in 2020.

Transfer payments decreased by \$88.5 million or 11.4% from 2019 to 2020, largely because the asset increase related to the rapidways was lower in 2020 than in 2019 and child care transfers were down. The decrease was partially offset by the funding received for the COVID-19 pandemic.

- Development charge revenues, which result from drawing down the development charge portion of deferred revenue collected and are used to pay for growth-related infrastructure, were \$121.0 million below budget. Spending on some growth-related capital projects was lower than expected because of the pandemic and the Region also used development-charge debt to pay for a larger portion than originally budgeted.

Revenue from development charge drawdowns was \$23.8 million or 8.1% lower than in 2019 for the same reasons.

- At \$145.0 million, interest income and other earnings on investments was slightly more than double the budget forecast of \$72.3 million. The major contributing factor was greater volatility in both the fixed-income and equity markets during 2020 owing to the pandemic, which provided opportunities for improved returns compared to a more typical year. Investment return continued to outperform its benchmarks.

The year-over-year increase was \$25.7 million or 21.5%, reflecting the same factors.

- Fee and service revenue was \$54.2 million lower than budgeted. Most of the difference reflects lower-than-planned York Region Transit ridership, which reduced fare revenues, and lower court revenue due to Provincial Emergency Order and the Order of the Ontario Court of Justice that adjourned all court matters and extended all Provincial Offences Act timelines for most of 2020 resulting in fewer convictions and extension of fine due dates.

Overall, there was a year-over-year decrease in fee and service revenue of \$56.4 million or 34.6% for the reasons mentioned above.

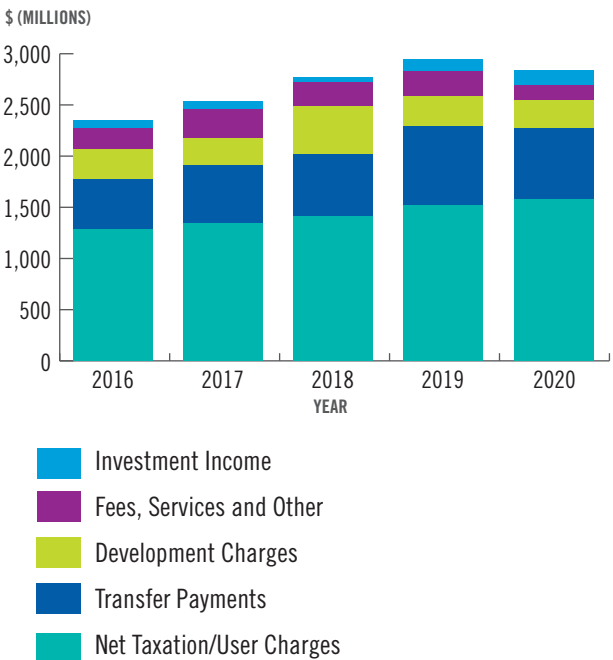
- Other revenue was \$8.5 million higher than budgeted. Much of this revenue reflects recoveries from local municipalities for capital projects the Region carries out on their behalf. The budget forecast was based on an expected decline in recoveries from construction activity. The decline was less than expected, so recoveries were higher than planned.

This was a year-over-year decrease of \$37.3 million or 45.9%.

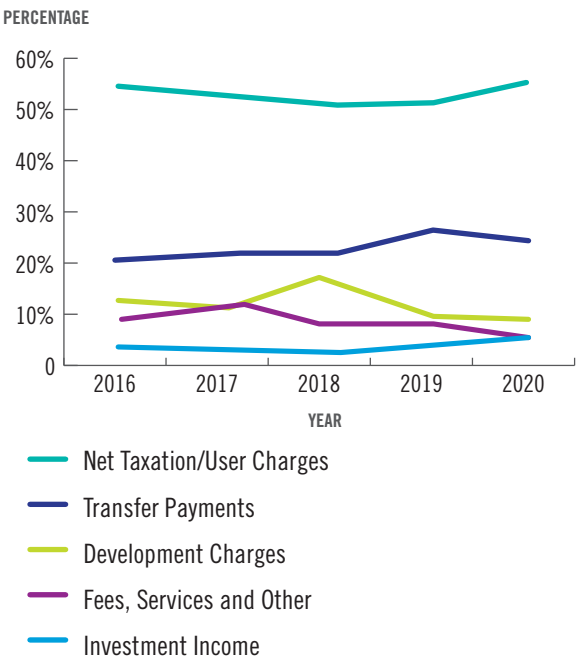
Five-year trend

The graphs below illustrate the year-to-year 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 66.0% of revenue in 2020. Over the past five years, these revenue sources have provided 64.9% 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 23.1% of revenues over the past five years. In 2019, the figure was higher than average at 26.5%, owing largely to the provincial donation of Metrolinx-related assets to the Region that was treated as a transfer payment. A similar transfer in 2020 was considerably smaller. As well, transfer payments for child care declined owing to pandemic-related closures. These decreases were partially offset by an unbudgeted \$90.6 million in pandemic-related transfers from the senior governments.

In general, transfer payment fluctuations reflect either specific, time-limited funding (such as for the transit projects) or decisions by other levels of government. The Region is accustomed to managing the impact of changes in the level of these payments as long as sufficient time to adjust is provided.

Drawdowns of development charges are used to pay for growth-related capital projects and can change sharply from year to year in line with the investments they fund. Over the past five years, this source of revenue has averaged 12.0% of the Region's total. In the first two years, the level was fairly stable. In 2018 it increased sharply to 17.1% of total revenue, followed by a decline to 9.5% in 2020 as some construction activity was deferred and the Region relied on debt to fund a portion of growth-related capital costs.

EXPENSES

The table below provides a summary of the expenses from the 2020 Consolidated Statement of Operations with comparisons to the accrual-based budget and the previous year:

\$(Millions)	2020 Budget	2020 Actuals	2019 Actuals	Budget to Actual Variance	Year over Year Variance
Expenses					
Transportation Services	591.9	465.1	607.6	(126.8)	(142.5)
Environmental Services	514.7	388.3	482.3	(126.3)	(94.0)
Community and Health Services (2)	652.6	698.7	612.0	46.1	86.7
Protection to Persons and Property (3)	412.6	424.5	405.7	11.9	18.9
Other (4)	223.0	129.5	145.0	(93.5)	(15.5)
	2,394.8	2,106.2	2,252.6	(288.7)	(146.5)

Notes:

1. Numbers may not add due to rounding
2. "Community and Health Services" comprises Health and Emergency Services, Community Services and Social Housing from the Consolidated Statement of Operations
3. "Protection to Persons and Property" comprises York Regional Police, the Police Services Board, Court Services and Conservation Authorities
4. "Other" comprises General Government and Planning and Economic Development from the Consolidated Statement of Operations

Total expenses were \$2.1 billion. This was a decrease of \$288.7 million from the full accrual budget plan and a \$146.5 million decrease from 2019.

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

- Overall spending by Transportation Services was below budget by \$126.8 million, mainly as a result of an expense related to rapidway construction. Construction of rapidway assets that on completion are wholly owned by Metrolinx are recorded as a Transportation Services expense (and the funding from Metrolinx is recorded as revenue). In 2020, this expense was lower than planned. The balance of the decrease reflects savings from transit contracts and fuel as transit service was adjusted to offset impacts of the pandemic.

Overall, there was a year-over-year decrease of \$142.5 million or 23.5% mainly for the reasons mentioned above.

- Spending by Environmental Services was \$126.3 million below budget mainly as a result of a capital-related change that recognized \$55.9 million operating spending in previous years as capital expenditure. This increased the water and wastewater asset portfolio and decreased operating expense against budget. The balance of the decrease against budget reflected lower-than-planned operating spending related to repairs and rehabilitation of assets.

Environmental Services spending decreased by \$94.0 million from 2019 mainly for the reasons mentioned above.

- In Community and Health Services, spending was up \$46.1 million from budget. This reflects higher costs, mainly related to a payment of a grant to the Cortellucci Vaughan Hospital where funds were previously contributed to a reserve for projects at hospitals within the Region. Further details are provided above under "Accumulated Surplus". In addition, there were higher costs in Public Health and Long-Term Care to respond to the pandemic. These higher costs were partially offset by savings from pausing various other activities across the department.

On a year-over-year basis, spending in Community and Health Services rose by \$86.7 million, mainly for the reasons mentioned above.

- Spending on Protection to Persons and Property, which largely reflects York Regional Police, was \$11.9 million higher than the budgeted amount of \$412.6 million, partially due to higher-than-expected spending on officer overtime due to large investigations. While expenses related to large-scale joint investigations had not been budgeted for, some of these costs were recovered from other police services. Apart from these items, the remaining variance relates to non-cash items such as amortization and employee and post-employment benefit costs.

Spending was up \$18.9 million year over year as a result of expanded service needs for a growing population.

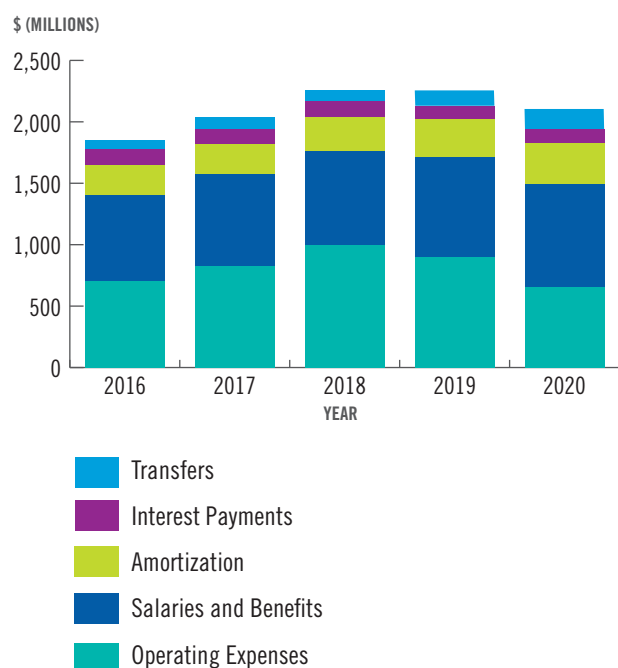
- Spending in the "Other" category was \$93.5 million less than shown in the accrual-based budget, owing mainly to reclassifying an item originally in the budget as an expense as a change to a reserve.

Apart from this reclassification, actual spending decreased by \$15.5 million or 10.7%.

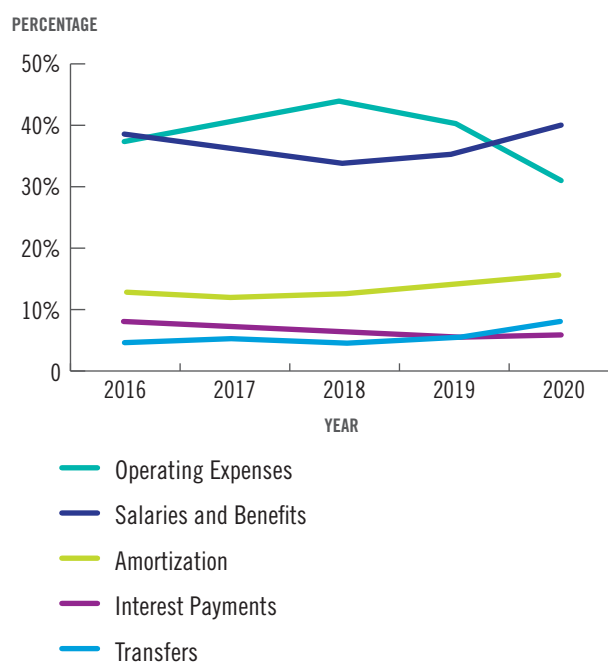
Five-year trend

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

EXPENSE COMPOSITION BY TYPE



EXPENSE COMPOSITION BY TYPE AND PERCENTAGE



Amortization was consistently the fastest-growing expense item over the past five years, paralleling significant growth in the Region's portfolio of assets. From a starting point of \$233.6 million or 12.7% of total expense in 2016, it rose steadily to reach \$320.6 million or 15.2% of total expense in 2020. The impacts of this trend are greatest on Transportation Services and Environmental Services departments, which are responsible for the bulk of the Region's assets.

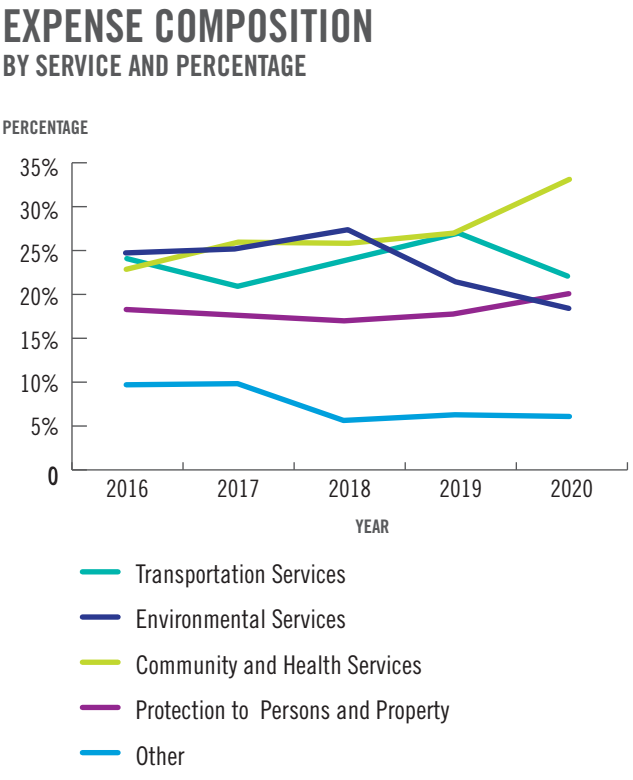
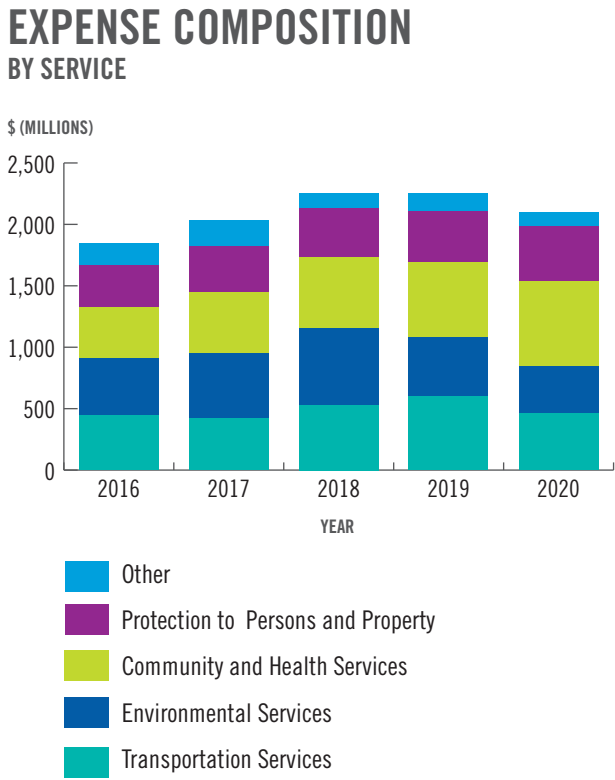
Transfers made by the Region grew from \$77.4 million or 4.2% of total expense in 2016 to \$169.5 million or 8.0% in 2020. This included a single-year increase of 54.7% from 2019 to 2020, reflecting the capital grant to the Cortellucci Vaughan Hospital.

Operating expense, consistently one of the largest expense items, decreased from \$689.6 million or 37.4% of total expense in 2016 to \$653.6 million or 31.1% in 2020. This item has fluctuated considerably from year to year largely because it reflects, among other things, construction work on bus rapidways fully funded and carried out on behalf of Metrolinx. Fluctuations also reflect recognition that some Environmental Services expense previously recorded as operational represented capital investment.

Salaries and benefits grew from \$711.0 million in 2016 to \$845.3 million in 2020, reflecting the hiring of additional police officers, paramedics, public health nurses and others, as well as a general rise in salaries and the cost of benefits. This item's share of total expense grew slightly, from 38.5% in 2016 to 40.1% in 2020.

Interest expense peaked in 2016 at \$133.6 million and has declined in each subsequent year as the Region reduced its reliance on debt. It totalled \$117.2 million in 2020, falling from 7.5% to 5.6% of total expense.

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



By service area:

- Fluctuations in Transportation Services expense largely reflect the share of Metrolinx funding for bus rapidways that has been expensed each year. As noted above, this spending was fully funded by Metrolinx. Transportation has also seen amortization expense increase as a result of significant investments in tangible capital assets. In 2020, expense fell in part because of reduced transit service in response to the pandemic.
- Fluctuations in Environmental Services expense largely reflect accounting adjustments discussed above. This had the effect of reducing operating spending in 2017, 2018 and 2020 and increasing the value of the Environmental Services capital portfolio. Operating spending was recorded as \$456.2 million in 2016 and \$388.3 million in 2020 after the adjustment. Day-to-day Environmental Service expenses reflect the costs to operate and maintain a larger and more technically complex portfolio of assets, higher amortization expense and more stringent regulation, offset by the department's ongoing efforts to find savings. The department's share of total expense fell from 24.7% in 2016 to 18.4% in 2020 after the accounting adjustment.
- Community and Health Services expense rose from \$422.6 million or 22.9% of total spending in 2016 to 698.7 million or 33.2% in 2020. 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. As well, the significant increase in 2020 related to the Cortellucci Vaughan Hospital grant and the department's role in responding to COVID-19.
- Protection to Persons and Property largely reflects York Regional Police, whose budget is strongly tied to staffing costs. Expense has increased from \$338.7 million in 2016 to \$424.5 million in 2020, paralleling the Region's overall growth in salaries and benefits.

MAJOR SOURCES AND USES OF CASH

Examining the sources and uses of cash is helpful in understanding where resources came from and how they were used.

Cash inflows from operations, which is the annual surplus adjusted for amortization, the drawdown of deferred revenues, contributed assets and other non-cash items, amounted to \$1.1 billion in 2020. Net new borrowings totaled \$194.5 million.

The Region used \$667.9 million to invest in tangible capital assets, offset by \$6.7 million in asset sale proceeds, and increased its investment portfolio by \$594.3 million to take advantage of higher long-term yields compared to holding cash or cash equivalents.

After these outflows, cash and cash equivalents stood at \$1.2 billion by year-end, an increase of \$46.1 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 \$88.0 million in 2020.

Revenues were \$16.9 million below budget. This reflects transit, user rate and court fine revenues that were \$107.3 million lower than planned owing to the pandemic, partially offset by the operating portion of senior government pandemic-related funding of \$90.4 million.

Spending was \$104.9 million lower than expected in the budget. The main factor was action taken to mitigate the impacts of the pandemic, including savings from deferring non-essential activities and reducing the costs of programs directly affected by the pandemic, such as transit. As in prior years, efficiencies and lower-than-expected spending unrelated to COVID-19 also contributed to savings.

The entire operating surplus was applied to the Pandemic Management Reserve, as approved by Regional Council, to pay for anticipated pandemic response costs in 2021 and beyond.

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 setting development charges. As well, the audit function is a key element of financial management.

MANAGEMENT RESPONSIBILITY

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

The Controllership Office prepares the consolidated financial statements in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. 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, 2020.

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)
- Regional Councillor Don Hamilton (Chair)
- Regional Councillor Robert Grossi (Vice-Chair)
- Mayor Virginia Hackson
- Mayor Iain Lovatt
- Mayor Tom Mrakas
- Mayor Steve Pellegrini
- Acting Mayor Joe DiPaola
- Regional Councillor Gino Rosati
- Regional Councillor Tom Vegh

The Audit Services branch in the Office of the Chief Administrative Officer advises on managing and controlling risk, performs independent appraisals of control systems and helps identify efficiencies and improvements in new and existing processes, programs and services.

The Region's external auditors conduct an audit of the consolidated financial statements using Canadian generally accepted auditing standards. Their unqualified opinion of the financial statements appears 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.

Development charges

The Region's development charge rates and policies are set out in a Regional bylaw that is guided and regulated by the provincial *Development Charges Act, 1997*. The current bylaw expires in June 2022.

Development charges are levied on new residential and non-residential development. They are the main source of funding for the growth-related portion of the Region's capital plan.

The setting of development charge rates starts with forecasting expected growth and estimating the related infrastructure need. The *Development Charges Act* then requires adjustment to determine the amount that may be recovered through development charges, and development charge rates reflect the allowed amount.

In 2019, the provincial government amended the *Development Charges Act, 1997* to allow the freezing and phasing in of development charges, with no limit on the duration of the rate freeze. Previously, development charges typically had to be paid when a building permit was issued and the amount reflected the rate in place at the time.

Starting January 1, 2020, payment of for-profit rental and institutional development charges can be phased over five years, while the phase-in period for non-profit housing developments is 20 years. (After initially allowing commercial and industrial development charges to be phased in, the province subsequently excluded these types of development.) To mitigate the negative financial impacts, in February 2020 Regional Council adopted a policy to charge interest on frozen and phased development charges, as permitted under the amended act.

Debt issuance

Under the *Municipal Act*, municipalities in Ontario may issue debt for capital projects only. A regulation under the act restricts the annual cost of servicing long-term debt and other financial obligations to 25% of a municipality's own-source revenue.

In addition, the Region qualifies for a "growth cost supplement" that is equal to 80% of the average of the Region's last three fiscal years of development charge collections, which provides it with more debt room to meet the capital-related needs of growth. The Region's policy, however, is to add only 70% of the three-year average, not the full permitted 80%. The Region met these limits in 2020.

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.

Recovery from the COVID-19 pandemic

Starting in March 2020, governments around the world took steps to curb the spread of COVID-19, which had triggered a global pandemic. In York Region, as ordered by the provincial government, most workplaces, schools and public facilities closed as an immediate response. Restrictions were eased over the summer but had to be tightened again as a second wave of infection emerged in the fall of 2020.

As this annual report was being finalized, York Region had reached more than 50% vaccination of eligible adult residents with their first dose of the COVID-19 vaccine.

The economic outlook for the Region appeared relatively good. Work carried out by the Conference Board of Canada in early 2021 suggested that the Region's Gross Domestic Product (GDP) fell by 5.6% in 2020 in real terms. The Conference Board's forecast was for the Region's GDP to expand by 5.9% in 2021 and a further 5.5% in 2022, which would be stronger than the forecast for Ontario as a whole as provided in the provincial budget.

For Regional government, the major short-term impacts when the pandemic ends are expected to be continuing lower transit revenues, higher costs for health and safety measures and equipment, and the need to help residents who continue to suffer financial hardship. Senior government support will offset these pressures in 2021, positioning the Region well for managing any continuing impacts in 2022.

Provincial direction

Provincial and, to a lesser extent, federal decisions on programs, policies, regulation and funding have impacts on the Region's revenues and expenses.

In 2019, the province announced significant changes to funding for Community and Health Services programs, many of which are provincially subsidized, for the 2020 fiscal year. Several of these changes were delayed because of COVID-19, but are expected to go forward as the pandemic ends and will likely result in higher costs to the Region.

In 2019, the provincial government also announced plans to modernize public health, including consideration for amalgamating 35 public health units across the province into 10 units under autonomous boards. Similarly, the provincial government announced plans to modernize emergency health services, including modernizing dispatch and examining new governance model for Paramedic Services. Both York Region Public Health and Paramedic Services function within the Community and Health Services department. In early 2020, York Region responded to the Province's Discussion Papers on Public Health and Emergency Health Services Modernization, which was to be followed by an in-person consultation.. These initiatives were put on hold as a result of the pandemic, but when work resumes, decisions made could have major impacts on Public Health, Paramedic Services and Regional government if they go ahead.

In addition, senior governments' regulatory requirements and approvals processes for major infrastructure projects are adding uncertainties and costs, and risk constraining growth in some areas. Because costs of major construction are rising more quickly than inflation, regulatory delays mean that actual costs of a major project are often higher than originally planned.

Uncertainty related to approvals also makes it difficult to schedule projects efficiently. For example, since 2014 the Region has been awaiting provincial approval of two major elements of Upper York Sewage Solutions, which are needed to serve growth in the Region's northern communities. Delays have required the Region to put funds into building interim projects that will not be needed when and if the projects go ahead.

In mid-2020, the Minister of the Environment, Conservation and Parks advised the Region that the province is considering all options, including a potential southern trunk sewer, as alternatives to Upper York Sewage Solutions. There is a concern that any alternative is likely to be more costly than the current proposal.

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

Slower-than-expected population growth

Many large growth-related assets are built based on a population forecast, often for a specific area of the Region. When growth differs significantly from forecast, as has been the Region's recent experience, the related development charge collections can be delayed, reduced or both. To reduce this potential timing gap, the Region has improved capital planning and is working to better understand the relationship between overall population growth and areas of increased settlement.

A changing and growing population

Changes in the make-up of the population can have fiscal impacts. For the Region, major drivers are the increasing share of seniors in the population, a higher incidence of special needs among children, more residents with complex mental health and other challenges and the need to help newcomers integrate into the community. The Region has responded with a Seniors' Strategy, modernization of the child care system and specific programs and approaches designed to address other concerns. It is also tackling the increasing problem of housing affordability through housing initiatives, including a plan to add a significant new number of affordable housing units and enhanced efforts to prevent and address homelessness.

Limited revenue options

The Region faces the need to pay for new growth-related infrastructure, manage the life-cycle costs of new and existing assets, renew and replace ageing assets and provide quality services.

In particular, 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 entails costs which pose a potential risk to long-term financial sustainability. In its November 2020 budget, the provincial government reiterated its commitment to the project, but did not provide additional information on funding or on providing the Region with new revenue tools to help pay for its share.

The Region is working to manage as much revenue-related risk as possible through the Regional Fiscal Strategy, while looking at options for creating a more sustainable balance between revenues and spending needs over the long term.

The impacts of a changing climate

Projections are for an increase of 3.3 degrees Celsius in the average air temperature in the Region by 2051, with extreme weather events, such as heavy rain, high winds and ice storms, becoming more frequent and intense. This trend is already stressing Regional infrastructure, including traffic signals and parts of the water and wastewater systems, street trees and sections of the Regional forest.

While the full range of impacts and related costs are impossible to predict at present, York Region has prepared a Climate Change Action Plan to address mitigation and adaptation from a corporate and community perspective.

Workforce changes

The workforce of organizations across Canada, including the Region's, is aging. This is having a wide range of impacts, including health and safety concerns on the job and financial arrangements for those who have left the workforce. In some cases provincial legislation, for example around job-related stress, is exacerbating the impacts. The Region is managing these risks by increasing its contributions to a number of staffing-related reserves. As well, to manage the risk of loss of knowledge and expertise as employees retire, it is planning carefully for succession needs.

Cyber-security

With wider availability of high-speed internet service, smart devices and mobile applications, expectations about web-based interactions and services are rising in the general population and across the Region's workforce. The Region continues to improve processes and outcomes for residents, particularly through the implementation of technology.

The increase in staff working from home has heightened technology security risks. The Region has developed a comprehensive set of protocols and practices to better understand these risks and work to safeguard data.

CONCLUSION

The year just ended was without precedent for York Region. The pandemic and its impacts gave rise to numerous urgent needs to protect and help residents, as well as introducing new processes, restrictions and requirements mandated by the province. The Region's staff worked tirelessly to respond quickly and effectively, whether on site at an emergency centre or working from home. Staff across the Region came together in a multitude of ways to ensure that the work of Regional government could continue and services would be delivered safely and effectively.

As the discussion of financial results shows, the Region's longstanding commitment to prudence and efficient operations through its fiscal strategy, combined with senior government support, mitigated the pandemic's major fiscal shocks.

Having seen the clear benefits of the strategy as we weathered the pandemic, we are more committed than ever to its long-term goals – reducing reliance on debt, building reserves and carefully managing the capital plan. We will continue, as well, to explain our financial plans and report on their outcomes in ways that are clear and show accountability to our residents.

Every year this annual report depends on the hard work and collaboration of people from across the Region. The year just ended brought a new level of challenge as staff dealt with the professional and personal impacts of COVID-19 while keeping Regional Council informed of fiscal impacts, assessing and managing pandemic-related risks and meeting the legislated reporting deadline for this report. As always, I offer my deepest thanks for their dedication and effort.



Laura Mirabella, FCPA, FCA,
Commissioner of Finance and Regional Treasurer
May 11, 2021



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2021

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Financial Position As at December 31, 2020

	2020 \$	2019 \$
ASSETS		
Financial Assets		
Cash and cash equivalents (Note 4)	1,210,590,848	1,164,521,727
Accounts receivable (Note 5)	433,132,795	366,052,306
Investments (Note 4)	3,435,698,487	2,841,431,098
Debt amounts recoverable from local municipalities (Note 8)	144,539,560	159,468,322
Total	5,223,961,690	4,531,473,453
LIABILITIES		
Accounts payable and accrued liabilities	829,373,301	826,367,635
Employee benefit obligations (Note 6)	277,071,145	242,104,066
Deferred revenue (Note 7)	108,669,469	125,691,131
Deferred revenue-obligatory reserve funds (Note 7)	469,631,807	348,719,019
Gross long-term liabilities (Note 8)	3,730,596,568	3,551,027,481
Total	5,415,342,290	5,093,909,332
Net Debt	(191,380,600)	(562,435,879)
Non-Financial Assets		
Tangible capital assets (Note 14)	8,797,833,079	8,449,791,134
Inventory	7,375,061	6,976,422
Prepaid expenses	15,019,410	14,190,872
Total	8,820,227,550	8,470,958,428
Contractual rights / contingent assets (Note 9)		
Contractual obligations and commitments (Note 10)		
Contingent liabilities (Note 11)		
Accumulated surplus (Note 15)	8,628,846,950	7,908,522,549

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, 2020

	Budget (Note 2) \$	2020 \$	2019 \$
REVENUES			
Net taxation (Note 3)	1,196,945,889	1,196,986,285	1,152,162,507
User charges	385,351,111	373,969,184	353,922,631
Transfer payments	653,113,345	690,974,305	779,442,274
Development charges	390,165,345	269,207,315	293,035,354
Fees and services	160,712,430	106,511,399	162,944,108
Investment income	72,253,779	145,005,476	119,274,291
Other	35,337,966	43,834,128	81,084,177
Total Revenues	2,893,879,865	2,826,488,092	2,941,865,342
EXPENSES			
General government	208,323,366	117,792,431	129,457,518
Protection to persons and property	412,636,322	424,523,626	405,658,455
Transportation services	591,925,514	465,126,763	607,643,630
Environmental services	514,667,781	388,324,551	482,288,832
Health and emergency services	177,471,001	245,578,745	158,928,796
Community services	379,908,886	357,675,385	352,435,658
Social housing	95,219,707	95,402,054	100,627,994
Planning and economic development	14,688,036	11,740,136	15,574,850
Total Expenses	2,394,840,613	2,106,163,691	2,252,615,733
Annual surplus	499,039,252	720,324,401	689,249,609
Accumulated Surplus, Beginning of Year	7,908,522,549	7,908,522,549	7,219,272,940
Accumulated Surplus, End of Year	8,407,561,801	8,628,846,950	7,908,522,549

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

THE REGIONAL MUNICIPALITY OF YORK

Consolidated Statement of Change in Net Debt Year ended December 31, 2020

	Budget	2020	2019
	\$	\$	\$
ANNUAL SURPLUS	499,039,252	720,324,401	689,249,609
Amortization of tangible capital assets	299,226,822	320,568,425	312,611,771
Proceeds on disposal of tangible capital assets	-	6,742,892	3,862,501
Acquisition of tangible capital assets	(677,843,900)	(667,898,288)	(637,443,875)
Contributed assets	-	(9,393,712)	(131,568,415)
Loss on disposal of tangible capital assets	-	1,938,738	2,562,429
Change in inventory	-	(398,639)	(718,799)
Change in prepaid expenses	-	(828,538)	(1,818,932)
Decrease in net debt	120,422,174	371,055,279	236,736,289
Net debt, Beginning of year	(562,435,879)	(562,435,879)	(799,172,168)
Net debt, End of year	(442,013,705)	(191,380,600)	(562,435,879)

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, 2020

	2020	2019
	\$	\$
OPERATING		
Annual surplus	720,324,401	689,249,609
Items not involving cash:		
Amortization	320,568,425	312,611,771
Loss on disposal of tangible capital assets	1,938,738	2,562,429
Contributed assets	(9,393,712)	(131,568,415)
Changes in non-cash assets and liabilities:		
Accounts receivable	(67,080,489)	(37,641,925)
Accounts payable and accrued liabilities	3,005,666	108,163,235
Employee benefit obligations	34,967,079	20,150,974
Deferred revenue	(17,021,662)	(35,093,260)
Deferred revenue-obligatory reserve funds	120,912,788	(37,949,236)
Inventory	(398,639)	(718,799)
Prepaid expenses	(828,538)	(1,818,932)
Net change in cash and cash equivalents from operations	1,106,994,057	887,947,451
CAPITAL		
Acquisition of tangible capital assets	(667,898,288)	(637,443,875)
Proceeds on disposal of tangible capital assets	6,742,892	3,862,501
Net change in cash and cash equivalents from capital	(661,155,396)	(633,581,374)
INVESTING		
Net change in investments	(594,267,389)	485,895,630
FINANCING		
Long-term debt issued	410,000,000	347,900,000
Long-term debt repaid	(215,502,151)	(396,061,806)
Net change in cash and cash equivalents from financing	194,497,849	(48,161,806)
Net change in cash and cash equivalents	46,069,121	692,099,901
Opening cash and cash equivalents	1,164,521,727	472,421,826
Closing cash and cash equivalents	1,210,590,848	1,164,521,727

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

The Corporation of the Regional Municipality of York (the "Region") was incorporated as a municipality in 1971 by the Province of Ontario. The local municipalities within the regional boundaries include the towns of Aurora, East Gwillimbury, Georgina, Newmarket, Whitchurch-Stouffville, the Township of King, the City of Markham, the City of Richmond Hill and the City of Vaughan.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since the first quarter of 2020, the COVID-19 pandemic has impacted the global economic environment due to government-imposed lockdowns and social distancing requirements. The economic conditions and Region's response to the COVID-19 pandemic had operational and financial impacts on the Region. The full extent of the financial impact is currently indeterminable due to the evolving nature of the COVID-19 pandemic.

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 recognizes revenue in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

ii. Revenues and Expenses

Property tax revenue is recognized when it meets the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. User charges and other revenues are recognized as they are earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods or services or the creation of a legal obligation.

iii. Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with a term to maturity of 90 days or less after year end.

iv. Investments

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

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

There are no write downs in 2020 (2019 - \$nil).

v. Loans Receivable

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

vi. **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
Buildings	10-60
Water and Wastewater Infrastructure	50-110
Transit Infrastructure	5-50
Equipment and Machinery	2-30
Vehicles	2-20
Roads Infrastructure	15-75

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

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

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

vii. **Inventory**

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

viii. **Government Transfers**

Government transfer revenues are recognized in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria and stipulations have been met, and reasonable estimates of the amounts can be made. These consist of grants and subsidies from senior levels of government for various operating and capital programs.

The Region also provides transfers to individuals or organizations. These transfers are recognized as expenses once they are authorized and eligibility criteria, if any, are met.

ix. **Deferred Revenue**

Funds received in advance to conduct certain programs, or in the completion of specific work pursuant to legislation, regulation or agreement are recorded as deferred revenue. Deferred revenue also includes user charges and fees collected for services not yet rendered.

Revenue is recognized in the fiscal period in which the related expenses are incurred or services are performed.

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

Development charges, collected under the authority of Section 33 to 37 of the *Development Charges Act 1997*, and gas tax revenues received under municipal funding agreements, are recorded as Deferred Revenue - Obligatory Reserve Funds.

Revenue is recognized in the fiscal period in which the related expenses are incurred or services are performed.

xi. Employee Benefit Liabilities

The cost of employee benefits are recognized when entitlements are earned or the event that obligates the Region occurs. Costs include projected future payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

Employee benefit liabilities are based on actuarial valuations using the projected benefit method, prorated on service and management's best estimate of salary escalation, retirement ages of employees and expected health costs. Actuarial valuations, where necessary for accounting purposes, are performed triennially.

The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date with cash flows that match the timing and amount of expected benefit payments. Unamortized actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to Workers Safety and Insurance Board (WSIB) are amortized over the average expected period during which the benefits will be paid. The cost of plan amendments is accounted for in the period they are adopted.

Where applicable, the Region has set aside reserve funds intended to fund these obligations, either in full or in part. These reserve funds were created under municipal by-law and do not meet the definition of a plan asset under PS3250 Retirement Benefits. Therefore, for the purpose of these financial statements the plans are considered unfunded.

xii. Liabilities for Contaminated Sites

PS3260 Liability for Contaminated Sites requires the recognition of a liability for the remediation of contaminated sites in the financial statements when the recognition criteria outlined in the standard are met.

xiii. Reserves and Reserve Funds

Reserves are an appropriation from net revenue at the discretion of Council. Reserve funds are set aside by legislation, regulation or agreement. For financial reporting purposes, some reserve funds are reported as deferred revenue on the Consolidated Statement of Financial Position. Other reserve funds and reserves are balances within the accumulated surplus.

xiv. Segment Disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The segment information is provided by financial statement standard per 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.

xv. Use of Estimates

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

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Notes to the Consolidated Financial Statements December 31, 2020

2) BUDGET FIGURES

Budget figures presented in the Consolidated Financial Statements are based on the 2020 budget approved by Council on December 19, 2019. 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	\$ 3,292,783,327
Reclassification of investment income	67,186,469
Transfer from reserves	(445,657,881)
Proceeds of debt issued for Regional purposes	(177,003,050)
Funding from Metrolinx	142,098,000
Housing York Inc.	41,290,000
Related entities adjustments	(26,817,000)
Total revenues	2,893,879,865
Expenses	
Approved budget	3,292,783,327
Reclassification of investment income	67,186,469
Transfer to reserves	(516,394,359)
Acquisition of tangible capital assets	(677,843,900)
Debt principal repayments	(155,513,846)
Amortization	299,226,822
Post employment benefits	11,627,100
Spending funded by Metrolinx	67,455,000
Housing York Inc.	33,131,000
Related entities adjustments	(26,817,000)
Total expenses	2,394,840,613
Annual surplus	\$499,039,252

3) TAX REVENUE

Tax revenue of \$1,196,986,285 (2019 - \$1,152,162,507) is comprised of \$1,184,919,354 (2019 - \$1,134,597,015) in general tax levy and \$12,066,931 (2019 - \$17,565,492) of other tax amounts

4) INVESTMENTS

Included in cash and cash equivalents are short-term investments of \$20,000,000 (2019 - \$110,000,000) with a market value of \$20,062,900 (2019 - \$110,000,000).

Long-term investments of \$3,435,698,487 (2019 - \$2,841,431,098) have a market value of \$3,582,214,146 (2019 - \$2,905,595,768).

Cash and cash equivalents and long-term investments include \$469,631,807 (2019 - \$348,719,019) of restricted funds as required under legislation to fund obligatory reserve funds.

The yields on investments held range from 0.43% to 3.71% (2019 - 1.50% to 4.75%).

5) ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	2020 \$	2019 \$
Government of Canada	59,710,607	70,236,242
Government of Ontario	32,987,059	9,716,828
Other Municipalities	155,234,128	174,877,347
Other receivables	185,201,001	111,221,889
	433,132,795	366,052,306
Less: Allowance for Doubtful Accounts	-	-
	433,132,795	366,052,306

Accounts receivable are assessed for collectability on an annual basis. In 2020, \$21,891 was deemed uncollectable and written off (2019 - \$29,176). An allowance for doubtful accounts is not reported as the Region expects to fully collect the amounts reported as accounts receivable.

6) EMPLOYEE BENEFIT LIABILITIES

The amounts represent liabilities established for accrual accounting purposes expected to be settled in future periods. In some cases, reserves have been established to fund these amounts. In other cases, the liabilities are to be funded from future years' budgetary allocations. Net increase in the total amount is \$34,967,079.

	2020 \$	2019 \$
Post employment benefits (c)	104,509,582	96,643,069
Vested sick leave benefits (a)	41,553,509	39,719,161
Long-term disability claims (e)	52,702,939	45,037,147
Workplace Safety and Insurance Board (WSIB) (d)	51,690,241	37,906,038
Vacation payable	26,614,874	22,798,651
	277,071,145	242,104,066

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Notes to the Consolidated Financial Statements December 31, 2020

The following table sets out the accrued benefit liability for each plan as at December 31, 2020.

	Post employment benefits \$	Vested sick leave benefits \$	Long-term disability \$	WSIB \$	Total \$
Accrued benefit liability, beginning of year	96,643,069	39,719,161	45,037,147	37,906,038	219,305,415
Current service cost	5,850,309	3,725,309	9,870,387	14,333,602	33,779,607
Amortization of loss	1,576,465	754,620	3,808,680	5,637,717	11,777,482
Interest cost	4,200,327	1,515,326	2,080,970	3,192,686	10,989,309
Benefit payments	(3,760,588)	(4,160,907)	(8,094,245)	(9,379,802)	(25,395,542)
Accrued benefit liability, end of year	104,509,582	41,553,509	52,702,939	51,690,241	250,456,271
Unamortized actuarial loss	27,712,165	(2,491,914)	14,295,951	45,198,947	84,715,149
Accrued benefit obligation, end of year	132,221,747	39,061,595	66,998,890	96,889,188	335,171,420

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best estimate. The following represents the more significant assumptions made:

	Post employment and sick leave	Long term disability	WSIB
Expected inflation rate	1.75%	1.75%	1.75%
Expected level of salary increases	2.75%	2.75%	2.75%
Interest discount rate	3.25%	3.25%	3.50%
Future health care cost rate	5.75%	N/A	3.75%

a) Liability for Vested Sick Leave Benefits

Regional Operations

Commencing in 2000, the accumulated sick leave plan was replaced by a Short-term Disability plan for employees in Regional Operations. Under the plan, the employees with five or more years of service were given the option of receiving a cash payout of fifty percent of the balance in their sick leave bank as at December 31, 1999 or deferring payment until termination of employment with the Region. The estimated actuarial value of the liabilities under the accumulated days for employees who chose the deferral option is \$109,986 (2019 - \$151,627) at the end of the year. Employees who had less than five years of service at December 31, 1999 were given the option on the fifth anniversary of their hire date to either receive payment for the value of accumulated sick days as at December 31, 1999 or defer payment until termination of their employment at the Region. A reserve has been established for the past service liability and is reported in the Consolidated Statement of Financial Position. The reserve balance at December 31, 2020 is \$6,059,635 (2019 - \$6,015,870).

Police Services

For members hired before July 22, 2013, the sick leave benefit plan provides for an accumulative unused sick leave bank. After five years of service, members are entitled to a cash payment of one-half of the sick bank balance to a maximum of six months salary when they leave the municipality's employ. Members were also provided with an election to opt for a cash settlement of one-half of their sick bank hours up to a maximum of six months' salary on February 17, 2017. Members hired after June 22, 2013 and members who have elected the cash settlement are enrolled in an accumulative unused sick leave plan without a cash payment.

The actuarial liability for the accumulated days to the extent that they have vested and could be taken in cash by an employee on termination amounted to \$41,443,523 (2019 - \$39,567,534). A reserve was established to provide for a portion of the Police Services past service liability and the balance at the end of the year is \$2,349,028 (2019 - \$1,823,327) and is included in accumulated surplus in the Consolidated Statement of Financial Position.

An independent actuarial valuation report dated September 2, 2020 estimates the liability for both Regional operations and Police Services at \$41,553,509 (2019 - \$39,719,161).

b) Pension Agreement

The Region contributes to the Ontario Municipal Employees Retirement System (OMERS), a multi- employer plan on behalf of approximately 6,273 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 2020, employer contribution amounts to \$65,040,061 (2019 - \$63,246,865) and is recorded as an expense in the Consolidated Statement of Operations and Accumulated Surplus. Employee contributions also amount to \$65,040,061 (2019 - \$63,246,865).

Because OMERS is a multi-employer plan, the Region does not recognize any share of the pension deficit of \$3.2 billion at December 31, 2020.

c) Post-Employment Benefits

Employees who retire under OMERS pension plan at age fifty or greater with a minimum of twenty years of service with the Region, are entitled to continued coverage for extended health and dental benefits. Those retirees from age 65 to age 75 are eligible to a health care spending account.

An independent actuarial valuation dated September 2, 2020 estimates the liability of these benefits to be \$104,509,582 (2019 - \$96,643,069), which is reported in the Consolidated Statement of Financial Position.

d) Workplace Safety and Insurance Board

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

An independent actuarial valuation dated December 2, 2019 estimates the liability for all claims incurred to December 31, 2020 to be \$51,690,241 (2019 - \$37,906,038), which is reported in the Consolidated Statement of Financial Position. The unamortized actuarial loss at December 31, 2020 is \$45,198,947 (2019 - \$50,836,664).

e) Long-Term Disability Self-Funding Arrangement

In October 2002, the Region adopted a self-insured arrangement for its long-term disability benefit program (LTD). Under this arrangement, the Region funds its own claims through a segregated reserve and contracts with an insurance carrier to adjudicate and administer all claims on an Administrative Services Only (ASO) basis. An independent actuarial valuation dated August 7, 2019 estimates the liability for the claims incurred to be \$52,702,939 (2019 - \$45,037,147) as at December 31, 2020, which is reported in the Consolidated Statement of Financial Position.

7) DEFERRED REVENUE

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

	Balance at Dec 31, 2019 \$	Amounts received/accrued \$	Amounts recognized into revenue \$	Balance at Dec 31, 2020 \$
Deferred capital grants	79,021,998	75,027,468	(105,559,270)	48,490,196
Security deposits and agreements	30,018,964	16,778,333	(28,000)	46,769,297
Other	16,650,169	50,230,596	(53,470,789)	13,409,976
Total deferred revenue - general	125,691,131	142,036,397	(159,058,059)	108,669,469
Development charges	269,957,121	382,260,988	(269,207,315)	383,010,794
Gas tax	78,761,898	50,941,860	(43,082,745)	86,621,013
Total obligatory reserve funds	348,719,019	433,202,848	(312,290,060)	469,631,807

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Notes to the Consolidated Financial Statements December 31, 2020

8) LONG-TERM LIABILITIES

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

	2020 \$	2019 \$
Outstanding long-term liabilities at the end of the year, including those incurred on behalf of local municipalities	2,863,775,646	2,787,071,312
Sinking fund debenture	826,914,985	718,307,869
Mortgages payable by Housing York Inc.	39,905,937	45,648,300
Gross long-term liabilities	3,730,596,568	3,551,027,481
Less: Recoverable from local municipalities	144,539,560	159,468,322
Net long-term liabilities at the end of the year	3,586,057,008	3,391,559,159

The total outstanding amount of the long-term liabilities to be retired by sinking funds is \$2,703,085,090 (2019 - \$2,601,692,077). The amount of sinking fund assets is \$826,914,985 (2019 - \$718,307,869). 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 April 2021 to December 2051.

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

2021	\$ 194,346,084
2022	204,720,625
2023	202,053,868
2024	201,166,072
2025	202,025,464
Thereafter	2,122,207,251
Net sinking fund debt repayable according to actuarial recommendations	459,537,644
	<u>\$ 3,586,057,008</u>

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 \$117,159,946 (2019 - \$120,435,883).

9) CONTRACTUAL RIGHTS / CONTINGENT ASSETS

a) Contractual Rights

The Region has rights to economic resources arising from contracts or agreements entered into before December 31, 2020. 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 21 L/Cs of \$32,477,588 (2019 - 40 L/Cs of \$101,087,614).
- An agreement with Metrolinx to fund the construction of bus rapidways. The remaining funding Metrolinx has guaranteed the Region is \$387,449,543 (2019 - \$487,988,776).
- Rights to transit advertisements, solar revenue and other lease revenue. Future revenue from these sources for the next 5 years are as follows:

2021	\$ 3,586,505
2022	3,714,702
2023	3,540,916
2024	2,630,402
2025	2,589,371

b) Contingent Assets

As at December 31, 2020, 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 these actions, however the amount of possible damages to be received is undeterminable as at December 31, 2020.

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 provides up to a maximum of 188,869,250 m3 per year increasing to 195,275,000 m3 in 2031 at a price, determined annually, based on York's proportionate share of overall operating cost and includes a contribution for future asset management. In 2020, York purchased 76,143,534 m3 at an effective rate of \$0.4285/m3 with a total payment of \$32,627,504 (2019 - \$28,660,910). The Water Servicing Agreement with the Region of Peel provides up to a maximum of 80,789,100 m3 per year increasing to 120,815,000 per year through 2031, at a price determined annually, based on York's proportionate share of operating cost, and includes a contribution for future asset management. In 2020, York purchased 34,545,185 m3 at an effective rate of \$0.5786/m3 with a total payment of \$19,987,844 (2019 - \$19,203,975). The Water Service 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 York's proportionate share of operating cost and includes a contribution for future asset management. In 2020, Peel provided servicing for 13,059,971 m3 of York wastewater flows at an effective rate of \$0.4714/m3 with a total payment of \$6,156,470 (2019 - \$6,102,463). The York-Peel Wastewater Servicing Agreements 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:

2021	\$ 8,992,292
2022	6,717,506
2023	5,554,097
2024	3,782,195
2025	3,145,860

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Notes to the Consolidated Financial Statements December 31, 2020

d) York Rapid Transit Plan / Yonge Subway Extension (YSE) Project

In 2002, the Region entered into a public-private partnership with York Consortium 2002 to implement the York Rapid Transit Plan (YRTP). The YRTP was developed from the Region's Transportation Master Plan, which identified the need to implement a rapid transit network that would reduce the level of traffic congestion and support economic and residential growth. The current rapid transit plan, vivaNext, includes the construction of the Yonge and Spadina subway extensions and 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 9a.

The planned Yonge Subway Extension will extend the TTC subway Line 1, north from Finch Station approximately 8 kilometres to the Richmond Hill Centre, just north of Highway 7. This critical rapid transit link will include up to 4 subway stations and 2 intermodal transit terminals. The preliminary planning design and engineering phase is underway. The total project cost is estimated at approximately \$5,600,000,000. In 2020, the Region signed a preliminary agreement with the Province to work towards delivering the YSE. While the formal contribution agreement has yet to be negotiated, it is estimated that the Region's contribution could exceed \$1,000,000,000.

For the current phase of preliminary design and engineering (PDE), a total of \$91,300,000 has been committed under the YSE PDE memorandum of understanding (MOU). The commitments are comprised of \$55,000,000 from the provincial government and \$36,300,000 from the Region. The Region's commitment represents 100% of its share of the federal Public Transit Infrastructure Fund (PTIF) phase one funding, and it builds on the \$4,267,476 the Region already provided to complete the YSE conceptual design.

e) York Region Hospital Capital Funding

In 2009, Council approved a memorandum of understanding (MOU) between the Region and York regional hospitals which provides direction for capital funding of the four regional hospitals from 2009 to 2031. Under the MOU, the Region provides funding for approved projects and their associated approved eligible costs. In 2019, Council approved termination of the MOU and reduced reserve contributions to cover three Council-approved projects. These three Council-approved projects remain financial commitments of the Region despite a termination of the MOU. The cancer care clinic project at Southlake Regional Health Centre was approved for \$17,410,296 and all of its funding has been paid out. By the end of 2020, the Region fulfilled its commitment of up to \$50,900,000 towards the redevelopment project at Markham Stouffville Hospital for a total payment of \$40,291,312. In 2017, the new Cortellucci Vaughan Hospital project received approval for its full share under the MOU, which is approximately \$154,227,947, including forecasted future adjustments for assessment growth. By the end of 2020, Cortellucci Vaughan Hospital had received \$66,473,770. The Region's commitment for the remaining payments to Cortellucci Vaughan Hospital at the end of 2020 is estimated at \$87,754,177, including forecasted future adjustments for assessment growth (2019 - \$151,016,212).

f) York University Markham Centre Campus Capital Funding

In 2014, Council approved a memorandum of understanding between the Region and York University to provide up to \$25,000,000 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 memorandum of understanding. 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. The first instalment of \$3,000,000 was accrued at year-end and paid in January 2021. The second and third instalments of \$1,000,000 each, are payable in October 2021 and October 2022, respectively. 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 with the exception of sudden and accidental pollution which is insured with a limit of \$5,000,000. The Region increased its self-insured retention (SIR) effective July 1, 2014 to \$500,000 per occurrence for liability and automobile claims. Prior to July 1, 2014 the SIR was \$100,000 for several years. The Region's Property policy and Crime policy each include a deductible of \$100,000 per occurrence for most losses.

The Region estimates that the liability as at December 31, 2020 for all outstanding public liability claims is \$1,978,052 (2019 - \$8,256,052). The total reserve available for public liability and environmental impairment is \$31,293,386 (2019 - \$28,997,172).

b) Other Contingencies

The Region, in the course of its operations, is subject to claims, lawsuits and other contingencies. Accruals have been made in specific instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may arise in other instances for which no accruals have been made, the Region does not believe that such an outcome will significantly impair its operations or have a material adverse effect on its financial position.

12) LIABILITY FOR CONTAMINATED SITES

The Region recognized, in accounts payable and accrued liabilities, an estimated liability of \$1,118,460 (2019 - \$nil) for remediation of a contaminated site not in productive use. The liability is based on a third-party environmental consulting report that estimated the cost of remediating the site with a known contamination for which the Region is responsible.

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, 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 when the receipt of funds is recorded by ICON regardless of the location where payment is made.

Gross revenue is comprised primarily of fines levied under Part I, II and III (including delay penalties) for POA charges. The total revenue for 2020 amounts to \$11,956,394 (2019 - \$23,828,277) and the net surplus/(deficit) amounts to \$(4,203,175) (2019 - \$3,253,472). Balances arising from operations of POA offices are consolidated with these financial statements.

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Notes to the Consolidated Financial Statements December 31, 2020

14) TANGIBLE CAPITAL ASSETS

COST	Balance at December 31 2019	Additions	Disposals	Balance at December 31 2020
	\$	\$	\$	\$
Land	523,061,096	81,624,573	(5,508,480)	599,177,189
Land improvements	386,426,726	10,078,683	-	396,505,409
Buildings	2,682,960,291	187,778,177	(813,241)	2,869,925,227
Equipment and machinery	916,174,465	61,979,939	(90,316,808)	887,837,596
Vehicles	433,780,671	50,847,305	(8,155,773)	476,472,203
Transit infrastructure	529,353,104	10,010,000	-	539,363,104
Roads infrastructure	2,370,051,710	259,519,457	(33,679,795)	2,595,891,372
Water/sewer infrastructure	2,220,966,562	66,793,176	-	2,287,759,738
Assets under construction	1,270,153,003	(51,339,310)	-	1,218,813,693
Total	11,332,927,628	677,292,000	(138,474,097)	11,871,745,531
ACCUMULATED AMORTIZATION	Balance at December 31 2019	Disposals	Amortization expenses	Balance at December 31 2020
	\$	\$	\$	\$
Land improvements	150,854,515	-	17,655,683	168,510,198
Buildings	820,006,913	(813,241)	78,389,616	897,583,288
Equipment and machinery	423,244,266	(90,307,055)	61,829,562	394,766,773
Vehicles	252,630,685	(7,531,332)	41,797,267	286,896,620
Transit infrastructure	27,860,690	-	14,720,608	42,581,298
Roads infrastructure	953,608,482	(31,140,839)	80,706,172	1,003,173,815
Water/sewer infrastructure	254,930,943	-	25,469,517	280,400,460
Total	2,883,136,494	(129,792,467)	320,568,425	3,073,912,452
	Net book value December 31, 2019			Net book value December 31 2020
	\$			\$
Land	523,061,096			599,177,189
Land improvements	235,572,211			227,995,211
Buildings	1,862,953,378			1,972,341,939
Equipment and machinery	492,930,199			493,070,823
Vehicles	181,149,986			189,575,583
Transit infrastructure	501,492,414			496,781,806
Roads infrastructure	1,416,443,228			1,592,717,557
Water/sewer infrastructure	1,966,035,619			2,007,359,278
Assets under construction	1,270,153,003			1,218,813,693
Total	8,449,791,134			8,797,833,079

In 2020, the Region received contributed assets at fair market value of \$9,393,712 (2019 - \$131,568,415) from external parties.

The Region recognized an additional write-down of tangible capital assets of \$1,514,225 in 2020 (2019 - \$nil).

Unrecognized Assets

The Region has a collection of items such as textual records, artwork, artifacts and historical furniture that are held to document the Region's cultural history. The value of the collection has been excluded from the Statement of Financial Position.

15) ACCUMULATED SURPLUS

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

	2020 \$	2019 \$
Surplus		
Invested in tangible capital assets	4,535,100,597	4,332,902,744
Investments in related entities	300,661,244	279,128,311
	4,835,761,841	4,612,031,055
Reserves and Reserve Funds		
Asset Replacement Reserves		
Roads infrastructure	727,161,602	663,594,417
Capital replacement-water and sewer	549,745,948	397,984,188
Regionally owned housing	180,221,555	153,645,955
Facilities rehabilitation and replacement	157,052,437	148,170,185
Equipment/vehicle replacement	94,442,319	89,455,676
Transit vehicle replacement	83,707,657	87,333,356
Police infrastructure	972,748	359,945
	1,793,304,266	1,540,543,722
Sinking Fund	821,807,350	715,994,902
Corporate Reserves		
Debt reduction	235,502,669	198,866,305
Pandemic management	87,987,079	-
Rates stabilization	73,174,551	54,941,535
Tax stabilization	59,716,232	59,627,679
Fiscal stabilization	50,573,714	49,031,455
Working capital	44,552,211	44,552,211
Insurance	31,293,386	28,997,172
Waste management stabilization	30,317,542	30,574,413
Fuel cost stabilization	23,840,500	19,591,181
Investment innovation	8,174,841	6,327,318
Innovation	5,598,654	5,461,862
Court services	4,733,740	4,870,815
Land securement	4,121,583	2,832,509
Cannabis contingency	3,362,578	3,280,420
Green energy	1,795,500	1,359,370
IT licensing and software development	1,173,370	1,159,611
	665,918,150	511,473,856

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

Capital Reserves		
Social housing development	85,452,875	87,193,316
Non-profit housing capital	73,367,769	65,058,940
Solid waste management	70,241,591	57,859,507
General capital	46,994,832	63,840,945
Roads capital acceleration	35,565,385	21,680,113
Hospital financing	25,036,081	70,503,662
IT development	23,985,154	22,343,764
Roads capital	15,367,944	15,115,160
Land bank	7,639,398	7,452,745
Transit	1,232,259	1,217,809
Move Ontario	81,091	2,290,158
	384,964,379	414,556,119
Contingent Liability and Other		
Long-term disability	50,885,380	47,826,994
Workers' compensation	50,323,867	50,388,734
Group benefits	17,306,360	7,684,982
Sick leave	8,408,663	7,839,197
Seized funds	166,694	182,988
	127,090,964	113,922,895
Total Reserves and Reserve Funds	3,793,085,109	3,296,491,494
Total	8,628,846,950	7,908,522,549

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 comprises of the Council, the Chair's Office, Office of the Chief Administrative Officer, Corporate Services, and Finance Departments. These divisions and branches supply administrative and financial leadership for the Regional Corporation.

Protection to persons and property

Protection to persons and property consists of the activities of Police Service Board and York Regional Police. Their mandates are to ensure the safety of the lives and property of citizens, to prevent crime from occurring, to detect offenders, and to enforce the law. It also includes the activities of Court 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, 2020

	General government \$	Protection to persons and property \$	Transportation services \$	Environmental services \$	Health and emergency services \$
REVENUES					
Net taxation	194,115,547	355,526,192	338,662,649	64,115,705	68,590,159
User charges	-	-	-	373,969,184	-
Provincial grants	23,461,600	13,562,680	146,615,092	605,912	118,376,297
Federal grants	-	-	36,121,781	27,376,153	-
Development charges	232,372	6,325,458	108,157,552	152,339,782	1,351,825
Fees and services	1,657,018	21,318,788	35,398,803	15,636,735	508,907
Investment income	145,005,476	-	-	-	-
Other	996,896	2,796,556	16,827,407	18,992,582	640,655
Total revenue	365,468,909	399,529,674	681,783,284	653,036,053	189,467,843
EXPENSES					
Salaries and benefits	81,626,768	359,747,440	74,244,751	57,191,357	148,719,983
Interest payments	748,287	2,723,599	23,863,937	84,738,580	206,966
Operating expenses	14,190,515	40,501,903	206,635,702	126,073,959	31,126,808
Government transfers	-	6,441,381	1,113,776	11,183,949	60,503,357
Amortization	21,226,861	15,109,303	159,268,597	109,136,706	5,021,631
Total expenses	117,792,431	424,523,626	465,126,763	388,324,551	245,578,745
Annual surplus (Deficit)	247,676,478	(24,993,952)	216,656,521	264,711,502	(56,110,902)

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Consolidated Financial Statements December 31, 2020

	Community services	Social housing	Planning and economic development	Total 2020	Total 2019
	\$	\$	\$	\$	\$
REVENUES					
Net taxation	97,312,061	67,728,099	10,935,873	1,196,986,285	1,152,162,507
User charges	-	-	-	373,969,184	353,922,631
Provincial grants	275,077,089	33,779,512	356,942	611,835,124	698,561,303
Federal grants	241,215	9,898,091	5,501,941	79,139,181	80,880,971
Development charges	-	245,326	555,000	269,207,315	293,035,354
Fees and services	5,352,349	22,956,458	3,682,341	106,511,399	162,944,108
Investment income	-	-	-	145,005,476	119,274,291
Other	1,819,617	1,439,037	321,378	43,834,128	81,084,177
Total revenue	379,802,331	136,046,523	21,353,475	2,826,488,092	2,941,865,342
EXPENSES					
Salaries and benefits	98,275,415	13,771,218	11,768,136	845,345,068	808,029,906
Interest payments	-	4,878,577	-	117,159,946	120,435,883
Operating expenses	168,027,604	68,336,599	(1,293,225)	653,599,865	901,987,498
Government transfers	89,830,424	-	417,500	169,490,387	109,550,675
Amortization	1,541,942	8,415,660	847,725	320,568,425	312,611,771
Total expenses	357,675,385	95,402,054	11,740,136	2,106,163,691	2,252,615,733
Annual Surplus (Deficit)	22,126,946	40,644,469	9,613,339	720,324,401	689,249,609

17) SAFE RESTART AGREEMENT

During the current year, the Region recognized \$90,588,754 of funding from senior levels of government to help offset the financial impacts of the COVID-19 pandemic. The Region received \$56,792,716 of funding from the provincial government as part of the Safe Restart Agreement, an investment to help provinces and territories safely restart their economies. The Region recognized \$55,701,740 of the Safe Restart funding as government transfers reported for the current year, in accordance with the terms of the funding allocation from the Province of Ontario. The remainder \$1,090,976 is carried forward to fiscal 2021 and is reported in deferred revenue as at year-end December 31, 2020.

18) COMPARATIVE FIGURES

Certain 2019 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)	2020	2019	2018	2017	2016
CONSOLIDATED FINANCIAL ACTIVITIES					
Analysis of Revenues					
Net taxation/user charges	1,570,955	1,506,085	1,407,482	1,321,543	1,277,869
Transfer payments	690,974	779,442	604,651	550,678	489,375
Development charges	269,207	293,035	474,241	283,714	283,350
Fees and service charges	106,511	162,944	164,826	198,529	169,047
Other	188,840	200,358	115,029	166,530	134,719
	2,826,488	2,941,865	2,766,229	2,520,994	2,354,360
Analysis of Expenses by Object					
Salaries, wages and employee benefits	845,345	799,789	762,773	733,719	711,011
Debt servicing	117,160	120,436	127,023	129,392	133,613
Operating and general expenses	653,600	910,229	991,231	824,881	689,627
Amortization	320,568	312,612	274,972	241,458	233,639
Transfers to others	169,490	109,551	90,566	93,353	77,393
	2,106,164	2,252,616	2,246,565	2,022,803	1,845,283
Analysis of Expenses by Function					
General government	117,792	129,458	117,079	186,487	173,142
Protection to persons and property	424,524	405,658	385,666	360,161	338,690
Transportation services	465,127	607,644	539,405	426,928	445,386
Environmental services	388,325	482,289	612,356	512,690	456,153
Health and emergency services	245,579	158,929	154,793	153,295	134,539
Community services and housing	453,077	453,064	424,955	368,573	288,082
Planning and development services	11,740	15,575	12,312	14,669	9,291
	2,106,164	2,252,616	2,246,565	2,022,803	1,845,283
Annual Surplus	720,324	689,250	519,664	498,191	509,077
Accumulated Surplus	8,628,847	7,908,522	7,219,273	6,699,609	6,201,418
Net Debt	191,381	562,436	799,172	1,250,094	1,341,584

THE REGIONAL MUNICIPALITY OF YORK

Five Year Review (unaudited)

(in thousands of dollars)	2020	2019	2018	2017	2016
OUTSTANDING OBLIGATIONS					
Debt Outstanding					
Total Long Term Liabilities (1)	2,903,682	2,832,720	2,897,588	3,044,443	2,942,854
Overlapping Debt*	(144,540)	(159,468)	(175,289)	(150,717)	(184,140)
Net Long Term Liabilities	2,759,142	2,673,251	2,722,299	2,893,726	2,758,714
Net Long Term Liabilities per capita (1)	2,274	2,223	2,285	2,476	2,392
Sinking Fund	826,915	718,308	717,422	565,658	624,409
Charges for Net Long Term Liabilities					
Recovered from:					
General Tax Rates and DCs	279,126	270,832	276,255	277,238	256,869
User Rates	18,673	15,513	16,968	31,584	38,990
Total	297,799	286,345	293,223	308,822	295,859
Debt charges as a % of Total Expenses	14.1%	12.7%	13.1%	15.3%	16.0%
Debt Limit including Growth Cost Supplement Available for New Debt (2)					
	291,620	392,929	338,530	271,765	190,843
Acquisitions of tangible capital assets	667,898	637,444	344,054	657,984	648,119

Note:

1) Comparative figures revised to agree with the Long-Term Liabilities note disclosure (gross long term liabilities less sinking fund debenture), which resulted in a change to the Net Long Term Liabilities per capita calculation.

2) Comparative figures revised to include the growth cost supplement available for new debt.

*Of area municipalities

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. PROMENADE GENERAL PARTNER IN
7. GANZ REALTY LIMITED
8. ROYBRIDGE HOLDINGS LIMITED
9. NEAMSBY INVESTMENTS INC
10. CANADIAN PROPERTY HOLDINGS

Top 10 Employers in York Region

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

Based on 2019 employment survey

THE REGIONAL MUNICIPALITY OF YORK

Five Year Review (unaudited)

MISCELLANEOUS INFORMATION

	2020	2019	2018	2017	2016
General Government					
Full Time Equivalent Employees (1)	6,124	5,995	5,839	5,711	5,575
Unemployment Rate (2)	8.0%	4.4%	4.8%	5.4%	5.8%
Acquisition of Tangible Capital Assets (000s)	\$667,898	\$637,444	\$344,054	\$657,984	\$648,119
Healthy Communities					
New Annual Residential Units/Building Permits	5,832	4,669	7,902	6,048	10,926
Annual Building Permit Values (000s)	\$2,627,748	\$3,149,869	\$3,309,726	\$3,983,209	\$4,647,904
Number of Subsidized Households	4,998	5,119	5,149	5,137	5,088
Average Police Emergency response time (minutes)	6.4	6.5	7.2	7.3	7.4
Roads and Transit					
Total Kilometres of Roads in the Region	4,318	4,293	4,265	4,214	4,161
Number of Rapidway Lane Kilometres	33.7	27.3	12.3	12.3	8.7
Percentage of regional roads with sidewalks and/or dedicated bike lanes in urban areas (3)	85.0%	84.0%	88.0%	Data not Available	Data not Available
Percentage of on-time performance on all transit routes	94.7%	91.5%	91.5%	94.1%	94.6%
Transit Ridership per Capita	9.5	19.8	20.0	20.8	20.7
Environment					
Number of Trees and Shrubs Planted Annually Through the Regional Greening Strategy Program	60,539	102,332	101,122	85,464	93,188
Percentage of Solid Waste Diverted from Landfill	93%	94%	94%	93%	91%
Number of per capita greenhouse gas emissions across Regional Operations	55.5	65.4	65.2	64.8	69.7
Number of megalitres of treated water consumed per 100,000 population	10,368	10,004	9,855	9,605	10,718
Annual Water Flows (Thousands of Cubic Metres)	124,112	118,718	115,730	111,425	122,007
Annual Wastewater Flows (Thousands of Cubic Metres)	121,247	116,354	113,476	108,824	119,110
Total Kilometres of Water Distribution/Transmission Pipe	360	360	360	364	350
Total Kilometres of Wastewater Mains	360	360	357	356	330
Demographics					
Population	1,213,602	1,202,535	1,191,358	1,168,597	1,153,134
Seniors Population (4)	177,075	175,460	174,588	141,316	139,016
Households	388,474	382,571	377,600	367,916	361,736
Average Household Income	\$132,902	\$131,979	\$129,139	\$126,607	\$124,283

Notes:

1) As approved in the annual budget.

2) Based on Statistics Canada Information.

3) Data collected beginning 2018.

4) Residents of York Region over age 65.



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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2020
- the statement of financial activities and change in fund balance for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and its change in fund balance for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a long, sweeping horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2021

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Position As at December 31, 2020

	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash	128,445,196	48,537,818
Investments – at amortized cost (Note 1)	696,160,897	667,427,108
Interest receivable	2,308,892	2,342,943
Total Assets	826,914,985	718,307,869
LIABILITIES		
Actuarial requirement for retirement of the Sinking Fund (Note 2)	778,901,649	684,807,614
Fund balance	48,013,336	33,500,255
Total Liabilities and Fund Position	826,914,985	718,307,869

THE REGIONAL MUNICIPALITY OF YORK

Sinking Fund Statement of Financial Activities and Change in Fund Balance For the year ended December 31, 2020

	Budget \$	2020 \$	2019 \$
REVENUE			
Local Municipalities	2,607,420	2,607,420	1,224,919
Regional Corporation	149,854,735	149,854,735	132,052,800
	152,462,155	152,462,155	133,277,719
Interest and capital gains	19,631,751	34,998,257	30,819,740
	172,093,906	187,460,412	164,097,459
EXPENSES			
Actuarial requirement for the year	(172,093,906)	(172,093,906)	(151,690,553)
Payments to Local Municipalities	-	-	(83,530)
Payments to Regional Corporation	-	(853,425)	(2,575,341)
Change in Fund Balance	-	14,513,081	9,748,035
Opening Fund Balance	33,500,255	33,500,255	23,752,220
Closing Fund Balance	33,500,255	48,013,336	33,500,255

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

THE REGIONAL MUNICIPALITY OF YORK

Notes to the Sinking Fund Financial Statements December 31, 2020

The Regional Municipality of York's sinking fund is a separate fund maintained for the purpose of providing periodic repayments of all debts to be retired by means of sinking funds.

1) INVESTMENTS

All investments are purchased with the intention of holding them until maturity. They are recorded at cost, price adjusted annually for amortization of discount or premium on a present value basis as determined at the time of purchase with the amount of such amortization included in the interest earned on the Statement of Financial Activities and Change in Fund Balance. When there has been a loss of value other than a temporary decline in value, the respective investment is written down to market value to recognize the loss in the Sinking Fund Statement of the Financial Activities and Change in Fund Balance. The investments have a market value of \$883,753,574 (2019 - \$738,683,978).

2) ACTUARIAL REQUIREMENTS

The actuarial requirements of the sinking fund represent the amounts levied during the year as set out in the sinking fund debenture by-law plus interest thereon capitalized at a rate of 1.5%, 1.6%, 2.0% or 3.0% per annum compounded annually. Any excess revenue over these requirements is included in the sinking fund balance.

3) MANAGEMENT ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts. Actual results could differ from those estimates. In particular, there is significant judgement applied in determining actuarial requirements for Sinking Funds.



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of residents' trust fund and donation account of The Regional Municipality of York (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of financial activities for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a long horizontal line extending from the end of the signature.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2021

THE REGIONAL MUNICIPALITY OF YORK

Residents' Trust Funds and Donation Account Statement of Financial Position As at December 31, 2020

	Trust	Donation	2020	2019
	\$	\$	\$	\$
FINANCIAL ASSETS				
Cash	249,714	36,643	286,357	208,510
Residents' petty cash	6,500	-	6,500	6,500
Total Assets	256,214	36,643	292,857	215,010
Fund Balances	256,214	36,643	292,857	215,010

THE REGIONAL MUNICIPALITY OF YORK

Residents' Trust Funds and Donation Account Statement of Financial Activities Year ended December 31, 2020

	Trust	Donation	2020	2019
	\$	\$	\$	\$
Fund balances, beginning of year	181,254	33,756	215,010	220,094
Source of funds:				
Deposits on behalf of residents	325,995	2,475	328,470	387,009
Interest earned on deposits	-	412	412	787
	325,995	2,887	328,882	387,796
Use of funds:				
Withdrawals	(251,035)	-	(251,035)	(392,880)
Net activity	74,960	2,887	77,847	(5,084)
Closing fund balance	256,214	36,643	292,857	215,010

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



HOW TO CONTACT US

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

Accessible formats or communication supports are available upon request.

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York Region