

# The Regional Municipality of York

Committee of the Whole  
Finance and Administration  
April 13, 2023

Report of the Commissioner of Finance

## 2022 Financial Results – Unaudited Budget to Actual Comparison

### 1. Recommendation

Council receive this report for information.

### 2. Summary

This report outlines unaudited year-end financial results and provides an overview of the year-end variances for operating and capital budgets, and a summary of the operating surplus and proposed distribution of funds per the Region's Surplus Management Policy. The results outlined in this report are presented on a modified accrual basis of accounting, which is consistent with the Region's Budget. The consolidated audited financial statements will be presented to Council in June as part of the 2022 Financial Statements and Auditor's Report and will be shown on a full accrual basis of accounting, as required by the Public Sector Accounting Board.

This report also provides an overview of in-year budget adjustments and restatements, including operating Full-Time Equivalent (FTE) impacts and capital budget adjustments previously approved by Council through reprofiling reporting.

Key Points:

- Total year-end net operating expenditures were \$1,187.0 million, or 93.8% of the 2022 net operating budget, representing a surplus of \$77.9 million
- A \$56.6 million draw from the Pandemic Management and Recovery Reserve anticipated as part of the 2022 Financial Initiatives budget was not required due to the year-end surplus results
- The majority of the operating surplus is planned to be contributed to Regional reserves based on the Region's Surplus Management Policy. \$1.0 million of the surplus will be contributed to the Social Housing Development Reserve to address [Motion I.1](#) approved by Council on September 29, 2022 and \$12.8 million will be contributed to the Pandemic Management and Recovery Reserve to address the

[Supporting Critical Social Infrastructure through the Community and Health Services Budget](#) Report approved by Council on February 23, 2023

- Total year-end capital expenditures were \$635.5 million, or 63% of the 2022 capital budget of \$1,010.6 million, representing underspending of \$375.2 million
- The year-end variances were higher than the projections included in the [2022 Operating and Capital Mid-Year Progress Report](#), which included a projected year-end operating surplus of \$64.2 million and projected capital spending of \$757.5 million, or 75% of the budgeted amount

### 3. Background

On December 16, 2021, Council approved the [2022 Regional Operating and Capital Budgets](#). On February 24, 2022, June 30, 2022 and September 29, 2022 Council approved budget adjustments through the [Budget Reprofile – Cornell Bus Terminal Report](#), [2022 Capital Reprofile Report](#), and [2022 Operating and Capital Mid-Year Progress Report](#), respectively. This report provides a summary of the year-end 2022 budget-to-actual results, including in-year adjustments and restatements for both operating and capital budgets.

The results outlined in this report are presented on a modified accrual basis of accounting, which is consistent with the Region's Budget. This approach looks mainly at expected cash inflows and outflows and uses the property tax levy to achieve a balance. In comparison, the consolidated financial statements are presented on a full accrual basis of accounting as required by the Public Sector Accounting Board.

The main differences between the modified accrual basis of accounting and the full accrual basis of accounting relate to the treatment of reserves, debt and capital assets. A reconciliation and detailed explanation of the differences is included in the Accrual Budget Presentation chapter of the [2022 Budget Book](#).

### 4. Analysis

#### **Regional net (tax levy) operating expenditures were 93.8% of the 2022 budget at year-end**

At year-end, net operating expenditures were \$1,187.0 million. 2022 Operating year-end results are highlighted in Table 1 and summarized in Appendix A. Reported results are presented in alignment with the organizational changes announced in 2022.

**Table 1**  
**2022 Year-End Results - Operating**

Department	2022 Budget \$ Millions	2022 Variance <sup>1</sup> \$ Millions	Expended % Year-End 2022	Expended % Year-End Forecast <sup>2</sup>	Expended % Year-End 2021
<b>NET EXPENDITURES (Tax Levy)</b>					
Public Works – Transportation Services	385.6	51.4	86.7%	94.5%	90.6%
Public Works – Environmental Services (excluding Water and Wastewater)	68.5	4.2	93.9%	98.3%	96.0%
Community and Health Services	256.5	40.9	84.1%	89.2%	81.4%
Corporate Management and Governance	107.0	15.1	85.9%	83.7%	82.6%
Court Services	(0.5)	(0.5)	n/a	n/a	n/a
York Region Rapid Transit Corporation	3.7	0.1	97.3%	100.0%	99.1%
YorkNet	2.4	-	100.0%	89.5%	96.0%
York Regional Police	376.8	9.0	97.6%	99.9%	100.4%
Financial Initiatives (includes Pandemic Management and Recovery Reserve draw)	27.8	(43.0)	254.7%	100.0%	136.8%
External Partners	37.1	0.7	98.1%	100.0%	98.9%
<b>Total</b>	<b>1,264.9</b>	<b>77.9</b>	<b>93.8%</b>	<b>94.6%</b>	<b>93.4%</b>

*Note: numbers may not add due to rounding*

<sup>1</sup> *Variations without brackets indicate an expense that is under-budget; brackets indicate over-budget expenditures*

<sup>2</sup> *Based on the 2022 Mid-Year Progress Report*

The Region's 2022 year-end operating results reflect a surplus of \$77.9 million, or 6.2% of the budgeted tax levy of \$1.3 billion. The year-end surplus was previously projected to be \$64.2 million or 5.4%, as outlined the [2022 Operating and Capital Mid-Year Progress Report](#). The increase in the surplus was primarily due to lower than expected pandemic-related impacts compared to the budgeted amounts, including higher than expected revenues and

the reduced draw from the Pandemic Management and Recovery Reserve, and lower than expected spending in salaries and benefits, which were partially attributed to competitive labour market conditions and longer than expected time required to fill vacant positions. While operating spending rates improved in 2022 compared to 2021 levels shown in Table 1, spending levels were still significantly below pre-pandemic levels, which ranged annually from 95% to 99% over the 2015-2019 period.

### **Continued transit ridership recovery and higher than budgeted revenues contributed to net underspending in Public Works**

At year-end, Public Works – Transportation Services was 86.7% spent, largely due to higher than budgeted revenues. On the transit side, higher than budgeted revenues of \$13.0 million were primarily due to faster than expected recovery in transit ridership, which reached 70% of pre-pandemic levels in 2022, compared to the budget assumption of 50%. In addition, conventional contractor and fuel costs were lower than budgeted by \$5.2 million due to deferral of service reinstatements in response to lower ridership in the first quarter of the year. The department also reported \$10.6 million in unanticipated funding from senior levels of government through the Safe Restart Agreement Funding to relieve transit operating pressures related to the pandemic.

On the expenditure side, lighter winter weather helped to achieve lower than budgeted winter maintenance costs in the fourth quarter for both transit and roads. Salaries and benefits costs were lower than budgeted primarily due to hiring delays, including delays arising from a departmental review following the establishment of the Public Works department in 2022. Lower costs were also reported in areas including fleet, utilities and administrative expenses.

In Public Works – Environmental Services, higher than budgeted revenues of \$1.4 million, as well as lower than expected spending of \$2.8 million resulted in a total variance of \$4.2 million, or 94% spent. Higher revenues reflected \$5.8 million in higher than budgeted commodity prices for blue box materials and other waste-related revenues. The higher revenues helped avoid the need for a \$5.4 million planned draw from the Waste Management Stabilization Reserve.

On the expenditure side, lower than expected spending of \$2.8 million was largely due to lower than budgeted volumes for green bin, blue box, residual waste, yard waste and household hazardous waste. The reduction was primarily attributable to lower than expected COVID-19 impacts and pandemic recovery. Hiring delays in Waste Management, Forestry and Climate Change and Energy led to underspending in salaries and benefits of \$1.1 million. A portion of the savings were offset by \$1.3 million in higher contracted costs, \$0.8 million in higher fuel costs and a \$1.6 million contribution to the Waste Management Stabilization Reserve.

### **Timing of provincial revenues and continued focus on pandemic recovery contributed to lower net spending in Community and Health Services**

Community and Health Services net underspending of \$40.9 million is largely due to receipt of additional Provincial funding in Children's Services and Seniors Services, as well as continued focus on pandemic recovery.

Children's Services underspending of \$12.1 million was primarily due to implementation of the new Canada-Wide Early Learning and Child Care program late in the fall, resulting in additional savings in Child Care late in the year.

Senior Services' surplus reflects receipt of Provincial funding of \$11.1 million in 2022 for pandemic related impacts. This funding was originally expected in 2020 and 2021. The Province also announced new funding for the purposes of increasing direct care hours, and to support the recruitment and retention of staff in Long-Term Care. In 2022, the Province provided \$1.0 million towards this initiative for the Region's two long-term care homes, including support for the addition of up to 10.8 new FTEs. This funding is anticipated increase to over \$3.4 million by 2024.

The key focus of Public Health remains on the pandemic recovery. Underspending of \$11.2 million was largely attributable to unbudgeted funding received for COVID-19 support and continued redirection of staff to support the COVID-19 recovery. While there has been some resumption of non-essential activities in Public Health, COVID-19 funding continues to support COVID-19 related activities contributing to the surplus.

### **Expenditures in Corporate Management and other areas were below budget**

Corporate Management areas reported net underspending of \$15.1 million, primarily due to lower compensation costs, higher revenues and technology cost savings. Salary and benefits were lower than expected due to recruitment delays, including the continuation of pandemic related hiring deferrals in 2022 and challenges in filling specialized positions due to the competitive labour market. Unbudgeted surplus land sales contributed \$1.5 million to the year-end results and higher than budget planning revenues contributed \$1.7 million. Lower telecommunications costs were driven by the Region's transition to connecting to the York Telecom Network, lower cellular costs due to new contract pricing for low data usage and lower than budgeted costs for telephone and maintenance.

In Court Services, lower than budgeted revenues of \$5.6 million were offset by lower than planned spending and a \$2.0 million draw from the Court Services Reserve. The lower revenues were primarily due to delays in provincial re-opening of Provincial Offences Act trial courts in York Region as well as increased demand on Justice of the Peace resources in Criminal Court, which has significantly reduced available court time. Lower spending was primarily caused by hiring delays and lower program expenses due to reduced courtroom capacity.

York Region Rapid Transit Corporation reported a slight favourable variance of \$0.1 million, reflecting 97.3% of its net budget expended. Gross expenditures are lower than budgeted mainly due to a favourable variance of \$0.8 million in savings for occupancy cost and contracted services, which was in part offset by higher than expected net salaries and benefits costs.

For York Regional Police, higher than budgeted revenues of \$6.9 million helped to contribute to a variance of \$9.0 million or 98% expended. Higher revenues were driven by increased fees and charges compared to the budget amounts, cost recovery for two cross-jurisdictional deployments in early 2022 and higher than budgeted provincial funding for grants related to court security and community safety initiatives. Provincial grant funding is announced

annually and may vary from year to year, which creates challenges in estimating potential revenues for budget purposes.

### **Financial Initiatives track above budget as draw from the Pandemic Management and Recovery Reserve was not needed**

Financial initiatives were over budget by \$43.0 million largely due to the \$56.6 million budgeted draw from the Pandemic Management and Recovery Reserve, which was not required to balance overall revenues and expenditures. This was partially offset by a favourable variance in the Region's contingency budget, which was not utilized.

Lower overall spending reported by departments, including lower expenditures and higher revenues related to COVID-19, helped to avoid the need for the budgeted Pandemic Management and Recovery Reserve draw. For example, higher than expected transit ridership and associated revenues, as well as unanticipated senior government funding, eliminated almost all the transit-related COVID-19 impacts projected as part of the 2022 budget.

### **High fuel prices were mitigated through the Fuel Stabilization Reserve**

Recent high fuel prices have added significant costs to Regional programs that rely on vehicles to provide key services. Services that purchase fuel directly, such as transit and road operations, paramedics, police and other programs with vehicles, have experienced a significant cost increase. The Region's Fuel Stabilization Reserve helps manage fluctuations in fuel prices through draws on the reserve when the price of fuel exceeds the budgeted amount. Higher than budgeted fuel costs required reserve draws of \$9.6 million for Public Works, mostly in Transportation, \$0.9 million for the York Regional Police and \$0.4 million in Community and Health Services, for a total draw of \$10.9 million from the Fuel Stabilization Reserve.

Lower fuel prices in previous years helped fund the Fuel Stabilization Reserve, as the savings between the budgeted amount and the actual price were contributed to the reserve. The Fuel Stabilization Reserve is identified in the Region's Surplus Management Policy as an eligible reserve for contribution from the annual operating surplus. Contributions to the reserve are further discussed in the Surplus Allocation section below.

### **Operating In-Year Budget Adjustments Are Net Tax Levy Neutral and Include Additional Funding of \$116.0 million and 22.0 FTEs**

The 2022 operating budget figures in this report reflect the in-year adjustments summarized in Table 2 below.

**Table 2**  
**2022 In-Year Approvals - Operating**

In-Year Approvals	Gross Expenditures \$M	Revenues \$M	Net Expenditures \$M	FTEs
<b>2022 Approved Budget</b>	<b>2,669.2</b>	<b>(1,404.3)</b>	<b>1,264.9</b>	<b>6,367.0</b>
Community and Health Services – Additional Provincial Funding				
Canada Wide Early Learning Child Care Program	103.2	(103.2)	-	11.0
Children’s Services, Child Care and EarlyON	6.6	(6.6)	-	-
Public Health Seniors Dental Care, School Focused Nursing Programs and Temporary Retention Incentive for Nurses	6.2	(6.2)	-	11.0
Total Additional Funding	116.0	(116.0)	-	22.0
<b>Total</b>	<b>2,785.2</b>	<b>(1,520.2)</b>	<b>1,264.9</b>	<b>6,389.0</b>

**In-Year Adjustments reflect additional Provincial funding for Child Care and Public Health**

Table 2 summarizes new funding received in-year after the 2022 Budget was approved and associated expenditures. Council has delegated authority to the Regional Treasurer to accept funding and authorize expenditures for new initiatives that have no tax levy impact. Community and Health Services received \$116.0 million in Provincial funding subsequent to the 2022 budget approval.

In April 2022, the Ministry of Education confirmed funding totaling \$103.2 million to the Region to implement the Canada-Wide Early Learning and Child Care system to increase quality, accessibility, affordability, and inclusivity. The initial focus of the agreement is on lowering licensed childcare fees for parents of children under five years of age and addressing the low wages in the sector.

In December 2021, the Ministry of Education announced new one-time funding totaling \$6.6 million in 2022 to support existing childcare programs. Children’s Services received \$3.9 million through the Child Care Services Agreement to support administrative costs related to the transition to a 50/50 cost share model. In addition, \$2.7 million in funding was received

for the renewal of the Canada-Ontario Early Learning Child Care Agreement to provide investments in early learning and childcare to increase quality, accessibility, affordability, flexibility, and inclusivity, with prioritization for children aged 0-6 years old.

In May 2022, the Ministry of Health announced \$6.2 million in additional funding, effective April 1, 2022, for Public Health. A portion of the funding was directed to the Ontario Seniors Dental Care Program, which received \$2.4 million in additional base funding for 11 new FTEs to align with Provincial program guideline requirements to deliver services with Public Health unit staff. The School Focused Nursing Initiative received \$2.1 million in one-time funding to facilitate rapid response and preventative measures related to COVID-19 in schools and \$1.8 million was received for the Temporary Retention Incentive Initiative for Nurses.

## **The Operating Surplus is distributed in accordance with the Region's Surplus Management Policy**

The year-end operating surplus is allocated in accordance with the Region's Surplus Management Policy, which is included in [Attachment 2 – Reserve and Reserve Fund Policy of the 2023 Regional Fiscal Strategy](#). The policy provides guidance and direction for the distribution of the operating surplus to reserves and reserve funds that are below their target balance. Contributions to the reserves are prioritized in the following order:

- Working Capital Reserve
- Contingent Liability reserves such as Long-Term Disability (LTD), Worker's Compensation (WSIB), Group Benefits and Insurance
- General Capital Reserve
- Fuel Cost Stabilization Reserve
- Debt Reduction Reserve

A description of each reserve included in the Surplus Management Policy is included in [Appendix B](#) of the Reserve and Reserve Fund Policy. The 2022 closing balance of each reserve included in the 2022 operating surplus allocation is provided in Table 3 below.

In [September 2022](#) and [February 2023](#), Council made two commitments to funding social infrastructure that include commitments for allocating a portion of the 2022 operating surplus before allocating the remaining surplus in accordance with the Region's Surplus Management Policy. These two commitments are included in rows 1 and 2 of Table 3, below.

On September 29, 2022, Council approved motion I.1, which resolved to provide \$1.0 million in capital funding, to be drawn from the Social Housing Development Reserve, to Inn from the Cold to support the development of a new emergency and transitional housing facility targeting people who are chronically homeless. To fund this commitment, Council directed the first \$1.0 million of the 2022 operating surplus to the Social Housing Development Reserve.

On February 22, 2023, Council approved that \$12.8 million of the 2022 Community and Health Services' operating surplus be contributed to the Pandemic Management and



Recovery Reserve Fund to support critical social infrastructure through the Community and Health Services budget.

To allocate the surplus through the Surplus Management Policy, staff assessed the adequacy of each reserve to its projected needs.

The Working Capital reserve is used to fund the day-to-day operations of the corporation and provide the ability to meet current liabilities prior to the receipt of tax levies from local municipalities and other revenues. The current balance of the reserve along with the Region's promissory note program for short-term borrowing, ensures adequate funds are available for day-to-day operations prior to the receipt of revenues.

Human resources reserves include the LTD reserve, WSIB reserve and the Group Benefits reserves. The allocations below bring LTD and WSIB reserves to their accounting liability and continue progress towards meeting the accounting liability for the Group Benefits reserve.

The Insurance reserve balance is adequate to meet the expected costs incurred for insurance coverage and payment of claims. Similarly, the General Capital reserve currently has adequate funds to meet the needs contemplated in the approved 2023 to 2032 Capital Plan.

In 2022, the Region was required to draw on the Fuel Stabilization reserve due to higher than expected fuel prices. The reserve will be topped up to ensure it can continue to mitigate fuel price fluctuations throughout the 2023-26 Budget, and beyond.

While the Debt Reduction Reserve has adequate funds to meet the draws included in the 2023 to 2032 Capital Plan, the remaining surplus is allocated to this reserve to address emerging risks to the Region's budget. This may include provisioning for 2023 Bill 23 development charge collection shortfalls and/or to contribute to asset management reserves as the current projected contributions to these reserves are below the levels required to meet the needs of the Region's current and growing asset base over the long term. Long-term asset management reserve balances and needs are discussed in more detail in the [2023 Fiscal Strategy](#).

Table 3

## 2022 Reserve Ending Balances Before and After Proposed Surplus Distribution (in \$millions)

<b>Reserve</b>	<b>2022 Ending Balance Before Surplus</b>	<b>2022 Operating Surplus Distribution</b>	<b>2022 Ending Balance After Surplus</b>
1. Social Housing Development Reserve	65.0	1.0	66.0
2. Pandemic Management and Recovery Reserve	107.5	12.8	120.3
3. Working Capital	50.0	-	50.0
4. Long-Term Disability	62.1	4.4	66.5
5. WSIB	71.0	8.4	79.4
6. Group Benefits	56.9	18.0	74.9
7. Insurance	34.1	-	34.1
8. General Capital	45.6	-	45.6
9. Fuel Stabilization Reserve	13.2	11.1	24.3
10. Debt Reduction Reserve	363.2	22.2	383.5
<b>Total</b>	<b>868.6</b>	<b>77.9</b>	<b>946.5</b>

The operating surplus is different from the annual surplus that is prepared on a full accrual basis of accounting. The annual surplus will be included in the consolidated audited financial statements presented to Council in June.

From the operating surplus of \$77.9 million, the 2022 annual surplus is expected to be \$687.7 million after adjusting for \$474.6 million of net contributions to the Region's reserves, \$96.7 million of investments in capital assets, and \$38.5 million of investments in related entities.

### **Water and Wastewater expenditures and revenues are within budget at year-end**

Water and Wastewater expenditures are funded from user rates and have no tax levy impact. Any operating variances are addressed by contributions to or draws from water and wastewater stabilization reserves. Table 4 below outlines 2022 year-end results for Water and Wastewater.

**Table 4**  
**2022 Year-End Results – Water and Wastewater**

Water and Wastewater \$ 000	Budget	Actuals	Variance
<b>Expenditures</b>			
Expenditures*	358.4	350.3	(8.1)
Contributions to reserves	193.6	214.3	20.7
<b>Gross Expenditures</b>	<b>552.1</b>	<b>564.6</b>	<b>(12.5)</b>
<b>Revenues</b>			
Revenues*	(552.1)	(564.6)	12.5
Draws from reserves	-	-	-
<b>Total Revenues</b>	<b>(552.1)</b>	<b>(564.6)</b>	<b>12.5</b>
<b>TOTAL</b> (After contributions to reserves)	-	-	-

\* Excluding corporate allocations recovered from user rates

Water and wastewater expenditures were lower than budget on a gross basis by \$8.1 million or 98% expended, and on a net rate basis \$20.7 million under-expended.

Expenditures were under budget by \$8.1 million mainly due to lower salaries and benefits related to vacancies, continued strengthening of work management and scheduling processes, planned maintenance to prevent unplanned repair and maintenance as well as savings on administrative item such as office supplies. These savings were partially offset by higher purchased water costs from Toronto and Peel and wastewater treatment costs from Peel and Durham. Savings were also realized in other areas such as lower than budgeted debenture payments.

On the revenue side, positive revenue variances of \$12.5 million were largely due to hotter and drier summer weather which contributed to higher consumption volumes of 246,486,084 m<sup>3</sup> actual versus 238,906,823 m<sup>3</sup> budget, as well as higher than budgeted telecom revenue, sewer by-law fees and waste disposal fees. Changes in the debenture payment schedule resulted in less required funds to be drawn from DC Reserves for debt servicing.

## CAPITAL YEAR-END RESULTS

### **The Region's capital expenditures were \$635.5 million, or 63% of the 2022 capital budget**

At year-end, 2022 capital expenditures totaled \$635.5 million, compared to the adjusted 2022 capital budget of \$1,010.6 million. The Region delivered 63% of its 2022 capital budget with year-end underspending of \$375.2 million mainly due to variances in Public Works – Transportation Services, Community and Health Services, and the Yonge North Subway Extension project, as summarized below.

Capital budget delivery for 2022 was previously projected to be 75%, as outlined in the [2022 Operating and Capital Mid-Year Progress Report](#). Lower than forecasted capital delivery at year-end was largely due to unanticipated project delays in the second half of the year, mainly in Public Works – Transportation Services. Capital delivery rates in 2020 and 2021 were 68% and 79% respectively. The lower spending in 2022 was due, in part, to supply chain and contractor labour challenges leading to delays in Roads and Transit projects, the Rapid Housing Initiative (RHI) not receiving planned external funding, and no expenditures incurred for the Yonge North Subway Extension project due to construction delays by Metrolinx and ongoing discussions with the Province to finalize the agreements.

Table 5 below summarizes capital year-end results by department. Further details of year-end results are provided in Appendix B.

**Table 5**  
**2022 Year-End Results – Capital**

Department	2022 Budget <sup>1</sup> \$ Millions	2022 Variance \$ Millions	Expended % Year-End 2022	Expended % Year-End Forecast <sup>2</sup>	Expended % Year-End 2021
Public Works - Transportation Services	420.4	138.5	67%	90%	79%
Public Works – Environmental Services	225.6	4.8	98%	99%	90%
Community and Health Services	136.8	92.5	32%	41%	58%
Corporate Management and Governance	59.2	24.6	58%	68%	64%
Financial Initiatives	13.4	13.4	-	-	N/A
Court Services	0.2	0.09	56%	100%	51%
York Region Rapid Transit Corporation	20.5	2.9	86%	91%	77%
YorkNet	26.6	14.8	44%	62%	98%
York Regional Police	32.8	8.3	75%	83%	78%
Yonge North Subway Extension	75.2	75.2	-	-	N/A
<b>TOTAL</b>	<b>1,010.6</b>	<b>375.2</b>	<b>63%</b>	<b>75%</b>	<b>79%</b>

*Note: numbers may not add due to rounding*

<sup>1</sup> 2022 Budget including in-year reprofiling

<sup>2</sup> Based on the 2022 Mid-Year Progress Report

Public Works – Transportation Services delivered 67% of its 2022 capital budget, with year-end underspending of \$138.5 million. Roads projects accounted for \$99.7 million of the underspending mainly due to delays caused by contractor labour and supply chain challenges, alignment of timing with adjacent projects, delays by third parties for site approvals, permits and utility locates and relocations, design and property acquisition delays due to required project re-scoping and lower-than-anticipated tender prices for road asset renewal and replacement work. Transit projects accounted for the remaining \$38.8 million of the underspending primarily due to supply chain issues, construction labour disruptions and

realignment of timing for electric bus infrastructure with the Zero Emission Transit Fund requirements.

Community and Health Services delivered 32% of its 2022 capital budget, with year-end underspending of \$92.5 million. Housing Services accounted for the largest variance at \$68.1 million, \$51.8 million of which resulted from the Rapid Housing Initiative (RHI) not moving forward as planned senior government funding was not secured. Paramedic Services, Senior Services and Public Health accounted for the remaining total underspend mainly due to tender delays for response stations and other projects.

The Yonge North Subway Extension accounted for \$75.2 million of the underspending in 2022 due to construction delays by Metrolinx and ongoing discussions with the Province to finalize the agreements on the overall project scope and capping of the Region's financial contribution. Further details can be found in the January 12, 2023 [Yonge North Subway Extension Report](#).

### **Capital in-year budget adjustments totaled \$30.6 million in increased 2022 gross expenditures**

On February 24, 2022, June 30, 2022 and September 29, 2022 Council approved the [Budget Reprofiting – Cornell Bus Terminal Report](#), [2022 Capital Reprofiting Report](#) and [2022 Operating and Capital Mid-Year Progress Report](#), respectively, totalling an increase of \$30.6 million in 2022 gross capital expenditures, \$51.0 million in Capital Spending Authority, and \$15.7 million in Capital Spending Authority debt, including associated funding sources.

Capital reprofiling supports sound fiscal management by reallocating expenditures and funding from projects that are progressing slower than anticipated, or where cost savings have been realized, to projects that are progressing faster than planned or experiencing cost pressures, thereby maximizing the delivery of the capital plan.

As part of the [2022 Regional Budget Approval Report](#), Council also authorized the Commissioner of Finance and Regional Treasurer to apply for, accept, and adjust the Budget and Capital Spending Authority for any additional Provincial and/or Federal funding, provided there is no tax levy impact. In January 2022, Stouffville Affordable Housing Development project received a \$2.3 million increase in Capital Spending Authority due to additional funding from Canada Mortgage and Housing Corporation's (CMHC's) Co-investment Fund, allowing the contract to be awarded and construction to start in 2022.

The 2022 capital budget figures contained in this report reflect the reallocations and in-year adjustments previously approved by Council. Appendix B provides a summary of the 2022 capital in-year budget adjustments by department.

## **5. Financial**

Total net expenditures for Regional operations were \$1,187.0 million, or 93.8% of the 2022 budget, representing a surplus of \$77.9 million, including the impacts of COVID-19.

Total capital expenditures for the Region were \$635.5 million, or 63% of the 2022 adjusted capital budget, representing lower than budgeted spending of \$375.2 million.

## 6. Local Impact

There is no direct local municipal impact associated with this report. The Region's budget funds essential services and capital infrastructure for residents and businesses in all local municipalities in the Region.

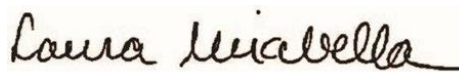
## 7. Conclusion

At year-end, expenditures were 93.8% of the 2022 net operating budget and 63% of the adjusted capital budget.

Summaries of the 2022 operating and capital financial results have been appended to this report.

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For more information on this report, please contact Kelly Strueby, Director, Office of the Budget at 1-877-464-9675 ext. 71611. Accessible formats or communication supports are available upon request.



Recommended by:

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



Approved for Submission:

**Bruce Macgregor**  
Chief Administrative Officer

March 24, 2023

Appendix A – Consolidated 2022 Year-End Operating Budget Summary

Appendix B – Consolidated 2022 Year-End Capital Budget Summary

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## Consolidated 2022 Year-End Operating Budget Summary

(in \$ Millions)	Gross Expenditures			Revenues			Net			% Spent Net	Expended % Year-End Forecast <sup>1</sup>	Expended % Year-End 2021
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance			
<b>Public Works</b>												
Transportation Services												
Transit Services	250.8	244.0	6.8	(57.1)	(90.6)	33.5	193.6	153.3	40.3	79.2%	91.4%	
Roads	267.1	255.7	11.4	(75.2)	(74.9)	(0.2)	191.9	180.8	11.1	94.2%	97.6%	
Transportation Services Subtotal	517.9	499.7	18.2	(132.3)	(165.6)	33.3	385.6	334.1	51.4	86.7%	94.5%	90.6%
Environmental Services												
Water and Wastewater	552.1	564.6	(12.5)	(552.1)	(564.6)	12.5	0.0	0.0	0.0	0.0%	100.0%	
Waste Management	84.4	82.4	2.0	(29.1)	(30.7)	1.6	55.3	51.7	3.6	93.5%	98.6%	
Forestry	13.2	12.8	0.4	(1.4)	(1.1)	(0.3)	11.8	11.7	0.1	98.9%	100.0%	
Climate Change & Energy Conservation	1.5	1.2	0.4	(0.2)	(0.3)	0.1	1.4	0.9	0.5		80.4%	
Environmental Services Subtotal	651.2	661.0	(9.8)	(582.7)	(596.7)	14.0	68.5	64.3	4.2	93.9%	98.3%	96.0%
	<b>1,169.1</b>	<b>1,160.8</b>	<b>8.3</b>	<b>(715.0)</b>	<b>(762.3)</b>	<b>47.3</b>	<b>454.0</b>	<b>398.4</b>	<b>55.6</b>	<b>87.8%</b>		
<b>Community and Health Services</b>												
Public Health	136.6	122.9	13.7	(110.3)	(107.8)	(2.5)	26.3	15.1	11.2	57.3%	58.5%	
Paramedic Services	99.8	102.4	(2.6)	(52.1)	(54.9)	2.8	47.7	47.5	0.2	99.5%	93.0%	
Long Term Care/Seniors' Services	47.7	55.5	(7.7)	(23.4)	(42.3)	18.8	24.3	13.2	11.1	54.5%	70.8%	
Social Assistance	124.3	114.6	9.7	(113.1)	(107.6)	(5.5)	11.2	7.0	4.2	62.5%	57.5%	
Homelessness Community Programs	30.3	40.8	(10.5)	(16.9)	(32.1)	15.1	13.3	8.7	4.6	65.2%	63.3%	
Children's Services	290.1	239.6	50.4	(264.7)	(226.4)	(38.3)	25.4	13.3	12.1	52.3%	89.6%	
Housing Services	108.6	104.2	4.5	(38.0)	(34.6)	(3.4)	70.6	69.5	1.1	98.4%	97.6%	
Strategies and Partnerships	16.6	16.1	0.5	(1.3)	(1.6)	0.2	15.3	14.5	0.7	95.2%	110.6%	
Integrated Business Services	23.5	26.9	(3.4)	(1.1)	(0.0)	(1.1)	22.4	26.9	(4.4)	119.8%	126.6%	
	<b>877.5</b>	<b>822.9</b>	<b>54.7</b>	<b>(621.0)</b>	<b>(607.2)</b>	<b>(13.8)</b>	<b>256.5</b>	<b>215.6</b>	<b>40.9</b>	<b>84.1%</b>	<b>89.2%</b>	<b>81.4%</b>
<b>Corporate Management and Governance</b>												
Chair & Council	2.6	2.4	0.2	-	-	-	2.6	2.4	0.2	91.8%	100.0%	
Office of the CAO	18.4	16.9	1.5	(0.6)	(0.5)	(0.2)	17.8	16.4	1.4	92.3%	95.1%	
Legal Services	8.3	5.1	3.2	(0.5)	(0.5)	(0.0)	7.8	4.6	3.2	59.0%	75.1%	
Finance	23.9	21.9	2.0	(2.8)	(2.5)	(0.3)	21.1	19.4	1.7	92.0%	92.1%	
Information Technology Services	33.3	29.4	3.9	-	-	-	33.3	29.4	3.9	88.3%	91.3%	
Communications, Information and Data	17.0	14.5	2.5	(0.2)	(0.2)	0.1	16.8	14.2	2.6	84.8%	97.6%	
Planning and Economic Development	14.1	12.7	1.4	(5.3)	(7.8)	2.4	8.8	5.0	3.8	56.9%	69.9%	
Property Services	5.8	7.9	(2.1)	(1.5)	(3.0)	1.5	4.4	5.0	(0.6)	113.8%	n/a	
Less: Recovery from WWw (User Rate)	-	-	-	(5.3)	(4.3)	(1.0)	(5.3)	(4.3)	(1.0)	81.9%	100.0%	
<b>Total Regional Programs</b>	<b>2,170.0</b>	<b>2,094.4</b>	<b>75.6</b>	<b>(1,352.4)</b>	<b>(1,388.4)</b>	<b>36.0</b>	<b>817.6</b>	<b>706.0</b>	<b>111.6</b>	<b>86.3%</b>		
<b>Court and Tribunal Services</b>	<b>16.8</b>	<b>13.7</b>	<b>3.1</b>	<b>(17.2)</b>	<b>(13.7)</b>	<b>(3.6)</b>	<b>(0.5)</b>	<b>-</b>	<b>(0.5)</b>	<b>0.0%</b>	<b>n/a</b>	<b>n/a</b>
<b>Financial Initiatives</b>												
Fiscal Strategy	75.0	81.1	(6.1)	(7.0)	(13.5)	6.5	68.0	67.6	0.4	99.4%	100.0%	
Non-Program Items	29.3	27.4	1.9	(69.5)	(24.1)	(45.4)	(40.1)	3.3	(43.4)	-8.1%	100.0%	
Finance Other	-	4.9	(4.9)	-	(4.9)	4.9	-	-	-			
	<b>104.3</b>	<b>113.4</b>	<b>(9.1)</b>	<b>(76.5)</b>	<b>(42.5)</b>	<b>(34.0)</b>	<b>27.8</b>	<b>70.8</b>	<b>(43.0)</b>	<b>254.7%</b>	<b>100.0%</b>	<b>136.8%</b>
<b>External Partners</b>												
Property Assessment (MPAC)	21.8	21.7	0.1	-	-	-	21.8	21.7	0.1	99.5%	100.0%	
Hospital Funding	7.0	6.4	0.6	-	-	-	7.0	6.4	0.6	91.6%	100.0%	
Innovation Investment Fund	1.6	2.6	(1.0)	-	(1.0)	1.0	1.6	1.6	-	100.0%	100.0%	
Conservation Authorities	6.6	6.6	(0.0)	-	-	-	6.6	6.6	(0.0)	100.0%	100.0%	
GO Transit	2.5	3.4	(0.9)	(2.5)	(3.4)	0.9	-	-	-			
	<b>39.6</b>	<b>40.8</b>	<b>(1.2)</b>	<b>(2.5)</b>	<b>(4.4)</b>	<b>1.9</b>	<b>37.1</b>	<b>36.4</b>	<b>0.7</b>	<b>98.1%</b>	<b>100.0%</b>	
<b>York Region Rapid Transit Corporation</b>	<b>36.8</b>	<b>36.0</b>	<b>0.8</b>	<b>(33.2)</b>	<b>(32.4)</b>	<b>(0.7)</b>	<b>3.7</b>	<b>3.6</b>	<b>0.1</b>	<b>97.3%</b>	<b>100.0%</b>	<b>99.1%</b>
<b>YorkNet</b>	<b>3.2</b>	<b>3.2</b>	<b>0.0</b>	<b>(0.7)</b>	<b>(0.7)</b>	<b>0.0</b>	<b>2.4</b>	<b>2.4</b>	<b>0.0</b>	<b>100.0%</b>	<b>89.5%</b>	<b>96.0%</b>
<b>Total Operating Programs</b>	<b>2,370.6</b>	<b>2,301.4</b>	<b>69.2</b>	<b>(1,482.5)</b>	<b>(1,481.8)</b>	<b>(0.7)</b>	<b>888.1</b>	<b>819.6</b>	<b>68.5</b>	<b>92.3%</b>		
<b>York Regional Police</b>	<b>414.6</b>	<b>412.4</b>	<b>2.2</b>	<b>(37.8)</b>	<b>(44.7)</b>	<b>6.9</b>	<b>376.8</b>	<b>367.8</b>	<b>9.0</b>	<b>97.6%</b>	<b>99.9%</b>	<b>100.4%</b>
<b>Total Operating Budget</b>	<b>2,785.2</b>	<b>2,713.8</b>	<b>71.4</b>	<b>(1,520.2)</b>	<b>(1,526.8)</b>	<b>6.6</b>	<b>1,264.9</b>	<b>1,187.0</b>	<b>77.9</b>	<b>93.8%</b>	<b>94.6%</b>	<b>93.4%</b>

<sup>1</sup>Numbers may not add due to rounding



## Consolidated 2022 Year-End Capital Budget Summary

(in \$ Millions)	2022 Capital Budget <sup>1</sup>	In-Year Adjustments <sup>2</sup>	2022 Capital Budget after adjustments	Actual	Variance	2022 % Spent	2021 % Spent
<b>Public Works</b>							
Transportation Services							
Transit Services	143.9	-	143.9	105.0	38.9	73.0%	54.2%
Roads	276.6	-	276.6	176.9	99.7	64.0%	86.1%
<b>Subtotal</b>	<b>420.4</b>	<b>-</b>	<b>420.4</b>	<b>281.9</b>	<b>138.5</b>	<b>67.0%</b>	<b>79.0%</b>
Environmental Services							
Water Services	54.0	7.6	61.6	59.7	2.0	96.8%	89.3%
Wastewater Services	148.2	7.2	155.5	155.5	0.0	100.0%	90.0%
Waste Management	3.3	-	3.3	1.3	2.0	39.3%	47.4%
Forestry	3.9	0.2	4.1	4.0	0.1	98.4%	100.0%
Climate Change & Energy Conservation	1.2	-	1.2	0.5	0.8	38.0%	81.6%
<b>Subtotal</b>	<b>210.6</b>	<b>15.0</b>	<b>225.6</b>	<b>220.8</b>	<b>4.8</b>	<b>97.9%</b>	<b>90.1%</b>
<b>Community and Health Services</b>							
Public Health	2.0	-	2.0	0.2	1.8	7.5%	75.7%
Paramedic Services	23.9	-	23.9	8.3	15.6	34.7%	54.5%
Long Term Care/ Seniors' Services	6.9	0.8	7.7	0.8	6.9	10.0%	8.5%
Housing Services	104.0	(0.8)	103.3	35.1	68.1	34.0%	70.1%
<b>Subtotal</b>	<b>136.8</b>	<b>-</b>	<b>136.8</b>	<b>44.3</b>	<b>92.5</b>	<b>32.4%</b>	<b>57.8%</b>
<b>Corporate Management and Governance</b>							
Finance/ Information Technology Services	31.8	-	31.8	18.6	13.2	58.6%	67.2%
Property Services	23.2	4.1	27.4	15.9	11.4	58.2%	61.6%
<b>Subtotal</b>	<b>55.0</b>	<b>4.1</b>	<b>59.1</b>	<b>34.6</b>	<b>24.6</b>	<b>58.4%</b>	<b>63.9%</b>
<b>Total Regional Programs</b>	<b>822.9</b>	<b>19.1</b>	<b>842.0</b>	<b>581.6</b>	<b>260.4</b>	<b>69.1%</b>	<b>78.9%</b>
<b>Financial Initiatives</b>	<b>13.4</b>	<b>-</b>	<b>13.4</b>	<b>-</b>	<b>13.4</b>	<b>-</b>	<b>-</b>
Court Services	0.1	0.1	0.2	0.1	0.1	55.9%	50.9%
York Region Rapid Transit Corporation	9.2	11.3	20.5	17.6	2.9	85.8%	77.2%
YorkNet	26.5	0.1	26.6	11.7	14.8	44.2%	97.8%
York Regional Police	32.8	-	32.8	24.5	8.3	74.7%	78.1%
Yonge North Subway Extension	75.2	-	75.2	-	75.2	-	-
<b>Total Capital Budget</b>	<b>980.0</b>	<b>30.6</b>	<b>1,010.6</b>	<b>635.5</b>	<b>375.1</b>	<b>62.9%</b>	<b>79.0%</b>

## Notes:

<sup>1</sup> 2022 Budget as approved by Council on December 16, 2021

<sup>2</sup> In-year adjustments include those approved by Council on February 24, 2022, June 30, 2022 and September 29, 2022