

The Regional Municipality of York

Audit Committee
Finance and Administration
June 8, 2023

Report of the Commissioner of Finance

2022 Financial Statements and Auditor's Report

1. Recommendation

Council receive this report for information.

2. Summary

This report provides information to Council on the 2022 financial activities of the Region, as required by the *Municipal Act, 2001*.

The consolidated financial statements include the financial activities of the Region and all entities that are accountable to and controlled by the Region, including the York Region Police Services Board, Housing York Inc., York Region Rapid Transit Corporation, and YTN Telecom Network Inc.

Key Points:

- The Region achieved an operating surplus of \$78 million in 2022. After adjustments for reserves, debt and capital assets, the annual surplus for financial statement purposes was \$688 million
- The Region continued to save for future needs, including asset management by adding \$553 million to reserves, increasing the balance to \$4.8 billion by the end of 2022
- The audit opinion on the 2022 financial statements was issued without reservation or condition
- The Region received the Canadian Award of Excellence in Financial Reporting (CAnFR) and the Popular Annual Financial Reporting (PAFR) Award for the 2021 Annual Community Report and Highlights Report

3. Background

Municipalities are required to prepare financial statements and report them to Council

Under the *Municipal Act, 2001*, municipalities must:

1. Prepare financial statements in accordance with generally accepted accounting principles
2. Report the financial affairs of the municipality to Council
3. Appoint a licensed auditor who is responsible for auditing the accounts and transactions of the municipality

The consolidated financial statements are presented on a full accrual basis of accounting

On April 13, 2023, Council received the [2022 Financial Results – Unaudited Budget to Actual Comparison](#). This report was prepared on a modified accrual basis of accounting, the same method used to prepare the Region's Budget. The budget balances major cash inflows against major cash outflows, with the property tax levy as the main lever to achieve the balance.

In comparison, the consolidated financial statements, as shown in Attachment 1, are presented on a full accrual basis of accounting as the province requires municipalities to follow the accounting standards set by the Public Sector Accounting Board.

The differences between the two bases of accounting mainly relate to the treatment of reserves, debt and capital assets.

4. Analysis

The Region achieved an annual surplus of \$688 million for accounting purposes in 2022

On a modified basis of accounting, net operating expenditures were 93.8% of the 2022 budget at year-end, representing an operating surplus of \$78 million.

By comparison, the 2022 annual surplus was \$688 million after adjusting for net contributions to the Region's reserves (\$553 million), investments in capital assets (\$96 million) and investments in Regional Corporations (\$39 million).

The Treasurer's Report analyzes key financial results from the consolidated financial statements

The 2022 results compared favourably to the budget and detailed variance analyses and discussion can be found in the Treasurer's Report (Attachment 2). The Treasurer's Report focuses on the Consolidated Statement of Financial Position and the Consolidated Statement of Operations and Accumulated Surplus.

The Region continues to build a strong balance sheet through its commitment to the Regional Fiscal Strategy

Financial assets are assets that can be converted to cash in a short time. The Region's financial assets include cash and cash equivalents, investments, accounts receivable from third parties, and debt recoverable from local municipalities.

These assets totalled \$6.4 billion at the end of 2022, up by \$689 million from the previous year, largely reflecting the Region's strong operating performance for the year and its commitment to reducing reliance on debt and building reserves through the Regional Fiscal Strategy.

The Region's liabilities include gross long-term liabilities or debt, accounts payable and accrued liabilities, deferred revenue and employee benefit obligations. Liabilities other than debt increased by \$201 million, ending the year at \$2.1 billion.

Total debt, which is reported in the Consolidated Statement of Financial Position as gross long-term liabilities, decreased by \$19 million to total \$3.6 billion by the end of 2022.

In summary, the Region's net financial assets increased by \$507 million, ending the year at \$809 million.

The Region received two Government Finance Officers Association (GFOA) awards for excellence in financial reporting

The GFOA is a professional association serving more than 20,000 government finance professionals throughout North America. Its mandate includes promoting transparency, accessibility, and understandability of financial reporting.

For the 25th consecutive year, the Region's 2021 Community Report received the Canadian Award of Excellence in Financial Reporting (CAnFR). This award recognized the Region for easily readable and efficiently organized financial reports, and content conforming to reporting standards and GFOA guidelines.

The Region also received the Popular Annual Financial Reporting (PAFR) Award for the 2021 Annual Community Report Highlights. This summary report further promotes transparency and citizen engagement, particularly for members of the public who may not have a background in finance.

5. Financial

Regional Council directed \$14 million of the \$78 million 2022 operating surplus to support critical social infrastructure, as outlined on [April 13, 2023](#). The remainder of the operating surplus was distributed in accordance with the Region's Surplus Management Policy. The finalization of the audited financial statements did not change the operating surplus, or the distribution presented in April.


6. Local Impact

There are no local municipal impacts associated with this report.

7. Conclusion

The 2022 consolidated financial statements reflect the financial results and position of the Region, and are presented in accordance with the *Municipal Act, 2001* and Public Sector Accounting Standards.

For more information on this report, please contact Jason Li, Director, Controllershship Office, Finance at 1-877-464-9675 ext. 71683. Accessible formats or communication supports are available upon request.



Recommended by:

Laura Mirabella
Commissioner of Finance and Regional Treasurer



Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

May 25, 2023

Attachment 1 – 2022 Financial Statements and Auditor's Report

Attachment 2 – 2022 Treasurer's Report

15152129