York Region

Finance Department

MEMORANDUM

TO: The Chair and Members of Finance and Administration Committee

FROM: Bill Hughes, Commissioner of Finance and Regional Treasurer

DATE: October 24, 2011

RE: **York Region Credit Rating**

I am pleased to inform you that Moody's Investor Service has issued its highest credit rating, triple A, to York Region for the 11th consecutive year.

Moody's indicated that its rating reflected prudent and far–sighted fiscal management and a history of positive operating incomes on the part of the Region. Moody's credit rating is also in large part attributable to York's high reserve levels, which are a result of Council's commitment to increase reserves over many years. Although the major capital program currently in progress will lead to relatively high debt levels, Moody's notes that the Region's "ample reserves could be tapped as a source of liquidity to mitigate unanticipated shocks or insure against contingencies and thus enhance the Region's fiscal flexibility and constitute a significant credit positive."

Earlier this year, Standard and Poor's issued its highest credit rating for the Region for the 10th consecutive year. Many of the factors noted in the Moody's review were also noted by Standard and Poor's, including a history of strong operating surpluses, a highly diversified economy that is weathering the global economic slowdown well, and the strong levels of liquidity provided by large reserve balances.

Superior credit ratings have been important to York as they allow the Region access to capital market financing at the lowest cost possible. However, the need to maintain our credit rating has taken on added significance. The recent regulation passed by the Province to increase our debt room requires us to maintain a credit rating of at least Aa low. It therefore will be increasingly important to continue the policies that have resulted in York's excellent credit rating history.

Bill Hughes

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