



# 2015 Annual Report

for the year ended December 31, 2015



The Regional Municipality of Durham  
Ontario, Canada

# Table of Contents

<b>Introductory Information</b>	<b>7</b>
Durham Region at a Glance	8
Government Structure	10
Message from the Regional Chair and Chief Executive Officer	13
Message from the Chief Administrative Officer	15
Durham Regional Council	16
Standing Committees	17
Appointments to Agencies, Boards and Committees	19
Durham Region Strategic Plan 2015-2019	20
A Commitment to Performance Measurement	22
Message from the Commissioner of Finance and Treasurer	25
Local Economic Overview	25
Business Planning	28
2015 Property Tax Supported Budgets	30
2015 Average Residential Regional Property Taxes	32
Financial Results	33
Distinguished Budget Presentation Award	34
Reserve and Reserve Fund Management	35
Financial Statements and Financial Management	36
Financial Management Team	38
Canadian Award For Financial Reporting	38
<b>Financial Information</b>	<b>41</b>
<b>Consolidated Financial Statements</b>	<b>41</b>
Independent Auditor's Report	43
Consolidated Statement of Financial Position	44
Consolidated Statement of Operations and Accumulated Surplus	45
Consolidated Statement of Change in Net Financial Assets	46
Consolidated Statement of Cash Flows	47
Notes to the Consolidated Financial Statements	48
Consolidated Schedule of Deferred Revenue: Schedule 1	63
Consolidated Schedule of Tangible Capital Assets: Schedule 2	64
Consolidated Schedule of Segment Disclosure: Schedule 3	66
<b>Trust Funds Financial Statements</b>	<b>69</b>
Independent Auditor's Report	71
Trust Funds: Statement of Financial Position	72
Trust Funds: Statement of Financial Activities and Fund Balances	72
Notes to the Trust Funds Financial Statements	73
<b>Statistical Information</b>	<b>75</b>





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The Regional Municipality of Durham

Ontario, Canada

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This document was produced by the Finance Department,  
Regional Municipality of Durham



# Introductory Information

for the year ended December 31, 2015

The Regional Municipality of Durham

Ontario, Canada



# Durham Region at a Glance

The Region of Durham is situated in the highly developed and populated economic centre of Ontario, known as the Golden Horseshoe. Durham Region lies immediately to the east of the City of Toronto within the Greater Toronto Area and encompasses an area of more than 2,500 square kilometres. The area is characterized by a variety of landscapes and communities. A series of major lakeshore urban communities contrast with a variety of small towns, villages, hamlets and farms which lie immediately inland. The relatively flat lakeshore area is marked by bluffs, wooded creeks and ancient shoreline features. However, only 24 kms (15 miles) to the north of the lakeshore is the hummocky topography of the Oak Ridges Moraine. This diverse landscape of woods, headwaters, ridges and hollows gives way to rolling farmlands and lakes in the northern areas.

The Region shares prime access to the Great Lakes and northeastern markets of the continent. The area is well known for the strength of its education, health services, agri-business and manufacturing sectors which are continually undergoing rapid diversification. Durham is endowed with a young, skilled labour force. It has all the utilities, transportation and social infrastructure associated with modern metropolitan communities.



## Higher Education:

- University of Ontario Institute of Technology
- Durham College
- Trent University Durham
- Queen's University Family Medicine Residency Program

## Key Industries:

- Advanced Manufacturing
- Agri-business
- Digital Technologies
- Energy
- Tourism

The Regional Municipality of Durham consists of the Cities of Oshawa and Pickering, the Towns of Ajax and Whitby, the Municipality of Clarington and the Townships of Brock, Scugog and Uxbridge. Boasting a population estimated at 660,760, Durham Region is a growth municipality within the GTA and is projected to reach a target population of over 950,000 by 2031.

	Estimated Population	Square Kilometres
Town of Ajax	122,235	68
Township of Brock	11,585	425
Municipality of Clarington	94,035	613
City of Oshawa	161,095	146
City of Pickering	94,975	232
Township of Scugog	22,295	481
Township of Uxbridge	21,695	424
Town of Whitby	132,845	148
<b>Durham Region Total</b>	<b>660,760</b>	<b>2,537</b>

## Getting Here:

- Highway 401
- Highway 407 Express Toll Route
- Highway 7
- Highway 35/115
- Highway 2
- Highway 12
- Highway 48
- Canadian National Railway
- Canadian Pacific Railway
- GO Transit
- VIA Rail (interregional)
- Port of Oshawa (Deep Sea Port)
- Oshawa Municipal Airport
- Durham Region Transit


















# Government Structure

## Durham Region and Local Area Municipalities

The Regional Municipality of Durham was created on January 1, 1974 as a Regional Government in the Province of Ontario under The Regional Municipality of Durham Act, 1973. The Act established Durham Region as one of five regional governments within the Greater Toronto Area.

Durham Region's governance structure consists of two tiers: the Regional Municipality of Durham is the upper tier and the eight local area municipalities constitute the lower tier. The two-tiered structure is designed to retain closeness to the people while permitting a region wide approach to development, infrastructure and service delivery. Municipalities collaborate where appropriate to ensure effective and accountable service delivery.

The Region's local area municipalities have jurisdictional responsibility over the following service areas:

-  Local planning and development
-  Local roads, bridges, storm sewers and sidewalks
-  Fire protection and prevention
-  Parks and recreation
-  Property tax billing and collection
-  Building and plumbing inspections and permits
-  Business and lottery licensing
-  Vital statistics
-  Animal control
-  Library services
-  Municipal elections
-  Parking and local by-law enforcement
-  Property standards

## Corporate Structure

### Regional Council

#### Regional Chair & Chief Executive Officer

R. Anderson

#### Regional Council

28 Regional Councillors

#### Standing Committees\*

Health & Social Services

Planning & Economic Development  
Works

Finance & Administration

\*Effective September 2016 Regional Council will be piloting a Committee of the Whole governance structure until the end of this Council, November 30, 2018.

### Administration

#### Chief Administrative Officer

G.H. Cubitt

#### Regional Management Team

#### Commissioner of Finance and Treasurer

R.J. Clapp

#### Commissioner of Social Services

Dr. H. Drouin

#### Commissioner and Medical

#### Officer of Health

Dr. R. Kyle

#### Commissioner of Corporate Services

M. Gaskell

#### Commissioner of Planning and Economic Development

A.L. Georgieff (Retired 2016)

B. Bridgeman (Effective March 2016)

#### Commissioner of Works

C. Curtis

## Durham Region provides services across the eight local municipalities and has responsibility for the following service areas:

- Police services;
- Emergency 911 management system;
- Land ambulance/emergency medical services;
- Emergency management;
- Public health programs and services;
- Transit and specialized transit services;
- Delegated authority for local municipal official plans and amendments;
- Durham Region Official Plan and implementation;
- Strategic land use planning;
- Subdivision and condominium approvals;
- Industrial, commercial and residential development approvals;
- Land division consent applications;
- Economic development and tourism;
- Municipal water supply, treatment, distribution and billing;
- Municipal sanitary sewerage collection, treatment and billing;
- Regional roads, bridges and traffic signals and controls, and storm sewers on Regional roads;
- Solid waste management: promotion and education, processing, diversion and disposal;
- Blue Box collection in all local area municipalities and garbage, green bin, yard waste, bulky and white goods collection in Ajax, Brock, Clarington, Pickering, Scugog and Uxbridge but excluding Oshawa and Whitby;
- Child care centres, nursery school programs and Durham Behaviour Management Services;
- Long-term care and services for seniors;
- Family services and counselling;
- Housing and homelessness programs and services;
- Ontario Works programs and services;
- Borrowing for capital expenditures of Regional and local area municipalities;
- Property taxation policy; and,
- Provincial offences court, prosecution services, administration and collection of fines.







Message from

# Roger Anderson

Regional Chair and Chief Executive Officer

The Region of Durham remains focused on the long-term prosperity of our community. The 2015-2019 Strategic Plan, “Growing Together, Reaching Further, Aspiring Higher”, establishes the vision for our communities and guides the work of both Council and staff. The updated goals are based on four themes, including: economic growth, diversification and local employment; population health and quality of life; healthy environment and sustainable communities; and organizational health and service excellence. This collective direction for the Region’s future will form the basis for priorities, planning and programs.

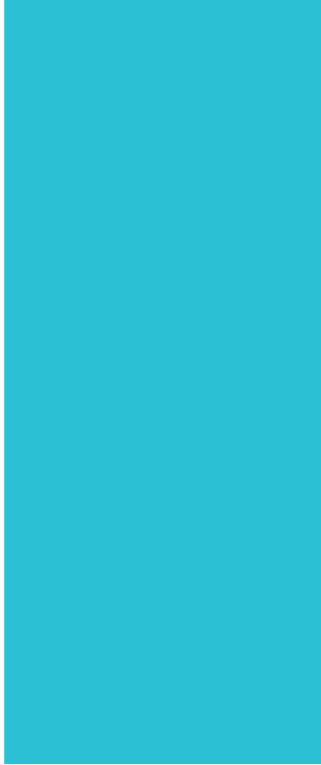
Regional Council continues to invest in key infrastructure that supports residents, industry, business and visitors. Through strategic investments in transit and transportation systems, waste management and community services, we continue to balance economic, social and environmental considerations.

This past year has marked the completion of a number of key projects across the Region. The first section of the new Highway 407 from Brock Road in Pickering to Harmony Road in Oshawa opened to drivers in spring 2016, helping to manage congestion and supporting economic growth in the region. Updates to the Durham Transportation Master Plan will support improved transit service and create additional and improved pedestrian and cycling facilities while managing growing traffic volumes. Network improvements will help to ensure people and goods can move effectively.

The Clarington Police Complex, including a new police station and high-tech forensic centre, opened in the fall of 2015. This facility will allow Durham Regional Police Service to better serve the community. Another significant project was the reopening of the Fairview Lodge long-term care home. This marked a homecoming of displaced residents and staff who were affected by a fire in the original facility in 2014. This new home completes the construction of all four long-term care homes in the Region.

With a renewed strategic direction to guide us, the Region is well-positioned to deliver on the priorities that are vital to the growth and vitality of our Region

Roger Anderson  
Regional Chair and CEO





Message from

# Garry H. Cubitt

Chief Administrative Officer

The work accomplished by staff of the Regional Municipality of Durham in 2015 makes me proud to lead such a great team. After gathering input from our community, we updated the Durham Region Strategic Plan as a guide to our activities for the next five years. With our renewed plan entitled “Growing Together, Reaching Further, Aspiring Higher”, we are committed to responding to evolving community needs in a clear and accountable way. The Plan establishes priorities for program and service delivery to help us allocate funds in a fiscally responsible and sustainable manner and gauge our progress towards our goals over the five year period.

In 2015, we marked a decade of progress in planning and implementing accessibility initiatives which are a key aspect of our commitment to service excellence. The Region has worked steadily and diligently to remove and prevent physical barriers to buildings, services and transit. We have revised policies and procedures, focused on staff training, and improved our technology to address attitudinal and service delivery obstacles. Durham has become an accessibility leader in Ontario.

Technology has been applied to improve information access and service delivery in several

program areas. The Durham Waste App provides residents with customized reminders of their waste collection dates on their smartphone or tablet. Information about current Works Department projects is now easily available online through the Construction, Design and Assessment Projects tool. The Health Department’s “Health Neighbourhoods” project illustrates health and socio-economic data on maps of the region to assist Regional staff and other agencies in targeting service delivery.

Climate change mitigation and adaptation initiatives continue to be implemented across program areas. Climate change considerations are now integrated into Regional decision-making processes to improve the resilience and sustainability of our operations. Energy conservation continued as a key priority in 2015 with building system improvements, lighting retrofits, major equipment upgrades and operational changes. Audit and technical studies identified more ways to achieve energy savings in the years to come.

In 2015, Regional staff continued to respond to provincial policy reviews such as the Coordinated Provincial Plans Review. They also adapted to new legislative and regulatory requirements that

govern our activities in areas like drinking water protection and social housing. They measured performance, conducted due diligence reviews, and implemented corporate service improvements to ensure that our residents receive high quality services and value for their investment of tax dollars.

Regional staff strives to live out the values identified in our Strategic Plan as the hallmarks of our organization: ethical leadership, accountability, service excellence, continuous learning and improvement and inclusion. In the years ahead, our commitment is to continue to provide responsive, accessible services that respect diversity and meet the evolving needs of the Durham community.

Garry H. Cubitt, MSW  
Chief Administrative Officer

# Durham Regional Council: Purpose and Composition



**Roger Anderson**  
Regional Chair and Chief  
Executive Officer

Legislative responsibility for the Regional Corporation is vested in Regional Council. Council leadership provides direction to administrative staff on the delivery of Regional services and infrastructure priorities. The Regional Council is comprised of the Regional Chair plus 28 Regional Councillors.

The Regional Chair is a directly elected position and is the head of Regional Council and the Chief Executive Officer (CEO) of the Regional Corporation. The Regional Chair presides over all Regional Council meetings and is also a member of each Standing Committee<sup>†</sup> of Regional Council.

The Mayors of each of the eight local area municipalities are Regional Councillors.



**Mayor Adrian Foster**  
Municipality of Clarington



**Mayor John Grant**  
Township of Brock



**Mayor John Henry**  
City of Oshawa



**Mayor Don Mitchell**  
Town of Whitby



**Mayor Gerri Lynn  
O'Connor**  
Township of Uxbridge



**Mayor Steve Parish**  
Town of Ajax



**Mayor Tom Rowett**  
Township of Scugog



**Mayor Dave Ryan**  
City of Pickering

Twenty Regional Councillors are directly elected as combined Regional and local representatives.



**John Aker**  
City of Oshawa



**Kevin Ashe\***  
City of Pickering



**Jack Ballinger**  
Township of Uxbridge



**Dan Carter**  
City of Oshawa



**Bob Chapman**  
City of Oshawa



**Lorne Coe\*\***  
Town of Whitby



**Shawn Collier**  
Town of Ajax



**Nancy Diamond**  
City of Oshawa



**Bobbie Drew**  
Township of Scugog



**Joe Drumm**  
Town of Whitby



**Derrick Glead\*\***  
Town of Whitby



**Colleen Jordan**  
Town of Ajax



**Bill McLean**  
City of Pickering



**Amy McQuaid-England**  
City of Oshawa



**Joe Neal**  
Municipality of Clarington



**John Neal**  
City of Oshawa



**Jennifer O'Connell\***  
City of Pickering



**David Pickles**  
City of Pickering



**Nester Pidwerbecki**  
City of Oshawa



**Elizabeth Roy**  
Town of Whitby



**Ted Smith**  
Township of Brock



**Willie Woo**  
Municipality of Clarington

<sup>†</sup>Effective September 2016 Regional Council will pilot a Committee of the Whole governance structure until the end of this Council in November 2018.

\*Councillor O'Connell served from December 2014 to October 2015 and resigned when elected as Member of Parliament for Pickering Uxbridge. Councillor Ashe was appointed November 2, 2015.

\*\*Councillor Coe served from December 2014 to February 2016 and resigned when elected as a Member of Provincial Parliament for Whitby - Oshawa. Councillor Glead was appointed February 2016.

# Standing Committees\*

## Health and Social Services Committee

The Health and Social Services Committee oversees programs that are administered by the Health and Social Services Departments. Both of these departments provide many services mandated by the Province of Ontario.

**Committee Members:** Councillor Coe\*\* (Chair), Councillor Carter, Councillor Drumm, Councillor McQuaid-England (Vice-Chair), Councillor Gleed\*\*, Councillor Joe Neal, Councillor Pickles\*\*, Councillor Smith and Regional Chair and CEO Anderson.

Responsibilities include:

- Land ambulance services/paramedic services (Region of Durham Paramedic Services);
- Long-term care facilities and services for seniors;
- Income and employment support, including Ontario Works programs and services;
- Public health programs and services;
- Housing services, homelessness prevention and services;
- Children's services including child care centres, nursery school programs and Durham Behaviour Management Services; and,
- Family services and counselling.

\*\*Councillor Coe served as Chair from October 2014 to February 2016. Councillor Pickles was appointed Chair in February 2016 and Councillor Gleed was appointed as a member of the Committee.

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## Planning and Economic Development Committee

The Planning and Economic Development Committee oversees the work of the Planning and Economic Development Department.

**Committee Members:** Councillor O'Connor (Chair), Councillor Aker, Councillor Henry, Councillor Mitchell, Councillor Parish, Councillor Rowett, Councillor Ryan (Vice-Chair) and Regional Chair and CEO Anderson.

Responsibilities include:

- Delegated authority for local area municipal official plans and amendments;
- Durham Region Official Plan and implementation;
- Industrial, commercial and residential development approvals;
- Economic development and tourism;
- Land division consent applications;
- Strategic land use planning; and,
- Subdivision and condominium approvals.

\*Effective September 2016 Regional Council will pilot a Committee of the Whole governance structure through the balance of this Council term to November 30, 2018. During the pilot period, all items that would normally be considered at the aforementioned Standing Committees will be considered at Committee of the Whole.





# Standing Committees (continued)

## Finance and Administration Committee

The Finance and Administration Committee is responsible for the work of the support departments and divisions, including the Chief Administrative Officer's Office, Finance, Corporate Services and the Durham Emergency Management Office.

**Committee Members:** Councillor Chapman (Chair), Councillor Ashe\*, Councillor Collier (Vice-Chair), Councillor Diamond, Councillor Drew, Councillor Foster, Councillor O'Connell\*, Councillor Roy and Regional Chair and CEO Anderson.

Responsibilities include:

- Business planning and budgets;
- Emergency management;
- Water and sewer billing/collections;
- Property tax policy;
- Provincial offences court, prosecution services, administration and collection of fines;
- Legislative, human resources, information technology and legal services (Corporate Services);
- Corporate Communications;
- Corporate records maintained under the custody of the Regional Clerk (Statutory Officer);
- Municipal infrastructure investment and financing;
- Financial reporting, disclosure and accountability;
- Borrowing for upper and lower tier municipalities;
- Economic/financial analysis, forecasts and reporting;
- Accessibility planning and reporting;
- Development Charges By-laws and studies;
- Performance measurement program;
- Centralized purchasing; and,
- Risk management and insurance.

\*Councillor O'Connell served from December 2014 to October 2015. Councillor Ashe was appointed November 2, 2015.

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## Works Committee

The Works Committee is responsible for oversight of the Region's Works Department.

**Committee Members:** Councillor Pidwerbecki (Chair), Councillor Ballinger (Vice-Chair), Councillor Grant, Councillor Jordan, Councillor McLean, Councillor John Neal, Councillor Woo and Regional Chair and CEO Anderson.

Responsibilities include:

- Provision and maintenance of municipal water supply, sanitary sewerage and solid waste management services;
- Operation and maintenance of Regional roads, bridges, traffic signals and Regional facilities; and,
- Planning, design, construction and management of sustainable Regional infrastructure, including: Regional roads and bridges; sewers; sewage treatment; water supply plants; water mains; reservoirs; and pumping stations.

# Appointments to Agencies, Boards and Committees

Regional Council makes appointments to agencies, boards and committees that provide services to residents of Durham Region, including the following:

## Health and Social Services:

- Affordable and Senior's Housing Task Force
- Association of Local Public Health Agencies
- Durham Advisory Committee on Homelessness
- Durham Nuclear Health Committee
- Durham Region Child and Youth Advocate
- Durham Region Non-Profit Housing Corporation
- Durham Regional Local Housing Corporation

## Inclusion and Accessibility:

- Accessibility Advisory Committee
- Local Diversity and Immigration Partnership Council

## Public Safety and Protection:

- 911 Management Board
- Durham Regional Police Services Board

## Planning and Economic Development:

- Business Advisory Centre Durham
- Canadian National Exhibition Association
- Development Charges Complaint Committee
- Durham Trail Coordinating Committee
- Durham Agricultural Advisory Committee
- Greater Toronto Area Agricultural Action Committee and Golden Horseshoe Food and Farming Alliance
- GTA Regional Investment Attraction Agency (NEWCO)
- Land Division Committee
- Royal Agricultural Winter Fair Association

## Environment and Climate Change:

- Central Lake Ontario Conservation Authority
- CTC (Credit Valley/Toronto/Central Lake Ontario) Source Protection Committee
- Durham Environmental Advisory Committee
- Durham Region Roundtable on Climate Change
- East Duffins Headwaters Committee
- Energy from Waste – Waste Management Advisory Committee
- Ganaraska Region Conservation Authority
- Kawartha Region Conservation Authority
- Lake Simcoe Region Conservation Authority
- Toronto and Region Conservation Authority
- Toronto and Region Conservation Authority Trail Guidelines Advisory Committee
- Trent Conservation Coalition Source Protection Committee

## Transportation:

- Durham Region Transit Advisory Committee
- Durham Region Transit Commission
- Durham Region Transit Executive Committee
- Greater Toronto Airports Authority
- Greater Toronto Airports Authority Consultative Committee

## Governance:

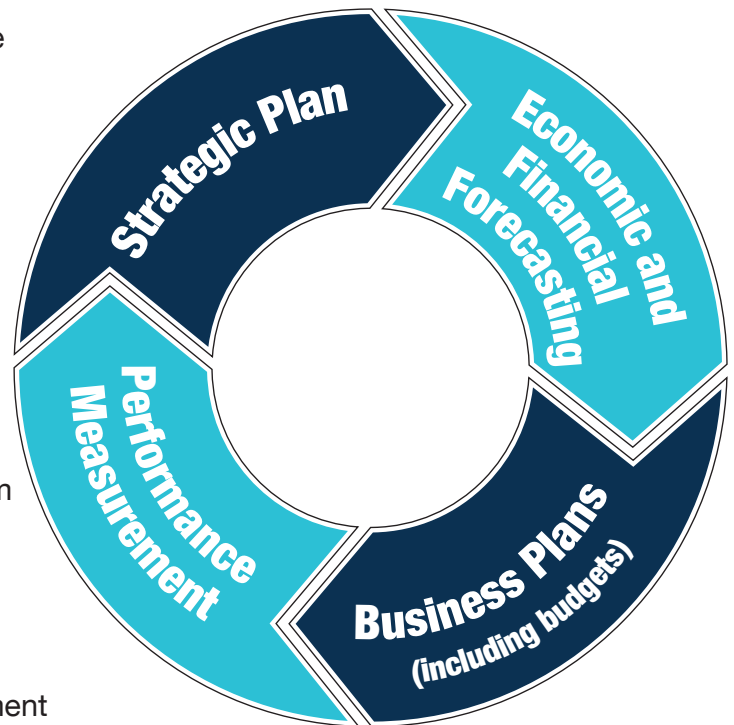
- Regional Council Composition Review Committee

For additional information on Durham's boards, committees or agencies, please visit the Regional website at [www.durham.ca](http://www.durham.ca), or contact the Region by telephone at 905-668-7711 or toll free at 1-800-372-1102, or email [info@durham.ca](mailto:info@durham.ca).

# Durham Region Strategic Plan 2015-2019

In 2015, Regional Council reviewed and updated the Durham Region Strategic Plan, “Growing Together, Reaching Further, Aspiring Higher” to reflect a renewed commitment to client-centred service and innovation as our Region continues to grow. The updated Strategic Plan is a solutions-focused document that is used to set priorities, focus the efforts of staff, and strengthen operations.

In support of the Region’s commitment to service excellence, the Strategic Plan is the cornerstone of the Region’s annual Business Planning Cycle, and is implemented through the outcomes of program Business Plans. The annual Business Planning Cycle involves strategic planning, forecasting and financial planning; multi-year studies; detailed business planning and budgets; and performance measurement and monitoring. All of these financial planning activities support the continuous improvement of Regional Services.



## Vision

Durham Region will be a united group of vibrant and diverse communities recognized for their leadership, community spirit and exceptional quality of life.

## Values

Our values drive our organizational culture and our behaviour in delivering our vision and mission. At the Regional Municipality of Durham, we value:

### Ethical Leadership

We demonstrate integrity and vision, providing the organization with good governance and management.

### Accountability

We respond to the changing needs of residents and other organizations by providing transparent government within a framework of financial stability.

## Mission

Meeting the current and future needs of the Durham community through leadership, co-operation, innovation and service excellence.

### Service Excellence

We encourage professional excellence through collaboration, partnerships and teamwork in an environment that fosters trust and respect.

### Continuous Learning and Improvement

We support life-long learning and commitment to innovation, research, knowledge exchange and ongoing program evaluation.

### Inclusion

We provide an accessible, inclusive environment that values the diversity of our staff and the community.



### **Population Health & Quality of Life**

Maintain and improve the health of our community and build a regional community that is inclusive, cohesive and welcoming.



### **Economic Growth, Diversification & Local Employment**

Strengthen the economy and promote more local employment.

# **Durham Region Strategic Plan**

### **Organizational Health & Service Excellence**

Deliver exceptional municipal services through strategic, compassionate and innovative leadership.



### **Healthy Environment & Sustainable Communities**

Protect, enhance and restore the natural environment and build resilient, safe communities that are supported by reliable, affordable transportation systems and services.



# A Commitment to Performance Measurement

The objectives of performance measurement are to improve service delivery, facilitate strategic discussion and increase accountability to taxpayers. The Region has established practices of developing and reporting performance measures as part of the annual business planning cycle. This includes identifying and reporting on key performance measures in the annual Multi-Year Economic and Financial Forecast Report; Servicing and Financing Studies for Transportation, Transit, Solid Waste Management, Water, Wastewater and Social Housing; the Asset Management Report and the annual business plans and budgets.

The Region's commitment to service excellence is rewarded through achievement of the highest credit rating of Triple 'A' from both Moody's Investor Services and S&P Global Ratings.

The Municipal Benchmarking Network Canada (MBNCanada), formerly Ontario Municipal Benchmarking Initiative (OMBI), is a collaboration of 16 municipalities from six provinces across Canada. The initiative is led by a Board of Chief

Administrative Officers and City Managers from each participating municipality. This collaborative effort provides the opportunity to work together and learn from each other with the common goal to improve municipal services.

The commitment to performance measurement adds to the Region of Durham's already strong reputation for being accountable and transparent in the planning and delivery of municipal services. The 2014 Performance Measurement Report is available on the MBNCanada website [www.mbnCanada.ca](http://www.mbnCanada.ca). The goal of the report is to provide information that measures how efficiently and effectively programs and services are delivered and promote improvement.

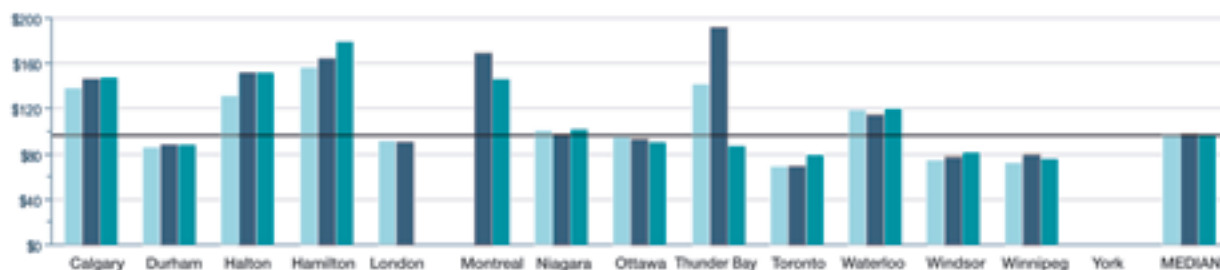
The results of the performance measurement program act as a source of information to assist Regional Council, staff and citizens in understanding how their municipality is performing over time and in relation to other municipalities. The report highlights 37 service areas, of which Durham is identified in 25, with the balance of the services provided by single tier municipalities.



The following are two examples from the 2014 OMBI Performance Measurement Report:

### What is the total cost to collect a tonne of waste?

**Fig 34.2** Total Cost for Garbage Collection per Tonne - All Property Classes (includes amortization)



2012	\$139	\$88	\$132	\$157	\$92	N/A	\$101	\$95	\$142	\$69	\$119	\$75	\$73	N/A	\$98
2013	\$147	\$88	\$153	\$165	\$91	\$170	\$97	\$93	\$192	\$69	\$115	\$77	\$80	N/A	\$97
2014	\$148	\$88	\$153	\$180	N/A	\$147	\$102	\$91	\$87	\$79	\$120	\$82	\$76	N/A	\$97

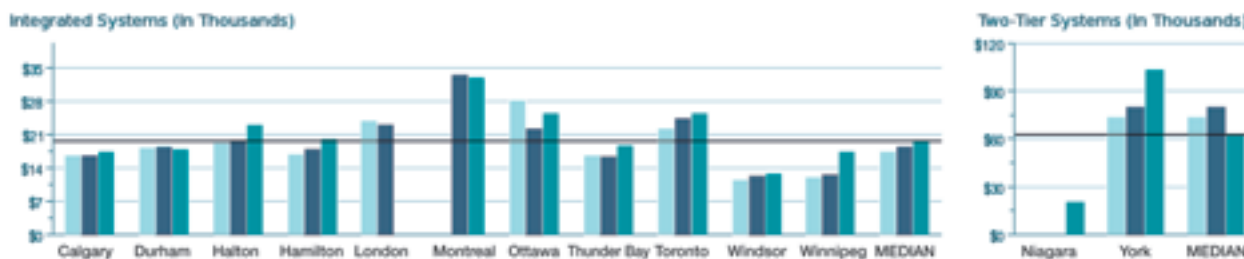
Source: SWST311T (Efficiency)

Note: All Property Classes includes residential and ICI (Industrial, Commercial and Institutional) locations.

Comment: York Region operates a two-tier system and although it is not responsible for curbside collection, the Region is responsible for all processing. Therefore, York is able to report the total tonnes collected (see Fig 34.1 – SWST205); however York does not report the Total Cost.

### What is the total cost for the distribution and transmission of drinking water?

**Fig 36.3** Total Cost for the Distribution/Transmission of Drinking Water per Km of Water Distribution Pipe (includes amortization)



2012	\$16,495	\$18,287	\$19,180	\$16,815	\$23,970	N/A	\$28,284	\$16,743	\$22,142	\$11,608	\$12,068	\$17,551
2013	\$16,578	\$18,401	\$19,630	\$18,009	\$23,153	\$33,396	\$22,207	\$16,491	\$24,540	\$12,402	\$12,882	\$18,401
2014	\$17,516	\$17,986	\$23,065	\$20,122	N/A	\$33,034	\$25,394	\$18,835	\$25,414	\$12,912	\$17,479	\$19,479

Niagara	N/A	\$73,837	\$73,837
York	N/A	\$80,515	\$80,515
MEDIAN	\$21,201	\$103,808	\$62,505

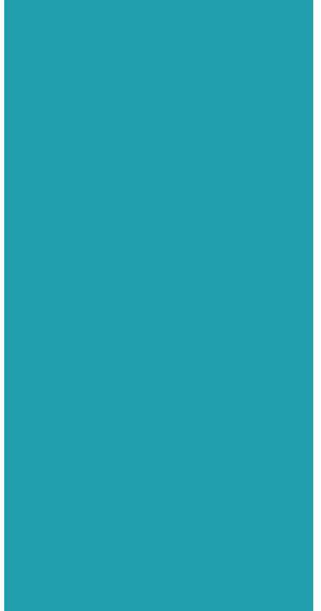
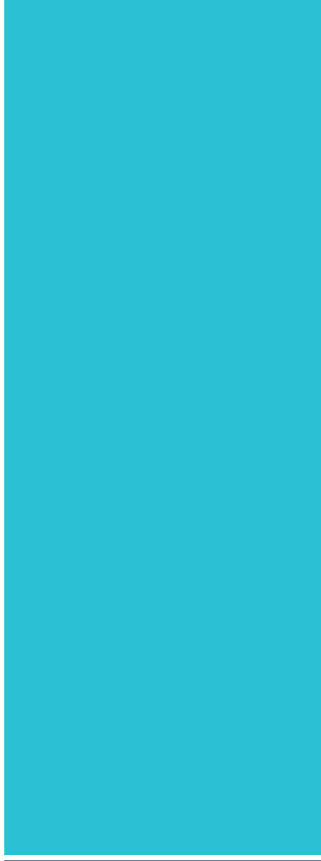
Source: WATR305T (Efficiency)

Note: Municipalities providing service over a broad geographic area generally have higher operating costs due to the number and type of water treatment facilities operated and the distance between the individual systems. This has an impact on the daily operating costs for both the treatment and distribution of drinking water. The amortization cost component can vary significantly from year to year depending on the type of infrastructure, capital fund expenditures, etc.

**Integrated Systems:** The term applies to municipalities that have full responsibility for all water activities including treatment, transmission, storage and local distribution.

**Two-Tier Systems:** The term applies to municipalities that have responsibility for components of water activities such as water treatment, water transmission and major water storage facilities; and whereas local municipalities are responsible for local water distribution systems and storage facilities.

Comment: Waterloo is not responsible for distribution or transmission, therefore results are not available for this measure.





Message from  
**R.J. Clapp**

Commissioner of Finance and Treasurer

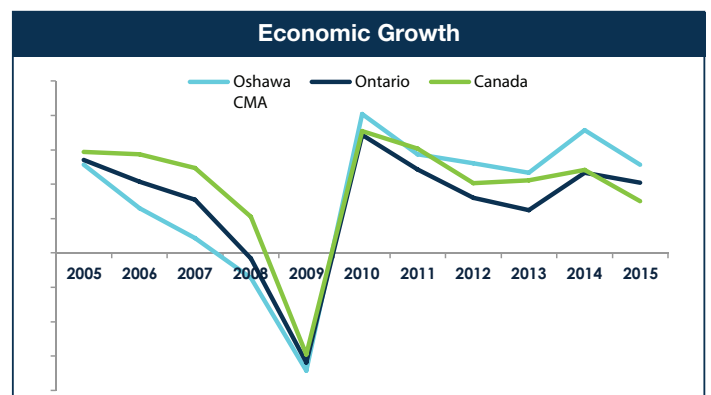
I am pleased to present the annual financial results for the Regional Municipality of Durham, Ontario, Canada for the year ended December 31, 2015. The financial results reflect the Region's best practice financial policies and processes which continue to support the efficient and cost-effective delivery of Regional programs and services.

“The region has a robust financial planning process in place that ensures communication among departments and allows it to assess risks and adjust targets throughout the fiscal year to address economic and fiscal challenges. It also completes a number of annual studies on user rates and services, which we consider well-documented and based on realistic assumptions, that feed into long-term economic and business plans and budgets.” — S & P Global Ratings, March 2, 2016

## Local Economic Overview

The economic strength of Durham Region is enriched by Regional Council's investments to meet growth demands balanced with investments in the maintenance and renewal of existing services and infrastructure. New infrastructure opening throughout the region includes: the Highway 407/412 link; the Durham York Energy Centre; the Bus Rapid Transit system; the refurbishment of Darlington Nuclear Station and the opening up of developable lands along Highway 407 (in the Seaton Community in northern Pickering and in West Whitby). This ongoing expansion of infrastructure and servicing combined with a relatively affordable real estate market ensures that population growth will remain strong. With an estimated population of 660,760 in 2015, the Region has grown by 53,000 residents since the census five years ago (2011), and is projected to increase a further 45 per cent by 2031 to 950,000.

Economic growth in 2015 for the Oshawa Census Metropolitan Area (CMA) continued to outpace national (1.5 per cent) and provincial (2.0 per cent) levels. With economic growth at 2.6 per cent year over year, rapid population growth and a growing and diversifying economy, the Region's focus continues to be on the provision of supporting infrastructure.





## Durham's Triple A Credit Ratings Upheld

In 2015, both Moody's Investors Services, Inc. and S&P Global Ratings reaffirmed the Region's long-standing "Triple A" credit rating with a stable outlook for Durham's long-term debentures. This rating confirmation sustains the Region's position in a select group of municipalities that have exemplary reputations in the investment community and are seen as leaders in fiscal responsibility and integrity management.

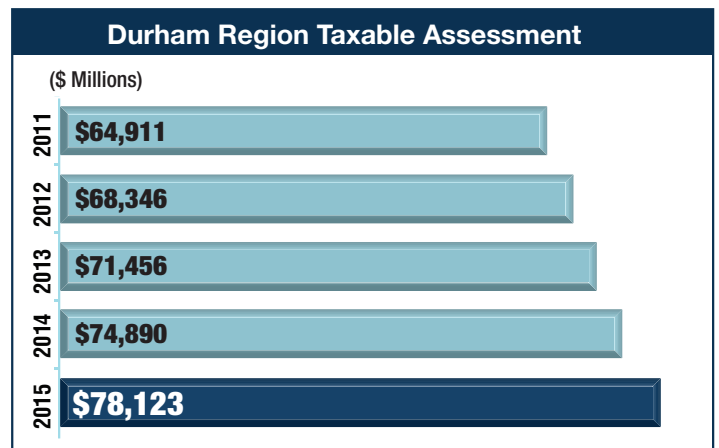
"The Aaa rating assigned to the Regional Municipality of Durham benefits from (1) the regional municipality's low debt burden and sizable reserves which provide financial flexibility; (2) conservative fiscal management and budgeting practices and (3) a track record of strong gross operating balances and cash financing surpluses. A growing population and a rising and relatively affluent tax base continues to provide ample support for the operating and infrastructure needs of the region." – **Moody's Investors Service Inc., January 14, 2016**

"Durham adheres to prudent debt and liquidity policies, in our view. Detailed cash flow planning and strong reserve levels support the region's pay-as-you-go financing policy and have allowed it to internally finance a significant number of projects. We believe the policies and processes continue to translate into strong budgetary results and a very low and manageable debt burden." – **S&P Global Ratings, March 2, 2016**

### Taxable Assessment

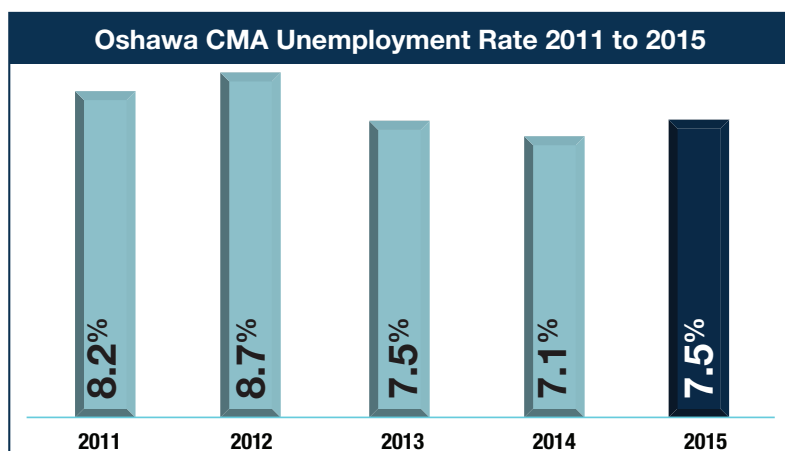
Durham Region's taxable assessment base continues to increase, exceeding \$78.1 billion in 2015, an increase of 4.3 per cent compared to 2014. The increase includes the effects of Provincial reassessment (3.1 per cent valuation increase) and taxable assessment growth (1.2 per cent).

Property assessment and classification services are provided by the Municipal Property Assessment Corporation (MPAC) for over 200,000 residential and non-residential properties in Durham Region.



## Unemployment Rate

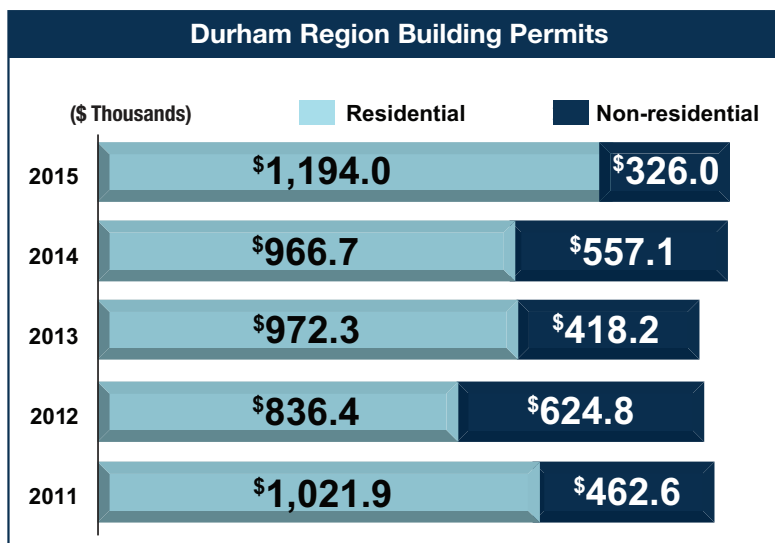
The annual unemployment rate within the Oshawa CMA, as reported by Statistics Canada remains below the five year average of 7.8 per cent in 2015, increasing slightly from 2014 to a rate of 7.5 per cent. In 2015 the Oshawa CMA unemployment rate was higher than both the national (6.9 per cent) and provincial (6.7 per cent) averages, for the first time in two years.



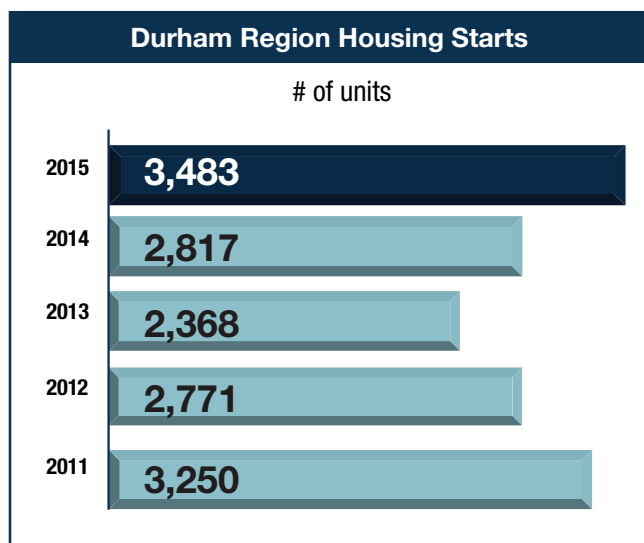
Source: Statistics Canada, Table 282-0129

## Building Permits & Housing Starts

In 2015, building permits valued at \$1.5 billion were issued, consisting of \$1.2 billion in residential building permits and \$0.3 billion in non-residential building permits. At \$1.5 billion, the total 2015 building permit value was above the five year average and on par with the 2014 level. With close to 3,500 housing starts in 2015, the number of starts increased in Durham Region by 23.6 per cent or more than 650 units over 2014. Housing starts in 2015 were well above the five year historical average of 2,938 and represented an eight year high.



Source: Durham Region Planning and Economic Development Department



Source: Canadian Mortgage and Housing Corporation (CMHC)

## Business Planning



The Region's annual Business Plans and Budgets provide informative and accurate Business Planning and Budget data to a range of different stakeholders including:

- Standing Committees\*
- Regional Council
- Outside Boards & Agencies
- Regional Staff
- Regional Taxpayers
- Bond Rating Agencies
- Investors
- The General Public

Strategic actions are prioritized under the guidance of the Durham Region Strategic Plan, which was developed through a consultative process with the public. Regional departments use this document to guide program reviews and multi-year business plan development, which is the basis for the development of the Region's Five-year Economic and Financial Forecast and Budget Guidelines report.

The Region of Durham's Business Plans and Budgets support the Region's Strategic Plan and provide a foundation and starting point for the multi-year business planning cycle, including an assessment of the economic and financial environment and performance measurement initiatives. The Business Planning process also provides Regional Departments and Regional Committees and Council with

The Region's Business Planning process includes: strategic planning, economic and financial forecasting, long-term studies, financial planning, property tax guidelines, detailed business plans and budgets, and performance measurement. Fiscal accountability is strengthened by the multi-year planning of expenditures, financing and risk mitigation. Public reporting is an essential component throughout each stage of the process.

multi-year financial and economic projections to enable the realistic development and prioritization of programs and services and the maximization of efficiencies and affordability for Regional taxpayers. Through the development of the Region's Five-year Economic and Financial Forecast, the following information is presented:

- Future commitments and resource demands facing the Region are identified to enable

\* Effective September 2016 Regional Council will pilot a Committee of the Whole structure.

prudent and timely adjustments to Regional priorities where required;

- Short and long-term risks and uncertainties and recommendations to minimize their potential impact;
- Forecasts of available funding for Regional infrastructure and programs and the likelihood that services can be sustained or new investments made;
- Separate annual servicing and financing studies are also completed for major program areas, including transportation (Regional roads and transit services), water supply, sanitary sewerage, solid waste management and social housing;
- A comprehensive multi-disciplinary review of the Region's infrastructure is conducted annually, culminating in the Asset Management Plan report;
- An annual review of property taxation and assessment policy provides Regional Council with the Long-Term Strategic Property Tax Plan which outlines annual property assessment impacts including assessment growth, assessment appeals, municipal tax ratios, property tax comparisons, and risks associated with Provincial property taxation policy changes.

Programs are continuously monitored, measured and evaluated through performance measurement processes, including: measures incorporated into business planning documentation for program areas and measures developed and reported through collaborative initiatives with other municipalities (e.g. Municipal Benchmarking Network Canada, formerly Ontario Municipal Benchmarking Initiative, and the National Water and Wastewater Benchmarking Initiative). Performance measurement assists staff, Regional Council and its Standing Committees in reviewing, improving and reprioritizing program initiatives to ensure maximum efficiency and enhanced service delivery.

The Regional Municipality of Durham relies on a solid record of long-term financial planning to meet obligations, accommodate pressures and respond to uncertainties. Commitments to the prudent financing of major capital projects, maintenance of strong reserves and reserve funds, a balanced burden of debt and maintenance of adequate liquidity and financial flexibility allow the Region to proactively address fiscal challenges and ensure long-term financial sustainability.



## 2015 Property Tax Supported Budgets

The approved 2015 Regional Business Plans and Budgets maintain existing service levels while providing additional funding for infrastructure and transit service enhancements which are priorities of Regional Council. Highlights of the property tax supported 2015 business plans and budgets include the following:

- Construction of roads and bridges totaling \$74.2 million, including:
  - \$23.8 million for road rehabilitation (an increase of \$3.5 million over 2014);
  - \$23.1 million for road expansion projects;
  - \$16.3 million for Highway 407 related works;
  - \$5.6 million for traffic control and other traffic related items; and,
  - \$5.4 million for bridges
- Opening of Phase One of Clarington Police Complex (\$0.4 million partial year operating costs);
- Nine new and replacement ambulances (\$1.4 million);
- Commencement of construction on the Sunderland paramedic response station (\$4.5 million total cost);
- Regional Transit service enhancements (\$0.3 million), specialized service increase to meet growing demand (\$0.7 million) and the provision of \$7.6 million in capital requirements for replacement buses, shelters and facility improvements;
- The new Fairview Lodge long-term care home; and,
- The new Durham York Energy Centre, with operational increases offset by electrical generation revenues and decreases in landfill disposal and haulage costs.



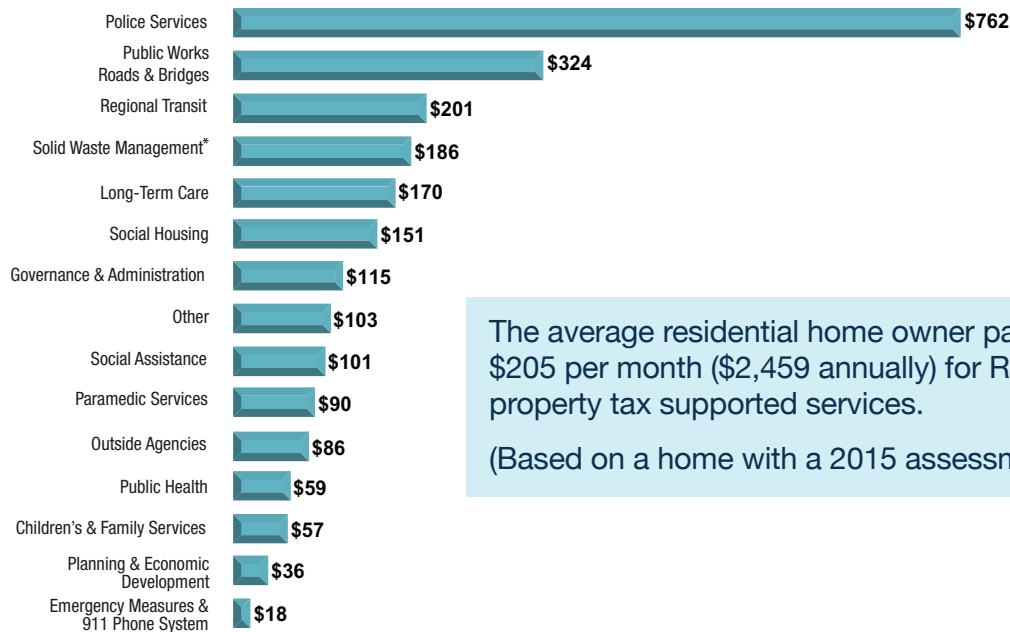


## 2015 Average Residential Property Taxes

The average residential property taxpayer in Durham Region paid \$2,459 in Regional property taxes in 2015 (excluding the local municipal and provincial education portion). This amount is based on an average residential home with a current value assessment of \$351,000.

The chart below provides the breakdown of property taxes for the average Regional residential property taxpayer in 2015.

### Average Annual Regional Residential Property Taxes by Major Service Area



The average residential home owner pays approximately \$205 per month (\$2,459 annually) for Regional property tax supported services.

(Based on a home with a 2015 assessment of \$351,000)

\*Waste collection services are provided locally by Oshawa and Whitby and by the Region in the other six local municipalities. As a result, the Regional property taxes for Oshawa and Whitby are slightly less than the other six local municipalities.

Water supply and sanitary sewerage services and infrastructure are funded by water and sewer user rates with no funding from Regional property taxes. The 2015 Regional user rates charged to residential water and sewer customers represent an annual cost estimate of approximately \$412 for water supply services and \$451 for sanitary sewerage services for the average Regional home.



# Financial Results

## Tangible Capital Assets

The net book value of the Region's tangible capital assets at December 31, 2015 was \$3.8 billion. Net book value is the cost of assets put into service, less the accumulated amortization recorded at December 31, 2015.

Regional Council annually allocates funds to ensure infrastructure rehabilitation and replacement requirements are addressed through business planning and budget deliberations.

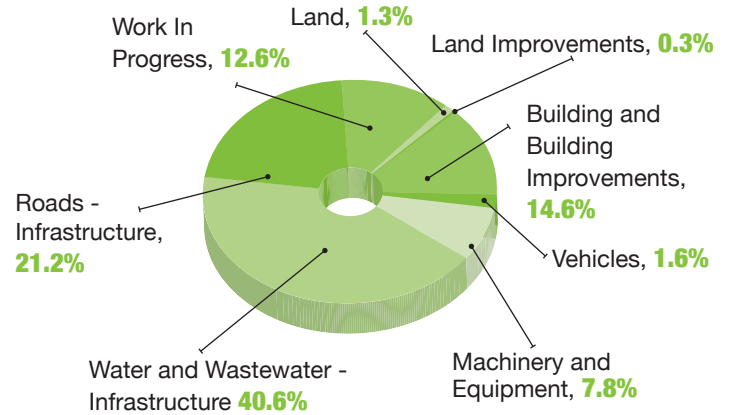
Capital spending in 2015 included capital improvements, replacements and additions required to accommodate expanded water supply, wastewater, transportation, solid waste and police services infrastructure. The Region's 2015 capital expenditure program was financed from property taxes, user rates, reserves and reserve funds, developer contributions, subsidies and recoveries.

## Asset Management

The Region's infrastructure supports both the health and well-being of Durham residents and stakeholders, and the Region's growing and vibrant local economy. A formal asset management program was established at the Region of Durham in 2004 and since then Durham has conducted this annual comprehensive multi-disciplinary study integrating the Region's various systems of asset management across program areas into a broad-based corporate strategy. This study sets the stage for additional strategic and financial infrastructure planning, which continues over each phase of the Region's annual business planning cycle. Asset management information is used throughout the planning process, including in the economic and financial forecast and budget guidelines report, in the servicing and financing studies for major program areas, and subsequently in the detailed individual program business plans and budgets.

The Region's annual Asset Management Study provides details relating to the Region's overall state of infrastructure, levels of service, asset management strategy, and related financing strategy which assesses available financing sources and plans for the implementation of the Asset Management Plan.

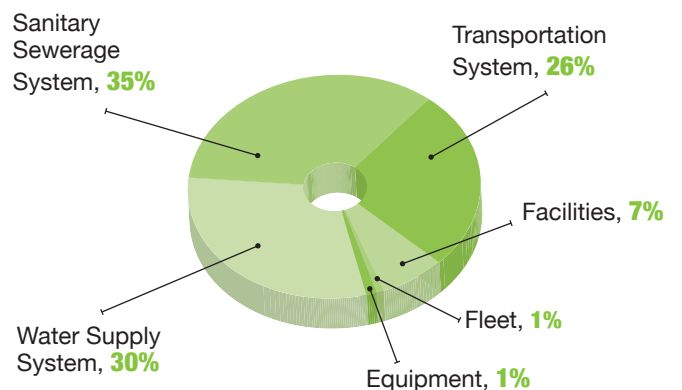
2015 Net Book Value (\$3.8 Billion)



The Region's Asset Management Study incorporates provincial and federal government requirements related to asset management planning, including the recording of tangible capital assets and asset management plan reporting requirements.

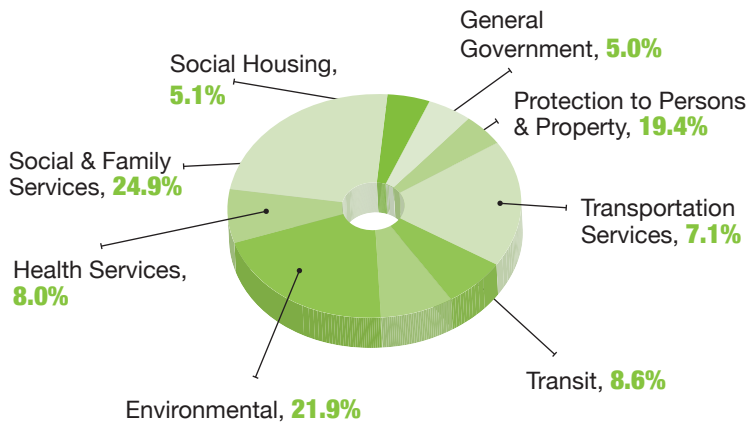
Regional infrastructure assets had an estimated replacement value of \$12.5 billion at year-end 2015. Based upon replacement, rather than historical costs, this estimated value is a key input to the development of financing strategies to ensure program sustainability over the life cycles of Regional assets.

2015 Replacement Value by Asset Class (\$12.5 Billion)





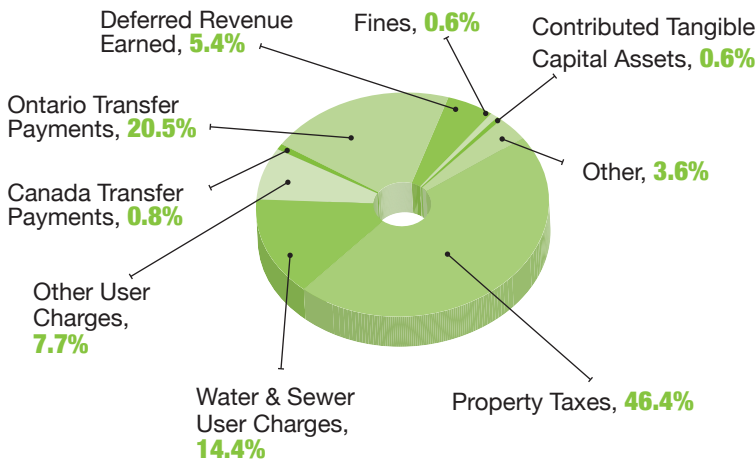
## 2015 Operating Expenses (\$1.1 Billion)



## Operating Expenses

Expenses for operations increased in 2015 by 0.25 per cent from \$1,092.6 million in 2014 to \$1,095.3 million.

## 2015 Revenues (\$1.3 Billion)



## Revenues

Total Revenues in 2015 (\$1.3 billion) were utilized to finance operations, reserve and reserve fund contributions and tangible capital asset acquisitions. Revenues include property taxation; user charges; provincial and federal government transfers and subsidies; contributions from development charges for growth related capital and other conditional subsidies (Deferred revenue earned); as well as Provincial Offences Act fines. Revenue from property taxes increased from \$587.6 million in 2014 to \$602.2 million in 2015, due to assessment growth and a Regional property taxation budgetary impact of 1.0 per cent.



## Distinguished Budget Presentation Award

The Region of Durham has been awarded the highly prestigious Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA conferred the honour for the 2015 Business Planning and Budget process and documentation. This is the fourth consecutive Distinguished Budget Award Presentation for the Region of Durham.

“The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Regional Municipality of Durham, Ontario for its annual budget for the fiscal year beginning January 1, 2015. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.” — **GFOA, October 9, 2015**

# Reserve and Reserve Fund Management

Recognizing their importance to the overall financial strategy, the Region maintains strong reserve and reserve fund positions, to ensure financial flexibility and minimal impacts from growth and future liabilities.

## Reserves Set Aside by Council

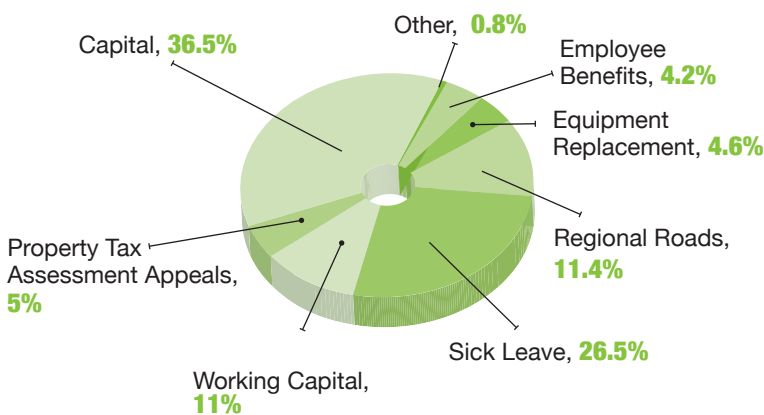
Reserves set aside by Council as at year-end 2015 totalled \$394.7 million. The Region's reserves are established for various reasons. Reserves provide working capital to mitigate fluctuations in annual cash flows. Various reserves provide the Region with financing for future liabilities. Other reserves are established to enable up-front financing of major capital expenditures, or are used to finance projects budgeted in one year, but with construction taking place over more than one year.

## Reserve Funds Set Aside for Specific Purpose by Council

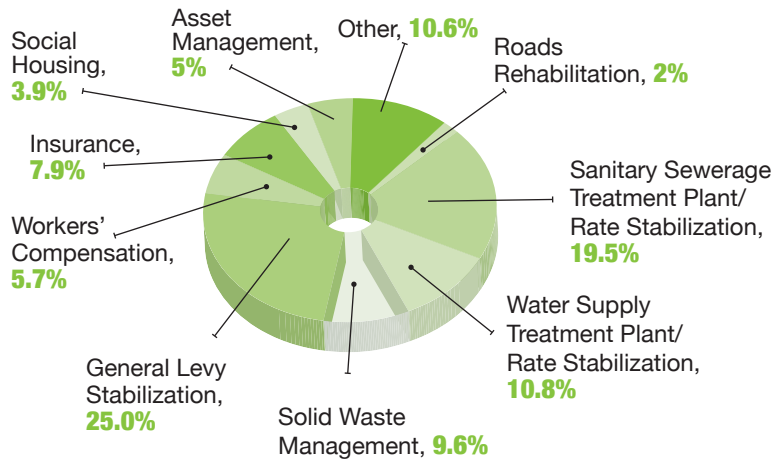
Reserve funds are monies set aside to finance more specific future costs. The Region's reserve funds totalled \$644.4 million at year-end 2015 and included contributions to specific reserve funds, based on strategic assessment of potential capital requirements and long-term financing strategies to accommodate future requirements: e.g. sanitary sewerage treatment plant/rate stabilization; water supply treatment plant/rate stabilization; roads rehabilitation; asset management; and social housing reserve funds.

Regional reserve and reserve fund balances are continuously monitored to ensure they are sustained at adequate and appropriate levels to meet present and future requirements.

**2015 Reserves (\$394.7 Million)**



**2015 Reserve Funds (\$644.4 Million)**



## Debt: Policy and Position

Debt management policies are governed by provincial legislation and Regional Council. The Region issues debt only for major capital projects. Strong reserves and reserve funds allow the Region to balance debt issuance and reduce debenture interest costs through the prudent up-front financing of major capital projects. Forward looking financing strategies permit the Region to ensure the provision of a sustainable capital infrastructure over the long-term, while maintaining the flexibility to mitigate any future risks or uncertainties.

The Region's overall responsibility includes debenture debt totalling \$338.8 million at December 31, 2015; however, \$135.7 million, or 40.1 per cent, was issued on behalf of Durham local area municipalities, who maintain their own responsibility for repayment of related principal and interest.

The Region did not issue new debt in 2015. The Region's net debt burden decreased by \$30.2 million to \$203.1 million at December 31, 2015, due to debt repayment, excluding debenture debt to be recovered from the local municipalities. The Region continues to be the legislated authority for debt issuance on behalf of the local municipalities within its jurisdictional boundaries.

## Financial Statements and Financial Management

The consolidated financial statements and all other related information contained in this 2015 Annual Report are the responsibility of the management of the Regional Corporation.

### Financial Accountability

The Region fully supports the goal of financial accountability to taxpayers, a core objective of all Regional corporate strategies and the Durham Region Strategic Plan. Budget management and purchasing policies provide an accountability framework to establish the extent of authority for spending decisions and outline the discretion permitted in those decisions delegated by Regional Council.

Durham Region is an active voluntary member

of various performance measurement initiatives, including the Municipal Benchmarking Network Canada (formerly Ontario Municipal Benchmarking Initiative), a national municipal initiative to identify and share best practices including service efficiency and quality.

### Financial Management Controls

Management maintains systems for accounting, business planning and budgeting, and internal audit, as well as other internal administrative and financial controls. These controls provide assurance that transactions are appropriately authorized and recorded accurately; that assets are secured and accounted for; and, that the integrity and completeness of financial records are maintained. Regional Council has sole authority to allocate funds through the approval of the Region's operating and capital business plans and budgets.

The Region's internal audit function is maintained through an audit committee comprised of the Office of the Commissioner of Finance (includes involvement of the Treasurer and senior staff audit positions), the CAO and the Regional Chair and CEO. The committee meets at least annually regarding audit results and any management or control issues. Independent external audit processes are also conducted periodically by external auditor Deloitte LLP, at the discretion of this senior management group, who reviews findings and implements corrective actions or improvements, where necessary, under appropriate reporting mechanisms.

The Region's Purchasing By-law and Budget Management Policy, in conjunction with other Regional policies and provincial legislation, govern the fiscal responsibilities of the administration. Regional By-laws and policies prescribe purchasing, accounting, investment, risk management and debt policies and procedures to ensure effective and clear guidelines for expenditures and the requisition of goods and services. The Budget Management Policy addresses the balance between expenditures and the availability of funding.

The Region of Durham's commitment to long-term financial planning and sound fiscal policies provides a solid foundation for financial management and assists in maintaining a sensible and sustainable capital financing structure. Two key financing policies are 'pay-as-you-go' capital financing and 'growth-pays-for-growth' development financing. To minimize debenture costs, the Region's 'pay-as-you-go' policy encourages long-term infrastructure planning and the accumulation of funds for major projects, balanced debt levels and enhanced financial flexibility. The 'pay-as-you-go' financing philosophy, low levels of debt issuance, strong reserve and reserve fund strategies, and 'growth-pays-for-growth' development financing policy contribute to the Region's fiscal strength and are consistently recognized by bond rating agencies.

The 'growth-pays-for-growth' development finance policy is implemented through Development Charges By-laws, and is reviewed at least every five years. Development charges are collected and held to finance future growth related projects. In 2015, development charges collected totalled \$69.2 million, for a total balance of \$460.0 million at December 31, 2015. The use of development charge financing for Durham's current year's capital program is restricted to the available funding from the prior years' development charge receipts. This policy allows the Region to meet commitments regardless of current year building activity (i.e. the development charge fund balances at December 31, 2015 determined available financing for 2016 growth-related capital programs).

## Accounting and External Audit

Consolidated financial statements have been prepared in accordance with accounting policies established for governments by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The Region, as required by the Municipal Act, 2001, engaged an independent auditor to express an opinion as to whether its 2015 consolidated financial statements present the Region's financial position and operating results fairly in all material respects.

The 2015 Consolidated Financial Statements and Trust Funds Financial Statements have been independently audited by Deloitte LLP. The Independent Auditor's Reports, included within this document, confirm the fair presentation of Durham's financial position, operations and accumulated surplus, change in net financial assets, and cash flows for the year ended December 31, 2015.

Financial data presented elsewhere in the annual report is consistent with that of the consolidated financial statements. Where the determination of assets and liabilities is dependent upon future events, amounts are based upon reasonably determined estimates and judgments.

To assist in conducting the financial functions and transactions of the Regional Corporation, professional services are provided to the Regional Municipality of Durham as follows: Deloitte LLP (Auditor); Royal Bank of Canada (Banker); and, RBC Dominion Securities Inc. and CIBC World Markets (Fiscal Agents).

In closing, I would like to acknowledge the dedication and hard work of the Region's financial management team, who work together and with their staff to ensure accurate and timely financial information to Regional Council, the Regional Chair and CEO, Standing Committees, the CAO and other departments and stakeholders within the community and beyond.



R.J. Clapp, CPA, CA  
Commissioner of Finance and Treasurer  
June 30, 2016

## Financial Management Team

**R.J. Clapp, CPA, CA**

*Commissioner of Finance and Treasurer*

**J.M. Cermak, CPA, CA**

*Director of Financial Services*

**M.E. Simpson, CPA, CMA, MA**

*Director of Financial Planning and Purchasing*

**K. Honey, BMgmt, MBA, MCT**

*Director of Financial Information Management Services*

**N. Pincombe, CPA, CMA, MPA,**

*Director of Business Planning, Budgets & Risk Management*

**Karen Chatten, CSCMP**

*Manager of Purchasing*

**H. Benson, CPA, CGA**

*Manager of Business Plans and Budgets*

**S. Coward, BA, FCIP, CRM**

*Manager of Insurance and Risk Management*

**J. Fice, CPA, CA**

*Manager of Financial Reporting and Analysis*

**K. Facca**

*Manager of Collections and Customer Service*

**T. Jones, BBA, CSCMP**

*Manager of Materials and Office Services*

**R. Hutchinson, MBA, PMP, CGEIT**

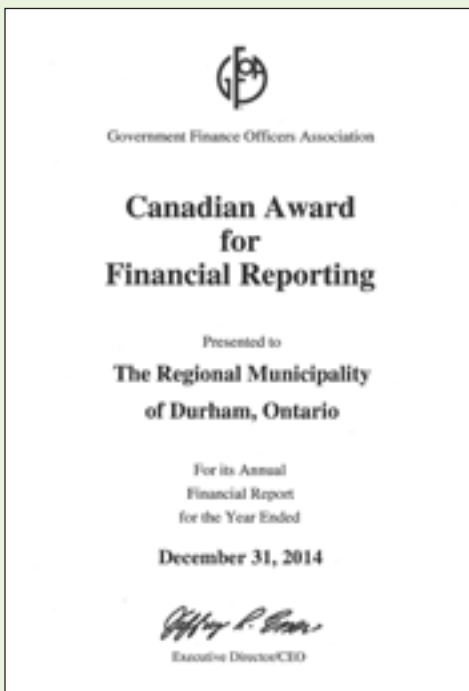
*Manager, Financial Information Management Services (Projects)*

**D. Siciliano, BAS**

*Manager of Utility Finance*

**S. Simpson, BBA**

*Manager, Financial Information Management Services (Support)*



## Canadian Award For Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a twelfth consecutive 'Canadian Award for Financial Reporting' to the Regional Municipality of Durham for its Annual Report for the fiscal year ended December 31, 2014. The Canadian Award for Financial Reporting program was established to encourage high quality financial reports. To receive the award, a government unit must publish an easily readable and efficiently organized annual report, whose contents conform to GFOA program standards. Awarded reports go beyond the minimum requirements of generally accepted accounting principles and demonstrate efforts to clearly communicate the municipality's financial picture, enhance an understanding of financial reporting, and address user needs. The Finance Department is proud to have received the 2014 award, and it is our belief that this current 2015 Annual Report also conforms to GFOA requirements. The Finance Department will again be submitting the Annual Report to the GFOA Canadian Award for Financial Reporting program.







# Financial Information Consolidated Financial Statements

**and Independent Auditor's Report  
for the year ended December 31, 2015**

The Regional Municipality of Durham  
Ontario, Canada





## Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Regional Municipality of Durham

We have audited the accompanying financial statements of the Corporation of the Regional Municipality of Durham, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Regional Municipality of Durham as at December 31, 2015 and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants,  
Licensed Public Accountants  
June 21, 2016

## The Corporation of the Regional Municipality of Durham

### Consolidated Statement of Financial Position

December 31, 2015

(in thousands of dollars)

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash	\$ 98,575	\$ 93,041
Investments (Note 4)	1,924,151	1,809,773
Accounts receivable	106,648	89,257
Other current assets	1,007	1,197
Debenture debt recoverable from local municipalities (Note 5)	135,674	148,633
	<b>2,266,055</b>	<b>2,141,901</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	374,009	352,911
Deferred revenue - Schedule 1	482,415	448,353
Debenture debt (Note 5)	338,772	381,967
Employee benefits and post-employment liabilities (Note 6)	177,228	162,444
Landfill closure and post closure liabilities (Note 7)	11,567	11,562
	<b>1,383,991</b>	<b>1,357,237</b>
<b>NET FINANCIAL ASSETS</b>	<b>\$ 882,064</b>	<b>\$ 784,664</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	3,773,155	3,670,139
Inventories	6,000	4,757
	<b>3,779,155</b>	<b>3,674,896</b>
<b>ACCUMULATED SURPLUS (Note 9)</b>	<b>\$ 4,661,219</b>	<b>\$ 4,459,560</b>

*The accompanying notes and schedules are an integral part of these consolidated financial statements.*

## The Corporation of the Regional Municipality of Durham

### Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2015

(in thousands of dollars)

	2015		2014
	Budget (Note 10)	Actual	Actual
<b>REVENUES</b>			
Property taxes	\$ 593,379	\$ 602,175	\$ 587,566
User charges			
Water and sewer	182,544	187,183	176,557
Other	113,214	100,064	101,482
Government transfers			
Canada	10,468	10,500	11,056
Ontario	244,748	266,334	240,376
Deferred revenue earned - Schedule 1	86,911	69,461	72,074
Fines (Note 14)	7,502	7,746	7,255
Contributed tangible capital assets (Note 8)	7,600	7,625	4,239
Other	15,634	45,915	45,230
<b>TOTAL REVENUES</b>	<b>1,262,000</b>	<b>1,297,003</b>	<b>1,245,835</b>
<b>EXPENSES</b>			
General government	59,547	54,388	57,917
Protection to persons and property	205,872	212,227	200,202
Transportation services	78,683	77,923	75,200
Transit	84,811	94,202	107,987
Environmental services	259,343	239,871	235,555
Health services	89,345	87,781	83,887
Social and family services	269,492	273,181	268,804
Social housing	56,052	55,771	63,023
<b>TOTAL EXPENSES</b>	<b>1,103,145</b>	<b>1,095,344</b>	<b>1,092,575</b>
<b>ANNUAL SURPLUS</b>	<b>158,855</b>	<b>201,659</b>	<b>153,260</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>4,459,560</b>	<b>4,459,560</b>	<b>4,306,300</b>
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 9)</b>	<b>\$ 4,618,415</b>	<b>\$ 4,661,219</b>	<b>\$ 4,459,560</b>

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

## The Corporation of the Regional Municipality of Durham

### Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2015

(in thousands of dollars)

	2015		2014
	Budget (Note 10)	Actual	Actual
ANNUAL SURPLUS	\$ 158,855	\$ 201,659	\$ 153,260
Acquisition of tangible capital assets	(213,975)	(214,863)	(202,532)
Contributed tangible capital assets (Note 8)	(7,600)	(7,625)	(4,239)
Amortization of tangible capital assets	118,000	117,601	114,840
Loss on disposal of tangible capital assets	1,700	1,612	1,903
Proceeds on disposal of tangible capital assets	300	259	73
Change in inventories	-	(1,243)	(121)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>(57,280)</b>	<b>97,400</b>	63,184
NET FINANCIAL ASSETS, BEGINNING OF YEAR	784,664	784,664	721,480
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 841,944</b>	<b>\$ 882,064</b>	\$ 784,664

*The accompanying notes and schedules are an integral part of these consolidated financial statements.*

## The Corporation of the Regional Municipality of Durham

### Consolidated Statement of Cash Flows

Year ended December 31, 2015

(in thousands of dollars)

	2015	2014
<b>OPERATING</b>		
Annual surplus	\$ 201,659	\$ 153,260
Non-cash charges to operations		
Amortization of tangible capital assets	117,601	114,840
Contributed tangible capital assets (Note 8)	(7,625)	(4,239)
Loss on disposal of tangible capital assets	1,612	1,903
Amortization of bond premium/(discount)	3,466	(75)
Change in non-cash assets and liabilities		
Accounts receivable	(17,391)	(9,069)
Other current assets	190	(51)
Accounts payable and accrued liabilities	21,098	64,689
Deferred revenue	34,062	28,498
Employee benefits and post-employment liabilities	14,784	8,449
Landfill closure and post closure liabilities	5	(483)
Inventories	(1,243)	(121)
Net increase in cash from operating activities	<b>368,218</b>	357,601
<b>CAPITAL</b>		
Proceeds on disposal of tangible capital assets	259	73
Acquisition of tangible capital assets	(214,863)	(202,532)
Net decrease in cash from capital activities	<b>(214,604)</b>	(202,459)
<b>INVESTING</b>		
Proceeds from disposal of investments	237,764	542,139
Acquisition of investments	(355,608)	(736,030)
Net decrease in cash from investing activities	<b>(117,844)</b>	(193,891)
<b>FINANCING</b>		
Regional debenture debt issued	-	35,828
Regional debenture debt principal repayments	(30,236)	(23,999)
Net (decrease)/increase in cash from financing activities	<b>(30,236)</b>	11,829
NET INCREASE/(DECREASE) IN CASH, DURING THE YEAR	<b>5,534</b>	(26,920)
CASH, BEGINNING OF YEAR	<b>93,041</b>	119,961
CASH, END OF YEAR	<b>\$ 98,575</b>	\$ 93,041

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

# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

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### 1. Municipal Structure

The Corporation of the Regional Municipality of Durham (the “Region”) came into existence on October 15, 1973 and assumed its responsibilities on January 1, 1974, under authority of the Regional Municipality of Durham Act, 1973, and operates as an upper tier government in the Province of Ontario, Canada.

The Region comprises the following local municipalities:

- Town of Ajax
- Township of Brock
- Municipality of Clarington
- City of Oshawa
- City of Pickering
- Township of Scugog
- Township of Uxbridge
- Town of Whitby

Within these local municipalities, the Region provides a wide range of services, which reflect the major organizational divisions and service offerings provided to stakeholders. The services are classified in the following segments:

#### General Government

This segment consists of the following administrative departments: Regional Council, Offices of the Regional Chair and CAO, Finance, Corporate Services, Legal and Planning and Economic Development. In addition to the governmental administrative functions, the services of this segment include Regional official plan formulation and administration, regional development and promotion, and administrative and financial support, including debt issues and property tax policy.

#### Protection to Persons and Property

This segment includes Police Services, Conservation Authorities, Emergency Management, Fire Co-ordination, Emergency 911 telephone services, and the administration, prosecution and collection of fines under the *Provincial Offences Act*.

#### Roadways

This segment consists of the planning, design, construction and maintenance of Regional roads, including winter control and associated traffic signal systems and controls.

#### Transit

Durham Region Transit (“DRT”) operates an integrated public transit system serving all communities in the Region.

# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

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### 1. Municipal Structure (Continued)

#### Environmental Services

This segment includes:

- Solid Waste Management – solid waste collection, disposal and diversion (for all local municipalities with the exception of collection performed by the City of Oshawa and the Town of Whitby directly) and recycling programs;
- Water Supply - supply, treatment and distribution of water; and,
- Sanitary Sewerage – sewage collection and treatment, and the maintenance of regional storm sewers.

#### Health Services

Services provided include public health programs targeted at the prevention of disease, health promotion and protection as well as land ambulance services.

#### Social and Family Services

The following services are included in this segment: Income and Employment Support, Long-term Care and Services for Seniors, Children's Services, and Family Services.

#### Social Housing

This segment is responsible for the provision, in partnership with the community, of subsidized housing, including the operations of the fully-owned Durham Regional Local Housing Corporation ("DRLHC"), rent supplement and homelessness programs.

### 2. Summary of Accounting Policies

The consolidated financial statements of the Region are representations of management prepared in accordance with generally accepted accounting principles for government as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

The focus of PSAB financial statements is on the financial position of the Region and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities, and the non-financial assets of the Region. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position of the Region and is the sum of the Region's net financial assets and non-financial assets.

#### (a) Reporting Entity

- i. The consolidated financial statements reflect the financial activities of all entities that are controlled by the Region, and include the Durham Regional Police Services, DRT, and the DRLHC. The assets, liabilities, revenues and expenses of these entities are consolidated line by line on a uniform basis of accounting, after eliminating all inter-entity transactions. The financial position and operations of other social housing providers are not consolidated in these consolidated financial statements as the Region does not exercise control over them. Funding paid to these providers is included in the social housing expenses in the Consolidated Statement of Operations and Accumulated Surplus.



# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

### 2. Summary of Accounting Policies (Continued)

- ii. Trust Funds administered by the Region are not included in these consolidated financial statements. Trust Funds are disclosed separately in the Trust Funds Statement of Financial Position and the Trust Funds Statement of Financial Activities and Fund Balances.

#### (b) Basis of Accounting

- i. Accrual Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

- ii. Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations.

- (a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of tangible capital assets, excluding land and active landfill sites, is amortized on a straight line basis over their estimated useful lives as follows:

	Useful Life - Years
Land improvements	20
Buildings and building improvements	15 - 80
Vehicles	3 - 15
Machinery and equipment	3 - 30
Water and wastewater - infrastructure	20 - 80
Roads - infrastructure	30 - 100

Active landfill sites are amortized using the units of production method based upon capacity used during the year.

Amortization is charged in the year of acquisition and in the year of disposal. Tangible capital assets under construction are not amortized until the tangible capital asset is in service.

- (b) Contributed tangible capital assets

Tangible capital assets received as contributions, primarily water and wastewater infrastructure, and the related revenue are recorded at their fair value on the earlier of the date received or the transfer of risk and responsibility.

# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

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### 2. Summary of Accounting Policies (Continued)

(c) Leases

Leases are classified as operating or capital leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(d) Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

iii. Pension and Employee Benefits

The Region accounts for its participation in the Ontario Municipal Employees Retirement System (“OMERS”), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlements, sick leave benefits, certain post-employment benefits and workplace safety and insurance (“WSI”) benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave, other post-employment and WSI benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service, and management’s best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service life of the employee groups or over the mean term of the liability in the case of WSI benefits.

iv. Deferred Revenue

Development charges collected under the Development Charges Act, 1997, government transfers of gas taxes and other conditional grants are reported as deferred revenue in the Consolidated Statement of Financial Position. These amounts are recognized as revenues in the period in which related transactions or events occur.

v. Investments

Investments are recorded at the lower of cost plus accrued interest or market value. Investment income on available funds is recorded in the period earned. Interest income earned on development charges and deferred revenue forms part of the deferred revenue balances.

vi. Tax Revenue

Tax revenue is recognized on all taxable properties that are included in the tax roll provided by the Municipal Property Assessment Corporation, using current value assessments included in the tax roll, and for supplementary or omitted assessments using property values that can be reasonably estimated, at tax rates authorized by Regional Council, in the period for which the tax is levied.

# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

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### 2. Summary of Accounting Policies (Continued)

- vii. **Government Transfers**

Government transfers are recognized in the period during which the transfers are authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions to be carried out in order to recognize the transfer. For such transfers, revenue is recognized when the stipulation has been met. Significant transfers recognized as revenue include subsidies for Health Services, including Land Ambulance Services, and for Social and Family Services programs, including Income and Employment Support, Long-term Care and Services for Seniors, and Children's Services. Significant transfers recognized as expenses include payments to individuals under the Social and Family Services Income and Employment Support programs and to Social Housing providers under the Social Housing segment. The Consolidated Schedule of Segment Disclosure, Schedule 3, discloses government transfer revenues and expenses by segment.
- viii. **Use of Estimates**

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Significant estimates relate to accounts receivable, accrued liabilities and employee benefits and post-employment liabilities. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.
- ix. **Segment Disclosure**

Revenues and expenses of the segments identified in Note 1 include amounts that are directly attributable to the segment and amounts that can be allocated on a reasonable basis. Items that are corporate in nature and not subject to allocation are identified as unallocated. The accounting policies used for segmented disclosure are consistent with the accounting policies noted above.

# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

### 3. Change in Accounting Policy

On January 1, 2015, the Region adopted the new Public Sector Accounting Standard PS 3260, Liability for Contaminated Sites. Under PS 3260, a contaminated site exists when substances introduced into the air, soil, water or sediment exceeds the maximum acceptable environmental standards.

A liability for remediation occurs when a site is not in productive use and all the following criteria have been met:

- An environmental standard exists,
- Contamination exceeds the environmental standard,
- The Region is directly responsible or accepts responsibility for remediation,
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Any estimated liability would include costs directly attributable to remediation activities as well as post remediation, maintenance and monitoring of the contaminated site, net of any expected recoveries.

The Region adopted PS 3260 on a prospective basis, which did not result in any adjustments to the consolidated financial statements. As at December 31, 2015, there are no contaminated sites that meet the specified criteria and there is no liability for contaminated sites recorded in these Consolidated Financial Statements.

### 4. Investments

Investments consisting of bankers acceptances, treasury bills, bonds and money market notes have a book value of \$1,924,151 (2014 – \$1,809,773) and a market value of \$1,950,615 (2014 – \$1,828,025).

### 5. Debenture Debt

(a) Debenture debt reported on the Consolidated Statement of Financial Position is made up of the following:

	<u>2015</u>	<u>2014</u>
Total debenture debt	<b>\$ 338,772</b>	\$ 381,967
Debenture debt recoverable from local municipalities	<b>(135,674)</b>	(148,633)
Regional debenture debt (Note 9)	<b>\$ 203,098</b>	\$ 233,334

Interest rates for the debenture debt range from 1.35% to 7.125%, with maturities between July 2016 and October 2033. Local municipalities have assumed responsibility for payment of principal and interest charges for their respective portions of the debenture debt. The Region is contingently liable for these debentures.

# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

### 5. Debenture Debt (Continued)

(b) The Regional debenture debt principal repayments required over the next five years are as follows:

	2016	2017	2018	2019	2020
Sanitary Sewerage	\$ 8,274	\$ 6,753	\$ 5,498	\$ 5,730	\$ 5,971
Solid Waste Management	13,179	39,955	5,094	5,190	-
Long Term Care	4,242	4,464	4,701	4,953	5,221
General Government	2,247	2,376	2,513	2,657	2,810
Transit	442	455	468	482	497
Police Services	2,861	2,918	2,986	3,064	3,152
	<u>\$ 31,245</u>	<u>\$ 56,921</u>	<u>\$ 21,260</u>	<u>\$ 22,076</u>	<u>\$ 17,651</u>

Total interest charges for Regional debenture debt reported on the Consolidated Statement of Operations and Accumulated Surplus are \$8,835 (2014 - \$9,198).

The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

### 6. Employee Benefits and Post-Employment Liabilities

The Region provides certain employee benefits that require funding in future periods. These benefits include extended health and dental, sick leave, and benefits mandated under the *Workplace Safety and Insurance Act*. The accrued benefit liability and expense amounts for these employee benefits are based on the results of the December 31, 2015 triennial actuarial valuations, prepared by an independent actuary. The benefits are comprised of:

	2015	2014
Sick leave benefits	\$ 81,617	\$ 78,087
Post-employment benefits	77,112	66,086
Workplace safety and insurance benefits	18,499	18,271
Employee benefits and post-employment liabilities	<u>177,228</u>	<u>162,444</u>
Funded post-employment benefits	<u>(21,649)</u>	<u>(19,376)</u>
Unfunded employee benefits and post-employment liabilities (Note 9)	<u>\$ 155,579</u>	<u>\$ 143,068</u>

Significant management assumptions used in the actuarial valuations are:

Discount rate	4.50% (sick leave and post-employment) 4.00% (workplace safety and insurance)
Inflation rate	2%
Dental benefit cost escalation	4%
Medical benefit cost escalation	5.333% reducing to 4% over 7 years

# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

### 6. Employee Benefits and Post-Employment Liabilities (Continued)

#### (a) Sick Leave Benefits

Employees accrue sick leave benefits for future use. In addition, certain sick leave benefit plans provide for accumulation of unused benefits and employees may become entitled to a cash payment when they leave the Region's employment. The liability for these two components of sick leave benefits as determined by actuarial valuation at December 31, 2015, is as follows:

	<u>2015</u>	<u>2014</u>
Liability for sick leave benefits		
Accrued benefit obligation, beginning of year	\$ 83,118	\$ 80,039
Current period benefit cost	6,563	6,172
Interest on accrued benefit obligation	3,525	3,395
Actuarial gain	(5,064)	-
Benefit payments	(6,943)	(6,487)
Accrued benefit obligation, end of year	81,199	83,119
Unamortized actuarial gain/(losses)	418	(5,032)
Liability for sick leave benefits	<b>\$ 81,617</b>	<b>\$ 78,087</b>
Sick leave benefit expense		
Current period benefit cost	\$ 6,563	\$ 6,172
Interest on accrued benefit obligation	3,525	3,395
Amortization of actuarial losses	386	387
Total sick leave benefit expense	<b>\$ 10,474</b>	<b>\$ 9,954</b>

Actuarial gains/losses are amortized over the expected average remaining service life of 12 to 13 years.

## The Corporation of the Regional Municipality of Durham

### Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

#### 6. Employee Benefits and Post-Employment Liabilities (Continued)

(b) *Post-Employment Benefits*

The Region provides certain benefits to qualifying employees following retirement. Benefit entitlement ceases at age 65, with the exception of Police Services employees whose entitlement ceases at either age 70 or 75, and of certain DRT employees whose coverage is maintained for life. The liability for post-employment benefits as determined by actuarial valuation at December 31, 2015, is as follows:

	<u>2015</u>	<u>2014</u>
Liability for post-employment benefits		
Accrued benefit obligation, beginning of year	\$ 76,876	\$ 73,669
Increase due to plan amendment	6,259	-
Current period benefit cost	3,242	3,048
Interest on accrued benefit obligation	3,273	3,132
Actuarial loss	5,614	-
Benefit payments	(2,977)	(2,973)
Accrued benefit obligation, end of year	92,287	76,876
Unamortized actuarial losses	(15,175)	(10,790)
Liability for post-employment benefits	\$ 77,112	\$ 66,086
Post-employment benefit expense		
Current period benefit cost	\$ 3,242	\$ 3,048
Prior period cost of plan amendment incurred during year	6,259	-
Interest on accrued benefit obligation	3,273	3,132
Amortization of actuarial losses	1,229	1,229
Total post-employment benefit expense	\$ 14,003	\$ 7,409

Actuarial gains/losses are amortized over the expected average remaining service life of 12 to 13 years.

## The Corporation of the Regional Municipality of Durham

### Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

## 6. Employee Benefits and Post-Employment Liabilities (Continued)

### (c) Workplace Safety and Insurance (WSI) Benefits

The Region is a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self-insurance for employees. Accordingly, the Region assumes liability for awards made under the Act, reimbursing the Workplace Safety and Insurance Board for costs relating to its workers' claims. The liability for WSI benefits as determined by actuarial valuation at December 31, 2015 is as follows:

	2015	2014
Liability for WSI benefits		
Accrued benefit obligation, beginning of year	\$ 17,355	\$ 17,046
Increase due to plan amendment	217	-
Current period benefit cost	2,693	2,610
Interest on accrued benefit obligation	644	633
Actuarial losses	452	-
Benefit payments	(3,064)	(2,934)
Accrued benefit obligation, end of year	18,297	17,355
Unamortized actuarial gains	202	916
Liability for WSI benefits	\$ 18,499	\$ 18,271
WSI benefit expense		
Current period benefit cost	\$ 2,693	\$ 2,610
Plan amendment	217	-
Interest on accrued benefit obligation	644	633
Amortization of actuarial gains/losses	(262)	237
Total WSI benefit expense	\$ 3,292	\$ 3,480

Actuarial gains/losses are amortized over the expected average remaining service life of 9 to 10 years.





## The Corporation of the Regional Municipality of Durham

### Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

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#### 7. Landfill Closure and Post Closure Liabilities

The Region owns seven closed landfill sites, for which the liability has been fully recognized. The total estimated cost (using a discount factor of 4.25% less an estimated inflation factor of 2%) for closure and post closure care is \$11,567 (2014 - \$11,562) and is the amount reported on the Consolidated Statement of Financial Position.

The Region is responsible for post closure care at the closed sites, which includes monitoring of ground and surface water, leachate and gas, ongoing maintenance and annual reporting for a period of 40 years. Closure costs include final cover and vegetation, drainage control features, leachate control and monitoring systems, water quality monitoring systems, gas monitoring and recovery, land acquisition (buffer zones), site remediation, and site closure reports.

## The Corporation of the Regional Municipality of Durham

### Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

#### 8. Tangible Capital Assets

The net book value of tangible capital assets reported in the Consolidated Statement of Financial Position is made up of the following:

	2015	2014
Land	\$ 47,274	\$ 43,074
Landfills	-	-
Land improvements	11,510	7,038
Building and building improvements	549,156	488,941
Vehicles	60,527	63,238
Machinery and equipment	294,236	292,683
Water and wastewater - infrastructure	1,532,558	1,535,050
Roads - infrastructure	801,803	795,451
	<b>3,297,064</b>	<b>3,225,475</b>
Work in progress	476,091	444,664
	<b>\$ 3,773,155</b>	<b>\$ 3,670,139</b>

The Consolidated Schedule of Tangible Capital Assets (Schedule 2) discloses the changes in the cost and accumulated amortization by category.

(a) *Work in Progress*

Work in progress, having a value of \$476,091 (2014 - \$444,664) has not been amortized. Amortization of these assets will commence when the assets are put in service.

(b) *Contributed Tangible Capital Assets*

Typical examples of contributed tangible capital assets are water and wastewater mains installed by developers. The value of contributed tangible capital assets transferred to the Region in 2015 was \$7,625 (2014 - \$4,239).

(c) *Tangible Capital Assets Recognized at Nominal Values*

Certain tangible capital assets, primarily land under roads, have been assigned a nominal value because of the difficulty of determining a tenable valuation and/or the tangible capital assets were older than their estimated useful lives, and therefore were already fully amortized.

(d) *Works of Art and Historical Treasures*

No works of art or historical treasures are held by the Region.

(e) *Other*

During the year, there were no write-downs of assets (2014 - \$nil), no interest was capitalized (2014 - \$nil), and there are no capital lease obligations (2014 - \$nil).

## The Corporation of the Regional Municipality of Durham

### Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

#### 9. Accumulated Surplus

The accumulated surplus consists of the following:

	<u>2015</u>	<u>2014</u>
<b>SURPLUS</b>		
Tangible capital assets (Note 8)	<b>\$ 3,773,155</b>	\$ 3,670,139
Regional debenture debt (Note 5)	<b>(203,098)</b>	(233,334)
Unexpended capital financing for future capital acquisitions	<b>219,301</b>	270,436
Unfunded		
Employee benefits and post-employment liabilities (Note 6)	<b>(155,579)</b>	(143,068)
Landfill closure and post closure liabilities (Note 7)	<b>(11,567)</b>	(11,562)
<b>TOTAL SURPLUS</b>	<b>3,622,212</b>	3,552,611
<b>RESERVES SET ASIDE BY COUNCIL</b>		
Working capital	<b>43,301</b>	41,866
Property tax assessment appeals	<b>19,698</b>	18,888
Equipment replacement	<b>18,229</b>	17,213
Regional roads	<b>45,110</b>	43,286
Contingencies	<b>400</b>	400
Sick leave	<b>104,309</b>	91,029
Capital	<b>144,133</b>	125,053
Homes for the aged	<b>1,133</b>	1,133
Employee benefits	<b>16,600</b>	15,274
University of Ontario Institute of Technology	<b>1,737</b>	1,737
<b>TOTAL RESERVES</b>	<b>394,650</b>	355,879
<b>RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSE BY COUNCIL</b>		
Treatment plant/rate stabilization - Sanitary sewerage	<b>125,639</b>	111,329
Treatment plant/rate stabilization - Water supply	<b>69,285</b>	59,881
Regional share of non-residential development - Sanitary sewerage	<b>4,685</b>	4,589
Regional share of non-residential development - Water supply	<b>3,684</b>	3,609
Solid waste management	<b>61,867</b>	57,690
General levy stabilization	<b>161,463</b>	112,314
Regional revitalization	<b>4,477</b>	3,025
Workers' compensation	<b>36,632</b>	34,859
York/Durham sanitary sewerage	<b>7,182</b>	6,318
Insurance	<b>50,635</b>	51,763
Social housing	<b>25,102</b>	22,608
Roads rehabilitation	<b>12,918</b>	11,026
Asset management	<b>32,516</b>	30,462
Other miscellaneous reserve funds	<b>48,272</b>	41,597
<b>TOTAL RESERVE FUNDS</b>	<b>644,357</b>	551,070
<b>ACCUMULATED SURPLUS</b>	<b>\$ 4,661,219</b>	\$ 4,459,560

# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2015  
(in thousands of dollars)

### 10. Budget Amounts

The budget amounts presented in these consolidated financial statements are based on the 2015 operating and capital budgets approved by Regional Council on a cash basis. The table below reconciles the approved budget to the budget amounts presented in these consolidated financial statements on the accrual basis of accounting.

REVENUES	
Approved Budget	\$ 1,311,586
Contributed tangible capital assets	7,600
Transfers from reserves and reserve funds	(51,676)
Proceeds of debt issued for Regional purposes	(5,510)
<b>TOTAL REVENUES - ACCRUAL BASIS</b>	<b>\$ 1,262,000</b>
EXPENSES	
Approved Budget	\$ 1,311,586
Amortization of tangible capital assets	118,000
Non-tangible capital asset expense	10,000
Loss on disposal of tangible capital assets	1,700
Proceeds on sale of tangible capital assets	300
Transfers to reserves and reserve funds	(107,097)
Acquisition of tangible capital assets	(213,975)
Regional debenture debt principal repayments	(17,369)
<b>TOTAL EXPENSES - ACCRUAL BASIS</b>	<b>\$ 1,103,145</b>
<b>ANNUAL SURPLUS</b>	<b>\$ 158,855</b>

### 11. Contractual Obligations

(a) *Sanitary Sewerage System*

The Region and the Regional Municipality of York jointly own certain sanitary sewerage systems and have entered into a joint operating agreement, whereby Durham operates and maintains these facilities. Each co-owner is responsible for its share of operating costs based on actual sewerage flows.

(b) *Lease Commitments*

The Region has commitments under various building, land and equipment lease agreements expiring from 2016 to 2025. These operating leases require approximate annual rental payments as follows:

2016	\$ 2,741
2017	1,690
2018	1,547
2019	992
2020	547
Thereafter	512
	<b>\$ 8,029</b>

# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2015

(in thousands of dollars)

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### 11. Contractual Obligations (Continued)

#### (c) *Tangible Capital Assets Commitments*

Contractual obligations for tangible capital asset work in progress total approximately \$182,811 (2014 - \$170,847). Financing for these commitments has been approved by Regional Council.

### 12. Pension Contributions

The Region contributed \$40,511 (2014 - \$39,606) to OMERS on behalf of 5,220 employees for current service. Contributions by employees were a similar amount. The Region's contributions are included on the Consolidated Statement of Operations and Accumulated Surplus classified under the appropriate functional expense category. As at December 31, 2015, the OMERS plan, with approximately 461,000 members, has a funding deficit that is approximately \$7 billion.

### 13. Contingency

The Region has been named as defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2015; however, in the opinion of management, any liability that may arise from such actions would not have a significant adverse effect on the Consolidated Financial Statements.

### 14. Provincial Offences Administration

Effective December 4, 2000, the Region assumed responsibility for the administration of fines arising under the Provincial Offences Act ("POA") from the Ministry of the Attorney General. The Region performs court support, administration and collection functions for all related fines and fees and prosecutes matters under the 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 Licence Act, municipal by-laws and minor federal offences. Offenders may pay their fines at any Provincial Offences court office in Ontario, at which time the receipts are recorded in the Integrated Courts Operation Network system ("ICON"). The Region recognizes fine revenue when the receipt of funds is recorded in ICON, regardless of the location where payment is made.

Gross revenues for POA charges total \$7,746 (2014 - \$7,255). Net revenues amount to \$1,799 (2014 - \$1,358). Local municipalities share 60 per cent of net revenues and the Region retains 40 per cent or \$719 (2014 - \$543).

### 15. Trust Funds

Trust Funds administered by the Region amount to \$691 (2014 - \$628) and are presented in separate Trust Funds Statements of Financial Position and Financial Activities and Fund Balances. As such, balances held in trust by the Region for the benefit of others have not been included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

# The Corporation of the Regional Municipality of Durham

## Consolidated Schedule of Deferred Revenue

Year ended December 31, 2015  
(in thousands of dollars)

Schedule 1

	INCREASE IN DEFERRED REVENUE					BALANCE, BEGINNING OF YEAR	DEFERRED REVENUE EARNED	BALANCE, END OF YEAR
	Interest	Government transfers	Development charges collected	Total				
	\$	\$	\$	\$	\$	\$	\$	
<b>Development Charges</b>								
Residential & Non-Residential								
Sanitary sewerage	78,234	-	23,302	24,588	16,762	86,060		
Water supply	205,973	-	18,428	21,377	8,573	218,777		
Roads	117,403	-	21,396	22,960	11,490	128,873		
Transit	10,060	-	1,603	1,828	-	11,888		
Residential								
Police	7,675	-	1,719	1,852	1,016	8,511		
Homes for the Aged	474	-	82	93	219	348		
Development Charge Study	431	-	69	79	-	510		
GO Transit	-	-	1,901	1,901	1,901	-		
Emergency Medical Services	4,107	-	412	440	61	4,486		
Health & Social Services	312	-	266	275	-	587		
<b>Development Charges</b>	<b>424,669</b>	<b>-</b>	<b>69,178</b>	<b>75,393</b>	<b>40,022</b>	<b>460,040</b>		
<b>Gas Tax</b>								
Federal Gas Tax	-	17,606	-	17,710	17,710	-		
Provincial Gas Tax	17,757	8,227	-	8,486	8,851	17,392		
<b>Gas Tax</b>	<b>17,757</b>	<b>25,833</b>	<b>-</b>	<b>26,196</b>	<b>26,561</b>	<b>17,392</b>		
<b>Conditional Grants</b>								
Transit	841	-	-	-	-	841		
Municipal Infrastructure	2,647	-	-	-	-	2,647		
Social Housing	2,439	1,929	-	1,934	2,878	1,495		
<b>Conditional Grants</b>	<b>5,927</b>	<b>1,929</b>	<b>-</b>	<b>1,934</b>	<b>2,878</b>	<b>4,983</b>		
<b>Total</b>	<b>448,353</b>	<b>27,762</b>	<b>69,178</b>	<b>103,523</b>	<b>69,461</b>	<b>482,415</b>		

The Corporation of the Regional Municipality of Durham  
**Consolidated Schedule of Tangible Capital Assets**

Year ended December 31, 2015  
 (in thousands of dollars)

Schedule 2

	Land	Landfills	Land improvements	Buildings and building improvements	Vehicles	Machinery and equipment	Water and wastewater - infrastructure	Roads - infrastructure	Work in progress	2015 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>										
Balance, beginning of year	43,074	1,199	13,166	694,442	134,939	579,864	2,055,169	1,219,229	444,664	5,185,746
Additions	4,258	-	5,026	76,117	10,291	28,931	20,027	38,786	214,863	398,299
Contributed tangible capital assets	-	-	-	-	-	-	4,197	3,428	-	7,625
Work in progress completed	-	-	-	-	-	-	-	-	(183,436)	(183,436)
Disposals	(58)	-	-	(201)	(6,574)	(423)	(649)	(6,059)	-	(13,964)
<b>BALANCE, END OF YEAR</b>	<b>47,274</b>	<b>1,199</b>	<b>18,192</b>	<b>770,358</b>	<b>138,656</b>	<b>608,372</b>	<b>2,078,744</b>	<b>1,255,384</b>	<b>476,091</b>	<b>5,394,270</b>
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year	-	1,199	6,128	205,501	71,701	287,181	520,119	423,778	-	1,515,607
Amortization of tangible capital assets	-	-	554	15,902	12,801	27,374	26,453	34,517	-	117,601
Disposals	-	-	-	(201)	(6,373)	(419)	(386)	(4,714)	-	(12,093)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>1,199</b>	<b>6,682</b>	<b>221,202</b>	<b>78,129</b>	<b>314,136</b>	<b>546,186</b>	<b>453,581</b>	<b>-</b>	<b>1,621,115</b>
<b>NET BOOK VALUE, END OF YEAR</b>	<b>47,274</b>	<b>-</b>	<b>11,510</b>	<b>549,156</b>	<b>60,527</b>	<b>294,236</b>	<b>1,532,558</b>	<b>801,803</b>	<b>476,091</b>	<b>3,773,155</b>

# The Corporation of the Regional Municipality of Durham

## Consolidated Schedule of Tangible Capital Assets

Year ended December 31, 2014  
(in thousands of dollars)

### Schedule 2 (Continued)

	Land	Landfills	Land improvements	Buildings and building improvements	Vehicles	Machinery and equipment	Water and wastewater - infrastructure	Roads - infrastructure	Work in progress	2014 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>										
Balance, beginning of year	42,220	1,199	12,134	631,938	133,896	450,015	2,030,128	1,195,851	505,604	5,002,985
Additions	854	-	1,096	68,019	10,659	133,150	25,688	24,006	202,532	466,004
Contributed tangible capital assets	-	-	-	-	-	295	2,645	1,299	-	4,239
Work in progress completed	-	-	-	-	-	-	-	-	(263,472)	(263,472)
Disposals	-	-	(64)	(5,515)	(9,616)	(3,596)	(3,292)	(1,927)	-	(24,010)
<b>BALANCE, END OF YEAR</b>	<b>43,074</b>	<b>1,199</b>	<b>13,166</b>	<b>694,442</b>	<b>134,939</b>	<b>579,864</b>	<b>2,055,169</b>	<b>1,219,229</b>	<b>444,664</b>	<b>5,185,746</b>
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year	-	1,190	5,700	193,819	68,555	265,701	496,868	390,968	-	1,422,801
Amortization of tangible capital assets	-	9	492	16,529	12,560	24,583	26,188	34,479	-	114,840
Disposals	-	-	(64)	(4,847)	(9,414)	(3,103)	(2,937)	(1,669)	-	(22,034)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>1,199</b>	<b>6,128</b>	<b>205,501</b>	<b>71,701</b>	<b>287,181</b>	<b>520,119</b>	<b>423,778</b>	<b>-</b>	<b>1,515,607</b>
<b>NET BOOK VALUE, END OF YEAR</b>	<b>43,074</b>	<b>-</b>	<b>7,038</b>	<b>488,941</b>	<b>63,238</b>	<b>292,683</b>	<b>1,535,050</b>	<b>795,451</b>	<b>444,664</b>	<b>3,670,139</b>



Year ended December 31, 2015  
(in thousands of dollars)

	General Government	Protection to Persons and Property	Roadways	Transit	Environmental Services	Health Services	Social and Family Services	Social Housing	Unallocated	2015 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>										
Property taxes	-	-	-	-	-	-	-	-	602,175	602,175
User charges	995	5,397	3,665	24,939	225,307	1,077	19,154	6,713	-	287,247
Government transfers	225	12,249	2,728	8,748	8,298	55,379	177,723	11,484	-	276,834
Deferred revenue earned	-	1,016	11,489	10,754	43,044	61	219	2,878	-	69,461
Fines	-	7,746	-	-	-	-	-	-	-	7,746
Contributed tangible capital assets	-	-	3,428	-	4,197	-	-	-	-	7,625
Other	17	223	632	-	4,361	70	-	-	40,612	45,915
<b>TOTAL REVENUES</b>	<b>1,237</b>	<b>26,631</b>	<b>21,942</b>	<b>44,441</b>	<b>285,207</b>	<b>56,587</b>	<b>197,096</b>	<b>21,075</b>	<b>642,787</b>	<b>1,297,003</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	41,886	168,390	17,496	43,402	61,390	73,453	121,054	4,540	-	531,611
Operating materials and supplies	10,887	18,972	17,488	18,576	63,533	7,325	17,511	6,843	-	161,135
Contracted services	10,603	4,955	2,858	8,923	43,255	2,573	42,159	129	-	115,455
Rents and financial services	390	2,407	1,669	573	7,099	608	1,591	2,287	-	16,624
Government transfers	1,230	8,398	-	11,850	-	-	82,091	40,514	-	144,083
Amortization of tangible capital assets	4,047	7,910	38,422	8,583	49,719	2,920	5,374	626	-	117,601
Interfunctional charges	(14,869)	220	(69)	2,194	10,781	708	235	800	-	-
Debtenture interest	214	975	59	101	4,094	194	3,166	32	-	8,835
<b>TOTAL EXPENSES</b>	<b>54,388</b>	<b>212,227</b>	<b>77,923</b>	<b>94,202</b>	<b>239,871</b>	<b>87,781</b>	<b>273,181</b>	<b>55,771</b>	<b>-</b>	<b>1,095,344</b>
<b>ANNUAL SURPLUS</b>	<b>(53,151)</b>	<b>(185,596)</b>	<b>(55,981)</b>	<b>(49,761)</b>	<b>45,336</b>	<b>(31,194)</b>	<b>(76,085)</b>	<b>(34,696)</b>	<b>642,787</b>	<b>201,659</b>

# The Corporation of the Regional Municipality of Durham

## Consolidated Schedule of Segment Disclosure

Year ended December 31, 2014  
(in thousands of dollars)

### Schedule 3 (Continued)

	General Government	Protection to Persons and Property	Roadways	Transit	Environmental Services	Health Services	Social and Family Services	Social Housing	Unallocated	2014 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>										
Property taxes	-	-	-	-	-	-	-	-	587,566	587,566
User charges	1,021	5,185	3,667	23,807	217,126	840	19,711	6,682	-	278,039
Government transfers	124	6,718	88	5,981	6,590	53,165	167,579	11,187	-	251,432
Deferred revenue earned	-	148	15,222	9,475	35,449	62	219	11,499	-	72,074
Fines	-	7,255	-	-	-	-	-	-	-	7,255
Contributed tangible capital assets	-	-	1,418	-	2,821	-	-	-	-	4,239
Other	10	310	343	8	4,981	62	-	-	39,516	45,230
<b>TOTAL REVENUES</b>	<b>1,155</b>	<b>19,616</b>	<b>20,738</b>	<b>39,271</b>	<b>266,967</b>	<b>54,129</b>	<b>187,509</b>	<b>29,368</b>	<b>627,082</b>	<b>1,245,835</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	40,686	161,096	16,529	44,586	59,477	69,720	124,844	4,298	-	521,236
Operating materials and supplies	11,890	17,688	17,651	19,065	61,488	7,420	16,860	6,634	-	158,696
Contracted services	10,666	4,121	2,801	7,958	41,455	2,280	34,350	276	-	103,907
Rents and financial services	700	2,318	270	784	8,039	582	2,431	2,265	-	17,389
Government transfers	4,397	8,432	-	24,921	-	-	81,275	48,284	-	167,309
Amortization of tangible capital assets	4,125	5,379	37,960	8,413	50,135	2,872	5,402	554	-	114,840
Interfunctional charges	(14,782)	127	(75)	2,152	10,846	802	253	677	-	-
Debtenture interest	235	1,041	64	108	4,115	211	3,389	35	-	9,198
<b>TOTAL EXPENSES</b>	<b>57,917</b>	<b>200,202</b>	<b>75,200</b>	<b>107,987</b>	<b>235,555</b>	<b>83,887</b>	<b>268,804</b>	<b>63,023</b>	<b>-</b>	<b>1,092,575</b>
<b>ANNUAL SURPLUS</b>	<b>(56,762)</b>	<b>(180,586)</b>	<b>(54,462)</b>	<b>(68,716)</b>	<b>31,412</b>	<b>(29,758)</b>	<b>(81,295)</b>	<b>(33,655)</b>	<b>627,082</b>	<b>153,260</b>



# Trust Funds Financial Statements

**and Independent Auditor's Report  
for the year ended December 31, 2015**

The Regional Municipality of Durham  
Ontario, Canada





## Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Regional Municipality of Durham

We have audited the accompanying financial statements of the Corporation of the Regional Municipality of Durham Trust Funds, which comprise the statement of financial position as at December 31, 2015, and the statement of financial activities and fund balances for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

### Auditor's Responsibility


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Regional Municipality of Durham Trust Funds as at December 31, 2015, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants  
Licensed Public Accountants  
June 21, 2016

## The Corporation of the Regional Municipality of Durham

### Trust Funds: Statement of Financial Position

December 31, 2015

(in thousands of dollars)

	2015					2014
	Homes for the Aged			Other		Total
	Residents	Donations	Bequests	Donations	Total	
FINANCIAL ASSET						
Cash	\$ 224	\$ 222	\$ 109	\$ 136	\$ 691	\$ 628
<b>FUND BALANCES</b>	<b>\$ 224</b>	<b>\$ 222</b>	<b>\$ 109</b>	<b>\$ 136</b>	<b>\$ 691</b>	<b>\$ 628</b>

## The Corporation of the Regional Municipality of Durham

### Trust Funds: Statement of Financial Activities and Fund Balances

Year ended December 31, 2015

(in thousands of dollars)

	2015					2014
	Homes for the Aged			Other		Total
	Residents	Donations	Bequests	Donations	Total	
REVENUES						
Residents	\$ 667	\$ 4	\$ 1	\$ -	\$ 672	\$ 762
Recipients	-	-	-	278	278	169
Interest earned	-	4	2	-	6	6
<b>TOTAL REVENUES</b>	<b>667</b>	<b>8</b>	<b>3</b>	<b>278</b>	<b>956</b>	<b>937</b>
EXPENSES ON BEHALF OF						
Residents	641	2	-	-	643	789
Recipients	-	-	-	250	250	154
<b>TOTAL EXPENSES</b>	<b>641</b>	<b>2</b>	<b>-</b>	<b>250</b>	<b>893</b>	<b>943</b>
<b>NET REVENUES/(EXPENSES)</b>	<b>26</b>	<b>6</b>	<b>3</b>	<b>28</b>	<b>63</b>	<b>(6)</b>
FUND BALANCES, BEGINNING OF YEAR	198	216	106	108	628	634
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 224</b>	<b>\$ 222</b>	<b>\$ 109</b>	<b>\$ 136</b>	<b>\$ 691</b>	<b>\$ 628</b>

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

# The Corporation of the Regional Municipality of Durham

## Notes to the Trust Funds Financial Statements

December 31, 2015  
(in thousands of dollars)

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### 1. Accounting Policies

The financial statements of the trust funds of the Corporation of the Regional Municipality of Durham are the representations of management prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

(a) *Basis of Accounting*

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue. Expenses are recorded in the period the goods and services are acquired and a liability is incurred.

(b) *Use of Estimates*

The preparation of the periodic financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from these estimates.

### 2. Statement of Cash Flows

A statement of cash flows has not been included in these financial statements as the information that would be provided is readily available from the information presented.





# Statistical Information

**2011-2015 (Unaudited)**

The Regional Municipality of Durham  
Ontario, Canada



# The Corporation of the Regional Municipality of Durham

## Statistical Review (Unaudited)

Years ended 2011 to 2015  
(in thousands of dollars)

	2015	2014	2013	Restated 2012	2011
	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS</b>					
Analysis of Revenues					
Property taxes	602,175	587,566	569,342	549,517	531,149
User charges					
Water and sewer	187,183	176,557	166,441	155,949	146,168
Other	100,064	101,482	97,480	102,850	111,385
Government Transfers					
Canada	10,500	11,056	10,475	14,244	28,329
Ontario	266,334	240,376	228,316	218,783	216,936
Deferred revenue earned	69,461	72,074	86,885	134,784	65,614
Fines	7,746	7,255	7,348	7,410	7,278
Contribution of tangible capital assets	7,625	4,239	18,067	11,201	27,595
Other	45,915	45,230	30,314	29,115	50,543
<b>TOTAL REVENUES</b>	<b>1,297,003</b>	<b>1,245,835</b>	<b>1,214,668</b>	<b>1,223,853</b>	<b>1,184,997</b>
Analysis of Expenses by Object					
Salaries, wages and employee benefits	531,611	521,236	502,152	481,459	456,470
Operating and general expenditure	293,214	279,992	270,584	273,396	265,887
Government transfers	144,083	167,309	162,925	159,532	149,220
Amortization of tangible capital assets	117,601	114,840	105,780	105,228	101,400
Debenture interest	8,835	9,198	8,753	8,406	8,519
<b>TOTAL EXPENSES</b>	<b>1,095,344</b>	<b>1,092,575</b>	<b>1,050,194</b>	<b>1,028,021</b>	<b>981,496</b>
Analysis of Expenses by Function					
General government	54,388	57,917	56,842	54,249	53,563
Protection to persons and property	212,227	200,202	196,526	189,887	187,783
Transportation services	77,923	75,200	73,904	77,192	68,727
Transit	94,202	107,987	111,820	101,266	80,982
Environmental services	239,871	235,555	224,983	222,989	214,147
Health services	87,781	83,887	81,375	79,363	77,810
Social and family services	273,181	268,804	252,345	247,371	241,024
Social housing	55,771	63,023	52,399	55,704	57,460
<b>TOTAL EXPENSES</b>	<b>1,095,344</b>	<b>1,092,575</b>	<b>1,050,194</b>	<b>1,028,021</b>	<b>981,496</b>
<b>ANNUAL SURPLUS</b>	<b>201,659</b>	<b>153,260</b>	<b>164,474</b>	<b>195,832</b>	<b>203,501</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>4,459,560</b>	<b>4,306,300</b>	<b>4,141,826</b>	<b>3,945,994</b>	<b>3,742,493</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>4,661,219</b>	<b>4,459,560</b>	<b>4,306,300</b>	<b>4,141,826</b>	<b>3,945,994</b>
<b>NET FINANCIAL ASSETS</b>	<b>882,064</b>	<b>784,664</b>	<b>721,480</b>	<b>706,735</b>	<b>620,485</b>
<b>ACQUISITION OF TANGIBLE CAPITAL ASSETS</b>	<b>214,863</b>	<b>202,532</b>	<b>241,768</b>	<b>215,089</b>	<b>178,088</b>

Annual Surplus represents the difference between revenues and expenses for the year.

Accumulated Surplus, or net assets, is the sum of net financial assets and non-financial assets.

Net Financial Assets represents the difference between financial assets and liabilities.

## The Corporation of the Regional Municipality of Durham Statistical Review (Unaudited)

Years ended 2011 to 2015  
(in thousands of dollars)

	2015	2014	2013	2012	2011
	\$	\$	\$	\$	\$
<b>RESERVES</b>					
Working capital	43,301	41,866	40,634	39,128	37,595
Property tax assessment appeals	19,698	18,888	18,578	16,518	16,458
Equipment replacement	18,229	17,213	15,227	13,335	20,186
Regional roads	45,110	43,286	35,199	29,564	22,399
Contingencies	400	400	400	400	400
Sick leave	104,309	91,029	86,133	81,349	76,639
Capital	144,133	125,053	102,767	77,925	92,618
Homes for the aged	1,133	1,133	1,133	1,133	1,133
Employee benefits	16,600	15,274	14,378	13,483	12,681
University of Ontario Institute of Technology	1,737	1,737	1,737	1,737	1,637
<b>TOTAL RESERVES</b>	<b>394,650</b>	<b>355,879</b>	<b>316,186</b>	<b>274,572</b>	<b>281,746</b>

	2015	2014	2013	2012	2011
	\$	\$	\$	\$	\$
<b>RESERVE FUNDS</b>					
Treatment plant/rate stabilization					
Sanitary sewerage	125,639	111,329	109,245	99,794	88,256
Water supply	69,285	59,881	54,320	47,608	40,769
Regional share of non-residential development					
Sanitary sewerage	4,685	4,589	4,495	4,408	4,319
Water supply	3,684	3,609	3,534	3,466	3,396
Solid waste management	61,867	57,690	51,014	51,229	46,457
General levy stabilization	161,463	112,314	95,221	89,170	82,053
Regional revitalization	4,477	3,025	2,403	2,046	1,745
Workers' compensation	36,632	34,859	33,144	31,504	29,888
York/Durham sanitary sewerage	7,182	6,318	5,663	5,129	5,188
Insurance	50,635	51,763	50,070	46,789	45,201
Social housing	25,102	22,608	20,692	18,844	17,076
Roads rehabilitation	12,918	11,026	10,325	9,681	8,080
Asset management	32,516	30,462	26,955	24,740	23,307
Other miscellaneous reserve funds	48,272	41,597	37,418	34,007	28,022
<b>TOTAL RESERVE FUNDS</b>	<b>644,357</b>	<b>551,070</b>	<b>504,499</b>	<b>468,415</b>	<b>423,757</b>

## The Corporation of the Regional Municipality of Durham Statistical Review (Unaudited)

Years ended 2011 to 2015

(in thousands of dollars)

	2015	2014	2013	2012	2011
	\$	\$	\$	\$	\$
<b>OBLIGATIONS</b>					
Debt Incurred					
Total debenture debt	<b>338,772</b>	381,967	363,709	339,540	297,807
Debt assumed for others*	<b>(135,674)</b>	(148,633)	(142,204)	(131,161)	(141,062)
Regional debt	<b>203,098</b>	233,334	221,505	208,379	156,745
Recovered from					
Tax levy/user rates	<b>112,285</b>	125,347	137,884	108,999	123,821
Other/Reserve Funds	<b>90,813</b>	107,987	83,621	99,380	32,924
	<b>203,098</b>	233,334	221,505	208,379	156,745
Regional debt per capita (\$)	<b>307</b>	356	340	323	246
Regional debt as percentage of total expenses	<b>18.5%</b>	21.4%	21.1%	20.3%	16.0%
Debt Servicing					
Debt servicing payments	<b>39,071</b>	33,197	29,627	23,772	24,746
Debt servicing as percentage of total expenses	<b>3.6%</b>	3.0%	2.8%	2.3%	2.5%
Annual debt repayment limit	<b>186,584</b>	179,223	177,458	173,055	149,749
<b>TAXABLE ASSESSMENT (\$ millions)**</b>					
Residential and farm (including multiple residential)	<b>67,083</b>	64,117	61,101	58,046	55,263
Industrial and commercial	<b>9,097</b>	8,923	8,605	8,650	8,106
Farmland	<b>1,687</b>	1,607	1,519	1,428	1,331
Other	<b>256</b>	243	231	223	211
Total	<b>78,123</b>	74,890	71,456	68,347	64,911
Assessment analysis					
Annual tax assessment growth rate	<b>1.1%</b>	1.6%	1.4%	1.4%	1.6%

\* School boards (2011-2012) and local municipalities

\*\* Current value assessment includes provincially mandated valuation updates conducted by the Municipal Property Assessment Corporation (MPAC).

# The Corporation of the Regional Municipality of Durham

## Statistical Review (Unaudited)

Years ended 2011 to 2015

	2015	2014	2013	2012	2011
<b>MISCELLANEOUS INFORMATION</b>					
Full time employees	4,630	4,607	4,577	4,510	4,456
Building permit values (\$ millions)*	1,520	1,524	1,391	1,461	1,485
Average monthly social assistance case load	9,427	9,461	9,279	9,459	9,735
Unemployment rate, Oshawa CMA **	7.5%	7.1%	7.5%	8.7%	8.2%
Kilometres of roads	2,368	2,344	2,151	2,115	2,149
Annual volume of treated wastewater (megalitres)	73,070	79,135	79,102	73,887	75,662
Annual volume of treated drinking water (megalitres)	63,903	63,555	63,407	64,736	65,150
Annual disposal of residential solid waste (metric tonnes)	110,498	110,417	109,641	107,722	107,670
Annual diversion of residential solid waste (metric tonnes)	119,811	125,607	120,098	121,339	120,878
Regular service passenger transit trips (000's)	10,316	10,791	10,626	10,303	9,792
Tax collection rate*	95.9%	94.3%	94.7%	95.2%	94.9%
<b>BENCHMARK INFORMATION</b>					
Percentage of paved lane kilometres where the condition is rated good to very good	37.1%	39.7%	39.6%	37.0%	40.9%
Number of conventional transit passenger trips per person in the service area in a year	18.6	19.6	19.5	19.1	18.4
Number of wastewater main backups per 100 kilometres of wastewater main in a year	0.28	0.43	0.29	0.24	0.34
Percentage of wastewater estimated to have bypassed treatment	0.02%	0.00%	0.00%	0.00%	0.01%
Number of water main breaks per 100 kilometres of water distribution pipe in a year	6.8	7.3	5.8	5.3	6.8
Percentage of residential solid waste diverted for recycling (based on GAP) ***	52.0%	53.0%	52.2%	53.6%	52.5%
<b>DEMOGRAPHICS</b>					
Population	660,760	656,055	650,900	644,910	636,920
Households	233,000	230,700	228,200	225,500	222,300

\* Lower-tier municipalities are responsible for collecting taxes and issuing building permits.

\*\* Source: Statistics Canada

\*\*\* Generally Agreed Principles (GAP) provides a framework for municipalities to collect information on municipality-managed waste and diversion for statistical reporting.







# Principal Corporate Taxpayers

General Motors of Canada

Ontario Power Generation

St. Mary's Votorantim Cement North America LLC

Enbridge

Hydro One Networks Incorporated

Lafarge Canada Incorporated

Gerdau S.A.

Purdue Pharma Canada

Sobeys Capital Incorporated

Great West Life Assurance

Sun Life Assurance Company

Picov Farms Incorporated

TransCanada Pipelines Limited

ALFA Hoteliers Incorporated

Loblaw Companies Limited

Patheon Incorporated

Atlantic Packaging Products

Shining Star Warehouse Incorporation

Gripmore Tires Corporation





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