



# **2016 Annual Report**

**for the year ended December 31, 2016**



The Regional Municipality of Durham  
Ontario, Canada



# Table of Contents

<b>Introductory Information</b>	<b>7</b>
Durham at a Glance	8
Governance Structure	10
Message from the Regional Chair and Chief Executive Officer	13
Message from the Chief Administrative Officer	15
Durham Regional Council: Purpose and Composition	16
Appointments to Agencies, Boards and Committees	17
Durham Region Strategic Plan 2015-2019	18
A Commitment to Performance Measurement	20
<b>Message from the Commissioner of Finance and Treasurer</b>	<b>23</b>
Local Economic Overview	23
Distinguished Budget Presentation Award	23
Business Planning	26
2016 Property Tax Supported Budgets	29
2016 Average Residential Property Taxes	29
Canadian Award for Financial Reporting	29
Financial Results	31
Reserve and Reserve Fund Management	33
Debt: Policy and Position	34
Financial Statements and Financial Management	36
Accounting and External Audit	38
Financial Management Team	39
<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	65
Consolidated Schedule of Tangible Capital Assets: Schedule 2	66
Consolidated Schedule of Segment Disclosure: Schedule 3	68
Trust Funds Financial Statements	71
Independent Auditor's Report	73
Trust Funds: Statement of Financial Position	74
Trust Funds: Statement of Financial Activities and Fund Balances	74
Notes to the Trust Funds Financial Statements	75
<b>Statistical Information</b>	<b>77</b>
Statistical Review 2012-2016 (Unaudited)	78







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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, 2016**

The Regional Municipality of Durham

Ontario, Canada



## Durham at a Glance

The Region of Durham is located in the Greater Toronto Area immediately to the east of the City of Toronto and within the high growth economic zone known as the Greater Golden Horseshoe.

Durham Region encompasses an area of 2,537 square kilometres and shares access to the Great Lakes and northeastern markets of the continent. The Region is well known for the strength of its education and health services, agri-business and manufacturing. Continued economic diversification is supported by a relatively young and skilled labour force and advanced utilities, transportation systems and social infrastructure.

Characterized by a variety of landscapes and communities, a diverse landscape of woods, headwaters, ridges and hollows gives way to rolling farmlands and lakes in the Region's northern areas. Major lakeshore urban communities contrast with small towns, villages, hamlets and farms located farther inland. The lakeshore area is marked by bluffs, wooded creeks and ancient shoreline, while the north includes the rich biodiversity, abundant water resources and topography of the Oak Ridges Moraine.



### Higher Education:

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

### Key Economic Sectors:

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



## Population

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. The December 31, 2016 population was estimated at 673,070.\*

	Estimated 2016 Population	Square Kilometres
Town of Ajax	124,810	68
Township of Brock	12,070	425
Municipality of Clarington	96,495	613
City of Oshawa	166,535	146
City of Pickering	95,220	232
Township of Scugog	22,375	481
Township of Uxbridge	22,050	424
Town of Whitby	133,515	148
<b>Total Durham Region</b>	<b>673,070</b>	<b>2,537</b>














\*Source: "Report 2017-INFO-50: Monitoring of Growth Trends," Regional Municipality of Durham Planning and Economic Development Department (May 1, 2017).



## Governance Structure

The Regional Municipality of Durham began operations January 1, 1974 as one of five regional governments of the Greater Toronto Area. Durham Region is the upper tier municipality in a two tiered governance structure. Eight local municipalities, located within the boundaries of the Region, also administer local programs within their jurisdiction and constitute the lower tier. The two-tiered structure retains closeness to the people but also permits a region-wide approach to development, infrastructure and service delivery. The Region and local municipalities collaborate and partner as appropriate to ensure effective and accountable service delivery both within and across jurisdictional spheres.

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

-  Local planning and development;
-  Local roads, bridges, storm sewers and sidewalks;
-  Fire protection and prevention;
-  Parks and recreation;
-  Property tax billing and collection;
-  Garbage, green bin, yard waste, bulky and white goods collection (Oshawa and Whitby only);
-  Animal control;
-  Library services;
-  Municipal elections;
-  Parking and local by-law enforcement;
-  Property standards;
-  Building and plumbing inspections and permits; and,
-  Business and lottery licensing.

## Regional Council

**Regional Chair & Chief Executive Officer**  
R. Anderson

**Regional Council**  
28 Regional Councillors

**Committee of the Whole\***  
28 Regional Councillors

\*Effective September 2016, Regional Council commenced a pilot governance structure which replaced the four Regional Council Standing Committees (Health & Social Services, Planning & Economic Development, Works and Finance & Administration) with a Committee of the Whole until the end of the current Regional Council term (November, 2018). A review of the pilot program will be conducted in June 2018.

## Administration

**Chief Administrative Officer**  
G.H. Cubitt

### Regional Management Team

**Commissioner and Medical Officer of Health**  
Dr. R.J. Kyle

**Commissioner of Finance and Treasurer**  
R.J. Clapp

**Commissioner of Planning and Economic Development**  
B.E. Bridgeman

**Commissioner of Corporate Services**  
Vacant

**Commissioner of Social Services**  
Dr. H. Drouin

**Commissioner of Works**  
S. Siopis





The Regional Municipality of Durham has jurisdictional responsibility over the following areas:

- Regional roads, bridges, traffic signals and controls and related storm sewers;
- Durham Regional Police Service;
- Region of Durham Paramedic Service;
- Emergency management;
- 911 emergency management;
- Public health programs and services;
- Durham Region Transit, including specialized transit services;
- Durham Region Official Plan;
- Delegated authority for local municipal official plans and amendments;
- Strategic land use planning;
- Industrial, commercial and residential development approvals;
- Land division consent applications;
- Subdivision and condominium approvals;
- Economic development and tourism;
- Municipal water supply treatment, distribution and billing;
- Municipal sanitary sewerage collection, treatment and billing;
- Blue Box collection in all local area municipalities;
- Garbage, Green Bin, yard waste, bulky and white goods collection in Ajax, Brock, Clarington, Pickering, Scugog and Uxbridge;
- Solid waste management: promotion and education, processing, diversion and disposal;
- 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.



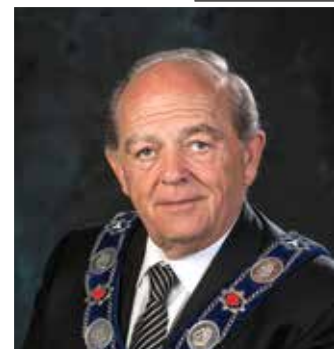




Message from

## Roger Anderson

Regional Chair and Chief Executive Officer



In 2016, Regional Council continued its commitment to sustainable growth by investing in priority areas such as water and waste water systems, solid waste management, the road network, transit system, and police and paramedic services. Whenever possible we optimize the Region's investment by leveraging contributions from other governments.

Throughout the year, the Region advocated for an expanded public transit network in Durham Region. We were pleased to receive additional provincial funding for planning and design to extend the Highway 2 Bus Rapid Transit lanes to Oshawa. We are also collaborating with provincial and municipal partners to integrate the Lakeshore East GO Transit rail extension, which was announced in June 2016, into our transportation plans.

Improving mobility in Durham Region in all modes was a primary focus of work in 2016 to update the Durham Region Transportation Master Plan. Key road infrastructure investments this year also expanded our transportation options by connecting our road network to the Highway 407 east extension and improving key Regional road corridors.

Regional Council is also working to ensure a safe and sustainable future. To prepare us for climate change, the Region, the area municipalities and other community partners developed and adopted a Durham Community Climate Adaptation Plan. To respond to the aging of our population, we acquired provincial funding to develop an age-friendly strategy. As well, we initiated the Affordable and Seniors Housing Task Force and successfully leveraged provincial and federal funding to advance the Region's commitment to provide additional affordable housing.

The Region looks forward to major developments such as Seaton (Pickering) and West Whitby, continued expansion of Highway 407 across the Region and the ongoing Darlington nuclear refurbishment project. These large undertakings create more opportunities for residents and businesses to arrive and thrive in Durham.

In 2016, Regional Council concluded the review of council composition and adjusted it to better reflect the distribution of population in our communities. We also adopted a Council Code of Conduct and a closed meeting protocol, initiated a Committee of the Whole pilot project and appointed an Ombudsman and an Integrity Commissioner.

Regional Council strives to be responsive and accountable to taxpayers, building upon investments that support the long-term sustainability of Durham Region. We remain well positioned to meet the needs of our growing communities and maintain the exceptional quality of life enjoyed by our residents.

A handwritten signature in black ink, appearing to read 'Roger Anderson'.

**Roger Anderson**

Regional Chair and CEO



Message from

## Garry H. Cubitt

Chief Administrative Officer



An overarching goal in the Durham Region Strategic Plan is to promote organizational health and service excellence. We focus on continuously improving the ways we interact with our community and partners to deliver excellent services in a well-managed and financially sustainable manner.

Throughout 2016, Regional employees engaged Durham citizens and businesses to plan for and design services that are more responsive to the needs of our growing, aging and increasingly diverse population. To support the complete redesign of our [durham.ca](http://durham.ca) website, we conducted an online survey and focus groups to understand the features and information most important to our residents. This input has been invaluable as we work toward a fully accessible website that is easy to use both on computers and mobile devices.

Active community engagement was also a key element to updating our Transportation Master Plan. Interviews, focus groups and a community forum were vital in identifying needs and providing suggestions as we developed the Durham age-friendly strategy. Our Social Services Department has been recognized for excellence in working innovatively with program delivery partners and users to co-design their services to be more effective.

Stakeholder input was a valued foundation for work on the Durham Community Climate Change Adaptation Plan completed in 2016, and the Durham community energy plan which was launched. Collaboration with our area municipalities, other partners and staff across Regional departments is central to the success of both of these initiatives.

Increasingly, the Region uses technology to deliver services. Our Housing Division introduced an online system to match people applying for rent-geared-to-income housing with suitable units. This is a first in Canada. We introduced a web-based services finder map to help residents locate services and facilities. In 2016, the use of Regional social media channels increased by 53 per cent, expanding our communications speed and reach.

Technology also allows us to support research helping us to understand and better meet the needs of our community. More Regional information is now freely available through our Open Data pilot program: from GIS data to transit routes to health indicators. It is there for public information and use.

I am proud of the work that our employees were able to achieve this year. We remain committed to listening to our community and providing excellent, responsive services.

A handwritten signature in black ink, appearing to read 'Garry H. Cubitt', written in a cursive style.

**Garry H. Cubitt, MSW**  
Chief Administrative Officer



## Durham Regional Council: Purpose and Composition

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.



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

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 Gleed\***  
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



**David Pickles**  
City of Pickering



**Nester Pidwerbecki**  
City of Oshawa



**Elizabeth Roy**  
Town of Whitby



**Doug Sanders\*\***  
City of Oshawa



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

\*\*On April 12, 2017 City of Oshawa Councillor Doug Sanders completed his Declaration of Office and became a member of Regional Council, filling the vacancy left due to the passing of Councillor Nancy Diamond on February 12, 2017.



## 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:

- Regional Task Force on Affordable and Seniors' Housing
- 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



### 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



### Planning and Economic Development:

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



### Environment and Climate Change:

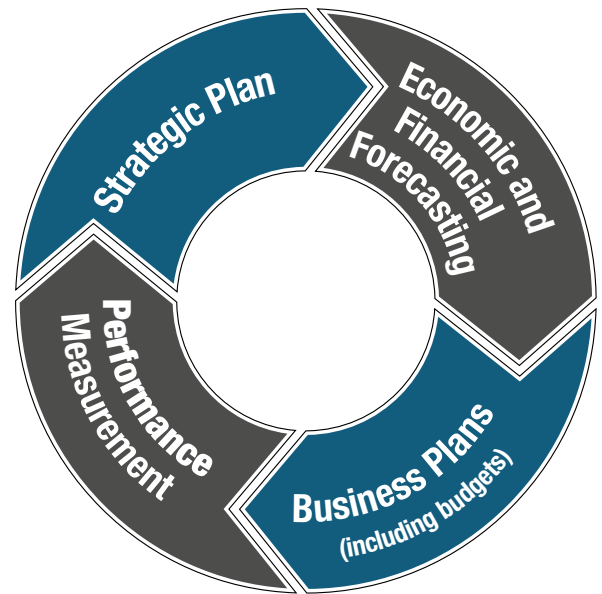
- Central Lake Ontario Conservation Authority
- CTC (Credit Valley/Toronto/Central Lake Ontario) Source Protection Committee
- Durham Environmental Advisory Committee
- Durham Region Roundtable on Climate Change
- East Duffins Headwaters Committee
- Energy from Waste – Waste Management Advisory Committee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

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

The updated Durham Region Strategic Plan 2015 - 2019, "Growing Together, Reaching Further, Aspiring Higher" reflects a renewed commitment to client centred service and innovation. The document is the Region's overarching guide to focus efforts and set priorities through 2019.

Strategic Planning initiates the Region's annual Business Planning Cycle and informs subsequent business and financial planning, multi-year studies and budgets. Implemented business plans are also reviewed through performance measurement to ensure intended outcomes and support continuous improvement.



## 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.



## Vision

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

## Mission

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

## 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.

### 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.





## A Commitment to Performance Measurement

Performance measurement is used to improve service delivery, facilitate strategic discussion and increase accountability. 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 Asset Management Plan; multi-year Economic and Financial Forecast and Budget Guidelines Report; servicing and financing studies for transportation, transit, solid waste management, water supply, sanitary sewerage and social housing; and, detailed business plans and budgets.

The Municipal Benchmarking Network Canada (MBNCanada) is a collaboration of 16 municipalities located in six Canadian provinces. The initiative is led by a Board of Chief Administrative Officers and City Managers from participating municipalities. The collaborative effort provides an opportunity to work together and learn from each other with the common goal of improving municipal services. The Regional commitment to performance measurement strengthens Durham Region's reputation for being accountable and transparent in the planning and delivery of municipal services and assists Regional stakeholders in understanding how the Region performs over time and in relation to peers.

The 2015 MBNCanada Performance Measurement Report is now available at [www.mbnCanada.ca](http://www.mbnCanada.ca) and includes 156 measures representing 36 municipal service areas. Durham is identified in 21 service areas.

The following are two examples from the 2015 MBNCanada Performance Measurement Report:

### Reported Number of Total (Non-Traffic) Criminal Code Incidents per 100,000 Population

The total crime rate includes violent crime, property crime and other Criminal Code offences (excluding traffic), as defined by the Canadian Centre for Justice Statistics (CCJS). Actual incidents of reported crime are based on the Uniform Crime Reporting (UCR) Survey. Sourced from CANSIM.

(In Thousands)



Source: MBN Canada 2015 Performance Measurement Report.



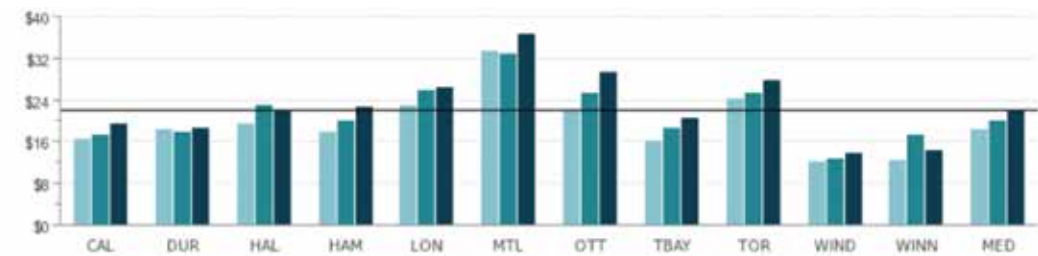
**Total Cost for the Distribution/Transmission of Drinking Water per Km of Water Distribution Pipe Relative to the Number of Water Pumping Stations Operated**

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

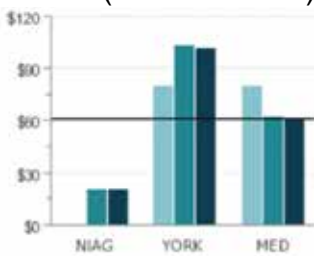
**Integrated Systems:** The term applies to municipalities that have full responsibility for all water activities including treatment, transmission, storage and local distribution.

**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.

Integrated Systems (In Thousands)



Two-Tier Systems (In Thousands)



2013	\$16,578	\$18,401	\$19,630	\$18,009	\$23,153	\$33,396	\$22,207	\$16,491	\$24,540	\$12,402	\$12,682	\$18,401	N/A	\$80,515	\$80,515
2014	\$17,516	\$17,986	\$22,934	\$20,122	\$26,005	\$33,034	\$25,394	\$18,835	\$25,414	\$12,912	\$17,479	\$20,122	\$21,201	\$103,808	\$62,505
2015	\$19,650	\$18,887	\$21,956	\$22,689	\$26,445	\$36,763	\$29,512	\$20,578	\$27,957	\$13,861	\$14,464	\$21,956	\$20,680	\$102,364	\$61,522
Water Pumping Stations	39	17	25	22	7	23	17	18	8	3	5	-	11	21	-

Source: WATR305T (Efficiency); WATR808 (Statistic)

Source: MBN Canada 2015 Performance Measurement Report.





Message from

## R.J. Clapp

Commissioner of Finance and Treasurer



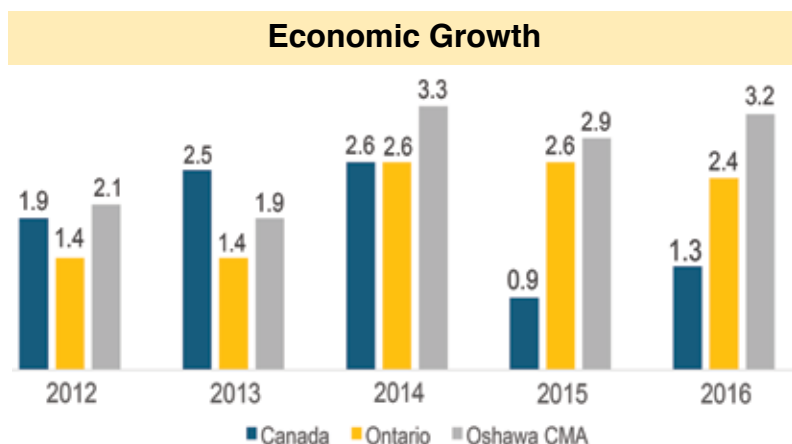
I am pleased to present an economic overview and the annual financial results for the Regional Municipality of Durham, Ontario, Canada for the year ended December 31, 2016. The financial results reflect the Region's best practice financial policies and processes which continue to support the efficient and cost-effective delivery of Regional programs and services.

### Local Economic Overview

Economic growth in the Oshawa Census Metropolitan Area (CMA) in 2016 continued to outpace both national (1.3 per cent) and provincial (2.4 per cent) growth increases.

Durham Region's economy benefits significantly from a highly skilled labour force, an advanced and expanding infrastructure network and significant human, social and recreational amenities, which make the quality of life available in the region attractive to those looking to relocate or establish a business. Continued economic diversification and relatively lower

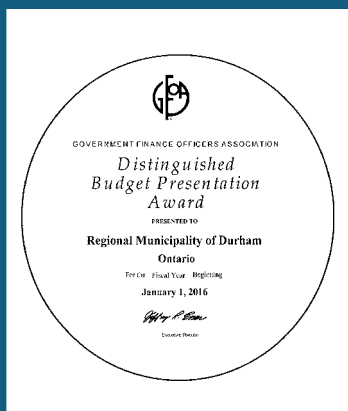
housing prices compared to Greater Toronto Area counterparts have also contributed to economic growth. The 2016 year-end population was estimated at 673,070 and is projected to reach 960,000 by 2031.



Source: Conference Board of Canada

### 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) for the fifth consecutive year. The GFOA presented the award to the Regional Municipality of Durham, Ontario "...for its annual budget for the fiscal year beginning January 1, 2016. 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, January 19, 2017**



New major infrastructure expansions include: the current expansion of Highway 407 from the City of Pickering in the west to the City of Oshawa and the planned continuation easterly through to the Municipality of Clarington to Highway 35/115; the related north-south Highway 412 link to the existing Highway 401 which is a major arterial highway farther south along the lakeshore; the expansion of development lands along the new Highway 407 (in West Whitby and the Seaton development area in north Pickering); the bus rapid transit (BRT) system which runs east-west along Highway 2; and the refurbishment of Darlington Nuclear Station.

## Durham's Triple 'A' Credit Ratings Upheld

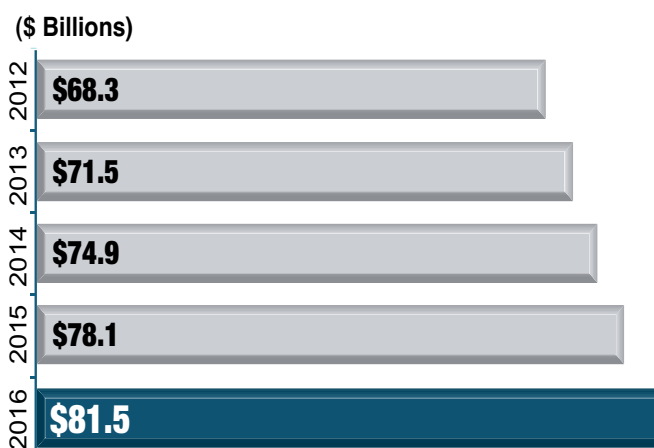
In 2016, both Moody's Investors Service, Inc. and S&P Global Ratings reaffirmed the Region's long-standing "Triple A" credit rating with a stable outlook for Durham's long-term debentures. This rating confirmation sustains the Region's position in a select group of municipalities that have exemplary reputations in the investment community and are seen as leaders in fiscal responsibility and integrity management.

## Taxable Assessment

Durham Region's taxable assessment base continues to increase, exceeding \$81.5 billion in 2016, an increase of 4.4 per cent compared to 2015. The increase includes the effects of Provincial reassessment (3.0 per cent valuation increase) and taxable assessment growth (1.4 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.

### Durham Region Taxable Assessment

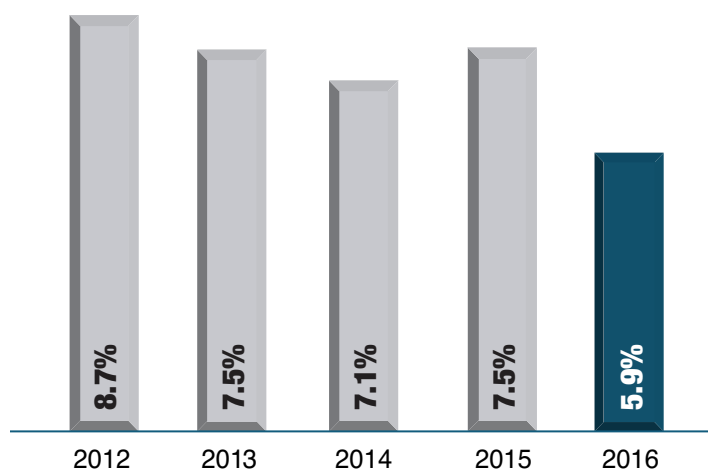


Source: Durham Region Finance Department

## Unemployment Rate

The annual unemployment rate within the Oshawa CMA, as reported by Statistics Canada, was below the unemployment rate of the province and country and remained below the five year average rate. In 2016 the unemployment rate in the Oshawa CMA, representing over 60 per cent of the Regional population, decreased from 7.5 per cent to 5.9 per cent for the year. The national rate increased from 6.9 per cent to 7.0 per cent, while the provincial rate fell from 6.8 per cent to 6.5 per cent.

### Oshawa CMA Unemployment Rate 2012 - 2016



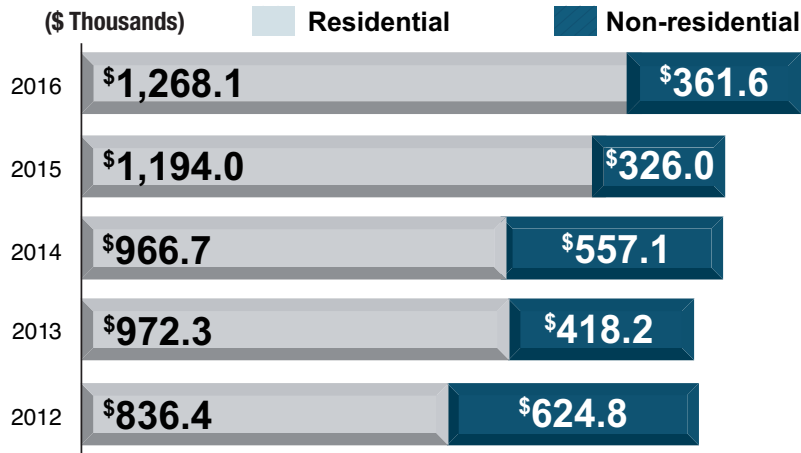
Source: Statistics Canada



## Building Permits & Housing Starts

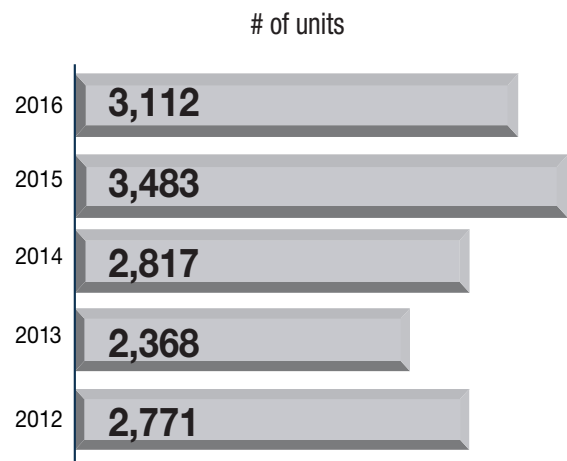
In 2016, building permits valued at \$1.63 billion were issued, consisting of \$1.27 billion in residential building permits and \$0.36 billion in non-residential building permits. With over 3,100 housing starts in 2016, the number of starts decreased in Durham Region by 10.7 per cent from 3,483 units in 2015. Housing starts in 2016 were above the five year historical average of 2,910.

Durham Region Building Permits



Source: Durham Region Planning and Economic Development Department

Durham Region Housing Starts



Source: Canadian Mortgage and Housing Corporation (CMHC)



## Business Planning

“The consistent practice of long-term financial planning helps the regional municipality to identify and address fiscal challenges before they arise.”

**Moody’s Investors Service,  
January 10, 2017**

“Durham’s very strong financial management practices further support the ratings. The regional administration is experienced and works together with council to enact policies and achieve fiscal sustainability. Annual studies drive Durham’s long-term plans and feed into annual budgets, which we view as detailed and realistic. We believe the region has systems in place to monitor expenditures and has a demonstrated culture of controlling costs. We view its debt and liquidity policies as prudent.”

**S & P Global Ratings,  
March 2, 2016**

The Region’s Business Planning process includes: strategic planning, asset management planning, multi-year economic and financial forecasting, long-term servicing and financing 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.

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

- Committee of the Whole and Regional Council
- Outside Boards and Agencies
- Regional Staff
- Regional Property Taxpayers
- Bond Rating Agencies and 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 multi-year economic and financial forecast and budget guidelines report.

The Business Planning cycle ensures long-term financial planning and financial, economic and risk analysis to adequately support the development and prioritization of programs and services and maximize efficiencies and affordability for Regional taxpayers over the long term. A comprehensive multi-disciplinary review of the Region’s infrastructure is conducted annually, culminating in the Asset Management Plan report. This report triggers more detailed analysis of infrastructure and operational requirements. It also provides information to separate annual servicing and financing studies which are completed ahead of detailed business plan approvals for major program areas, including transportation, transit, water supply, sanitary sewerage, solid waste management and social housing.

The Region’s annual Long-Term Strategic Property Tax Plan 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 and/or assessment policy.

Regional Council and the public benefit from these studies which enhance program and financial accountability and provide Council with a solid context for decision making. Regional programs and services 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.





## Asset Management

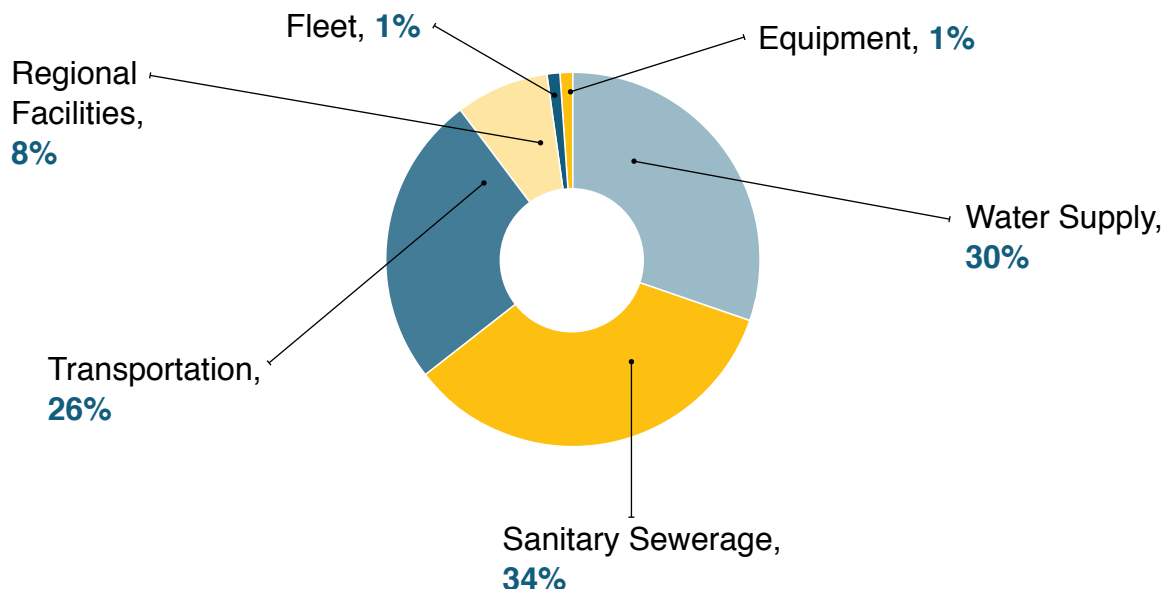
The Region's infrastructure supports both the health and well-being of Durham residents and stakeholders, and the Region's growing and vibrant local economy. A formal asset management program was established at the Region of Durham in 2004 and since then Durham has conducted this annual comprehensive 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 study provides details related to the overall state of assets, including replacement cost and condition and provides analysis of required levels of service and risk assessment as well as updating or recommending long-term asset management strategies and associated financial strategy to ensure long term financial sustainability.

At year-end 2016 the Region's assets had a replacement value estimated at \$13.2 billion.

### 2016 Replacement Value by Asset Class (\$13.2 Billion)

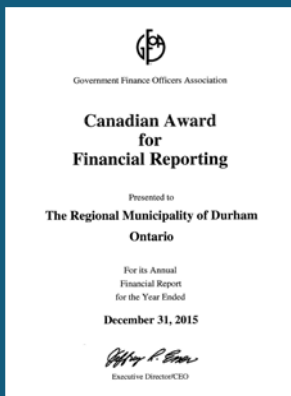


## 2016 Property Tax Supported Budgets

Durham Regional Council's approved 2016 property tax supported business plans and budgets maintained existing service levels and addressed critical needs, while providing additional funding for key strategic priorities, including:

- Continuing service demand increases, accommodating changes in Provincial policy and legislation in health and social services divisions and investing in community needs to support poverty reduction and youth employment;
- Additional police funding for the proposed new East Division Station and high-tech Forensic Identification Facility in Clarington;
- Road and bridge capital funding of \$77.3 million including \$27.5 million for road expansion, \$29.3 million for rehabilitation and \$12.4 million for Highway 407 related work; and
- Increased transit operating funding for conventional and specialized services and capital funding for transit facilities, replacement buses and new accessible bus shelters.

## Canadian Award for Financial Reporting



The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a thirteenth consecutive 'Canadian Award for Financial Reporting' to the Regional Municipality of Durham for its Annual Report for the fiscal year ended December 31, 2015. 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 2015 award, and it is our belief that this current 2016 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.

## 2016 Average Residential Property Taxes

In 2016, the average residential property taxpayer in Durham Region paid \$2,504 in Regional property taxes (excluding the local municipal and provincial education portion). This amount is based on an average residential home with a current value assessment of \$362,000.

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



The Regional average residential home with a 2012 current value assessment (for 2016 taxation) of \$362,000 pays approximately \$209 per month, or \$2,504 annually, for Regional property tax supported services. This represents approximately 52 per cent of the average total residential property tax bill in Durham Region. The remaining 48 per cent is comprised of local municipal and provincial education property taxes.

The Region also provides water and sanitary sewer services, billed on a consumption basis, to customers who are connected to the municipal systems. These services are user rate supported and are not funded from property taxes.



\*Water supply and sanitary sewerage services and infrastructure are funded by water and sewer user rates with no funding from Regional property taxes. The 2016 Regional user rates charged to residential water and sewer customers represent an annual cost estimate of approximately \$435 for water supply services and \$471 for sanitary sewerage services for the average Regional home.

\*\*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.

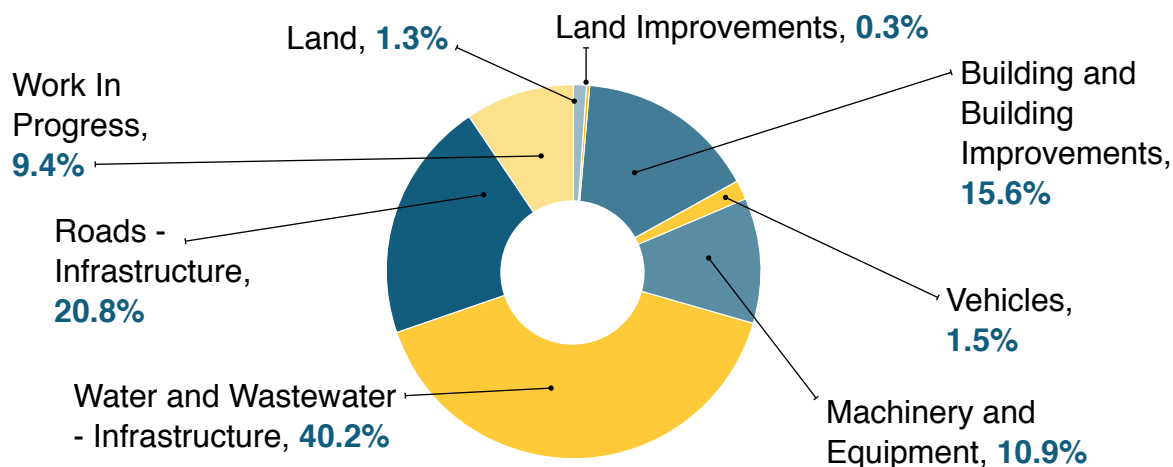


### Tangible Capital Assets

The net book value of the Region's tangible capital assets at December 31, 2016 was \$3.9 billion. Net book value is the cost of assets put into service, less the accumulated amortization recorded at December 31, 2016. Regional Council annually allocates funds to ensure infrastructure rehabilitation and replacement requirements are addressed through business planning and budget deliberations.

Capital spending in 2016 included capital improvements, replacements and additions required to accommodate expanded water supply, wastewater, transportation, solid waste and police services infrastructure. The Region's 2016 capital expenditure program was financed from property taxes, user rates, reserves and reserve funds, developer contributions, subsidies and recoveries.

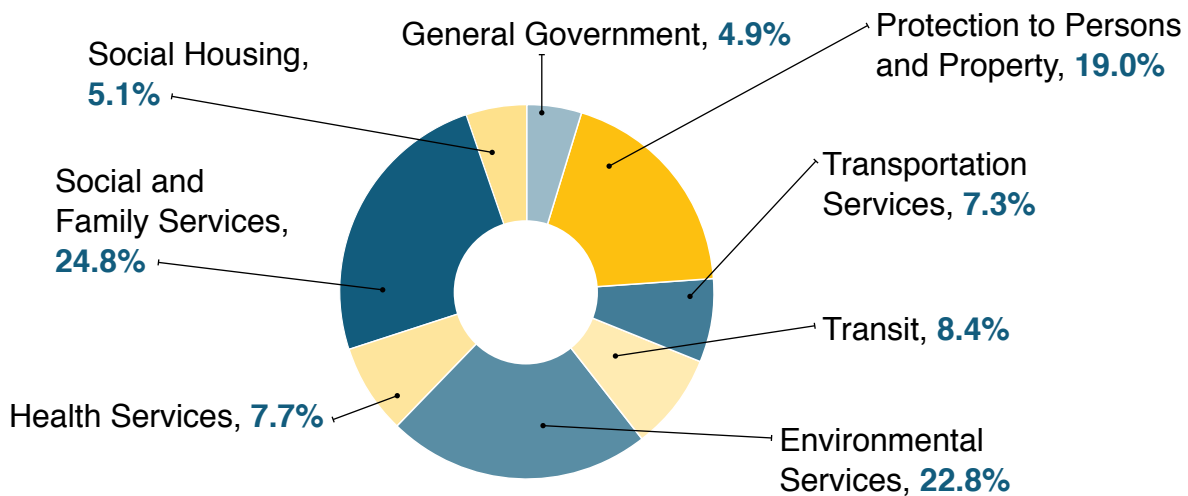
**2016 Net Book Value (\$3.9 Billion)**



## Operating Expenses

Expenses for operations increased by 3.8 per cent, or a total of \$1,095 million in 2015 compared to \$1,137 million in 2016.

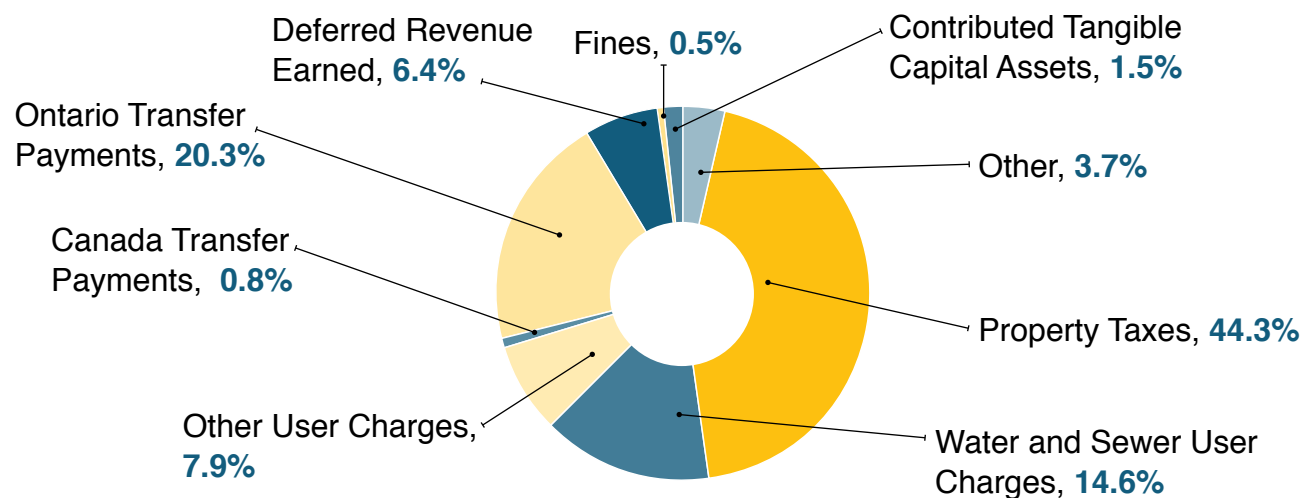
### 2016 Operating Expenses (\$1.1 Billion)



## Revenues

Total Revenues in 2016 (\$1.4 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 \$602.2 million in 2015 to \$616.2 million in 2016, due to assessment growth and a Regional property tax budgetary rate increase of 1.65 per cent.

### 2016 Revenues (\$1.4 Billion)



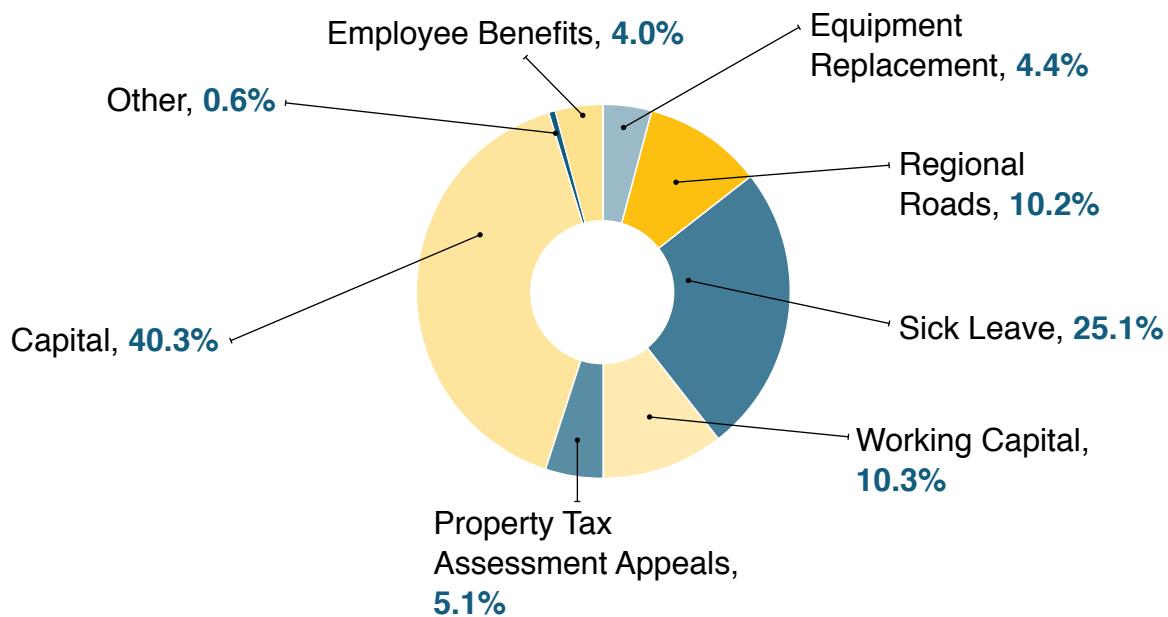
## Reserve and Reserve Fund Management

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 2016 totalled \$436.5 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.

**2016 Reserves (\$436.5 Million)**

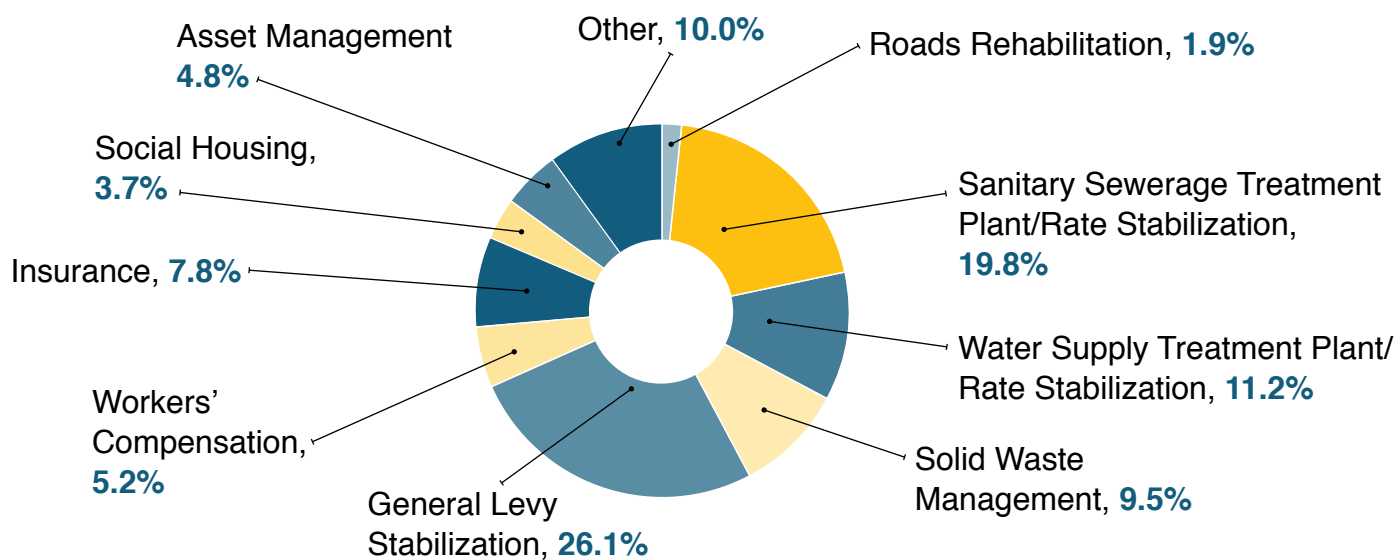




## Reserve Funds Set Aside for Specific Purpose by Council

Reserve funds are monies set aside to finance more specific future costs. The Region's reserve funds totalled \$744.1 million at year-end 2016 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.

### 2016 Reserve Funds (\$744.1 Million)



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.

### 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 totaling \$312.4 million at December 31, 2016. However, \$140.5 million, or 45.0 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 2016.

The Region's year-end net debt burden decreased by \$31.2 million to a level of \$171.9 million in 2016, including consideration of debt repayment. 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 2016 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 2016, development charges collected totalled \$83.7 million, for a total balance of \$489.3 million at December 31, 2016. 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, 2016 determined available financing for 2017 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 2016 consolidated financial statements present the Region's financial position and operating results fairly in all material respects.

The 2016 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, 2016.

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, 2017

## 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

### **S. Chambers, PMP**

Manager, Financial Information Management Services (Projects)

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

Manager, Financial Information Management Services Application (Projects)

### **D. Siciliano, BAS**

Manager of Utility Finance

### **S. Simpson, BBA**

Manager, Financial Information Management Services (Support)









# **Consolidated Financial Statements**

**and Independent Auditor's Report  
for the year ended December 31, 2016**

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, 2016, 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, 2016 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  
May 30, 2017

# The Corporation of the Regional Municipality of Durham

## Consolidated Statement of Financial Position

December 31, 2016

(in thousands of dollars)

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	\$ 126,564	\$ 98,575
Investments (Note 4)	2,044,638	1,924,151
Accounts receivable	109,672	106,648
Other current assets	816	1,007
Debenture debt recoverable from local municipalities (Note 5)	140,551	135,674
	<b>2,422,241</b>	<b>2,266,055</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	382,786	374,009
Deferred revenue - Schedule 1	510,188	482,415
Debenture debt (Note 5)	312,404	338,772
Employee benefits and post-employment liabilities (Note 6)	183,637	177,228
Landfill closure and post closure liabilities (Note 7)	13,694	11,567
	<b>1,402,709</b>	<b>1,383,991</b>
<b>NET FINANCIAL ASSETS</b>	<b>\$ 1,019,532</b>	<b>\$ 882,064</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	3,890,013	3,773,155
Inventories	4,919	6,000
	<b>3,894,932</b>	<b>3,779,155</b>
<b>ACCUMULATED SURPLUS (Note 10)</b>	<b>\$ 4,914,464</b>	<b>\$ 4,661,219</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, 2016

(in thousands of dollars)

	2016		2015
	Budget	Actual	Actual
	(Note 11)		
<b>REVENUES</b>			
Property taxes	\$ 611,184	\$ 616,239	\$ 602,175
User charges			
Water and sewer	190,766	202,775	187,183
Other	112,554	109,378	100,064
Government transfers			
Canada	10,644	10,588	10,500
Ontario	256,638	282,039	266,334
Deferred revenue earned - Schedule 1	81,297	89,188	69,461
Fines (Note 15)	7,820	7,301	7,746
Contributed tangible capital assets (Note 9)	21,628	21,628	7,625
Other	52,607	50,907	45,915
<b>TOTAL REVENUES</b>	<b>1,345,138</b>	<b>1,390,043</b>	<b>1,297,003</b>
<b>EXPENSES</b>			
General government	62,835	55,579	54,388
Protection to persons and property	212,908	215,862	212,227
Transportation services	82,419	82,668	77,923
Transit	83,192	95,091	94,202
Environmental services	275,851	259,231	239,871
Health services	91,535	87,559	87,781
Social and family services	282,329	282,365	273,181
Social housing	61,106	58,443	55,771
<b>TOTAL EXPENSES</b>	<b>1,152,175</b>	<b>1,136,798</b>	<b>1,095,344</b>
<b>ANNUAL SURPLUS</b>	<b>192,963</b>	<b>253,245</b>	<b>201,659</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>4,661,219</b>	<b>4,661,219</b>	<b>4,459,560</b>
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 10)</b>	<b>\$ 4,854,182</b>	<b>\$ 4,914,464</b>	<b>\$ 4,661,219</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, 2016

(in thousands of dollars)

		2016	2015
	Budget	Actual	Actual
	(Note 11)		
ANNUAL SURPLUS	\$ 192,963	\$ 253,245	\$ 201,659
Acquisition of tangible capital assets	(305,914)	(234,937)	(214,863)
Contributed tangible capital assets (Note 9)	(21,628)	(21,628)	(7,625)
Amortization of tangible capital assets	131,031	131,031	117,601
Loss on disposal of tangible capital assets	8,469	8,469	1,612
Proceeds on disposal of tangible capital assets	207	207	259
Change in inventories	-	1,081	(1,243)
INCREASE IN NET FINANCIAL ASSETS	5,128	137,468	97,400
NET FINANCIAL ASSETS, BEGINNING OF YEAR	882,064	882,064	784,664
NET FINANCIAL ASSETS, END OF YEAR	\$ 887,192	\$ 1,019,532	\$ 882,064

*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, 2016

(in thousands of dollars)

	2016	2015
<b>OPERATING</b>		
Annual surplus	\$ 253,245	\$ 201,659
Non-cash charges to operations		
Amortization of tangible capital assets	131,031	117,601
Contributed tangible capital assets (Note 9)	(21,628)	(7,625)
Loss on disposal of tangible capital assets	8,469	1,612
Amortization of bond premium	9,044	3,466
Change in non-cash assets and liabilities		
Accounts receivable	(3,024)	(17,391)
Other current assets	191	190
Accounts payable and accrued liabilities	8,777	21,098
Deferred revenue	27,773	34,062
Employee benefits and post-employment liabilities	6,409	14,784
Landfill closure and post closure liabilities	2,127	5
Inventories	1,081	(1,243)
Net increase in cash from operating activities	423,495	368,218
<b>CAPITAL</b>		
Proceeds on disposal of tangible capital assets	207	259
Acquisition of tangible capital assets	(234,937)	(214,863)
Net decrease in cash from capital activities	(234,730)	(214,604)
<b>INVESTING</b>		
Proceeds from disposal of investments	433,496	237,764
Acquisition of investments	(563,027)	(355,608)
Net decrease in cash from investing activities	(129,531)	(117,844)
<b>FINANCING</b>		
Regional debenture debt principal repayments	(31,245)	(30,236)
Net decrease in cash from financing activities	(31,245)	(30,236)
<b>NET INCREASE IN CASH, DURING THE YEAR</b>	<b>27,989</b>	<b>5,534</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>98,575</b>	<b>93,041</b>
<b>CASH, END OF YEAR</b>	<b>\$ 126,564</b>	<b>\$ 98,575</b>

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

### 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.



### 1. Municipal Structure (Continued)

#### Environmental Services

The services of this segment fall under three areas: 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.

### 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.

### 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 and Post-Employment Liabilities

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.

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 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.



### 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.

### 3. Accounting Standards Issued for Future Adoption

The Public Sector Accounting Board has approved new Public Sector Accounting Standards to be adopted by the Region in the future. A number of these new standards are interdependent and therefore will require concurrent adoption.

PS 2200, Related Party Disclosures, identifies and defines the types of related parties that can exist and establishes the recognition, measurement, and disclosure of such transactions. PS 3420, Inter-entity Transactions, addresses the reporting of transactions between public sector entities that comprise a government's reporting entity, from both a provider and recipient perspective.

PS 3210, Assets, PS 3320, Contingent Assets, and PS 3380, Contractual Rights, provide guidance on the definition and establishes general disclosure requirements for the respective assets and rights, and should be considered for concurrent adoption. PS 3210 deals with economic resources controlled by a public sector entity as a result of past transactions or events and from which future economic benefits are expected to be obtained. PS 3320 covers contingent assets as possible assets arising from existing conditions or situations where uncertainty is involved. PS 3380 relates to contractual rights to economic resources arising from contracts or agreements that result in both an asset and revenue in the future.

### 3. Accounting Standards Issued for Future Adoption (Continued)

PS 3430, Restructuring Transactions, establishes standards on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

PS 1201, Financial Statement Presentation, PS 3450, Financial Instruments, PS 3041, Portfolio Investments, and PS 2601 Foreign Currency Translation, are new standards that are interdependent and will require concurrent adoption. PS 1201 provides guidance and presentation requirements for financial statements, including a new statement of remeasurement of gains and losses. PS 3450 establishes standards on how to account for and report all types of financial instruments including derivatives. Unrealized gains and losses will be presented in the new statement of remeasurement of gains and losses. PS 3041 has removed the distinction between temporary and portfolio investments, and pooled investment funds will now be included within the standard's scope. PS 2601 requires that both monetary, and fair valued, non-monetary assets and liabilities, denominated in a foreign currency, be adjusted to reflect exchange rates in effect at the financial statement date. Any unrealized gains or losses will be recognized in the new statement of remeasurement gains and losses.

These new standards apply to fiscal years beginning on or after the effective dates shown in the following table.

Public Sector Accounting Standard	Effective Date
PS 2200 - Related Party Transactions	April 1, 2017
PS 3420 - Inter-entity Transactions	April 1, 2017
PS 3210 - Assets	April 1, 2017
PS 3320 - Contingent Assets	April 1, 2017
PS 3380 - Contractual Rights	April 1, 2017
PS 3430 - Restructuring Transactions	April 1, 2018
PS 1201 - Financial Statement Presentation	April 1, 2019
PS 3450 - Financial Instruments	April 1, 2019
PS 3041 - Portfolio Investments	April 1, 2019
PS 2601 - Foreign Currency Translation	April 1, 2019

The Region has not yet adopted these standards or determined the effect on the consolidated financial statements.

### 4. Investments

Long-term investments consisting of bankers acceptances, treasury bills, bonds and money market funds have a book value of \$2,044,638 (2015 – \$1,924,151) and a market value of \$2,061,293 (2015 – \$1,950,615). Amortization of bond premiums and discounts included in the Consolidated Statement of Operations and Accumulated Surplus totals \$9,044 (2015 - \$3,466).

# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2016  
(in thousands of dollars)

### 5. Debenture Debt

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

	2016	2015
Total debenture debt	\$ 312,404	\$ 338,772
Debenture debt recoverable from local municipalities	(140,551)	(135,674)
Regional debenture debt (Note 10)	\$ 171,853	\$ 203,098

Interest rates for debenture debt range from 1.65% to 7.125%, with maturities between June 2017 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.

- (b) The Regional debenture debt principal repayments required over the next five years and in total thereafter are as follows:

	2017	2018	2019	2020	2021	Thereafter	Total
	\$	\$	\$	\$	\$	\$	\$
Sanitary Sewerage	6,753	5,498	5,730	5,971	694	6,386	31,032
Solid Waste Management	39,955	5,094	5,190	-	-	-	50,239
Long Term Care	4,464	4,701	4,953	5,221	5,504	25,903	50,746
General Government	2,376	2,513	2,657	2,810	2,971	4,780	18,107
Transit	455	468	482	497	-	-	1,902
Police Services	2,918	2,986	3,064	3,152	3,252	4,455	19,827
	56,921	21,260	22,076	17,651	12,421	41,524	171,853

Total interest charges for Regional debenture debt reported on the Consolidated Statement of Operations and Accumulated Surplus are \$7,947 (2015 - \$8,835).

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.



# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2016  
(in thousands of dollars)

### 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 most recent triennial actuarial valuations prepared by an independent actuary at December 31, 2015 and updated to December 31, 2016. These benefits are comprised of:

	2016	2015
Sick leave benefits	\$ 82,782	\$ 81,617
Post-employment benefits	82,557	77,112
Workplace safety and insurance benefits	18,298	18,499
Employee benefits and post-employment liabilities	183,637	177,228
Funded post-employment benefits	(22,298)	(21,649)
Unfunded employee benefits and post-employment liabilities (Note 10)	\$ 161,339	\$ 155,579

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 4 years

# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2016

(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 and expense, as determined by actuarial valuation, updated to December 31, 2016, is as follows:

	2016	2015
Liability for sick leave benefits		
Accrued benefit obligation, beginning of year	\$ 81,199	\$ 83,118
Current period benefit cost	5,475	6,563
Interest on accrued benefit obligation	3,599	3,525
Actuarial gain	-	(5,064)
Benefit payments	(7,894)	(6,943)
Accrued benefit obligation, end of year	82,379	81,199
Unamortized actuarial gains	403	418
Liability for sick leave benefits	\$ 82,782	\$ 81,617
Sick leave benefit expense		
Current period benefit cost	\$ 5,475	\$ 6,563
Interest on accrued benefit obligation	3,599	3,525
Amortization of actuarial (gains)/losses	(15)	386
Total sick leave benefit expense	\$ 9,059	\$ 10,474

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

## 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 and expense, as determined by actuarial valuation, updated to December 31, 2016, is as follows:

	2016	2015
Liability for post-employment benefits		
Accrued benefit obligation, beginning of year	\$ 92,287	\$ 76,876
Increase due to plan amendment	-	6,259
Current period benefit cost	4,113	3,242
Interest on accrued benefit obligation	4,097	3,273
Actuarial loss	-	5,614
Benefit payments	(4,466)	(2,977)
Accrued benefit obligation, end of year	96,031	92,287
Unamortized actuarial losses	(13,474)	(15,175)
Liability for post-employment benefits	\$ 82,557	\$ 77,112
Post-employment benefit expense		
Current period benefit cost	\$ 4,113	\$ 3,242
Prior period cost of plan amendment incurred during year	-	6,259
Interest on accrued benefit obligation	4,097	3,273
Amortization of actuarial losses	1,701	1,229
Total post-employment benefit expense	\$ 9,911	\$ 14,003

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



# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2016

(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 and expense, as determined by actuarial valuation, updated to December 31, 2016, is as follows:

	2016	2015
Liability for WSI benefits		
Accrued benefit obligation, beginning of year	\$ 18,297	\$ 17,355
Increase due to plan amendment	-	217
Current period benefit cost	1,713	2,693
Interest on accrued benefit obligation	718	644
Actuarial losses	-	452
Benefit payments	(2,407)	(3,064)
Accrued benefit obligation, end of year	18,321	18,297
Unamortized actuarial (losses)/gains	(23)	202
Liability for WSI benefits	\$ 18,298	\$ 18,499
WSI benefit expense		
Current period benefit cost	\$ 1,713	\$ 2,693
Plan amendment	-	217
Interest on accrued benefit obligation	718	644
Amortization of actuarial gains	(225)	(262)
Total WSI benefit expense	\$ 2,206	\$ 3,292

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

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

The Region owns seven closed landfill sites and is responsible for post closure, 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 total estimated cost for closure and post closure care is \$13,694 (2015 - \$11,567) and is reported on the Consolidated Statement of Financial Position. A discount factor of 4.25%, less an estimated inflation factor of 2%, has been used to calculate the total estimated cost.

## **8. Liability for Contaminated Sites**

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

As at December 31, 2016, there are no contaminated sites that meet the specified criteria and no liability (2015 - \$nil) for contaminated sites has been recorded in these Consolidated Financial Statements.

### 9. 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:

	2016	2015
Land	\$ 49,229	\$ 47,274
Land improvements	11,224	11,510
Building and building improvements	609,357	549,156
Vehicles	57,367	60,527
Machinery and equipment	422,935	294,236
Water and wastewater - infrastructure	1,564,932	1,532,558
Roads - infrastructure	807,720	801,803
	<b>3,522,764</b>	<b>3,297,064</b>
Work in progress	367,249	476,091
	<b>\$ 3,890,013</b>	<b>\$ 3,773,155</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 \$367,249 (2015 - \$476,091) 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 infrastructure installed by developers. The value of contributed tangible capital assets transferred to the Region in 2016 was \$21,628 (2015 - \$7,625).

(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 (2015 - \$nil), no interest was capitalized (2015 - \$nil), and there are no capital lease obligations (2015 - \$nil).

# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2016

(in thousands of dollars)

### 10. Accumulated Surplus

The accumulated surplus consists of the following:

	2016	2015
Surplus		
Tangible capital assets (Note 9)	\$ 3,890,013	\$ 3,773,155
Regional debenture debt (Note 5)	(171,853)	(203,098)
Unexpended capital financing for future capital acquisitions	190,787	219,301
Employee benefits and post-employment liabilities (Note 6)	(161,339)	(155,579)
Landfill closure and post closure liabilities (Note 7)	(13,694)	(11,567)
<b>Total Surplus</b>	<b>3,733,914</b>	<b>3,622,212</b>
Reserves Set Aside By Council		
Working capital	44,840	43,301
Property tax assessment appeals	22,350	19,698
Equipment replacement	19,308	18,229
Regional roads	44,637	45,110
Contingencies	400	400
Sick leave	109,428	104,309
Capital	175,955	144,133
Homes for the aged	1,133	1,133
Employee benefits	17,481	16,600
University of Ontario Institute of Technology	937	1,737
<b>Total Reserves</b>	<b>436,469</b>	<b>394,650</b>
Reserve Funds Set Aside For Specific Purpose By Council		
Treatment plant/rate stabilization - Sanitary sewerage	147,222	125,639
Treatment plant/rate stabilization - Water supply	83,635	69,285
Regional share of non-residential development - Sanitary sewerage	4,777	4,685
Regional share of non-residential development - Water supply	3,756	3,684
Solid waste management	70,761	61,867
General levy stabilization	194,027	161,463
Regional revitalization	6,461	4,477
Workers' compensation	38,422	36,632
York/Durham sanitary sewerage	7,853	7,182
Insurance	58,024	50,635
Social housing	27,337	25,102
Roads rehabilitation	14,363	12,918
Asset management	35,983	32,516
Other reserve funds	51,460	48,272
<b>Total Reserve Funds</b>	<b>744,081</b>	<b>644,357</b>
<b>Accumulated Surplus</b>	<b>\$ 4,914,464</b>	<b>\$ 4,661,219</b>



# The Corporation of the Regional Municipality of Durham

## Notes to the Consolidated Financial Statements

December 31, 2016

(in thousands of dollars)

### 11. Budget Amounts

The budget amounts presented in these consolidated financial statements are based on the 2016 operating and capital budgets approved by Regional Council. The 2016 budgets approved by Regional Council are prepared on a cash basis. Public Sector Accounting Standards (PSAS) require that financial statements include comparative budget values, prepared on a full accrual basis. Therefore, the budget figures in the Consolidated Statements of Operations and Changes in Net Financial Assets represent the budget adopted by Regional Council, with reclassifications, is as follows:

	Property Tax	Water Supply	Sanitary Sewerage	Total
	\$	\$	\$	\$
<b>Revenues</b>				
Approved Budget	1,122,486	112,835	258,288	1,493,609
Reclassifications between revenue and expense	(1,629)	(125)	(47,786)	(49,540)
Budget before PSAS adjustments	1,120,857	112,710	210,502	1,444,069
Contributed tangible capital assets	646	9,660	11,322	21,628
Transfers from reserves and reserve funds	(43,917)	(4,133)	(3,530)	(51,580)
Proceeds of debt issued for Regional purposes	(54,490)	-	(14,489)	(68,979)
<b>Total Revenues</b>	<b>1,023,096</b>	<b>118,237</b>	<b>203,805</b>	<b>1,345,138</b>
<b>Expenses</b>				
Approved Budget	1,122,486	112,835	258,288	1,493,609
Reclassifications between revenue and expense	(1,629)	(125)	(47,786)	(49,540)
Budget before PSAS adjustments	1,120,857	112,710	210,502	1,444,069
Amortization	82,914	21,433	26,684	131,031
Non-tangible capital asset expenses	2,627	1,252	977	4,856
Loss on disposal of tangible capital assets	7,999	469	1	8,469
Proceeds on sale of tangible capital assets	164	43	-	207
Transfers to reserves and reserve funds	(89,184)	(5,872)	(17,421)	(112,477)
Acquisition of tangible capital assets	(164,323)	(49,132)	(92,459)	(305,914)
Regional debenture debt principal repayments	(9,360)	(216)	(8,490)	(18,066)
<b>Total Expenses</b>	<b>951,694</b>	<b>80,687</b>	<b>119,794</b>	<b>1,152,175</b>
<b>Annual Surplus</b>	<b>71,402</b>	<b>37,550</b>	<b>84,011</b>	<b>192,963</b>

The budget for property tax purposes was presented to Regional Council under Report # 2016-F-10 and was approved February 17, 2016 under by-laws # 09-2016, # 10-2016, and # 11-2016.

The budget for water supply and sanitary sewerage were presented to Regional Council in Report # 2016-F-09 and were approved February 17, 2016 under by-laws # 12-2016 and # 13-2016.

December 31, 2016

(in thousands of dollars)

### 12. 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) *Solid Waste Management*

The Region and the Regional Municipality of York jointly own a waste management facility that produces energy from the combustion of residual solid waste. The facility, which began commercial operations in 2016, is operated by a third party contractor under a twenty year agreement with the owners. Each owner is responsible for its share of costs based on tonnages of solid waste processed, to a combined total of 140,000 tonnes per year. Revenue from the sale of electricity generated is shared between the owners based on their proportionate share of waste tonnages processed.

(c) *Lease Commitments*

The Region has commitments under various building, land and equipment lease agreements expiring from 2017 to 2025. These operating leases require approximate annual rental payments as follows:

2017	3,364
2018	3,480
2019	2,624
2020	1,847
2021	1,406
Thereafter	347
	<u>\$ 13,068</u>

(d) *Tangible Capital Assets Commitments*

Contractual obligations for tangible capital asset work in progress total approximately \$171,189 (2015 - \$182,811). Financing for these commitments has been approved by Regional Council.

### 13. Pension Contributions

The Region contributed \$41,829 (2015 - \$40,511) to OMERS on behalf of 5,264 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, 2016, the OMERS plan, with approximately 470,000 members, has a funding deficit that is approximately \$5.7 billion.

### 14. 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, 2016; 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.

### 15. 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 \$7,301 (2015 - \$7,746). Net revenues amount to \$1,305 (2015 - \$1,799). Local municipalities share 60 per cent of net revenues and the Region retains 40 per cent or \$522 (2015 - \$719).

### 16. Trust Funds

Trust Funds administered by the Region amount to \$715 (2015 - \$691) 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, 2016  
(in thousands of dollars)

Schedule 1

	BALANCE, BEGINNING OF YEAR	INCREASE IN DEFERRED REVENUE				DEFERRED REVENUE EARNED	BALANCE, END OF YEAR
		Interest	Government transfers	Development charges collected	Total		
	\$	\$	\$	\$	\$	\$	\$
<b>Development Charges</b>							
Residential & Non-Residential							
Sanitary sewerage	86,060	1,284	-	27,855	29,139	15,017	100,182
Water supply	218,777	2,738	-	22,589	25,327	16,729	227,375
Roads	128,873	1,528	-	26,972	28,500	26,171	131,202
Transit	11,888	247	-	1,716	1,963	20	13,831
Residential							
Police	8,511	159	-	1,772	1,931	103	10,339
Homes for the Aged	348	7	-	84	91	219	220
Development Charge Study	510	11	-	68	79	22	567
GO Transit	-	-	-	1,974	1,974	1,974	-
Emergency Medical Services	4,486	35	-	405	440	203	4,723
Health & Social Services	587	14	-	275	289	-	876
<b>Development Charges</b>	<b>460,040</b>	<b>6,023</b>	<b>-</b>	<b>83,710</b>	<b>89,733</b>	<b>60,458</b>	<b>489,315</b>
<b>Gas Tax</b>							
Federal	-	116	18,486	-	18,602	18,602	-
Provincial	17,392	245	2,075	-	2,320	3,341	16,371
<b>Gas Tax</b>	<b>17,392</b>	<b>361</b>	<b>20,561</b>	<b>-</b>	<b>20,922</b>	<b>21,943</b>	<b>16,371</b>
<b>Conditional Grants</b>							
Transit	841	-	-	-	-	311	530
Municipal Infrastructure	2,647	-	-	-	-	1,285	1,362
Social Housing	1,495	22	6,284	-	6,306	5,191	2,610
<b>Conditional Grants</b>	<b>4,983</b>	<b>22</b>	<b>6,284</b>	<b>-</b>	<b>6,306</b>	<b>6,787</b>	<b>4,502</b>
<b>Total</b>	<b>482,415</b>	<b>6,406</b>	<b>26,845</b>	<b>83,710</b>	<b>116,961</b>	<b>89,188</b>	<b>510,188</b>



# The Corporation of the Regional Municipality of Durham

## Consolidated Schedule of Tangible Capital Assets

Year ended December 31, 2016  
(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	2016 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>										
Balance, beginning of year	47,274	1,199	18,192	770,358	138,656	608,372	2,078,744	1,255,384	476,091	5,394,270
Additions	67	-	524	80,403	10,355	164,008	40,172	48,250	234,937	578,716
Contributed tangible capital assets	1,888	-	-	-	-	-	19,740	-	-	21,628
Work in progress completed	-	-	-	-	-	-	-	-	(343,779)	(343,779)
Disposals	-	-	-	-	(14,904)	(4,756)	(1,190)	(16,703)	-	(37,553)
<b>BALANCE, END OF YEAR</b>	<b>49,229</b>	<b>1,199</b>	<b>18,716</b>	<b>850,761</b>	<b>134,107</b>	<b>767,624</b>	<b>2,137,466</b>	<b>1,286,931</b>	<b>367,249</b>	<b>5,613,282</b>
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year	-	1,199	6,682	221,202	78,129	314,136	546,186	453,581	-	1,621,115
Amortization of tangible capital assets	-	-	810	20,202	12,726	35,197	27,026	35,070	-	131,031
Disposals	-	-	-	-	(14,115)	(4,644)	(678)	(9,440)	-	(28,877)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>1,199</b>	<b>7,492</b>	<b>241,404</b>	<b>76,740</b>	<b>344,689</b>	<b>572,534</b>	<b>479,211</b>	<b>-</b>	<b>1,723,269</b>
<b>NET BOOK VALUE, END OF YEAR</b>	<b>49,229</b>	<b>-</b>	<b>11,224</b>	<b>609,357</b>	<b>57,367</b>	<b>422,935</b>	<b>1,564,932</b>	<b>807,720</b>	<b>367,249</b>	<b>3,890,013</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 (Continued)

	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 Segment Disclosure

Year ended December 31, 2016

(in thousands of dollars)

Schedule 3

	General Government	Protection to Persons and Property	Roadways	Transit	Environmental Services	Health Services	Social and Family Services	Social Housing	Unallocated	2016 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>										
Property taxes	-	-	-	-	-	-	-	-	616,239	616,239
User charges	1,089	5,727	3,394	26,160	246,360	905	21,689	6,829	-	312,153
Government transfers	102	8,227	201	20,835	9,757	55,262	186,448	11,795	-	292,627
Deferred revenue earned	22	103	26,171	6,931	50,348	203	219	5,191	-	89,188
Fines	-	7,301	-	-	-	-	-	-	-	7,301
Contributed tangible capital assets	-	-	438	-	20,982	208	-	-	-	21,628
Other	43	118	90	-	6,629	63	15	-	43,949	50,907
<b>TOTAL REVENUES</b>	<b>1,256</b>	<b>21,476</b>	<b>30,294</b>	<b>53,926</b>	<b>334,076</b>	<b>56,641</b>	<b>208,371</b>	<b>23,815</b>	<b>660,188</b>	<b>1,390,043</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	43,644	171,813	16,726	45,263	61,871	73,797	122,999	4,741	-	540,854
Operating materials and supplies	10,470	18,114	16,326	15,581	62,901	7,656	18,658	6,693	-	156,399
Contracted services	10,438	4,895	2,640	10,191	52,412	1,736	47,348	128	-	129,788
Rents and financial services	457	2,261	7,629	950	8,895	574	1,488	2,333	-	24,587
Government transfers	1,324	8,228	-	12,527	-	-	81,122	42,991	-	146,192
Amortization of tangible capital assets	4,057	9,447	39,297	8,268	58,791	2,934	7,540	697	-	131,031
Interfunctional charges	(15,003)	201	(3)	2,222	10,785	687	280	831	-	-
Debt interest	192	903	53	89	3,576	175	2,930	29	-	7,947
<b>TOTAL EXPENSES</b>	<b>55,579</b>	<b>215,862</b>	<b>82,668</b>	<b>95,091</b>	<b>259,231</b>	<b>87,559</b>	<b>282,365</b>	<b>58,443</b>	<b>-</b>	<b>1,136,798</b>
<b>ANNUAL SURPLUS</b>	<b>(54,323)</b>	<b>(194,386)</b>	<b>(52,374)</b>	<b>(41,165)</b>	<b>74,845</b>	<b>(30,918)</b>	<b>(73,994)</b>	<b>(34,628)</b>	<b>660,188</b>	<b>253,245</b>

# The Corporation of the Regional Municipality of Durham

## Consolidated Schedule of Segment Disclosure

Year ended December 31, 2015  
(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	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	-	-
Debt 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>







# **Trust Funds Financial Statements**

**and Independent Auditor's Report  
for the year ended December 31, 2016**

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, 2016, 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, 2016, 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  
May 30, 2017



## The Corporation of the Regional Municipality of Durham

### Trust Funds: Statement of Financial Position

December 31, 2016

(in thousands of dollars)

	2016					2015
	Homes for the Aged			Other	Total	Total
	Residents	Donations	Bequests	Donations		
	\$	\$	\$	\$	\$	\$
FINANCIAL ASSET						
Cash	215	235	97	168	715	691
FUND BALANCES	215	235	97	168	715	691

## The Corporation of the Regional Municipality of Durham

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

December 31, 2016

(in thousands of dollars)

	2016					2015
	Homes for the Aged			Other	Total	Total
	Residents	Donations	Bequests	Donations		
	\$	\$	\$	\$	\$	\$
REVENUES						
Residents	669	13	-	-	682	672
Recipients	-	-	-	478	478	278
Interest earned	-	4	2	1	7	6
TOTAL REVENUES	669	17	2	479	1,167	956
EXPENSES ON BEHALF OF						
Residents	678	4	14	-	696	643
Recipients	-	-	-	447	447	250
TOTAL EXPENSES	678	4	14	447	1,143	893
NET (EXPENSES)/REVENUES	(9)	13	(12)	32	24	63
FUND BALANCES, BEGINNING OF YEAR	224	222	109	136	691	628
FUND BALANCES, END OF YEAR	215	235	97	168	715	691

*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, 2016

(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

**2012-2016 (Unaudited)**

The Regional Municipality of Durham

Ontario, Canada



# The Corporation of the Regional Municipality of Durham

## Statistical Review (Unaudited)

Years ended 2012 to 2016

(in thousands of dollars)

	2016	2015	2014	2013	Restated 2012
	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS</b>					
Analysis of Revenues					
Property taxes	616,239	602,175	587,566	569,342	549,517
User charges					
Water and sewer	202,775	187,183	176,557	166,441	155,949
Other	109,378	100,064	101,482	97,480	102,850
Government Transfers					
Canada	10,588	10,500	11,056	10,475	14,244
Ontario	282,039	266,334	240,376	228,316	218,783
Deferred revenue earned	89,188	69,461	72,074	86,885	134,784
Fines	7,301	7,746	7,255	7,348	7,410
Contribution of tangible capital assets	21,628	7,625	4,239	18,067	11,201
Other	50,907	45,915	45,230	30,314	29,115
<b>TOTAL REVENUES</b>	<b>1,390,043</b>	<b>1,297,003</b>	<b>1,245,835</b>	<b>1,214,668</b>	<b>1,223,853</b>
Analysis of Expenses by Object					
Salaries, wages and employee benefits	540,854	531,611	521,236	502,152	481,459
Operating and general expenditure	310,774	293,214	279,992	270,584	273,396
Government transfers	146,192	144,083	167,309	162,925	159,532
Amortization of tangible capital assets	131,031	117,601	114,840	105,780	105,228
Debenture interest	7,947	8,835	9,198	8,753	8,406
<b>TOTAL EXPENSES</b>	<b>1,136,798</b>	<b>1,095,344</b>	<b>1,092,575</b>	<b>1,050,194</b>	<b>1,028,021</b>
Analysis of Expenses by Function					
General government	55,579	54,388	57,917	56,842	54,249
Protection to persons and property	215,862	212,227	200,202	196,526	189,887
Transportation services	82,668	77,923	75,200	73,904	77,192
Transit	95,091	94,202	107,987	111,820	101,266
Environmental services	259,231	239,871	235,555	224,983	222,989
Health services	87,559	87,781	83,887	81,375	79,363
Social and family services	282,365	273,181	268,804	252,345	247,371
Social housing	58,443	55,771	63,023	52,399	55,704
<b>TOTAL EXPENSES</b>	<b>1,136,798</b>	<b>1,095,344</b>	<b>1,092,575</b>	<b>1,050,194</b>	<b>1,028,021</b>
<b>ANNUAL SURPLUS</b>	<b>253,245</b>	<b>201,659</b>	<b>153,260</b>	<b>164,474</b>	<b>195,832</b>
<b>ACCUMULATED SURPLUS, BEGINNING 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>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>4,914,464</b>	<b>4,661,219</b>	<b>4,459,560</b>	<b>4,306,300</b>	<b>4,141,826</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,019,532</b>	<b>882,064</b>	<b>784,664</b>	<b>721,480</b>	<b>706,735</b>
<b>ACQUISITION OF TANGIBLE CAPITAL ASSETS</b>	<b>234,937</b>	<b>214,863</b>	<b>202,532</b>	<b>241,768</b>	<b>215,089</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 2012 to 2016

(in thousands of dollars)

	2016	2015	2014	2013	2012
	\$	\$	\$	\$	\$
<b>RESERVES</b>					
Working capital	44,840	43,301	41,866	40,634	39,128
Property tax assessment appeals	22,350	19,698	18,888	18,578	16,518
Equipment replacement	19,308	18,229	17,213	15,227	13,335
Regional roads	44,637	45,110	43,286	35,199	29,564
Contingencies	400	400	400	400	400
Sick leave	109,428	104,309	91,029	86,133	81,349
Capital	175,955	144,133	125,053	102,767	77,925
Homes for the aged	1,133	1,133	1,133	1,133	1,133
Employee benefits	17,481	16,600	15,274	14,378	13,483
University of Ontario Institute of Technology	937	1,737	1,737	1,737	1,737
<b>TOTAL RESERVES</b>	<b>436,469</b>	<b>394,650</b>	<b>355,879</b>	<b>316,186</b>	<b>274,572</b>

	2016	2015	2014	2013	2012
	\$	\$	\$	\$	\$
<b>RESERVE FUNDS</b>					
Treatment plant/rate stabilization					
Sanitary sewerage	147,222	125,639	111,329	109,245	99,794
Water supply	83,635	69,285	59,881	54,320	47,608
Regional share of non-residential development					
Sanitary sewerage	4,777	4,685	4,589	4,495	4,408
Water supply	3,756	3,684	3,609	3,534	3,466
Solid waste management	70,761	61,867	57,690	51,014	51,229
General levy stabilization	194,027	161,463	112,314	95,221	89,170
Regional revitalization	6,461	4,477	3,025	2,403	2,046
Workers' compensation	38,422	36,632	34,859	33,144	31,504
York/Durham sanitary sewerage	7,853	7,182	6,318	5,663	5,129
Insurance	58,024	50,635	51,763	50,070	46,789
Social housing	27,337	25,102	22,608	20,692	18,844
Roads rehabilitation	14,363	12,918	11,026	10,325	9,681
Asset management	35,983	32,516	30,462	26,955	24,740
Other miscellaneous reserve funds	51,460	48,272	41,597	37,418	34,007
<b>TOTAL RESERVE FUNDS</b>	<b>744,081</b>	<b>644,357</b>	<b>551,070</b>	<b>504,499</b>	<b>468,415</b>

# The Corporation of the Regional Municipality of Durham

## Statistical Review (Unaudited)

Years ended 2012 to 2016

(in thousands of dollars)

	2016	2015	2014	2013	2012
	\$	\$	\$	\$	\$
<b>OBLIGATIONS</b>					
Debt Incurred					
Total debenture debt	<b>312,404</b>	338,772	381,967	363,709	339,540
Debt assumed for others*	<b>(140,551)</b>	(135,674)	(148,633)	(142,204)	(131,161)
Regional debt	<b>171,853</b>	203,098	233,334	221,505	208,379
Recovered from					
Tax levy/user rates	<b>98,655</b>	112,285	125,347	137,884	108,999
Other/Reserve Funds	<b>73,198</b>	90,813	107,987	83,621	99,380
	<b>171,853</b>	203,098	233,334	221,505	208,379
Regional debt per capita (\$)	<b>255</b>	305	353	339	322
Regional debt as percentage of total expenses	<b>15.1%</b>	18.5%	21.4%	21.1%	20.3%
Debt Servicing					
Debt servicing payments	<b>39,192</b>	39,071	33,197	29,627	23,772
Debt servicing as percentage of total expenses	<b>3.4%</b>	3.6%	3.0%	2.8%	2.3%
Annual debt repayment limit	<b>187,489</b>	186,584	179,223	177,458	173,055
<b>TAXABLE ASSESSMENT (\$ millions)**</b>					
Residential and farm (including multiple residential)	<b>70,260</b>	67,083	64,117	61,101	58,046
Industrial and commercial	<b>9,292</b>	9,097	8,923	8,605	8,650
Farmland	<b>1,751</b>	1,687	1,607	1,519	1,428
Other	<b>269</b>	256	243	231	223
Total	<b>81,572</b>	78,123	74,890	71,456	68,347
Assessment analysis					
Annual tax assessment growth rate	<b>1.4%</b>	1.1%	21414700.6%	21414700.6%	21414700.6%

\* School boards (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 2012 to 2016

	2016	2015	2014	2013	2012
<b>MISCELLANEOUS INFORMATION</b>					
Full time employees	4,681	4,630	4,607	4,577	4,510
Building permit values (\$ millions)*	1,630	1,520	1,524	1,391	1,461
Average monthly social assistance case load	9,161	9,427	9,461	9,279	9,459
Unemployment rate, Oshawa CMA **	5.9%	7.5%	7.1%	7.5%	8.7%
Kilometres of roads	2,372	2,368	2,344	2,151	2,115
Annual volume of treated wastewater (megalitres)	74,845	73,070	79,135	79,102	73,887
Annual volume of treated drinking water (megalitres)	65,841	63,903	63,555	63,407	64,736
Annual disposal of residential solid waste (metric tonnes)	107,887	110,498	110,417	109,641	107,722
Annual diversion of residential solid waste (metric tonnes)	111,102	119,811	125,607	120,098	121,339
Regular service passenger transit trips (000's)	10,192	10,316	10,791	10,626	10,303
Tax collection rate*	96.3%	95.9%	94.3%	94.7%	95.2%
<b>BENCHMARK INFORMATION</b>					
Percentage of paved lane kilometres where the condition is rated good to very good	37.6%	37.1%	39.7%	39.6%	37.0%
Number of conventional transit passenger trips per person in the service area in a year	18.4	18.6	19.6	19.5	19.1
Number of wastewater main backups per 100 kilometres of wastewater main in a year	0.14	0.28	0.43	0.29	0.24
Percentage of wastewater estimated to have bypassed treatment	0.00%	0.02%	0.00%	0.00%	0.00%
Number of water main breaks per 100 kilometres of water distribution pipe in a year	6.2	6.8	7.3	5.8	5.3
Percentage of residential solid waste diverted for recycling (based on GAP) ***	52.8%	52.0%	53.0%	52.2%	53.6%
<b>DEMOGRAPHICS</b>					
Population ****	673,070	666,780	660,700	654,160	646,850
Households ****	229,005	226,480	224,090	221,565	218,790

\* 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.

\*\*\*\* Source: "Report 2017-INFO-50: Monitoring Growth Trends," Regional Municipality of Durham Planning and Economic Development Department (May 1, 2017)



## **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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