



Finance Department

*Overview, Strategic Priorities,
and Key Responsibilities*

*Finance and Administration
Committee, January 17, 2023*



Finance Department

Mission Statement

Provides financial stewardship and policy advice to guide business decisions so that resources are invested in the Regional programs and services the community values



Nancy Taylor
Commissioner
of Finance
and Treasurer

**Shannon
MacGregor**
Administrative
Assistant

Annual Deliverables

- Business Plans and Budgets and the Ten-Year Capital Plan
- Strategic Property Tax Study
- Water Supply and Sanitary Sewer User Rate Report
- Annual Investment Report
- Annual Financial Statements
- Other legislated financial reporting

Periodic Deliverables

- Budget Status Report on Financial Performance
- Development Charges
- Asset Management Plan



Joanne Cermak
Financial
Services

- Centralized financial accounting and reporting for all Regional activities including Durham Region Transit and Durham Regional Local Housing Corporation
- Collect and secure monies and payment of liabilities
- Prepare and publish the financial statements for the Regional Corporation



Nicole Pincombe
Business Planning
and Budgets

- Lead the annual business planning and budget process and long-term operating and capital forecasting
- Prepare the annual Strategic Property Tax Study including setting property tax policy, ratios and rates
- Set the annual Water Supply and Sanitary Sewerage rates
- Oversee the Corporate Asset Management Plan



Mary Simpson
Risk Management,
Economic Studies and
Procurement

- Deliver centralized risk management for the Region and the Durham Municipal Insurance Pool
- Long-term strategic advice, economic analysis, credit rating reviews, fiscal impact analysis, financing strategies and benchmarking
- Lead the Region's Development Charges Study
- Centralized procurement for all Regional services



Vacant
Financial Solutions,
Utility Finance and
Investment Portfolio
Management

- Provide the Corporation with fully supported and secure financial applications
- Water meter reading, billing and customer service activities
- Manage the Region's investment portfolio and Regional and local municipal debt issuance requirements



Jatinder Singh
Internal Audit

- Promote accountability of the Regional Corporation for the quality and value of its stewardship over public funds, support best practices in the Corporation



Strategic Priorities

As part of the Region's commitment to provide exceptional value to Durham taxpayers through responsive and effective customer service delivery the Finance Department is - led by a clear vision, modernized technologies and streamlined organizational structures – committed to providing exceptional value to Durham taxpayers through the delivery of a series of transformations. These priorities include:



Lead the updates to the Region's **Development Charges** by-law and related policies including changes announced by the Province in Bill 23



Implement substantive **system upgrades** to PeopleSoft Financial and Human Capital Management systems that drive enhanced reporting and leverages dashboards



Lead the multi-year business planning and budget process review and **modernization project** that will:

- Review and streamline business planning and budget processes;
- Procure and implement a new integrated business planning, budget and forecast system with robust financial reporting that will support and automate the Region's renewed business planning and budget process; and
- Embed enhanced public engagement in the Region's business planning and budget process



Partner corporately to implement the Region's **Cyber Security Program** to ensure the continual delivery of services securely



Continue the implementation of the Region's modernized **investment policy** for optimizing returns under sound financial management of the Region's investment portfolio



Enhance meter reading activities through installation of remote radio frequency devices to enable meters to be read without physical contact with the customer's premise



Increase the Region's **on-line payments program** allowing residents to pay for more regional services online



Increase enrolment in **MyDurhamWater** to provide enhanced water and sewage billing services



Expand rollout of the **WorkForce Management** solution to the Oral Health Division providing management of scheduling, time and attendance for staff



Financial Services Overview

Provide innovative and effective centralized financial management, reporting and accounting services to the Regional Corporation, including Durham Region Transit, the Durham Regional Local Housing Corporation, and Durham Regional Police Services



Key Targets

- 4,500 invoices issued per accounts receivable staff member - a decrease of 11% from 2021 levels due to COVID-19 impacts
- \$396,000 dollars collected per POA staff member - a 5% increase from 2021 actuals
- Every dollar spent in the collection of POA defaulted fines is expected to result in \$2.23 recovered – consistent with 2021 budgeted levels
- 6,000 staff actively using the PeopleSoft Financials, Human Capital Management, Enterprise Learning Management, and Employee Portal applications including 4,600 Regional staff and 1,400 police staff
- Continue to innovate by modernizing financial applications in order to better serve our business partners and our community

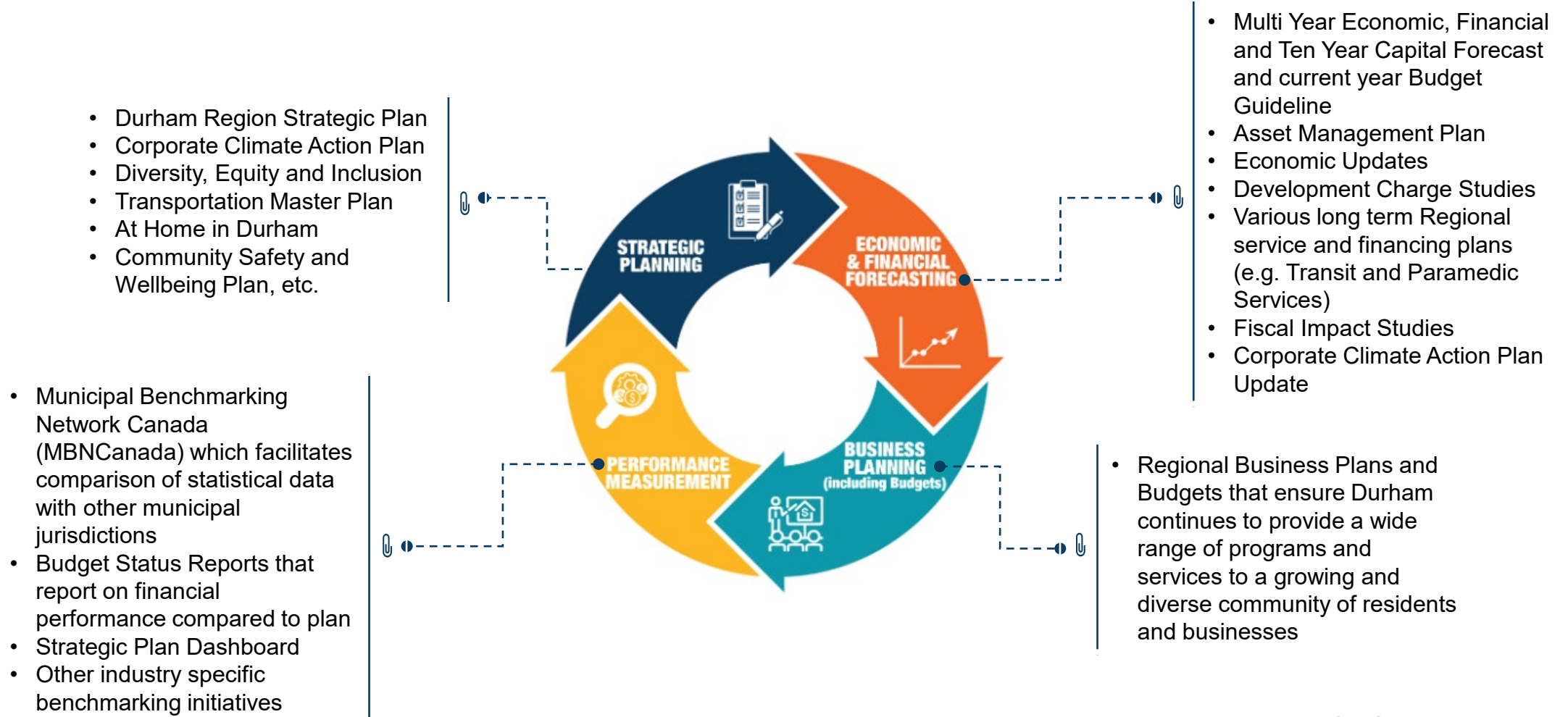


Budget Management Policy

- Council approved policy to provide accountability and oversight
- Provides process for budget exceptions
- Departments provide budgeted level of service within discretionary limits
- Finance provides overall monitoring, ensures funding available and advises on financial implications
- Incorporates delegated authority to CAO, Treasurer and Department Heads depending upon preapproved limits and reporting mechanism to Committees

Business Planning Cycle

The Region's business planning cycle provides the framework for critical financial processes and reports – ensuring these are aligned with the Region's strategic plans and informed by performance outcomes and continuous improvements

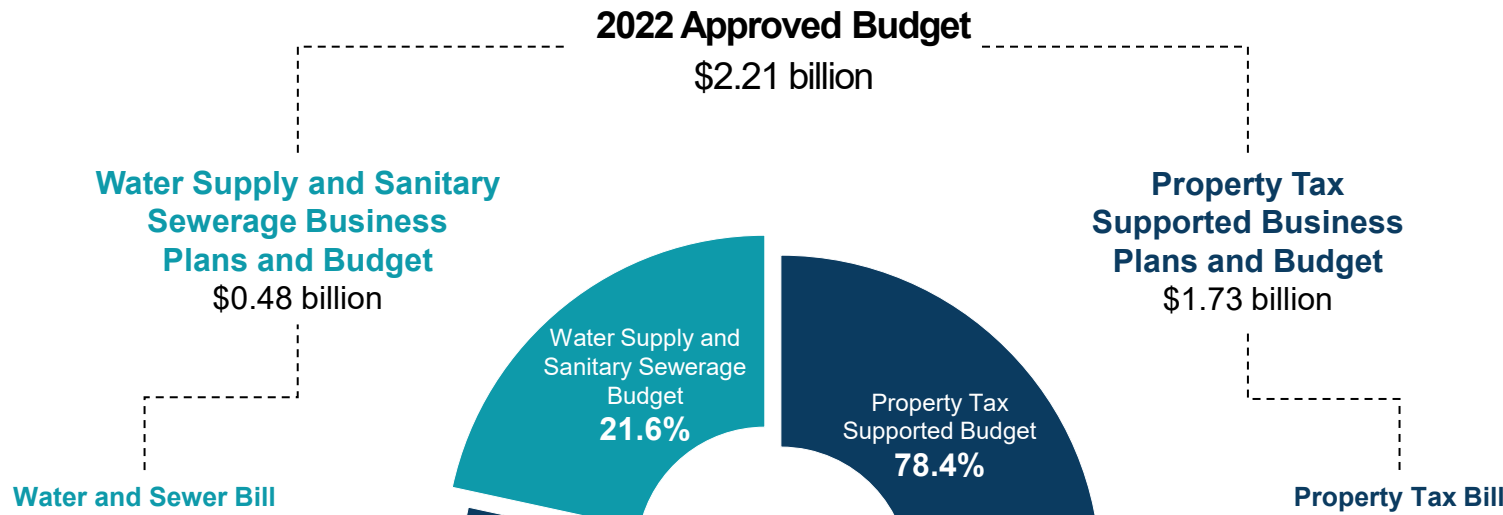




Overview of the Region's 2022 Business Plans and Budget

Outlines the cost of delivering essential Regional programs and services and ensures resource allocations are aligned with Regional Council's strategic objectives and meet service, infrastructure and legislative requirements within a framework of financial stability and transparency

Business Planning and Budgets



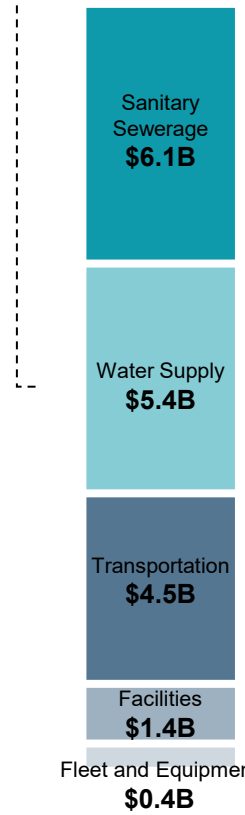
THE REGIONAL MUNICIPALITY OF DURHAM		WATER AND SANITARY SEWER BILL	
SERVICES PROVIDED		SEE REVERSE FOR FURTHER BILLING AND PAYMENT INFORMATION	
PERIOD BILLED	10	SERVICE ADDRESS	
ACCOUNT NUMBER		Average Residential Customer	
PLEASE QUOTE THIS NUMBER WHEN INQUIRING		DESCRIPTION	AMOUNT
CURRENT WATER METER READING		Water Consumption	\$61.60
PREVIOUS WATER METER READING		Water Service Charge	\$55.44
		Total Water Charges	\$117.04
CONSUMPTION		Sanitary Sewer Usage Charge	\$98.56
Typical Quarterly Average (56 cubic metres)		Sanitary Sewer Service Charge	\$20.70
WATER METER SIZE		Total Sewer Charges	\$119.26
UNMETERED FIRE LINE SIZE			
		AMOUNT DUE NOW	\$236.30
		2% LATE PAYMENT CHARGE EFFECTIVE AFTER	
		AMOUNT DUE AFTER DATE SHOWN	



- Durham Region Municipal
- Local Municipal
- Provincial Education

2021 Year End Asset Replacement Value

\$17.8 billion

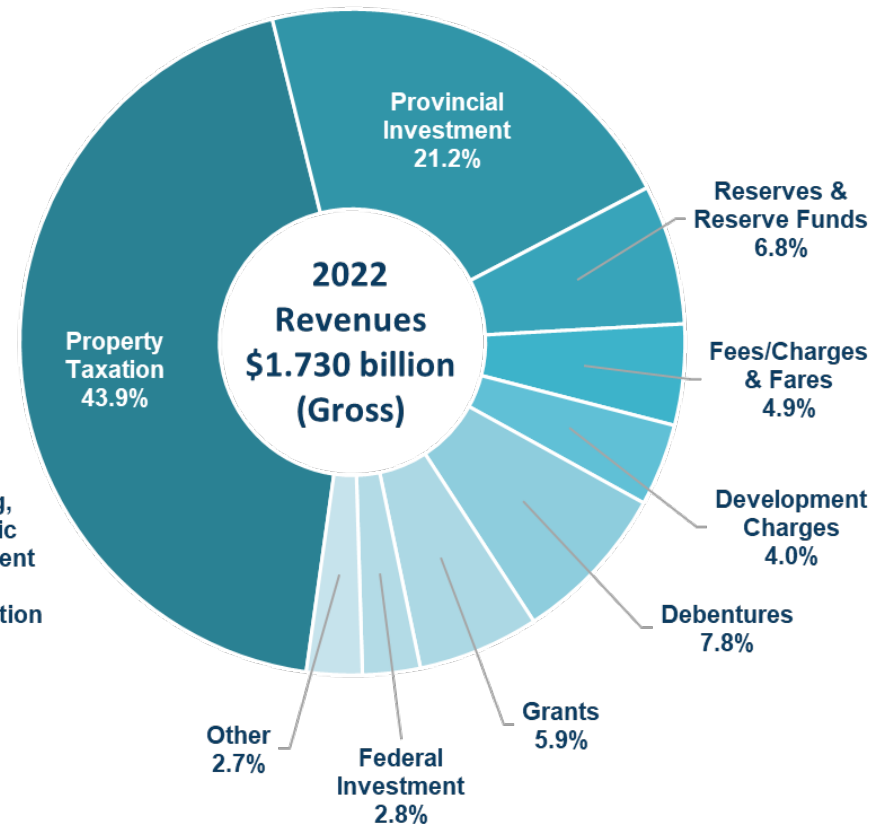
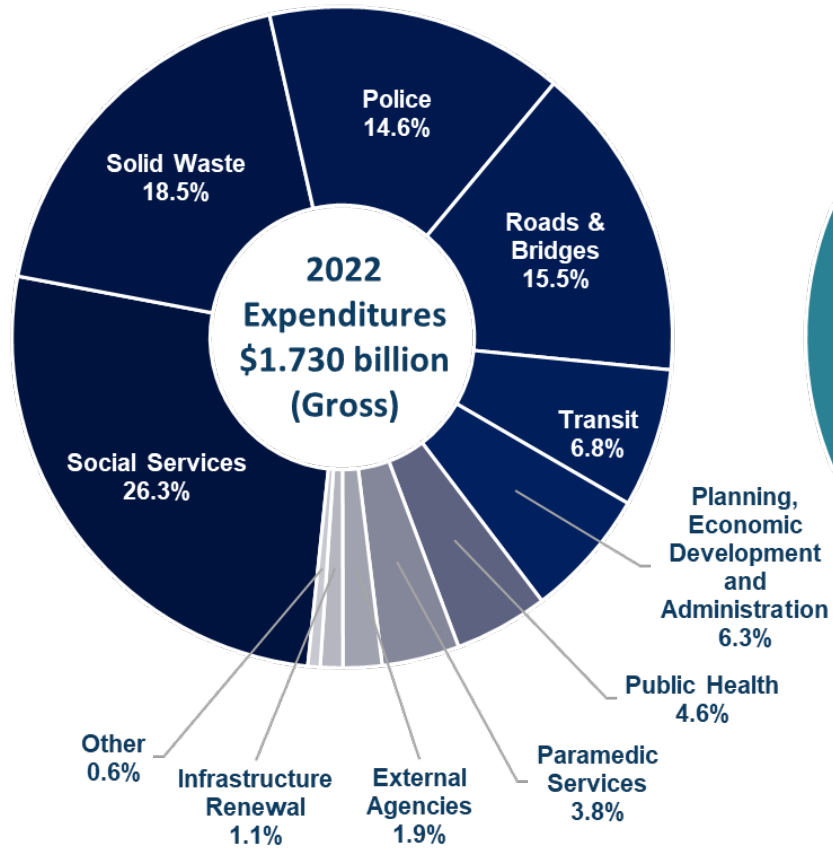


Investment / Household to Replace all Assets \$73,435



2022 Property Tax Supported Budget

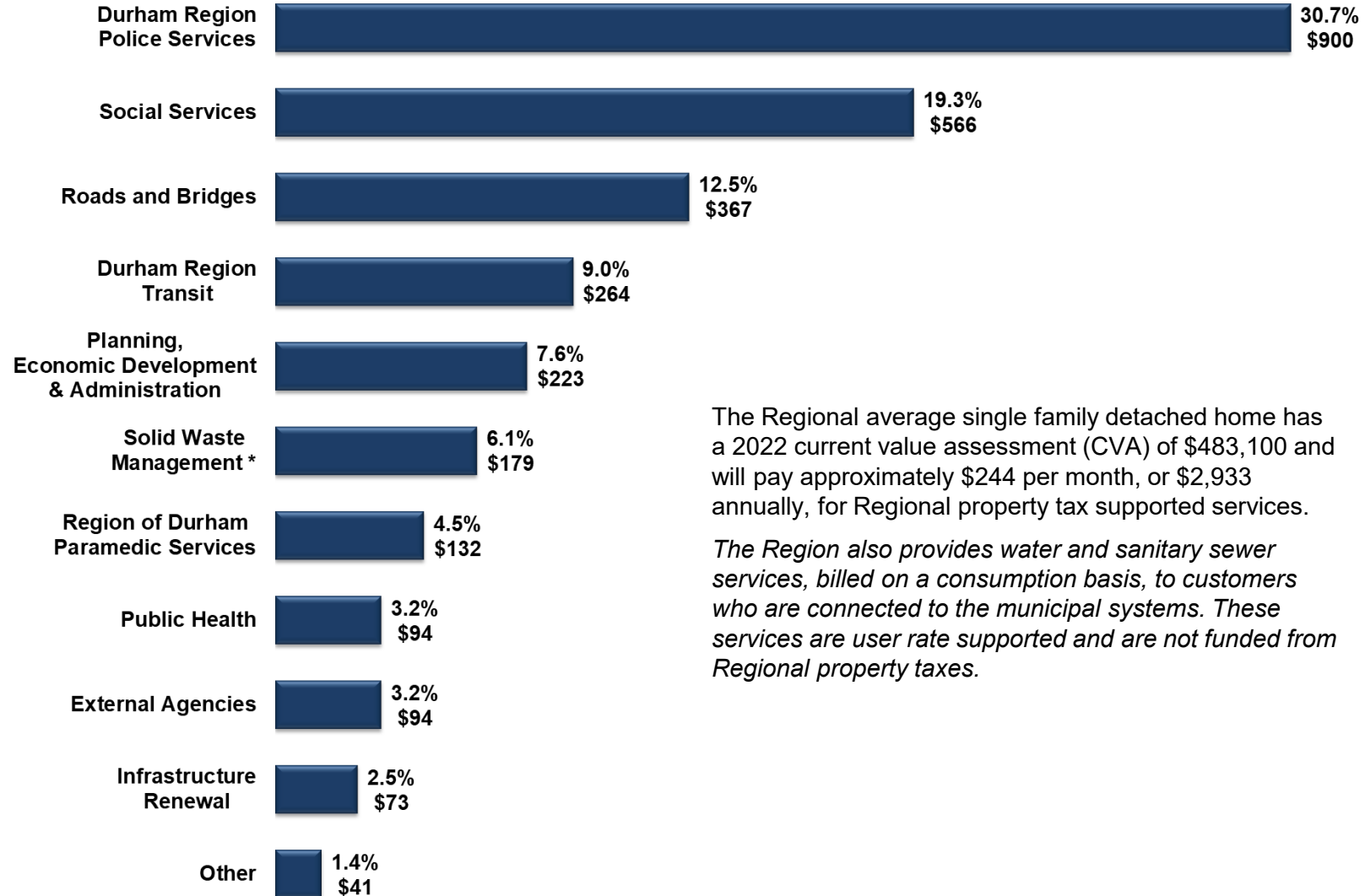
Business
Planning
and
Budgets





2022 Property Tax Supported Budget *Continued*

What Do Property Taxes Pay For?



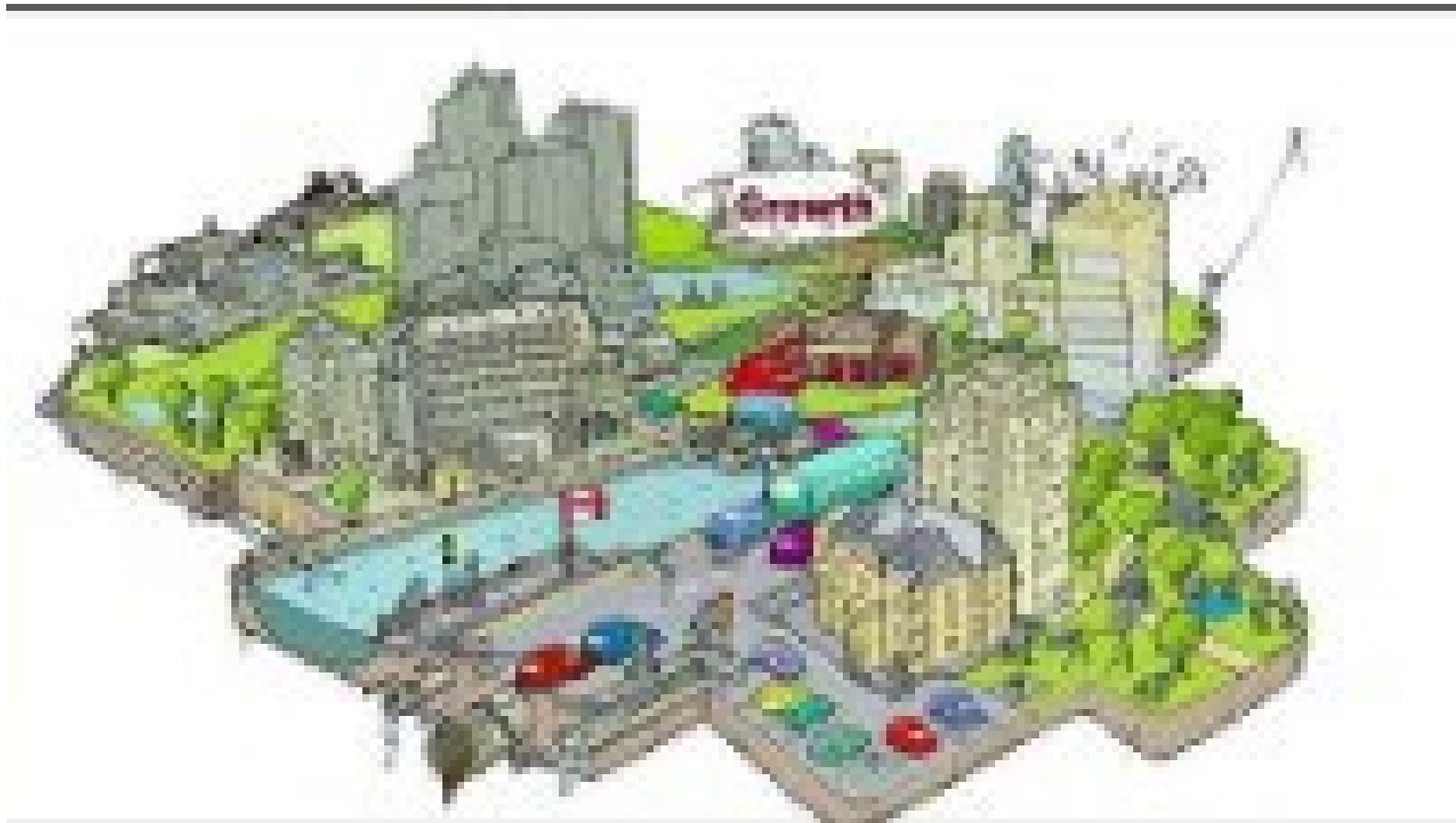
The Regional average single family detached home has a 2022 current value assessment (CVA) of \$483,100 and will pay approximately \$244 per month, or \$2,933 annually, for Regional property tax supported services.

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 Regional property taxes.

* Solid Waste Management varies as Oshawa and Whitby residential collection services are provided by the local area municipality.

Corporate Asset Management

Key component of the Region's Business Planning and Budget process and is mandated by Provincial Legislation





Corporate Asset Management



Overview

The Region’s asset management planning process is a continuous year-round process that results in a Corporate Asset Management Plan which includes analysis and reporting of:

- The Region’s asset management goals, approach and policies based on corporate objectives, plans and studies
- State of the Region’s infrastructure
- Service levels and asset performance based on achieved asset management and corporate goals and regulatory guidelines
- Lifecycle considerations and analysis
- Infrastructure capital investment needs
- Risk and climate change adaptation and mitigation initiatives
- Asset management strategies and opportunities for continuous improvements



Key Milestones

Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure, outlines key changes and timelines for municipality asset management planning. The Region is compliant with the legislation and plans to provide an updated Asset Management Plan in June 2024 aligned with the next provincial milestone.



Further Information

[Asset Management Policy](#) - The Policy articulates asset management goals, objectives, guiding principles as well as the asset management framework

[2022 Asset Management Plan](#) - The Plan details the state of the Region’s infrastructure, service levels, asset performance, lifecycle analysis, climate change adaptation and mitigation initiatives to protect the Region’s assets

Property Tax Policy



Property Tax Policy

- Regional property taxes collected from each property owner are calculated by:



Assessed value of property for the type of property – determined by the Municipal Property Assessment Corporation (MPAC)



Regional tax rates established by Regional Council through the annual Budget process and the setting of ratios by the Region through the Strategic Property Tax Study



The amount of Regional property taxes collected from each property owner

- The annual Strategic Property Tax Study establishes the Region's property tax ratios and provides an update on current property assessment and taxation items



Reassessment

- Reassessments do not result in any additional property tax revenue for municipalities. Reassessments do result in property tax shifts between individual properties and across property tax classes
- Assessment increases are phased-in evenly over four taxation years, while any assessment decreases are applied fully in the first year
- Reassessments have been delayed by the Province. Assessed values are currently based on a January 1, 2016 valuation date.



Economic Studies

Our economic team collaborates with programs across every department on various strategic initiatives

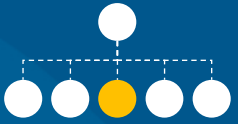
- Long term financial planning & credit rating reviews of Region
- Economic analyses, with risk assessment & mitigation strategies
- Business case development and policy advice
- Fiscal impact studies and financing for servicing agreements
- Coordination of Regional development charge policy & by-laws
- Collaboration for corporate wide benchmarking
- Administration of the Revitalization Program & Community Investment Grants





Economic Studies

Long Term Financial Planning



Risk
Management,
Economic
Studies and
Procurement

The Long Term Financial Planning Framework:

an integrated, coordinated focus on funding Regional Council's priorities, accommodating growth, and investing in infrastructure and service levels, with stable taxes and user rates.

- detailed reserve fund policy
- financial planning process
- financial policies, which are guided by three core principles of financial flexibility, sustainability, and affordability
- performance measurement





Economic Studies Development Related Work

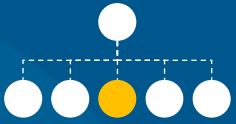
(done in collaboration with Works and Planning Departments)

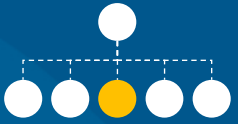
Development Charges (DC):

- Defined by Provincial legislation and set out by Regional by-law
- Allows for recovery of the costs of growth related capital infrastructure (which would otherwise be funded by Water & Sewer User Rates and Property Taxes)
- Currently imposed on new residential and nonresidential development for growth related capital costs for water, sewer, roads, Regional transit, soft services (e.g. police, paramedic, long-term care) and the GO Transit DC
- Region has two area specific DCs which compliment the Seaton Front-Ending Agreement
- Includes Regional DC policies
- More information on Development Charges to be shared in the next presentation

Fiscal Impact Studies and Financing for Large-Scale Servicing Agreements

Regional Revitalization Program





Centralized Procurement for Regional Services

- Responsible for the purchase of supplies and services including Tenders and RFPs, with an average annual purchase of \$500 million dollars:
 - Collaborative approach with departments defining the specifications and evaluation criteria. Purchasing provides the professional procurement advice, the formal processes and negotiation skills
 - Follow the Regional Council approved Purchasing By-law #16-2020
- High Regional standards of ethics:
 - to ensure that fairness, transparency and unbiasedness
 - Confidentiality is critical
- Abide by the Canadian Free Trade Agreement (CFTA) and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA)



Centralized Procurement for Regional Services

Continued

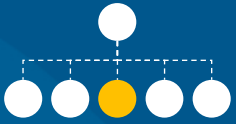
Group Purchasing Opportunities :

- combine buying power for commonly required goods and services to achieve best value:
 - Durham Purchasing Cooperative (DPC): all local area municipalities and some other government agencies (school boards, Durham College)
 - Greater Toronto Hamilton Area (GTHA) Procurement
 - some common purchases leverage Group Purchasing Organization (GPOs) such as the Province of Ontario and Ontario Education Collaborative Marketplace (OECM) e.g. office supplies

Innovation and Vendor Outreach

Materials and Office Services:

- courier, mail, shipping & receiving, printing





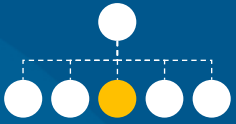
Risk Management and Insurance

Manages and coordinates risk management and insurance for the Region and members of the Durham Municipal Insurance Pool

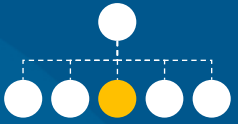


Overview

- Centralized risk management and insurance for the Region including DRT, DRLHC and DRPS
- Claims management and administration, insurance placement and management of pooled and self insurance.
- The Durham Municipal Insurance Pool (DMIP) was launched in 2020 with the participation of the Towns of Ajax and Whitby, the Municipality of Clarington, the Townships of Brock, Scugog and Uxbridge and the Region of Durham. The City of Oshawa joined the DMIP on July 1, 2017.
- The DMIP protects municipalities from increasing insurance premium costs by structuring an alternative risk-financing program with a higher single deductible and collectively self-insuring claims within that deductible while continuing to enhance risk management services
- DMIP provides a specialized insurance program, including risk management and claims services. Annually DMIP receive approximately 519 claims and of these 257 are for the Region of Durham (including Durham Region Police Services and Durham Region Transit)
- To make a claim against the Regional Municipality of Durham or for Durham Region Transit for injury or damages you must complete the online [Municipal Claim Form](#) or - for Durham Region Transit - complete the online [Durham Region Transit Form](#)

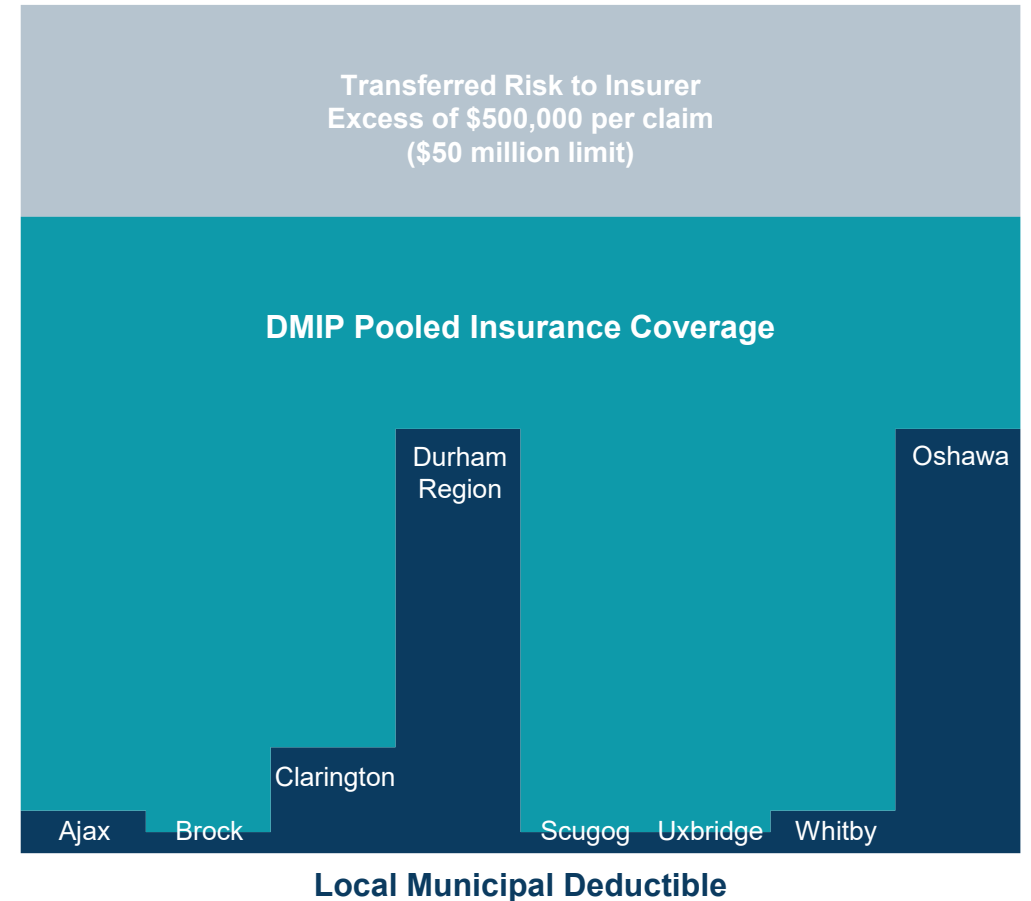


Risk
Management,
Economic
Studies and
Procurement



Basic Concepts of Insurance Pooling

- A pool is a self-insurance fund suited for a group of organizations who are too small to self-insure their own losses
- Gives access to reduced insurance premium costs by carrying higher deductibles through group purchasing and funding
- A long-term commitment is required
- Members have similar exposures to loss
- Pool operates just like an insurance company
 - Collects premiums from members based upon their loss exposure
 - Pays covered losses within the fund limits
 - Purchases excess insurance



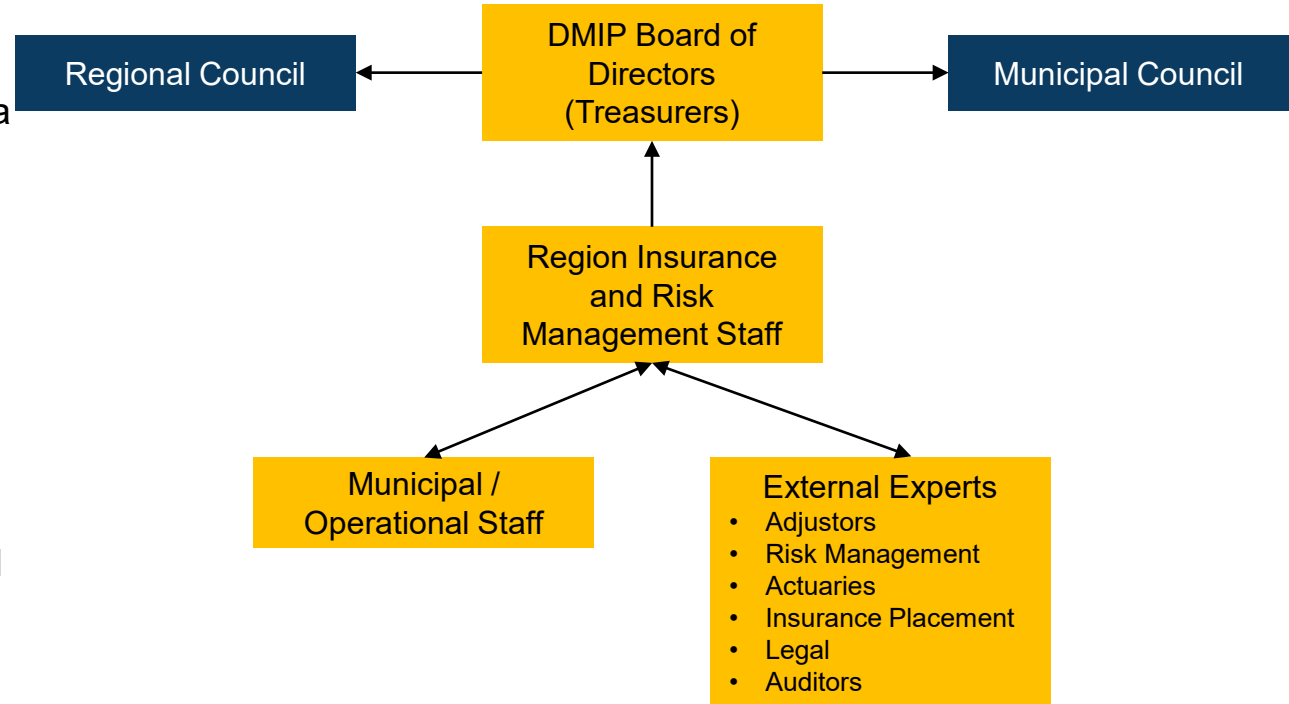


Durham Municipal Insurance Pool



Governance and Framework

- Participating member municipalities have Council approved delegation of authority to Area Treasurers for all aspects of insurance and claims handling to ensure consistency and operational efficiencies
- Subscribers Agreement outlines governance, business authorities and processes
- Actuarial studies support funding requirements including reserves for losses and annual contribution amounts by municipality
- Annual reporting to the Board including external audited financial statements
- DMIP Board ensures financial and human resources are in place for DMIP



Risk Management, Economic Studies and Procurement



DMIP Benefits

Strategic

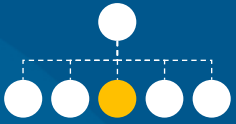
- An innovative insurance solution
- Control more of your insurance dollars
- Structure of DMIP makes it more flexible & responsive to needs of the members

Financial

- Premium stability with higher pooled deductible
- Members share in investment income & equity
- Increased buying power of group program

Commitment to Excellence

- More active involvement in claims & risk management
- Standards for risk management & loss control have increased
- Customized member training and education programs



Durham Municipal Insurance Pool *Continued*



Pooled Insurance Coverages for Region

Property

- Covered property against risks of direct physical loss or damage

Municipal Liability

- Coverage for all sums that the insured is legally obligated to pay to a third party for property damage, bodily injury or personal injury

Owned Automobile

- Coverage for any licensed vehicle owned or leased by the municipality for automobile damage and liability

Public Entity Management Liability (Professional Liability)

- Coverage for all sums that the insured is legally obligated to pay to a third party as damages arising out of an actual or alleged wrongful act



Other Insurance Coverage

Non-Pooled Coverage

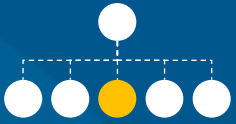
- Comprehensive Crime
- Board Member’s Accident
- Conflict of Interest
- Legal Expense
- Equipment Breakdown

Region Specific Coverage

- Durham Region Transit
- Duffin Creek Water Pollution Control Plant
- Aviation (UAV – Drone)
- Volunteer Accident for 2023 Ontario Parasport Games
- Aviation (Helicopter)

Region Specific Self Insured Coverage

- Environmental, Cyber and Punitive Damages



Durham Municipal Insurance Pool *Continued*



2022/23 Insurance Renewal

- Durham Municipal Insurance Pool (DMIP)
- Duffin Creek Water Pollution Control Plant
- Durham Region Transit
- Aviation for DRPS Helicopter and Aviation
- Cyber Insurance



2022/23 Risk Management Objectives

Pool Training Seminars	Enterprise Risk Management Collaboration	Risk Assessments
Interactive Anti Fraud	Durham Region Transit	Tobogganing
Cyber Incident Training	Innovation Office of the CAO	Multi-Use Trails
Safer Parks & Recreation		Signage for Recreational Trails



Key Considerations

- The Pool has proven to be a highly effective method to minimize the cyclical nature of the insurance marketplace
- Risk Management and Loss Prevention are key objectives for DMIP and the Region
- All DMIP members utilize insurance pool for significant advice on risk management issues, contractual issues and education and training resources
- The Pool provides stability and predictability for the pool members and ultimately the taxpayers in Durham Region



Utility Finance

Responsible for water and sanitary sewer billing and analysis and customer services for over 184,950 customers

\$ Billing and Analysis

- Billings - issue over 750,000 water/sewer bills, approximately \$246 million in revenue annually based on Council approved User Rates
- Expand residential meter readings from 178,000 in 2022 to over 712,000 with the transition to full reading
- Three-year program (2022- 2024) to retrofit existing water meters with radio frequency remote reading devices to eliminate manual reading

👤 Customer Service

- Staff respond to over 130,000 water/sewer customer inquiries received through various channels (telephone, email, MyDurhamWater portal, letter) each year
- Collections of all outstanding water/sewer balances on customer accounts



MyDurhamWater provides enhanced water and sewage billing services so residents can:

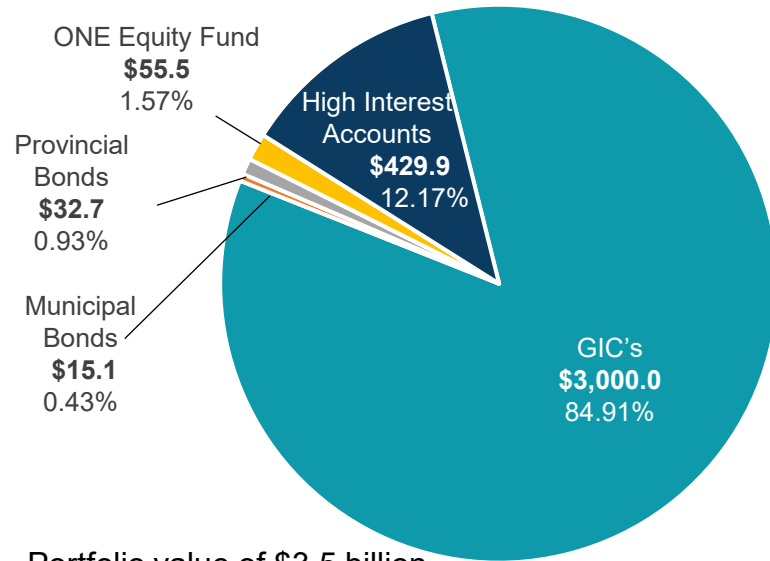
- View their billing information online,
- Receive bills on-line through paperless e-billing,
- Choose from multiple payment options, including e-payments,
- Enter meter readings online,
- Communicate with the Region through multi-channels, such as secure email, and
- Seamlessly access the Region's website for rate and water billing information

42,000 customers currently enrolled – this is expected to grow to over 60,000 by 2024



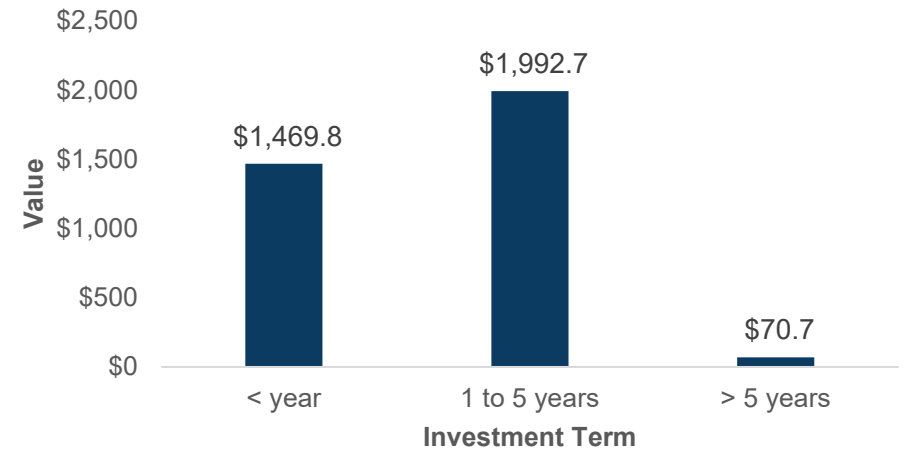
2021 Investment Portfolio Highlights

December 2021 Asset Allocation (\$ millions)



- Portfolio value of \$3.5 billion
- 1.5% average annual return in 2021
- \$59.2 million investment revenues earned

Portfolio by Maturity (\$ millions)



- 41.6% of the portfolio maturing in under one year, 56.4% within one to five years and 2.0% after five years
- Weighted average term of about two years

2022 Investment Portfolio Highlights

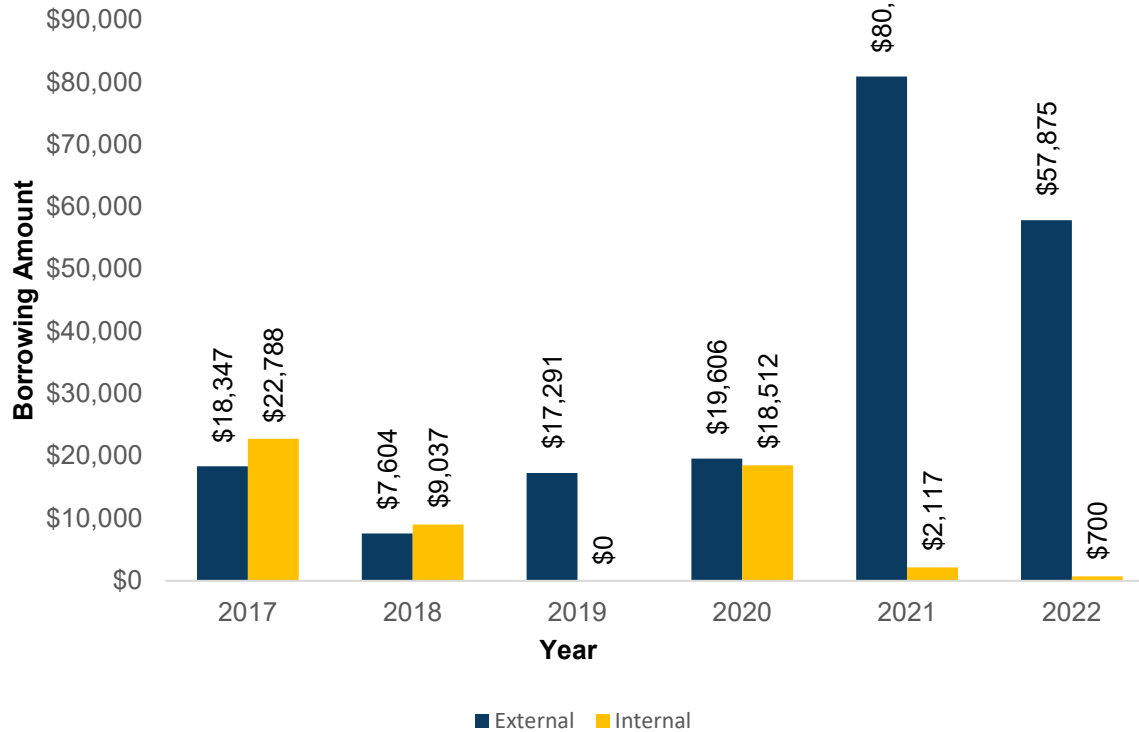
- New Investment Policy approved by Council in January
- \$1.3 billion in GICs laddered over five years at an average return of 4.1%
- \$20 million purchase of City of Toronto Social and Green bonds
- \$10 million purchase of Gov't of Canada Ukraine Bond
- Implemented strategy to grow Equity exposure by \$20 million/quarter
- Liquid investments earning over 3%
- Average return and investment term projected to increase
- Ongoing investigation into new securities, investment providers and enhancement of trading capabilities (e.g. Bloomberg)
- Preliminary discussions on Prudent Investor solutions for large municipalities



Debt Overview

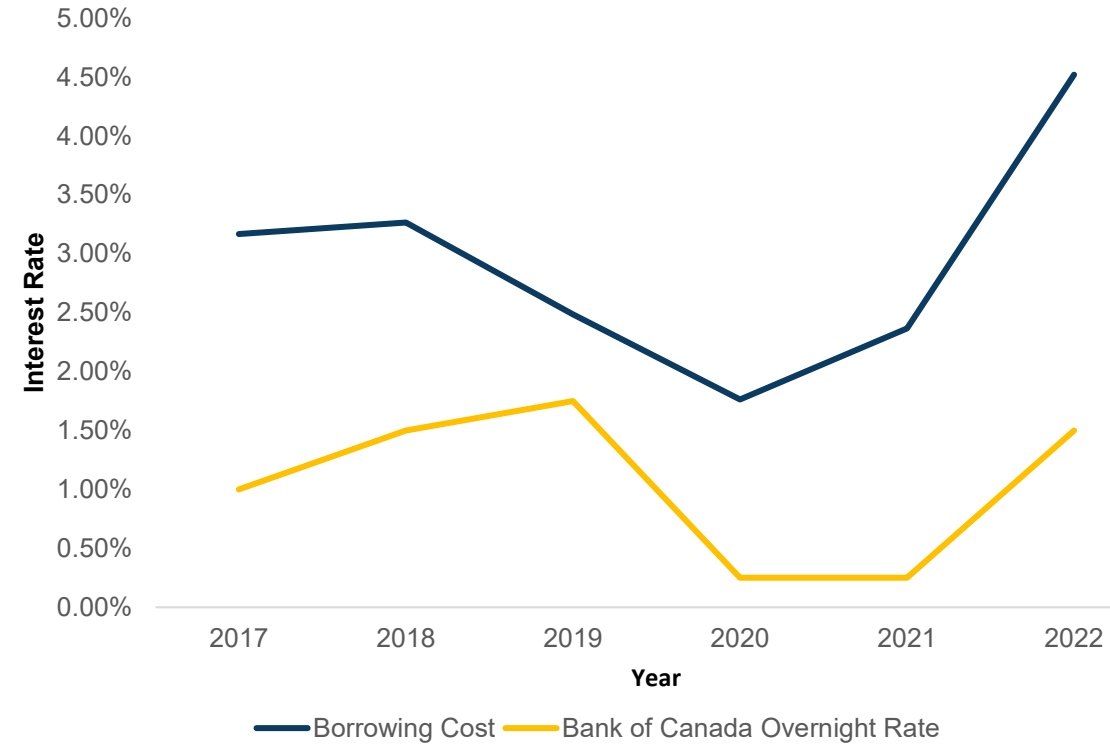
Financial Solutions, Utility Finance and Investment Portfolio Management

Debt Issuances 2017 to 2022 ('000s)



- Facilitates internal and external borrowing for Region and local municipalities
- Debt syndicate includes RBC & CIBC
- Debentures issued annually

Interest Rates 2017 to 2022



- Borrowing costs have increased since 2021 due to rising inflation coming out of pandemic
- Continue to investigate creative opportunities to lower the cost of funds



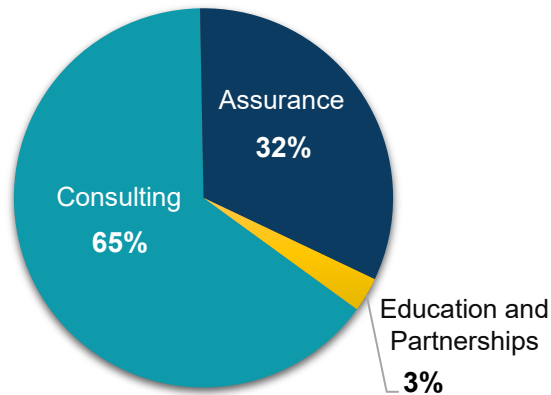
Internal Audit

Provides objective and independent assurance, consulting and educational services to assist the Region in achieving its mandate and the continuous improvement of processes and controls

Overview

- The Internal Audit Division (IAD) uses a risk based, consultative approach in planning and conducting engagements. IAD works with Regional staff to help improve processes and systems, to make issues easier to deal with, and provide education on how the Region can function better. IAD is governed by its adherence to the Institute of Internal Auditors (IIA) Professional Practices Framework

*Engagement Type
2022/23 Audit Plan*



Consulting

- Review controls, processes and procedures
- Assist in corporate risk assessment
- Controllorship, accountability, governance and business practices

Assurance

- Compliance audits
- Value for money evaluations
- IT audits
- Operational reviews
- Financial and internal control audits

Education & Partnerships

- Provide training and education
- Partnerships with Senior Management

Upcoming Reports



January 2023

- 2023 Property Tax Supported Budget Guideline



February 2023

- Transit Long-Term Service and Financing Strategy
- Region of Durham Paramedic Services (RDPS) Comprehensive Masterplan Review and Implementation Strategy
- Investment Portfolio Update



March 2023

- 2023 Property Tax Supported Business Plans and Budget
- 2023 Property Tax Study
- 2022 Council Remuneration and Expenses



April to June 2023

- Various Development Charge Reports
- Credit Rating Reviews



Questions?



Thank you!

durham.ca
[@RegionofDurham](https://www.instagram.com/RegionofDurham)

