



11

Town of Oakville  
Annual Report

*Our Vision – to be the most  
livable town in Canada*

Home to over 182,500 people,  
*Oakville radiates small-town charm, natural beauty  
and cultural vitality*, while providing all the advantages  
of an economically diverse and well-serviced  
urban community.



# Oakville

is a dynamic community located  
on the shores of Lake Ontario.



# Message from the Mayor



In 2011, Oakville Town Council moved forward in creating, preserving and affording the livability that Oakville is known for. Council's unanimous vision is for Oakville to be the most livable town in Canada. Our mission is to enhance our natural, cultural, social and economic environments by delivering sustainable and outstanding programs and services. Council is controlling growth, saving green space and keeping up with the town's needs; all while remaining committed to strong fiscal management.

This past year was incredibly busy and saw the beginning of many important initiatives that will be completed this term of Council. In October 2011, the town launched Vision 2057 with the purpose of bringing together all of Oakville's master plans and other key planning initiatives to create a cohesive roadmap for our community for the next several decades. Vision 2057 refers to the town's bicentennial year, but the choices Council makes in this term will shape our community both now and in the future. Oakville residents, businesses and stakeholders all have an important role to play in shaping Vision 2057 and we look forward to working with the community to develop a local community sustainability plan.

Other highlights in 2011, included: approval of the town's official plan, *Livable Oakville*, by the Ontario Municipal Board; renovating the dynamic Queen Elizabeth Park Community and Cultural Centre; the official opening of our new transit facility; the redesign of our website [www.oakville.ca](http://www.oakville.ca) to improve

the way Oakville residents interact with the town in an online space; and a proactive economic development strategy that witnessed several businesses, including Siemens Canada, relocate their head offices to Oakville, a testament to our livability and attractiveness as a place to invest.

In the pages to follow, you'll find a snapshot of the town's finances in 2011. Oakville is in a strong and stable financial position. The town benefits from a triple-A credit rating. Our reserve funds are at historically high levels. Oakville is on track to cut out our tax-supported debt, focus on infrastructure renewal in a fiscally prudent manner and ensure that any growth in our community takes place in a cost effective way that's in the best interest of Oakville residents. We continue to find efficiencies and savings at the town by embracing corporate style fiscal management in the form of Performance Based Program Budgeting.

This is an exciting time for Oakville. This is the time in our history when we make the big, long-lasting choices. I can confidently say that we are establishing a foundation for even greater success in the future and I want to thank all of the Councillors and town staff for their efforts and dedication to our community.

Sincerely,

Mayor Rob Burton

2011 Town

# Council

Council is the legislative governing body for the Town of Oakville and consists of the Mayor, elected at large by voters in the town, and 12 councillors each elected by voters in their respective ward. Each ward is represented by two councillors — one representing the town and one representing the town and the Regional Municipality of Halton. Regional Councillors sit on Regional Council along with representatives from the towns of Milton and Halton Hills, and the City of Burlington. Council's term of office is four years. The current term began on December 1, 2010, and will end November 30, 2014.

#### Regional and Town Councillors

Ward 1 – Alan Johnston    Ward 4 – Allan Elgar  
Ward 2 – Cathy Duddeck    Ward 5 – Jeff Knoll  
Ward 3 – Keith Bird    Ward 6 – Tom Adams

#### Town Councillors

Ward 1 – Ralph Robinson    Ward 4 – Roger Lapworth  
Ward 2 – Pam Damoff    Ward 5 – Marc Grant  
Ward 3 – Dave Gittings    Ward 6 – Max Khan



Back row (from left to right) Jeff Knoll, Max Khan, Keith Bird, Alan Johnston, Dave Gittings, Pam Damoff, Marc Grant  
Front row (from left to right) Roger Lapworth, Allan Elgar, Cathy Duddeck, Mayor Rob Burton, Tom Adams, Ralph Robinson

# 2011-2014 Strategic Plan

## Vision

**To be the most livable town in Canada**

## Mission

**We create and preserve** Canada's most livable community that enhances our natural, cultural, social and economic environments. We achieve this by continuously improving programs and services that are both accessible and environmentally and fiscally sustainable.

**We are highly valued** and widely celebrated due to the innovative and outstanding way we satisfy the needs of our residents, businesses and employees. As a result, the process is as fulfilling as the outcome.

**We ensure** our staff receives the same level of respect, commitment and caring that they are expected to deliver to the community.

## Values

**Accountability** — We deliver what we promised. We are accountable for our own actions and results. We are accountable for the efficient and effective use of public funds.

**Dedication** — We willingly take on responsibility. We are committed to serving our community. We take initiative and we take on our share of the work.

**Honesty** — Each of us demonstrates personal integrity, truthfulness and honesty in how we do our job. We inspire public confidence and trust in our government.

**Innovation** — We pursue innovation by being creative, showing initiative and taking risks. We encourage employees to exercise judgment in meeting customer needs.

**Respect** — We value an open, respectful and inclusive workplace. We value the cultural and social diversity of our community. We make it possible for every resident to participate in our community, and in our government.

**Teamwork** — We act as a team. We demonstrate high levels of trust and cooperation. We collaborate across departments to achieve our goals. We work in partnership with our community.

## Sustainable Community

# Framework

One of the key initiatives identified in Council's 2011-2014 strategic plan was the need for a comprehensive community planning framework that would tie together the town's key planning initiatives and master plans under one cohesive framework. In October 2011, the town launched its Vision 2057 community framework.

Over the next four years, staff will work with Council and the public to complete the plans and studies that will help shape our community both today and in the future.



### Sustainable Community Framework

#### Guiding principles

25-50 yrs

Town of Oakville  
Strategic Plan

Livable Oakville  
Official Plan

Local Community  
Sustainability Plan

#### Key strategic directions

4-25 yrs

##### ▲ Create it! Vision 2057

###### How we will create our community

Community Improvement Plans  
inZone – New Zoning By-law  
Midtown Strategy  
New Communities of Oakville Implementation  
Urban Design Guidelines

##### ▲ Preserve it! Vision 2057

###### How we will preserve our environment

Energy Management Plan  
Environmental Strategic Plan  
Heritage Conservation Districts – Downtown  
Natural Heritage System  
North Oakville East Trails Plan  
North Oakville Urban Forest Strategic Management Plan

##### ▲ Afford it! Vision 2057

###### How we will afford our future

Development Charges By-law  
Economic Development Strategy  
Long-Term Financial Forecast  
North Oakville Financial Impact Study  
Oakville Harbours Financial Strategic Business Plan  
Performance-Based, Program-Based Budgeting  
Rates and Fees Strategy

##### ▲ Live it! Vision 2057

###### How we will live in our community

Culture Lives Here – Strategic Directions for Culture  
Downtown Oakville Studies  
Fire Master Plan Update  
Parks, Recreation and Library Facilities Master Plan  
South Central Lands Study  
Switching Gears – Transportation Master Plan

# Message from the CAO



2011 was a remarkable year for the Town of Oakville. I am pleased to share with you some highlights of our achievements over the past year, as well as to outline the key initiatives that will take place in 2012.

The town's success begins with Council setting a strong strategic direction for the organization. In 2011, Council unanimously approved its strategic work plan for this term of Council as well as approving Vision 2057, a long-term community building framework for Oakville that will ensure a sustainable and prosperous future for our community.

As part of Vision 2057, staff kicked off the Switching Gears Transportation Master Plan and the Parks, Recreation and Libraries Facilities Master plans, updated the Environmental Strategic Plan, and launched the inZone project that oversees development of a new zoning by-law to guide what, where, and how buildings can be constructed in Oakville.

Early in 2012, the town completed its negotiations to acquire three surplus school sites in south central Oakville. In 2012, the town will work with the community to determine how to best use these three surplus school sites as well as the current hospital site and the existing Oakville Arena and Trafalgar Park to meet the needs of the community.

Another exciting new venture coming in 2012 is the launch of our enhanced ServiceOakville contact centre. Our goal is to move the town toward a one-contact customer service model to make it faster and easier for residents and visitors to do business with the town—whether in person, by phone or online.

We are an organization built on strong values and commitment. Every employee contributes to the overall success of our organization and every day we work to make a difference in the lives of our citizens. Just look at the results of our 2011 Citizen Survey – it told us that 82 per cent of residents are highly satisfied with the town, that's up four points from 2009, and overall satisfaction with town programs and services is 87 per cent.

I am extremely proud to work with a dedicated and forward-thinking Council and talented team of employees. I'm proud to be part of such an exceptional team and I look forward to another exciting year ahead.

A handwritten signature in blue ink, appearing to read 'Ray Green'.

Ray Green, P. Eng.  
Chief Administrative Officer

# Organizational chart



*The CAO* provides leadership and demonstrates a commitment to excellence in the administration and management of the Corporation of the Town of Oakville, and ensures that town services and programs are aligned with Council-approved policies and strategic directions.

*The Community Services commission* is responsible for fire protection and prevention, emergency management, parks, forestry, harbours, cemeteries and the delivery of recreation and cultural services. The commission also provides a corporate link to the Oakville Library, Oakville Galleries and TOWARF (Town of Oakville Water and Air Rescue Force).

*The Corporate Services commission* provides support services to ensure fiscal responsibility, records management, compliance with legislation and regulations, appropriate legal and real estate services and advice, council support, as well as human resources and information technology services, to support the town's operating departments. The commission is also responsible for the management of town-owned facilities.

*The Planning and Development commission* is responsible for guiding private development proposals in order to achieve the town's Livable Oakville strategic goal. The commission meets this goal through the development of official plan policies, promotion of economic development opportunities, and review of planning, building, development engineering and site alteration proposals.

*The Infrastructure and Transportation Services commission* is responsible for the coordination and delivery of programs and services related to the management, engineering, construction, operation and maintenance of municipal public works infrastructure (roads, traffic, water resources and fleet). It is also responsible for the provision of public transit, environmental policy, and municipal parking operations and enforcement.

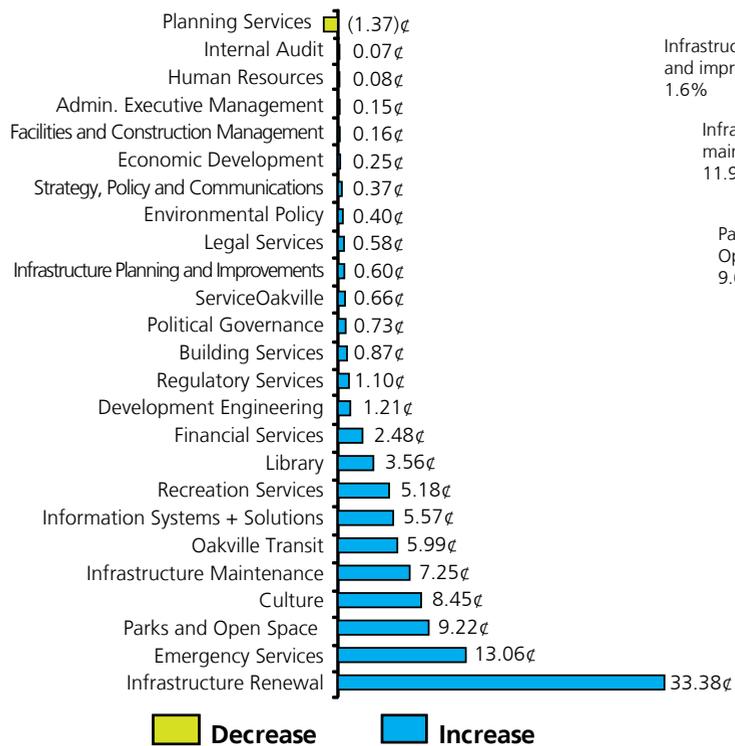
2011

# Highlights

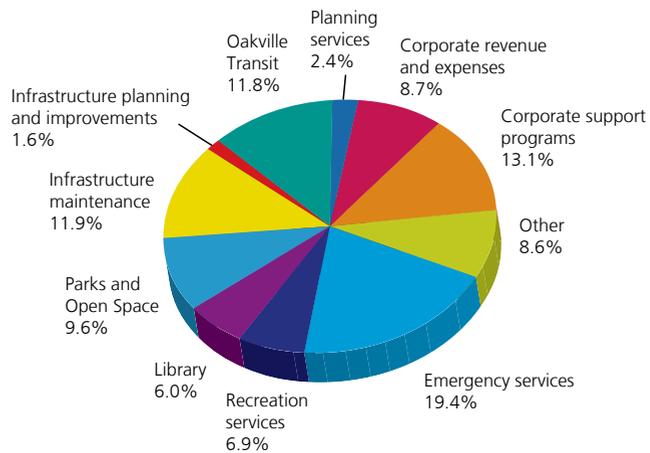
Town services span environmental stewardship and protection, parks, trails, cemeteries, forestry, harbours, creek channels and shorelines, recreation and community centres, libraries, building and heritage permits, by-laws and licensing, transit, land use planning, municipal engineering and construction, stormwater management and drainage, roads and works and fire prevention and protection.

The town is committed to superior service delivery while it continues to develop the policies, programs and services to make Oakville the most livable town in Canada.

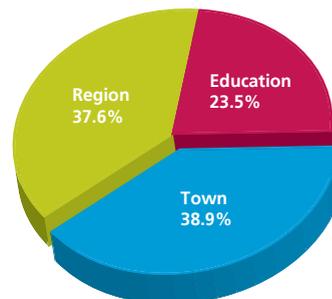
## Where the increase in town taxes is going (per \$1 tax increase)



## How your tax dollars are spent



## Who receives your tax dollars (residential)



# Areas of FOCUS

*To be the most livable town in Canada*

## Key accomplishments

- The town successfully defended its Livable Oakville Official Plan at the Ontario Municipal Board in May 2011. The plan directs growth to identified Growth Areas while protecting the town's stable residential neighbourhoods, greenspaces and employment lands to 2031. This plan guides land use planning decisions in Oakville and sets the policies to evaluate new development applications.
- Vision 2057 brings together all the town's master plans and other key planning initiatives to create one cohesive road map for the future. Council, residents and staff attended the kick-off event in October to learn more about the choices that need to be made to ensure we achieve our vision, both now and in the future.
- Switching Gears — the town's Transportation Master Plan began in 2011. It aims to develop a balanced transportation system that provides a variety of travel options in Oakville including public transit, walking, cycling and ridesharing. It also includes strategic roadway improvements to ensure the safe, convenient and efficient movement of people and goods.
- The town launched the inZone project — Oakville's development of a new zoning by-law. inZone will implement the policies of the town's new official plan, Livable Oakville, and provides a framework that reflects Oakville's vision for growth, and guides what, where, and how buildings can be constructed in Oakville.
- Planning and development staff made major progress in finalizing implementation requirements for development in the New Communities of Oakville (north of Dundas) including the implementation of transit-first principles employed in the first subdivision built in north Oakville. In addition, Council endorsed a subdivision process report in October and established sub-committees to review the North Oakville Urban Forestry Management Plan and Trails Master Plan.
- An update on the 2005 Environmental Strategic Plan (ESP) went to Council in December 2011. The ESP is the town's master plan for directing environmental initiatives across the corporation and with community partners. Since its inception, almost 100 per cent of the plan's actions were implemented or initiated including town programs Towards Zero Waste, fleet greening, green building standards and the tree protection by-law. An updated 2011 ESP is now underway with new actions focusing on climate change, local food, wildlife, and green buildings.

### Did you know?

*In 2012, all of Oakville Transit buses will be 100 per cent accessible to everyone.*

*The town's Roads and Works department maintains over 1,900 kilometres of roads, equivalent to the distance between Oakville and Winnipeg.*

## *To enhance our economic environment*

### **Key accomplishments**

- Siemens Canada officially announced plans for a new corporate head office in Oakville — a 110,000 square foot, five-storey LEED gold facility with enough space for approximately 800 employees. Built by First Gulf Development Corporation, the new facility will be located at Ford Drive and the QEW, and is expected to be completed by late 2012.
- Work continued on the implementation of the town's 10-year Economic Development Strategy. The town implemented a corporate calling program and created an annual economic development report to advise Council on 2010 industrial and commercial development activity as well as Oakville's competitive position relative to 25 area municipalities.
- A concept, investment, and marketing analysis for a Life Sciences and Technology Park around the new hospital was completed by Cushman & Wakefield. A visioning workshop was also held in June 2011 with local stakeholders to establish a shared vision for these employment lands.
- In accordance with its agreement with the town, the Oakville Tourism Partnership completed a business plan for a sustainable organization in Oakville related to visitor attraction. This plan formed the basis for a 2012 funding request to the town and various tourism stakeholders.
- Environmental Policy staff met with the Chamber of Commerce to review the status of the health protection air quality by-law implementation with the business community.
- Meetings with the Downtown BIA continued in 2011, discussing town initiatives including the new on-street pay and display parking operation for Lakeshore Road East, new transit stop locations, and future garbage receptacle and bike rack options.

### **Did you know?**

*The town completed 18 kilometres of asphalt road resurfacing to progress toward Council's target of reducing road deficiencies.*

*Approximately 30 kilometres of active transportation facilities i.e. on-road cycle lanes, signed cycle routes, multi-use trails, were implemented within the town in 2010 and 2011.*



## *To enhance our social environment*

### **Key accomplishments**

- Work is progressing on the new Oakville hospital. The town has completed conditional site plan and site servicing approvals to ensure the development remains on schedule. With the commercial close of the project, staff finalized the town's contribution to the new hospital at \$130 million, a reduction of almost \$70 million.
- In 2011 the town worked with the Halton District School Board to acquire surplus school sites. In April 2012, the town completed its acquisition of the sites at a total cost of \$12.84 million. The three sites are Brantwood School, Chisholm School and Linbrook School.
- In December, Council received the draft Parks, Recreation and Library Facilities Master Plan (PRLFMP) — a comprehensive plan that addresses Oakville's current and future parks, recreation and library infrastructure needs. The town will consult the public and its key stakeholders about where facilities will be expanded or built. A Council sub-committee will also be providing input on potential sites for recreation facilities south of the QEW. A final plan is expected to go to Council for approval in 2012.
- Renovations were completed to transform the former Queen Elizabeth Park high school into a unique multi-purpose recreation, arts and culture facility. The newly named Queen Elizabeth Park Community and Cultural Centre (QEPCCC) officially opened with a full range of arts, culture and recreational programming on March 2012.
- On November 10, hundreds of residents along with the Mayor and Members of Council celebrated the 25th Anniversary of Rick Hansen's original Man In Motion World Tour at Sixteen Mile Sports Complex.
- Given the high concentration of youth in the area, Council approved Glen Abbey Park as the permanent location of Oakville's third skateboard park.
- Following a successful three-month pilot in 2010, the town reopened Oakville's only indoor skateboard park at Kinoak Arena. Open from April until September, the Kinoak skateboard park is an innovative way to use one of the town's empty ice pads during downtimes.
- Sir John Colborne Recreation Centre celebrated its 20th Anniversary in 2011 with a number of special events including a classic car show, a 50s dance and a 20-km hike. Since opening its doors in 1991, the centre has grown from 500 to 1,650 members.
- In partnership with Citizenship and Immigration Canada, the town welcomed 50 new Canadian citizens at a ceremony at town hall in November 2011. Oakville's newest Canadians came from 21 different countries including Bangladesh, Colombia, South Korea and Venezuela.
- Iroquois Ridge Community Centre celebrated a decade of recreation and culture in December with a number of family-friendly events including face painting, line dancing and storytime. It also offered 2001 retro pricing for all recreational swims.

### **Did you know?**

*Over 6,000 people participated in the 2011 20-Minute Makeover throughout Oakville, a GTA-wide litter clean-up event that calls on participants to clean up litter for only 20 minutes to help make their community beautiful.*

## *To be accountable in everything we do*

### Key accomplishments

- As part of its commitment to open two-way communication and transparent governance, the town developed a Public Notice and Engagement Guiding Policy as well as procedures and a tool kit for staff. These documents help ensure staff continue to work with the community in a co-operative and collaborative way to share information and provide opportunities for open and constructive dialogue.
- The town's existing wards vary significantly with regard to the number of people living in each ward and growth is expected to increase the discrepancies even further. The town launched a Ward Boundary Review in 2011 to determine how the town's ward boundaries should be designed so residents and businesses are represented on Council through an effective and equitable system. In May 2012, Council voted unanimously to keep the status quo until Halton Region awards Oakville an additional seat on Regional Council.
- Setting the strategic direction for the organization is one of Council's most critical responsibilities. Following the 2010 election, Oakville's Council unanimously approved its 2011-2014 Strategic Work Plan. The plan builds upon the success of the previous Council's 2007-2010 Strategic Plan, and sets new actions to help achieve Council's vision for Oakville "to be the most livable town in Canada."
- Resident safety is top priority for the town and in 2011 it revised and updated the tiered response agreement for emergency medical services with Halton Regional Police Services, Halton EMS and the fire services of each municipality in Halton.
- Oakville revised its Council, Planning and Development Council, and Standing Committee meeting schedule from a two-week cycle to a three-week cycle. The changes take effect as of January 1, 2012. Council found if they included additional items under a three-week schedule, not only would they find some corporate efficiencies but they would be able to spend even more time with their constituents.
- In 2011 the town adopted a new interim radio communications facilities protocol in October that clarifies the town's role and the role of public consultation on radio communication applications. While radio communications facilities are regulated by Industry Canada, Oakville Council wanted the town and its residents to have the opportunity to give feedback on these applications. A final version of the protocol was approved by Council in March 2012.
- The town had an exceptional level of public input into the 2011 budget process by reaching out to the public in more ways than ever before. As a result, the Budget Committee adopted a comprehensive engagement strategy to involve citizens in the 2012 budget process. The town will seek public input through online surveys, informal open houses, email feedback, comment cards and Budget Committee meetings. The expanded use of social media will also be investigated as another vehicle to reach out to the community-at-large.

### Did you know?

*The town maintains 1,500 kilometres of storm sewers, 118 kilometres of creeks and channels, 22 storm water management ponds, and eight kilometres of lake front.*



## *To fiscally sustainable*

### **Key accomplishments**

- As part of the 2012 budget process, town staff compared Oakville's existing program service levels to the cities of Guelph, Burlington and Mississauga to assess where the town provided enhanced service levels and identify potential savings. In October, Council directed staff to continue to review all town programs to identify potential reductions, maximize the cost recovery of programs and report back on the outcomes achieved in programs where enhancements have been identified. In March 2012, Council approved the 2012 budget which saw the town's portion of the tax bill rise by 6.55 per cent for an overall property tax increase in line with inflation at 2.93 per cent.
- The town continued its program-based, performance-based budgeting system (PB2) across all commissions for the 2011 budget cycle. PB2 focuses on the programs the town delivers and the performance measures to assess them. Performance measurement reporting is now available in one convenient online location on the home page of oakville.ca. Included are reports on PB2 budgeting, citizen surveys, the strategic plan, tax levy supported debt, Municipal Performance Measurement Program and a new dashboard of performance indicators.
- Town Council approved the 2011 operating and capital budget of \$310 million following careful consideration of more than 50 reduction options brought to the table to minimize the financial impact on Oakville taxpayers. More than \$3.4 million in reductions, operating efficiencies and new revenues echoed Council's direction to ensure that all total property tax increases are in line with inflation during the 2011-2014 term of Council.
- Oakville residents paid less in town taxes in 2011 than initially forecasted. The approved 2011 budget saw the town's portion of the levy rise by 5.93 per cent. The overall tax increase was below inflation with the total property tax increase including the regional and educational components being 2.6 per cent or about \$24.68 per year for each \$100,000 of assessment.
- Following extensive negotiations, the Town of Oakville recovered \$493,100 from TransCanada Energy Ltd. to compensate the town for legal costs incurred in responding to the various judicial proceedings initiated last year by TransCanada in connection with the proposed power generation facility in Oakville. The decision by the Province of Ontario to stop the project resulted in TransCanada abandoning all of its legal proceedings against the town.
- Oakville opened its new transit facility in June. Built to LEED Silver standards, the new fully accessible facility consolidates all of Oakville's essential transit services under one roof. It houses the entire fleet of 90 buses and is designed to accommodate a total fleet of 175, enough to service the future needs of the community for the next 25 – 30 years. The governments of Canada and Ontario each contributed \$14.4 million toward the project through the Infrastructure Stimulus Fund, while the town contributed the balance of the total project cost of \$45 million.
- Following months of public and stakeholder consultation, Oakville Council approved the Oakville Harbours Financial Strategic Business Plan to ensure ongoing economic viability and sustainability of Oakville's two harbours over the next 10 years. The plan focuses on maintaining and enhancing partnerships with boat clubs; dredging option and alternatives; lease renewals; transient moorings and parkland and harbour improvements.

## *To be environmentally sustainable*

### **Key accomplishments**

- Oakville is leading the way in Emerald Ash Borer (EAB) management with one of the most aggressive treatment plans in Canada. With almost 180,000 ash trees at risk, Oakville is the first Canadian municipality to complete an early warning detection project to identify the spread of EAB. With a goal of protecting 75 per cent of the ash canopy on the public road allowance and active parks, the town is treating select municipal trees with the bio-insecticide TreeAzin, has ceased new planting of ash trees and is incorporating new treatment alternatives as they become available.
- As part of the town's corporate sustainability policies and practices, the town made improvements to corporate operations through LEED Silver certification for Sixteen Mile Creek Arena, the new Transit facility, and Queen Elizabeth Park Community and Cultural Centre.
- The town is implementing the reporting section of the health protection air quality by-law that came into effect in May 2011. The town has received 98 emission reports from facilities as of November 30, achieving an 80 per cent compliance rate. The by-law section for approval of existing major emitters will come into effect in September 2012.
- In August, the Ministry of the Environment announced the Oakville-Clarkson airshed as the first pilot project for the development of the new Air Quality Management System (AQMS). The town continues to participate in the Oakville-Clarkson Airshed Working Group to improve air quality in Oakville.
- As part of Dr. David Balsillie's Oakville-Clarkson Airshed Action Plan recommendations, the town paved the shoulders along Royal Windsor Dr. between Ford Dr. and Winston Churchill Blvd. to prevent dust and tracking of materials onto the roadway, creating a dedicated cycle facility to encourage alternate modes of transportation.
- Draft Wildlife Strategy and Conflict Guidelines were approved by Council in June. The strategy provides direction for staff and the public in dealing with wildlife in the town. The focus of outreach and education in 2011 was on coyotes. A direct mail piece was sent out to residents in the Glen Abbey area to remind them not to feed coyotes and to take appropriate precautions such as keeping dogs on a leash. A public seminar was held in September to help educate residents on living with coyotes and well researched resource materials are readily available on the town's website to help reduce wildlife conflict situations.
- In November, Oakville Town Council endorsed the new Municipal Outdoor Lighting and Street Lighting Standards that will help the town conserve energy, reduce costs, and improve safety. The Municipal Outdoor Lighting Standard will be used when designing walkways, town-owned parking lots and outdoor spaces surrounding town facilities. The Oakville Street Lighting Standard will be used for streets, sidewalks and bike lanes.
- The fourth annual State of Oakville's Environment Report (SOER), which monitors and reports on the condition of the environment in Oakville, was presented to Council in December. Highlights showed that water and air quality declined between 2009 and 2010, likely due to the effects of increased economic activity, while gas consumption, Ecoschool certification and water conservation all improved during this period.

## *To provide outstanding service to our residents and businesses*

### **Key accomplishments**

- The town began revamping its website in 2011 to improve access to information and online services. The new oakville.ca launched in January 2012, introduces new functionality, new features, and new opportunities for residents to connect with the town including social media sites on Facebook and Twitter.
- The town launched the Oakville Canopy Club — a bold community outreach campaign that provides residents with the information and tools they need to help save Oakville’s tree canopy from the threat of EAB. To become an Oakville Canopy Club member, simply “like us” on Facebook or follow the club on Twitter. Oakville’s EAB website also includes resources and information, as well as an interactive map that plots the location of ash trees on both public and private properties.
- The town continued to implement the ServiceOakville strategy to enhance the services provided to residents. Starting now until the end of 2014, the ServiceOakville strategy will move the town towards a one-contact customer service model — one town, one window. By creating one window into the town, staff can address the majority of the inquiries at the first point of contact making it faster and easier for residents and visitors to do business with the town whether in person, by phone or online.
- Always looking at ways to use technology to be more effective and cost efficient, the town began using QR codes in its ads, and marketing materials so residents and visitors who have internet or smart phones have even quicker access to information. A QR code (Quick Response code) is a black and white square that offers a wealth of information with a simple scan of your smart phone.
- To communicate better with customers and market programs and services, the Recreation and Culture department launched an e-newsletter in 2011. Sent to over 1400 residents, the new Recreation and Culture e-newsletter provides up-to-date information to recreation and culture customers on a weekly basis.

### **Did you know?**

*Oakville was the first municipality in the Greater Toronto Hamilton Area (GTHA) to fully implement the PRESTO card system, offering residents a more convenient payment option for travelling on Oakville Transit and other systems across the GTHA.*

*On-street pay and display parking machines replaced the old meters on Lakeshore Rd. East to make it easier for customers to pay.*



## *To continuously improve our programs and services*

### **Key accomplishments**

- According to Oakville's 2011 Citizen Survey, 82 per cent of residents expressed high levels of satisfaction with the town. This is up four points from 2009. Residents also expressed overall satisfaction (91 per cent) with eight key aspects of local government such as responding to community needs. In addition, over eight in 10 residents (83 per cent) said that Oakville is better than most areas in the GTA when it comes to overall livability.
- In October, Oakville Transit reported a 17 per cent increase in ridership since the new transit service design was approved by Council in September 2009. Overall, Oakville transit ridership is expected to top 2.8 million, and a new monthly record of 275,000 riders was set in November 2011.
- Students and seniors can now enjoy the convenience of PRESTO on Oakville Transit. Introduced in 2010 for adult fares only, PRESTO allows customers to ride on participating transit systems without pre-purchasing tickets or having to search for the correct change.
- Woodside Branch reopened its doors to the public in December 2011 after being closed since August for floor repairs and renovations. The facility has become AODA compliant (Accessibility for Ontarians with Disabilities Act) with newer public washrooms and customer service desks. Woodside is home to many of our special services including accessibility equipment such as the CNIB DAISY reader and the Kurzweil Reading Machine.
- Residents saw improvements in parks and playgrounds across the town in 2011 including the continuation of Phase 2 at Bronte Heritage Waterfront Park, artificial turf fields installed at North Park and Bronte Athletic Field, rehabilitation of the playgrounds at Hopedale Park and Harman Gate Park, installation of a new splash pad at Forster Park, tennis court resurfacing at Castlefield Park, Glenashton Park and Valleybrook Park (which includes a new basketball court), and the opening of Westwood Park.
- Throughout 2011, to ensure Oakville's infrastructure remained in a state of good repair the town completed major roadwork upgrades; bridge and culvert rehabilitations, and some emergency bridge repairs. There were some signalization improvements at three intersections in town and new municipal storm sewers added along six streets.
- Results from the town's 2010 Employee Engagement Survey revealed that town employees are highly committed to providing quality service to the residents of Oakville. In fact, Oakville established new municipal high scores in both commitment and customer service when comparing results to 24 other municipalities and Oakville's 2008 survey results. The employee survey is just one component of the town's commitment to performance measurement. These results are correlated with the results of our 2011 Citizen Survey to help the town develop strategies for continuous improvement. The results of these surveys are critical to the performance-based culture that Council has established at the town.

### **Did you know?**

*The implementation of better road salt management practices and equipment resulted in at least a 15 per cent reduction in salt usage by the town.*

# Looking Ahead

## *2012 Key challenges and actions*

### **To be the most livable town in Canada**

*To develop and implement the community planning framework to achieve our vision to be the most livable town in Canada.*

- Continue to coordinate completion of master plans and major studies under Vision 2057 community planning framework
- Continue work on the Zoning by-law update
- Prepare draft urban design guidelines for further public review in 2013
- Develop business plan and implementation framework for Midtown Oakville
- Prepare research paper on Community Improvement Plans
- Complete South Central Land Use Study
- Complete Transportation Master Plan
- Defend LivableOakville site specific application appeals at OMB
- Complete town telecommunications protocol
- Complete update to Trails Master Plan for north Oakville

### **To enhance our economic environment**

*To create and support conditions that will ensure a thriving and sustainable local economy.*

- Host a business leaders' forum in conjunction with the Oakville Chamber of Commerce
- Develop strategy for improved business conditions in Bronte Commercial District
- Formalize an interdepartmental review team for business development planning applications
- Complete development process brochure to assist business
- Explore opportunities for Life Sciences park and a Digital Media Hub for Oakville
- Identify opportunities for existing employment areas with business community
- Complete Downtown Oakville transportation, access and mobility study as recommended in the Downtown Oakville Strategic Review Action Plan
- Continue to maintain strong working relationships with Chamber of Commerce, BIAs and local business leaders



## To enhance our social environment

*Take a leadership role in identifying opportunities to enhance the well-being of our community and work collaboratively with the community and the Region of Halton to promote community wellness.*

- Complete Downtown Oakville Heritage District Study
- Develop three-year heritage work program for Council approval
- Open new Queen Elizabeth Park Community and Cultural Centre
- Finalize Parks, Recreation and Library Facilities Master Plan
- Complete town-wide events strategy
- Complete potential acquisition of surplus school sites from Halton District School Board
- Investigate opportunities to solicit business support for arts and culture
- Continue to work with Halton Healthcare Services to support new hospital by:
  - ensuring timely issuance of planning permits and approvals
  - undertaking necessary road improvements
  - developing local share funding plan

## To be accountable in everything we do

*To ensure public confidence by promoting open, effective and transparent governance.*

- Continue to implement improvements on oakville.ca to enhance public engagement and accountability
- Complete ward boundary review
- Report from the Council Task Force of Advisory Committees
- Complete agreement with TOWARF
- Complete 2012 internal audit work plan
- Complete town financial statements and ensure external auditor provides unqualified opinion of the statements
- Ongoing implementation of performance measures, key performance indicators and quarterly financial reporting
- Develop detailed action plans for Council four year strategic work plan through departmental business plans
- Identify partnership opportunities with local agencies and community groups
- Conduct annual emergency planning exercise

## To be fiscally sustainable

*To ensure long-term financial sustainability of the town by developing financial plan that maximizes development charges to finance growth, establishes equitable rates and fees, identifies opportunities for savings, maintains highly-valued programs and services and considers the rights of taxpayers.*

- Complete 2012 annual budget and three-year budgets, ensuring overall tax impact consistent with rate of inflation
- Identify and conduct service delivery reviews to identify potential opportunities for future savings
- Complete development charges background studies and update development charge by-law
- Investigate opportunities for additional funding from non-tax revenues
- Complete town-wide rates and fees strategy and policy
- Complete major update of 10 year capital forecast based on DC studies, master plans
- Assess viability of new community capital projects
- Investigate new funding and service delivery models for local and inter-municipal transit operations
- Update cost recovery agreements for Hydro fleet maintenance and Regional Road maintenance
- Implement asset management program for facilities/parks

## To be environmentally sustainable

*To develop and promote innovative and sustainable environmental practices that reduce town and community impact on the environment.*

- Conduct broad-based community consultation for the development of an Integrated Community Sustainability Plan
- Complete a Corporate Sustainability Plan for town operations
- Implement the town's groundbreaking Health Protection Air Quality By-law
- Complete urban forestry management plan for north Oakville
- Update private tree by-law and site alteration by-law
- Participate in provincial review of air quality to improve Oakville-Clarkson airshed
- Review options for Oakville Transit and other town operations to fund and operate new vehicle technologies as part of town's green fleet initiatives
- Implement new standards for municipal lighting and streetlights
- Continue to support active transportation plans and other sustainable transportation alternatives such as bicycle lanes
- Enhance shoreline protection structures on town land along Lake Ontario
- Implement Creek channel rehabilitation measures along 14 Mile Creek
- Finalize town's Climate Change Adaptation strategy
- Continue to implement energy management options at town facilities including solar power arrays and building automation control systems

## To provide outstanding service to our residents and businesses

*To ensure excellence and accountability in providing effective and efficient customer service to our residents and businesses.*

- Expand ServiceOakville desk into full-service Customer Contact Centre providing walk-in, email and telephone service
- Complete business process reviews and documentation to implement a customer relationship tracking system for: ServiceOakville, Roads and Works, Parks Operations and Human Resources
- Update and communicate service delivery standards for town programs and services to track and improve response time to citizen inquiries
- Continue to investigate opportunities for web-based service enhancements including mobile applications
- Launch new social media community engagement tools
- Implement town's Guide to Public Engagement
- Participate in Halton Court Services initiative in support of early resolution options for all Part 1 tickets under the Provincial Offences Act
- Implement electronic transmission of tax bills to property owners

## To continuously improve our programs and services

*To establish a culture of innovation and renewal to ensure continuous improvement in the development and delivery of cost-effective and responsive town programs, services and infrastructure.*

- Continue to monitor, fund and maintain town infrastructure in a state of good repair
- Continue with timely implementation of road repaving program
- Develop new municipal administrative penalties program for parking infractions
- Pursue partnership opportunities for development of North Park facilities
- Begin construction on Phase 1 of new north Oakville satellite operations depot, including interim fire station #9
- Initiate development of new Transit information and communication system
- Activate Google transit mapping feature on Oakville Transit website
- Extend implementation of on-street pay and display parking machines
- Implement revised subdivision processes

# Report from **Financial Operations**



Lynn Horlor



Gord Lalonde

Oakville's Consolidated Financial Statements for 2011 confirm that our town continues to maintain a solid financial position and is well positioned to face future economic challenges.

The statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The town's external auditors, KPMG, have examined the statements in accordance with generally accepted auditing standards and have expressed the unqualified opinion that the consolidated statements are free from material misstatement and fairly present the financial position of the town as at December 31st, 2011 in all material respects.

The financial statements include the consolidated statement of financial position, the related consolidated statements of operations, change in net financial assets (net debt) and cash flows. The statements indicate how the town financed its activities; confirm that resources obtained were used in accordance with the town's approved budgets; and adhere to the financial management and planning policies of the town. The

notes to the statements provide informative supporting information to the financial schedules as well details with respect to information no longer provided in financial schedules such as transactions relating to reserves and reserve funds, a continuity schedule for tangible capital assets, along with detailed information relating to the town's investment in Oakville Hydro.

The consolidated financial statements combine the operations of the town, Oakville Public Library, Oakville Galleries and the town's three business improvement areas. The statements also include the town's investment in Oakville Hydro using the modified equity method of accounting which means recognizing our equity interest in the annual income or loss of Oakville Hydro in the consolidated statement of operations with a corresponding increase or decrease in our investment account in the consolidated statement of financial position.

## **Consolidated Statement of Financial Position**

The Consolidated Statement of Financial Position is the municipal equivalent of the private sector's balance sheet now that all municipalities are required to record their tangible capital assets in their financial statements. This statement includes two key components – net financial assets (assets minus liabilities), and accumulated surplus.

A key indicator of a municipality's financial condition is its net financial assets. Net financial assets represent the difference between the financial assets of the corporation (cash, receivables, investments) less its financial liabilities (accounts payable, deferred revenues, long term debt and post-employment liabilities). The town continues to maintain a net asset position, where its assets exceed liabilities by \$284.3 million, which is an increase of \$25 million over 2010. The contributing factors include increased investments of \$56.2 million which have been offset by increased liabilities particularly for long term debt, which increased by \$28.5 million.

The town's accumulated surplus increased by \$77 million from \$1.592 billion in 2010 to \$1.669 billion in 2011. This increase relates to the increase in net financial assets of \$25 million as detailed above, plus an increase in tangible assets of \$51 million. It is important to note the accumulated surplus cannot be construed as "cash or funds" available for spending, as the majority of the value is for "non financial assets", which are not available to discharge existing liabilities, but rather are held for use in the provision of services.

The Consolidated Statement of Operations is the municipal equivalent to the private sector's income statement. This statement presents the source, allocation and use of the town's financial resources throughout the reporting period and reflects the combined operations of the operating fund, non-asset related capital project spending, reserve and reserve funds for the town and its local boards.

With the new reporting format this schedule no longer reports the costs associated with the acquisition of tangible capital assets (formerly reported as the capital fund), but rather the use of assets by reporting amortization expenses by function. As well, we no longer report on the change in fund balances but instead we report only on the annual surplus (revenues minus expenses) and accumulated surplus, which ties into Consolidated Statement of Financial Position. Therefore, the annual surplus does not include expenses relating to the acquisition of tangible capital assets, nor does it reflect the costs relating to the principal repayment of long term debt or the receipt of debt proceeds; but it does reflect the use of assets in service through an amortization expense. The 2011 annual surplus decreased by \$40.9 million when compared to 2010; this is primarily due to the decrease in the equity pick-up from Oakville Hydro.

This schedule also reports the 2011 operations against the 2011 approved budgets; however, similar to the actuals, certain components of the approved budgets are not included such as reserve and reserve fund transfers, capital expenses relating to the acquisitions of tangible capital assets and debt principal payments. As well, certain expenses such as amortization expense (2011 - \$41.3 million) is not budgeted for because annual budgets are prepared on a "cash" basis for purposes of calculating tax levy. Annually, under the Municipal Act, Section 284/09, staff is required to advise Council

of the expenses such as amortization and/or post-employment liabilities which will be reflected in the financial statements but not within the annual budget.

Financial planning staff prepare monthly and quarterly variance reports which assist management and Council in tracking the budget vs. actual in order to monitor the actual surplus on a cash basis. This report covers all financial matters including: operating and capital expenditures, reserve, reserve fund and trust fund balances, assets acquired and disposed of, investments and purchasing activity. At the end of each year, staff brings forward a year end variance report which directly compares the budget to actuals on a cash basis. Variances are explained, and the disposition of the surplus is approved by Council.

The Consolidated Statement of Change in Net Financial Assets (Net Debt) is intended to provide the user of the financial statements with more detailed information concerning the non-financial assets of the town of Oakville. It provides information on the acquisition costs of the tangible capital assets as well as the usage of the assets through amortization expenses.

The Consolidated Statement of Cash Flows shows the impact that all transactions have on the town's cash position. It reconciles the annual surplus to the cash and cash equivalents balance reported on the Consolidated Statement of Financial Position. It highlights the use of cash for operating, capital, investing and financing activities and provides information that cannot be found on any other statement particularly relating to long term debt. From this schedule you can readily see the reasons for the significant decrease in cash and cash equivalents.

## Conclusion

At the end of 2011, the Town of Oakville continues to report a strong and solid financial position. As with most municipalities in Ontario, the town is facing many financial challenges and recent economic conditions have compounded these challenges. Providing services to a growing community combined with demand for new and enhanced services, asset replacements and renewals and recent economic issues continue to place pressure on the town's finances while we strive to maintain reasonable and competitive tax rates.

In conjunction with PSAB 3150 the town is continuing to implement a comprehensive asset management program. In 2010, staff began utilizing the asset register as the base for the town's ten-year financial forecast, which allows the town to evaluate infrastructure investments in light of their impact on future budgets. This tool will provide the town with the information it needs to develop a sustainable financing plan for infrastructure renewal, as well as allowed the town to evaluate the impact of reduced development charge funding resulting from the current economic slowdown and to make necessary modifications to the timing of growth related capital projects. The PB2 budgeting methodology provides for multi year operating budgets which assist in planning the implementation of new or enhanced programs and services, balanced against future tax increases. The development of performance measures is well underway and will assist the town in ensuring that services are providing value and are delivered efficiently. These tools contribute the current sound financial position of the town as shown in these financial statements.

In April 2010, Town Council passed by resolution to contribute up to \$200 million to Halton Healthcare Services (HHS) towards the local share of the new Oakville Hospital. The contribution has since been

reduced to \$130 million. This will require staff to prepare plans and options for the final financing of the town's local share commitment that minimizes property taxes and the impact on our own infrastructure replacement and capital forecast.

There are many contributors to the town's success and achievements. Thank you to Town Council, commissioners, department heads and staff in all the town's departments for all their efforts in ensuring the town remains in a strong financial position. I especially would like to thank the staff in the town's Financial Operations and Financial Planning Departments. This group of professionals is dedicated and committed to ensuring the town's financial affairs are handled responsibly, with integrity and consistently go the extra mile.



Lynn Horlor  
Deputy Treasurer and  
Director of Financial  
Operations

The Corporation of the  
Town of Oakville

Gord Lalonde  
Commissioner of  
Corporate Services  
and Treasurer

The Corporation of the  
Town of Oakville

## Town wins the Government Finance Officers Association award

For the fourteenth consecutive year, the Town of Oakville has received the Government Finance Officers Association of the United States and Canada (GFOA) award for financial reporting for 2010.

The award is presented to municipalities with annual financial reports that achieve high program standards for Canadian government accounting and financial reporting. It recognizes the accountability, stewardship, and credibility of the municipality, as presented by the clarity, comparability and completeness of the town's annual report.

# Comprehensive Financial Management and Planning Policies

## Overview

The management of the Corporation of the Town of Oakville is responsible for the integrity, objectivity and accuracy of the financial information presented in our financial statements.

In order to meet its responsibility for presenting accurate information, management maintains comprehensive financial and internal control systems. These systems are designed to ensure the safeguarding of assets and the integrity of the financial data. The control systems provide an organizational structure, which effectively segregates responsibility, employs highly qualified professional staff, and develops corporate policies and procedures, which are continuously reviewed.

## Financial management

The Town of Oakville prepares its financial information in accordance with the generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and prescribed policies issued by the Ministry of Municipal Affairs and Housing. The town's sources of financing and expenditures are recorded using the accrual basis of accounting. This basis recognizes revenues as they are earned and measurable, and expenditures as they are incurred and measurable as the result of receipt of goods or services and the creation of a legal obligation to pay. This is also the basis for developing the town's budget.

In municipal financial operations, monies raised or supplied for one purpose cannot be used for any other

purpose. Legal restrictions and contractual agreements prevent it from being used or diverted to any other use. Fund accounting shows that the money has been used for its intended purpose. The funds used by the Town of Oakville are the operating fund, capital fund, reserve funds and trust funds. These funds are used for budget purposes and for day-to-day financial management. The 2011 financial statements are fully compliant with PSAB 3150 Tangible Capital Assets and are not presented by fund, but on a consolidated fund basis.

Another element of financial management is to ensure the financial stability of the corporation. By looking forward and preparing for future needs, the town is able to deal with legislative changes, the impact of growth, and changes in the economic climate without significantly impacting the tax rate.



## Financial policies

The following financial policies establish the framework for the Town of Oakville's overall fiscal planning and management. The success of the town's budget process rests on a solid foundation of budget principles. These principles may be summarized as follows:

### 1. Sustainability

The annual budget incorporates a long-term perspective and should be affordable today and in the future. The town's budget shall be in compliance with the *Municipal Act* and thus must be balanced and shall not plan for a deficit. The use of one-time revenues shall not be incorporated into the town's base budget and revenue diversification should be maximized.

### 2. Interdependency

The operating and capital budgets must be reviewed with a coordinated effort. It must be recognized that capital expenditures, financing decisions and strategies will impact on future operating budgets.

### 3. Affordability

The assumption of new assets and infrastructure and the replacement of existing assets will be well planned, and appropriate financing strategies and means will be utilized to minimize the financial impact and ensure that the tax rate is maintained at manageable levels. Growth related infrastructure is funded primarily through development charges in accordance with the *Development Charges Act*. Funding for non-growth infrastructure is funded through tax revenues. The town prepares multi-year operating and 10-year capital forecasts to evaluate the town's ability to afford new programs, service levels changes and new facilities. The compliance to PSAB 3150 Tangible Capital Assets, provides the town with the asset foundation and the tracking of historical and replacement cost of assets has assisted the town in managing their future infrastructure renewal needs.

### 4. Fee for Service

The town will ensure that user fees will be utilized to cover costs of appropriate services and are subject to annual review.

### 5. Management Principles

The town will maximize program efficiencies while maintaining program effectiveness. The annual budget will focus on results and outcomes. The safeguarding of the town's assets and resources shall be a key management objective. Town management and staff review the numerous programs provided by all departments in order to ensure community needs are being met.

## Operating budget controls

The town has adopted various policies that allow departments to effectively manage programs and services for which they are accountable. These policies establish a hierarchy of authority for adjusting between budget appropriations. The general accountabilities and allowable adjustments are as follows:

- Departmental services approved by Council are carried out within the department's net expenditure approvals, and deviations from this policy are reported to and reviewed by the CAO or Council, as set out herein.
- Department heads/commissioners are accountable to the treasurer/deputy treasurer, the chief administrative officer and Council for their spending, revenue generation and service delivery performance against budget approvals.
- Revenues received beyond the level provided for in the budget shall not be spent or committed without Council approval. At year-end, such remaining revenues become part of the town surplus.
- Reallocations between object codes that do not affect the net operating budget of a specific program may be made by a department head and will be implemented on an expenditure basis only.
- The transfer of approved budgets of not more than \$50,000 in respect of each reallocation between programs within a department that do not affect the net operating budget for the department shall require the approval of the commissioner, if applicable, the treasurer/deputy treasurer and the CAO. Any such reallocation shall be reported as part of the quarterly variance report. Reallocation of approved budgets in excess of \$50,000 requires Council approval.
- The transfer of approved budgets between programs and/or services affecting the net operating budget for a department shall require the approval of the treasurer/deputy treasurer and the CAO prior to seeking approval of Council.

## Capital budget controls

The following points highlight the capital budget control process:

- Council, in adopting the capital budget, shall determine the sums required for each capital project listed in the capital budget. The treasurer/deputy treasurer shall certify that funding for the capital projects in the capital budget is within the town's updated financial obligation limit in relation to allowable provincial levels.
- All capital budgets and departmental reports to Council seeking authority for the release of funds and commencement of the capital project or amendments to the capital program must first be approved by the treasurer/deputy treasurer to ensure accuracy, financing sources and financial impact, and then reviewed by the CAO before being submitted to Council for approval.
- Similar to the operating budget, there are a hierarchy of controls detailing how project budgets may be amended.

## Financial Operations Control

- This policy sets out the basic principles to ensure compliance and accountability to financial by-laws and procedures and to provide guidelines for departments, staff and local boards with respect to financial operational control.
- The Financial Operations department is responsible for developing, monitoring and ensuring adherence to financial controls. This ensures integrity and timeliness of data and systems within the centralized processing of corporate financial transactions affecting all assets, liabilities, expenses and revenues of the town.
- The Financial Operations department is responsible for the auditable transaction data which is available to departments and staff to make evidence based decisions and to support budget submissions.

## Tangible capital assets

- The town has developed asset management policies to determine asset classes, thresholds, useful lives which are being followed to support compliance to PSAB 3150 Tangible Capital Assets.
- Amortization is done on a monthly basis, and charged corporately. Departmental budgets are not affected by amortization, as they are prepared on a cash basis for tax purposes. Reconciliation of annual transfers to reserves/reserve funds are compared to amortization and reported to Council on an annual basis, in compliance with *Municipal Act 284/09*.
- Through the monthly capital project review, there is a linkage between the project and the asset being constructed or purchased. Once the asset is in service, the asset is capitalized and the project closed.
- Assets which are contributed to the town through development agreements are not budgeted for, but are included within the tangible capital assets as well as showed as funded from contributed revenue.
- Asset inventories are maintained and signed off by department directors quarterly and annually.
- Asset replacement costs are also maintained to support the capital forecast.
- Additions and disposal of assets must follow the purchasing by-law.

## Debt management

Council has adopted a policy that ensures the annual debt repayment level is significantly below the allowable Provincial Government authorized level of 25 per cent of operating revenues. Council's current approved guideline stipulates that debt repayments for tax supported debt are not to exceed 6.25 per cent of operating revenues. In addition, total debt repayments including debt that will be recovered from non-tax sources are not to exceed 12 per cent of operating revenues. Finally, development supported debt repayments are not to exceed 25 per cent of the projected annual average development charge revenues. The town currently has a relatively low total debt burden in comparison to the provincial standard.

# Managements Responsibility for the **Consolidated Financial** Statements

The accompanying consolidated financial statements of The Corporation of the Town of Oakville (the “town”) are the responsibility of the town’s management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management’s judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The town’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Administrative Services Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the town. The accompanying Independent Auditors’ Report outlines their responsibilities, the scope of their examination and their opinion on the town’s consolidated financial statements.



Ray Green  
Chief Administrative Officer



Gord Lalonde  
Commissioner of Corporate  
Services and Treasurer



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Oakville

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Oakville ("the Entity"), which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Town of Oakville as at December 31, 2011, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

May 28, 2012  
Hamilton, Canada

## Consolidated Statement of Financial Position

December 31, 2011, with comparative figures for 2010  
(in thousands of dollars)

	2011	2010
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 15,877	\$ 22,129
Accounts receivable (note 2)		
Taxes receivable	19,240	20,919
Other	27,936	20,559
Investments (note 3)	229,919	173,722
Investment in Oakville Hydro Corporation (note 4)	194,531	192,528
	<u>487,503</u>	<u>429,857</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	35,163	40,068
Other current liabilities	17,860	13,912
Deferred revenue – obligatory reserve funds (note 5)	30,708	33,421
Deferred revenue (note 6)	29,542	23,197
Long-term liabilities (note 7)	68,526	40,008
Post employment benefit liability (note 8(a))	18,902	17,553
WSIB liability (note 8(b))	2,539	2,464
	<u>203,240</u>	<u>170,623</u>
Net financial assets	284,263	259,234
<b>Non financial assets:</b>		
Tangible capital assets (note 9)	1,382,023	1,330,642
Prepaid expenses and inventory	2,685	2,578
	<u>1,384,708</u>	<u>1,333,220</u>
Commitment (note 16)		
Accumulated surplus (note 10)	<u>\$1,668,971</u>	<u>\$1,592,454</u>

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

## Consolidated Statement of Operations

December 31, 2011, with comparative figures for 2010  
(in thousands of dollars)

	Budget	2011	2010
	(Unaudited –note 17)		
<b>Revenues:</b>			
Taxation revenue	\$ 401,292	\$ 401,274	\$ 390,331
Less amounts received for Region and School Boards	261,136	261,320	258,615
	140,156	139,954	131,716
User fees and changes (note 11)	40,683	42,560	38,252
Government transfers			
Government of Canada (note 14)	315	9,413	7,402
Province of Ontario (note 14)	561	14,357	12,314
Gas tax revenue (note 14)	9,123	10,607	10,367
Other Municipalities	2,939	6,023	3,140
Investment income	4,634	11,945	7,231
Interest on promissory notes to Oakville			
Hydro Corporation (note 4(b))	4,617	4,624	4,713
Penalties and interest	2,630	3,566	3,516
Developer contributions and development charges earned	28,342	52,354	34,666
Other	13,643	1,155	1,096
Equity in income of Oakville Hydro Corporation (note 4)	-	5,077	85,434
Total revenue	247,643	301,635	339,847
<b>Expenses (note 15):</b>			
General government	24,384	30,861	42,231
Protection to persons and property	34,924	35,689	33,961
Transportation services	42,828	72,840	71,187
Environmental services	845	5,592	1,385
Health services	920	1,235	1,177
Recreation and cultural services	45,142	66,147	61,040
Planning and development	13,347	12,754	11,495
Total expenses	162,390	225,118	222,476
Annual surplus	85,253	76,517	117,371
Accumulated surplus, beginning of year	1,592,454	1,592,454	1,475,083
Accumulated surplus, end of year (note 10)	\$1,677,707	\$1,668,971	\$1,592,454

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

## Consolidated Statement of Changes in Net Financial Assets

December 31, 2011, with comparative figures for 2010  
(in thousands of dollars)

	Budget	2011	2010
	(Unaudited –note 11)		
Annual surplus	\$ 85,252	\$ 76,517	\$ 117,371
Acquisition of tangible capital assets	(105,293)	(96,294)	(88,526)
Amortization of tangible capital assets	-	41,305	37,082
Loss on sale of tangible capital assets	-	3,596	9,061
Proceeds on sale of tangible capital assets	-	12	210
	(20,041)	25,136	75,198
Acquisition of prepaid expenses and inventory	-	(2,685)	(2,578)
Use of prepaid expenses and consumption of inventory	-	2,578	2,134
	-	(107)	(444)
Change in net financial assets	(20,041)	25,029	74,754
Net financial assets, beginning of year	259,234	259,234	184,480
Net financial assets, end of year	\$239,193	\$284,263	\$259,234

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

## Consolidated Statement of Cash Flows

December 31, 2011, with comparative figures for 2010

(in thousands of dollars)

	2011	2010
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$76,517	\$117,371
Items not involving cash:		
Amortization	41,305	37,082
Loss on sale of tangible capital assets	3,596	9,061
Developer contributions of tangible capital assets	(24,134)	(19,234)
Change in employee benefits	1,349	1,540
Change in WSIB liability	75	253
Equity in income of Oakville Hydro	(5,077)	(85,434)
Change in non-cash assets and liabilities:		
Taxes receivable	1,679	2,120
Accounts receivable	(7,377)	(1,541)
Accounts payable and accrued liabilities	(4,905)	7,623
Other current liabilities	3,948	48
Deferred revenue – obligatory reserve funds	(2,713)	(230)
Deferred revenue	6,345	(1,376)
Prepaid expenses and inventory	(107)	(444)
<b>Net change in cash and cash equivalents from operations</b>	<b>90,501</b>	<b>66,839</b>
<b>Capital activities:</b>		
Proceeds on sale of tangible capital assets	12	210
Cash used to acquire tangible capital assets	(72,160)	(69,292)
<b>Net change in cash and cash equivalents from capital activities</b>	<b>(72,148)</b>	<b>(69,082)</b>
<b>Investing activities:</b>		
Investments	(56,197)	(41,721)
Decrease in direct financing lease receivable from Oakville Hydro Corporation	274	347
Dividend from Oakville Hydro Corporation	2,800	42,600
<b>Net change in cash and cash equivalents from investing activities</b>	<b>(53,123)</b>	<b>1,226</b>
<b>Financing activities:</b>		
Debt issued	34,453	16,329
Debt principal repayment	(5,935)	(5,407)
<b>Net change in cash and cash equivalents from financing activities</b>	<b>28,518</b>	<b>10,922</b>
<b>Net change in cash and cash equivalents</b>	<b>(6,252)</b>	<b>9,905</b>
Cash and cash equivalents, beginning of year	22,129	12,224
<b>Cash and cash equivalents, end of year</b>	<b>\$15,877</b>	<b>\$22,129</b>

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

# Notes to Consolidated Financial Statements

The Corporation of the Town of Oakville (the “town”) is a municipality that provides municipal services such as fire, public works, planning, parks and recreation, library and other general government operations.

## 1. Significant accounting policies:

The consolidated financial statements of the town are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (“PSAB”) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the town are as follows:

### (A) Basis of consolidation:

#### (i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the town and which are owned or controlled by the town except for the town’s government business enterprise (Oakville Hydro Corporation), which are accounted for on the modified equity basis of accounting.

These entities and organizations include:

- The Oakville Public Library Board
- The Downtown Oakville Business Improvement Area
- The Bronte Business Improvement Area
- The Kerr Village Business Improvement Area
- The Oakville Galleries

Interdepartmental and inter-organizational transactions and balances between these entities and organizations have been eliminated.

#### (ii) Investment in Oakville Hydro Corporation

The town’s investment in Oakville Hydro Corporation is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards recommended by PSAB for investments. Under the modified equity basis, Oakville Hydro Corporation accounting policies are not adjusted to conform with those of the municipality and inter-organizational transactions and balances are not eliminated. The town recognizes its equity interest in the annual income or loss of Oakville Hydro Corporation in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the town may receive from Oakville Hydro Corporation will be reflected as reductions in the investment asset account.

#### (iii) Accounting for region and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Region of Halton and the schools board are not reflected in these consolidated financial statements.

#### (iv) Trust funds

Trust funds and their related operations administered by the town are not included in these consolidated financial statements.

### (B) Basis of accounting:

The town follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

### (C) Government transfers:

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

### (D) Deferred revenue — obligatory reserve funds:

Deferred revenue – obligatory reserve funds represents development charge contributions, payments in lieu of parkland and gas tax, levied or received under the authority of federal and provincial legislation and town by-laws. These amounts have been collected but the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

### (E) Deferred revenue:

Deferred revenues represent licenses, permits, grants and other fees which have been collected, but for which the related services or inspections have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

### (F) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

## Notes to Consolidated Financial Statements

Year ended December 31, 2011

(tabular columns in thousands of dollars)

### (G) Cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

### (H) Investments:

Investments consist of bonds and debentures and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

### (I) Net investment in direct financing leases receivable:

Investment income related to the municipality's net investment in direct financing leases is recognized in a manner that produces a constant rate of return on investment. The investment in the leases is composed of net minimum remaining lease payments net of unearned investment income.

### (J) Employee future benefits:

(i) The town provides certain employee benefits which will require funding in future periods. These benefits include long-term disability, benefits under the *Workplace Safety and Insurance Board ("WSIB") Act*, and extended health and dental benefits for early retirees.

The costs of long-term disability, benefits under the *Workplace Safety and Insurance Board Act* and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, earned days accumulated for certain employees payable at retirement, health care cost trends, long term inflation rates and discount rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as service payments, health and dental benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

### (K) 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.

#### (i) 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 the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Years
Land improvements	3 - 100
Buildings	10 - 75
Equipment	3 - 19
Vehicles	3 - 18
Road network	10 - 100
Environmental network	10 - 100
Communications and technology network	3 - 8

Annual amortization is charged in the year of acquisition and in the year of disposal. Work in progress are not amortized until the asset is available for productive use.

#### (ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

#### (iii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

#### (iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

#### (v) Interest capitalization

The town does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

*(vi) Leased tangible capital assets*

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

*(vii) Inventory*

Inventory consists of inventory of supplies held for consumption and are recorded at the lower of cost and replacement cost.

**(L) Use of estimates:**

The preparation of financial statements 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 amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits.

In addition, the town's implementation of the Public Sector Accounting Handbook PS3150 has requirement management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

## 2. Accounts receivable

Taxes receivable are reported net of a valuation allowance of \$2,042 (2010 - \$2,042). There is also a valuation allowance for general accounts receivable of \$45 (2010 - \$62).

## 3. Investments:

Investments reported on the consolidated statement of financial position have market values of \$241,418 (2010 - \$183,410).

## 4. Investment in Oakville Hydro Corporation:

Oakville Hydro Corporation and its wholly owned subsidiaries (collectively, the "Corporation") is owned and controlled by the town and as a government business enterprise is accounted for on the modified equity basis in these consolidated financial statements. The Corporation serves as the electrical distribution utility for Oakville's residents and businesses. Other activities of the Corporation, and its subsidiaries, are to provide data communications services, energy services, water heater rental, billing services, street lighting services, retro fit multi residential buildings to individually metered units and utility related construction.



## Notes to Consolidated Financial Statements

Year ended December 31, 2011

(tabular columns in thousands of dollars)

The following table provides condensed supplementary consolidated financial information for the corporation and its subsidiaries for the year ended December 31:

	2011	2010
<b>Financial position:</b>		
<b>Assets:</b>		
Current	\$ 67,594	\$ 100,721
Capital	151,491	136,866
Other	24,830	22,202
<b>Total assets</b>	<b>\$ 243,915</b>	<b>\$ 259,789</b>
<b>Liabilities:</b>		
Current	\$ 31,524	\$ 42,291
Capital lease obligations to Town of Oakville	12,285	12,559
Promissory notes payable to Town of Oakville	77,029	77,029
Other	17,860	24,970
<b>Total liabilities</b>	<b>138,698</b>	<b>156,849</b>
<b>Equity:</b>		
Share capital	63,024	63,024
Retained earnings	42,193	39,916
<b>Total equity</b>	<b>105,217</b>	<b>102,940</b>
<b>Total liabilities and equity</b>	<b>\$ 243,915</b>	<b>\$ 259,789</b>
<b>Operations:</b>		
Revenue	\$ 177,608	\$ 248,841
Expenses (including income tax provision)	172,531	163,407
Income net of taxes	5,077	85,434
Dividend paid to Town of Oakville	(2,800)	(42,600)
Loss on renegotiation of capital lease	-	(3,581)
Change in equity	2,277	39,253
Renegotiation of capital lease	-	3,581
Direct financing lease receivable repayment	(274)	(343)
Change in investment in Oakville Hydro Corporation	\$ 2,003	\$ 42,491
<b>Town of Oakville's investment represented by:</b>		
Direct financing leases receivable note 4 (a)	\$ 12,285	\$ 12,559
Promissory notes receivable note 4 (b)	77,029	77,029
Investment in shares of the Corporation	63,024	63,024
Accumulated net income, net of dividends received	42,193	39,916
<b>Total investment in Oakville Hydro Corporation</b>	<b>\$ 194,531</b>	<b>\$ 192,528</b>

**(A) Net investment in direct financing receivable:**

The town has provided direct financing leases to Oakville Hydro Corporation for the property known municipality as 861 Redwood Square, and the vehicle fleet.

Minimum payments under this lease agreement are as follows:

2012	\$ 1,345
2013	1,345
2014	1,345
2015	1,345
Thereafter	18,830
	24,210
	<u>Less amount representing interest, imputed at 8.6% (11,925)</u>
	<u>\$ 12,285</u>

**(B) Promissory notes:**

The Corporation issued promissory notes to the town, effective February 1, 2000, with principal repayment due on February 1, 2020. The town has the option on one year's prior written notice to the Corporation to revise the maturity date and any of the terms of the promissory notes. At December 31, 2011, the interest rate in effect on the promissory notes of \$67,946 was 5.87% (2010 – 6%) and the promissory note of \$9,083 has an interest rate in effect of 7% (2010 – 7%). Interest revenue earned from these notes totaled \$4,624 (2010 - \$4,713).

**(C) Related party transaction and balances:**

The following summarizes the town's related party transactions and balances with the corporation for the years ended December 31:

	2011	2010
<b>Revenue</b>		
Interest on capital leases	\$ 1,095	\$ 1,002
Cashier services	4	3
Tree trimming service	197	259
Garage services	530	474
Property taxes	354	314
Interest on promissory notes	4,624	4,713
<b>Expenses</b>		
Energy purchases (at commercial rates)	\$ 5,471	\$ 4,186
Streetlight maintenance	488	428
<b>Balances</b>		
Amounts due from the Corporation		
Accounts receivable	\$ 3	\$ 1
Direct financing leases receivable	12,285	12,559
Promissory note receivable	77,029	77,029
Amounts due to the Corporation		
Accounts payable and accrued liability	\$ 689	\$ 758

**(D) Contingencies and guarantees of Oakville Hydro Corporation as disclosed in their financial statements are as follows:**

*Short term credit facilities*

The Corporation has an uncommitted line of credit facility available for \$20 million with a Canadian chartered bank. As at December 31, 2011 no amount was drawn on this facility. In addition, the Corporation has a letter of credit facility available of \$16 million with a chartered bank, of which \$15 million has been assigned to secure a prudential support according to the Independent Electricity System Operator ("IESO") Settlements Manual.

## Notes to Consolidated Financial Statements

Year ended December 31, 2011

(tabular columns in thousands of dollars)

### 5. Deferred revenue — obligatory reserve funds:

The deferred revenues – obligatory reserve funds, reported on the consolidated statement of financial position, are made up of the following:

	2011				2010	
	Development charges	Parkland	Gas tax	Investing in Ontario	Total	Total
Balance, beginning of year	\$ -	\$ 18,277	\$ 9,378	\$ 5,766	\$ 33,421	\$ 33,651
Developer and other contributions	22,010	2,303	-	-	24,313	17,083
Interest earned	1,250	1,090	507	53	2,900	1,799
Provincial and federal funding	-	-	7,366	-	7,366	8,768
	23,260	3,393	7,873	53	34,579	27,650
<b>Less</b>						
Contributions used in operating and capital funds	20,455	1,259	10,607	4,686	37,007	27,061
Interest on loan	285	-	-	-	285	819
	\$ 2,520	\$ 20,411	\$ 6,644	\$ 1,133	\$ 30,708	\$ 33,421

### 6. Deferred revenue:

The deferred revenue, reported on the consolidated statement of financial position, is made up of the following:

	2011				2010	
	Deferred revenues operations	Deferred revenues capital	Pre-authorized tax payments	Deferred revenues Library & BIA	Total	Total
Balance, beginning of year	\$ 5,294	\$ 6,513	\$ 11,364	\$ 26	\$ 23,197	\$ 24,573
Development Fees	15,064	755	-	-	15,819	8,814
User fees	11,116	-	-	-	11,116	11,458
Provincial Grants	2	-	-	-	2	3
Other	-	-	12,212	44	12,256	11,378
	26,182	755	12,212	44	39,193	31,653
<b>Less</b>						
Contributions used in operating and capital funds	20,380	1,048	11,364	56	32,848	33,029
	\$ 11,096	\$ 6,220	\$ 12,212	\$ 14	\$ 29,542	\$ 23,197

## 7. Long-term liabilities:

(A) The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2011	2010
The municipality has assumed responsibility for the payment of the principal and interest charges on certain long-term serial debentures issued by Halton Region on behalf of the Town. Interest rates range from 1.6% to 6.00%	\$ 55,517	\$ 25,540
The municipality has assumed responsibility for the payment of the principal and interest charges on certain long-term liabilities issued by Halton Region on behalf of the Town, under the Ontario Strategic Infrastructure Financing Authority (OSEIFA). Interest rates range from 2.37% to 2.43%. Tax supported.	3,904	5,063
The municipality has assumed responsibility for the payment of the principal and interest charges on certain long-term liabilities issued by Halton Region under the Ontario Strategic Infrastructure Financing Authority (OSEIFA) for Pine Glen. This debt is being recovered from the Oakville Soccer Club. Interest rates range from 1.60% to 6.03%.	9,105	9,405
	<u>\$ 68,526</u>	<u>\$ 40,008</u>

(B) Principal repayments due over the next five years and thereafter are as follows:

2012	\$ 7,659
2013	7,490
2014	7,761
2015	6,998
2016	6,993
Thereafter	31,625
	<u>\$ 68,526</u>

(D) Total interest on long-term liabilities which are reported on the consolidated statement of operations amounted to \$2,502 (2010 - \$1,550). The long-term liabilities bear interest at rates ranging from 1.6% to 6.03%.

(E) The balance of long-term liabilities reported on the consolidated statement of financial position is funded from the following sources:

	2011	2010
Tax levy supported	\$ 17,332	\$ 20,929
Development supported	38,877	6,040
Oakville Soccer Club	9,105	9,405
Harbours supported	3,212	3,634
	<u>\$ 68,526</u>	<u>\$ 40,008</u>

(C) The long-term liabilities in (a) issued in the name of the municipality have received the approval of the Ontario Municipal Board (or approval by private legislation) for those approved on or before December 31, 1992. Those approved on or after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

## Notes to Consolidated Financial Statements

Year ended December 31, 2011

(tabular columns in thousands of dollars)

### 8. Post employment benefit liability:

#### (A) Retiree benefits:

The Town pays extended health and dental benefits for early retirees to age 65 as well as for certain employees. The Town recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit liability and the expense for the 12 months ended December 31, 2011, were determined by an actuarial review and analysis of changes made to plans since the last valuation. The last actuarial valuation was performed as at December 31, 2010.

The main actuarial assumptions employed for the valuations are as follows:

##### (i) Interest (discount rate):

The obligation as at December 31, 2011, of the present value of future liabilities and the expense for the 12 months ended December 31, 2011, was determined using a discount rate of 4.25%.

##### (ii) Medical costs:

Medical costs were assumed to increase at the rate of 8.0% per year reducing to 3.5% per year by 2020 and 3.5% per year thereafter.

##### (iii) Dental costs:

Dental costs were assumed to increase at the rate of 3.5% per year.

Information about the town's benefit liabilities are as follows:

	2011	2010
Accrued benefits liability,		
beginning of year	\$ 19,321	\$ 17,676
Current service costs	888	1,058
Plan improvements		
and amendments	79	-
Actuarial loss	1,224	247
Interest on accrued benefits	970	940
Benefits paid during the period	(739)	(600)
	\$ 21,743	\$ 19,321
Unamortized actuarial loss	(2,841)	(1,768)
Accrued benefits liability,		
end of year	\$ 18,902	\$ 17,553

Included in current service costs is \$151 (2010 - \$142) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life which ranges between 11 and 12 years.

#### (B) WSIB

With respect to responsibilities under provisions of the Workplace Safety and Insurance Board ("WSIB") Act the Town has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The most recent actuarial valuation was performed as at December 31, 2010. The 2011 liability is based on an extrapolation of the 2010 valuation.

The main actuarial assumptions employed for the valuation are as follows:

##### (i) Interest (discount rate):

The obligation as at December 31, 2011, of the present value of future liabilities and the expense for the 12 months ended December 31, 2011, were determined using a discount rate of 4.75%.

##### (ii) Administration costs:

Administration costs were assumed to be 22.0% of the compensation expense.

##### (iii) Compensation expense:

Compensation costs, which include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at rates ranging from 2.50% to 5.0% depending on the benefit type.

Information about the town's WSIB liability is as follows:

	2011	2010
Accrued WSIB liability,		
beginning of year	\$ 1,673	\$ 2,433
Current service costs	362	527
Interest on accrued benefits	81	124
Benefits paid during the period	(297)	(426)
2010 Gain	-	(985)
	1,819	1,673
Unamortized actuarial gain	720	791
Accrued WSIB liability,		
end of year	\$ 2,539	\$ 2,464

Included in current service costs is \$71 (2010 - \$27) for amortization of the actuarial gain. The unamortized actuarial gain on future payments required to WSIB is amortized over the expected period of the liability which is 10 years.

## 8. Post employment benefit liability (continued):

### (C) Other pension plans:

The town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 1,211 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates to pay.

Contributions for employees with a normal retirement age of 65 were being made at a rate of 7.4% for earnings up to the yearly maximum pensionable earnings of \$48.3 and at a rate of 10.7% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2011 was \$7,191 (2010 - \$5,990).

## 9. Tangible capital assets:

### 2011

	Land	Land improve- ments	Buildings	Equipment	Vehicles	Roads network	Environ- mental network	Comm & tech services	Work in progress	Total
<b>Asset Cost 2011</b>										
Balance, beginning of year	\$491,001	\$222,006	\$205,260	\$25,543	\$59,319	\$526,071	\$244,996	\$15,938	\$70,323	\$1,860,457
Add: additions during the year	22,792	7,995	45,768	3,589	5,781	17,209	8,001	2,843	-	113,978
Less: disposals during the year	(2,954)	(1,137)	(212)	(3,217)	(4,305)	(614)	-	(1,522)	(17,684)	(31,645)
Balance, end of year	510,839	228,864	250,816	25,915	60,795	542,666	252,997	17,259	52,639	1,942,790
<b>Accumulated amortization</b>										
Balance, beginning of year	-	153,584	57,540	13,461	30,311	201,744	64,142	9,031	-	529,813
Add: amortization	-	9,006	5,212	2,406	4,690	14,401	3,585	2,005	-	41,305
Less: accumulated amortization on disposals	-	(888)	(64)	(3,100)	(4,171)	(606)	-	(1,522)	-	(10,351)
Balance, end of year	-	161,702	62,688	12,767	30,830	215,539	67,727	9,514	-	560,767
Net book value, end of year	\$510,839	\$67,162	\$188,128	\$13,148	\$29,965	\$327,127	\$185,270	\$7,745	\$52,639	\$1,382,023

### 2010

	Land	Land improve- ments	Buildings	Equipment	Vehicles	Roads network	Environ- mental network	Comm & tech services	Work in progress	Total
<b>Asset Cost 2008</b>										
Balance, beginning of year	\$480,207	\$216,254	\$170,629	\$24,353	\$57,216	\$515,053	\$241,975	\$14,527	\$70,204	\$1,790,418
Add: additions during the year	14,978	6,456	43,639	2,702	2,312	13,252	3,023	2,044	119	88,525
Less: disposals during the year	(4,184)	(704)	(9,008)	(1,512)	(209)	(2,236)	(2)	(633)	-	(18,488)
Balance, end of year	491,001	222,006	205,260	25,543	59,319	526,069	244,996	15,938	70,323	1,860,455
<b>Accumulated amortization</b>										
Balance, beginning of year	-	145,826	58,037	12,639	25,918	191,073	60,635	7,821	-	501,949
Add: amortization	-	8,324	3,808	2,272	4,602	12,725	3,509	1,842	-	37,082
Less: accumulated amortization on disposals	-	(566)	(4,305)	(1,450)	(209)	(2,054)	(2)	(632)	-	(9,218)
Balance, end of year	-	153,584	57,540	13,461	30,311	201,744	64,142	9,031	-	529,813
Net book value, end of year	\$491,001	\$68,422	\$147,720	\$12,082	\$29,008	\$324,325	\$180,854	\$6,907	\$70,323	\$1,330,642

## Notes to Consolidated Financial Statements

Year ended December 31, 2011

(tabular columns in thousands of dollars)

### (A) Assets under construction

Assets under construction having a value of \$52,639 (2010 - \$70,323) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### (B) Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$24,134 (2010 - \$19,234) comprised of road networks in the amount of \$12,391 (2010 - \$1,481); environmental network - \$Nil (2010 - \$2,775); parkland - \$971 (2010 - \$NIL) and land - \$10,772 (2010 - \$14,978)

### (C) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land under roads, cemetery lands and buildings slated for demolition are the only assets where nominal values were assigned.

### (D) Works of art and historical treasures

The town manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at town sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

### (E) Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$nil (2010 - \$nil).



## 10. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2011	2010
<b>Surplus</b>		
Invested in tangible capital assets	\$ 1,382,023	\$ 1,330,642
Other	50,508	(1,593)
Equity in Oakville Hydro	194,531	192,528
Unfunded		
Post employee benefits	(21,441)	(20,017)
Long-term liabilities	(68,526)	(40,008)
	1,537,095	1,461,552
<b>Reserves set aside for specific purposes by Council for:</b>		
Tax rate stabilization	15,434	11,254
Capital financing	15,509	27,903
Acquisition of tangible capital assets	15,722	14,973
Recreation and culture	342	327
Working capital	9,808	8,870
Insurance	1,428	1,386
Total reserves	58,243	64,713
<b>Reserve funds set aside for specific purpose by Council:</b>		
Post employment benefits and WSIB	10,606	8,992
Street trees	389	419
Conservation purposes	331	312
Harbours	1,448	1,363
Library development	267	224
Building, ground maintenance and replacement	13,502	9,991
Parking	5,120	4,485
Blink Reserve Fund	41,970	40,403
	73,633	66,189
	\$ 1,668,971	\$ 1,592,454

## 11. User fees and charges:

User fees and charges include the following:

	2011	2010
Development fees		
and miscellaneous	\$ 7,910	\$ 6,895
Transit revenues	6,848	6,040
Parking, Provincial Offences		
Act and other fines	4,027	3,802
Town facilities rental		
and usage fees	7,999	7,717
Recreation and cultural		
program revenues	6,735	6,097
Cemeteries	789	740
Licenses and permits	8,252	6,961
	<u>\$ 42,560</u>	<u>\$ 38,252</u>

## 12. Trust funds:

Trust funds administered by the municipality amounting to \$4,411 (2010 - \$4,076) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

## 13. Contingent liabilities and guarantees:

### (A) Loan guarantees:

The Town of Oakville has one loan guarantee outstanding at the end of 2011, as follows:

	Original	December 31, 2011
Burloak Canoe Club	\$ 75	\$ 24

Safeguards have been put in place to protect the town should default occur on the part of the Club.

### (B) Litigation:

The town has been named as defendant in certain legal actions in which damages have been sought. The exact outcome of these actions is not determinable, as at the date of reporting, however, provisions have been made for those legal actions, which the town may at some future date be held liable.

### (C) Cemeteries Act:

The *Cemeteries Act* (Revised), R.S.O., 1990, requires the town to assume ownership and responsibility for the continuing care of pioneer and abandoned cemeteries. However, the *Cemeteries Act* does not address the issue of funding for this obligation, other than provide that any assets, funds and trust accounts, if they exist, become the property of the municipality at the time the ownership is assumed. This potential liability cannot be quantified at this time and no provision has been included in these financial statements.

### (D) Guarantees:

In the normal course of business, the town enters into agreements that meet the definition of a guarantee.

(i) The town, on occasion, has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements the town agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(ii) The town has purchased errors and omissions insurance to mitigate the costs of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as an officer, an employee, a volunteer or member of Council, Board, Commission or Committee of the town. The maximum amount of any potential future payment cannot be reasonably estimated.

(iii) In the normal course of business, the town, on occasion, has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the town to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the town from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the town has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the financial statements with respect to these agreements.

## Notes to Consolidated Financial Statements

Year ended December 31, 2011

(tabular columns in thousands of dollars)

### 14. Government transfers:

The town recognizes the transfer of government funding as expenditures or revenues in the period that the events giving rise to the transfer occurred. The government transfers reported on the consolidated statement of financial activities are:

	2011	2010
<b>Revenue</b>		
Federal grants		
Canada council	\$ 271	\$ 230
Canadian heritage grant	70	70
DCH grant	-	64
HRDC grant	45	62
Federal gas tax	6,866	4,917
Infrastructure Stimulus Funding	7,869	6,547
ICCI Funding	-	75
RinC Funding	819	354
COMRIF	306	-
<b>Miscellaneous</b>	<b>33</b>	<b>-</b>
	16,279	12,319
<b>Ontario grants</b>		
Elderly Person's Centres	111	116
Library – operating grant	182	182
Museum – operating grant	59	58
Trillium	82	-
COMRIF	306	-
GTA farecard project, Metrolinx & Provincial Trans Expansion funding initiative	207	134
Ontario Bus Replacement	1,148	560
Investing in Ontario – Recreational	4,686	916
RinC Funding	633	354
Roads & Bridge Funding	-	-
Infrastructure Ontario Mill	-	3,169
Communities in action and zero tolerance	40	37
Ontario arts council	155	122
Ontario gas tax	2,593	4,890
Miscellaneous	27	118
Infrastructure Stimulus Fund	7,869	7,108
	18,098	17,764
<b>Total revenues</b>	<b>\$ 34,377</b>	<b>\$ 30,083</b>

### 15. Segmented information:

The Town of Oakville is a diversified lower tier municipal government that provides a wide range of services to its citizens, including fire, public transit, roads and works operations, engineering and construction, parks, recreation, culture, planning, development and building services. Segmented information has been identified based on lines of service provided by the town. These lines of service have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### (i) Governance and corporate services:

Reported in the General Government functional area, it covers those departments responsible for political governance (Council, Clerks), administrative executive management (CAO, Internal Audit, Strategy, Policy and Communications), Corporate Services (Finance, Human Resources, Legal, Information Systems + Solutions, Facility and Construction Management) and those expenses and revenues which are truly corporate in nature and cannot be easily apportioned to one department over another, such as investment income and penalties and interest on overdue taxes. Also, any tax revenue required to cover debt principal repayments, transfers to capital and reserves/reserve funds, has been allocated to this area.

#### (ii) Fire and emergency services:

The mandate of Fire is to provide emergency services through a range of services to protect the lives and property of the inhabitants of Oakville from the adverse effects of fires, sudden medical and non-medical emergencies including but not limited to exposure to dangerous conditions brought on by natural, technological or human-caused events. The main objectives are to prevent fires, educate the public with regards to fire related risks, to enforce fire safety standards, fight and suppress fires and to plan and respond to all emergencies throughout the town.

#### (iii) Building Services:

The mandate of Building Services is to inform and assist customers to ensure safe and orderly development and provide efficient delivery of building approvals, inspections and management systems. The Building Services department is for the most part, an enforcement agency, enforcing both Provincial and Municipal regulations. Provincially, the department enforces the Ontario Building Code to ensure that all construction within the municipality meets the minimum standard required ensuring life safety for all residents, businesses and workers that choose to live and/or work in Oakville. Municipally, the department enforces the local zoning regulations which are designed to ensure that development within the municipality conforms to the regulations designed to create the most livable town in Canada.

## 15. Segmented information (continued):

### *(iv) Parks, Recreation and Culture:*

The mandate for Parks is a commitment to ensuring a diverse range of open space opportunities that preserves and enhances the quality of life for present and future generations. This will be accomplished by protecting and enhancing our heritage and environment, facilitating community partnerships and providing effective efficient services through a dedicated and professional staff. This service is responsible for the provision of the parks and open space program, which provides the residents with day-to-day maintenance for the town's parks and open space system, as well as undertaking the planning and construction of new parkland and open space. Parks & Open Spaces is also responsible for the operation of the Oakville Harbours, Forestry Operations and Cemeteries.

The mandate of Recreation and Culture is to provide a diverse range of recreational opportunities that preserve and enhance the quality of life for present and future generations which are innovative and accessible to all residents and meet the diverse needs of a changing community. They are responsible for the effective delivery of the recreation services program, including direct program delivery, the provision of facilities and internal departmental and corporate support as well as the support of groups and organizations throughout the town in the delivery of services to their members. This program is provided through the provision of administration, recreation programs, support services and facilities. The Recreation and Cultural Department also provides management and programming of the Oakville Museum and the Oakville Centre for Performing Arts. Included in this area is also Oakville Public Library operations and Oakville Galleries.

### *(v) Roads and Works:*

The mandate of Roads and Works is to provide quality road, traffic and water resource systems maintenance and operations to the residents and businesses of Oakville. This program is responsible for the maintenance and operation of the town's transportation and water resources system. This area is also responsible for winter control for the town and Region of Halton.

The Engineering section manages the infrastructure planning and improvements program which provides for the detailed planning, design and construction of Oakville's transportation and water resources infrastructure programs. Through cost effective and responsible means, it involves environmental assessments, studies, public and agency consultations, engineering designs and approvals, tendering and administration for projects and services including roads and traffic, bridges and culverts, sidewalks and cycle ways, storm drainage, storm water management, creek channels and shoreline projection. This department is also responsible for the provision of parking and parking enforcement.

### *(vi) Transit:*

The mandate of Transit is to provide a safe, reliable, convenient and efficient public transit services within the urban area. This program is responsible for designing and delivering a range of transit services within the urban boundaries of the Town of Oakville.

### *(vii) Planning, Development Services and Economic Development:*

The mandate of Planning Services area is to strive for excellence in creating a livable community for present and future generations. This program creates the policy framework and implementation tools required to shape the future of the community.

The mandate of Development Services is to ensure that new urban public infrastructure, built through the development processes, meets or exceeds the town's standards and requirements. They are responsible for ensuring that the town's land development standards are achieved on all development applications.

The mandate of Economic Development area is to create a balanced environment that fosters economic growth, job creation and live/work opportunities. This program has a number of functions that involve the local business community as well as other stakeholders within and outside of Oakville. Collectively, these functions work to build a positive economic environment that result in business retention, expansion and attraction, which will drive assessment and job growth in the own.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

## Notes to Consolidated Financial Statements

Year ended December 31, 2011

(tabular columns in thousands of dollars)

### 15. Segmented information (continued):

	2011								Total
	Governance Corporate Services	Fire	Building Services	Parks, Recreation & Culture	Roads and Works Engineering	Transit	Planning Development & Economic Development	Other Services	
<b>Revenue</b>									
Taxation	\$ 20,960	\$ 28,453	\$ 1,142	\$ 37,009	\$ 28,722	\$ 17,152	\$ 5,188	\$ 1,328	\$ 139,954
Ontario grants	-	-	-	5,949	306	8,076	-	26	14,357
Canada grants	-	-	-	1,239	306	7,869	(1)	-	9,413
Gas tax revenues	708	-	-	-	4,917	4,982	-	-	10,607
Interest on promissory notes	4,624	-	-	-	-	-	-	-	4,624
User fees and service charges	2,937	213	7,201	15,950	4,522	6,848	4,555	334	42,560
Other municipalities	33	-	-	348	5,642	-	-	-	6,023
Investment income	11,494	-	-	450	-	-	-	1	11,945
Penalties and interest	3,566	-	-	-	-	-	-	-	3,566
Developer contributions and development charges earned	10,933	67	-	11,031	29,659	664	-	-	52,354
Equity in Income of Oakville Hydro	5,077	-	-	-	-	-	-	-	5,077
Other	(8)	-	-	299	843	19	2	-	1,155
	60,324	28,733	8,343	72,275	74,917	45,610	9,744	1,689	301,635
<b>Expenditures</b>									
Salaries, wages and benefits	21,256	23,900	5,018	31,158	13,594	13,442	5,762	322	114,452
Debt expense	25	2	-	1,779	574	121	-	-	2,501
Materials	(887)	410	1,987	7,364	2,142	4,888	2,201	36	18,141
Contracted services	4,892	1,905	966	14,448	15,453	3,320	600	1,069	42,653
Rents and financial expenses	127	-	-	642	63	138	-	100	1,070
External transfers	164	33	-	455	300	411	38	-	1,401
Loss on disposal of assets	2,954	115	-	319	30	113	-	66	3,597
Amortization	2,330	1,327	5	13,727	20,020	3,844	6	44	41,303
	30,861	27,692	7,976	69,892	52,176	26,277	8,607	1,637	225,118
Annual surplus	\$ 29,463	\$ 1,041	\$ 367	\$ 2,383	\$ 22,741	\$ 19,333	\$ 1,137	\$ 52	\$ 76,517

## 15. Segmented information (continued):

2010

	Governance Corporate Services	Fire	Building Services	Parks, Recreation & Culture	Roads and Works Engineering	Planning Development & Economic Transit Development	Other Services	Total	
<b>Revenue</b>									
Taxation	\$ 23,085	\$ 26,457	\$ 2,134	\$ 33,221	\$ 28,565	\$ 13,601	\$ 3,372	\$ 131,716	
Ontario grants	10	-	-	1,887	3,169	7,242	-	12,314	
Canada grants	-	-	-	770	-	6,549	75	7,402	
Gas tax revenues	129	-	-	-	1,765	8,473	-	10,367	
Interest on promissory notes	4,713	-	-	-	-	-	-	4,713	
User fees and charges	2,554	178	6,095	14,955	4,050	6,040	4,076	38,252	
Other municipalities	(9)	-	-	312	2,711	121	5	3,140	
Investment income	6,948	-	-	283	140	-	-	7,231	
Penalties and interest	3,516	-	-	-	-	-	-	3,516	
Developer contributions and development charges earned	1,424	25	-	8,324	24,093	265	535	34,666	
Equity in Income of Oakville Hydro	85,434	-	-	-	-	-	-	85,434	
Other	708	-	-	130	300	(44)	2	1,096	
	128,512	26,660	8,229	59,882	64,653	42,247	8,065	339,847	
<b>Expenditures</b>									
Salaries, wages and benefits	20,400	22,736	4,657	29,219	13,177	12,896	4,992	108,407	
Debt expense	13	5	-	774	726	67	-	1,585	
Materials	(3,229)	447	1,880	6,207	2,920	3,689	1,565	13,697	
Contracted services	12,018	3,228	933	14,603	15,457	1,566	788	49,592	
Rents and financial expenses	162	-	-	431	61	56	-	710	
External transfers	772	33	-	1,103	309	125	-	2,342	
Loss on disposal of assets	8,678	-	-	131	244	-	-	9,061	
Amortization	2,206	1,213	-	12,273	18,231	3,090	9	37,082	
	41,020	27,662	7,470	64,741	51,125	21,489	7,354	222,476	
Annual surplus	\$ 87,492	\$ (1,002)	\$ 759	\$ (4,859)	\$ 13,528	\$ 20,758	\$ 711	\$ (16)	\$ 117,371

## Notes to Consolidated Financial Statements

Year ended December 31, 2011

(tabular columns in thousands of dollars)

### 16. Commitment:

On April 20, 2010, the Town of Oakville committed by Council resolution, to Halton Healthcare Services (the "HHS") up to \$200,000 towards the local share plan for the new Oakville Hospital. Funding to be structured as \$130,000 at substantial completion in 2015 as defined by Infrastructure Ontario's Alternative Financing and Procurement process, \$40,000 as required over the 30 year concession period to fund life cycle costs and, at the discretion of the Council of the day, a further \$30,000 at substantial completion the need for which will be determined at the time of the financial close. Discussions continued with the hospital throughout 2011, and by HHS Board Resolution, of May 20, 2011, the \$40,000 contribution over the 30 year concession period to fund the life cycle costs, and the \$30,000 discretionary fund will no longer be requested of the town. This reduces the commitment to \$130,000.

### 17. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 operating and capital budgets approved by Council on March 7, 2011. Amortization and post employment liabilities were not contemplated on development of the budget and, as such, has not been included. The chart reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
<b>Revenues</b>	
Operating budget	\$ 202,903
Capital budget	105,293
<b>Less</b>	
Transfers from other funds	(56,060)
Proceeds on debt issue	(4,494)
<b>Total revenue</b>	<b>247,642</b>
<b>Expenses</b>	
Operating budget	204,758
Capital budget	105,292
<b>Less</b>	
Transfers to other funds	(36,568)
Capital expenses	(105,293)
Debt principal payments	(5,800)
<b>Total expenses</b>	<b>162,389</b>
<b>Annual surplus</b>	<b>\$ 85,253</b>

### 18. Comparative figures:

Certain comparative figures have been reclassified to conform with the current year's presentation.

# Five year **review** (unaudited)

	2011	2010	2009	2008	2007
<b>Demographics</b>	<b>**</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>
Population at the end of the year	182,500	180,500	177,200	173,600	169,800
Number of households*	68,574	62,398	60,868	59,398	57,953
<i>* Best planning estimate as at december 31 for financial statement purposes</i>					
<i>** Based on 2011 census</i>					
<b>Staff Complement</b>					
Approved continuous full-time	1,113	1,089	1,044	1,025	944
Approved part-time (FTE) (includes Library)	372	362	357	351	327
<b>Building Permits — Issued</b>					
New residential units	899	704	684	653	1,239
Total residential construction value	\$303 M	\$257 M	\$220 M	\$258 M	\$384 M
Total construction value — all types of permits	\$533 M	\$503 M	\$504 M	\$501 M	\$668 M
<b>Taxable weighted assessment (000'S)</b>					
Residential, multi-residential and farm	29,119,455	27,207,803	24,999,716	23,098,780	22,578,267
Commercial — all classes	3,913,298	3,480,261	3,133,554	2,696,911	2,626,792
Industrial — all classes	882,398	866,673	814,418	854,292	891,443
Pipeline & managed forests	52,533	50,642	48,807	46,476	50,758
	<u>33,967,684</u>	<u>31,605,379</u>	<u>28,996,495</u>	<u>26,696,459</u>	<u>26,147,260</u>
Commercial and industrial as a percentage of taxable assessment	14.12%	13.75%	13.62%	13.30%	13.46%
Exempt assessment	1,757,423	1,598,155	1,517,861	1,419,657	1,379,597
<b>Tax levied on behalf of (000'S)</b>					
Town of Oakville (includes business improvement areas)	138,745	130,437	122,953	111,301	98,680
Region of Halton	139,530	136,678	134,537	128,536	123,483
School boards (public & separate)	124,499	123,642	120,848	117,780	114,866
	<u>402,774</u>	<u>390,757</u>	<u>378,338</u>	<u>357,617</u>	<u>337,029</u>
<b>Annual % budgeted tax change - residential only</b>					
Town of Oakville	5.80%	4.29%	7.30%	9.90%	3.33%
Region of Halton	1.30%	0%	1.80%	1.30%	2.50%
School boards (public & separate)	0%	0%	0%	0%	0%
Overall budgeted tax increase (%)	2.60%	1.50%	3.30%	3.78%	2.10%

## Operations/Revenue fund

	Restated					
	2011	2010	2009	2008	2008	2007
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
<b>Expenditures by function</b>			Note 1	Note 1		
General government	30,861	42,231	28,631	23,739	17,939	17,068
Protection to persons & property	35,689	33,961	32,122	29,284	28,135	26,869
Transportation services	72,839	71,187	64,605	66,154	38,657	33,349
Environmental services	5,592	1,385	4,153	4,574	379	530
Health services	1,235	1,177	1,148	850	807	938
Recreation and Cultural services	66,148	61,040	55,504	59,734	38,603	35,581
Planning and development	12,754	11,495	10,826	11,587	10,505	10,286
	225,118	222,476	196,989	195,922	135,025	124,621
<b>Expenditures by object</b>						
Salaries, wages & employee benefits	114,453	108,407	102,649	96,856	96,860	88,622
Materials, services & financial expenses	61,862	63,999	54,900	60,137	35,855	34,607
Transfers to others	1,400	2,342	1,709	2,310	2,310	1,392
Interest on long term debt	2,502	1,585	1,404	1,627	-	-
Amortization expense	41,305	37,082	36,327	34,992	N/A	N/A
Loss on disposal of tangible capital assets	3,596	9,061	-	-	-	-
	225,118	222,476	196,989	195,922	135,025	124,621
<b>Revenues by source</b>						
Taxation (includes supplementary & payments in lieu)	139,954	131,716	123,510	112,836	112,836	99,421
Province of Ontario - grants/subsidies	18,099	17,764	5,712	5,743	3,210	722
Other grants i.e. Canada	16,278	12,319	6,715	1,515	408	310
Oakville Hydro - interest on promissory Notes	4,624	4,713	4,713	4,712	4,712	4,713
Fees and service charges	42,560	38,252	35,324	34,956	38,974	36,231
Other municipalities	6,023	3,140	4,295	5,130		
Other revenue	69,020	46,509	62,371	85,865	11,523	10,670
Equity in Oakville Hydro	5,077	85,434	4,725	6,706		
	301,635	339,847	247,365	257,463	171,663	152,067
Annual surplus	76,517	117,371	50,376	61,541		
Accumulated net revenue (surplus) at the end of the year					671	561

Reference: Consolidated Statement of Operations

Note 1: The Town of Oakville has implemented Public Sector Accounting Board ("PSAB") section 3150 which requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction. 2008 has been restated for comparative purposes.

## Tangible capital assets by class

	2011 (000's)	2010 (000's)	2009 (000's)	2008 (000's)
<b>Net book value</b>	Note 1	Note 1	Note 1	Note 1
Land	510,839	491,001	480,207	475,075
Land improvements	67,165	68,422	70,428	67,328
Buildings	188,126	147,719	112,592	115,863
Equipment	13,143	12,082	11,714	12,116
Vehicles	29,964	29,008	31,298	27,223
Roads networks	327,131	324,326	323,980	329,884
Environmental network	185,271	180,854	181,340	176,150
Communication & technical services	7,745	6,907	6,706	5,630
Capital works in progress	52,639	70,323	70,204	25,685
	<u>1,382,023</u>	<u>1,330,642</u>	<u>1,288,469</u>	<u>1,234,954</u>
<b>Additions and disposals</b>				
Assets - beginning of year	1,860,456	1,790,418	1,717,559	1,630,326
Additions	113,978	88,526	82,668	81,215
Disposals	-31,643	-18,488	-9,809	-3,084
Assets - end of year	<u>1,942,791</u>	<u>1,860,456</u>	<u>1,790,418</u>	<u>1,708,457</u>
<b>Accumulated amortization</b>				
Amortization - beginning of year	529,814	501,949	475,176	440,863
Current year expense	41,305	37,082	36,327	34,992
Accumulated amortization on disposals	-10,351	-9,217	-9,554	-2,352
Accumulated amortization - end of year	<u>560,768</u>	<u>529,814</u>	<u>501,949</u>	<u>473,503</u>
Net Book Value	<u>1,382,023</u>	<u>1,330,642</u>	<u>1,288,469</u>	<u>1,234,954</u>

Note 1: The Town of Oakville has implemented Public Sector Accounting Board ("PSAB") section 3150 which requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction. 2008 has been restated for comparative purposes.

## Capital operations

	2011 (000's)	2010 (000's)	2009 (000's)	2008 (000's)	2007 (000's)
<b>Expenditures by function</b>					
General government	7,597	6,852	5,534	5,587	7,176
Protection to persons & property	1,366	2,637	1,633	711	1,911
Transportation services	46,116	53,417	41,276	42,033	19,182
Environmental services	1,317	513	221	964	127
Health services	136	326	15	79	142
Recreation and cultural services	35,229	28,993	44,717	35,769	18,995
Planning and development	293	366	649	1,288	720
	92,054	93,104	94,045	86,431	48,253
<b>Financing by source</b>					
Transfers from own funds	82,767	31,072	23,988	25,925	24,174
Long-term debt/internal borrowing	34,454	6,779	351	3,176	14,065
Grants/Subsidies — federal/provincial	18,041	28,511	5,499	3,377	1,441
Other	9,383	39,086	46,852	54,629	16,934
	144,645	105,448	76,690	87,107	56,614

Note 1: The Town of Oakville has implemented Public Sector Accounting Board ("PSAB") section 3150 which requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction. We still track all capital related expenses in the Capital Fund, however we do not report by fund accounting on the statements.

## Discretionary reserves and reserve funds and obligatory reserve funds

Discretionary reserves**	58,243	64,713	56,750	45,761	35,928
Discretionary reserve funds**	73,633	66,189	21,942	18,527	16,102
Obligatory reserve funds*					
Development charges	2,519	-	758	37,303	64,070
Parkland	20,411	18,278	15,226	12,502	11,499
Gas tax	5,484	6,709	9,177	10,306	8,205
Ontario bus replacement & farecard	1,161	2,668	1,908	1,655	667
Investing in Ontario	1,133	5,766	6,582	7,434	-
<b>Total - reserves &amp; reserve funds</b>	<b>162,584</b>	<b>164,323</b>	<b>112,343</b>	<b>133,488</b>	<b>136,471</b>

\* Reported on the Consolidated Statement of Financial Position as "Deferred Revenue" in compliance with PSAB reporting requirements

\*\* Reference - Note 10 in the 2011 Financial Statements for more details

## Long term debt

	2011 (000's)	2010 (000's)	2009 (000's)	2008 (000's)	2007 (000's)
<b>Long-term liabilities (debt)</b>					
Tax levy supported debt	17,334	20,929	20,343	24,305	25,080
Self supported debt					
Development charges supported debt	38,877	6,040	6,758	7,444	8,100
Oakville harbours supported debt	3,210	3,634	1,985	2,358	2,635
Oakville soccer club supported debt	9,105	9,405	-	-	-
<b>Total long term liabilities</b>	<b>68,526</b>	<b>40,008</b>	<b>29,086</b>	<b>34,107</b>	<b>35,815</b>
<b>Annual repayment charges for long-term liabilities - Principal and Interest</b>					
Tax levy supported debt annual repayment	5,115	5,057	5,276	5,012	4,465
Self supported debt annual repayment	3,321	1,935	1,500	1,499	339
<b>Total annual debt repayment</b>	<b>8,436</b>	<b>6,992</b>	<b>6,776</b>	<b>6,511</b>	<b>4,804</b>
Tax levy supported debt - per capita	\$23.99	\$28.02	\$29.96	\$28.73	\$26.29
<b>Debt repayment policy % limits - As a % of revenue fund revenues*</b>					
Ministry of municipal affairs & housing's policy	25%	25%	25%	25%	25%
<b>Town of Oakville's policy % limits</b>					
Total annual debt repayment	12%	12%	12%	12%	12%
Tax levy support debt repayment	6.25%	6.25%	6.25%	6.25%	6.25%
<b>Actual %</b>					
Total annual debt repayment	4.40%	4.20%	4.56%	4.70%	3.68%
Tax levy support debt repayment	2.80%	3.05%	3.56%	3.61%	3.48%

\*"Revenue Fund Revenues" - Ministry calculation requires that all grant funding and revenue from other municipalities be excluded

## Principal Corporate Tax Payers

- Ford Motor Company
- Oakville Place Holdings Inc.
- 2121049 Ontario Limited - Burloak Shopping Centre
- Silgold Developments Inc.
- Oakville Entertainment Holdings Inc.
- 2725321 Canada Inc. - Town Centre I Shopping Plaza
- Petro-Canada
- Sun Life Assurance Company of Canada - Town Centre II Shopping Plaza
- Calloway Reit (Hopedale) Inc.
- Upper Oakville Shopping Centre Limited
- Great West Life and London Life

# 2011 Awards

*10 years as an active HIGH FIVE® Trainer*

by Parks and Recreation Ontario

*Design Excellence award for  
Sixteen Mile Sports Complex*

from Parks and Recreation Ontario

*Two silver awards in the categories of  
Municipal Waste Diversion and Communications*

from the Recycling Council of Ontario (RCO)

*Sustainable Communities Award in the category of  
Green Buildings and Initiatives*

from the Federation of Canadian Municipalities (FCM)

*The Joyce Burnell Tree Champion Award*

from Oakvillegreen Conservation Association

*The 2010 Canadian Award for Financial Reporting*

from the Government Finance Officers Association  
for the town's 2010 Financial Report

*Honourable Mention Award*

from Metrolinx and Smart Commute Halton

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