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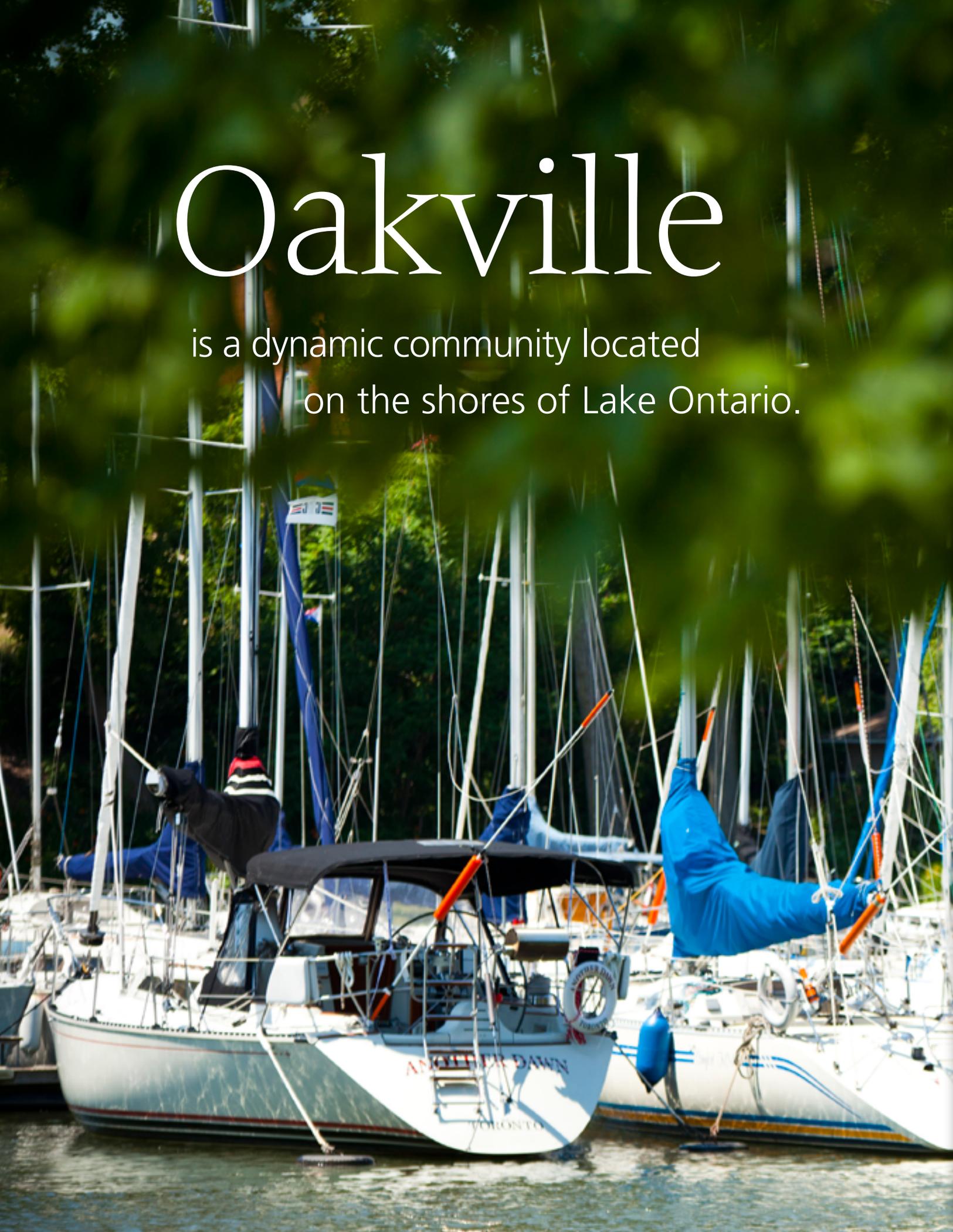
Town of Oakville  
Annual Report



*For the fiscal year ended December 31, 2012 | Oakville, Ontario, Canada*

# Oakville

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



# Message from the Mayor



Oakville is so livable because in everything we do, we believe in challenging the status quo. How we challenge the status quo is by controlling growth, debt and taxes to just what fits environmentally and economically.

Our vision is to become Canada's most livable town. Realizing this vision requires outstanding short term and long-term strategies and plans. We've brought together all of the town's master plans and other key planning initiatives under the broad header of Vision 2057, a cohesive document that integrates our plans into a lasting roadmap for our community.

It's this type of forward thinking that attracts the best employers and enhances our local economy. Household names like Ford, Siemens, PricewaterhouseCoopers, Canadian Tire and others are making significant new investments and adding hundreds of jobs in Oakville.

And while our local economy flourishes, we're continuing to save green space and add community facilities we've lived without for too long. We added 800,000 square feet of community facilities to the previous total of 1.1 million, and we have three more community centres for the enjoyment of our residents.

We're enhancing highly valued town and regional services while keeping our progress affordable. We work constantly to strengthen our finances. We cut tax-paid debt by 40 percent. We make growth pay as much of its costs as the law allows.

We've moved down the rate of increases of both the average total property tax bill and the total property tax levy, by relentlessly focusing on efficiency. Average increases to the total property tax levy were seven per cent a year in the four years before 2007, an average of five per cent a year in the last term of Council, and will average less than three per cent a year for this four year term of Council. We manage the town, region and police finances together to keep the rate of tax increases at or under inflation. The 2013 tax increase is only 1.6 per cent. We have maintained through the Region of Halton our solid AAA financial rating too, while Toronto and Ontario are AA.

Our strong financial position lets us face our future with confidence.

On behalf of Oakville Town Council, I encourage you to read through this year's Annual Report. We made great progress in 2012 and that positive momentum has carried over into 2013. I want to recognize Members of Council and town staff for their hard work. Together we're creating a cleaner, greener place to live with lower rates of growth in population and taxes. Together we're creating Canada's most livable town.

Sincerely,

Mayor Rob Burton

2012 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 the 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 open, respectful and inclusive governance. 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.

For our mission, vision and values to have significant impact on the organization, they must be accompanied by deliberate plans of actions to move us toward our desired future. The town's 2011-2014 work plan focuses on the strategies and actions to achieve success in Council's eight areas of focus:

To be the most livable town in Canada  
To enhance our economic environment  
To enhance our social environment  
To be accountable in everything we do

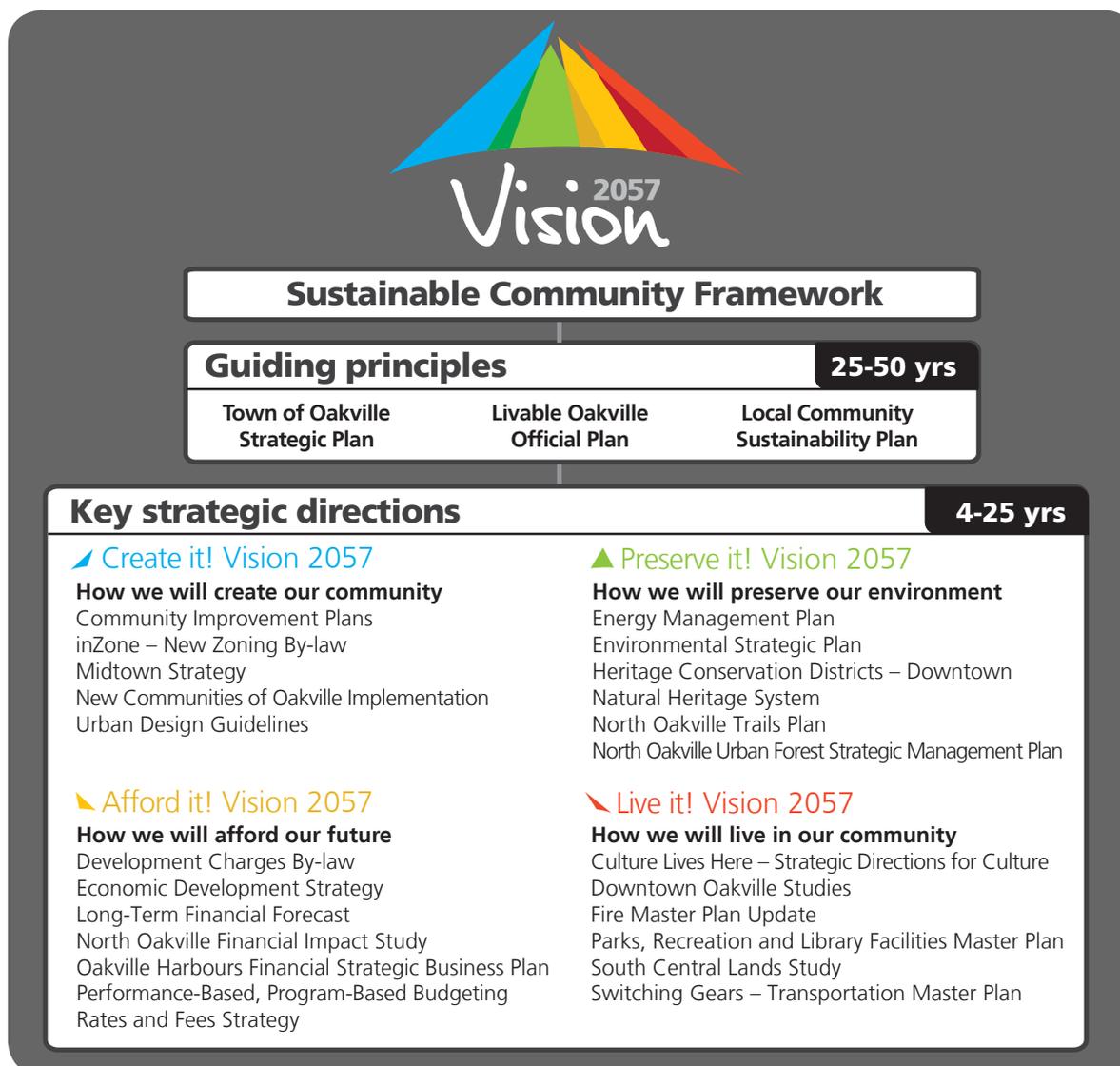
To be fiscally sustainable  
To be environmentally sustainable  
To provide outstanding service to our residents and businesses  
To continuously improve our programs and services

## 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 to unite the town's key planning initiatives and master plans under one cohesive framework. In October 2011, the town launched Vision 2057.

Over the next four years, staff will work with Council and the public to complete plans and studies to help shape our community both today and in the future. The following chart outlines the key components of Vision 2057. Major milestones for Vision 2057 are highlighted throughout this booklet with a  stamp.



# Message from the CAO



Last year was noteworthy for the Town of Oakville with special focus on innovative customer service and taxpayer value. I'm pleased to share with you some highlights of our achievements in 2012, as well as to outline the key initiatives that will take place in 2013.

Oakville remains on a positive financial course thanks to disciplined spending and solid financial planning. In the past year, Council and our dedicated staff have worked hard to ensure that the town remains a great place, with great people, doing great things. From embracing social media, to opening a state-of-the-art community and cultural centre to rolling out key master plans under Vision 2057, the Town of Oakville was dedicated to providing services which were relevant to you, as efficiently as we could.

I am extremely proud to work with a dedicated and forward-thinking Council and talented team of employees. And, our residents agree. Just look at the results of our 2013 Citizen Survey – it told us that 85 per cent of residents believe that Oakville is better than most areas in the GTA when it comes to overall livability. The survey also revealed that 87 per cent of residents are happy with their municipal government, showing significant increases in satisfaction levels since 2011.

Looking ahead I am confident we will be able to succeed at whatever challenges and opportunities come our way. One of the town's significant challenges will be to provide needed capital infrastructure, to maintain what we already have, and to do so while keeping our municipal taxes as affordable as possible. The town's commitment to public consultation, being responsive to citizen needs and delivering great value for taxpayer dollars continue to be keys to our success.

Our progress and accomplishments over the past year are true examples of what the Town of Oakville can achieve. I look forward to another exciting year.

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

Ray Green, P. Eng.  
Chief Administrative Officer

# Organizational chart

as of January 2013



*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, roads and works, cemeteries as well as the delivery of recreation and cultural services, and public transit. 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 Community 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. This commission is also responsible for environmental stewardship and protection, municipal parking operations, stormwater management and drainage as well as the engineering and construction of municipal public works infrastructure.

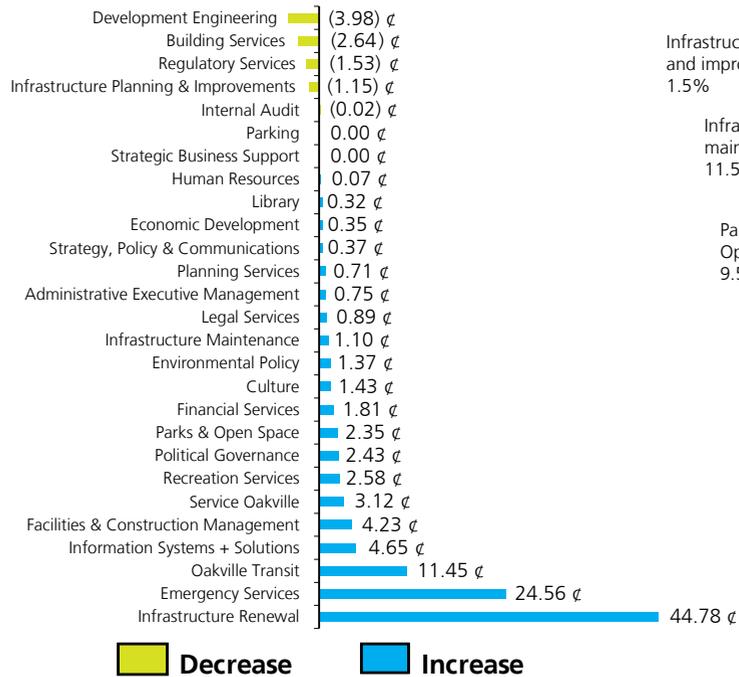
2012

# Highlights

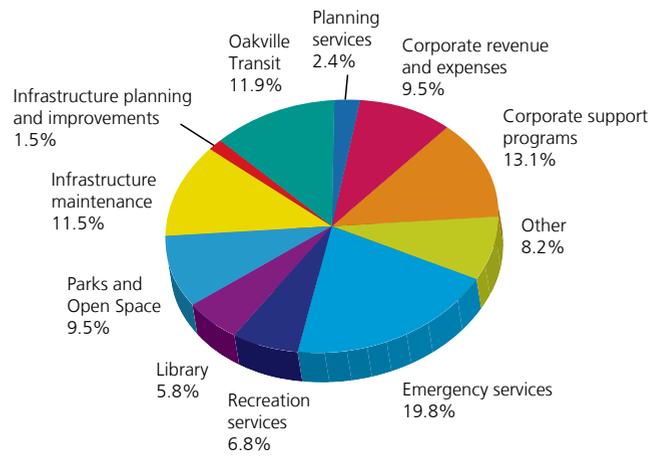
Town services span environmental stewardship and protection, parks, trails, cemeteries, forestry, harbours, creek channels and shorelines, recreation and community centres, libraries, building and heritage permits, by-laws and licensing, transit, land use planning, municipal engineering and construction,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

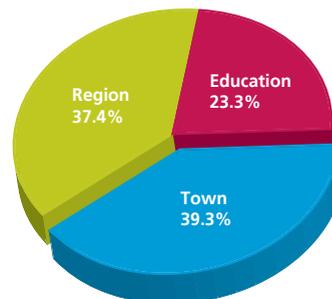
## Where the increase in town taxes is going (per \$1 tax increase)



## 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

- Guiding us toward a more livable Oakville, Vision 2057 unites the town's master plans and key planning initiatives to create one cohesive road map for the future. Major milestones for Vision 2057 are highlighted with a  stamp throughout this report.
- Seven site-specific appeals of the Livable Oakville Plan were resolved in 2012. Only two site-specific appeals, tied to the Regional Official Plan Amendment 38, remain outstanding at the Ontario Municipal Board. Oakville is proud to be one of the first municipalities to have fully approved official plan policies under the Provincial Growth Plan.
- Following extensive public engagement, Oakville's Radiocommunications Facilities policy and procedure were adopted by Council in May clarifying the town's role and the role of public consultation on radiocommunication applications. While radiocommunications facilities are regulated by Industry Canada, Oakville Council wanted the town and its residents to have the opportunity to provide feedback on the issue.
- Oakville made the top five list of Canadian cities for resident satisfaction with municipal services according to a recent opinion poll taken by Forum Research Inc. The survey measured resident satisfaction with 14 municipal services in Canada's 30 largest cities. Oakville scored in the Top 5 along with Quebec City QC, Burnaby BC, Mississauga ON, and Sherbrooke QC.
- As part of Vision 2057 the Town of Oakville reviewed its North Oakville Trails Plan in 2012 and was approved by Council on May 21, 2013. This unique trail system was designed specifically for the New Communities of Oakville located north of Dundas Street. Trails are an essential part of north Oakville to link the new communities, reduce reliance on roads, encourage walking and cycling, provide for a healthy community, and control access into the Natural Heritage System (a preserved green space of over 900 hectares). The hierarchy of trails includes multi-use trails, major trails and minor trails, as well as a network of on-road cycle lanes and bike routes. All trails will be built into the communities over time. .
- Oakville's comprehensive new zoning by-law known as inZone reflects Oakville's vision for growth, in addition to guide what, where, and how buildings can be constructed in Oakville. inZone is on target to be presented to Council in 2013. .
- The Midtown Oakville Strategy will look at the urban growth centre surrounding the Oakville GO Station. A number of projects will focus on encouraging Midtown Oakville to realize its potential. An environmental assessment public open house with panel was held in June 2012 to initiate transportation stormwater planning. Urban design guidelines and parking strategies will be completed in 2013. The goal of the Midtown Strategy is to encourage investment in this area to transform it into a vibrant — and vertical — place for people to live and work. .
- The town's innovative Transportation Master Plan known as Switching Gears was approved. Switching Gears recommends a balanced transportation system and a variety of travel options for Oakville including public transit, walking, cycling and ridesharing. Strategic road improvements to ensure the safe, convenient and efficient movement of people and goods are also highlighted in the plan. .
- Creation of the new Urban Design Manual kicked off in 2012. The manual will offer a comprehensive set of directives to guide all forms of development as set out in the Livable Oakville Official Plan including guidelines for infill housing. Public consultation will continue through the spring and finalized in the fall 2013. .

## *To enhance our economic environment*

### **Key accomplishments**

- Oakville's award-winning economic development strategy continues to build new local, national and international partnerships. A November 2012 trade mission to China strengthened Oakville's economic relationship with the country, specifically with the cities of Huai'an, Tieling, Chengdu and Xinjin. Town officials also promoted Oakville businesses at a Beijing business forum.
- In August 2012, Siemens Canada unveiled its new Oakville head office — a 110,000 square foot, five-storey LEED gold (Leadership in Energy and Environmental Design) facility with enough space for approximately 800 employees. Siemens' staff moved into their new head office in January 2013.
- PricewaterhouseCoopers' new office in Midtown Oakville was announced at a groundbreaking ceremony in May 2012.
- In March 2012, the town hosted a Business Leaders Forum with senior executives of Oakville's 25 largest private sector employers. The forum provided an opportunity to gain valuable insight on ways to retain quality businesses and jobs in Oakville, and attract new investment aligned with the town's economic goals. The action plan developed as a result of this forum is underway.
- An action plan to improve local business in the Bronte Commercial District was completed. Public input played an integral part in development of the strategy received by Council in September 2012. Staff is now working with the Bronte BIA (Business Improvement Area) to implement the action plan.
- Exploring opportunities for the new Life Sciences and Technology Park planned for lands near the new Oakville hospital is underway with several interested international companies.
- Halton Region has committed to the business plan presented by the town and will begin construction on the infrastructure to support the development of the Winston Park West employment lands in 2013.

### **Did you know?**

*World Architecture News ranked Oakville Transit's employee facility, located in the uptown core, 66 in its list of 100 most viewed projects of 2012.*

*The Parks and Open Space department in partnership with the local Business Improvement Areas (BIA's), manages horticultural beautification programs in downtown Oakville and the Kerr Street and Bronte shopping areas.*



## *To enhance our social environment*

### **Key accomplishments**

- Queen Elizabeth Park Community and Cultural Centre (QEPCCC) opened on March 24, 2012. This unique facility provides a vibrant space for artists, musicians, performers, cultural and heritage groups to work and perform. With over 144,000 square feet of active living space, it is one of the largest venues in Canada to house such a diverse collection of recreation, arts and cultural opportunities.
- The Parks, Recreation and Library Facilities Master Plan (PRLFMP), a comprehensive plan that addresses Oakville's current and future parks, recreation and library infrastructure needs was approved by Council in October 2012. Community consultation was broad and included focus groups, stakeholder interviews, feedback forms and public meetings. 
- A recommendation in the PRLFMP proposed that a single pad arena be preserved at Trafalgar Park. Staff will be examining two options in 2013: to refurbish the current Oakville Arena or demolish it to rebuild a new arena in its place. Staff will develop architectural design concepts for both options taking into consideration the arena's heritage attributes, public input and cost estimates. The funding for all options will be determined through the 10 year capital forecast in 2013. 
- The South Central Public Lands Study (SCPLS) launched to the public in June 2012. This comprehensive land use study focuses on three surplus school sites recently purchased by the town (Brantwood, Chisholm and Linbrook Public Schools), the Oakville-Trafalgar Memorial Hospital site, and the Oakville Arena site and surrounding Trafalgar Park. A Council subcommittee and broad-based consultation through workshops, as well as targeted consultation with stakeholders took place in the spring and fall. 
- The town acquired a prime piece of downtown Oakville real estate with its purchase of the former Canada Post site on Church Street. Council believed that it was in the best interests of the downtown that this site be maintained in the public domain to provide the town with greater control and flexibility in implementing Council's strategic vision for a successful and thriving downtown commercial district.
- The Downtown Oakville Heritage Conservation District Study launched in 2012. Public meetings were held in the spring with Council approving the boundaries of the district in June. Council approved the Downtown Oakville Heritage District Plan and Guidelines in February 2013. 
- Council launched a study to define a redevelopment strategy for public lands within downtown Oakville in order to implement the cultural hub concept identified in the town's Culture Master Plan. The study focusses on Centennial Square as the downtown cultural hub concept and is expected to define development opportunities. The study is expected to be completed by the end of 2014. The study will define the revitalization plan for the Centennial Square site assessing elements such as physical and legislative requirements, market and needs for cultural facilities and financial partnerships. 
- In September, Oakville's 2012 Olympic heroes received high praise from cheering fans in downtown Oakville as Olympians Adam van Koeverden, Diana Matheson, Mark Oldershaw and Kyle Jones made their way by parade to a reception and autograph session at Centennial Square. Doug Csimas and Tera Van Beilen were unavailable to attend, but were represented by their parents at the event.

## *To be accountable in everything we do*

### **Key accomplishments**

- The Town of Oakville unveiled its newly revamped oakville.ca in January 2012. As the primary source of information for municipal programs and services, this new site includes features that enhance public engagement, accountability and accessibility. Oakville has also increased its social media presence on Facebook and Twitter to enhance the way residents can interact with the town with over 4,800 followers and likes combined as of December 2012.
- Council approved a new online communications policy, web content procedure and social media guidelines in 2012 to help manage the town's online presence.
- The Town of Oakville launched its crowdsourcing Idea Forum in October 2012, an innovative online citizen engagement tool that encourages the community to submit ideas that will make Oakville more livable — and then rank them. The town piloted the tool with a focus on the 2013 Budget by asking residents and stakeholders to share their ideas on programs and services that are most important to them. More than 70 ideas were shared by Oakville residents. The Idea Forum continues to be used in 2013.
- The town's ward boundary review was completed. On May 7, 2012 Council voted to preserve Oakville's current ward boundary system until Halton Region awards Oakville an additional seat on Regional Council.
- Council received the Internal Audit 2011 Annual Report summarizing the main activities and achievements of the Internal Audit department to ensure accountability and transparency to the public.
- Resident safety is a top priority for the town. In 2012, revisions were made to the town's emergency management plan and presented to Council in 2013. The town will also be conducting an emergency tabletop exercise to test the new plan in 2013.
- Staff continues to work to ensure compliance with provincial accessibility legislation. Updated policy and procedures, and a new five-year action plan were finalized in December 2012.
- The Town of Oakville won the Canadian Award for Financial Reporting from the Government Finance Officers Association for the fifteenth consecutive year. This award recognizes the town's ability to prepare a comprehensive annual financial report that goes beyond the minimum requirements of generally accepted accounting principles, and exemplifies the spirit of transparency and full disclosure.

### **Did you know?**

*The town provides marine services for two harbours, Oakville Harbour and Bronte Harbour, including more than 500 mooring slips.*

*The town's cemetery staff care for one active property and seven historic pioneer properties.*



## To fiscally sustainable

### Key accomplishments

- Council continues to use program-based, performance-based budgeting to determine appropriate spending and identify service efficiencies. Council unanimously approved a 2013 budget with a 3.01 per cent increase to the town's portion of the tax bill for an overall property tax increase of 1.6 per cent, maintaining town services and keeping the total property tax increase in line with inflation. 
- The town launched the Development Charges Background Study as required by The Development Charges Act, 1997 (DCA). Development charges are collected for the purposes of financing growth related infrastructure in accordance with the provisions of the DCA. A proposed new development charges by-law will be presented to Council in early 2013. 
- Council passed its first harbours by-law. Harbours By-law 2012-007 ensures efficient and safe operation at town harbours and provides clarity and written documentation for all users of the harbours. It also establishes rules and regulations on the necessary operational prohibitions regarding use of town harbours, including: moorings, launch, haul and storage, vessel operations, care of harbours and contractor regulations.
- The Oakville Fire department is upgrading and improving its tactical communications system thanks in part to a grant from the federal government. The \$125,000 project will receive approximately \$50,000 in funding from the Joint Emergency Preparedness Program (JEPP) enabling the department to purchase a mobile command and communications system. Designed specifically for first responders, the new system allows emergency personnel to quickly and easily establish communications from a remote location.
- In April, Oakville acquired 5,404 square metres of prime waterfront land and trails following the final site plan approval for Edgemere Estates Limited. Creating public access to the town's waterfront and expanding the trail systems meets the town's goal of creating a sustainable community, and ensures future generations can enjoy this beautiful area.
- The town and Oakville Hydro continue to work together to maximize opportunities for savings and to provide cost effective service to the public.
- As members of the Halton Cooperative Purchasing Group, the town and Oakville Hydro continue to benefit from joint procurements such as general office supplies where the savings over retail costs are approximately 75 per cent.
- Oakville Transit is investigating opportunities for more efficient delivery of its services by participating in several joint procurement initiatives coordinated by Metrolinx.
- In 2012, a rates and fees policy developed and approved by Council identified \$1.6 million of additional revenue for the 2013 budget.

#### Did you know?

*The town converted all traffic signal lights to light emitting diodes (LEDs) bulbs that are more energy efficient, last longer and increase visibility even during bad weather conditions. An average of \$300,000 a year in savings on hydro costs comes from the LEDs.*

## To be environmentally sustainable

### Key accomplishments

- The Town of Oakville is facilitating the development of a Local Community Sustainability Plan. Community members and leaders will build partnerships and implement actions to make sustainability a part of everyday life for all residents. The plan will look at sustainability in all areas including economic, cultural, environmental and social. Further public engagement will take place in 2013. 
- Oakville's state-of-the-art Sixteen Mile Sports Complex is the town's first municipal building to achieve LEED (Leadership in Energy and Environmental Design) certification and the first quad pad arena in Canada to earn LEED Gold. LEED credits were awarded to Sixteen Mile for energy performance, storm water treatment and management, ozone protection, light pollution reduction, thermal control and comfort, indoor air quality and green housekeeping.
- Ongoing implementation efforts of the town's groundbreaking health protection air quality by-law are seeing positive results with several industries and businesses making improvements to processes and systems to reduce air emissions. In October 2012, the first by-law Section 5 application by a proposed major emitter (the new Oakville hospital) was approved. Under by-law Section 6 all existing major emitters are working cooperatively to achieve by-law compliance.
- Council approved the North Oakville Urban Forest Strategic Management Plan in May 2012 ensuring a sustainable and healthy urban forest for the lands located north of Dundas Street. The plan, which impacts overall planning for residential, commercial and industrial lands, recommends a multi-faceted strategy that connects urban forestry best practices to existing environmental features in Oakville's Natural Heritage System, and will help the town achieve its 40 per cent forest canopy target. 
- The new Oakville Wildlife Strategy underlies the town's efforts to educate the public and other stakeholders on reducing and managing urban coyote encounters. Living with Coyotes seminars were held in January and September, and a Managing your Wild Neighbours (wildlife proofing your home) seminar was held in October 2012. Town Council also supported two new initiatives — an online coyote reporting system and a by-law amendment to prevent coyotes from being fed on public land.
- In addition to the printed map, the town launched an interactive online Cycle, Walk Oakville map to help residents and visitors plan their cycling or walking routes along Oakville's trails and roadways. The town also delivered over 17 kilometres of new active transportation facilities (sidewalks, cycle-ways and multi-use paths) in 2012.
- As part of Oakville's Emerald Ash Borer (EAB) management strategy, 3,000 municipal ash trees were treated in 2012 with the biological insecticide TreeAzin™ to protect them against this invasive species. More than 5,700 ash trees have been treated to date. For public safety, dead and dying ash trees destroyed by EAB were removed from various parks throughout Oakville in late 2012.
- In May, a potentially dangerous discovery of a natural gas deposit during a geothermal drilling project in Oakville led Mayor Rob Burton to write the Province of Ontario urging a moratorium on deep well or borehole drilling until necessary regulations could be put in place. The province reacted quickly by strengthening the regulation of vertical closed loop drilling for geothermal energy systems. Given the known gas deposits in Oakville, the town developed information materials for residents and contractors considering installing a geothermal energy system in town.

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

### **Key accomplishments**

- The town continued to implement its customer service strategy in 2012. The *ServiceOakville* desk is developing into a full-service customer contact centre. By creating a one town, one window model, the majority of public inquiries can be addressed at the first point of contact making it faster and easier for residents and visitors to do business with the town.
- As part of the *ServiceOakville* strategy, a comprehensive customer relationship management solution (CRM) was implemented to collect and track customer service inquiries. The CRM and other tools allow *ServiceOakville* to quickly and efficiently deal with most public inquiries at the first point of contact. Council and management will also be able to quickly analyze emerging trends on the quantity and nature of citizen concerns and use that information to make decisions about budgets and resources.
- Oakville Transit rolled out its newly revamped website in December 2012, introducing a new design, new functionality and new opportunities for the public to engage with their local public transit system. This new website makes it faster and easier for residents to find what they're looking for from bus schedules and route maps, to important information about service changes.
- Committed to improving transit in every way possible, Oakville Transit officially launched its new online transit trip planner in March 2012 in collaboration with Google. The trip planner uses Oakville Transit's scheduling data to help riders plan their trip. Google displays route options, walking times and even connections across municipal borders.
- The Town of Oakville launched a new web page and RSS feed (Rich Site Summary or Real Simple Syndication) on oakville.ca to advise residents of service disruptions including road closures for special events, sidewalk closures for repairs, sports fields, parks or other town facilities closures for maintenance or due to inclement weather.
- The town is committed to providing accessible programs and services to help achieve the town's vision to be the most livable town in Canada. The town's Multi-Year Accessibility Plan 2012–2017, approved by Council in December 2012, sets out the steps the town will take to implement the requirements of the AODA's (Accessibility for Ontarians with Disabilities Act) Integrated Accessibility Standards Regulation.



## *To continuously improve our programs and services*

### **Key accomplishments**

- Following a successful pilot project from July to September 2012, Council approved a free transit day for seniors where seniors, 65 and older, can now ride Oakville Transit at no cost on Mondays.
- Heeding warnings from health and safety experts, Oakville Council unanimously approved a by-law amendment in August 2012 that makes the town the first municipality in Ontario to ban teens younger than 18 from using tanning equipment in salons.
- In a move to protect children from the harmful effects of second-hand smoke, Council approved a motion to ban smoking within nine metres of all town-owned playgrounds, splash pads, tennis courts, basketball courts, skateboard parks and playing fields. A public awareness campaign including signage rolled out in 2013.
- After receiving final approvals in 2012, construction began in early 2013 on Phase 1 of the new north Oakville satellite operations depot, including interim fire station #9. The new facility is scheduled to open in 2014.
- The subdivision lot grading certification process has been modified, in that the developer and homeowner responsibilities are clearly identified, including grading/ sodding timelines and the transfer of grading responsibility from the developer to the homeowner.
- Throughout 2012, ongoing renewal and rehabilitation of roadways, bridges, culverts, trails, creek channels and shorelines was completed to ensure they remain in a good condition. The Lower Base Line bridge at 16 Mile Creek was replaced and repairs were carried out on the Lakeshore Road and Rebecca Street bridges in downtown Oakville. McCraney Street was reconstructed near White Oaks Secondary School, and new channelization was constructed along 14 Mile Creek, north of Rebecca Street. Over one kilometre of new storm sewers were constructed, across the town, and new traffic signals were added at three intersections.
- In 2012, approximately 33 new municipal parking spaces were added in downtown Oakville (within new Lot 6A) and more on-street pay and display equipment was installed to replace parking meters along side streets. A major commercial area parking study update was also initiated in the fall for the Downtown and Kerr Village districts.

### **Did you know?**

*Approximately 18 kilometres of paving was done in 2012 to improve town roads as part of the town's road resurfacing program.*

*The town collects about 5,000 tons of loose leaves a year – that's about the same as filling up 300,000 yard waste bags.*

# Looking Ahead

## *2013 Key initiatives*

### **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 complete masterplans and major studies to implement Vision 2057 community planning framework
- Finalize new comprehensive zoning by-law
- Complete an updated North Oakville Trail and Cycling Plan
- Conduct community consultation and complete Local Community Sustainability Plan
- Finalize Urban Design Manual
- Finalize Design Guidelines for Stable Residential Neighbourhoods (infill housing guidelines)
- Conduct community consultation and complete South Central Public Lands study
- Conduct community consultation and complete Midtown Urban Design and Parking strategy
- Complete Merton Planning Study
- Complete Trafalgar Road corridor study

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

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

- Complete downtown Oakville transportation, access and mobility study as recommended in the Downtown Oakville Strategic Review Action plan
- Continue implementation of town's economic development strategy
- Host roundtable meeting of auto industry in Ontario
- Complete development process brochure to assist businesses
- Complete marketing plans for business attraction
- Coordinate 2013 RBC Canadian Open event
- Host forum for local companies about business opportunities in China
- Investigate business opportunities from 2012 China Trade Mission
- Provide support to business improvement areas (BIAs)



## **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 Cultural Hub terms of reference
- Approve Downtown Heritage District Plan
- Conduct community consultation and review options for Oakville Arena
- Conduct community consultation and complete study for Gairloch Gardens
- Complete town-wide events strategy
- Initiate cultural heritage landscape policies
- Implement the Parks, Recreation and Library Facilities Master Plan
- Conduct urban design awards program

## **To be accountable in everything we do**

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

- Departmental business plans aligned with Council's four year strategic work plan
- Complete 2013 internal audit work plan
- Ongoing implementation of performance measures, key performance indicators and quarterly financial reporting
- Identify and conduct service delivery reviews to identify potential opportunities for efficiencies
- Identify partnership opportunities with local agencies and community groups for recreation and cultural facilities and capital projects
- Implement integrated accessibility standards requirements under the Accessibility for Ontarians with Disabilities Act and prepare accessibility status report update
- Meet revised health and safety worker and supervisor training requirements under the Occupational Health and Safety Act

## **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 major update of 10-year capital forecast based on development charges studies, master plans
- Complete development charges by-law
- Complete 2014 budget
- Complete town financial statements and ensure external auditor provides unqualified opinion of the 2012 statements in the 2013 annual report
- Assess viability of potential new community capital projects and partnerships
- Review operating model for Queen Elizabeth Park Community and Cultural Centre

## To be environmentally sustainable

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

- Update site alteration by-law
- Develop invasive species strategy
- Undertake review and update of private tree by-law
- Support Glenorchy wetland/grassland restoration
- Complete approval process for existing major-emitters under the health protection air quality by-law
- Initiate road ecology study
- Implement North Oakville Urban Forest Management Plan
- Complete Emerald Ash Borer update report
- Complete Harbour sediment management study
- Apply for new solar panels for town facilities
- Implement Oakville Clarkson Air Zone Management initiatives
- Continue implementation of climate change strategy
- Continue implementation of Energy Management Plan
- Comply with first phase of Green Energy Act reporting requirements

## 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 customer contact centre to provide walk-in, email and telephone service for second phase departments
- Complete business process reviews and documentation to implement a customer relationship tracking system for:
  - Forestry
  - Harbours
  - Cemeteries
  - Parks Planning
- Develop online services strategy
- Complete new online system for parking permits
- Introduce new administrative monetary penalties program for parking infractions
- Initiate use of epost for tax bills
- Utilization of tablets in the field for work order functionality

## 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.*

- Implement intelligent transportation system
- Implement revised subdivision process
- Conduct 2013 road resurfacing program
- Commence reconstruction of Falgarwood Drive
- New active transportation facilities construction
- Complete engineering design for Kerr Street/CNR grade separation project
- New transit route for North Service Road East
- Commence construction of north Oakville satellite operations depot, including interim Fire Station #9
- Complete feasibility and capacity study for potential future harbours expansion
- Initiate site plan process review

# Report from **Financial Operations**



Lynn Horlor



Gord Lalonde

The 2012 Consolidated Financial Statements attest to Oakville's continued solid financial position which allows us to be 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, 2012 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 which is the municipal equivalent of the private sector's balance sheet 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 \$284.5 million, which represents a slight increase over 2011.

The town's accumulated surplus increased by \$24 million from \$1.669 billion in 2011 to \$1.693 billion in 2012. This increase relates to acquisitions of tangible assets of \$24 million. It is important to note

that accumulated surplus cannot be construed as “cash” 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.

Since the introduction of PSAB 3150, we no longer report 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 2012 annual surplus decreased by \$52 million when compared to 2011; this is mostly due to a decrease in revenues, particularly grant funding and development related funding together with a slight increase in expenses.

This schedule also reports the 2012 operations against the 2012 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 (2012 - \$41 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 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 2012, 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 infrastructure renewal 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. Staff will be bringing forward an asset management plan, linking the 10 year capital forecast with information on asset life cycles, condition and maintenance standards by asset class. This is required in order to ensure that the town is eligible for grant funding in the future. 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.

Town Council passed by resolution to contribute to \$130 million to Halton Healthcare Services (HHS) towards the local share of the new Oakville Hospital. The funding will be required upon substantial completion in 2015 as defined by Infrastructure Ontario's Alternative Financing and Procurement process. 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

Gord Lalonde  
Commissioner of  
Corporate Services  
and Treasurer

The Corporation of the Town of Oakville      The Corporation of the Town of Oakville

Dated: May 28, 2012

## Town wins the Government Finance Officers Association award

For the fifteenth 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 2011.

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 2012 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.



Gord Lalonde  
Commissioner of Corporate  
Services and Treasurer



Lynn Horlor  
Deputy Treasurer and Director  
Financial Operations

May 27, 2013



**KPMG LLP**  
**Chartered Accountants**  
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21 King Street West Suite 700  
Hamilton ON L8N 3R1

Telephone (905) 523-8200  
Fax (905) 523-2222  
www.kpmg.ca

## 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, 2012, 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit 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, 2012, 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 27, 2013  
Hamilton, Canada

## Consolidated Statement of Financial Position

December 31, 2012, with comparative information for 2011  
(in thousands of dollars)

	2012	2011
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 14,010	\$ 15,877
Accounts receivable (note 2)		
Taxes receivable	18,906	19,240
Other	27,294	27,936
Investments (note 3)	237,072	229,919
Investment in Oakville Hydro Corporation (note 4)	195,645	194,531
	<u>492,927</u>	<u>487,503</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	32,769	35,163
Other current liabilities	19,936	17,860
Deferred revenue – obligatory reserve funds (note 5)	39,367	30,708
Deferred revenue (note 6)	32,592	29,542
Long-term liabilities (note 7)	60,867	68,526
Post employment benefit liability (note 8(a))	20,294	18,902
WSIB liability (note 8(b))	2,616	2,539
	<u>208,441</u>	<u>203,240</u>
Net financial assets	284,486	284,263
<b>Non financial assets:</b>		
Tangible capital assets (note 9)	1,405,846	1,382,023
Prepaid expenses and inventory	2,765	2,685
	<u>1,408,611</u>	<u>1,384,708</u>
Commitment (note 16)		
Accumulated surplus (note 10)	<u>\$1,693,097</u>	<u>\$1,668,971</u>

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

## Consolidated Statement of Operations

Year ended December 31, 2012, with comparative information for 2011  
(in thousands of dollars)

	Budget	2012	2011
	(Unaudited –note 17)		
<b>Revenues:</b>			
Taxation revenue	\$ 416,047	\$ 412,386	\$ 401,274
Less amounts received for Region and School Boards	265,561	262,402	261,320
	150,486	149,984	139,954
User fees and changes (note 11)	44,026	48,182	42,560
Government transfers			
Government of Canada (note 14)	309	414	9,413
Province of Ontario (note 14)	612	1,632	14,357
Gas tax revenue (note 14)	4,499	5,484	10,607
Other Municipalities	3,956	5,119	6,023
Investment income	4,629	9,688	11,945
Interest on promissory notes to Oakville			
Hydro Corporation (note 4(b))	3,717	4,624	4,624
Penalties and interest	2,670	3,255	3,566
Developer contributions and development charges earned	20,959	27,459	52,354
Other	556	706	1,155
Equity in income of Oakville Hydro Corporation (note 4)	2,800	4,203	5,077
	88,733	110,766	161,681
Total revenue	239,219	260,750	301,635
<b>Expenses (note 15):</b>			
General government	25,078	32,096	30,861
Protection to persons and property	35,842	37,237	35,689
Transportation services	46,120	76,044	72,840
Environmental services	901	9,326	5,592
Health services	1,260	1,380	1,235
Recreation and cultural services	48,278	66,109	66,147
Planning and development	14,425	14,432	12,754
Total expenses	171,904	236,624	225,118
Annual surplus	67,315	24,126	76,517
Accumulated surplus, beginning of year	1,668,971	1,668,971	1,592,454
Accumulated surplus, end of year (note 10)	\$1,736,286	\$1,693,097	\$1,668,971

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

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative information for 2011  
(in thousands of dollars)

	Budget	2012	2011
	(Unaudited –note 11)		
Annual surplus	\$ 67,315	\$ 24,126	\$ 76,517
Acquisition of tangible capital assets	(59,891)	(67,332)	(96,294)
Amortization of tangible capital assets	-	40,977	41,305
Loss on sale of tangible capital assets	-	2,532	3,596
Proceeds on sale of tangible capital assets	-	-	12
	7,424	303	25,136
Acquisition of prepaid expenses and inventory	-	(2,765)	(2,685)
Use of prepaid expenses and consumption of inventory	-	2,685	2,578
	-	(80)	(107)
Change in net financial assets	7,424	223	25,029
Net financial assets, beginning of year	284,263	284,263	259,234
Net financial assets, end of year	\$291,687	\$284,486	\$284,263

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



## Consolidated Statement of Cash Flows

December 31, 2012, with comparative information for 2011

(in thousands of dollars)

	2012	2011
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$24,126	\$76,517
Items not involving cash:		
Amortization	40,977	41,305
Loss on sale of tangible capital assets	2,532	3,596
Developer contributions of tangible capital assets	(13,540)	(24,134)
Change in post employment benefit liability	1,392	1,349
Change in WSIB liability	77	75
Equity in income of Oakville Hydro	(4,203)	(5,077)
Change in non-cash assets and liabilities:		
Taxes receivable	334	1,679
Accounts receivable	642	(7,377)
Accounts payable and accrued liabilities	(2,394)	(4,905)
Other current liabilities	2,076	3,948
Deferred revenue – obligatory reserve funds	8,659	(2,713)
Deferred revenue	3,050	6,345
Prepaid expenses and inventory	(80)	(107)
Net change in cash and cash equivalents from operating activities	63,648	90,501
<b>Capital activities:</b>		
Proceeds on sale of tangible capital assets	-	12
Cash used to acquire tangible capital assets	(53,792)	(72,160)
Net change in cash and cash equivalents from capital activities	(53,792)	(72,148)
<b>Investing activities:</b>		
Investments	(7,153)	(56,197)
Decrease in direct financing lease receivable from Oakville Hydro Corporation	289	274
Dividend from Oakville Hydro Corporation	2,800	2,800
Net change in cash and cash equivalents from investing activities	(4,064)	(53,123)
<b>Financing activities:</b>		
Debt issued	-	34,453
Debt principal repayment	(7,659)	(5,935)
Net change in cash and cash equivalents from financing activities	(7,659)	28,518
Net change in cash and cash equivalents	(1,867)	(6,252)
Cash and cash equivalents, beginning of year	15,877	22,129
Cash and cash equivalents, end of year	\$14,010	\$15,877

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 as 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, 2012

(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 town'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	Useful Life - 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. Assets under construction 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) Inventories of supplies*

Inventories of supplies held for consumption 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 post employment benefits liability and WSIB liability.

In addition, the town's implementation of the Public Sector Accounting Handbook PS3150 has required 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 (2011 – \$2,042). There is also a valuation allowance for general accounts receivable of \$52 (2011 – \$45).

## 3. Investments:

Investments reported on the consolidated statement of financial position have market values of \$250,298 (2011 – \$241,418).

## 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 energy services, energy efficient home comfort equipment and services, billing services, street lighting maintenance services, retro fit multi residential buildings to individually metered units and utility related construction and power generation.



## Notes to Consolidated Financial Statements

Year ended December 31, 2012

(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:

	2012	2011
<b>Financial position:</b>		
<b>Assets:</b>		
Current	\$ 72,107	\$ 67,594
Capital	169,999	151,491
Other	28,890	24,830
<b>Total assets</b>	<b>\$ 270,996</b>	<b>\$ 243,915</b>
<b>Liabilities:</b>		
Current	\$ 29,010	\$ 31,524
Capital lease obligations to Town of Oakville	11,986	12,285
Promissory notes payable to Town of Oakville	77,029	77,029
Other	46,351	17,860
<b>Total liabilities</b>	<b>164,376</b>	<b>138,698</b>
<b>Equity:</b>		
Share capital	63,024	63,024
Retained earnings	43,596	42,193
<b>Total equity</b>	<b>106,620</b>	<b>105,217</b>
<b>Total liabilities and equity</b>	<b>\$ 270,996</b>	<b>\$ 243,915</b>

	2012	2011
<b>Operations:</b>		
Revenue	\$ 196,734	\$ 177,608
Expenses (including income tax provision)	192,531	172,531
Income net of taxes	4,203	5,077
Dividend paid to Town of Oakville	(2,800)	(2,800)
Change in equity	1,403	2,277
Direct financing lease receivable repayment	(289)	(274)
Change in investment in Oakville Hydro Corporation	\$ 1,114	\$ 2,003
<b>Town of Oakville's investment represented by:</b>		
Direct financing leases receivable note 4 (a)	\$ 11,996	\$ 12,285
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 and change in accounting policy	43,596	42,193
<b>Total investment in Oakville Hydro Corporation</b>	<b>\$ 195,645</b>	<b>\$ 194,531</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:

2013	\$ 1,345
2014	1,345
2015	1,345
2016	1,345
2017	1,345
Thereafter	16,140
	<u>22,865</u>
Less amount representing interest, imputed at 8.6%	(10,879)
	<u>\$ 11,986</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, 2012, the interest rate in effect on the promissory notes of \$67,946 was 5.87% (2011 – 5.87%) and the promissory note of \$9,083 has an interest rate in effect of 7% (2011 – 7%). Interest revenue earned from these notes totaled \$4,624 (2011 – \$4,624).

**(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:

	2012	2011
<b>Revenue</b>		
Interest on capital leases	\$ 1,083	\$ 1,095
Cashier services	3	4
Tree trimming services	285	197
Garage services	400	530
Property taxes	361	354
Interest on promissory notes	4,624	4,624
<b>Expenses</b>		
Energy purchases		
(at commercial rates)	\$ 6,362	\$ 5,471
Streetlight maintenance	544	488
Construction/locating	106	-
Rent	37	-
<b>Balances</b>		
Amounts due from the Corporation		
Accounts receivable	40	3
Direct financing leases		
receivable	11,986	12,285
Promissory note receivable	77,029	77,029
Amounts due to the Corporation		
Accounts payable and		
accrued liability	858	689

**(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, 2012 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.

Subsequent to year end, the letter of credit to the IESO was reduced to \$10.5 million.

## Notes to Consolidated Financial Statements

Year ended December 31, 2012

(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:

	2012				2011	
	Development charges	Parkland	Gas tax	Investing in Ontario	Total	Total
Balance, beginning of year	\$ 2,520	\$ 20,411	\$ 6,644	\$ 1,133	\$ 30,708	\$ 33,421
Developer and other contributions	14,429	4,061	-	-	18,490	24,313
Interest earned	346	922	330	20	1,618	2,900
Provincial and federal funding	-	-	7,434	-	7,434	7,366
	14,775	4,983	7,764	20	27,542	34,579
<b>Less</b>						
Contributions used in operating and capital funds	12,243	356	5,484	800	18,883	37,007
Interest on loan	-	-	-	-	-	285
	\$ 5,052	\$ 25,038	\$ 8,924	\$ 353	\$ 39,367	\$ 30,708

### 6. Deferred revenue:

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

	2012				2011	
	Deferred revenues operations	Deferred revenues capital	Pre-authorized tax payments	Deferred revenues Library & BIA	Total	Total
Balance, beginning of year	\$ 11,096	\$ 6,220	\$ 12,212	\$ 14	\$ 29,542	\$ 23,197
Development Fees	13,656	987	-	-	14,643	15,819
User fees	12,109	-	-	-	12,109	11,116
Provincial Grants	-	-	-	-	-	2
Other	-	-	13,993	43	14,036	12,256
	25,765	987	13,993	43	40,788	39,193
<b>Less</b>						
Contributions used in operating and capital funds	24,492	991	12,212	43	37,738	32,848
	\$ 12,369	\$ 6,216	\$ 13,993	\$ 14	\$ 32,592	\$ 29,542

## 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:

	2012	2011
The Town has assumed responsibility for the payment of the principal 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%	\$ 49,359	\$ 55,517
The Town 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	2,718	3,904
The Town 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%.	8,790	9,105
	<u>\$ 60,867</u>	<u>\$ 68,526</u>

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

2012	
2013	\$ 7,490
2014	7,761
2015	6,998
2016	6,993
2016	6,703
Thereafter	24,922
	<u>\$ 60,867</u>

(D) Total interest on long-term liabilities which are reported on the consolidated statement of operations amounted to \$2,455 (2011 – \$2,502). The long-term liabilities bear interest at rates ranging from 1.3% to 4.9%.

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

	2012	2011
Tax levy supported	\$ 14,062	\$ 17,332
Development supported	35,197	38,877
Oakville Soccer Club	8,790	9,105
Harbours supported	2,818	3,212
	<u>\$ 60,867</u>	<u>\$ 68,526</u>

(C) The long-term liabilities in (a) issued in the name of the Town 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, 2012

(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, 2012, 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, 2012, of the present value of future liabilities and the expense for the 12 months ended December 31, 2012, were 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:

	2012	2011
Accrued benefits liability,		
beginning of year	\$ 21,743	\$ 19,321
Current service costs	1,055	888
Plan improvements		
and amendments	-	79
Actuarial loss	1,116	1,224
Interest on accrued benefits	914	970
Benefits paid during the period	(820)	(739)
	\$ 24,008	\$ 21,743
Unamortized actuarial loss	(3,714)	(2,841)
Accrued benefits liability,		
end of year	\$ 20,294	\$ 18,902

Included in current service costs is \$243 (2011 – \$151) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life of the employee group which ranges between 11 to 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 2012 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, 2012, of the present value of future liabilities and the expense for the 12 months ended December 31, 2012, 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 4.75% depending on the benefit type.

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

	2012	2011
Accrued WSIB liability,		
beginning of year	\$ 1,819	\$ 1,673
Current service costs	375	362
Interest on accrued benefits	88	81
Benefits paid during the period	(314)	(297)
	1,968	1,819
Unamortized actuarial gain	648	720
Accrued WSIB liability,		
end of year	\$ 2,616	\$ 2,539

Included in current service costs is \$72 (2011 – \$71) for amortization of the actuarial loss. 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 1,272 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 of pay.

Contributions for employees with a normal retirement age of 65 were being made at a rate of 8.3% for earnings up to the yearly maximum pensionable earnings of \$50.1 and at a rate of 12.8% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2012 was \$8,431 (2011 – \$7,191).

## 9. Tangible capital assets:

2012

	Land	Land improve- ments	Buildings	Equipment	Vehicles	Roads network	Environ- mental network	Comm & tech services	Work in progress	Total
<b>Asset Cost</b>										
Balance, beginning of year	\$510,839	\$228,864	\$250,816	\$25,915	\$60,795	\$542,666	\$252,997	\$17,259	\$52,639	\$1,942,790
Add: additions during the year	39,472	2,988	34,292	2,166	7,176	3,684	7,797	3,537	-	101,112
Less: disposals during the year	(851)	(680)	(419)	(1,792)	(3,597)	(825)	(2,404)	(564)	(33,780)	(44,912)
Balance, end of year	549,460	231,172	284,689	26,289	64,374	545,525	258,390	20,232	18,859	1,998,990
<b>Accumulated amortization</b>										
Balance, beginning of year	-	161,702	62,688	12,767	30,830	215,539	67,727	9,514	-	560,767
Add: amortization	-	8,066	6,391	2,417	4,738	13,396	3,689	2,280	-	40,977
Less: accumulated amortization on disposals	-	(602)	(154)	(1,788)	(3,386)	(748)	(1,358)	(564)	-	(8,600)
Balance, end of year	-	169,166	68,925	13,396	32,182	228,187	70,058	11,230	-	593,144
Net book value, end of year	\$549,460	\$62,006	\$215,764	\$12,893	\$32,192	\$317,338	\$188,332	\$9,002	\$18,859	\$1,405,846

2011

	Land	Land improve- ments	Buildings	Equipment	Vehicles	Roads network	Environ- mental network	Comm & tech services	Work in progress	Total
<b>Asset Cost</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

## Notes to Consolidated Financial Statements

Year ended December 31, 2012

(tabular columns in thousands of dollars)

### (A) Assets under construction

Assets under construction having a value of \$18,859 (2011 – \$52,639) 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 \$13,540 (2011 – \$24,134) comprised of road networks in the amount of \$2,273 (2011 – \$12,391); environmental network - \$1,317 (2011 – \$Nil); parkland - \$371 (2011 – \$971) and land - \$9,579 (2011 – \$10,772)

### (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 (2011 – \$nil).

## 10. Accumulated surplus:

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

	2012	2011
<b>Surplus</b>		
Invested in tangible capital assets	\$ 1,405,846	\$ 1,382,023
Other	34,318	50,508
Equity in Oakville Hydro	195,645	194,531
Unfunded		
Post employee benefits	(22,910)	(21,441)
Long-term liabilities	(60,867)	(68,526)
	1,552,032	1,537,095

### Reserves set aside for specific purposes by Council for:

Tax rate stabilization	19,030	15,434
Capital financing	18,040	15,509
Acquisition of tangible capital assets	17,054	15,722
Recreation and culture	342	342
Working capital	14,607	9,808
Insurance	1,554	1,428
Total reserves	70,627	58,243

### Reserve funds set aside for specific purpose by Council:

Post employment benefits and WSIB	12,006	10,606
Street trees	332	389
Conservation purposes	345	331
Harbours	1,177	1,448
Library development	344	267
Building, ground maintenance and replacement	13,504	13,502
Parking	1,049	5,120
Blink Reserve Fund	41,681	41,970
	70,438	73,633
	\$ 1,693,097	\$ 1,668,971



## 11. User fees and charges:

User fees and charges include the following:

	2012	2011
Development fees		
and miscellaneous	\$ 8,876	\$ 7,910
Transit revenues	7,126	6,848
Parking, Provincial Offences		
Act and other fines	4,301	4,027
Town facilities rental		
and usage fees	9,030	7,999
Recreation and cultural		
program revenues	7,522	6,735
Cemeteries	1,030	789
Licenses and permits	10,297	8,252
	\$ 48,182	\$ 42,560

## 12. Trust funds:

Trust funds administered by the Town amounting to \$4,730 (2011 – \$4,411) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

## 13. Contingent liabilities and guarantees:

### (A) Loan guarantees:

The Town of Oakville has one loan guarantee outstanding at the end of 2012, as follows:

	Original	December 31, 2012
Burloak Canoe Club	\$ 75	\$ 20

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, where it is likely 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 to 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, 2012

(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:

	2012	2011
<b>Revenue</b>		
Federal grants		
Canada council	\$ 237	\$ 271
Canadian heritage grant	65	70
HRDC grant	22	45
Federal gas tax	4,277	6,866
Infrastructure Stimulus Funding	69	7,869
Joint Emergency Preparedness Program	50	-
RinC Funding	(29)	819
COMRIF	-	306
Miscellaneous	-	33
	4,691	16,279
<b>Ontario grants</b>		
Elderly Person's Centres	116	111
Library – operating grant	182	182
Museum – operating grant	58	59
Trillium	65	82
COMRIF	-	306
GTA farecard project, Metrolinx & Provincial Trans Expansion funding initiative	(22)	207
Ontario Bus Replacement	-	1,148
Investing in Ontario – Recreational	800	4,686
RinC Funding	30	633
Celebrate Ontario	106	-
Communities in action and zero tolerance	54	40
Ontario arts council	139	155
Ontario gas tax	1,207	2,593
Miscellaneous	35	27
Infrastructure Stimulus Fund	69	7,869
	2,839	18,098
<b>Total revenues</b>	<b>\$ 7,530</b>	<b>\$ 34,377</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 (Financial Services, Human Resources, Legal, Information Systems + Solutions, Facilities & 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 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 town.

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, 2012

(tabular columns in thousands of dollars)

### 15. Segmented information (continued):

	2012								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	\$ 22,663	\$ 28,490	\$ 1,346	\$ 41,584	\$ 30,583	\$ 18,394	\$ 5,460	\$ 1,464	\$ 149,984
Ontario grants	-	-	-	1,444	35	47	-	106	1,632
Canada grants	-	50	-	294	-	69	-	1	414
Gas tax revenue	418	-	-	-	3,397	1,669	-	-	5,484
Other Municipalities	31	2	-	390	4,696	-	-	-	5,119
Oakville Hydro	4,624	-	-	-	-	-	-	-	4,624
User fees and service charges	4,506	209	9,020	17,267	4,736	7,131	5,083	230	48,182
Investment income	6,448	-	-	3,240	-	-	-	-	9,688
Penalties and interest	3,255	-	-	-	-	-	-	-	3,255
Developer contributions and development charges earned	9,785	6	-	7,252	9,929	82	405	-	27,459
Equity in Income of Oakville Hydro	4,203	-	-	-	-	-	-	-	4,203
Other	46	9	-	500	135	11	2	3	706
	55,979	28,766	10,366	71,971	53,511	27,403	10,950	1,804	260,750
<b>Expenditures</b>									
Salaries, wages and benefits	22,242	25,252	5,143	33,707	13,903	14,495	6,344	331	121,417
Debt expense	24	-	-	1,923	394	115	-	-	2,456
Materials	(186)	353	16	5,594	4,487	4,655	6	150	15,075
Contracted services	5,959	2,123	2,931	14,408	19,728	2,279	3,405	1,242	52,075
Rents and financial expenses	114	-	-	346	70	11	-	64	605
External transfers	158	33	-	313	312	636	38	-	1,490
Amortization	2,935	1,381	5	13,218	19,199	4,191	5	43	40,977
Loss on disposal of assets	851	-	-	783	717	177	-	1	2,529
	32,097	29,142	8,095	70,292	58,810	26,559	9,798	1,831	236,624
Surplus (deficit) of revenues over expenditures	\$ 23,882	\$ (376)	\$ 2,271	\$ 1,679	\$ (5,299)	\$ 844	\$ 1,152	\$ (27)	\$ 24,126



## Notes to Consolidated Financial Statements

Year ended December 31, 2012

(tabular columns in thousands of dollars)

### 15. Segmented information (continued):

	2011								
	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	\$ 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
Surplus (deficit) of revenues over expenditures	\$ 29,463	\$ 1,041	\$ 367	\$ 2,383	\$ 22,741	\$ 19,333	\$ 1,137	\$ 52	\$ 76,517

### 16. Commitment:

The Town of Oakville has committed, by Council resolution, to Halton Healthcare Services ("HHS") up to \$130,000 towards the local share plan for the new Oakville Hospital. The final amount of the contribution in accordance with Council's resolution will be determined in 2015. This funding will be required upon substantial completion in 2015 as defined by Infrastructure Ontario's Alternative Financing and Procurement process.

### 17. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2012 operating and capital budgets approved by Council on March 5, 2012. Amortization and post employment liabilities were not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
<b>Revenues</b>	
Operating budget	\$ 219,332
Capital budget	59,891
<b>Less</b>	
Transfers from other funds	(40,004)
Proceeds on debt issue	-
<b>Total revenue</b>	<b>239,219</b>
<b>Expenses</b>	
Operating budget	219,138
Capital budget	59,891
<b>Less</b>	
Transfers to other funds	(41,434)
Capital expenses	(59,891)
Debt principal payments	(5,800)
<b>Total expenses</b>	<b>171,904</b>
<b>Annual surplus</b>	<b>\$ 67,315</b>

### 18. Comparative figures:

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

# Five year **review** (unaudited)

	2012	2011	2010	2009	2008
<b>Demographics</b>	***	**	*	*	*
Population at the end of the year	184,061	182,500	180,500	177,200	173,600
Number of households*	63,446	68,574	62,398	60,868	59,398
<i>* Best planning estimate as at December 31 for financial statement purposes</i>					
<i>** 2011 census</i>					
<i>*** CN Watson Development Charges forecasts</i>					
<b>Staff Complement</b>					
Approved continuous full-time	1,119	1,113	1,089	1,044	1,025
Approved part-time (FTE's) (includes Library)	393	372	362	357	351
<b>Building Permits — Issued</b>					
New residential units	526	899	704	684	653
Total residential construction value	\$230 M	\$303 M	\$257 M	\$220 M	\$258 M
Total construction value — all types of permits	\$942 M	\$533 M	\$503 M	\$504 M	\$501 M
<b>Taxable weighted assessment (000'S)</b>					
Residential, multi-residential and farm	31,070,455	29,119,455	27,207,803	24,999,716	23,098,780
Commercial — all classes	4,259,062	3,913,298	3,480,261	3,133,554	2,696,911
Industrial — all classes	866,376	882,398	866,673	814,418	854,292
Pipeline & managed forests	55,034	52,533	50,642	48,807	46,476
	36,250,927	33,967,684	31,605,379	28,996,495	26,696,459
Commercial and industrial as a percentage of taxable assessment	14.14%	14.12%	13.75%	13.62%	13.30%
Exempt assessment	1,860,565	1,757,423	1,598,155	1,517,861	1,419,657
<b>Tax levied on behalf of (000'S)</b>					
Town of Oakville (includes business improvement areas)	149,201	138,745	130,437	122,953	111,301
Region of Halton	142,866	139,530	136,678	134,537	128,536
School boards (public & separate)	125,512	124,499	123,642	120,848	117,780
	417,579	402,774	390,757	378,338	357,617
<b>Annual % budgeted tax change - residential only</b>					
Town of Oakville	6.39%	5.80%	4.29%	7.30%	9.90%
Region of Halton	1.40%	1.30%	0.00%	1.80%	1.30%
School boards (public & separate)	0.00%	0.00%	0.00%	0.00%	0.00%
Overall budgeted tax increase (%)	2.90%	2.60%	1.50%	3.30%	3.78%

## Operations/Revenue fund

Restated

	2012 (000's)	2011 (000's)	2010 (000's)	2009 (000's)	2008 (000's)
<b>Expenses by function</b>				Note 1	Note 1
General government	32,096	30,861	42,231	28,631	23,739
Protection to persons & property	37,237	35,689	33,961	32,122	29,284
Transportation services	76,044	72,839	71,187	64,605	66,154
Environmental services	9,326	5,592	1,385	4,153	4,574
Health services	1,380	1,235	1,177	1,148	850
Recreation and Cultural services	66,109	66,148	61,040	55,504	59,734
Planning and development	14,432	12,754	11,495	10,826	11,587
	236,624	225,118	222,476	196,989	195,922

### Expenses by object

Salaries, wages & employee benefits	121,411	114,453	108,407	102,649	96,856
Materials, services & financial expenses	67,761	61,862	63,999	54,900	60,137
Transfers to others	1,490	1,400	2,342	1,709	2,310
Interest on long term debt	2,455	2,502	1,585	1,404	1,627
Amortization expense	40,977	41,305	37,082	36,327	34,992
Loss on disposal of tangible capital assets	2,530	3,596	9,061	-	-
	236,624	225,118	222,476	196,989	195,922

Reference: Consolidated Statement of Operations

### Revenues by source

Taxation (includes supplementary & payments in lieu)	149,984	139,954	131,716	123,510	112,836
Province of Ontario - grants/subsidies	2,839	18,099	17,764	5,712	5,743
Other grants i.e. Canada	4,691	16,278	12,319	6,715	1,515
Oakville Hydro - interest on promissory Notes	4,624	4,624	4,713	4,713	4,712
Fees and service charges	48,182	42,560	38,252	35,324	34,956
Other municipalities	5,119	6,023	3,140	4,295	5,130
Investment income	9,688	11,945	7,231	7,131	6,511
Penalty and interest on taxes	3,255	3,566	3,516	3,062	2,804
Developer contributions, development charges earned and miscellaneous	28,165	53,509	35,762	52,178	76,550
Equity in Oakville Hydro	4,203	5,077	85,434	4,725	6,706
	260,750	301,635	339,847	247,365	257,463

Annual surplus	24,126	76,517	117,371	50,376	61,541
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Accumulated surplus end of the year	1,693,097	1,668,971	1,592,454	1,475,083	1,424,707
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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

	2012 (000's)	2011 (000's)	2010 (000's)	2009 (000's)	2008 (000's)
<b>Net book value</b>	Note 1				
Land	549,460	510,839	491,001	480,207	475,075
Land improvements	62,006	67,165	68,422	70,428	67,328
Buildings	215,764	188,126	147,719	112,592	115,863
Equipment	12,893	13,143	12,082	11,714	12,116
Vehicles	32,192	29,964	29,008	31,298	27,223
Roads networks	317,338	327,131	324,326	323,980	329,884
Environmental network	188,332	185,271	180,854	181,340	176,150
Communication & technical services	9,002	7,745	6,907	6,706	5,630
Capital works in progress	18,859	52,639	70,323	70,204	25,685
<b>Net Book Value</b>	<b>1,405,846</b>	<b>1,382,023</b>	<b>1,330,642</b>	<b>1,288,469</b>	<b>1,234,954</b>
<b>Additions and disposals</b>					
Assets - beginning of year	1,942,791	1,860,456	1,790,418	1,717,559	1,630,326
Additions	101,112	113,978	88,526	82,668	81,215
Disposals	-44,912	-31,643	-18,488	-9,809	-3,084
<b>Assets - end of year</b>	<b>1,998,991</b>	<b>1,942,791</b>	<b>1,860,456</b>	<b>1,790,418</b>	<b>1,708,457</b>
<b>Accumulated amortization</b>					
Amortization - beginning of year	560,768	529,814	501,949	475,176	440,863
Current year expense	40,977	41,305	37,082	36,327	34,992
Accumulated amortization on disposals	-8,600	-10,351	-9,217	-9,554	-2,352
<b>Accumulated amortization - end of year</b>	<b>593,145</b>	<b>560,768</b>	<b>529,814</b>	<b>501,949</b>	<b>473,503</b>
<b>Net Book Value</b>	<b>1,405,846</b>	<b>1,382,023</b>	<b>1,330,642</b>	<b>1,288,469</b>	<b>1,234,954</b>

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

	2012 (000's)	2011 (000's)	2010 (000's)	2009 (000's)	2008 (000's)
<b>Expenses by function</b>					
General government	20,472	7,597	6,852	5,534	5,587
Protection to persons & property	3,683	1,366	2,637	1,633	711
Transportation services	40,498	46,116	53,417	41,276	42,033
Environmental services	3,013	1,317	513	221	964
Health services	76	136	326	15	79
Recreation and cultural services	11,968	35,229	28,993	44,717	35,769
Planning and development	876	293	366	649	1,288
	80,586	92,054	93,104	94,045	86,431

## Financing by source

Transfers from own funds	64,269	82,767	31,072	23,988	25,925
Long-term debt/internal borrowing	Nil	34,454	6,779	351	3,176
Grants/Subsidies — federal/provincial	212	18,041	28,511	5,499	3,377
Other	3,702	9,383	39,086	46,852	54,629
	68,183	144,645	105,448	76,690	87,107

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**	70,627	58,243	64,713	56,750	45,761
Discretionary reserve funds**	70,438	73,633	66,189	21,942	18,527
Obligatory reserve funds*					
Development charges	5,052	2,519	-	758	37,303
Parkland	25,038	20,411	18,278	15,226	12,502
Gas tax	7,916	5,484	6,709	9,177	10,306
Ontario bus replacement & farecard	1,008	1,161	2,668	1,908	1,655
Investing in Ontario	353	1,133	5,766	6,582	7,434
Total - reserves & reserve funds	180,432	162,584	164,323	112,343	133,488

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

\*\* Reference - Note 10 in the 2012 Financial Statements for more details



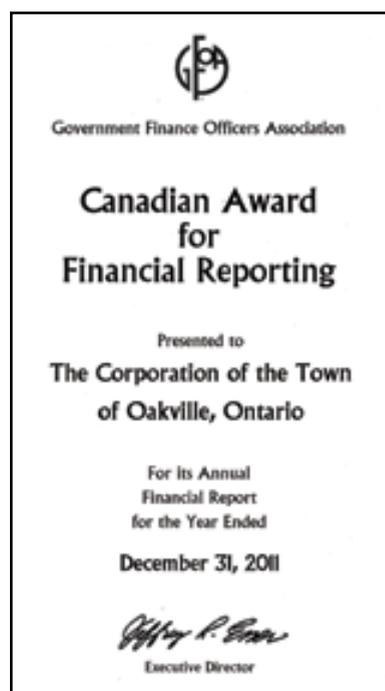
## Long term debt

	2012 (000's)	2011 (000's)	2010 (000's)	2009 (000's)	2008 (000's)
<b>Long-term liabilities (debt)</b>					
Tax levy supported debt	14,061	17,334	20,929	20,343	24,305
Self supported debt					
Development charges supported debt	35,198	38,877	6,040	6,758	7,444
Oakville harbours supported debt	2,818	3,210	3,634	1,985	2,358
Oakville soccer club supported debt	8,790	9,105	9,405	-	-
<b>Total long term liabilities</b>	<b>60,867</b>	<b>68,526</b>	<b>40,008</b>	<b>29,086</b>	<b>34,107</b>
<b>Annual repayment charges for long-term liabilities - Principal and Interest</b>					
Tax levy supported debt annual repayment	3,841	5,115	5,057	5,276	5,012
Self supported debt annual repayment	5,958	3,321	1,935	1,500	1,499
<b>Total annual debt repayment</b>	<b>9,799</b>	<b>8,436</b>	<b>6,992</b>	<b>6,776</b>	<b>6,511</b>
Tax levy supported debt annual repayment - per capita	\$19.25	\$23.99	\$28.02	\$29.96	\$28.73
<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	3.90%	4.40%	4.20%	4.56%	4.70%
Tax levy support debt repayment	1.50%	2.80%	3.05%	3.56%	3.61%

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

## Principal Corporate Tax Payers

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



# 2012 Awards

*Award for Financial Reporting*

from the Government Finance Officers Association (GFOA)

*Bronze Level Bicycle Friendly Communities Award*

from the Share the Road Cycling Coalition

*Clean Marine Partnership's Five Green Leaf  
Anchor Diamond rating*

*Climate Change Strategy — Milestone 2 Achievement Award*

from Local Governments for Sustainability (ICLEI)

*Community Award-Building category*

from The Federation of Canadian Municipalities

*Conservation Halton Awards of Excellence*

*Design Edge Award*

*First Place Team Relay at the 2012 Canadian National  
FireFit Championships*

*Fourth Place Team Relay and Fourth Place in the Team Division  
at the 2012 Firefighter Combat Challenge World Competition*

*Gold Ontario Waste Minimization Award*

from the Recycling Council of Ontario (RCO)

*LEED Gold certification*

from the Canada Green Building Council

*Lifesaving Society Commonwealth Honour Awards,  
Service Medal*

*Partners for Climate Protection Greenhouse Gas Reduction —  
Milestone 3 Achievement Award*

from Local Governments for Sustainability (ICLEI)

*Peter J. Marshall Innovation Award*

from the Association of Municipalities of Ontario (AMO)

*Silver Award*

from the International Economic Development Council (IEDC)

*Six Awards recognizing Oakville Canopy Club initiatives*

Canadian Public Relations Society Pinnacle Award (CPRS - Hamilton Chapter)

Five International Association of Business Communicators (IABC) Awards:

IABC Ovation Award of Excellence (Toronto Chapter)

IABC Ovation Award of Merit (Toronto Chapter)

IABC Virtuoso Award of Excellence (London Chapter)

IABC Virtuoso Award of Merit (London Chapter)

IABC Best of the Best Virtuoso Award (London Chapter)

*Smart Commute Gold Workplace*

recognized by Halton Region and Metrolinx

*Redevelopment Initiatives Award*

from the Economic Developers Council of Ontario (EDCO)

*United Way 2012 Public Service/Education Division Award*

**Town of Oakville**

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