

Consolidated Financial Statements of

**THE CORPORATION OF THE  
TOWN OF OAKVILLE**

Year ended December 31, 2021

# THE CORPORATION OF THE TOWN OF OAKVILLE

Index to Consolidated Financial Statements

Year ended December 31, 2021

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	Page
Consolidated Financial Statements	
Management's Responsibility for the Consolidated Financial Statements .....	1
Independent Auditors' Report .....	2
Consolidated Statement of Financial Position .....	5
Consolidated Statement of Operations .....	6
Consolidated Statement of Change in Net Financial Assets .....	7
Consolidated Statement of Cash Flows .....	8
Notes to Consolidated Financial Statements .....	9

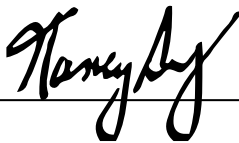
## **Management's Responsibility for the Consolidated Financial Statements**

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.

Town Council 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.



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Nancy Sully  
Commissioner, Corporate Services  
and Treasurer



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Jonathan van der Heiden  
Deputy Treasurer and  
Director of Finance

May 25, 2022



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## INDEPENDENT AUDITORS' REPORT

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

### *Opinion*

We have audited the accompanying financial statements of The Corporation of the Town of Oakville (the "Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2021,
- the consolidated statement of operations for the year ended,
- the consolidated statement of change in net financial assets for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, 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.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario  
May 25, 2022

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020  
(In thousands of dollars)

	2021	2020
<b>Financial assets</b>		
Cash	\$ 182,605	\$ 56,797
Accounts receivable (note 2):		
Taxes receivable	23,759	33,462
Other	35,521	44,369
Investments (note 3)	486,825	427,352
Investment in Municipal Development Corporation (note 4)	828	(253)
Investment in Oakville Enterprises Corporation (note 5)	248,846	241,410
	<u>978,384</u>	<u>803,137</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	31,019	35,048
Other current liabilities	35,336	30,679
Deferred revenue – obligatory reserve funds (note 6)	270,411	173,488
Deferred revenue (note 7)	43,884	39,499
Long-term liabilities (note 8)	100,540	107,782
Contaminated sites (note 9)	196	347
Post-employment benefit liability (note 10(a))	33,035	32,637
WSIB liability (note 10(b))	4,728	4,262
	<u>519,149</u>	<u>423,742</u>
Net financial assets	459,235	379,395
<b>Non-financial assets</b>		
Tangible capital assets (note 11)	1,842,267	1,829,705
Prepaid expenses and inventory	4,632	4,306
	<u>1,846,899</u>	<u>1,834,011</u>
Contingent liabilities and guarantees (note 15)		
Accumulated surplus (note 12)	<u>\$ 2,306,134</u>	<u>\$ 2,213,406</u>

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

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Consolidated Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

(In thousands of dollars)

	Budget (note 18)	Actual 2021	Actual 2020
<b>Revenue:</b>			
Taxation revenue	\$ 222,189	\$ 223,212	\$ 215,507
User fees and charges (note 13)	49,738	46,051	39,908
Government transfers:			
Government of Canada (note 16)	296	1,166	890
Province of Ontario (note 16)	537	9,686	8,272
Canada Community-Building Fund (CCBF) (note 16)	8,625	8,708	5,097
Other Municipalities	4,281	6,582	12,554
Investment income	11,903	7,649	9,152
Revaluation gain on Hydro Lease (note 5)	–	128	8,409
Interest on promissory notes from Oakville Enterprises Corporation (note 5 (b))	4,622	4,622	4,622
Penalties and interest	3,000	4,019	1,074
Developer contributions and charges earned	18,293	48,161	93,474
Other	11,323	1,896	937
Equity in loss of Municipal Development Corporation (note 4)	–	(119)	(329)
Equity in income of Oakville Enterprises Corporation (note 5)	6,100	13,946	11,504
<b>Total revenue (note 17)</b>	<b>340,907</b>	<b>375,707</b>	<b>411,071</b>
<b>Expenses:</b>			
General government	34,007	31,418	36,779
Protection services	50,292	54,235	50,590
Transportation services	59,172	89,828	92,354
Environmental services	1,427	10,851	10,077
Health services	3,981	4,068	4,041
Recreation and cultural services	61,877	70,098	66,577
Planning and development	19,840	22,481	19,512
<b>Total expenses (note 17)</b>	<b>230,596</b>	<b>282,979</b>	<b>279,930</b>
<b>Annual surplus</b>	<b>110,311</b>	<b>92,728</b>	<b>131,141</b>
Accumulated surplus, beginning of year	2,213,406	2,213,406	2,082,265
<b>Accumulated surplus, end of year (note 12)</b>	<b>\$ 2,323,717</b>	<b>\$ 2,306,134</b>	<b>\$ 2,213,406</b>

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



# THE CORPORATION OF THE TOWN OF OAKVILLE

## Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020  
(In thousands of dollars)

	Budget (note 18)	2021	2020
Annual surplus	\$ 110,311	\$ 92,728	\$ 131,141
Acquisition of tangible capital assets	–	(66,433)	(124,789)
Amortization of tangible capital assets	–	47,769	48,232
Gain on disposal of tangible capital assets	–	(11,871)	(3,891)
Proceeds of disposition on tangible capital assets	–	17,973	4,544
	110,311	80,166	55,237
Acquisition of prepaid expenses and inventory	–	(4,632)	(4,306)
Use of prepaid expenses and consumption of inventory	–	4,306	3,940
	–	(326)	(366)
Change in net financial assets	110,311	79,840	54,871
Net financial assets, beginning of year	379,395	379,395	324,524
Net financial assets, end of year	\$ 489,706	\$ 459,235	\$ 379,395

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

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

(In thousands of dollars)

	2021	2020
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 92,728	\$ 131,141
Items not involving cash:		
Amortization of tangible capital assets	47,769	48,232
Gain on disposal of tangible capital assets	(11,871)	(3,891)
Developer contributions of tangible capital assets	(32,814)	(60,825)
Change in contaminated sites liability	(151)	13
Change in post-employment benefit liability	398	268
Change in WSIB liability	466	354
Equity in loss of Municipal Development Corporation	119	329
Equity in income of Oakville Enterprises Corporation	(13,946)	(11,504)
Gain on revaluation of Oakville Enterprises Corporation direct financing lease	(128)	(8,409)
Change in non-cash assets and liabilities:		
Taxes receivable	9,703	(12,001)
Other accounts receivable	8,848	(14,244)
Accounts payable and accrued liabilities	(4,029)	(12,114)
Other current liabilities	4,657	3,916
Deferred revenue – obligatory reserve funds	96,923	36,485
Deferred revenue	4,385	(1,669)
Prepaid expenses and inventory	(326)	(366)
Net change in cash from operating activities	202,731	95,715
Capital Activities:		
Cash used to acquire tangible capital assets	(33,619)	(63,964)
Proceeds of disposition on tangible capital assets	17,973	4,544
Net change in cash from capital activities	(15,646)	(59,420)
Investing Activities:		
Net change in investments	(59,473)	(40,474)
Increase in shareholder loan to Municipal Development Corporation	(1,200)	–
Repayment of direct financing lease receivable from Oakville Enterprises Corporation	538	590
Dividend from Oakville Enterprises Corporation	6,100	6,100
Net change in cash from investing activities	(54,035)	(33,784)
Financing Activities:		
Debt issued	1,100	6,678
Debt principal repayment	(8,342)	(8,458)
Net change in cash from financing activities	(7,242)	(1,780)
Net change in cash	125,808	731
Cash, beginning of year	56,797	56,066
Cash, end of year	\$ 182,605	\$ 56,797

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

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

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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 public sector accounting standards as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. 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 enterprises (Oakville Municipal Development Corporation and Oakville Enterprises Corporation).

These entities and organizations include:

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

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

(ii) Oakville Municipal Development Corporation

The Town’s investment in Oakville Municipal Development Corporation (“MDC”) is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards as recommended by PSAB for government business enterprises. Under the modified equity basis, MDC’s accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of MDC 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 MDC will be reflected as reductions in the investment asset account.

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

(In thousands of dollars)

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### 1. Significant accounting policies (continued):

#### (a) Basis of consolidation (continued):

##### (iii) Investment in Oakville Enterprises Corporation

The Town's investment in Oakville Enterprises Corporation ("OEC") is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards as recommended by PSAB for government business enterprises. Under the modified equity basis, OEC accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of OEC 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 OEC will be reflected as reductions in the investment asset account.

##### (iv) Accounting for Region and School Board transactions

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

##### (v) 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 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 as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

#### (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.

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

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### 1. Significant accounting policies (continued):

(e) Deferred revenue:

Deferred revenue represents 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 revenue 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 deferred revenue and forms part of the deferred revenue balance.

(g) Taxation revenue:

Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized, and the taxable event has occurred.

(h) User fees:

User fees are recognized as revenue when the service is performed.

(i) 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.

(j) 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.

(k) Post-employment 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.

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

(In thousands of dollars)

### 1. Significant accounting policies (continued):

(k) Post-employment benefits (continued):

(i) (continued):

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 and 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 benefit 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. OMERS has been accounted for as a defined contribution plan since it is a multi-employer plan.

(l) 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, are amortized on a straight-line basis over their estimated useful lives as follows:

<b>Asset</b>	<b>Useful Life – Years</b>
Land improvements	3 – 100
Buildings	10 – 75
Equipment	3 – 19
Vehicles	3 – 18
Roads Network	10 – 100
Environmental Network	10 – 100
Communications and Technology Services	3 – 8

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

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### 1. Significant accounting policies (continued):

(l) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Annual amortization is charged in the year of acquisition and in the year of disposal. Work-in-progress assets 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 recognized as revenue.

(iii) Natural resources:

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

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

Works of art and cultural and historic assets are not recognized as assets in these consolidated 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.

(m) Sinking funds:

Sinking funds and their related operations are administered by Halton Region and, as such, are not included in these consolidated financial statements.

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

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### 1. Significant accounting policies (continued):

#### (n) Contaminated sites:

Contamination is a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is estimated based upon information that is available when the financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the Town is directly responsible or accepts responsibility;
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

#### (o) 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 the contaminated sites liability 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 \$2,815 (2020 – \$2,815). There is also a valuation allowance for general accounts receivable of \$141 (2020 – \$90).

### 3. Investments:

Investments reported on the consolidated statement of financial position have market values of \$499,289 (2020 – \$456,864).



# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

### 4. Investment in Oakville Municipal Development Corporation:

Oakville Municipal Development Corporation ("MDC") 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. MDC serves to develop properties within the boundaries of the Town.

The following tables provide condensed supplementary consolidated financial information for MDC for the year ended December 31:

#### Financial Position:

	2021	2020
Assets:		
Current	\$ 887	\$ 73
Total assets	\$ 887	\$ 73
Liabilities:		
Current	\$ 59	\$ 326
Shareholder loan	1,900	700
Total liabilities	1,959	1,026
Equity:		
Deficit	(1,072)	(953)
Total liabilities and equity	\$ 887	\$ 73

#### Operations:

	2021	2020
Revenue	\$ 391	\$ –
Expenses	(510)	(329)
Net loss	\$ (119)	(329)

#### Town of Oakville investment represented by:

Shareholder loan	\$ 1,900	\$ 700
Accumulated net income, net of dividends received	(1,072)	(953)
Total investments in MDC	\$ 828	\$ (253)

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

(In thousands of dollars)

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#### 4. Investment in Oakville Municipal Development Corporation (continued):

The Town has provided a shareholder loan to MDC. This shareholder loan bears interest at 1.8% (2020 – 0%), calculated annually, has no fixed terms of repayment and is due upon demand.

(a) Related party transaction and balances:

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

	2021	2020
Balances:		
Amounts due from MDC		
Accounts receivable	\$ –	\$ 305
Amounts due to MDC		
Accounts payable	\$ 442	\$ –

These balances are non-interest bearing and carry no fixed terms of repayment.

#### 5. Investment in Oakville Enterprises Corporation:

Oakville Enterprises Corporation and its wholly owned subsidiaries (collectively "OEC") 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. OEC serves as the electrical distribution utility for Oakville's residents and businesses. Other activities of OEC, 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.

# THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2021

(In thousands of dollars)

## 5. Investment in Oakville Enterprises Corporation (continued):

The following tables provide condensed supplementary consolidated financial information for OEC and its subsidiaries for the year ended December 31:

### Financial Position:

	2021	2020
<b>Assets:</b>		
Current	\$ 168,048	\$ 97,678
Capital	501,572	363,984
Regulatory balances	11,567	8,190
<b>Total assets and regulatory balances</b>	<b>\$ 681,187</b>	<b>\$ 469,852</b>
<b>Liabilities:</b>		
Current	\$ 126,109	\$ 78,769
Capital lease obligations	26,877	20,265
Promissory notes payable to Town of Oakville	77,029	77,029
Long-term debt	167,567	54,739
Other	117,165	81,200
Regulatory balances	11,853	11,109
<b>Total liabilities and regulatory balances</b>	<b>\$ 526,600</b>	<b>\$ 323,111</b>
<b>Equity:</b>		
Share capital	\$ 63,024	\$ 63,024
Retained earnings	93,263	86,819
Accumulated other comprehensive income	(1,700)	(3,102)
<b>Total equity</b>	<b>154,587</b>	<b>146,741</b>
<b>Total liabilities, regulatory balances and equity</b>	<b>\$ 681,187</b>	<b>\$ 469,852</b>

### Operations:

	2021	2020
Revenue	\$ 453,738	\$ 398,691
Expenses (including income tax provision)	(443,827)	(387,112)
Net movement in regulatory balances (net of tax)	2,633	339
<b>Net income and net movement in regulatory balances</b>	<b>12,544</b>	<b>11,918</b>
Other comprehensive gain (loss)	1,402	(414)
Change in equity	13,946	11,504
Dividend paid to Town of Oakville	(6,100)	(6,100)
	7,846	5,404
Direct financing lease receivable repayment	(538)	(590)
Revaluation of direct financing lease	128	8,409
<b>Change in investment in Oakville Enterprises Corporation</b>	<b>\$ 7,436</b>	<b>\$ 13,223</b>

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

### 5. Investment in Oakville Enterprises Corporation (continued):

#### Town of Oakville investment represented by:

	2021	2020
Direct financing leases receivable – note 5 (a)	\$ 17,230	\$ 17,640
Promissory notes receivable – note 5 (b)	77,029	77,029
Investment in shares of OEC	63,024	63,024
Accumulated net income, net of dividends received	91,563	83,717
<b>Total investment in Oakville Enterprises Corporation</b>	<b>\$ 248,846</b>	<b>\$ 241,410</b>

#### (a) Net investment in direct financing receivable:

The Town has provided direct financing leases to OEC for the municipal property known as 861 Redwood Square. The lease expires in December of 2039.

Minimum payments under these lease agreements are as follows:

2022	\$ 1,509
2023	1,577
2024	1,509
2025	1,509
2026	1,509
Thereafter	19,621
	27,234
Less amount representing interest, imputed at 5.54%	(10,004)
	\$ 17,230

#### (b) Promissory notes:

The Corporation issued promissory notes to the Town, effective February 1, 2020, with principal repayment due on February 1, 2030. 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, 2021, the interest rate in effect on the promissory notes was 6% (2020 – 6%). Interest revenue earned from these notes totaled \$4,622 (2020 – \$4,622).

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

(In thousands of dollars)

### 5. Investment in Oakville Enterprises Corporation (continued):

(c) Related party transaction and balances:

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

	2021	2020
Transactions:		
Revenue:		
Interest on promissory notes	\$ 4,622	\$ 4,622
Interest on direct financing leases	971	910
Garage services	370	333
Property taxes	516	549
Tree trimming services	500	323
Other	10	43
Expenses:		
Energy purchases (at commercial rates)	7,406	7,425
Construction/locating	2,081	2,070
Streetlight conversion and maintenance	173	211
Rent	147	147
Balances:		
Amounts due from OEC:		
Promissory note receivable	77,029	77,029
Direct financing leases receivables	17,230	17,640
Interest on promissory note	4,622	4,622
Accounts receivable	595	61
Amounts due to OEC:		
Accounts payable and accrued liabilities	1,287	973
Capital lease	1,324	1,403

(d) Contingencies and guarantees of Oakville Enterprises Corporation:

Short term credit facilities disclosed in their financial statements

The Corporation has an uncommitted line of credit facility available for \$100,000. As at December 31, 2021, \$67,853 (2020 – \$nil) was drawn on this facility.

The Corporation has a letter of credit facility available of \$16,000, of which \$14,921 has been assigned to secure its primary source of electricity as required by the Independent Electricity System Operator ("IESO") Settlements Manual.

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

(In thousands of dollars)

### 6. Deferred revenue – obligatory reserve funds:

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

					2021	2020
	Development Charges	Parkland	Gas Tax/CCBF	Commuter Cycling	Total	Total
Balance, beginning of year	\$ 100,926	\$ 45,577	\$ 26,372	\$ 613	\$ 173,488	\$ 137,003
Developer and other contributions	69,484	31,978	–	–	101,462	59,546
Interest earned	2,602	1,045	537	11	4,195	3,524
Provincial and Federal funding	–	–	14,940	–	14,940	10,702
	72,086	33,023	15,477	11	120,597	73,772
Less:						
Contributions used in operating and capital funds	14,385	417	8,708	164	23,674	37,287
Balance, end of year	\$ 158,627	\$ 78,183	\$ 33,141	\$ 460	\$ 270,411	\$ 173,488

### 7. Deferred revenue:

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

					2021	2020
	Deferred revenues capital	Pre-authorized payments	Deferred tax revenues operations	Deferred revenues operations	Total	Total
Balance, beginning of year	\$ 4,587	\$ 19,128	\$ 15,784	\$ 39,499	\$ 41,168	
Development fees	1,091	–	20,225	21,316	17,110	
User fees	–	–	15,095	15,095	10,304	
Other	–	19,863	–	19,863	19,128	
	1,091	19,863	35,320	56,274	46,542	
Less:						
Contributions used in operating and capital funds	1,411	19,128	31,350	51,889	48,211	
Balance, end of year	\$ 4,267	\$ 19,863	\$ 19,754	\$ 43,884	\$ 39,499	

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

(In thousands of dollars)

### 8. Long-term liabilities:

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

	2021	2020
The Town has assumed responsibility for the payment of the principal and interest charges on certain long-term serial debentures issued by Halton Region on behalf of the Town. Maturity dates vary from 2022 to 2030 and interest rates range from 0.3% to 3%.	\$ 14,943	\$ 19,807
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 (OSIFA) for Pine Glen. This debt is being recovered from the Oakville Soccer Club. The debt matures in 2030 and the interest rate is 4.80%	5,171	5,654
The Town has assumed responsibility for the payment of annual sinking fund deposits on long-term debentures issued by Halton Region on behalf of the Town with a maturity date of April 6, 2045. Annual sinking fund deposit requirements are \$1,816. The interest rate on the debentures is 3.15% and is payable in semi-annual instalments of \$1,418. The Town's share of the interest earned to date on the sinking fund deposits held by the Region are \$1,333.	79,102	80,918
The Town has entered into a capital lease agreement for the provision of a Geothermal Energy System at one of the Town's community centers. The agreement is with OEC Geo-Exchange Inc., a subsidiary of Oakville Enterprises Corporation. The agreement calls for quarterly payments of \$26, has an implicit interest rate of 1.90%, and expires in 2029. The corresponding asset and accumulated amortization are included in Note 11.	1,324	1,403
	<b>\$ 100,540</b>	<b>\$ 107,782</b>

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

(In thousands of dollars)

### 8. Long-term liabilities (continued):

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

2022	\$	4,435
2023		4,497
2024		4,283
2025		4,351
2026		4,423
Thereafter		78,551
	\$	100,540

The principal repayments include the annual sinking fund deposit requirement of \$1,816.

- (c) The long-term liabilities in (a) issued in the name of the Town 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.
- (d) Total interest on long-term liabilities which are reported on the consolidated statement of operations amounted to \$3,488 (2020 – \$3,671). The long-term liabilities bear interest at rates ranging from 0.30% to 4.80% (2020 – 0.65% to 4.80%).
- (e) The balance of long-term liabilities reported on the consolidated statement of financial position is funded from the following sources:

	2021	2020
Tax levy supported	\$ 93,121	\$ 96,960
Development supported	–	3,842
Oakville Soccer Club	5,171	5,654
Harbours supported	2,248	1,326
	\$ 100,540	\$ 107,782

### 9. Contaminated sites:

- (a) The Town has recognized a liability of \$196 (2020 – \$347) for remediation of various contaminated sites for which the Town has assumed responsibility from other organizations.
- (b) The future remediation costs and any post-remediation costs have an estimated undiscounted cost of \$200 (2020 – \$368) and have been present valued using a discount rate of 2.75% (2020 – 2.50%). Estimates for these costs are based upon quotes provided by experts, the Town's history with similar remediation efforts and/or management's best estimates.
- (c) The amount of estimated recoveries is \$nil (2020 – \$nil).



# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

### 10. Employment benefits and other liabilities:

(a) Post-employment benefit liability:

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-employment 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, 2021 were determined by an actuarial valuation as at December 31, 2019 and extrapolated to December 31, 2021.

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

(i) Interest (discount rate):

The obligation as at December 31, 2021, of the present value of future liabilities, and the expense for the 12 months ended December 31, 2021, were determined using a discount rate of 2.75% (2020 – 2.50%).

(ii) Medical costs:

Medical costs were assumed to increase at the rate of 6.5% (2020 – 6.5%) in the first year after the valuation date, reducing linearly to 4.0% after 8 years.

(iii) Dental costs:

Dental costs were assumed to increase at the rate of 4.0% per year.

Information about the Town's post-employment benefit liability is as follows:

	2021	2020
Accrued benefit obligation, beginning of year	\$ 24,130	\$ 21,890
Current service costs	1,228	1,089
Actuarial (gain) loss	(694)	1,168
Interest on accrued benefit obligation	609	822
Benefits paid during the period	(730)	(839)
Accrued benefit obligation, end of year	24,543	24,130
Unamortized actuarial gain	8,492	8,507
Accrued benefit liability, end of year	\$ 33,035	\$ 32,637

Included in current year costs is \$708 (2020 – \$804) for amortization of the actuarial gain. The unamortized actuarial gain is amortized over the expected average remaining service life of the employee group which ranges between 11.1 to 14.6 years.

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

(In thousands of dollars)

### 10. Employment benefits and other liabilities (continued):

#### (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, 2019, which includes an estimation of expected costs and payments for 2020 and 2021, as well as a calculation of the actuarial updates to December 31, 2020 and 2021.

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

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

The obligation as at December 31, 2021, of the present value of future liabilities, and the expense for the 12 months ended December 31, 2021, were determined using a discount rate of 3.50% (2020 – 3.50%).

#### (ii) Administration costs:

Administration costs were assumed to be 28% (2020 – 28%) 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 (0.25)% to 1.75% (2020 – (0.25)% to 1.75%) depending on the benefit type.

Information about the Town’s WSIB liability is as follows:

	2021	2020
Accrued WSIB obligation, beginning of year	\$ 6,208	\$ 5,933
Current service costs	745	723
Interest on accrued benefit obligation	219	209
Benefits paid during the period	(676)	(657)
Accrued WSIB obligation, end of year	6,496	6,208
Unamortized actuarial loss	(1,768)	(1,946)
Accrued WSIB liability, end of year	\$ 4,728	\$ 4,262

Included in current service costs is \$178 (2020 – \$80) for amortization of the actuarial loss. The unamortized actuarial loss on future payments required to WSIB is amortized over the expected period of the liability which is 12 years.

# THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

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## 10. Employment benefits and other liabilities (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 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. OMERS is reporting a funding deficit of \$3,100,000 in 2021 (2020 – \$3,200,000). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, additional increases in the contributions may be required.

Contributions for employees with a normal retirement age of 65 were being made at a rate of 9.0% for earnings up to the yearly maximum pensionable earnings of \$61.6 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS by the Town of Oakville for 2021 was \$11,288 (2020 – \$11,638). Employee contributions to OMERS for 2021 totaled \$11,288 (2020 – \$11,638).

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

### 11. Tangible capital assets:

	2021									
	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	821,997	278,300	393,129	41,210	88,806	608,799	343,736	35,045	35,698	2,646,720
Add: Additions during the year	29,342	5,712	1,452	6,144	5,431	14,645	5,802	2,962	36,198	107,688
Less: Disposals during the year	(4,444)	(1,669)	(3,507)	(2,595)	(1,270)	(1,293)	(4)	(4,589)	(41,255)	(60,626)
<b>Balance, end of year</b>	<b>846,895</b>	<b>282,343</b>	<b>391,074</b>	<b>44,759</b>	<b>92,967</b>	<b>622,151</b>	<b>349,534</b>	<b>33,418</b>	<b>30,641</b>	<b>2,693,782</b>
<b>Accumulated Amortization</b>										
Balance, beginning of year	–	209,900	119,637	18,922	51,312	289,460	104,064	23,720	–	817,015
Add: Amortization	–	6,100	8,981	3,785	6,507	14,076	5,038	3,282	–	47,769
Less: Accumulated amortization on disposals	–	(1,465)	(2,279)	(2,575)	(1,223)	(1,188)	(1)	(4,538)	–	(13,269)
<b>Balance, end of year</b>	<b>–</b>	<b>214,535</b>	<b>126,339</b>	<b>20,132</b>	<b>56,596</b>	<b>302,348</b>	<b>109,101</b>	<b>22,464</b>	<b>–</b>	<b>851,515</b>
<b>Net book value, end of year</b>	<b>846,895</b>	<b>67,808</b>	<b>264,735</b>	<b>24,627</b>	<b>36,371</b>	<b>319,803</b>	<b>240,433</b>	<b>10,954</b>	<b>30,641</b>	<b>1,842,267</b>

# THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

## 11. Tangible capital assets (continued):

	2020									
	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	782,375	270,488	343,947	36,157	89,680	589,343	329,033	32,584	58,158	2,531,765
Add: Additions during the year	39,972	9,942	49,602	7,240	2,753	20,372	14,703	2,665	63,621	210,870
Less: Disposals during the year	(350)	(2,130)	(420)	(2,187)	(3,627)	(916)	–	(204)	(86,081)	(95,915)
<b>Balance, end of year</b>	<b>821,997</b>	<b>278,300</b>	<b>393,129</b>	<b>41,210</b>	<b>88,806</b>	<b>608,799</b>	<b>343,736</b>	<b>35,045</b>	<b>35,698</b>	<b>2,646,720</b>
<b>Accumulated Amortization</b>										
Balance, beginning of year	–	205,764	112,094	17,868	47,741	275,117	99,178	20,202	–	777,964
Add: Amortization	–	6,190	7,960	3,210	7,193	15,071	4,886	3,722	–	48,232
Less: Accumulated amortization on disposals	–	(2,054)	(417)	(2,156)	(3,622)	(728)	–	(204)	–	(9,181)
<b>Balance, end of year</b>	<b>–</b>	<b>209,900</b>	<b>119,637</b>	<b>18,922</b>	<b>51,312</b>	<b>289,460</b>	<b>104,064</b>	<b>23,720</b>	<b>–</b>	<b>817,015</b>
<b>Net book value, end of year</b>	<b>821,997</b>	<b>68,400</b>	<b>273,492</b>	<b>22,288</b>	<b>37,494</b>	<b>319,339</b>	<b>239,672</b>	<b>11,325</b>	<b>35,698</b>	<b>1,829,705</b>

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

(In thousands of dollars)

### 11. Tangible capital assets (continued):

(a) Work-in-process assets:

Work-in-process assets having a value of \$30,641 (2020 – \$35,698) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is comprised of:

	2021	2020
Land	\$ 28,771	\$ 34,576
Land Improvements	89	257
Road Network	1,624	14,844
Environmental Network	2,330	11,148
<b>Total contributed assets</b>	<b>\$ 32,814</b>	<b>\$ 60,825</b>

Leased Assets:

The Town has capital leases included in tangible capital assets as follows:

	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 1,690	\$ 73	\$ 1,617

(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:

No tangible capital assets were written down during the year (2020 – \$nil).

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

### 12. Accumulated surplus:

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

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 1,842,267	\$ 1,829,705
Equity in Oakville Enterprises Corporation	248,846	241,410
Equity in Municipal Development Corporation	828	(253)
Unexpended capital	54,694	45,973
BIA reserves	445	256
Other	2,894	5,890
Unfunded:		
Contaminated sites	(196)	(347)
Post-employment benefits and WSIB	(37,763)	(36,899)
Long-term liabilities	(100,540)	(107,782)
	2,011,475	1,977,953
Reserves set aside for specific purposes by Council for:		
Tax rate stabilization	64,843	59,480
Capital financing	114,148	70,551
Acquisition of tangible capital assets	21,758	20,821
Working capital	50,451	46,260
Insurance	1,123	1,123
	252,323	198,235
Reserve funds set aside for specific purposes by Council:		
Post-employment benefits and WSIB	23,859	22,776
Street trees	22	50
Conservation purposes	170	165
Harbors	(5,778)	(6,239)
Library development	996	963
Building, ground maintenance and replacement	18,491	14,001
Parking	1,655	2,623
Bonus zoning	2,921	2,879
	42,336	37,218
	\$ 2,306,134	\$ 2,213,406

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

### 13. User fees and charges:

User fees and charges include the following:

	2021	2020
Development fees and miscellaneous	\$ 8,847	\$ 8,757
Transit revenues	3,611	3,647
Parking, Provincial Offences Act and other fines	4,341	3,162
Town facilities rental and usage fees	9,501	7,023
Recreation and cultural program revenues	3,174	2,826
Cemeteries	1,058	1,190
Licenses and permits	15,519	13,303
	<u>\$ 46,051</u>	<u>\$ 39,908</u>

### 14. Trust funds:

Trust funds administered by the Town amounting to \$6,623 (2020 – \$6,357) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

### 15. Contingent liabilities and guarantees:

(a) 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.

(b) 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.



# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

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### 15. Contingent liabilities and guarantees (continued):

(c) Guarantees:

- (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.

- (iv) The Town has a credit facility for \$99 for the purpose of issuing letters of credit mainly to support requirements of the Department of Fisheries and Oceans Canada, of which \$nil (2020 – \$nil) has been drawn.

# THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

## 16. Government and external transfers:

The government transfers reported within the Consolidated Statement of Operations are:

	2021	2020
Revenue:		
Federal grants:		
CCBF	\$ 5,562	\$ 1,684
Investing in Canada Infrastructure Program:		
Public Transit Stream	476	160
Young Canada Works, Summer Jobs	336	217
Natural Resources Canada	123	–
Canadian Heritage Grant	117	93
Other	114	23
Clean Water and Wastewater Fund	–	397
	6,728	2,574
Ontario grants:		
Safe Restart Agreement – General	4,740	4,460
Safe Restart Agreement – Transit	3,981	2,997
Ontario gas tax	3,146	3,413
Investing in Canada Infrastructure Program: Public Transit Stream	324	133
Library – operating grant	182	182
Elderly Person’s Centres	116	125
Audit & Accountability Fund	90	–
Museum – operating grant	75	58
Fire Safety Grant	52	–
Reconnect Festival and Event Program	51	–
Other	75	7
Clean Water and Wastewater Fund	–	201
Municipal Transit Enhanced Cleaning	–	109
	12,832	11,685
<b>Total revenue</b>	<b>\$ 19,560</b>	<b>\$ 14,259</b>

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

### 16. Government and external transfers (continued):

The external transfers reported within the Consolidated Statement of Operations are:

	2021	2020
Expenses:		
Recreational & cultural grants:		
Oakville Galleries operating grant	\$ 371	\$ 363
Theatre groups subsidization	175	172
Oakville Arts Council	90	88
Recreational program subsidization	103	8
Historical Society	8	8
Sport development grants	56	3
Oakville Lawn Bowling	8	3
	811	645
Other:		
Oakville Tourism Partnership	241	171
Heritage grants	80	72
Community Assistance fee waiver	28	51
T.O.W.A.R.F.	33	33
Accessibility costs	4	3
	386	330
Total external transfers	\$ 1,197	\$ 975

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

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### 17. Segmented information:

The Town 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. Although Town services are provided internally by these defined service areas, for financial reporting, the Town has chosen to remain consistent with the Ontario Financial Information Return (FIR) and the nine functional areas that it prescribes. This will allow comparability between the town's segmented information and several schedules on the FIR that require full segment disclosure of operating expenses and limited disclosure of operating revenues. During the year, the segmented information was re-aligned to be consistent with the aforementioned reporting. Accordingly, the segmented information for the year-ended December 31, 2020 has been reclassified to conform with current year presentation. The services that have been separately disclosed in the segmented information are defined by the compositional requirements of the FIR as follows:

(i) General Government:

The General Government segment is comprised of governance and corporate management of the municipality.

(ii) Protection Services:

The Protective Services segment is comprised of the following service areas: fire services including fire suppression, fire prevention programs and fire inspections, by-law enforcement and building permit and inspection.

(iii) Transportation Services:

Transportation Services segment is comprised of the following services: roads maintenance, winter control, parking, street lighting and transit.

(iv) Environmental Services:

The Environmental Services segment is comprised of storm water management services.

(v) Health Services:

The Health Services segment is comprised primarily of cemetery maintenance and management as well as the town's debt repayments for their contribution to the Oakville Trafalgar Memorial Hospital.

(vi) Recreation and Cultural Services:

The Recreation and Cultural Services segment is comprised of the following service areas: parks, recreation programs, recreation facilities, libraries, marinas, museums and other cultural services and activities.

(vii) Planning and Development:

The Planning and Development segment is comprised of planning and zoning, commercial, industrial, and residential developments, economic development, and the business improvement areas.

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

### 17. Segmented information (continued):

	2021							
	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning & Development	Total
Revenue:								
Taxation	\$ 37,476	\$ 43,027	\$ 75,344	\$ 1,454	\$ 167	\$ 55,796	\$ 9,948	\$ 223,212
Canada grants	124	–	481	–	–	487	74	1,166
Ontario grants	4,771	52	4,275	–	–	447	141	9,686
CCBF	29	–	5,213	1,818	–	1,648	–	8,708
Other Municipalities	(110)	343	5,734	7	–	533	75	6,582
Oakville Enterprises	4,622	–	–	–	–	–	–	4,622
User fees and service charges	1,835	13,554	7,739	–	1,058	13,503	8,362	46,051
Investment income	7,383	–	–	–	–	263	3	7,649
Revaluation gain on Hydro lease	128	–	–	–	–	–	–	128
Penalties and interest	4,019	–	–	–	–	–	–	4,019
Developer contributions and development charges earned	28,796	(50)	10,656	–	–	8,618	141	48,161
Equity in MDC	(119)	–	–	–	–	–	–	(119)
Equity in OEC	13,946	–	–	–	–	–	–	13,946
Other	40	17	1,295	157	112	238	37	1,896
	102,940	56,943	110,737	3,436	1,337	81,533	18,781	375,707
Expenses:								
Salaries, wages and benefits	29,041	44,950	36,374	601	409	35,056	11,299	157,730
Debt expense	26	–	283	–	2,835	344	–	3,488
Materials	585	590	10,646	43	101	6,657	93	18,715
Contracted services	8,389	6,623	18,818	5,388	660	13,505	10,593	63,976
Rents and financial expenses	407	–	63	–	26	281	90	867
External transfers	165	37	1,061	–	–	718	324	2,305
Amortization	4,095	2,039	23,230	4,816	40	13,471	78	47,769
(Gain)/loss on disposal of assets	(11,290)	(4)	(647)	3	(3)	66	4	(11,871)
	31,418	54,235	89,828	10,851	4,068	70,098	22,481	282,979
Annual surplus	\$ 71,522	\$ 2,708	\$ 20,909	\$ (7,415)	\$ (2,731)	\$ 11,435	\$ (3,700)	\$ 92,728

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

### 17. Segmented information (continued):

	2020							
	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning & Development	Total
Revenue:								
Taxation	\$ 41,293	\$ 40,464	\$ 70,050	\$ 1,585	\$ 165	\$ 51,282	\$ 10,668	\$ 215,507
Canada grants	–	–	553	8	–	311	18	890
Ontario grants	4,460	–	3,435	4	–	373	–	8,272
CCBF	–	–	3,379	1,596	–	122	–	5,097
Other Municipalities	293	1	11,601	65	–	387	207	12,554
Oakville Enterprises	4,622	–	–	–	–	–	–	4,622
User fees and service charges	3,137	12,053	6,498	–	1,190	9,746	7,284	39,908
Investment income	8,866	–	1	–	–	284	1	9,152
Revaluation gain on Hydro lease	8,409	–	–	–	–	–	–	8,409
Penalties and interest	1,074	–	–	–	–	–	–	1,074
Developer contributions and development charges earned	34,577	11,982	25,705	11,156	–	9,940	114	93,474
Equity in MDC	(329)	–	–	–	–	–	–	(329)
Equity in OEC	11,504	–	–	–	–	–	–	11,504
Other	38	63	174	211	143	308	–	937
	117,944	64,563	121,396	14,625	1,498	72,753	18,292	411,071
Expenses:								
Salaries, wages and benefits	26,810	41,688	34,213	593	384	31,226	10,818	146,978
Debt expense	29	–	290	–	2,820	532	–	3,671
Materials	913	539	8,786	36	72	5,952	45	15,099
Contracted services	7,922	6,381	23,367	4,783	697	15,413	8,185	66,748
Rents and financial expenses	392	–	56	–	23	235	98	803
External transfers	258	37	975	–	–	778	243	2,290
Amortization	4,105	1,964	24,552	4,665	45	12,791	110	48,232
(Gain)/loss on disposal of assets	(3,650)	(19)	115	–	–	(350)	13	(3,891)
	36,779	50,590	92,354	10,077	4,041	66,577	19,512	279,930
Annual surplus	\$ 81,165	\$ 13,973	\$ 29,042	\$ 4,548	\$ (2,543)	\$ 6,176	\$ (1,220)	\$ 131,141

# THE CORPORATION OF THE TOWN OF OAKVILLE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021  
(In thousands of dollars)

### 18. Budget data:

The audited budget data presented in these consolidated financial statements is based upon the 2021 operating and capital budgets approved by Council on December 15, 2020. Amortization and post-employment liabilities were not contemplated on development of the budget and, as such, have not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
Revenue:	
Operating budget	\$ 349,036
Capital budget	80,946
BIAs	2,032
Less:	
Internal revenues and recoveries	(28,909)
Transfers from other funds	(62,198)
Total revenue	340,907
Expenses:	
Operating budget	349,036
Capital budget	80,946
BIA's	2,032
Less:	
Internal expenses	(28,909)
Transfers to other funds	(82,794)
Capital expenses	(81,856)
Debt principal payments	(7,859)
Total expenses	230,596
Annual surplus	\$ 110,311