

TO: Members of COUNCIL TOWN OF OAKVILLE

FROM: ALEX MURPHY: 331 CAREY COURT OAKVILLE
(Board Member– Chartwell Maple Grove Residents Assn.)

I have extensively reviewed the budget and annual report numbers that affect the budget of the Town of Oakville and I have met numerous times with senior accounting officers within the Town.

In my experience I have never had such a difficult time understanding the financial results. (My experience includes Vice President of a large Insurance Company, Founder and General Manager of a Trust Company, Consulting to the Federal Government, City of Toronto, Ivey Business School and member of the Investment Committee of the Heart and Stroke Assn.)

The Oakville tax payers are unable to understand what is going on for 2 key reasons:

- There are 2 accounting systems:
 - one is a 'cash related system' which apparently council uses to set tax rates (which is NOT audited nor published) and
 - one that is mandated for all Canadian municipalities (which is audited and published)
- There is no easy way to determine the full cost (i.e. including capital amortization) of each major program expense category

After consideration of the alternatives, I decided that the only approach to the numbers was to use the audited and published numbers that are in the Town +

of Oakville's annual report. These numbers normally appear in June which is 6 months after the year end. (As a matter of interest, required reporting in the private sector is 3 months)

The key points from the recent 2010 annual report are as follows:

From 2006 to 2010

Oakville Tax Trends

- Households and population in Oakville have grown by 10.4% and 9% respectively.
- Taxes levied for the School Boards have grown roughly in relation to population (+10%)
- Taxes levied for the Region have grown modestly (+16.1%)
- Taxes levied for the Town itself have grown by 38.5%
- Taxes per capita levied for the Town itself have grown by 26.9%,
- Taxes per capita in Oakville are the second highest amongst Cities of over 100,000 and is the 11th highest out of all 94 Towns and Cities in Ontario. (Source – Ontario Govt. mandated Municipal comparison report)

Oakville Expense trends

- From 2006- 2008 under the old Municipal accounting rules, gross Town operating expenses increased 18.6%.
- From 2008- 2010 under the new Municipal accounting rules, gross Town operating expenditures increased by 13.6%.

Total of the above 32.2%

- From 2006-2010 salaries and benefits have increased 36.9%
(The change to the accounting system in 2008 had no effect on this category of expenses)

Our conclusions are:

- **The Town of Oakville actual expenditures (Town expenses only) have had excessive growth during the past 5 years of minimal economic growth.**
- **The Town of Oakville taxes per capita are MUCH HIGHER than other comparable Cities and Towns in Ontario**

Our recommendations are:

- **Total Oakville (only) expenses (operating and capital) should be managed so**
 - **Taxes levied by Oakville itself for its own expenses (operating and amortized capital) do not increase on an annual basis more than the sum of :**

- **Inflation**

AND

- **Population Growth**

- **Total taxes per capita are reduced to an average of Ontario Cities/Towns of population of over 100,000**

SPECIFIC NUMBERS	2006	2010	% increase
Households	56,528	62,398	10.4
Population	165,600	180,500	9.0
Taxes (School Board)	\$112,354,000	\$123,642,000	10.0
Taxes (region)	\$117,745,000	\$136,678,000	16.1
Taxes (Oakville only)	\$ 93,208,000	\$129,099,000	38.5
Taxes per capita (Oakville only)	\$563	\$715	26.9
(Oakville plus Halton)	\$1274	\$1472	15.5
Expenses			
Salaries and benefits	\$79,166,000	\$108,407,000	36.9
	2006	2008	
Total (old accounting system)	\$144,590,000	\$171,553,000	18.6

	2008	2010	
Total (new accounting system)	\$195,922,000	\$222,476,000	13.5