



REPORT

Council

Meeting Date: May 1, 2025

FROM: Finance Department

DATE: April 15, 2025

SUBJECT: 2024 Financial Results and Surplus Disposition

LOCATION:

WARD: Town-wide

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RECOMMENDATION:

1. That the transfers to and from the Reserves and Reserve Funds and transactions contained in the report dated April 15, 2025 from the Finance department be approved.
2. That the \$6.31 million surplus less any required adjustments be transferred to the Capital Reserve.
3. That staff be authorized to exceed the Municipal Enforcement 2025 gross operating budget by up to \$319,500 for the new Short Term Rental Compliance initiative, fully funded by the federal Short-Term Rental Enforcement Fund with no impact on the tax levy.
4. That funding in the amount of \$300,000 be transferred from the Storm Event Reserve to the Parks and Open Space 2025 operating budget to offset the unbudgeted costs incurred for emergency culvert repairs at McCraney Creek Trail and Martindale Park due to the July 2024 rainfall event.
5. That funding in the amount of \$405,938 received in 2025 from the Oakville Community Foundation (OCF) be transferred to the Theatre Capital reserve.
6. That the 2025 capital budget be amended to add a new project with a budget of \$52,000 funded from the Theatre capital reserve for the replacement of the boiler system.

KEY FACTS:

The following are key points for consideration with respect to this report:

- The Financial Results report presents the town's financial activities from January 1, 2024 to December 31, 2024.
- The total town variance after reserve transfers is \$6.31 million favourable or 2.4% of the tax levy.
- Total capital expenditures of \$136.2 million have been incurred year to date.
- A total of 24 capital projects have been identified for closure this period resulting in \$1.33 million being returned to reserves and reserve funds.
- A total of 28 tendered contracts and 6 single source awards in excess of \$100,000 were awarded during this period.
- Inflation has been around the 2% mid-point of the Bank of Canada's (BOC) 1%-3% target range since August 2024. While the economy ended the year with healthy GDP growth and a declining unemployment rate, there is extensive uncertainty due to US tariffs. While the magnitude and length of a trade war is unknown, it could stall the Canadian economy and increase inflation, impacting both town expenditures and revenues.

BACKGROUND:

This report provides an update regarding the town's financial activities from January 1, 2024 to December 31, 2024 and covers all financial matters including operating budget, capital budget, reserve and reserve fund balances, investment and trust funds, and purchasing activities. Based on the unaudited financial results, the majority of town programs have a favourable variance. This is primarily due to savings in personnel costs and higher revenues, though savings have been recognized in a number of other areas as well.

This report also contains requests for several 2025 finance-related matters.

COMMENT/OPTIONS:

OPERATING BUDGET

The total town variance after policy related and recommended reserve transfers is \$6.31 million favourable or 2.4% of the tax levy for this period. This also accounts for \$0.93 million in unbudgeted operating costs incurred in 2024 related to the July 2024 rainfall event, primarily for trail rehab and repairs to Lower Base Line. Given the overall town surplus, these costs were not offset with a transfer from the Storm Event Reserve in 2024. As indicated in the “Operating Budget Requests for 2025” section of the report, an additional \$300,000 was incurred in 2025 due to the July 2024 rainfall event for emergency repairs of two major culverts. As well, capital costs related to the July rainfall event have also been incurred in the amount of \$1.50 million related to Oakville Harbour dredging, as requested in the report that went to Council on January 27, 2025. The total cost identified to date in 2024 and 2025 due to the July 2024 rainfall event is \$2.73 million.

(\$ Millions)	2024 Annual Budget	2024 Year-end Actuals	2024 Variance to Budget (\$)
Emergency Services	46.31	47.62	(1.30)
Road Network	33.04	30.81	2.22
Oakville Transit	38.95	37.13	1.82
Recreation and Culture	21.42	18.73	2.69
Parks and Open Spaces (incl. Cemetery and Harbours)	23.84	24.00	(0.16)
Oakville Public Library	12.18	11.84	0.34
Community Development	4.28	3.45	0.84
Political Governance	4.22	4.03	0.19
Municipal Enforcement (incl. Parking)	2.79	(0.70)	3.50
Corporate Support Services	40.78	37.47	3.30
Total Program Variance	\$ 227.81	\$ 214.38	\$ 13.43
Corporate Hearings & Litigation	0.50	1.41	(0.91)
Corporate Revenue & Expenses	(228.31)	(228.47)	0.16
Town Variance before transfers	\$ -	\$ (12.68)	\$ 12.68
Policy Related and Recommended Transfers for Programs:			
Transfer Tax Appeal Allowance (to)/from Tax Stabilization Reserve			(0.38)
Transfer lost parking revenue for patio program (to)/from Parking Reserve fund			(0.04)
Transfer Oakville Public Library surplus (to)/from Tax Stabilization Reserve			(0.34)
Transfer (to)/from Storm Event Reserve			(2.27)
Transfer (to)/from Building Enterprise Reserve			(0.59)
Transfer (to)/from Cemetery Reserve			(0.08)
Transfer (to)/from Harbours Reserve fund			(0.14)
Transfer (to)/from Parking Reserve fund			(2.53)
Transfer (to)/from Election Reserve			0.00
Total Town Variance after transfers		\$	6.31

Note: Totals and subtotals in this and subsequent charts and tables may not add exactly due to rounding.

As shown above, the total Program Variance is \$13.43 million favourable primarily due to savings on winter control given fewer snow events at the beginning of the year, personnel savings for various vacancies, and higher revenue for Recreation and Culture programs, film rentals at Centennial pool, parking fees and fines, and Transit.

The minor unfavourable variance in Parks and Open Spaces is primarily due to two reserve transfers that were not completed given the overall town surplus. One was for additional unbudgeted costs of \$0.34 million for trail rehab related to the July 2024 rainfall event, which was not offset with a transfer from the Storm Event reserve. The other was a transfer of \$0.54 million from the Tax Stabilization reserve for the Winter Recreation Strategy. Had these transfers been completed, Parks and Open Spaces would have a favourable variance of \$0.50 million.

The unfavourable variance in Corporate Hearings & Litigations is primarily due to additional legal fees. Corporate Revenue & Expenses includes a favourable adjustment of \$0.38 million for the reduction of the tax appeal allowance. This adjustment is due to the fact that the province has not gone forward with a reassessment as planned in 2021 and has continued to pause reassessment for 2022-2025. Due to the non-reassessment, any property that has already appealed their current value is not able to re-appeal it due to the Assessment Act legislation and the Assessment Review Board's (ARB) rules. Therefore, the majority of challenges to the last assessment have been completed. Until there is a reassessment, only properties that have not appealed their assessment prior, properties with changes or new properties on the roll can appeal. If there are new appeals for 2025, they cannot be retroactive.

The total Program variance combined with Corporate Hearings & Litigations and Corporate Revenues & Expenses shows a total town variance before transfers of \$12.68 million favourable.

Reserve Transfers

Further to the information provided in the previous section on the tax appeal allowance, staff recommend that the \$375,000 from the reduced tax appeal allowance be transferred to the Tax Stabilization reserve to be available for tax appeals that will be expected to increase when there is a reassessment completed by the province.

Town staff are also recommending that:

- \$39,400 be transferred to the Parking reserve fund for lost revenue related to the patio program,
- consistent with prior years, the savings in winter control be transferred to the Storm Event reserve, and

- consistent with prior years, the surplus for the Oakville Public Library be transferred to the Tax Stabilization reserve.

Legislation requires any surplus/shortfall generated from building permit revenues to be transferred to/from the Building Enterprise Reserve resulting in a transfer to the reserve of \$0.59 million. Town policy is to balance any surplus/deficit for Cemeteries, Harbours, Parking, and Election to their own program specific reserves which town staff is recommending be completed as normal at year-end. After all policy related and recommended transfers, the total Town variance after transfers is \$6.31 million favourable, representing 2.4% of the tax levy.

Usual practice would be to recommend that the surplus be transferred to the Tax Stabilization Reserve; however, the balance in this reserve is healthy (\$73.9 million) and above the GFOA recommended levels. Therefore, town staff are recommending that the surplus be transferred to the General Capital Reserve given the size of the capital program. The 2025 capital program of \$202.2 million and the ten-year capital forecast of \$2.1 billion are substantial. Furthermore, inflation and rising costs have proved challenging for capital projects that are at the procurement stage as supply chain and commodity volatility over the past few years, along with possible upcoming impacts from tariffs, have a major impact on pricing. The recommendation to transfer the surplus to the General Capital Reserve will ensure that the town's capital program remains strong.

Program Variance – by revenue/expense type

The total program variance is \$13.43 million favourable and the most significant variances to budget by expense and revenue type are discussed below.

(\$ Millions)	2024 Annual Budget	2024 Year-end Actuals	2024 Variance to Budget (\$)
EXPENSES			
Personnel Services & Benefits	195.50	192.17	3.33
Materials & Supplies	27.43	25.62	1.81
Capital out of Operations	0.35	0.44	(0.09)
Purchased Services	51.12	46.98	4.14
Payments & Grants	7.10	6.91	0.19
Internal Expenses & Transfers	58.69	58.79	(0.10)
Total EXPENSES	\$ 340.18	\$ 330.91	\$ 9.27
REVENUES			
External Revenues	(77.39)	(83.56)	6.17
Internal Recovery & Fund Transfers	(34.98)	(32.97)	(2.01)
Total REVENUES	\$ (112.37)	\$ (116.53)	\$ 4.16
Total Programs	\$ 227.81	\$ 214.38	\$ 13.43

Personnel Services & Benefits - \$3.33 million favourable (or \$1.51 million favourable after considering the \$1.82 million budgeted gapping in the corporate section).

The personnel savings are notably lower reflecting the expected trend towards stabilization. Like most employers, including other municipalities, the town continues to experience some areas of challenge in attracting talent due to the demand for skilled workers being much greater than the supply. The town's 2024 full time turnover rate was 6.8% and is in line with the normative expected annual turnover between 6-7%. As of December 31, the average annual vacancy rate is at 6.3% (n=77) with 73 actual vacancies at the end of Q4. The town's staffing demographics indicate that the retirement bubble has peaked. While recruitment challenges persist, ongoing mitigation efforts, including enhanced marketing, branding initiatives, and increased staffing resources for recruitment continue to be implemented to address these issues moving forward. The total budgeted gapping for the town has been increased from \$1.97 million in 2024 to \$2.97 million in 2025 to better reflect the expected turnover trend.

Materials & Supplies - \$1.81 million favourable. This is primarily attributed to savings for winter control de-icing materials given fewer snow events at the beginning of the year as well as savings in fuel due to lower fuel rates.

Purchased Services - \$4.14 million favourable. This is primarily attributed to savings for winter control, savings associated with the delay in commencing the Automated Speed Enforcement (ASE) program, as well as savings on software maintenance.

External Revenue - \$6.17 million favourable. This is primarily attributed to higher revenue for Recreation and Culture programs, film rentals at Centennial pool, parking fees and fines, and Transit.

Internal Recovery & Fund Transfers - \$2.01 million unfavourable. This is primarily attributed to lower internal vehicle recovery from less usage of winter control equipment. As well, Tax Stabilization funding was budgeted for temporary items such as Winter Recreation Strategy, HR resources and others; however, given the overall town surplus, the Tax Stabilization funding for these items was not needed resulting in this unfavourable variance.

Program Variance – by program

The most significant variances to budget by program area are discussed below. Appendix A provides more detail of the projected variance by program area.

Emergency Services - \$1.30 million unfavourable

The variance shown below is primarily due to personnel services for overtime and for the early hire of new recruits to mitigate overtime and for stand-in pay due to sick leaves. The Oakville Fire and Finance teams review on a monthly basis the status and forecast of overtime, sick leave, WSIB, and long-term disability to look for opportunities for cost containment and mitigation strategies.

(\$ Millions)	2024	2024	2024
	Annual Budget	Year-end Actuals	Variance to Budget (\$)
EXPENSES			
Personnel Services & Benefits	39.97	41.19	(1.22)
Materials & Supplies	0.90	1.07	(0.17)
Capital out of Operations	0.03	0.04	(0.01)
Purchased Services	2.34	2.32	0.01
Payments & Grants	0.05	0.05	(0.00)
Internal Expenses & Transfers	3.64	3.68	(0.04)
Total EXPENSES	\$ 46.92	\$ 48.35	\$ (1.43)
REVENUES			
External Revenues	(0.58)	(0.69)	0.11
Internal Recovery & Fund Transfers	(0.03)	(0.04)	0.01
Total REVENUES	\$ (0.61)	\$ (0.73)	\$ 0.12
Total Emergency Services	\$ 46.31	\$ 47.62	\$ (1.30)

Oakville Transit - \$1.82 million favourable

The variance shown below is primarily due to higher fare revenue as ridership was higher than budgeted, personnel savings, and fuel savings due to lower fuel rates.

(\$ Millions)	2024	2024	2024
	Annual Budget	Year-end Actuals	Variance to Budget (\$)
EXPENSES			
Personnel Services & Benefits	24.59	24.24	0.36
Materials & Supplies	6.87	6.44	0.43
Capital out of Operations	0.01	0.00	0.00
Purchased Services	6.04	6.07	(0.03)
Payments & Grants	1.19	1.08	0.11
Internal Expenses & Transfers	8.96	8.98	(0.02)
Total EXPENSES	\$ 47.66	\$ 46.80	\$ 0.86
REVENUES			
External Revenues	(6.71)	(7.67)	0.96
Internal Recovery & Fund Transfers	(2.00)	(2.00)	(0.00)
Total REVENUES	\$ (8.71)	\$ (9.67)	\$ 0.96
Total Oakville Transit	\$ 38.95	\$ 37.13	\$ 1.82

Road Network - \$2.22 million favourable

The variance shown below is primarily due to personnel savings for various vacancies, savings associated with the delay in commencing the Automated Speed Enforcement (ASE) program, as well as savings for winter control. This is partially offset by lower external revenue for winter control recoveries from the Region and lower internal vehicle recovery due to less usage of winter control equipment given fewer snow events at the beginning of the year.

(\$ Millions)	2024	2024	2024
	Annual Budget	Year-end Actuals	Variance to Budget (\$)
EXPENSES			
Personnel Services & Benefits	19.06	18.14	0.92
Materials & Supplies	7.80	6.89	0.91
Capital out of Operations	0.15	0.13	0.01
Purchased Services	14.74	13.00	1.74
Payments & Grants	1.35	1.33	0.02
Internal Expenses & Transfers	9.53	9.02	0.51
Total EXPENSES	\$ 52.63	\$ 48.50	\$ 4.13
REVENUES			
External Revenues	(6.42)	(5.77)	(0.65)
Internal Recovery & Fund Transfers	(13.17)	(11.92)	(1.25)
Total REVENUES	\$ (19.60)	\$ (17.69)	\$ (1.90)
Total Road Network	\$ 33.04	\$ 30.81	\$ 2.22

Recreation and Culture - \$2.69 million favourable

The variance shown below is primarily due to higher program registration revenue and film rental revenue at Centennial pool.

(\$ Millions)	2024	2024	2024
	Annual Budget	Year-end Actuals	Variance to Budget (\$)
EXPENSES			
Personnel Services & Benefits	19.17	18.84	0.33
Materials & Supplies	5.05	4.77	0.28
Capital out of Operations	-	0.05	(0.05)
Purchased Services	5.44	5.60	(0.16)
Payments & Grants	1.77	1.71	0.06
Internal Expenses & Transfers	12.19	12.28	(0.08)
Total EXPENSES	\$ 43.63	\$ 43.25	\$ 0.37
REVENUES			
External Revenues	(21.91)	(24.33)	2.42
Internal Recovery & Fund Transfers	(0.30)	(0.19)	(0.11)
Total REVENUES	\$ (22.21)	\$ (24.52)	\$ 2.31
Total Recreation and Culture	\$ 21.42	\$ 18.73	\$ 2.69

Corporate Support Services - \$3.30 million favourable

The variance shown below is primarily due to personnel savings for various vacancies as the town continues to look to fill vacant positions, savings on software maintenance, and higher revenue from leased corporate properties.

(\$ Millions)	2024	2024	2024
	Annual Budget	Year-end Actuals	Variance to Budget (\$)
EXPENSES			
Personnel Services & Benefits	42.99	41.80	1.20
Materials & Supplies	1.22	1.21	0.01
Capital out of Operations	0.04	0.06	(0.02)
Purchased Services	11.49	9.11	2.38
Payments & Grants	0.85	0.99	(0.14)
Internal Expenses & Transfers	1.12	1.63	(0.51)
Total EXPENSES	\$ 57.71	\$ 54.80	\$ 2.91
REVENUES			
External Revenues	(2.90)	(3.79)	0.89
Internal Recovery & Fund Transfers	(14.04)	(13.54)	(0.50)
Total REVENUES	\$ (16.93)	\$ (17.32)	\$ 0.39
Total Corporate Support Services	\$ 40.78	\$ 37.47	\$ 3.30

Municipal Enforcement (including Parking) - \$3.50 million favourable

The variance shown below is primarily due to higher parking and fine revenue as well as savings associated with the delay in commencing the Automated Speed Enforcement (ASE) program.

(\$ Millions)	2024	2024	2024
	Annual Budget	Year-end Actuals	Variance to Budget (\$)
EXPENSES			
Personnel Services & Benefits	4.85	5.13	(0.28)
Materials & Supplies	0.26	0.25	0.01
Capital out of Operations	0.02	0.02	0.00
Purchased Services	2.48	1.79	0.69
Payments & Grants	0.88	0.73	0.16
Internal Expenses & Transfers	1.69	1.71	(0.02)
Total EXPENSES	\$ 10.19	\$ 9.63	\$ 0.56
REVENUES			
External Revenues	(6.77)	(9.51)	2.74
Internal Recovery & Fund Transfers	(0.63)	(0.83)	0.19
Total REVENUES	\$ (7.40)	\$ (10.33)	\$ 2.93
Total Municipal Enforcement (incl. Parking)	\$ 2.79	\$ (0.70)	\$ 3.50

2025 Operating Budget Requests

Short-Term Rental Enforcement Fund (STREF)

On March 3, Oakville was approved for \$897,900 in federal grant funding through the Short-Term Rental Enforcement Fund (STREF). The primary grant objective of STREF is to protect new and existing units in the long-term housing inventory stock by helping municipalities improve enforcement of their short-term rental regulations. For Oakville, three temporary contract staff are proposed to be added to fulfill this objective over the course of the program, which expires on March 31, 2027. It is recommended that staff be authorized to exceed the Municipal Enforcement 2025 gross operating budget by up to \$319,500 for the new Short Term Rental Compliance initiative fully funded by STREF. Funding will cover 100% of eligible costs incurred with no additional town funds required. If approved, one-time adjustments will also be included in the 2026 and 2027 budgets funded by STREF.

Culvert repairs due to July 2024 rainfall event

The July rainfall event resulted in damage to two major culverts, one on McCraney Creek Trail (south of Glen Abbey Gate) and the other within Martindale Park. Temporary repairs have been implemented at Martindale Park, awaiting a permanent solution, and a section of McCraney Creek Trail has been closed since October 2024. Parks and Open Space have been leading the procurement of emergency engineering services required for the repairs to these culverts and associated trails. These are considered emergency repairs due to the requirement for all work to be completed within the timing window dictated by permits from Conservation Halton, Department of Fisheries and Oceans, Ministry of Environment and Parks for endangered species. Construction is required to be completed before the "in-water" construction deadline which is March 2025. Staff have recently been advised that the town has received an extension to April 15, 2025 that will allow Parks and Open Space to fully meet the deadlines imposed by regulatory authorities.

To ensure public safety and meet the needs of the community utilizing these highly used park facilities, Parks and Open Space have proceeded to expedite the repairs at both locations with \$300,000 in costs charged to the Parks and Open Space operating budget. Staff recommend that funding in the amount of \$300,000 be transferred from the Storm Event Reserve to the Parks and Open Space 2025 operating budget to offset the unbudgeted costs incurred for these culvert repairs.

CAPITAL BUDGET

The total cumulative approved capital budget for active projects is \$886.7 million. Total expenditures year-to-date of \$136.2 million have been incurred, bringing the total life-to-date or cumulative spending in active projects to \$404.8 million.

Appendix B shows more information on total approved budget and expenditures by program. Some of the major projects underway with spending this year are shown below.

Capital Project	LTD Approved Budget	2024 Expenditures	Total LTD Expenditures (incl. Prior Years)
46602104 Sixteen Mile Sports Complex and Library	104,862,000	25,755,658	62,761,522
54412206 Electric Replacement Buses	12,733,000	12,239,064	12,258,064
52212102 Sixteen Mile Sports Park - South Parcel	20,754,300	6,044,850	18,115,279
52212007 Wallace Park Redev and Washroom Exp/Reno	7,521,700	5,907,082	6,434,502
53332403 Road Resurfacing and Preservation Program	9,036,000	5,689,877	5,689,877
53361902 RWD Bridge Rehab over Metrolinx Rail	23,367,400	4,842,936	6,086,086
43302203 Emergency Response Vehicles & Equipment	3,920,000	3,869,842	3,877,842
54212301 Capital Lease for Charging Infrastructure	8,505,100	3,729,882	5,829,372
Total	\$ 190,699,500	\$ 68,079,191	\$ 121,052,546

Capital Budget Request for 2025

Oakville Centre for the Performing Arts urgently required the replacement of the boiler system which provides essential heating to the auditorium. The motherboard of one boiler has failed with no available replacement parts while the heat exchanger of the other boiler is also beyond repair. Without immediate repair, the facility would have faced a shutdown, and scheduled shows would have had to be canceled severely impacting operations. Given the emergency circumstance, the work was already completed. Staff are requesting that the 2025 capital budget be amended to add a new project with a budget of \$52,000 funded from the Theatre capital reserve for the replacement of the boiler system.

Capital Budget Transfers and Closures

Project consolidations and splits involve reallocating the original funding and scope of work between Council approved projects to facilitate effective management of the projects with no change to the original scope of work or funding requirements. The following project consolidations and splits occurred during this period.

Project	Transfer To/ (From)
55102405 Storm Sewer Condition Assessments	200,000
55102305 Storm Sewer Condition Assessments	(200,000)

In accordance with the Financial Control Policy, Commissioners are authorized to approve the transfer of funds between projects for any project where the costs exceed budget by the lesser of 10% or \$200,000. There were no Commissioner approved transfers during this period.

In addition, the CAO can authorize funds from reserves, reserve funds or other appropriate sources up to \$350,000 provided the expenditures are within the original scope of the project. There were no CAO approved transfers during this period.

Projects 36101915 Tax System Replacement and 36102220 Enterprise Payment Program are anticipated to be completed with favourable variances. As such, funding in the amount of \$800,000 and \$700,000, respectively, has been returned to the Capital Reserve to ensure that financial resources are not tied up in capital projects that are no longer required.

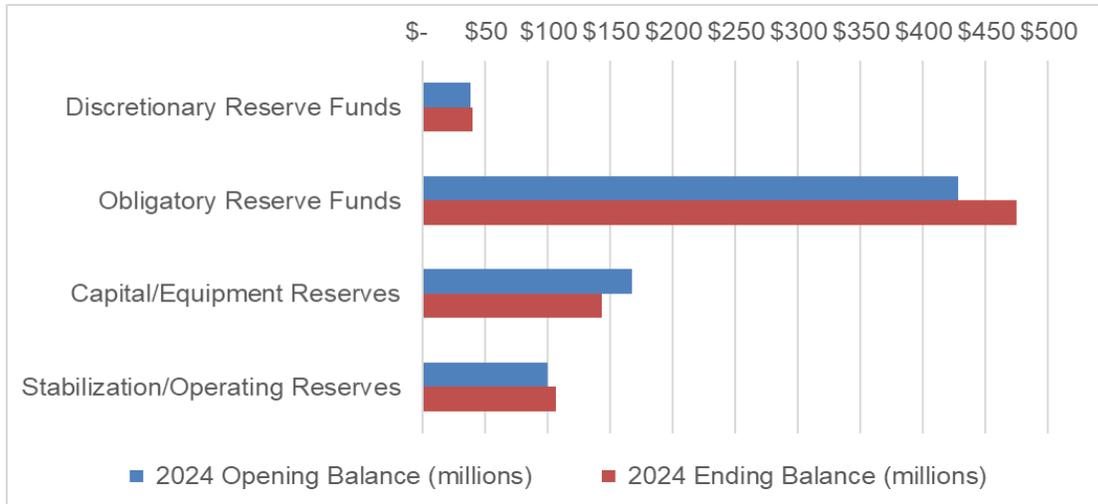
As part of ongoing capital project management, staff review the status of all active projects each quarter. This ensures that as projects are completed and an asset goes into service, the projects are closed. For this quarter, a total of 24 projects will be closed. These closures represent a net surplus of \$1.33 million, of which \$1.14 million will be returned to reserves and \$193 thousand will be returned to reserve funds. Appendix C provides more details of the project closures by program.

	Project Details				Impact on Reserves and Reserve Funds		
	LTD Budget	LTD Actuals	LTD External Revenues	LTD Variance	Reserves (Capital & Equipment)	Reserve Funds (DC & Dedicated)	Total to/(from) Reserve/ Reserve Funds
Net Impact	\$ 12,000.8	\$ 10,617.7	\$ 53.3	\$ 1,329.8	\$ 1,136.4	\$ 193.4	\$ 1,329.8

RESERVES, RESERVE FUNDS AND TRUST FUNDS

Reserve and reserve funds are an integral part of the municipal budget planning process and long-term financing plan that contributes to the municipality’s sound financial position. Reserve Funds are established by Council for a specific purpose, and include funds that have been set aside in accordance with legislative requirements or at the discretion of Council. As such, the town has both obligatory reserve funds and discretionary reserve funds. Capital and Equipment reserves form an important component of the town’s long-term capital financing plan and are used to finance maintenance and replacement of existing infrastructure to maintain assets in a state of good repair, provide for community enhancements as well as fund the town’s share of new infrastructure to service the growing community. Stabilization and Operating reserves are used to offset extraordinary and unforeseen expenditure requirements, one-time expenditures, cyclical expenses, revenue shortfalls and help to minimize fluctuations in the tax levy. Trust funds are held by the town for the benefit of other agencies or entities in accordance with specific statutes or trust indenture.

The 2024 opening balances and 2024 ending balances are shown below with further details of individual reserve and reserve funds in Appendix D.



*Note: Obligatory reserve balances do not include approved funding for capital projects not transferred yet as funds can only be transferred to projects as spending occurs.

Reserves

Stabilization and Operating reserves are healthy and have remained relatively stable over the course of the year. Capital related reserves have decreased from \$156.3 million to \$135.7 million, primarily due to major projects such as the land purchase of 482 South Service Road, Royal Windsor Drive Bridge Rehabilitation, the new Fire station #9, the new Central Library DCH project, and the replacement of Glen Abbey blue rink. Equipment reserves decreased from \$10.7 million to \$7.6 million as capital outlay exceeded the transfers from the operating budget.

Reserve transfer request

The Oakville Community Foundation (OCF) has provided the town with \$405,938 in funding for the OCPA in 2025. The funding comes from the charitable portion of the “Big Ticket” initiative over the years plus the income generated from investment of these funds by the OCF. Staff recommend that the funding received from OCF be transferred to the Theatre Capital reserve to fund related capital projects. Some of this funding will be used for the boiler system replacement described previously in the Capital Budget Request section of the report. Requests for additional capital works to be paid for with this funding will be submitted in subsequent reports to Council or as part of the budget process.

Reserve Funds

Obligatory Reserve Funds increased from \$428.4 million to \$475.0 million over the course of 2024 as revenue exceeded the capital needs. While revenue collected

from the town's growth funding tools (GFTs) of development charges, community benefits charges, and parkland dedication was slightly lower than budget, capital spending was also lower than expected. It is important to note that legislative impacts are resulting in reduced collections from GFTs; however, these impacts were reflected in the budget. The mandatory phase-in of town's current DC By-law was repealed through the passage of Bill 185, the Cutting Red Tape to Building More Homes Act, 2024, on June 6th, 2024. This has since reduced the impact of DC revenue losses due to the phased-in rates, however rate freeze applications may still receive phased-in rates which will continue to impact future DC revenue collections. Legislation for these reserve funds requires that funding only be transferred to capital projects once spending has been incurred. Therefore, it is important to note that the fully committed balance, when considering all approved funding, is \$286.7 million at year end. Discretionary reserve funds remained stable throughout the year.

Building Faster Fund

On August 21, 2023, the provincial government announced the Building Faster Fund (BFF), a \$1.2 billion fund for municipalities that build more homes sooner. The BFF is a three-year funding program, providing significant new funding to municipalities that achieve assigned housing targets on an annual basis.

As a result of progress towards housing targets, Oakville is receiving \$7,058,182 in funding for the 2024 BFF program year for achieving 80% of the annual housing target in 2023. With Council approval, the 2024 BFF Investment Plan allocated \$3,350,000 to the Burloak Drive Grade Separation project and saved \$3,708,182 of the 2024 allocation for the 2025 program year. As a result, a new obligatory reserve fund titled the Building Faster Fund was established in Q4 2024 to deposit the saved/banked funds and is included under the category of Obligatory Reserve Funds as shown in Appendix D of the report. This reserve fund will be interest bearing in accordance with the terms of the Transfer Payment Agreement.

Trust Funds

Funds segregated and held in trust in accordance with the specific terms of a statute or trust indenture total \$7.1 million at December 31, 2024 as detailed in the following table. Interest and investment earnings are allocated based on proportionate balance at year end in accordance with policy and procedures.

2024 Trust Funds (\$ Thousands)				
Trust Fund	2024 Opening Balance	2024 Activity		Balance at 12/31/2024
		Contributions	Transfers	
Cemetery Marker Care	402.0	34.0	16.5	419.6
Cemetery Perpetual Care	6,346.4	386.9	257.5	6,475.8
Library - Halton Information Providers	54.2	169.8	160.1	63.9
Burloak Canoe Club	38.9	1.6	-	40.4
Bronte Harbour Yacht Club	25.2	1.0	-	26.3
Oakville Power Boat Club	18.1	2.8	-	20.9
Bronte Community Tennis Club	25.6	1.0	-	26.6
Oakville Rugby Club	16.3	3.8	-	20.1
Oakville Yacht Squadron	10.9	2.5	-	13.4
Total	6,937.5	603.4	434.1	7,106.8

PURCHASING

In accordance with the town's Purchasing By-law 2017-095, a summary of the competitive bids, contract renewals and sole source awards in excess of \$100,000 are reported to Council quarterly. Appendix E provides details of the awards and contract renewals in excess of \$100,000 for this quarter.

CASH MANAGEMENT and INVESTMENTS

Cash flows are managed to ensure the funding requirements of the town are met while providing for a reasonable rate of return on invested funds not needed in current operations. The investment strategy follows a conservative approach in order to mitigate term and interest rate risk by maintaining a portfolio structure of high-quality, medium-term investments. For the period ended December 31, 2024, gross investment revenue from realized interest income and capital gains/losses, net of amortized premiums/discounts, was \$42.96 million, on a portfolio of cash and investments totaling \$1.06 billion (book value). The annualized rate of return based on average cash and investment holdings was 4.04%, with an average maturity of 5.1 years.

Bank interest and investment earnings increased dramatically over the past two years, driven by increased inflation and the Bank of Canada (BOC) raising the key

interest rate to a height of 5.00%, the highest rate since 2001. However, with inflation cooling down and within the 1%-3% target range, the BOC has steadily reduced the key interest rate to 2.75% as of March 2025. Along with a corresponding decrease to the town’s bank rate, fixed income yields have also shifted downwards as a result of lower inflationary expectations.

Despite this recent shift lower, interest rates and fixed income yields remain at the high end of the last decade. The below chart displays the average yield for 5-10 year Government of Canada marketable bonds from 2015 to 2024, and illustrates the rise in yields for fixed income products.



*Source: Bank of Canada (<https://www.bankofcanada.ca/rates/interest-rates/canadian-bonds/>)

The elevated yields and growing size of the town’s portfolio has resulted in a surplus for the town’s investment income budget in 2024. Appendix F provides details on the components of the town’s investment portfolio.

Economic Outlook

The economy ended the year in a solid position, with inflation just below the 2% mid-point of the Bank of Canada’s (BOC) 1%-3% target range, and healthy GDP growth. Through monetary policy, higher interest rates helped to cool economic activity and bring inflation down from the high point of 8.1% in 2022. With inflation in the target range, there have been seven straight interest rate cuts since June 2024, which has boosted economic activity and resulted in growth of 2.6% in the fourth quarter of 2024, while maintaining inflation around 2% into 2025. Employment growth also strengthened over the past few months, with the unemployment rate declining to 6.6% in February.

Despite this strong economic date, there is extensive uncertainty due to the continuously changing US tariff threats. Through a BOC survey, consumer spending intentions and business plans to hire and invest are restrained. While the magnitude

and length of a trade war is unknown, it could stall the Canadian economy and increase inflation. While inflation would impact town budgets on the expenditure side of the ledger, a significant cool down in the economy and spending habits could impact various revenue sources.

Debt

Debt financing complements the funding of capital works and is generally used for specific initiatives. Issuance of town debt is through Halton Region in compliance with provincial legislation.

Total principal outstanding at the beginning of the year was \$98.5 million and increased to \$143.3 million at year end. Debt issuance is based on timing of the capital project spending and when Halton Region plans to go to the market. The region completed a debt issuance in April 2024, with \$50 million being issued for town capital projects. At year end, the town had \$20.7 million in outstanding approved debt not yet issued. Further details are provided in Appendix G.

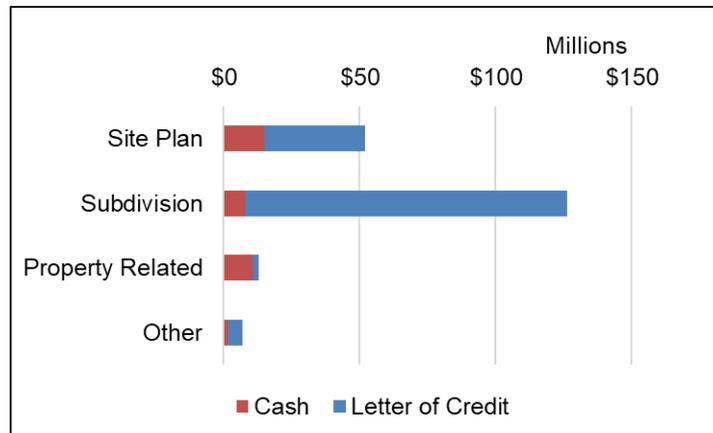
The town is in a strong financial position with total debt charges in 2024 at 2.97% of net own source revenue. Full annual debt charges are not incurred in the year of issuance. When considering full debt charges for newly issued debt, and approved debt that is not yet issued, total debt charges (including capital lease payments) for approved debt are projected to rise to 6.1% of net own source revenue by 2026, which remains well within town policy of 12% and the Ministry limit of 25%.

Development Related Securities

Securities are required to ensure performance to town standards of development related work done by third parties. Staff monitor the progress of the various projects to ensure that adequate security is held by the town relative to the value of the outstanding work, and releases of securities are contingent on satisfactory inspection. Site plan and subdivision securities primarily relate to large scale residential and non-residential developments within the town and are predominantly secured by letter of credit. Property related securities are predominantly cash securities which safeguard development that requires permits i.e. site alteration, road cut, tree preservation etc. Other securities relate to miscellaneous security requirements relating to special events, temporary structures, election signage etc. In accordance with the Development Securities Procedure, at year end \$6,619,335 in property related securities were considered forfeited due to age and inactivity and have been transferred to the capital reserve.

As of December 31, 2024, the town held \$198 million in securities, which has increased from \$188 million in Q4 2023. \$163 million, or 82%, are secured by letters of credit and the remainder is cash. While legislation was passed in November 2024 allowing landowners to utilize surety bonds as a financial instrument to secure

obligations under the *Planning Act*, the town does not yet hold any securities in the form of surety bonds. The below chart shows the securities held by type.



CONSIDERATIONS:

(A) PUBLIC

This report provides information to the public regarding the town’s financial performance. No specific groups have been notified directly regarding this report.

(B) FINANCIAL

This report and the information contained therein are in compliance with the town’s financial policies.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

Financial results have been estimated and reflected in consultation with the other departments.

(D) CORPORATE STRATEGIC GOALS

This report addresses Council’s strategic priority: Accountable Government.

(E) CLIMATE CHANGE/ACTION

Climate change/action is a key priority of Council. The proposed budget will incorporate climate change initiatives in alignment with this strategic priority.

APPENDICES:

Appendix A – Operating Budget Variance Results

Appendix B – Capital Project Summary by Commission and Department

Appendix C – Summary of Capital Closures

Appendix D – Reserves and Reserve Funds

Appendix E – Purchasing Awards in excess of \$100,000

Appendix F – Investment Portfolio

Appendix G – Outstanding Debt

Appendix H – Municipal Act Reporting Requirements Report

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