

REPORT

Council

Meeting Date: September 29, 2025

FROM: Finance Department

DATE: September 16, 2025

SUBJECT: June 30, 2025 Financial Results

LOCATION:

WARD: Town-wide

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RECOMMENDATION:

1. That the information contained in the staff report dated September 16, 2025, entitled *June 30, 2025 Financial Results* from the Finance Department, be received.
2. That \$5.00 million in surplus investment income be transferred to the Capital Reserve.
3. That the 2025 capital budget be amended to add a new project in the amount of \$125,000 funded by the Storm Event reserve for the design of a replacement structure for the Navy Flats docks.
4. That, contingent on grant approval through the provincial Trade-Impacted Communities Program, the 2025 capital budget be amended to add a new project in the amount of \$355,000 funded by provincial grants for the Auto Mayors Action Plan.
5. That the 2025 capital budget be amended to refinance project 53311006 Sixth Line Road Widening and Urbanization to add \$3,298,687 in provincial grant funding from the Municipal Housing Infrastructure Program – Housing Enabling Water Systems Fund, with funding returned to Capital Reserve (\$673,209) and Roads development charge reserve funds (\$2,625,478).
6. That the 2025 capital budget be amended to refinance project 53512403 Bronte Parking Lot Redevelopment – Jones Street and return \$190,300 in funding to the Parking reserve fund and add \$188,800 from Parking development charge reserve funds and \$1,500 in Parking development charge exemption reserves.

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, 2025 to June 30, 2025 and forecasts projections to the end of the year.
- After all policy related and recommended transfers, the Town's overall operating position is projected to be on budget.
- Total capital expenditures of \$223.7 million have been incurred year to date.
- 75 capital projects have been identified for closure this period resulting in \$5.56 million being returned to reserves and reserve funds.
- 39 tendered contracts and 15 single source awards in excess of \$100,000 were awarded during this period.
- Canadian consumer prices have slowed, with annual inflation hitting 1.7% in July. While this is the fourth straight month that headline inflation has been below 2%, inflation measures that control for the removal of the carbon tax (CPI trim and CPI median) have held around 3% over this same period. There is upward inflation risk and economic pressure due to the new global trade environment, which could have significant impacts on the Town's budgets.

BACKGROUND:

This report provides an update regarding the Town's financial activities from January 1, 2025 to June 30, 2025 and covers all financial matters including operating budget, capital budget, reserve and reserve fund balances, investment and trust funds, and purchasing activities.

COMMENT/OPTIONS:

OPERATING BUDGET

The Town is projecting to be on budget after all policy related and recommended reserve transfers.

\$ Millions	2025	2025	2025	2025
	Annual Budget	Q2 Actuals+ Commitments	Q2 Year-end Projection	Variance to Budget
Emergency Services	51.05	27.21	52.59	(1.54)
Road Network	33.69	29.00	36.71	(3.02)
Oakville Transit	40.51	26.52	40.23	0.27
Recreation and Culture	22.84	12.60	23.12	(0.28)
Parks and Open Spaces (incl. Cemetery and Harbours)	26.77	11.71	26.60	0.17
Oakville Public Library	13.16	6.17	12.67	0.49
Community Development	4.95	7.68	3.84	1.11
Political Governance	4.47	2.49	4.43	0.04
Municipal Enforcement (incl. Parking)	2.24	1.80	1.71	0.53
Corporate Support Services	45.23	20.46	44.00	1.23
Total Program Variance	\$ 244.90	\$ 145.64	\$ 245.91	\$ (1.01)
Corporate Hearings & Litigation	0.50	0.42	0.97	(0.47)
Corporate Revenue & Expenses	(245.40)	(250.38)	(252.19)	6.79
Town Variance before transfers	\$ -	\$ (104.32)	\$ (5.31)	\$ 5.31
Policy Related and Recommended Transfers for Programs:				
Transfer investment surplus (to)/from Capital Reserve				(5.00)
Transfer (to)/from Storm Event Reserve				0.03
Transfer (to)/from Building Enterprise Reserve				(0.26)
Transfer (to)/from Cemetery Reserve				0.03
Transfer (to)/from Harbours Reserve fund				(0.01)
Transfer (to)/from Parking Reserve fund				(0.21)
Transfer (to)/from Election Reserve				0.11
Total Town Variance after transfers				\$ 0.00

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

2. The following programs are consolidated above: Road Network consists of Infrastructure Maintenance and Infrastructure Planning & Improvements. Community Development consists of Building Services and Planning & Development. Corporate Support Services consists of Administrative Executive Leadership, Economic Development, Communications and Customer Experience, Corporate Strategy and Government Relations, Financial Services, Human Resources, Regulatory Services, Information Technology Solutions, Legal Services, Corporate Asset Management, Facility Services, and Business Support Services.

As shown above, the total projected Program Variance is \$1.01 million unfavourable primarily due to additional winter control costs given a higher number of snow events at the beginning of the year. This is partially offset by personnel savings for various vacancies and higher revenue for the Automated Speed Enforcement program. The Storm Event reserve, with a current committed balance of \$6.55 million, is available to offset the unfavourable variance for winter control. Although the projected unfavourable variance for winter control is \$4.77 million, a transfer of only \$0.03 million is projected to be required to bring the Town’s overall position on budget after all policy related and recommended reserve transfers.

The variance projected in Corporate Revenue & Expenses is primarily due to higher investment income as well as tax penalties and interest. The total Program variance

combined with Corporate Hearings & Litigations and Corporate Revenues & Expenses shows a total variance before transfers of \$5.31 million favourable.

Reserve Transfers

Legislation requires any surplus/shortfall generated from building permit revenues to be transferred to/from the Building Enterprise Reserve. A transfer of \$0.26 million to the Building Enterprise Reserve is projected. Town policy is to balance any surplus/deficit for Cemeteries, Harbours, Parking, and Election with their respective reserves and reserve funds which will be addressed in the year end report. Staff are recommending that the surplus investment income earned year to date be transferred to the Capital Reserve given the size of the capital program. A transfer from the Storm Event reserve for winter control costs will be addressed in the year end report.

After all policy related and recommended transfers, the Town is projecting to be on budget.

Program Variance – by revenue/expense type

The total projected program variance is \$1.01 million unfavourable and the most significant variances to budget by expense and revenue type are discussed below.

\$ Millions	2025	2025	2025	2025
	Annual Budget	Q2 Actuals+ Commitments	Q2 Year-end Projection	Variance to Budget
EXPENSES				
Personnel Services & Benefits	210.24	99.81	206.38	3.86
Materials & Supplies	27.67	15.25	28.80	(1.13)
Capital out of Operations	0.40	0.22	0.41	(0.01)
Purchased Services	57.16	37.13	60.29	(3.12)
Payments & Grants	8.08	4.59	7.99	0.08
Internal Expenses & Transfers	65.91	47.04	65.67	0.24
Total EXPENSES	\$ 369.46	\$ 204.04	\$ 369.53	\$ (0.08)
REVENUES				
External Revenues	(86.49)	(39.67)	(86.39)	(0.10)
Internal Recovery & Fund Transfers	(38.06)	(18.73)	(37.23)	(0.84)
Total REVENUES	\$ (124.56)	\$ (58.40)	\$ (123.62)	\$ (0.93)
Total Programs	\$ 244.90	\$ 145.64	\$ 245.91	\$ (1.01)

Personnel Services & Benefits - \$3.86 million favourable (or \$1.80 million favourable after considering the \$2.06 million budgeted gapping in the corporate section)

The total turnover rate at the end of Q2 is 2.4% with 30 departures. This is the lowest it's been in the past 5 years reflecting pre-pandemic rates and a tighter labour market. The average annual vacancy rate for full time permanent positions continues to be on the decline. As of the end of Q2, the average vacancy rate is 5.2% (N=68). While there are a few positions that take a bit longer to fill and attract talent due to skill shortages, our pro-active recruitment approach and ability to

address market pressures through compensation review have helped to mitigate prolonged impact.

Materials & Supplies and Purchased Services - total \$4.25 million unfavourable

This is primarily attributed to winter control given a higher number of snow events at the beginning of the year.

Internal Expenses & Transfers - \$0.24 favourable

This is primarily attributed to lower internal vehicle usage charges partially offset by an unbudgeted transfer of grant funds received from the Oakville Community Foundation to the Theatre Capital reserve. The lower internal vehicle usage charges are fully offset by lower internal vehicle usage recoveries captured below in the Internal Recovery & Fund Transfers section.

Internal Recovery & Fund Transfers - \$0.84 million unfavourable

This is primarily attributed to lower internal vehicle usage recoveries which is fully offset by lower internal vehicle usage charges captured above in the Internal Expenses & Transfers section.

Program Variance – by program

Details on variances for a select few programs are discussed below. Appendix A provides more detail of the projected variance by program area.

Road Network - \$3.02 million unfavourable

The projected variance shown below is primarily due to additional winter control costs given a higher number of snow events at the beginning of the year. This is partially offset by personnel savings for various vacancies and higher revenue from the Automated Speed Enforcement program. An upcoming staff report on the 2025 Neighbourhood Traffic Safety Program will be coming to the October 6 Council meeting which will provide more details on the Automated Speed Enforcement program. Although the projected unfavourable variance for winter control is \$4.77 million, a transfer of only \$0.03 million is projected to be required to bring the Town's overall position on budget after all policy related and recommended reserve transfers.

\$ Millions	2025	2025	2025	2025
	Annual Budget	Q2 Actuals+ Commitments	Q2 Year-end Projection	Variance to Budget
EXPENSES				
Personnel Services & Benefits	20.23	9.80	19.36	0.87
Materials & Supplies	7.97	5.21	8.70	(0.73)
Capital out of Operations	0.16	0.06	0.16	0.00
Purchased Services	16.48	15.95	19.44	(2.97)
Payments & Grants	1.35	0.61	1.34	0.02
Internal Expenses & Transfers	10.52	7.68	10.40	0.12
Total EXPENSES	\$ 56.71	\$ 39.30	\$ 59.40	\$ (2.68)
REVENUES				
External Revenues	(8.73)	(4.35)	(9.37)	0.64
Internal Recovery & Fund Transfers	(14.29)	(5.95)	(13.32)	(0.97)
Total REVENUES	\$ (23.02)	\$ (10.30)	\$ (22.69)	\$ (0.33)
Total Road Network	\$ 33.69	\$ 29.00	\$ 36.71	\$ (3.02)

Emergency Services - \$1.54 million unfavourable

The projected variance shown below is primarily due to personnel services for overtime and for early hire of new recruits to mitigate overtime and 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	2025	2025	2025	2025
	Annual Budget	Q2 Actuals+ Commitments	Q2 Year-end Projection	Variance to Budget
EXPENSES				
Personnel Services & Benefits	44.42	22.65	45.77	(1.35)
Materials & Supplies	0.92	0.65	0.96	(0.04)
Capital out of Operations	0.04	0.03	0.04	(0.00)
Purchased Services	2.45	0.63	2.55	(0.10)
Payments & Grants	0.04	0.04	0.05	(0.00)
Internal Expenses & Transfers	3.83	3.52	3.83	(0.00)
Total EXPENSES	\$ 51.70	\$ 27.51	\$ 53.19	\$ (1.49)
REVENUES				
External Revenues	(0.57)	(0.25)	(0.53)	(0.04)
Internal Recovery & Fund Transfers	(0.07)	(0.05)	(0.07)	(0.01)
Total REVENUES	\$ (0.65)	\$ (0.30)	\$ (0.60)	\$ (0.05)
Total Emergency Services	\$ 51.05	\$ 27.21	\$ 52.59	\$ (1.54)

Community Development - \$1.11 million favourable

The projected variance shown below is primarily due to personnel savings for various vacancies as the Town continually looks to fill vacant positions.

\$ Millions	2025	2025	2025	2025
	Annual Budget	Q2 Actuals+ Commitments	Q2 Year-end Projection	Variance to Budget
EXPENSES				
Personnel Services & Benefits	14.96	6.85	13.85	1.11
Materials & Supplies	0.08	0.04	0.06	0.02
Capital out of Operations	0.01	-	0.00	0.00
Purchased Services	0.81	0.28	0.43	0.38
Payments & Grants	0.30	0.08	0.30	(0.00)
Internal Expenses & Transfers	14.26	10.09	14.36	(0.10)
Total EXPENSES	\$ 30.41	\$ 17.33	\$ 28.99	\$ 1.42
REVENUES				
External Revenues	(23.96)	(9.01)	(23.58)	(0.38)
Internal Recovery & Fund Transfers	(1.51)	(0.64)	(1.57)	0.07
Total REVENUES	\$ (25.46)	\$ (9.65)	\$ (25.16)	\$ (0.31)
Total Community Development	\$ 4.95	\$ 7.68	\$ 3.84	\$ 1.11

Corporate Support Services - \$1.23 million favourable

The projected variance shown below is primarily due to personnel savings for various vacancies as well as savings on some contracted services.

\$ Millions	2025	2025	2025	2025
	Annual Budget	Q2 Actuals+ Commitments	Q2 Year-end Projection	Variance to Budget
EXPENSES				
Personnel Services & Benefits	47.04	22.45	46.41	0.63
Materials & Supplies	1.24	0.86	1.36	(0.11)
Capital out of Operations	0.04	0.03	0.03	0.00
Purchased Services	13.18	5.37	12.49	0.70
Payments & Grants	0.81	0.38	0.77	0.04
Internal Expenses & Transfers	1.57	0.77	1.67	(0.10)
Total EXPENSES	\$ 63.88	\$ 29.84	\$ 62.73	\$ 1.15
REVENUES				
External Revenues	(3.49)	(1.68)	(3.72)	0.23
Internal Recovery & Fund Transfers	(15.16)	(7.70)	(15.01)	(0.14)
Total REVENUES	\$ (18.65)	\$ (9.38)	\$ (18.73)	\$ 0.08
Total Corporate Support Services	\$ 45.23	\$ 20.46	\$ 44.00	\$ 1.23

Operating Budget Requests

The CAO has authority to authorize gross expenditures which exceed the funding available in a program by an amount not exceeding the lessor of 10% or \$150,000. The following requests were approved by the CAO in this period.

Program Name	2025 Impact	Note
Recreation and Culture	\$ 60,700	The request is for a 6 month contract manager position to oversee operations at various facilities thus allowing the current manager to be fully dedicated to the onboarding of the new Sixteen Mile Community Centre to successfully recruit, hire and train the team, equip the facility, and ensure a smooth launch of the new community centre. Gapping savings are available for 2025 due to the delayed opening of the Sixteen Mile Community Centre that can fund this cost. An additional impact of \$30,350 is anticipated in 2026 which is expected to be mitigated with gapping other positions.
Business Support Services	\$ 51,300	The request is to hire a Strategic Business Advisor on a 2-year contract to assist with parks planning and reporting. An additional impact of \$154,000 and \$102,700 is expected in 2026 and 2027, respectively, which will be offset with funding available for the vacant Senior Supervisor, Parks Operations.

CAPITAL BUDGET

The total cumulative approved capital budget for active projects is \$1,065.2 million. Total expenditures year-to-date of \$223.7 million have been incurred, bringing the total life-to-date or cumulative spending in active projects to \$626.7 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	2025 Expenditures	Total LTD Expenditures (incl. Prior Years)
46602104 Sixteen Mile Sports Complex and Library	104,862,000	30,883,803	96,431,620
54212307 Transit Facility Expansion	23,000,000	16,563,787	18,315,645
53361902 RWD Bridge Rehab over Metrolinx Rail	23,367,400	13,570,659	22,013,478
54412308 Electric Replacement Buses	12,720,800	12,546,083	12,578,783
54412402 Electric Replacement Buses	9,638,400	9,409,562	9,447,162
54412104 Electric Replacement Buses	11,099,000	7,881,750	11,060,682
53332502 Road Resurfacing Program	7,758,500	6,534,547	6,534,547
Total	\$ 192,446,100	\$ 97,390,190	\$ 176,381,917

Capital Budget Request

Navy Flats Docks

The absence of the Navy Flats docks, which were destroyed during the July 2024 rainfall event that also necessitated an emergency dredge, is resulting in an estimated \$80,000 annual loss in slip fee revenue. By initiating the design phase now, new docks can be included in the 2026 capital budget with a targeted installation in spring 2027. This section of the creek lies on Crown land and staff anticipate a lengthy approval process that could extend 12 months or more. Any delay in design could push the reopening to 2028 or later, compounding revenue losses.

Staff recommend that the 2025 capital budget be amended to add a new project in the amount of \$125,000 funded by the Storm Event reserve to engage a coastal engineering consultant and a geotech consultant to conduct borehole sampling. These consultants will assist in the design of a replacement structure for the Navy Flats docks. Of note, the Oakville Harbour Dredging project (52902514), requested by staff at the January 27, 2025 Council meeting, is expected to be completed at approximately \$300,000 under budget primarily due to the contractor’s ability to deposit all dredged material at the Town-owned disposal site, eliminating the need for third party off-site disposal. The savings will be returned to the original funding source, the Storm Event reserve, upon project closure.

Auto Mayors Action Plan

Staff are submitting a grant application to the Trade-Impacted Communities Program. This proposal is seeking funding to support the ongoing growth of the Auto Mayors Caucus, to further the work identified in the 2025 Auto Mayors Action Plan and to respond to the disruption caused by tariffs. Staff recommend that, contingent on grant approval through the provincial Trade-Impacted Communities Program, the 2025 capital budget be amended to add a new project in the amount of \$355,000 funded by provincial grants for the Auto Mayors Action Plan.

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)
55102507 - Storm Sewer Condition Assessments	502,100
55102405 - Storm Sewer Condition Assessments	(502,100)

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. The following transfers occurred during this period.

Project	Transfer To/ (From)
52212402 Bronte Beach Redevelopment	30,000
52252405 South Shell Waterfront Park Renewal	(30,000)

In addition, the CAO has authority to 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. The following required funding was approved by the CAO in this period.

Project No.	Project Title	Total Approved	Reserve, Reserve Fund or Other Financing Source	Note
52242401	Ridgeview Park Splash Pad	\$ 208,024	52242504 Ridgeview Park Renewal	The transfer of funds from Ridgeview Park Renewal, related to the soccer field upgrades, to the Ridgeview Park Splash Pad project will better align with current community needs and priorities. The soccer field has remained unprogrammed for an extended period and is no longer part of the Town's plans for programming. Redirecting these funds will support the installation of a new splash pad and playground, features that have been identified as high-demand amenities by local residents and are expected to enhance the park's overall usability, inclusiveness, and appeal for families and children.
52242314	Deer Run Park renewal	\$ 87,000	52242209 Pine Glen Community Park Renewal	The lowest bid to replace the aging baseball backstop at Deer Run Park is exceeding the budget by \$87,000. The costs associated with fencing (steel) continue to rise. This is the second time in a year that the Deer Run backstop has been tendered. The original tender result came in close to \$100,000 over budget. As the backstop is at the end of its life cycle, and is an actively permitted site, there is a need to proceed and make an award.
46402301	Outdoor Pools - Capital Replacement	\$ 75,000	46402403 - Outdoor Pools - Capital Replacement	New leaks were discovered at Bronte Pool during the 2025 opening that were not previously addressed. Recreation & Culture and Facility Services recommend a repair that extends the lifespan by ten years allowing for a completion time for a mid-June 2025 reopening. Project 46402301 included a budget of \$100,000 for leak repairs which is insufficient thus additional funds were requested with savings from project 46402403.
36102409	Operational Technology Segmentation	\$ 72,000	General Capital Reserve	The OT Segmentation Project is a key cybersecurity initiative designed to protect critical systems. Due to unexpected technical complexities and vendor requirements, additional costs arose for support and extra servers identified during the discovery phase.
52242525	Wallace Park Renewal	\$ 350,000	52212007 Wallace Park Redev and Washroom Exp/Reno	The Wallace Park tennis court and parking lot rehabilitation project has expanded to include replacing an old clay sanitary line beneath the courts and adding a construction contingency to manage unforeseen issues.

The following project is anticipated to be completed with a favourable variance. As such, funding will be returned to reserves and reserve funds to ensure that financial resources no longer required are not tied up in capital projects:

- 42102312 Card Access Security: savings of \$1.2 million will be returned to capital reserve.

Under the Municipal Housing Infrastructure Program, Housing-Enabling Water Systems Fund stream, the Town was recently approved to receive provincial funding up to \$3,298,687 to expand the Sixth Line stormwater pipe under project 53311006 Sixth Line Road Widening and Urbanization. As a result of the grant funding, this report contains a recommendation that \$2,625,478 be returned to the Roads DC reserve funds and \$673,209 be returned to the capital reserve.

Project 53512403 Bronte Parking Lot Redevelopment – Jones Street is recommended to be refinanced to utilize available Parking DC reserve funds. This project is growth related, currently funded by the Parking reserve fund and Community Benefits Charge reserve fund. Additional Parking DCs have been collected in recent years and are now available for this project. The recommendation is that \$188,800 in Parking DC reserve funds and \$1,500 in Parking DC exemption reserves be added to this project, and \$190,300 be returned to the Parking reserve fund.

As part of ongoing capital project management, staff review the status of all active projects each quarter to ensure that as projects are completed and an asset goes into service, projects are closed. For this quarter, a total of 75 projects will be closed. These closures represent a net surplus of \$5.56 million, of which \$4.6 million will be returned to reserves and \$0.96 million will be returned to reserve funds (subject to minor adjustments at final project close out). 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 (millions)	\$ 26,194.9	\$ 20,655.9	\$ (23.9)	\$ 5,562.9	\$ 4,606.5	\$ 956.4	\$ 5,562.9

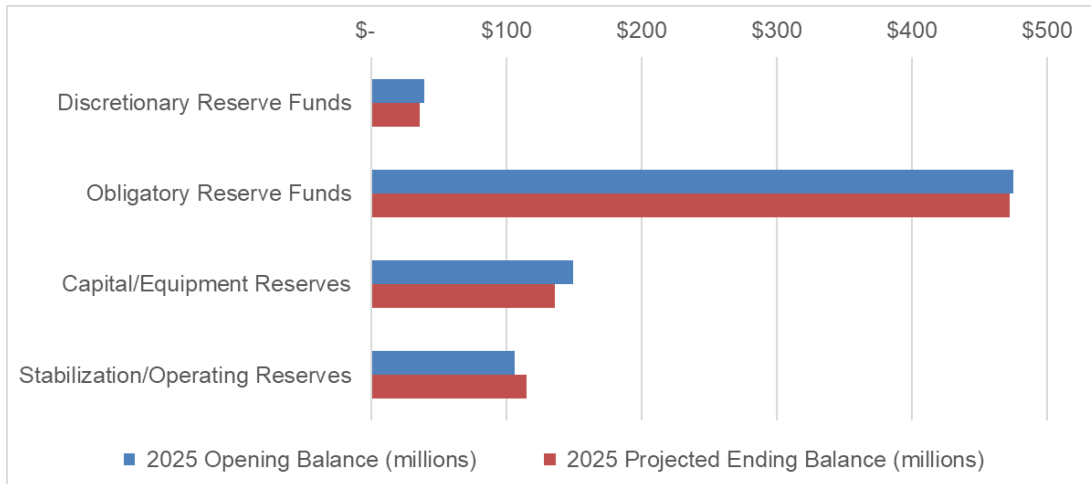
Six projects being closed incurred a budget variance greater than 10%.

PROJECT TITLE	TOTAL APPROVED BUDGET	TOTAL ACTUAL EXPENSES	PROJECT SHORTFALL/ FUNDING REQUIRED	%	FUNDING SOURCE
52712407 TLC Cemeteries Annual Provision	\$15,200	\$20,026	(\$4,826)	-31.8%	Project deficit will be funded from the cemetery reserve.
52262303 Recreational Trail Accessibility Program	\$118,900	\$138,502	(\$19,602)	-16.5%	Project deficit will be funded from the capital reserve.
52242405 Playground Accessibility Improvements	\$61,300	\$71,332	(\$10,032)	-16.4%	Project deficit will be funded from the capital reserve.
54212501 Transit Facility Capital Repairs and Replacement	\$20,100	\$22,996	(\$2,896)	-14.4%	Project deficit will be funded from the building maintenance reserve fund.
53412204 Neighbourhood Traffic Safety Program	\$210,000	\$238,057	(\$28,057)	-13.4%	Project deficit will be funded from the capital reserve.
52262302 Pathway Rehabilitation	\$549,100	\$609,691	(\$60,591)	-11.0%	Project deficit will be funded from the capital reserve.
Total	\$ 974,600	\$ 1,100,604	\$ (126,004)		

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 2025 opening balances and 2025 projected 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 reserves are healthy and increasing over course of the year, mainly due to the increased dividend from Oakville Enterprises Corporation (OEC). Operational reserves are declining as a result of the need to draw on the Storm Event reserve. Capital related reserves are expected to decrease during the year, as capital expenditures are projected to be higher than transfers to these reserves due to land purchases and major projects such as the Towne Square Rehabilitation, Electric/Conventional Expansion Buses, Traffic Calming Program, Sixteen Mile West Harbour Renewal, River Oaks - Rink A - Lifecycle Replacement, Station #4 Renovation and Expansion. Equipment reserves are expected to decrease as capital outlay is exceeding transfers from the operating budget.

Reserve Funds

Obligatory Reserve Funds are expected to decrease from \$475.0 million to \$472.1 million, as the current year capital needs exceed the expected revenue. Collections from the Town’s growth funding tools (GFTs) of development charges, community benefits charges, and cash-in-lieu of parkland are lower than anticipated, primarily due to slower development activity. Overall, capital spending is projected to be lower than expected, based on the current timing of construction for major projects. 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 projected

to be \$268.0 million at year end. Discretionary Reserve funds are expected to remain stable throughout the year.

Trust Funds

Funds segregated and held in trust in accordance with the specific terms of a statute or trust indenture total \$7.2 million at June 30, 2025 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.

2025 Trust Funds (\$ Thousands)				
Trust Fund	2025 Opening Balance	2025 Activity		Balance at 6/30/2025
		Contributions	Transfers	
Cemetery Marker Care	419.6	6.8	-	426.3
Cemetery Perpetual Care	6,475.8	79.5	-	6,555.3
Library - Halton Information Providers	63.9	-	-	63.9
Burloak Canoe Club	40.4	-	-	40.4
Bronte Harbour Yacht Club	26.3	-	-	26.3
Oakville Power Boat Club	20.9	2.0	-	22.9
Bronte Community Tennis Club	26.6	-	-	26.6
Oakville Rugby Club	20.1	3.0	-	23.1
Oakville Yacht Squadron	13.4	2.0	-	15.4
Total	7,106.8	93.2	-	7,200.0

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 to mitigate term and interest rate risk by maintaining a portfolio structure of high-quality, medium-term investments. For the period ended June 30, 2025, gross investment revenue from realized interest income and capital gains/losses, net of amortized premiums/discounts, was \$19.8 million, on a portfolio of cash and investments totaling \$1.15 billion (book value). The annualized rate of return based on average cash and investment holdings was 3.70%, with an average maturity of 5.12 years.

Bank interest and investment earnings increased dramatically over the past couple 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 steadily reduced the key interest rate to 2.75% in March 2025. While the BOC has refrained from further action due to economic uncertainty and stubborn inflation, it is expected that further rate cuts will occur over the remainder of the year. 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, putting downward pressure on investment earnings. Appendix F provides details on the components of the Town's investment portfolio.

Economic Outlook

There continues to be significant uncertainty in the economy for households, businesses, and governments. While the economy held up over the course of the first quarter with a strong 2% gain in Canadian GDP, growth slowed sharply in the second quarter with GDP contracting by 1.6% on an annualized basis. As expected, this was mostly driven by a drop in exports, particularly in relation to US businesses importing significantly in Q1 to build up inventories. The unemployment rate rose from 6.9% to 7.1% in August, the highest rate since 2016 (outside of the pandemic). Two of the larger declines in jobs were in the manufacturing and the transportation and warehousing sectors, signifying that the impact of tariffs continues to be felt and will impact consumers.

Canadian consumer prices have slowed, with annual inflation hitting 1.7% in July. While this is the fourth straight month that headline inflation has been below 2%, the removal of the consumer carbon tax continues to play a role in the overall inflation. Inflation measures that control for the removal of the carbon tax (CPI trim and CPI median) were both holding around 3% over this same period. The biggest drivers of inflation have been shelter costs, in the form of rent and mortgage interest, adding pressure to consumers. The full impact of tariffs has not fully shown up yet, due to tariff front running and businesses absorbing some of the additional costs while uncertainty remains. There is upward inflation risk and economic pressure due to the new global trade environment, which could have significant impacts on the Town's budgets.

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.

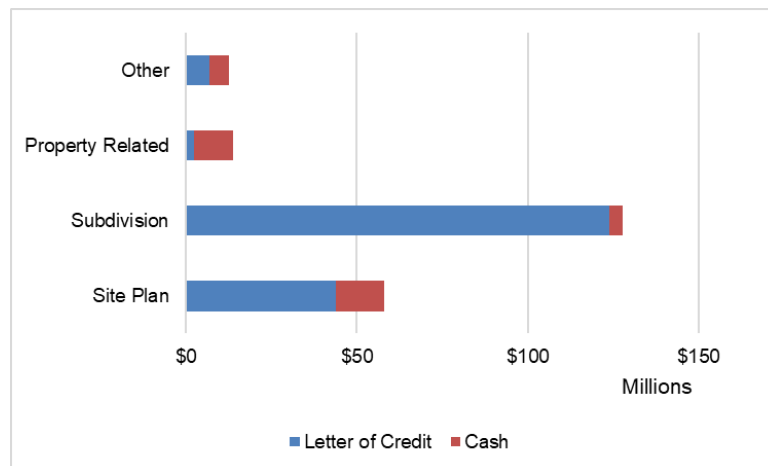
Total principal outstanding at the beginning of the year was \$143.3 million, and there is \$19.4 million in approved debt that is not yet issued. It is expected that there will be a debt issuance in the Fall, for which \$7 million in outstanding debt will be issued. Debt issuance is based on timing of the capital project spending, and when Halton Region plans to go to the market. Further details are provided in Appendix G.

The Town is in a strong financial position with total debt charges (including capital lease payments) in 2025 at 5.09% of net own source revenue. Full annual debt charges are not incurred in the year of issuance. When considering full debt charges for approved debt that is not yet issued, total debt charges (including capital lease payments) for approved debt are projected to rise to 5.73% of net own source in the coming years, 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 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.

As of June 30th, the Town held \$212 million in securities, which has increased from \$180 million in Q2 2024. \$177 million, or 83%, are secured by letters of credit and the remainder is cash. 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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