



OAKVILLE

REPORT

Council

Meeting Date: April 27, 2026

FROM: Finance Department

DATE: April 14, 2026

SUBJECT: 2025 Financial Results and Surplus Disposition

LOCATION: Town-wide

WARD: Town-wide

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RECOMMENDATION:

1. That the transfers to and from the Reserves and Reserve Funds, projects identified for closure, and transactions contained in the report dated April 14, 2026, from the Finance department be approved.
2. That the \$3.72 million surplus, less any required adjustments, be transferred to the Capital Reserve.
3. That the 2026 capital budget be amended to add a new project with a budget of \$150,000, funded from the Theatre capital reserve, for state-of-good-repair works at the Oakville Centre for the Performing Arts.
4. That the 2026 capital budget be amended to add a new project with a budget of \$271,000, funded from the Capital Reserve, for the replacement of the audio system at Sixteen Mile Sports Complex.
5. That the 2026 capital budget be amended to add a new project with a budget of \$530,000, funded by the Capital Reserve, for design of the Rebecca Street Bridge Replacement over Fourteen Mile Creek to commence in 2026.
6. That the 2026 capital budget be amended to add a new project with a budget of \$175,000 for state-of-good-repair works including the tennis and pickleball courts at Fowley Park, funded from anticipated savings in project 52242629 William Rose Park Renewal with Capital Reserve funding.
7. That the Enforcement Support Associate position supporting the conclusion of the Automated Speed Enforcement (ASE) program be further extended from July 31, 2026, to December 31, 2026, and the \$46,400 impact be funded by the Tax Stabilization Reserve.

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 December 31, 2025.
- The total Town variance after reserve transfers is \$3.72 million favourable or 1.3% of the tax levy.
- Total capital expenditures of \$168.8 million have been incurred year to date.
- 57 capital projects have been identified for closure this period resulting in \$2.2 million in funding being returned to reserves and reserve funds.
- 28 tendered contracts and 5 single source awards in excess of \$100,000 were awarded during this period.
- Inflation remained around the 2% mid-point of the Bank of Canada's (BOC) 1%-3% target range over the course of 2025. In the face of ongoing trade uncertainty, the economy ended the year with GDP growth of 1.7%, the lowest since 2020. While the magnitude and length of trade tensions and global conflict is unknown, it could continue to stall the Canadian economy and lead to higher inflation in 2026.

BACKGROUND:

This report provides an update regarding the Town's financial activities from January 1, 2025, to December 31, 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 total Town variance after policy related and recommended reserve transfers is \$3.72 million favourable or 1.3% of the tax levy.

(\$ Millions)	2025 Annual Budget	2025 Year-end Actuals	2025 Variance to Budget (\$)
Emergency Services	51.05	54.08	(3.03)
Road Network	33.69	32.92	0.77
Oakville Transit	40.51	41.37	(0.87)
Recreation and Culture	22.84	20.98	1.86
Parks and Open Spaces (incl. Cemetery and Harbours)	26.77	27.11	(0.34)
Oakville Public Library	13.16	12.55	0.61
Community Development	4.95	11.69	(6.75)
Political Governance	4.47	4.33	0.14
Municipal Enforcement (incl. Parking)	2.24	0.87	1.37
Corporate Support Services	45.23	41.56	3.67
Total Program Variance	\$ 244.90	\$ 247.47	\$ (2.57)
Corporate Hearings & Litigation	0.50	0.77	(0.27)
Corporate Revenue & Expenses	(245.40)	(249.14)	3.75
Town Variance before transfers	\$ -	\$ (0.90)	\$ 0.90
Policy Related and Recommended Transfers for Programs:			
Transfer Tax Appeal Allowance (to)/from Tax Stabilization Reserve			(0.10)
Transfer Oakville Public Library surplus (to)/from Tax Stabilization Reserve			(0.61)
Transfer (to)/from Building Enterprise Reserve			6.16
Transfer (to)/from Cemetery Reserve			(0.00)
Transfer (to)/from Harbours Reserve fund			0.04
Transfer (to)/from Parking Reserve fund			(0.87)
Transfer (to)/from Election Reserve			0.12
Transfer ASE surplus revenue (to)/from Tax Stabilization Reserve			(0.18)
Transfer ASE surplus revenue (to)/from Capital Reserve			(1.74)
Total Town Variance after transfers			\$ 3.72

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 Program Variance is \$2.57 million unfavourable primarily due to lower Building permit revenue and higher overtime in Emergency Services, partially offset by higher revenue for the Automated Speed Enforcement program, by savings on software maintenance and licensing, and by personnel savings for various vacancies.

The minor unfavourable variance in Parks and Open Spaces is primarily due to a reserve transfer of \$0.41 million from the Tax Stabilization reserve for the Winter Recreation Strategy that was not completed, given the overall Town surplus. Had this transfer been completed, Parks and Open Spaces would have a favourable variance of \$0.07 million.

The favourable variance in Corporate Revenue & Expenses of \$3.75 million is primarily due to higher supplementary taxes as well as tax penalties and interest which has been adjusted in the 2026 budget. Corporate Revenue & Expenses also includes a favourable adjustment of \$0.10 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 appeals to the last assessment have been completed. Until there is a reassessment, only properties that have not appealed their assessment, properties with changes, or new properties added to the tax roll can appeal. If there are new appeals for 2026, they cannot be retroactive.

The total Program variance combined with Corporate Hearings & Litigations and Corporate Revenues & Expenses shows a total Town favourable variance before transfers of \$0.90 million.

Reserve Transfers

Further to the information provided in the previous section on the tax appeal allowance, staff recommend that the \$0.10 million 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, 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. This results in a transfer from the reserve of \$6.16 million in 2025 due to lower Building permit revenue. It should be noted that the 2025 budget for Building Services included a transfer to the Building Enterprise Reserve of \$5.81 million thus the net impact in 2025 is a transfer from the reserve of \$0.35 million.

Town policy is to balance any surplus/deficit for Cemeteries, Harbours, Parking, and Election to their own program specific reserves, for which Town staff is recommending be completed as normal at year-end. Town staff also recommend that \$184,000 of the Automated Speed Enforcement (ASE) program surplus

revenue be transferred to the Tax Stabilization Reserve to fund the operational impacts of concluding ASE program in 2026, as was included in the 2026 adopted budget, and the remaining \$1.74 million ASE surplus revenue be transferred to the Capital Reserve to fund the 2026 Traffic Calming Program capital project.

After all policy related and recommended transfers, the total Town variance after transfers is \$3.72 million favourable or 1.3% 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 (\$78.3 million) and within the target range established in the Reserve/Reserve Fund Procedure. Therefore, staff are recommending that the surplus be transferred to the General Capital Reserve as the reserve is projected to fall below the target balance in the coming years based on the long-term capital forecast.

Program Variance – by revenue/expense type

The total program variance is \$2.57 million unfavourable and the most significant variances to budget by expense and revenue type are discussed below.

(\$ Millions)	2025 Annual Budget	2025 Year-end Actuals	2025 Variance to Budget (\$)
EXPENSES			
Personnel Services & Benefits	210.24	208.83	1.41
Materials & Supplies	27.67	29.38	(1.70)
Capital out of Operations	0.40	0.29	0.10
Purchased Services	57.16	54.89	2.28
Payments & Grants	8.08	7.76	0.32
Internal Expenses & Transfers	65.91	66.46	(0.56)
Total EXPENSES	\$ 369.46	\$ 367.61	\$ 1.85
REVENUES			
External Revenues	(86.49)	(83.41)	(3.08)
Internal Recovery & Fund Transfers	(38.06)	(36.72)	(1.34)
Total REVENUES	\$ (124.56)	\$ (120.14)	\$ (4.42)
Total Programs	\$ 244.90	\$ 247.47	\$ (2.57)

Personnel Services & Benefits - \$1.41 million favourable (or \$0.65 million unfavourable with the \$2.06 million budgeted gapping in the corporate section). The total turnover rate for 2025 is 5.5% or 69 departures which represents an improvement from the 2024 turnover rate at 6.8%. This is the lowest turnover rate the Town has experienced since 2018. This lower rate reflects a tighter labour market. While there are a few positions that take longer to fill and attract talent due to skill shortages, the Town’s proactive recruitment approach and ability to address

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

Materials & Supplies - \$1.70 million unfavourable. This is primarily attributed to winter control de-icing materials given a higher number of snow events as well as a higher cost for motor vehicle parts and accessories. Given the Town’s overall position after all policy related and recommended reserve transfers, a transfer from the Storm Event reserve is not required.

Purchased Services - \$2.28 million favourable. This is primarily attributed to savings on software maintenance and licensing as well as savings on a new cell phone plan.

External Revenue - \$3.08 million unfavourable. This is primarily attributed to lower Building permit revenue partially offset by higher Parking revenue and revenue for the Automated Speed Enforcement program.

Internal Recovery & Fund Transfers - \$1.34 million unfavourable. This is primarily attributed to Tax Stabilization funding transfers for temporary items such as the Winter Recreation Strategy, HR resources and others that were not completed given the overall Town surplus.

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.

Community Development - \$6.75 million unfavourable

The variance shown below is primarily due to lower Planning application revenue and Building permit revenue.

	2025	2025	2025
(\$ Millions)	Annual	Year-end	Variance to
	Budget	Actuals	Budget (\$)
EXPENSES			
Personnel Services & Benefits	14.96	14.08	0.88
Materials & Supplies	0.08	0.06	0.02
Capital out of Operations	0.01	0.00	0.00
Purchased Services	0.81	0.41	0.40
Payments & Grants	0.30	0.31	(0.01)
Internal Expenses & Transfers	14.26	14.36	(0.10)
Total EXPENSES	\$ 30.41	\$ 29.23	\$ 1.18
REVENUES			
External Revenues	(23.96)	(16.26)	(7.70)
Internal Recovery & Fund Transfers	(1.51)	(1.27)	(0.23)
Total REVENUES	\$ (25.46)	\$ (17.53)	\$ (7.93)
Total Community Development	\$ 4.95	\$ 11.69	\$ (6.75)

Emergency Services - \$3.03 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, Finance, and HR teams are reviewing to determine the root causes of the overage and how it can be addressed going forward.

	2025	2025	2025
(\$ Millions)	Annual	Year-end	Variance to
	Budget	Actuals	Budget (\$)
EXPENSES			
Personnel Services & Benefits	44.42	47.25	(2.83)
Materials & Supplies	0.92	1.20	(0.28)
Capital out of Operations	0.04	0.06	(0.02)
Purchased Services	2.45	2.38	0.07
Payments & Grants	0.04	0.05	(0.00)
Internal Expenses & Transfers	3.83	3.83	(0.00)
Total EXPENSES	\$ 51.70	\$ 54.76	\$ (3.06)
REVENUES			
External Revenues	(0.57)	(0.61)	0.03
Internal Recovery & Fund Transfers	(0.07)	(0.07)	(0.00)
Total REVENUES	\$ (0.65)	\$ (0.68)	\$ 0.03
Total Emergency Services	\$ 51.05	\$ 54.08	\$ (3.03)

Recreation and Culture - \$1.86 million favourable

The variance shown below is primarily due to personnel savings for the deferred opening of Sixteen Mile Community Centre and higher revenue from aquatics and fitness programs as well as ticket sales at the Oakville Centre for Performing Arts.

	2025	2025	2025
(\$ Millions)	Annual	Year-end	Variance to
	Budget	Actuals	Budget (\$)
EXPENSES			
Personnel Services & Benefits	20.76	19.61	1.16
Materials & Supplies	5.16	5.07	0.09
Capital out of Operations	0.00	0.02	(0.02)
Purchased Services	5.80	5.88	(0.08)
Payments & Grants	1.89	1.79	0.10
Internal Expenses & Transfers	12.95	13.34	(0.39)
Total EXPENSES	\$ 46.56	\$ 45.70	\$ 0.86
REVENUES			
External Revenues	(23.55)	(24.53)	0.98
Internal Recovery & Fund Transfers	(0.17)	(0.19)	0.02
Total REVENUES	\$ (23.72)	\$ (24.72)	\$ 1.00
Total Recreation and Culture	\$ 22.84	\$ 20.98	\$ 1.86

Municipal Enforcement (including Parking) - \$1.37 million favourable

The variance shown below is primarily due to higher parking revenue, personnel savings for various vacancies, and higher license and mobile sign permit revenue.

	2025	2025	2025
(\$ Millions)	Annual	Year-end	Variance to
	Budget	Actuals	Budget (\$)
EXPENSES			
Personnel Services & Benefits	5.14	4.95	0.19
Materials & Supplies	0.28	0.23	0.06
Capital out of Operations	0.03	0.01	0.02
Purchased Services	2.74	2.45	0.29
Payments & Grants	1.33	1.25	0.09
Internal Expenses & Transfers	2.87	2.87	(0.01)
Total EXPENSES	\$ 12.40	\$ 11.76	\$ 0.64
REVENUES			
External Revenues	(8.90)	(9.89)	0.99
Internal Recovery & Fund Transfers	(1.26)	(1.00)	(0.26)
Total REVENUES	\$ (10.17)	\$ (10.89)	\$ 0.73
Total Municipal Enforcement (incl. Parking)	\$ 2.24	\$ 0.87	\$ 1.37

Corporate Support Services - \$3.67 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 and lottery licenses.

	2025	2025	2025
(\$ Millions)	Annual	Year-end	Variance to
	Budget	Actuals	Budget (\$)
EXPENSES			
Personnel Services & Benefits	47.04	45.95	1.09
Materials & Supplies	1.24	1.40	(0.15)
Capital out of Operations	0.04	0.03	0.01
Purchased Services	13.18	10.42	2.76
Payments & Grants	0.81	0.90	(0.09)
Internal Expenses & Transfers	1.57	1.83	(0.27)
Total EXPENSES	\$ 63.88	\$ 60.52	\$ 3.36
REVENUES			
External Revenues	(3.49)	(4.26)	0.77
Internal Recovery & Fund Transfers	(15.16)	(14.71)	(0.45)
Total REVENUES	\$ (18.65)	\$ (18.97)	\$ 0.32
Total Corporate Support Services	\$ 45.23	\$ 41.56	\$ 3.67

2026 Operating Budget Request

Staff recommend a further extension of the Enforcement Support Associate (ESA) position within Municipal Enforcement Services to December 31, 2026. This extension builds on the seven-month extension in the 2026 adopted budget and is required to support the continued operational conclusion of the Automated Speed Enforcement (ASE) program. Although the original extension to July 31, 2026, was intended to allow sufficient time to conclude outstanding ASE matters, the adjudication workload has remained significantly higher and more complex than projected. As of March 2026, 244 ASE hearings remain pending, requiring dedicated administrative support to ensure hearings are scheduled, processed, and finalized within legislated timelines. Extending the ESA position will allow the Town to resolve the remaining ASE caseload without adversely impacting parking and by-law hearings which rely on the same administrative resources.

The financial impact of extending the ESA position through December 31, 2026, is \$46,400, which staff recommend be funded by the Tax Stabilization Reserve.

CAPITAL BUDGET

The total cumulative approved capital budget for active projects is \$970.3 million. Total expenditures year-to-date of \$168.8 million have been incurred, bringing the total life-to-date or cumulative spending in active projects to \$491.1 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	105,182,000	30,749,174	96,296,990
54412308 Electric Replacement Buses	12,720,800	11,018,400	11,051,100
53361902 RWD Bridge Rehab over Metrolinx Rail	23,367,400	9,033,636	17,476,455
54412104 Electric Replacement Buses	11,099,000	7,855,262	11,034,194
53332502 Road Resurfacing Program	7,758,500	6,004,660	6,004,660
54212307 Transit Facility Expansion	23,000,000	5,000,392	6,752,250
53311705 Burloak Dr Grade Separation w/AT - Harvester Rd to PW D	12,578,850	4,377,914	12,594,295
54212301 Capital Lease for Charging Infrastructure	12,854,400	4,162,761	9,992,133
Total	\$ 208,560,950	\$ 78,202,198	\$ 171,202,078

Capital Budget Request

Oakville Centre for the Performing Arts

The Oakville Centre for the Performing Arts requires priority state-of-good-repair improvements to maintain safe and functional operations. Several interior components have reached the end of their useful life and are showing visible deterioration including the need for replacement of dressing room millwork where

peeling laminate and exposed edges present safety concerns, repainting the main lobby in advance of carpet installation, and replacement of the carpet in the main lobby, auditorium stairs, administration offices, and backstage hallways. These improvements will ensure the facility remains safe, functional, and appropriately maintained. Staff recommend that the 2026 capital budget be amended to add a new project with a budget of \$150,000, funded from the Theatre capital reserve which has a current balance of \$414,150, for these state-of-good-repair works at the Oakville Centre for the Performing Arts.

Audio System at Sixteen Mile Sports Complex

The audio system in the original arena facility at Sixteen Mile Sports Complex is failing and in need of replacement. This system was installed during original construction in 2010 and is now more than 16 years old. The operating system uses outdated technology that can no longer be supported, repaired, or connected to. External audio consultants have confirmed that a full-system failure is imminent. The audio inside the Rink 1 (Budds Chevrolet) arena and lobby corridors have already begun to fail noticeably with intermittent outages, noise distortion, and significant volume reductions.

The on-going audio installation in the new Sixteen Mile Sports Complex Community Centre & Library provides an opportunity to complete this replacement work concurrently to avoid prolonged disruption to the users and events hosted in the facility. Completing these replacements now will allow the new and existing buildings at Sixteen Mile to be fully integrated as a single audio system, will allow for cost savings by avoiding the need for contractor re-mobilization, and ensures that replacement is completed in a timely manner to minimize user impact in the Town's high-profile spectator sporting venue.

Staff recommend that the 2026 capital budget be amended to add a new project with a budget of \$271,000, funded from the Capital Reserve, for the replacement of the audio system at Sixteen Mile Sports Complex.

Rebecca Street Bridge Replacement over Fourteen Mile Creek

The Rebecca Street Bridge is located approximately 100m east of Willowbrook Drive at the Fourteen Mile Creek crossing. The reinforced concrete rigid frame structure was constructed in 1955 and is currently 71 years old. Although the bridge was originally scheduled for replacement in 2035 (project 53363501) due to the end of its lifecycle according to the Ontario Structure Inspection Manual guidelines, the most recent 2025 inspection recommended that the bridge be replaced within 1–5 years. This recommendation is based on the presence of large areas of delamination and spalling along the deck soffit construction joints, which raised concerns for the project consultant. The bridge is currently operating with temporary restricted lanes under a traffic control plan due to its condition, which contributes to the prioritization of this work. Staff recommend that the 2026 capital budget be

amended to add a new project with a budget of \$530,000, funded by the Capital Reserve, for design of the Rebecca Street Bridge Replacement over Fourteen Mile Creek to commence in 2026.

Fowley Park tennis and pickleball courts

The 2026 capital budget approved repairs and resurfacing of the William Rose tennis and pickleball courts (project 52242629) in response to public feedback and concerns reported by the Oakville Pickleball Association regarding the quality of the surface, including slippery conditions which raises potential safety concerns. Savings in the William Rose project are expected due to favourable construction pricing and efficiencies identified during detailed design, resulting in a reduced overall project cost of approximately \$175,000.

Similar deterioration has now been identified at Fowley Park. The courts show surface wear, sand shedding, and traction issues that present safety risks and reduce playability. Resurfacing is required to restore safe conditions and maintain consistent service levels across the park system. Using the confirmed savings from William Rose to address the emerging needs at Fowley Park is a fiscally responsible approach that avoids future budget pressures, responds to community concerns, and mitigates potential liability associated with unsafe court surfaces.

That the 2026 capital budget be amended to add a new project with a budget of \$175,000 for state-of-good-repair works including the tennis and pickleball courts at Fowley Park funded from anticipated savings in project 52242629 William Rose Park Renewal with Capital Reserve funding.

Capital Budget Consolidations/Splits, 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)
52242413 - Windrush Park Renewal	20,000
52242534 - Windrush Park Renewal	(20,000)

An updated Financial Control Policy and Procedure was approved by Council at the February 23, 2026, meeting. In accordance with the previous Financial Control Policy in effect during the fourth quarter of 2025, 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. The following CAO approved transfers occurred during this period:

Project No.	Project Title	Total Approved	Reserve, Reserve Fund or Other Financing Source	Note
53382502	Elton Park Road Drainage Improvement	\$ 194,000	General Working Capital Reserve	Additional funding was requested as the proposed cost from the engineering firm with the highest score in the evaluation process of the nine proposals is higher than budgeted. Staff have reviewed the proposed cost and compared it to recently awarded contracts of similar scope and complexity. Based on this review, the pricing is consistent with current market rates.
46602104	Sixteen Mile Sports Complex and Library	\$ 320,000	General Working Capital Reserve	During excavation at the Sixteen Mile Sports Complex, it was identified that the fire route in the north parking area was not included in the original budget and requires replacement due to deteriorated asphalt and drainage issues. Completing this work now will improve safety, integrate pedestrian crossings, reduce future maintenance costs, and avoid more expensive remediation in the future.
46602205	Culture Master Plan	\$ 35,000	46602101 Recreation Planning Studies	Additional funding was requested as the proposed cost exceeds the original project budget due to a broader scope of work and higher consultant pricing identified through the competitive process.

In accordance with the updated Financial Control Policy and Procedure, savings from capital projects can be transferred to the relevant reserves, reserve funds or other appropriate sources to ensure that financial resources are not tied up in capital projects that do not require the funding. Project 36102220 Enterprise Payment Program is anticipated to be completed with a favourable variance. As such, funding in the amount of \$750,000 has been returned to the Capital Reserve.

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 57 projects will be closed. These closures represent a net surplus of \$2.2 million, of which \$1.8 million will be returned to reserves and \$400 thousand will be returned to reserve funds. Appendix C provides more details of the project closures by program.

In accordance with the updated Financial Control Policy and Procedure, the Treasurer may refinance capital projects to reflect unanticipated grants or recoveries and return original funding sources to reserves and reserve funds. The following projects have been refinanced:

Project	Project Title	Refinance Amount	Original Source	New Source	Rationale
46402501	Falgarwood Pool Rehabilitation	\$ 125,000	Building Maintenance Reserve	External Grant	Surplus returned to original source due to approved federal grant, Enabling Accessibility Fund.
43302509	Specialized Equipment Replacement	\$ 49,527	Fire Equipment Reserve	External Grant	Surplus returned to original source due to approved private grant from FireHouse Subs.
43302604	Fire Services Vehicles and Equipment	\$ 84,196	Fire Equipment Reserve	External Grant	Surplus returned to original source due to approved provincial grant, Fire Protection Grant.
43302501	SCBA Equipment Testing and Replacement	\$ 50,829	Fire Equipment Reserve	External Grant	Surplus returned to original source due to approved provincial grant, Fire Protection Grant.

In accordance with the updated Financial Control Policy and Procedure, Council approval is required to cancel, defer, or close a project without completing its intended scope. The following such project closures occurred during this period along with additional details.

52902401 BOH Equipment Replacement

The project budget was intended to replace the security gate and controller at Bronte Outer Harbour. Staff were able to do repairs at a lesser cost through the operating budget instead of replacement.

53512301 New Parkade Traffic and Revenue Control Equipment

The project budget was for a new Revenue Control Equipment system for the parking garage (gate and pay machine). After review of the initial capital cost and ongoing maintenance requirements of a new gate system, it was determined not to be financially prudent particularly given the availability of modern parking payment technologies such as the HONK app. As a result, it was concluded that a new gate system is not required.

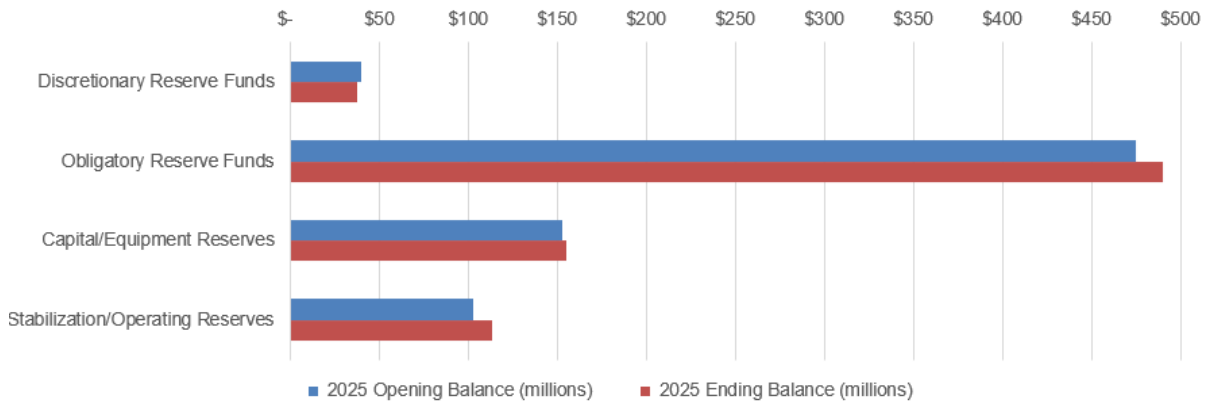
In accordance with the updated Financial Control Policy and Procedure, project closures with a favourable variance greater than 20% of the budget and minimum of \$100,000 will be reported to Council. The following such project closures occurred during this period:

Project	Life-to-Date Budget	Life-to-Actuals	Remaining Approved Budget	% Budget Remaining	Note
42102412 Properties under 12,000 SF Maintenance and Repair	\$ 491,900	\$ 278,643	\$ 213,257	43.35%	The budget included the cost to do a full depth construction removing granular subgrade. However, after the design phase, it was determined that the subgrade is suitable and minimal subgrade replacement was required.
52272405 Woodlot Preventative Maintenance-North Oakville	\$ 286,000	\$ 172,134	\$ 113,866	39.81%	This is an annual budget and is intended for preventative maintenance work in North Oakville to address service requests. There were fewer service requests than anticipated resulting in savings.
52272407 Woodlot Preventative Maintenance	\$ 293,000	\$ 108,809	\$ 184,191	62.86%	This is an annual budget and is intended for preventative maintenance work in Oakville to address service requests. There were fewer service requests than anticipated resulting in savings.
51332503 Fence and Noise Wall Repairs and Replacement	\$ 653,700	\$ 346,023	\$ 307,677	47.07%	This is an annual budget and the scope of work was completed below the approved budget. The benchmark unit rates have been updated using current cost data and reflected in the 2026 project.
54212305 Transit Facility Equipment Replacement	\$ 933,400	\$ 706,263	\$ 227,137	24.33%	The savings are as a result of 3 exterior signs not requiring replacement at the present time. These have been rebudgeted in future years.

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 Town’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 to 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 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 increased over the course of the year, primarily due to the increased dividend from OEC. This is partially offset by a decline in Operational Reserves as some funding was allocated from the Storm Event reserve for specific projects.

Capital-related reserve balances remained steady over the course of the year. Council-approved land purchases in year were offset by favourable investment performance, favourable balances on closure of projects, and refinancing of select projects through the Building Faster Fund. Equipment reserve balances declined throughout the year into a negative position as funding of equipment replacements outpaced contribution from operating in 2025.

Reserve Funds

Obligatory Reserve Funds increased from \$475.0 million to \$490.2 million as current year capital needs are less than the actual capital inflow. 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. 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 \$260.3 million.

Discretionary Reserve Fund balances remained 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 December 31, 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 12/31/2025
		Contributions	Transfers	
Cemetery Marker Care	419.6	31.7	15.7	435.6
Cemetery Perpetual Care	6,475.8	376.4	240.1	6,612.2
Library - Halton Information Providers	63.9	145.2	174.2	34.8
Burloak Canoe Club	40.4	1.5	-	41.9
Bronte Harbour Yacht Club	26.3	1.0	-	27.2
Oakville Power Boat Club	20.9	2.8	-	23.7
Bronte Community Tennis Club	26.6	1.0	-	27.5
Oakville Rugby Club	20.1	3.8	-	23.9
Oakville Yacht Squadron	13.4	2.6	-	15.9
Wai Nui O'Kanaka Outrigger Canoe Club	-	3.0	-	3.0
Total	7,106.8	568.9	430.0	7,245.7

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, 2025, gross investment revenue from realized interest income and capital gains/losses in the fixed income portfolio, net of amortized premiums/discounts, was \$39.65 million, on a portfolio of cash and investments totaling \$1.08 billion (book value). The annualized rate of return based on average cash and investment holdings was 3.68%, with an average maturity of 4.7 years.

In Q4, Council approved the execution of an agency agreement with ONE Investment to allow the Town to invest in ONE Investment legal list portfolios, specifically the Canadian Equity portfolio. Staff began investing in the Canadian Equity portfolio in late 2025. As discussed in the [Council Report](#), investments will

consist of long-term funds, with the goal of increasing diversification and rates of return over the long term. To limit market timing risk staff are slowly building a position in the Canadian Equity portfolio over the coming years. As of December 31, 2025, \$3M had been invested, with a market value of \$3.03M. The represents an unrealized return of 0.9% (or 14.3% on an annualized basis).

Bank interest and investment earnings increased dramatically over the past couple of 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, which now sits at 2.25%. This has resulted in corresponding decreases to the Town’s bank rate, and fixed income yields have also shifted downwards as a result of lower inflationary expectations, putting downward pressure on investment earnings.

Despite this recent shift lower, interest rates and fixed income yields remain above the average of the last decade. The below chart displays the average yield for 5-10 year Government of Canada marketable bonds from 2016 to 2025 and illustrates the rise in yields for fixed income products.



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

While investment earnings have been declining, they remain well above typical levels. The elevated yields and size of the Town’s portfolio have resulted in a surplus for the Town’s investment income budget in 2025. \$10.31 million in surplus investment income was transferred to capital reserve as approved in the June 30, 2025, Financial Results report and the September 30, 2025, Financial Results report. Staff budget investment income based on average rates over time and projected portfolio balances to mitigate the potential impact on the tax levy in a declining rate environment. Appendix F provides details on the components of the Town’s investment portfolio.

Economic Outlook

The Canadian economy managed real GDP growth of 1.7% in 2025 in the face of US tariffs; however, this did mark the slowest pace of annual growth since 2020. In Q4, while spending was strong from consumers, governments and businesses, this was drawn largely from existing inventories rather than new production, leading to a 0.6% contraction in growth. To date, CUSMA exemptions have resulted in Canada having among the lowest average effective US tariff rates; however, there is ongoing trade uncertainty along with the upcoming CUSMA negotiations.

Inflation has remained around the Bank of Canada's 2% target rate throughout 2025, with headline inflation coming in at 1.8% in February; however, this figure is distorted due to the temporary GST holiday a year ago. Core trim and median measures of inflation are around 2.3%, their lowest in nearly five years. The impact of higher oil prices due to the conflict in Iran could change the inflation picture in 2026. The Bank of Canada is expected to remain cautious in its interest rate policy due to economic uncertainty, with flexibility to support the economy with lower rates if needed.

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 declined to \$140.9 million at year end. The region completed a debt issuance in September, for which \$7 million in debt was issued on behalf of the Town. There remains \$12.6 million in approved debt that is not yet 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.

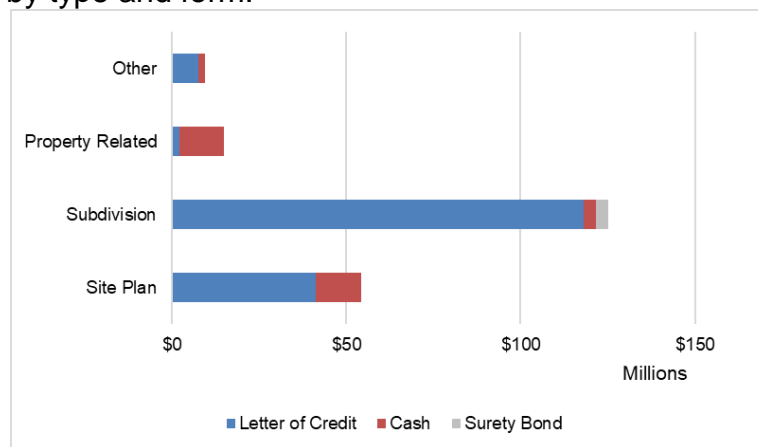
The Town is in a strong financial position with total debt charges (including capital lease payments) in 2025 at 5.09% of net own source revenue. Full annual debt charges are not incurred in the year of issuance. When considering full debt charges for approved debt that is not yet issued, total debt charges (including capital lease payments) for approved debt are projected to rise to 5.65% 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 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.

As of December 31, 2025, the Town held \$204 million in securities, which has increased from \$198 million in Q4 2024. \$173 million, or 85%, are secured by letters of credit or surety bonds, and the remainder is cash. The below chart shows the securities held by type and form.



CONSIDERATIONS:

(A) PUBLIC

This report provides information to the public regarding the Town’s financial performance.

(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 in consultation with 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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