The Corporation of the City of Stratford
Finance and Labour Relations Sub-committee
Open Session
AGENDA

Date:	Tuesday, November 18, 2025
Time:	4:30 P.M.
Location:	Council Chamber, City Hall
Sub-committee Present:	Councillor Hunter - Chair Presiding, Councillor McCabe - Vice Chair, Councillor Beatty, Councillor Burbach, Councillor Nijjar
Staff Present:	André Morin - Chief Administrative Officer, Karmen Krueger - Director of Corporate Services, Tatiana Dafoe - City Clerk, Miranda Franken - Council Clerk Secretary

To watch the Sub-committee meeting live, please click the following link:
https://video.isilive.ca/stratford/live.html
A video recording of the meeting will also be available through a link on the City's website https://calendar.stratford.ca/meetings following the meeting.

Pages

1. Call to Order

The Chair to call the meeting to Order.

Land Acknowledgment

Moment of Silent Reflection

Respectful Conduct Statement

2. Disclosure of Pecuniary Interest and the General Nature Thereof

The *Municipal Conflict of Interest Act* requires any member of Council declaring a pecuniary interest and the general nature thereof, where the interest of a member of Council has not been disclosed by reason of the member's absence

from the meeting, to disclose the interest at the first open meeting attended by the member of Council and otherwise comply with the *Act.*

Name, Item and General Nature of Pecuniary Interest

3. Delegations

None scheduled.

4. Report of the Chief Administrative Officer

4.1 Procurement of Human Resources Support (FIN25-039) 4 - 9

Motion by
Staff Recommendation: THAT Council approve an exemption from Section 11 of Purchasing Policy P.5.1 to single source the procurement of human resources consulting services for a term of January 1, 2026 to December 31, 2026;

AND THAT to Ward & Uptigrove Human Resources Solutions be retained for human resources support services between January 1, 2026 to December 31, 2026, at a cost not to exceed $100,000, including HST.

5. Report of the Director of Corporate Services

5.1 Update of Natural Gas and Electricity Procurement (FIN25-035) 10 - 14

Motion by
Staff Recommendation: THAT the report titled, "Update of Natural Gas and Electricity Procurement" (FIN25-035), dated November 18, 2025, be received for information.

5.2 Festival Hydro Update for Q3 ending September 30, 2025 (FIN25-037) 15 - 31

Motion by
Staff Recommendation: THAT the Festival Hydro Inc. third quarter financial results and commentary for the period ended September 30, 2025, be received for information;

AND THAT Festival Hydro Services Inc. third quarter financial results and commentary for the period ended September 30, 2025, be received for information.

5.3 Ontario Regulation 284/09 – Excluded Expenses 2026 Budget (FIN25-037) 32 - 34

Motion by

Staff Recommendation: THAT the Report FIN25-037 dated November 18, 2025, from the Director of Corporate Services regarding legislative requirements of Ontario Regulation 284/09, and the impact of excluded expenses from the City's 2026 budget, be received for information.

5.4 Reserve and Reserve Fund Policy Review 35 - 87

Motion by
Staff Recommendation: THAT Council receive the Reserve and Reserve Fund Policy Review report for information;

THAT Council authorize the proposed housekeeping changes and the establishment of a new Reserve Fund for Affordable Housing;

AND THAT Council provide direction regarding the distribution of the proceeds of sale of $3,062,481.78.

6. Report of the Manager of Financial Services

6.1 Operating Budget Variance Report as at September 30, 2025 (FIN25-038) 88 - 94

Motion by
Staff Recommendation: THAT the report titled, "Operating Budget Variance Report as at September 30, 2025" (FIN25-038), dated November 18, 2025, be received for information.

7. Advisory Committee/Outside Board Minutes

There are no Advisory Committee/Outside Board minutes to be provided to Sub-committee.

8. Next Sub-committee Meeting

This information will be available at a later date.

9. Adjournment

Meeting Start Time:
Meeting End Time:

Motion by
Sub-committee Decision: THAT the Finance and Labour Relations Sub-committee meeting adjourn.

MANAGEMENT REPORT

Date: November 18, 2025
To: Finance and Labour Relations Sub-committee
From: André Morin, Chief Administrative Officer
Report Number: FIN25-039
Attachments: Management Report COU25-050

Title: Procurement of Human Resources Support

Objective: To obtain approval for an exemption to the City's Purchasing Policy P.5.1 to single source the procurement of human resources consulting support to Ward & Uptigrove Human Resources Solutions for a term of January 1, 2026 to December 31, 2026.

Background: Following several administrative changes in 2025, the City has undergone a transition in how it provides human resource services to its staff. Following a detailed report to Council in April 2025 (Report COU25-050, attached for information), Council authorized the Interim Chief Administrative Officer to enter into an agreement for services with Ward & Uptigrove Human Resources Solutions for a term of three (3) months.

At the August 11, 2025 Council meeting, Council adopted a resolution that in accordance with the City's Procurement Policy, the continuation of transitional support services with Ward & Uptigrove Human Resources Solutions for a term concluding December 31, 2025 be authorized.

The intention of the bridge support provided by Ward & Uptigrove was to allow the CAO recruitment process to be finalized and a review of HR service delivery to follow by the successful candidate.

Analysis: An initial review of the HR needs across the City has been completed. Based on that review, leadership is recommending hiring a Manager of Human Resources, as well as a Human Resources Coordinator. The current Health and Safety Manager will remain in their position. For the interim, these positions will report directly to the CAO's office.

The new positions have been drafted and are working through the job evaluation process. Staff expect to post the positions in November 2025, with a preferred start of early January.

To support the new iteration of the Human Resources division as it establishes itself and gains bench strength in staffing and resources, leadership is requesting to retain access to contracted HR services for an additional year. The intention is to gradually reduce reliance on the contracted services as the HR team gets established.

Given that Ward & Uptigrove was identified as the most qualified to support the City's needs in the initial assessment, a relationship has been established and the short-term nature of this contract, leadership is recommending proceeding with entering into an additional one-year contract with Ward & Uptigrove. The work performed by Ward & Uptigrove thus far has been exceptional and well received by the City and the employees. Throughout the 1st and 2nd quarters of 2026, transition of day-to-day functions from consulting services to in-house employees will take place. Consulting services will continue to assist with complex HR items, investigations and reviews where external party review is imperative, and policy work.

In late 2026, leadership will evaluate if there continues to be a need for 3rd party human resources consulting; if such a need remains, that service will be properly procured through a competitive process.

Financial Implications:

Financial impact to current year operating budget:
This recommendation does not impact the current year operating budget as the contract is set to begin January 1, 2026. 2025 costs were approved in a previous report.

Financial impact on future year operating budget:
$100,000 has been allocated in the 2026 budget for contracted support services and services are not expected to exceed this budget.

Alignment with Strategic Priorities:

Intentionally Change to Support the Future
This report aligns with this priority as it demonstrates intentional analysis of internal service delivery.

Alignment with One Planet Principles:

Not applicable: As this report relates to an administrative function, the One Planet Principles do not apply.

Staff Recommendation: THAT Council approve an exemption from Section 11 of Purchasing Policy P.5.1 to single source the procurement of human resources consulting services for a term of January 1, 2026 to December 31, 2026;

AND THAT to Ward & Uptigrove Human Resources Solutions be retained for human resources support services between January 1, 2026 to December 31, 2026, at a cost not to exceed $100,000, including HST.

Prepared by: André Morin, CPA, Chief Administrative Officer
Recommended by: André Morin, CPA, Chief Administrative Officer

MANAGEMENT REPORT

Date: April 28, 2025
To: Mayor and Council
From: Adam Betteridge, Interim Chief Administrative Officer
Report Number: COU25-050
Attachments: None

Title: Human Resources Update

Objective: To update the Mayor and Council of Human Resources services within the City of Stratford and seek approval to engage Ward & Uptigrove Human Resources Solutions to provide contracted HR support services for a three-month period, with the option to continue subject to future Council approval.

Background: The City is undergoing a transition in its delivery of Human Resources services. In recent months, there have been several administrative changes within the HR department that have necessitated a comprehensive reevaluation of the City's HR service delivery model.

With these recent changes to the HR staffing structure, the Corporation is currently bridging HR requirements through the redistribution of tasks that have traditionally been housed in HR. The Director of Social Services has assumed Acting HR Director responsibilities, providing oversight on key projects and ongoing HR matters, and payroll and benefit administration has been moved to the Corporate Services department (where it existed prior to the former HR director). Prior to the recent staffing changes, some functions were identified as requiring more immediate support, including Health & Safety, return to work and general record-keeping and administrative functions. It was also determined that having one payroll and benefit coordinator represented a pressurized risk given the complexities that exist in managing the compensation and benefit administration for the City's 350 full-time employees as well as the employees of the various external boards (police, library, investStratford, etc).

Analysis: The leadership team has determined that the Corporation will best be served by a contracted HR service in the immediate- and short-term while longer-term structure/service delivery model is explored. Engaging a contracted HR service offers advantages during this transitional period: It is cost-efficient, with a lower upfront

investment than hiring full-time staff, and can be implemented immediately to address urgent needs. A contract allows flexibility to assess the City's future HR requirements without rushing into permanent hires. It also provides immediate access to expertise, avoiding the delays that come with recruitment and onboarding of new staff. There is the additional benefit of collaborating with a neutral third party to shape a right-sized HR structure.

The leadership team acknowledges there are limitations of this approach and are not proposing this as a permanent solution. This is intended as an interim solution to bridge the next several months after which time the next steps can be more clearly articulated, ideally with the input of the permanent CAO.

HR leadership, recruitment, policy support, and organizational planning are all needed now, and as the leadership team shapes the framework, further reporting will be provided to Council with recommendations. The consulting firm will contribute to short-term stability while assisting with a neutral, professional assessment of HR needs and service levels which will inform the development of a permanent HR structure to meet the needs of the Corporation and manage identified risks.

The Interim CAO and Acting Director of HR reached out to three 3rd-party HR consulting firms to determine suitability and to provide pricing for short-term support and continuity for HR functions. After evaluating responses, Ward & Uptigrove was identified as the most qualified to support the City's needs, particularly given their experience with municipalities, unionized environments, and broad-based HR services.

The estimated value of the services falls below the $60,000 consultant threshold, allowing staff to proceed without a formal RFP under Section 11.3.1 of the City's Procurement Policy. Since HR consultants were not explicitly included in the 2025 approved operating budget, staff are bringing this forward to Council for approval.

Based on the hourly costs and time estimated the estimated cost of engaging Ward & Uptigrove for a three-month period is estimated at $60,710 + non-recoverable HST and any travel fees.

The intent at this time is to revisit the requirements in the context of CAO recruitment and operational need within the next three months, and a subsequent report to make recommendations as to next steps.

Financial Implications:

Financial impact to current year operating budget:
As the approved 2025 budget included staffing of the department, the short-term funding for these services will be offset by reductions in direct salary costs and have no negative impact on the 2025 operating results at this time.

Alignment with Strategic Priorities:

Intentionally Change to Support the Future:
The recommendations of this report largely align with this Strategic Priority as this direction demonstrates intentional analysis of the service delivery.

Alignment with One Planet Principles:

Not applicable: This item does not fall under any One Planet Principles heading.

Staff Recommendation: THAT the report titled, "Human Resources Update" (COU25-050) be received for information;

THAT the Interim Chief Administrative Officer be authorized to enter into an agreement for services with Ward & Uptigrove Human Resources Solutions for a term of three (3) months at a cost of $60,000, plus HST and travel fees;

THAT a follow-up report be brought forward within the next three-month term to evaluate ongoing need and seek further direction from Council, if required;

AND THAT the expenditure for this service be recorded in the HR departmental budget.

Prepared and
Recommended by: Adam Betteridge, Interim Chief Administrative Officer

MANAGEMENT REPORT

Date: November 18, 2025
To: Finance and Labour Relations Sub-committee
From: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Report Number: FIN25-035
Attachments: None

Title: Update of Natural Gas and Electricity Procurement

Objective: To provide information on the City's electricity and natural gas agreements with Local Authority Services (LAS) and consumption/cost analysis.

Background: In 2000 and 2006 the City entered into agreements with Local Authority Services (LAS) to purchase electricity and natural gas in hedge and fixed price purchasing agreements respectively.

LAS developed the electricity hedge program to purchase blocks of commodities with the intent of price-securing some of the annual consumption. It has the effect of ensuring that some of the City's annual procurement is price-controlled, which can be important in volatile and rising commodity markets. In stable or decreasing commodity markets, the value of a hedge program is less about savings compared to market and more about maintaining the pricing predictability.

Electricity

The LAS Electricity Program allows municipalities to choose between two distinct approaches to electricity procurement – a hedge purchase alongside 135+ other Ontario municipalities, or 100% Spot Market Billing. In both scenarios the Global Adjustment (GA) charge is applied to the monthly usage, with LAS playing no role in determining the monthly GA rate.

1. **Hedge Purchase:** A hedge purchase allows municipalities to purchase **up to 75%** of their annual electricity consumption at a fixed price, with the balance falling at the prevailing average monthly spot market rate. Going to market with the combined volumes of 135+ municipalities allows LAS to secure the best price possible for the program members. This approach adds an element of stability to commodity costs.

2. **100% Spot Market Billing:** Under this option LAS does not make any hedge purchases for the municipality. Instead, municipal accounts ride the ebbs and flows of the electricity (spot) market, meaning the commodity cost will fluctuate from one month to the next based on changes in external market factors (i.e. supply, demand, weather, etc.). This approach provides the biggest opportunity for cost savings over a 12-month period. However, it is also quite volatile and there can be large swings in prices from one month to the next, meaning this approach may not be for every municipality.

Natural Gas

The natural gas program is a bit different and is not a hedge but a fixed price contract per cubic metre. By committing to pooled volumes early in the year, LAS secures the pricing with a discount from the price at that point in time. LAS developed the program to provide municipalities with stable and predictable natural gas prices. Under this agreement, LAS acts as the City's agent related to advice and purchasing activities for its natural gas requirements, which also assists in volatile commodity markets.

Analysis: Annually, LAS provides the City with some reporting information for both commodities.

Electricity

As noted in the table below, the bottom-line financial benefit varies year-over-year when compared to time-of-use pricing. One of the more significant considerations is that the hedge program does stabilize fluctuations so that in years of significant price swings, the City does not experience similar significant variations in costs. Alternatively in years where the market is declining or stable, the savings are less to the City while maintaining stability. The savings presented in the table below compare the City's 50% hedge to the regular Time-of-Use costs.

6 Year Cost Summary

Year	2019	2020 * with COVID relief rates	2020 * without COVID relief rate changes	2021	2022	2023	2024	Total
% Savings	5%	0%	4%	7%	6%	3%	6%	5%
$ Savings	$52,897.17	-$3,964.32	$59,599.63	$80,583.23	$70,135.46	$37,630.96	$84,008.04	$321,290.55

Continued savings due to hedge pricing, combined with ongoing energy management efforts have resulted in flat consumption rates over the past 3-4 years and stable costs. Participating in the hedge program resulted in the City's annual costs in 2024 being $40,000 less than time of use for facilities and $43,000 less than regular rates for streetlighting. Projected costs for hydro in 2026 are 6% higher than 2025.

This information is used in part to comply with the annual energy reporting requirements under Ontario's broader public sector (BPS) energy reporting program.

This data also helps meet objectives identified in the Corporate Energy and Emissions Plan (CEEP) to track the City's decarbonization efforts (e.g., electrification of corporate operations) and gauge progress towards achieving GHG emission reduction targets.

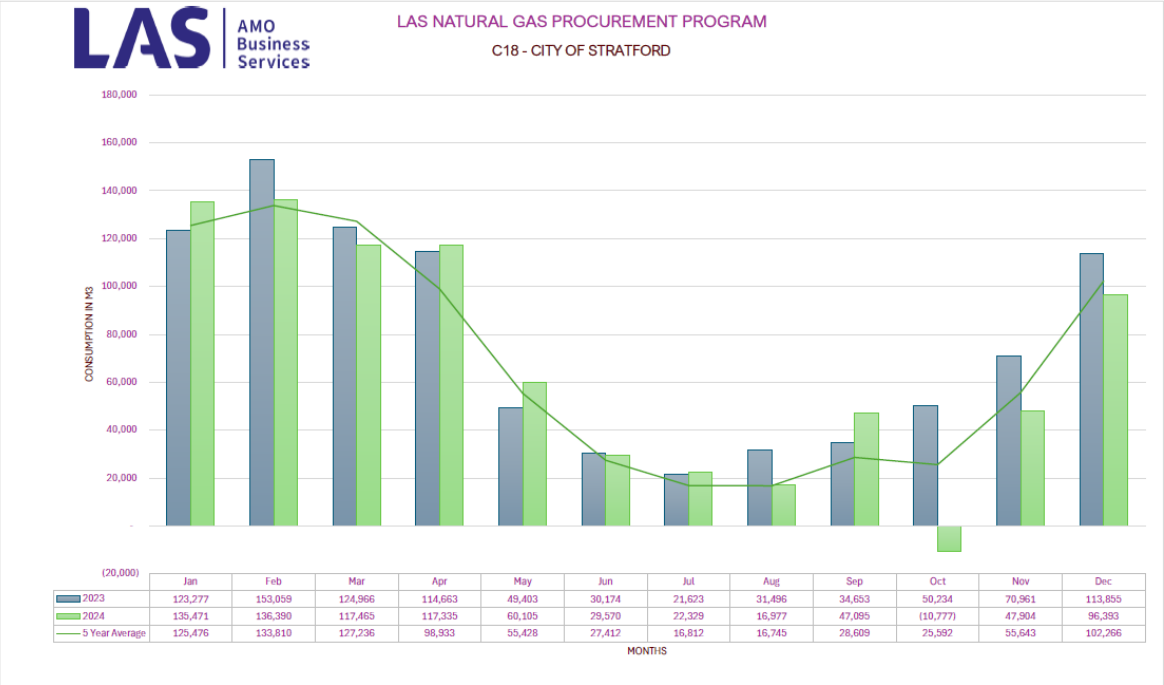
The current hedge agreement for electricity applies to 50% of the City's electricity consumption. Annually each fall, the City is offered the option of 0% up to 75% hedge pricing. Based on annual analysis, the City has maintained the current hedge at 50%.

This hedging agreement is entered into annually in the fall for the coming fiscal year, and as such has been entered into for 50%, like previous years. This level balances cost savings with pricing stability. With spot market pricing being favourable, this level of hedge provides stability, while still taking advantage of the favourable, yet more volatile spot market. This will continue to be reviewed annually.

It can be noted that budgeted hydro costs across the City's various departments in 2026 are projected at $2,596,370 up slightly from the previous year ($2,447,500).

Natural Gas

Based on a review of facilities included in the program and the budget and actual costs over the past few years, the program's main value is pricing control in volatile and increasing markets. The chart below shows consumption data only for the City facilities that participate in the natural gas pricing program.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	123,277	153,059	124,966	114,663	49,403	30,174	21,623	31,496	34,653	50,234	70,961	113,855
2024	135,471	136,390	117,465	117,335	60,105	29,570	22,329	16,977	47,095	(10,777)	47,904	96,393
5 Year Average	125,476	133,810	127,236	98,933	55,428	27,412	16,812	16,745	28,609	25,592	55,643	102,266

Similarly, to noted uses of the electricity data, the information captured for the natural gas program informs and support the initiatives identified in the City's climate priorities. The current agreement was entered into July 2021 and has renewed annually based on analytic review of the reporting.

The natural gas reporting is for City-owned properties. The housing properties owned and managed by Perth Stratford Housing Corporation, are managed under a separate procurement arrangement with Housing Services Corporation (HSC) and are outside the scope of this report. The Housing Services Act (HSA) mandates that HSC must establish and manage a joint purchase program for natural gas for housing providers prescribed under the Act. The Act further mandates that all local housing corporations must participate in the joint purchase program of natural gas. The HSC program performs similarly to that of LAS.

Commodity consumption costs do require active monitoring and management and changes to expected consumption levels and costs are reflected in the budgeting process, although given the timing of information availability, this does sometimes lag a year or two. The buying agreements for both electricity and natural gas continue to provide value to the City in terms of savings compared to regular rates as well as pricing stability.

The 2026 draft budget is anticipating a slight decrease from $626,825 to $551,725, or $86,000. This is due in part to the reductions in consumption.

Financial Implications:

Financial impact to current year operating budget:
There are no direct impacts because of this report as all impacts are included in the annual prepared budgets as operating costs.

Financial impact on future year operating budget:
All impacts are included in the annual prepared budgets as operating costs.

Alignment with Strategic Priorities:

Enhance Our Infrastructure
This report aligns with this priority as regular reporting provides supporting information to meet the City's climate action goals.

Alignment with One Planet Principles:

Zero Waste
Reducing consumption, reusing and recycling to achieve zero waste and zero pollution.

Zero Carbon Energy
Making buildings and manufacturing energy efficient and supplying all energy with renewables.

Staff Recommendation: THAT the report titled, "Update of Natural Gas and Electricity Procurement" (FIN25-035), dated November 18, 2025, be received for information.

Prepared by:	Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Recommended by:	Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer André Morin, CPA, Chief Administrative Officer

MANAGEMENT REPORT

Date: November 18, 2025
To: Finance and Labour Relations Sub-Committee
From: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Report Number: FIN25-036
Attachments: FHI and FHSI Q3 2025 Financial Results

Title: Festival Hydro Update for Q3 ending September 30, 2025

Objective: To receive an update on Festival Hydro Inc. (FHI) and Festival Hydro Services Inc. (FHSI) financial results and activities at third quarter ending September 30, 2025.

Background: City Council is updated regularly on the financial and operating activities of Festival Hydro.

Analysis: Please refer to the attached statements for your information.

Financial Implications:

Financial impact to current and future year operating budgets:
The reports are being provided for information and there are no significant financial impacts to note for current or future year operating budgets. Dividend and interest payments are on track as projected for 2025.

Alignment with Strategic Priorities:

This report does not align with one of the Strategic Priorities as it is provided for information only.

Alignment with One Planet Principles:

Not applicable:

This report does not align with one of the One Planet Principles as it is provided for information only.

Staff Recommendation: THAT the Festival Hydro Inc. third quarter financial results and commentary for the period ended September 30, 2025, be received for information;

AND THAT Festival Hydro Services Inc. third quarter financial results and commentary for the period ended September 30, 2025, be received for information.

Prepared by:	Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Recommended by:	Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer André Morin, CPA, Chief Administrative Officer

Financial Statements

Prepared For:

Finance & Labour Relations Sub-Committee

November 2025

To: Mark Hunter and the Finance and Labour Relations Committee

Agenda: Financial Statement Commentary for the period ended September 30, 2025

From: Alyson Conrad, CFO

NET INCOME:

Net income for the period is $1.45M, which is $38K above the YTD budget. Detailed commentary on the balance sheet and statement of operations are noted below:

BALANCE SHEET COMMENTARY:

Accounts Receivable – The accounts receivable balance is $518K less than it was in September of 2024 and $523K more than June 2025. This variance is the result of the following:

- Electric receivables are $278K lower than September 2024. Arrears balances have increased by $4K compared to September 2024 or basically flat with the variance from prior year being current receivables. We will continue to monitor electric receivables and engage in payment arrangements with as many customers as possible before the beginning of the Winter Disconnection Moratorium.
- Water and sewer receivables are $60K higher than September 2024 however arrears have decreased for these revenues by $36K over the prior year with the remaining variance from prior year being current receivables.
- The remaining A/R accounts have decreased by $300K. The variances are mainly due to an increase in construction deposits (credit balances) specifically one large developer in the amount of $270K.

Electric receivables that are in arrears are being diligently reviewed and acted on by the customer service team as we prepare for the next Winter Disconnection Moratorium which will start on November 15. We generally see arrears increase through the disconnection period, so we attempt to be in the best state prior to that start date.

Inventory – Inventory balances have decreased by $12K since June 2025. The balance has remained relatively stable throughout the year as inventory is planned to align with capital plans while still benefiting from purchase discounts.

Prepaid Expenses – Prepaid expenses have decreased by $68K since June 2025. This is mainly due to Cost of Service costs and other regulatory expenses being brought into expense over time.

Due (to) from FHSI – The balance in this account increased from June 30, 2025, moving to a receivable balance of $48K. This is mainly due to the recent implementation of FHI and FHSI's new ERP system and a change in process of payables and receivables for FHSI.

Unbilled Revenue – This balance is $1.8M lower than the balance in September 2024. Due to the timing of the IESO invoice, both of the 2024 and 2025 September balances were estimated. In the prior year the estimate was significantly lower than the actual, so a conservative estimate was made for 2025.

Regulatory Assets – The regulatory asset balance has increased by $2M since September 2024 and is driven virtually by cost of power based on the Ontario Market Price which increased by $1.6M compared to the prior year. Wholesale and Network charges accounted for the remaining variances.

A/P and Accrued Liabilities – This balance has increased by $381K from the September 2024 balance. There are no significant differences from prior year and are mainly due to timing of trade payables.

INCOME STATEMENT COMMENTARY

Gross Margin on Service Revenue (Distribution Revenue) – The distribution revenue to the end of Q3 2023 is $101K above budget. There were higher than typical sustained temperatures over the summer months which allowed for higher variable revenues. Residential revenue is slightly ahead of budget based on moderate increases to customer counts.

Other Revenue – Other revenue is running $16K below budget at the end of Q3. While there are several areas where other revenues are ahead of budget, one lease customer has filed for bankruptcy so collection is not assured and a portion of this revenue has been allowed for in September.

Controllable Costs - Total controllable costs are $216K greater than budget to the end of Q3.

Operating and Maintenance expenses are down overall by $15K compared to the budget. Overall most expense lines are trending close to budget. There were some overages early in the year so budgets were closely monitored to attempt to come back in line. Transformer and Distribution Stations expense will end up close to budget at end of year as we have maintenance planned in Q4. Distribution Lines and Services will continue to trend closer to budget as the tree trimming was completed early this year and overall expenses are now coming back closer to budget. Distribution Transformers expense is expected to stay under budget but will come closer to budget as we have transformer painting and infrared inspections planned for Q4. Customer premises will stay above budget because of the customer repairs we had to do early in the year by about the same amount.

Billing, Collecting and Meter Reading expenses are down $2K compared to the budget. There have been minimal variances from budgets as they have been monitored closely. There was one unexpected retirement, but this position was backfilled quickly with a longer term contract position.

Administration expenses are up overall by $233K. The main reason for this is due to unbudgeted professional consulting services.

CASH FLOW COMMENTARY

As per the cash flow statement, the September 30 cash balance decreased by $254K since June 2024. The decrease in cash is largely due to a high cost of power bill for August paid in September. In any given month, half of the month is in a positive balance and later in the month it is in a credit position because of the timing of the IESO invoice. In addition, AMI 2.0 is well underway with larger purchases occurring in Q3.

LOAN COVENANT RATIO

The Loan Covenant ratio as prescribed by our lender, RBC, is being met.

Presented for information purposes.

FESTIVAL HYDRO INC.

Balance Sheet

For the period ending September 30, 2025

	YTD as at Sep 30, 2024	YTD as at Dec 31, 2024	YTD as at Sep 30, 2025	YTD Bdgt as at Dec 31, 2025
ASSETS				
Current Assets				
Accounts Receivable	7,090,902	8,499,148	6,572,451	8,500,000
Inventory	730,586	410,006	829,645	200,000
Prepaid Expenses	415,549	650,790	773,655	500,000
Corporate PILS Recoverable	1,086,015	1,180,429	1,138,990	—
Unbilled Revenue	6,453,707	7,166,152	4,670,000	5,500,000
Due from FHSI	-155,987	-94,301	47,950	125,000
	15,620,772	**17,812,224**	**14,032,691**	**14,825,000**
Property, Plant & Equipment	62,861,709	66,549,243	68,290,218	68,030,141
Other Assets				
Intangible Assets	3,083,374	3,469,096	3,982,919	3,969,636
Unrealized Gain on Interest Rate Swap	454,755	285,958	285,958	454,755
Regulatory Assets	5,760,656	4,543,408	7,800,991	5,000,000
TOTAL ASSETS	**87,781,266**	**92,659,929**	**94,392,777**	**92,279,532**

	YTD as at Sep 30, 2024	YTD as at Dec 31, 2024	YTD as at Sep 30, 2025	YTD Bdgt as at Dec 31, 2025
LIABILITIES				
Current Liabilites				
Bank Indebtedness	4,131,509	4,778,478	3,986,906	4,091,721
Accounts Payable & Accrued Liabilities	8,626,057	10,587,244	9,006,882	11,000,000
Current Portion of Consumer Deposits	897,196	1,186,600	1,026,223	1,000,000
Current Portion of Long Term Loans	189,653	1,199,649	192,347	1,055,685
Dividends Declared	—	147,478	—	200,000
Promissory Note	15,600,000	15,600,000	15,600,000	15,600,000
	29,444,415	**33,499,449**	**29,812,358**	**32,947,406**
Other Liabilites				
Future payments in Lieu of Income Taxes	3,518,269	3,028,217	3,028,217	1,706,586
Deferred Revenue	3,333,246	4,804,267	4,805,513	3,619,600
Employee Future Benefits	1,024,453	1,006,032	1,006,032	1,024,453
Long Term Debt				
Consumer Deposits Over One Year	—	1,032,050	—	400,000
RBC Loan - LT Portion	14,061,648	12,861,999	17,861,999	14,542,998
TOTAL LIABILITIES	**51,382,031**	**56,232,013**	**56,514,119**	**54,241,043**
EQUITY				
Share Capital - Common	9,468,388	9,468,388	9,468,388	9,468,388
Share Capital - Preferred	6,100,000	6,100,000	6,100,000	6,100,000
Retained Earnings	20,940,843	20,991,353	22,442,095	22,580,097
Accumulated Other Comprehensive Income	-109,996	-131,825	-131,825	-109,996
TOTAL EQUITY	**36,399,235**	**36,427,916**	**37,878,658**	**38,038,489**
TOTAL LIABILITIES AND EQUITY	**87,781,266**	**92,659,929**	**94,392,777**	**92,279,532**

FESTIVAL HYDRO INC.

Statement of Capital

For the period ending September 30, 2025

	YTD as at Sep 30, 2024	YTD as at Sep 30, 2025	YTD Bdgt as at Sep 30, 2025	Cur to Bdg YTD Var$	Cur to Bdg YTD Var%
DISTRIBUTION					
Distribution Overhead	680,247	658,483	567,750	90,733	16%
Underground Conductor and Devices	732,706	357,592	735,450	-377,858	-51%
Distribution Transformers	480,030	361,232	367,988	-6,756	-2%
Miscellaneous Projects	274,455	422,283	261,724	160,559	61%
Customer Driven Projects	458,927	578,992	267,000	311,992	117%
Services	154,401	189,367	163,605	25,762	16%
Distribution Meters	134,882	1,558,668	1,071,253	487,415	45%
SCADA/Distribution Automation	63,220	19,396	53,625	-34,229	-64%
Tools and Miscellaneous Equipment	11,849	20,186	34,650	-14,464	-42%
TOTAL DISTRIBUTION	**2,990,717**	**4,166,199**	**3,523,044**	**643,155**	**18%**
OTHER CAPITAL					
Land and Buildings	932,518	110,235	266,250	-156,015	-59%
Transformer Station	73,571	67,029	149,700	-82,671	-55%
Vehicles and Trailers	62,038	423,051	277,500	145,551	52%
Computer Hardware and Software	1,002,341	852,493	772,412	80,081	10%
Contributed Capital	-329,004	-1,032,743	-245,250	-787,493	321%
TOTAL OTHER CAPITAL	**1,741,464**	**420,065**	**1,220,612**	**-800,547**	**-66%**
TOTAL CAPITAL	**4,732,180**	**4,586,264**	**4,743,656**	**-157,392**	**-3%**

FESTIVAL HYDRO INC.

Income Statement

For the period ending September 30, 2025

	YTD as at Sept 30, 2024	YTD as at Sep 30, 2025	YTD Budget at Sep 30, 2025	Cur to Bdg YTD Var$	Cur to Bdg YTD Var%
REVENUE					
Service Revenue	61,155,141	65,854,806	61,170,241	4,684,565	8%
Cost of Power	51,050,553	54,599,719	50,016,641	4,583,078	9%
GROSS MARGIN (DISTRIBUTION REVENUE)	**10,104,588**	**11,255,087**	**11,153,600**	**101,487**	**1%**
Other Operating Revenue	819,891	881,979	898,420	-16,441	(2%)
OPERATING & MAINTENANCE EXPENSE					
Transformer & Distribution Station Expense	283,074	214,520	229,560	-15,040	(7%)
Distribution Lines & Services Overhead	1,305,838	1,390,405	1,369,113	21,292	2%
U/G Distribution Lines & Services	150,839	191,189	176,393	14,796	8%
Distribution Transformers	63,845	38,106	64,959	-26,853	(41%)
Distribution Meters	279,253	239,185	268,881	-29,696	(11%)
Customer Premises	174,956	207,239	186,329	20,910	11%
TOTAL OPERATING AND MAINTENANCE	**2,257,805**	**2,280,644**	**2,295,235**	**-14,591**	**(1%)**
ADMINISTRATION					
Billing, Collecting & Meter Reading	1,130,128	1,221,753	1,224,204	-2,451	(0%)
Administration	2,577,316	3,165,425	2,932,257	233,168	8%
TOTAL ADMINISTRATION	**3,707,444**	**4,387,178**	**4,156,461**	**230,717**	**6%**
Allocated Depreciation	-101,530	-99,099	-99,099	—	—
TOTAL CONTROLLABLE COST	**5,863,720**	**6,568,723**	**6,352,597**	**216,126**	**3%**
NET INCOME BEFORE DEP'N, INTEREST & TAX	**5,060,759**	**5,568,343**	**5,699,423**	**-131,080**	**(2%)**
Depreciation	2,123,709	2,331,467	2,331,467	—	—
Interest Expense	1,636,620	1,651,742	1,733,822	-82,081	(5%)
Interest Income	-216,828	-87,047	—	-87,047	(100%)
NET INCOME BEFORE SWAP, ICM & PBA & INC TAXES	**1,517,258**	**1,672,181**	**1,634,134**	**38,047**	**2%**
Current Tax	128,977	221,439	221,439	—	—
NET INCOME BEFORE SWAP, ICM & FUTURE TAX	**1,388,281**	**1,450,742**	**1,412,695**	**38,047**	**3%**
Unrealized Gain/Loss on Swap	—	—	—	—	—
Future Tax	—	—	—	—	—
Marketable Security - Recorded as OCI	—	—	—	—	—
NET INCOME	**1,388,281**	**1,450,742**	**1,412,695**	**38,047**	**3%**

FESTIVAL HYDRO INC.

Cash Flow Statement

For the period ending September 30, 2025

	YTD as at Sep 30, 2024	YTD as at Dec 31, 2024	YTD as at Sep 30, 2025	YTD Bdgt as at Sep 30, 2025
Cash from Operations				
Net Income	1,388,281	1,760,604	1,450,742	1,412,696
Depreciation	2,123,709	2,815,498	2,331,467	2,331,467
Amortization of Deferred Revenue in Other Revenue	48,807	-21,857	1,246	-57,452
Unrealized Loss on Interest Rate Swap	—	168,797	—	247,598
Change in OCI	—	—	—	-41,638
Decrease/(Increase) in Receivables	2,222,232	569,178	1,926,697	-750,000
Decrease/(Increase) in Inventory	-518,581	-198,001	-419,639	—
Decrease/(Increase) in Prepaids	-106,727	-341,968	-122,865	-37,500
Decrease/(Increase) in Due to/from FHSI	126,632	64,946	-142,251	-18,750
Decrease/(Increase) in PILS	-342,923	-437,336	41,439	—
Decrease/(Increase) in Unbilled Revenues	461,762	-250,684	2,496,152	—
Decrease/(Increase) in Future Tax	—	-490,052	—	—
Decrease/(Increase) in Regulatory Assets	229,075	1,446,323	-3,257,583	-750,000
Increase/(Decrease) in Payables	-1,738,806	222,380	-1,580,362	—
Increase/(Decrease) in Deposits	-991,073	330,381	-1,192,427	—
Increase/(Decrease) in Employee Future Benefits	—	-18,421	—	-40,406
Contributed Capital	420,599	1,541,685	1,032,743	245,391
Net Cash Provided	**3,322,988**	**7,161,473**	**2,565,359**	**2,541,406**
Cash from Financing				
Loan Repayments	560,711	750,364	812,138	940,001
Loan Advance	-2,500,000	-2,500,000	-5,000,000	-3,750,000
Cash Used - Capital Expenditures	5,084,909	9,385,546	5,619,007	4,949,839
Cash Used - Dividends Paid Current Year	428,915	390,330	147,478	292,748
Cash Used - Dividends Declared in Prior Year	—	233,750	195,165	150,000
Net Cash Used	**3,574,535**	**8,259,990**	**1,773,788**	**2,582,587**
Increase (Decrease) in Cash Position	**-251,548**	**-1,098,517**	**791,571**	**-41,181**
Bank Indebtedness, Beg of Period	**-3,679,961**	**-3,679,961**	**-4,778,478**	**-4,778,478**
Bank Indebtedness, End of Period	**-3,931,509**	**-4,778,478**	**-3,986,906**	**-4,819,658**

Bank and Line of Credit Analysis	**2024**	**2024**	**2025**
High balance (YTD)	5,281,013	5,281,013	2,537,690
Low Balance (YTD)	-6,552,953	-6,552,953	-8,377,148
Overdraft interest (annualized)	178,356	133,767	203,820
Interest rate (avg annual for period)	**7.01%**	**6.75%**	**5.04%**
Average overdraft balance	**2,544,304**	**1,983,139**	**4,044,046**

Financial Statements

Prepared For:

Finance & Labour Relations Sub-Committee

November 2025

To: Mark Hunter and the Finance and Labour Relations Committee
Agenda: Commentary on Financial Results –
For the period ended September 30, 2025
From: Alyson Conrad, CFO

Net Income:

The net income for the period was $4K, which is $18K lower than budget and $2K lower than at this point last year. Detailed commentary on the balance sheet and income statement activity are noted below:

Balance Sheet Commentary:

A/R & Prepaids – This balance is higher than Q2 by $108K. This is higher than the previous quarter due to the recent change in FHSI and FHI's ERP accounting software. It was decided that FHSI will process its own receivables and payables through its own instance of the ERP system which is a different process than was previously done. In the past, outstanding accounts receivable balances were generally held in FHI as they hit the intercompany account and revenues when they are billed, not when they are collected. By the end of Q3, this change had only been partially implemented as FHSI was waiting for its commercial bank to adjust its bank account for the ability to directly accept customer payments. This caused a larger increase in receivables with the offset being the due to/(from) FHI account. The revenues were billed in FHSI with payments still being paid to FHI. This will be fully implemented in Q4 as the bank can now accept receipts directly to FHSI.

Capital Assets – Additions spend to date is $61K compared to budget of 210K or 29%. Capital spend includes work to support FHI and civil work in St. Marys as well as customer specific expansions. GPON equipment and WiFi controller equipment was purchased in alignment with the budget. Capital spend for a potential customer build-out requirement were built into the budget in the amount of $125K which will not be spent until a signed contract has been completed which has not occurred to date. There is a larger fibre line relocation and upgrade as well as remediation efforts scheduled for Q4.

Due from Festival Hydro Inc. – The balance in this account decreased from June 30, 2025, moving to a payable balance of $48K. This is mainly due to the explanation included above in accounts receivable.

Deferred Revenue – This balance has decreased from the June 2025 balance as a portion of the balance has been recognized into revenue for Q3 2025. No new contributions have been received in the period.

Income Statement Commentary:

Revenues – Revenues are $87K lower than budget in Q3. Dark Fibre revenue is down by $59K. The budget included $72K in dark fibre for the year and $24K in lit fibre for the potential new customer project which has not been attained to date. Discussions with this potential customer have started up again as their Stratford expansion was deprioritized for 2025 and is now a 2026 project. While this impacts our 2025 projections significantly, this is back to being an active opportunity with long term revenue potential. Consulting revenue is down by $39K due to a cancelled project for network design consulting as a result of economic factors and project work for a utility not moving forward. Co-locate revenue is also down compared to budget by $25K due to no new customers at this time. FHSI met with a new potential customer to follow up on their move to the data centre. The proposal is being submitted for approval and FHSI is awaiting updates on timeline.

Operating Expenses – Operating expenses are below budget by $13K at the end of Q2. Due to lower than planned revenue, discretionary expenses have been limited. There have been lower than budget fibre operating expense by $36K with a portion of this expense budgeted for the potential new customer. There were some slightly higher staffing costs due to a position that was budgeted as a ½ of an FTE. This position was filled as a fully time position for the first six months of the year and is no longer filled, however the cost was spread out over the full 12 months in the budget. In addition, both FHI and FHSI adjusted its vacation liability to account for the 2025 accrual that had previously not been accrued. This is a one time hit in the financial statements.

Depreciation and Interest Expense – Depreciation is below budget by $16.5K based on the lower than anticipated capital spend in 2025. Interest expense is lower by $4K due to the receivable balance from FHI.

Cash Flow Commentary:

The cash balance has remained at a $15K balance compared to June 2025. Cash balances will begin to change through Q4 as less transactions (revenues and expenses) will be run through the due to/ (from) FHI account.

FESTIVAL HYDRO SERVICES INC.

Balance Sheet

For the period ending June 30, 2025

	YTD as at Sep 30, 2024	YTD as at Dec 31, 2024	YTD as at Sep 30, 2025	Bdgt as at Dec 31, 2025
ASSETS				
Current Assets				
Cash	1,224	10,654	15,335	62,392
Accounts Receivable & Prepaids	26,739	27,978	166,892	60,000
Inventory	7,131	7,059	7,059	8,000
Income Tax Receivable/(Payable)	19,059	1,615	18,715	-20,916
Total Current Assets	**54,153**	**47,305**	**208,001**	**109,476**
Fixed Assets				
Gross Book Value	5,516,846	5,620,453	5,681,497	6,018,538
Accumulated Depreciation	-3,065,489	-3,142,723	-3,369,748	-3,450,927
Net Book Value	**2,451,357**	**2,477,730**	**2,311,749**	**2,567,612**
TOTAL ASSETS	**2,505,510**	**2,525,035**	**2,519,751**	**2,677,088**

	YTD as at Sep 30, 2024	YTD as at Dec 31, 2024	YTD as at Sep 30, 2025	Bdgt as at Dec 31, 2025
LIABILITIES				
Current Liabilites				
Accounts Payable	64,708	56,259	46,014	40,000
Current Portion of LTD	11,039	45,004	11,251	45,868
Promissory Note	372,000	372,000	372,000	372,000
Due to/from Festival Hydro Inc.	-174,155	-94,301	47,950	125,000
Total Current Liabilities	**273,591**	**378,961**	**477,214**	**582,868**
Other Liabilites				
Deferred Revenue	433,576	398,347	326,581	330,461
Deferred Tax Liabilities	248,000	227,000	227,000	276,197
Long Term Debt				
POP Loan Long Term Portion	233,825	188,821	188,821	142,956
TOTAL LIABILITIES	**1,188,992**	**1,193,129**	**1,219,617**	**1,332,482**
EQUITY				
Share Capital	249,236	249,236	249,236	249,235
Retained Earnings	1,067,283	1,082,670	1,050,899	1,095,371
TOTAL EQUITY	**1,316,518**	**1,331,906**	**1,300,134**	**1,344,606**
TOTAL LIABILITIES AND EQUITY	**2,505,510**	**2,525,035**	**2,519,751**	**2,677,088**

FESTIVAL HYDRO SERVICES INC.

Statement of Capital

For the period ending June 30, 2025

	YTD as at Sep 30, 2025	YTD Budget at Sep 30, 2025	Cur to Bdg YTD Var$	Cur to Bdg YTD Var%
CAPITAL				
Computer Equipment - Hardware	9,028	37,917	-28,888	(76%)
Computer Software	—	5,833	-5,833	(100%)
Buildings	—	5,833	-5,833	(100%)
Fibre Capital	46,666	145,833	-99,167	(68%)
WiFi Capital	5,350	14,583	-9,234	(63%)
TOTAL CAPITAL	**61,044**	**210,000**	**-148,955**	**(71%)**

FESTIVAL HYDRO SERVICES INC.

Statement of Operations

For the period ending June 30, 2025

	YTD as at Sep 30, 2024	YTD as at Sep 30, 2025	YTD Budget at Sep 30, 2025	Cur to Bdg YTD Var$	Cur to Bdg YTD Var$
TOTAL REVENUE	**1,067,202**	**982,802**	**1,069,707**	**-86,905**	**(8%)**
TOTAL OPERATING EXPENSES	**784,397**	**742,301**	**755,509**	**-13,208**	**(2%)**
NET INCOME BEFORE DEPRECIATION & INTEREST	**189,744**	**136,521**	**209,465**	**-72,944**	**(35%)**
Depreciation	249,423	210,525	227,026	**-16,501**	**(7%)**
Interest Expense	24,928	24,292	28,425	**-4,133**	**(15%)**
Interest Income	-292	-335	-450	**115**	**(25%)**
NET INCOME FOR THE PERIOD BEFORE TAXES	**8,746**	**6,020**	**59,197**	**-53,177**	**(90%)**
Current Tax Provision	**2,318**	**1,565**	**15,687**	**-14,122**	**(90%)**
Future Tax Provision	**—**	**—**	**21,148**	**-21,148**	**(100%)**
NET INCOME(LOSS) FOR THE PERIOD	**6,428**	**4,455**	**22,362**	**-17,908**	**(80%)**

FESTIVAL HYDRO SERVICES INC.

Cash Flow Statement

For the period ending September 30, 2025

	YTD as at Sep 30, 2024	YTD as at Dec 31, 2024	YTD as at Sep 30, 2025	YTD Bdgt as at Sep 30, 2025
Cash from Operations				
Net Income	6,428	18,302	4,455	22,362
Future tax provision	—	-21,000	—	21,148
Current tax provision (ITC portion)	2,318	27,000	1,565	15,687
Depreciation	249,423	332,489	210,525	227,026
Amortization of contributed capital	-47,801	-77,900	-57,918	-47,801
Amortization of deferred revenue	1,118	-4,012	-9,603	-14,068
Net Change in Receivables/Payables	14,268	-4,903	-197,574	-321
Net Cash Provided	**225,754**	**269,976**	**-42,772**	**224,032**
Cash from Financing				
Capital expenditures - FHI	-52,807	-156,414	-61,044	-270,000
Loan - Wightman	-33,117	-44,156	-33,753	-33,753
Loan from/(repayment to) Festival	-144,800	-64,946	142,251	56,250
Net Cash Used	**-230,725**	**-265,516**	**47,453**	**-247,503**
Increase (Decrease) in Cash Position	**-4,971**	**4,459**	**4,681**	**-23,471**
Cash Beg of Period	**6,194**	**6,194**	**10,654**	**10,654**
Cash End of Period	**1,224**	**10,654**	**15,335**	**-12,817**

MANAGEMENT REPORT

Date: November 18, 2025
To: Finance and Labour Relations Sub-committee
From: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Report Number: FIN25-037
Attachments: None

Title: Ontario Regulation 284/09 – Excluded Expenses 2026 Budget

Objective: To meet the legislative requirements of Ontario Regulation 284/09 for financial reporting and provide Council with information regarding expenses excluded from the budgeting process in 2026.

Background: In 2009, the Public Sector Accounting Board (PSAB) changed accounting standards for municipalities, requiring full accrual reporting. However, City of Stratford still budgets on a modified cash basis, excluding certain expenses. The 2026 draft budget excludes 'non-cash' items including amortization, post-employment benefits, and landfill post-closure expenses. A report to Council must outline the impact on financial statements, including changes to accumulated surplus and future capital asset funding requirements.

The report shall include:

1. an estimate of the change in the accumulated surplus of the municipality resulting from the exclusion of any of these expenses; and

2. an analysis of the estimated impact of the exclusion of any of the expenses on the future tangible capital asset funding requirements.

In addition to the items covered in the O. Reg, the following items are also excluded from the PSAB full accrual budget, but reporting on these items is not required as these items are deemed to be taken from the municipality's surplus.

- Principal paid on debt
- Transfers to reserve accounts
- Transfers from reserve accounts
- Acquisition costs of tangible capital assets

These exclusions are why the internal financial reports and budget process differ, sometimes significantly, from the audited financial statements, that are prepared in accordance with PSAB guidelines.

Analysis:

Amortization Expenses on Tangible Capital Assets:

The 2026 draft budget excludes an estimated $29 million for amortization. Despite not budgeting for amortization, estimated capital expenditures of $56 million offset the impact of this item, resulting in an adjusted surplus increase of approximately **$27 million**. The estimates for amortization may change as we better refine the asset inventory and extend the useful life of assets (thereby reducing annual amortization in some cases).

Asset Retirement Obligations (including Landfill Closure and Post-Closure Expenses):

This is an estimated liability of $13.2 million and was substantially accounted for in 2023. The City contributes to a reserve for future landfill costs, but there's an unfunded gap relating to AROs in general of about **$10 million**. This gap is typically planned for in replacement cost estimates or when asset retirement occurs, and reduces the overall impact on the PSAB adjusted surplus.

Post-Employment Benefits Liabilities

The City has post-employment benefits obligations additional contributions to fund it were not included in the 2026 budget this item will not be a contributing factor. The City doesn't fully fund this liability, leading to potential annual volatility without a reserve to stabilize these fluctuations. This has the effect of contributing to the accumulated surplus.

Impact on Future Tangible Capital Asset Funding Requirements

It is important to note again that amortization expense is not an accurate representation of the City's "Infrastructure Deficit".

The City's comprehensive asset management plan is the best source for quantifying future capital funding needs and measuring the infrastructure deficit in today's dollars. It is intended as a living document, and updated as assets are sold and replaced, and decisions are made affecting future replacements.

In summary, transitioning to a full PSAB-adjusted budget would increase the City's annual surplus by approximately **$17 million** under PSAB reporting guidelines. This surplus doesn't reflect principal debt repayments and cash contributions (transfers) to the reserve fund bank account, which are not captured in PSAB reporting. While adjustments are required for compliance with PSAB reporting, the modified cash basis

that is currently used is much simpler to understand as it represents true cash requirements.

Financial Implications:

Financial impact to current year and future year operating budget:
The report has no direct impact on the cash operating surplus/deficit.

Link to asset management plan and strategy:
The current modified budgeting is adequate, ensuring reserves accumulate, keeping the levy balanced with general cash operations.

Alignment with Strategic Priorities:

Not applicable: This report does not align with one of the Strategic Priorities as it is provided for compliance purposes with O. Reg 284/09.

Alignment with One Planet Principles:

Not applicable: This report is being prepared for information and compliance purposes so there is no connection to the One Planet principles.

Staff Recommendation: THAT the Report FIN25-037 dated November 18, 2025, from the Director of Corporate Services regarding legislative requirements of Ontario Regulation 284/09, and the impact of excluded expenses from the City's 2026 budget, be received for information.

Prepared by:	Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Recommended by:	Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
	André Morin, CPA, Chief Administrative Officer

MANAGEMENT REPORT

Date: November 18, 2025
To: Finance and Labour Relations Sub-Committee
From: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Report Number: FIN25-040
Attachments: Policy F.1.13 Appendix A with tracked changes

Title: Reserve and Reserve Fund Policy Review

Objective: To provide Council with an update on the reserve and reserve fund policy and seek authorization for amendments as noted.

Background: Periodically, staff review the existing reserves and reserve funds, the thresholds that are in place, and how reserves and reserve funds are working. If the need for a new reserve arises, or a need is no longer there, then recommendations will be made to specific reserves and reserve funds to optimize the uses and purposes of the various reserves and reserve funds. Minor housekeeping amendments for clarity or consistency are also considered.

Analysis:

Proposed changes are noted in the appendix for each reserve and reserve fund and are summarized below:

General

- Proposed renaming of several funds and expanded language for consistency and clarity around the purpose of the fund
- Language changes to reflect that usage of the Library, Police and Golf reserve funds are at the discretion of the respective Boards

Specific

- Winter Control: proposed increase to the maximum balance from 25% of the previous year's costs to 50%. This is to reflect significant fluctuations that can occur year-over-year and ensure that these fluctuations can be managed using reserves rather than increases to the tax levy.

- Insurance: proposed increase to the minimum balance from 10% to 25% and maximum balance from 40% to 50% of the previous year's premium costs. This is to reflect significant fluctuations that can occur year-over-year and ensure that these fluctuations can be managed using reserves rather than increases to the tax levy. It also recognizes that some insurance costs incurred fall below the City's deductibles.
- WSIB: Due to increased claims, the amounts set aside from each payroll period have changed to reflect this
- HR Salary Contingency: Minimum balance increased from $75,000 to $100,000 and maximum balance not to exceed 1.5% of wages and benefits (up from 1%). This is to better reflect the surpluses created due to turnover or timing of filling positions and allow for the use of these timing variances towards future year timing variances.
- Parking: Maximum balance increased to recognize that parking infrastructure needs continue to evolve and to ensure adequate funding is available for replacement or new structures. It also ensures that revenues earned from parking remain in the parking reserve, rather than general surplus when the threshold is exceeded.
- Strategic Community Development (STRA) : target balance is linked to the tax levy, so have increased the amount from $500,000 to $800,000 to reflect recent years' tax levies
- Local Housing Corporation: updated language to reflect the shared-services component of this reserve fund, as well as to link the target balance to the 10-year capital forecast like the other Capital reserve funds.
- Municipal Accommodation Tax (MAT): updated to reflect that this reserve fund will be affected by the 'Use of MAT' policy to be developed by the ad-hoc committee
- **New:** Affordable Housing Reserve Fund to address Council-approved initiatives for operating or capital works that further affordable housing initiatives (see below)

Affordable Housing Reserve Fund: In 2024, the City received proceeds of sale from property in the amount of $3,062,481.78, after allocating building fees, development charges and other closing costs. Several ideas have been proposed regarding what to do with these funds, including setting them aside for various purposes that align with Council's strategic priorities.

Staff have identified several options, and outline them below, along with impacts, and considerations for each:

Option 1: Do not explicitly direct funds to any specific initiative, project or reserve, which will result in the funds flowing into the City's tax stabilization reserve for future use. The tax stabilization reserve is typically intended to mitigate tax levy increases, specifically aimed at one-time/non-recurring expenses rather than to mitigate rising operating costs. It is also relied upon for unplanned/unbudgeted expenses that might

occur in a budget year (subject to Council approval). This option provides the most flexibility for future use.

Option 2: Direct a portion of the funds to specific initiatives that Council has expressed support for, but that may not be fully funded and a portion to the Tax Stabilization Reserve. Specific initiatives could include things like specific capital projects in the 10-year capital forecast, any of the existing reserves or reserve funds, or initiatives currently unfunded, such as the development of the Grand Trunk site, or identified initiatives around affordable housing. If some funds are directed to a specific initiative and some are directed to the tax stabilization, then there is a mix of flexibility and specific direction and would require Council direction to the specific allocation of funds. This option provides mid-level flexibility for future use, by keeping some of the funds available for general use, and some for specific initiatives.

Option 3: Direct the entire amount of funds towards one or more specific initiatives. This option provides the least flexibility in future, as the funds are fully and specifically committed to those initiatives.

Staff are recommending that Council consider some form of Option 2 to recognize investment in specific chosen initiatives while also leaving some funds available for future one-time uses in the tax stabilization reserve. One example could be something like $1 million to the new Affordable Housing Reserve Fund, $1 million to the Grand Trunk initiatives and $1 million to the Tax Stabilization Reserve Fund.

Note that while staff make recommendations based on analysis, market research and specific City needs, the Reserve and Reserve fund policy is approved by Council and current or future uses of funds may be amended by Council at their discretion, with varying degrees of risks or consequences.

Financial Implications:

Financial impact to current year operating budget:
There is no anticipated impact in the current year operating budget.

Financial impact on future year operating budget:
There is no anticipated impact in the future year operating budget.

Link to asset management plan and strategy:
There is no link, except to the extent that any funds are allocated towards capital reserve funds, which would assist in meeting longer-term capital financing.

Alignment with Strategic Priorities:

Enhance our Infrastructure

Allocating funding towards any capital reserves would demonstrate alignment with this strategic priority, as it assists with meeting funding objectives of the 10-year capital forecast.

Build Housing Stability
Allocating funding towards any affordable housing projects would assist with this objective by contributing to stability.

Work Together for Greater Impact
Allocating funding towards the Grand Trunk project would assist in ensuring the City has some funds to leverage partnerships.

Alignment with One Planet Principles:

Not applicable: As this report is for administrative purposes, alignment with One Planet Principles does not apply.

Staff Recommendation: THAT Council receive the Reserve and Reserve Fund Policy Review report for information;

THAT Council authorize the proposed housekeeping changes and the establishment of a new Reserve Fund for Affordable Housing;

AND THAT Council provide direction regarding the distribution of the proceeds of sale of $3,062,481.78.

Prepared by:	Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Recommended by:	Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
	André Morin, CPA, Chief Administrative Officer

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Tax Rate Stabilization/Working Capital

RESERVE ACCOUNT #: G-R14-TAXS-0000

PURPOSE:

- To mitigate tax rate changes during preparation of the annual budget and to protect the City against any unanticipated expenditures of an operating nature.
- This reserve would also be used to fund any unanticipated deficits that may occur in the fiscal year.
- To fund emergency capital requirements outside of the annual budget process and over-expenditures in capital projects.
- To provide financing to capital projects where tenders exceed approved budgets.

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TARGET BALANCE:

- 5% of previous year's municipal tax levy with a minimum balance of $500,000.

FUNDING SOURCES:

- Planned contributions from Operating budget.
- Net Corporate year-end operating surplus.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenditures or mitigate temporary impacts that are not expected to recur.
- Funding of net year-end operating deficits.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Water Rate Stabilization

RESERVE ACCOUNT #: G-R18-WATR-0000

PURPOSE:

- To mitigate user rate changes during preparation of the annual operating budget and to protect the City against any unanticipated expenditures of an operating nature.
- This reserve would also be used to fund any unanticipated deficits that may occur in the fiscal year.

TARGET BALANCE:

- Minimum balance of 5% o f the user rate Water expenditure budget, maximum balance not to exceed 10% of the user rate Water expenditure budget.
- Once maximum target has been met, surpluses to be reallocated to the Water Capital Reserve Fund.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Year-end net operating surplus of Water division up to reserve maximum, then balance to Water Capital Replacement Reserve Fund.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses.
- Funding of Water Fund year-end operating deficit.
- Transfers to Water Capital Reserve Fund

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Wastewater/Sanitary Rate Stabilization

RESERVE ACCOUNT #: G-R18-WWTR-0000

PURPOSE:

- To mitigate user rate changes during preparation of the annual operating budget and to protect the City against any unanticipated expenditures of an operating nature.
- This reserve would also be used to fund any unanticipated deficits that may occur in the fiscal year.

TARGET BALANCE:

- Minimum balance of 5% of the user rate Wastewater/Sanitary expenditure budget, maximum balance not to exceed 10% of the user rate Wastewater/Sanitary expenditure budget.
- Once maximum target has been met, surpluses to be reallocated to the Water Capital Reserve Fund.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Year-end operating surplus of Wastewater/Sanitary division up to reserve maximum, thenbalance to Wastewater/Sanitary Capital Replacement Reserve Fund.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses.
- Funding of Wastewater/Sanitary Fund year-end operating deficit.
- Transfers to Wastewater/Sanitary Capital Reserve Fund

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Winter Control

RESERVE ACCOUNT #: G-R00-WNTR-0000

PURPOSE:

- To provide for winter control costs which exceed the amount provided for in the City's operating expenditure budget so as not to adversely impact the current year's operating fund.

TARGET BALANCE:

- Total balance should not be less than 10% of the prior year's annual operating budgeted expenditures for winter control.
- Total balance should not exceed more than 50% of the prior year's annual operating budgeted expenditures for winter control.
- When threshold is exceeded, subsequent operating budgets shall utilize excess and/or cease further contributions to the reserve. Surpluses creating excess in the reserve shall become part of the general operating surplus and accordingly form part of the tax stabilization reserve.

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FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Unexpended winter control funds.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Building Permit Reserve Fund

RESERVE ACCOUNT #: R-R11-BSUR-0000

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PURPOSE:

- To ensure that the Building Division operates as a self-sustaining operation
- As per Bill 124, this reserve will be used to mitigate fluctuations in building permit fees by managing the risk associated with an economic downturn and managing the financial implications resulting from additional compliance costs.

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TARGET BALANCE:

- One year of costs to operate the Building Division (Permits and Inspections). Significant variances above or below this will trigger a review of the fees being charged.

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FUNDING SOURCES:

- Net operating surplus earned from building permit and inspection revenues.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses.
- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Election Expenses

RESERVE ACCOUNT #: G-R00-ELEC-0000

PURPOSE:

- To mitigate significant cyclical fluctuations in the operating budget resulting from the expenditures of a municipal election. One quarter of the estimated costs of the election will be transferred annually to this reserve and then drawn upon in the year of the election.

TARGET BALANCE:

- Full estimated cost of the upcoming election by election year.

FUNDING SOURCES:

- Planned contributions from the Operating budget.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses in the election year.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Clerks Investigations

RESERVE ACCOUNT #: G-R18-CLRK-0000

PURPOSE:

- To mitigate budget pressure resulting from unexpected cost of complaints filed with the City's Integrity Commissioner or Ontario Ombudsman.

TARGET BALANCE:

- $50,000.

FUNDING SOURCES:

- Planned contributions from the Operating budget.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Insurance

RESERVE ACCOUNT #: G-R00-INSR-0000

PURPOSE:

- To finance insurance claims and related expenses that are less than the City's insurance deductible.

TARGET BALANCE:

- Minimum balance not less than 25% of prior year's insurance policy premiums.
- Maximum balance not more than 50% of prior year's insurance policy premiums.

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FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Third party recoveries not otherwise utilized through the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses to cover extraordinary and unbudgeted number of claims.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: WSIB

RESERVE ACCOUNT #: G-R00-WCBO-0000

PURPOSE:

- As a municipal government, the City is classified as a Schedule 2 employer through the Workplace Safety and Insurance Board (WSIB) which means that the City is responsible for the full cost of any claims authorized by WSIB for its employees.
- This reserve is used to fund any claims associated with workplace claims so as not to impact the operating fund as claims occur.

TARGET BALANCE:

- Varies based on claims (reviewed annually)

FUNDING SOURCES:

- Planned contributions from the Operating budget: Payroll contribution of 3% for all City employees, except 5% payroll contribution for Police and Fire Departments.
- Third party recoveries not otherwise utilized through the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses to cover extraordinary and unbudgeted number of claims.
- To fund workplace claims filed by employees and approved by WSIB.

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Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Sick Leave

RESERVE ACCOUNT #: G-R00-SICK-0000

PURPOSE:

- In accordance with collective bargaining agreements for Fire, Police, Library, Inside and Outside workers, to fund:
  - Accrued sick time payouts on retirement or resignation
  - Extended sick time events where the department had to hire additional staff
- This does not apply to Water, Transit or Management employee groups who are covered by Long term Disability insurance coverage.

TARGET BALANCE:

- To remain fully funded as determined by annual independent actuarial review.

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FUNDING SOURCES:

- Planned contributions from the Operating budget through Payroll.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses as determined by payouts within each calendar year.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: HR Salary Contingency

RESERVE ACCOUNT #: G-R18-HRCO-0000

PURPOSE:

- To fund significant or unbudgeted human resources costs including legal fees, recruitment termination costs, costs to backfill vacant positions, etc. and to be used as required in a given year to bridge timing until the upcoming budget year for new positions approved in the year as required.

TARGET BALANCE:

- Minimum balance $100,000
- Not to exceed more than 1.5% of the total annual municipal employee full time and part-time salaries/wages and benefits expense budget.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Up to 25% of any annual surpluses due to staffing vacancies (determined from salaries/wages and benefit accounts.

UTILIZATION OF FUNDS:

- Transferred to General Fund for unplanned or unusual expenditures relating to employee compensation or other Human Resources functions as identified by the department Director and Chief Administrative Officer.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Management & Planning Studies

RESERVE ACCOUNT #: G-R18-STUD-0000

PURPOSE:

- To set money aside for the future completion of various management and planning studies. Examples include;
  - Zoning By-Law Update
  - Official Plan Update
  - Various departmental master plans

TARGET BALANCE:

- Timing and balances as determined by needs of operating budgets and capital plans and forecasts.

FUNDING SOURCES:

- Planned contributions from the Operating budget.

UTILIZATION OF FUNDS:

- Planned contributions to fund operating or capital projects. Studies are operating in nature but may be funded from capital reserve funds since they may be tied to specific infrastructure.

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Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Library – Perth County Information Network (PCIN)

RESERVE ACCOUNT #: G-R06-PCIN-0000

PURPOSE:

- To be used as needed for special projects of the Perth County Information Network group (PCIN).
- Does not include PCIN main capital project – Integrated Library System replacement
- Oversight and direction provided by the Library Board

TARGET BALANCE:

- No target.

FUNDING SOURCES:

- Planned contributions from Library's annual PCIN operating budget.
- Includes operating funds from all 5 PCIN libraries.

UTILIZATION OF FUNDS:

- Planned contributions to fund the Operating budget as required.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Special Projects

RESERVE ACCOUNT #: G-R18-SPEC

PURPOSE:

- To fund specific, unique initiatives, typically projects or events that have corporate or community-wide levels of significance.

TARGET BALANCE:

- $250,000.

FUNDING SOURCE:

- Planned contributions from the Operating budget.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Local Boards & Committees

RESERVE ACCOUNT #: G-R18-BRDS-0000

PURPOSE:

- To track funds available for committees of Council
- Funds may have been derived from grants or donations or may be unspent operating funds from prior years.

TARGET BALANCE:

- No target balance. Committees are generally expected to utilize their approved budget each year.

FUNDING SOURCES:

- Grants and donations for future use.
- Planned contributions from the Operating budget.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses and to mitigate timing of projects.
- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Community Improvement Plan Incentives

RESERVE ACCOUNT #: G-R18-CIPI-0000

PURPOSE:

- To establish the funding source for approved City CIP incentive programs and track funds available for these programs
- The various CIP programs currently available include:
  - Brownfield Program
  - Heritage Conservation District (HCD) Façade Improvement Loan Program
  - Heritage Conservation District (HCD) Building Improvement Loan Program
  - Heritage Conservation District (HCD) Improvement Grant Program

TARGET BALANCE:

- Target balance not to exceed program maximums as outlined in the CIP programs.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Repayment from Loan Incentive programs (net of any grants)

UTILIZATION OF FUNDS:

- To fund Council-approved applications under currently approved Community Improvement Plans. The intent is that any of the programs would be funded from this reserve as long as there are available funds

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RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Information Technology (I.T.) – Capital

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RESERVE ACCOUNT #: R-R11-ITCA

PURPOSE:

- To maintain the current level of Information Technology service and infrastructure, while also improving the system to meet future needs.
- May also be utilized for contracted services or other purposes as required to maintain the approved service levels

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast need for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Proceeds of disposition on sale of I.T. assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Maintain, upgrade, and enhance I.T. Infrastructure.
- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Fleet – Capital

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RESERVE ACCOUNT #: R-R11-FLET

PURPOSE:

- To fund the capital replacement needs of City Fleet assets.

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast need for City funding.

FUNDING SOURCES:

- User based rate charges.
- Planned contributions from the Operating budget.
- Proceeds of disposition on sale of Fleet assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Public Works - Capital

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RESERVE ACCOUNT #: R-R11-PWCA

PURPOSE:

- To fund the capital replacement needs of Public Works assets and the City share of growth-related projects.

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast need for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Proceeds of disposition on sale of Public Works assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Storm Water - Capital

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RESERVE ACCOUNT #: R-R11-STRM-0000

PURPOSE:

- To fund the replacement of City storm-water linear inventory and the City share of growth-related projects.

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast need for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Proceeds of disposition on sale of Storm Water assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Fire - Capital

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RESERVE ACCOUNT #: R-R11-FIRE

PURPOSE:

- To replace, upgrade or purchase the addition of assets required to support Fire Department operations, life safety, infrastructure, and life cycle management of assets.

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast need for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Proceeds of disposition on sale of Fire assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Maintain and upgrade Fire infrastructure.
- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Police – Capital and General

RESERVE ACCOUNT #: R-R11-POLI

PURPOSE:

- To replace, upgrade or purchase the addition of assets (tangible or service-driven) required to supportStratford Police Services operations, life safety, infrastructure, and life cyclemanagement of assets.
- Oversight and direction provided by the Police Services Board

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast need for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Proceeds of disposition on sale of Police assets unless otherwise utilized in the budget process.
- Net departmental surplus from operations

UTILIZATION OF FUNDS:

- Maintain and upgrade Police infrastructure.
- Planned contributions to fund Capital projects.
- Net departmental deficit from operations.

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RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Facilities - Capital

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RESERVE ACCOUNT #: R-R11-FACI

PURPOSE:

- To fund capital projects related to life cycle needs of City Facilities.

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast needs for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Proceeds of disposition on sale of City facilities unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Parks, Recreation and Cemetery - Capital

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RESERVE ACCOUNT #: R-R11-RECR

PURPOSE:

- To fund capital projects and lifecycle activities related to parks, recreation and cemetery equipment, including infrastructure required to maintain parks and cemetery lands and building components, and any related studies, design and engineering.

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast needs for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Proceeds of disposition on sale of assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Social Services - Capital

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RESERVE ACCOUNT #: R-R11-SSCA

PURPOSE:

- Comprised of amounts related to the Shared Services of Social Housing, Affordable Housing, Child Careand General Social Services used in the continuous improvement of social programming within the City of Stratford, Town of St. Marys, and County of Perth.
- Some of this funding may be restricted to specific programming (restricted funding) and other funding is more general in nature (unrestricted funding).

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TARGET BALANCE:

- No target identified.

FUNDING SOURCES:

- Funded through Ministry authorized transfers and grants over various years.
- Planned contributions from the Operating budget.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Library – Capital and General

RESERVE ACCOUNT #: R-R11-LIBR

PURPOSE:

- To replace, upgrade or purchase the addition of assets required to support the Stratford Public Library operations, life safety, infrastructure, and life cycle management of assets.
- Oversight and direction provided by the Library Board

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast need for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Proceeds of disposition on sale of Library assets unless otherwise utilized in the budget process.
- Grants and donations as determined by the Board.
- Net departmental surplus from operations

UTILIZATION OF FUNDS:

- Maintain and upgrade Library infrastructure.
- Planned contributions to fund Capital projects
- Net departmental deficit from operations.

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Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Airport - Capital

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RESERVE ACCOUNT #: R-R11-AIRP

PURPOSE:

- To replace, upgrade or purchase additional assets required to support Municipal Airport operations, life safety, infrastructure, and life cycle management of assets.

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast need for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Proceeds of disposition on sale of Airport assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Maintain and upgrade Airport infrastructure.
- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Golf Course Association - Capital

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RESERVE ACCOUNT #: R-R11-RMUN

PURPOSE:

- To fund Municipal Golf Course capital requirements as determined by the Stratford Municipal Golf Course Association.
- Excludes capital works relating to the Clubhouse as identified by Community Services staff

TARGET BALANCE:

- $150,000.

FUNDING SOURCES:

- Planned contributions from the Operating budget or as directed by the Association board.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

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RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Water - Capital

RESERVE ACCOUNT #: R-R11-WATR

PURPOSE:

- To fund Water capital projects as identified in the current Water and Wastewater/Sanitary Rate Study, and as described in the 10-year capital plan of the City.

TARGET BALANCE:

- As set out in the current Water and Wastewater/Sanitary Rate Study.
- Minimum balance to be no less than the average annual capital expenditures as outlined in the City's capital budget and forecast plus $500,000 to allow for unplanned items not expressly outlined in the 10-year forecast or asset management plan documents.
- Maximum balances not to exceed two-years of average annual capital forecast plus $500,000 as determined by 10-year capital forecast need for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Balance of year end Water division surplus when Stabilization Reserve balance has been achieved.
- Proceeds of disposition on sale of Water assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

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RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Wastewater/Sanitary - Capital

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RESERVE ACCOUNT #: R-R11-WWTR

PURPOSE:

- To fund Wastewater/Sanitary capital projects as identified in the current Water and Wastewater/Sanitary Rate Study, and as described in the 10-year capital plan of the City.

TARGET BALANCE:

- As set out in the current Water and Wastewater/Sanitary Rate Study.
- Minimum balance to be no less than the average annual capital expenditures as outlined in the City's capital budget and forecast plus $500,000 to allow for unplanned items not expressly outlined in the 10-year forecast or asset management plan documents.
- Maximum balances not to exceed two-years of average annual capital forecast plus $500,000 as determined by 10-year capital forecast need for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Balance of year end Wastewater/Sanitary division surplus when Stabilization Reserve balancehas been achieved.
- Proceeds of disposition on sale of Wastewater/Sanitary assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

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RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Waste Management - Capital

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RESERVE ACCOUNT #: R-R11-WAST

PURPOSE:

- To fund Waste Management capital projects as identified in the current Waste Management Rate Study, and as described in the 10-year capital plan of the City.

TARGET BALANCE:

- As set out in the current Waste Management Rate Study.
- Maximum balances as determined by 10-year capital forecast needs for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Excess financing from completed capital projects.
- Proceeds of disposition on sale of Waste Management assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Landfill Closure and Post-Closure (Retirement) Obligations

RESERVE ACCOUNT #: R-R11-LAND

PURPOSE:

- To cover the costs of closure and post-closure activities required at the City's landfill site(s).

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TARGET BALANCE:

- As set out in the current approved Waste Management Rate Study.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Excess financing from completed capital projects.
- Proceeds of disposition on sale of Waste Management assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Parking - Capital

RESERVE ACCOUNT #: R-R11-PRKG

PURPOSE:

- To maintain the current level of service and infrastructure, while also improving the system to meet future needs.

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast need for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget parking revenues.
- Minimum of $500,000 to a maximum of $2,000,000, funded from parking revenue in a given year.
- Proceeds of disposition on sale of Parking assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Maintain parking inventory, including capital repairs and improvements to parking lots.
- Addition of technology to enhance and improve system.
- Planned contributions to fund Capital projects.

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Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Development Deposits

RESERVE ACCOUNT #: R-R11-RPLA

PURPOSE:

- There is little detail on this account. The name on the existing account is "Cobra Plan 481". It is likely that this should have been deferred revenue deposits from a former development plan
- Funds have been on deposit with no activity since prior to 2002.
- Staff are investigating the nature of these funds and the appropriate disposition.

TARGET BALANCE:

- Zero balance once appropriate fund disposition is determined.

FUNDING SOURCES:

- Nil.

UTILIZATION OF FUNDS:

- Balance of the Development Deposits Reserve Fund will be assessed by Building and Planning staff and appropriate allocation made.
- When balance is zero this reserve fund will be closed.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Industrial Land

RESERVE ACCOUNT #: R-R11-RPRO

PURPOSE:

- To track the purchase, servicing, and sale of industrial land inventory of the City.

TARGET BALANCE:

- Sale price of industrial land shall be sufficient to at least cover the cost of preparation of lots for sale, including interest cost on borrowed funds.
- This reserve may run at a deficit as revenue cash flow lags the expenditure necessary to purchase and service the lots.

FUNDING SOURCES:

- Sale of industrial land.
- Sale of other municipally owned property.
- Planned contributions from the Operating budget.

UTILIZATION OF FUNDS:

- Purchase of industrial land.
- Servicing of industrial land inventory.
- Costs to prepare industrial land for sale.
- Debt servicing obligations if servicing expenditures are converted to long term debt.
- Planned contributions to fund Operating expenses.
- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Strategic Community Development

RESERVE ACCOUNT #: R-R11-STRA

PURPOSE:

- For the funding of capital and operating strategic community development initiatives and/or Council-identified strategic priorities.
- Eligible capital projects are typically categorized as growth, "new" to the City, or promotional in nature.

TARGET BALANCE:

- $800,000 or 1% of the municipal tax levy, whichever is greater

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Grants or donations.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses.
- Planned contributions to fund Capital projects.

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Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Local Housing Corporation (Perth Stratford Housing) - Capital

RESERVE ACCOUNT #: R-R11-HOUS

PURPOSE:

- To assist in the costs of maintenance, capital upgrades, new builds (rejuvenation) and emergency major repairs of the Public Housing buildings shared throughout the City of Stratford, Town of St. Marys, and County of Perth.

TARGET BALANCE:

- To be established using the 10-year capital forecast, asset management plan and building condition assessment documents.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Funding is provided from Ministry transfers and grants, user fees as well as cost sharing contributions from the three partner municipalities.

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses.
- Planned contributions to fund Capital projects.

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Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: City-Owned Housing - Capital

RESERVE ACCOUNT #: R-R11-BRIT

PURPOSE:

- To assist in the costs of capital maintenance, capital upgrades, new builds (rejuvenation) and emergency major repairs of the City-owned housing (Brittania Street I and II, 398 Erie Street and any future buildings with affordable units.

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast need for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

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Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Home Ownership Loan Reserve

RESERVE ACCOUNT #: R-R11-SHOL

PURPOSE:

- A revolving fund to provide loans under the Home Ownership Loan program.

Deleted: To track balances available for

TARGET BALANCE:

- None identified.

FUNDING SOURCES:

- Repayment of home ownership loans.

UTILIZATION OF FUNDS:

- Issuance of home ownership loans.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Transit - Capital

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RESERVE ACCOUNT #: R-R11-TRAN

PURPOSE:

- To fund the capital replacement needs of Transit assets that are not funded from provincial or federal funding streams.

TARGET BALANCE:

- Maximum balance as determined by the 10-year capital forecast need for City funding.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Proceeds of disposition on sale of transit assets unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Grand Trunk (Cooper) Block

RESERVE ACCOUNT #: R-R11-GTCH

PURPOSE:

- To fund the development of the Grand Trunk Community Hub at the Cooper site.

TARGET BALANCE:

- As determined by the costing estimates of the approved Master Plan.

FUNDING SOURCES:

- Planned contributions from the Operating budget.
- Grants or donations.
- Sale of City-owned property unless otherwise utilized in the budget process.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Parkland: Cash In Lieu

RESERVE ACCOUNT #: R-R11-RPLT

PURPOSE:

- In accordance with the Planning Act R.S.O 1990 S42. (1), municipalities may adopt a by-law requiring a percentage of land being developed or redeveloped to be conveyed to the municipality for park or other recreational purposes.
- S42. (6) Where parkland cannot appropriately be provided, *"the council may require a payment in lieu, to the value of the land otherwise to be conveyed."*

TARGET BALANCE:

- Based on growth related development.

FUNDING SOURCES:

- Planned contributions received in lieu of land being conveyed to the City for parklandrequirements as per the Planning Act.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects for:
  - the acquisition of land for parks or other public recreational purposes.
  - the development or redevelopment of land, parks, and recreational facilities.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Provincial Infrastructure Grants

RESERVE ACCOUNT #: R-R11-OCIF

PURPOSE:

- To record deferred revenues received from provincial infrastructure grant programs until such time as expenditure of these funds on eligible and approved infrastructure capital projects is undertaken.

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TARGET BALANCE:

- No target balance.
- Balance will depend on timing of grant receipts in relation to the year of eligible project completion.

FUNDING SOURCES:

- Planned contributions from Provincial Infrastructure grant programs.

UTILIZATION OF FUNDS:

- Planned contributions to fund Capital projects for provincial share of eligible and approvedinfrastructure projects.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Canada Community Building Fund (CCBF)

RESERVE ACCOUNT #: R-R11-RFED

PURPOSE:

- To record deferred revenues from the CCBF, formerly the Federal Gas Tax Fund as administered by the Association of Municipalities Ontario (AMO), and the Eligible Expenditure of thesefunds in respect of Eligible Projects as governed by the Municipal Funding Agreement (MFA).

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TARGET BALANCE:

- No target balance
- Balance will depend on timing of semi-annual grant receipts in relation to the year of eligible expenditures.

FUNDING SOURCES:

- Planned contributions from AMO for the federal government.
-

UTILIZATION OF FUNDS:

- As per Section 6.4 of the Municipal Funding Agreement:
  - *The Recipient acknowledges and agrees the Funds are intended for and shall be used only for Eligible Expenditures in respect of Eligible Projects.*
- There are seventeen eligible project categories listed in the MFA that *include investments in Infrastructure for its construction, renewal, or material enhancement.*

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Provincial Gas Tax

RESERVE ACCOUNT #: R-R11-RGAS

PURPOSE:

- To record deferred revenue received from the Ministry of Transportation and the permitted expenditure of these funds as per the guidelines of the Dedicated Gas Tax Funds for Public Transportation Program.

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TARGET BALANCE:

- No target balance.
- Balance will depend on timing of quarterly grant receipts to the year of fund usage.

FUNDING SOURCES:

- Planned contributions from the Ministry of Transportation.

UTILIZATION OF FUNDS:

- The funding provided under the Dedicated Gas Tax for Public Transportation Program must be used exclusively for public transportation expenses (capital and operating) above the municipality's baseline spending, while not exceeding 75% of the municipality's spending on public transportation.

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Municipal Accommodation Tax

RESERVE ACCOUNT #: R-R11-RMAT

PURPOSE:

- To retain unspent funds relating to the Municipal Accommodation Tax
- To accumulate funds for the purpose of funding partially or wholly, specific Tourism-related initiatives.

TARGET BALANCE:

- No target balance as proceeds are determined by the volumes of stays in the City and projects are linked to tourism-related initiatives as approved by Council and as outlined within the Use of MAT policy being developed.

FUNDING SOURCES:

- Accommodator remittances relating to short-term accommodations as outlined in the MAT by-law.

UTILIZATION OF FUNDS:

- Tourism initiatives which can include but are not limited to programs and services that visitors take advantage of when visiting (e.g., roads, transit, culture, parks, natural areas and recreation).
- Funds received on behalf of the portion due to Destination Stratford will be remitted to them according to the Municipal Accommodation Tax by-law

Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Development Charges

RESERVE ACCOUNT #: Separate accounts maintained for each type

PURPOSE:

- As per the *Development Charges Act*, 1997, c.27, S2(1) "*The council of a municipality may by by-law impose development charges against land to pay for increased capital costs required because of increased needs for services arising from development of the area to which the by-law applies".*

- Services include Growth Studies, Services Related to Highway, Public Works, Fire, Library, Parks and Recreation, Police,Water, Wastewater, Storm Water, Waste Diversion.

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Deleted: Parks,

Deleted: Other Transportation and Administration

TARGET BALANCE:

- Based on growth activity and as calculated through Development Charge Background Study.

FUNDING SOURCES:

- Planned contributions received from developers as per the Development Charges by-law.

UTILIZATION OF FUNDS:

- Growth related capital projects as funded by the Development Charges by-law and identified in the Development Charge Background Study.

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Appendix A

RESERVE AND RESERVE FUND POLICY F.1.13
CORPORATE SERVICES DEPARTMENT

RESERVE NAME: Affordable Housing Initiatives

RESERVE ACCOUNT #: R-R11-AFHI

PURPOSE:

- To establish a funding source for approved Affordable Housing Initiatives approved by Council and to track funds available for these programs
- Excludes shared services initiatives such as are addressed with the Local Housing Reserve Fund

TARGET BALANCE:

- Variable

FUNDING SOURCES:

- Planned contributions from the Operating budget
- Sale of property or other assets if or as directed by Council

UTILIZATION OF FUNDS:

- Planned contributions to fund Operating expenses

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MANAGEMENT REPORT

Date: November 18, 2025
To: Finance and Labour Relations Sub-committee
From: Mike Koktan, Manager of Financial Services
Report Number: FIN25-038
Attachments: Q3 2025 Variance Report

Title: Operating Budget Variance Report as at September 30, 2025

Objective: To identify variances between operating results and the budget as of September 30, 2025 (Quarter 3) and report potential year-end impacts to Council.

Background: Regular monitoring of budgetary performance provides early warnings of potential problems and flags areas requiring attention, allowing decision-makers time to address significant budget deviations. As such, the finance division is required to prepare regular updates on budget performance, including variances from approved budgets.

Analysis: As this data represents the first nine months of the year, the attached variance summary is preliminary. The overall projected operating surplus for the year is $219,130, updated from the previous quarter projected deficit of $165,500.

Overall corporate variances, departmental analysis, and commentary support this on the report attachment. No concerns have been identified to date.

The forecasted variance from budget represents department and finance staff's best preliminary estimate of the final financial position.

Department variances have been included in the attachment with this report. A high-level early corporate overview has been provided below. **New for this report and going forward, surplus balances in the FORECASTED Variance column are shown as positive (black) amounts, and deficits as negative (red) amounts.**

Mayor, Council, Committees

No significant variances are expected. There may be slight deficits in the Special Events and Conferences due to increased councillor participation in 2025, but the overall results are still projected to be in line with budget by year end.

Chief Administrative Officer

There may be a surplus as certain initiatives such as leadership development, governmental advocacy and property work were put on hold due to the CAO transition. At the present time, a significant variance is not being forecasted.

Human Resources

No significant variance expected at this time but is dependent upon decisions for the HR department, and use of consultants. Salaries and wages are likely to be below budget, but consulting costs will be over, with no overall concerns.

Corporate Services (including Finance, Taxation, Clerks, Information Technology)

Overall, there is a projected surplus of $125,800. This is due to a position vacancy in the Clerks department for the first five months of 2025, and lower costs from a new service provider for the Crossing Guard department which will commence in September of this year. Also adding to the surplus is the hiring of the new Supervisor of Financial Services position which will be filled later than anticipated in the budget.

Building and Planning Services

The Planning division is tracking close to budget, and a significant variance is not expected.

Later than anticipated onboarding of new positions approved in the 2025 budget has resulted in a $75,000 projected surplus for By-Law enforcement.

Infrastructure Services

The Infrastructure Services Department as whole, is tracking reasonably close to budget. Significant variances are not anticipated. For the Roads division, higher-than-planned winter maintenance expenditures, both earlier and anticipated later in the year, are being partially offset by cost savings from a current staff vacancy and if required, can lean on the winter maintenance reserve transfers.

Fire and Airport

For the Fire Department, unplanned generator work required by a new fuel provider resulted in unanticipated costs of $6,670.

A significant variance is not anticipated for the Airport operations.

Community Services

While there are still year-end interfunctional charges to be recorded, all Community Services divisions are projected to finish the year in line with budget.

Social Services

Overall, the department is projecting a $25,000 surplus. This surplus is driven by lower than budgeted encampment response costs, staffing vacancies and changes in Ministry funding methodology for Canada-Wide Early and Child Care (CWELCC) expenditures. This surplus has been partially used due to increased insurance and repair expenditures for the Perth & Stratford Housing Corporation and snow removal and repair costs for Affordable Housing.

Police

Department salaries and benefits are lower than budget due to gapping of positions and longer-term absences. Conversely, overtime has increased because of vacancies and absences. Additionally, an unbudgeted feasibility study approved by the Board to identify police facility options will also impact the year end variance. Any surplus or deficit will be managed from the police reserve.

Library

Department salaries and benefits are slightly lower than budget due to gapping of positions and a long-term absence. Any surplus or deficit is managed through the library reserve.

Conclusion

As of the end of the third quarter, departments are delivering within approved workplans, and most departments are reporting no significant variances. As the City works to keep budgets and costs as low as possible, the likelihood of having large surpluses to fund the Tax Stabilization Reserve reduces as well. This means less flexibility in managing budget pressures and potentially passing along all budget impacts in future years, versus using prior year surpluses to mitigate increasing costs.

Financial Implications:

Financial impact to current or future year operating budget:
There are no impacts to the 2025 or subsequent operating budgets because of this report. This report is for information only.

Alignment with Strategic Priorities:

Not applicable: This report is a summary financial report for informational purposes and does not directly align with any specific Strategic Priority. It does however provide

benefit by offering insight into overall operational performance and supports informed decision-making.

Not applicable: As this report is being prepared for informational purposes, the One Planet Principles do not apply.

Staff Recommendation: THAT the report titled, "Operating Budget Variance Report as at September 30, 2025" (FIN25-038), dated November 18, 2025, be received for information.

Prepared by:	Michael Koktan, CPA, CA, Manager of Financial Services/Deputy Treasurer
Recommended by:	Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer André Morin, CPA, Chief Administrative Officer

City of Stratford
Q3 Operating Variance Report as at Sept 30, 2025

Department	2025 Net Budget	Unaudited as at Sept 30, 2025	% of Budget Spent	Surplus / (Deficit) FORECASTED Variance As at Dec 31, 2025	Variance as a % of Budget	Explanation
	Note 1	Note 1		Note 2		
Mayor/Council/CAO Office						
101 - Mayor & Council	**($705,158)**	**($380,809)**	54%	**$0**	0%	No significant variances expected. There may be slight deficits in Special Events and Conferences line due to the number of councillors attending conferences in 2025, but overall results are projected to be in line with budget by year end.
102 - Committees of Council	**($110,365)**	**($11,926)**	11%	**$0**	0%	No significant variance expected at this time, but is dependent upon activities and may be balanced through the council committee reserve if required and funds are available.
111 - CAO's Office	**($1,018,339)**	**($620,675)**	61%	**$0**	0%	There may be a surplus as certain projects such as leadership development, governmental advocacy and property work were put on hold due to the CAO transition.
Human Resources						
112 - Human Resources	**($1,522,097)**	**($926,024)**	61%	**$0**	0%	No significant variance expected at this time, but is dependent upon decisions for the HR department and use of consultants.
Corporate Services						
1010 - Taxation	**$86,038,828**	**$86,038,826**	100%	**$0**	0%	No variance anticipated all taxes are billed for the year.
100 - General Revenues	**$2,352,511**	**$1,948,235**	83%	**$0**	0%	No variance anticipated as Festival Hydro dividends received later in the year.
121 - City Clerk	**($1,014,888)**	**($633,527)**	62%	**$29,950**	3%	Vacancy in Clerk's Office resulting in a reduction in costs associated with salaries and benefits.
134 - Information Technology	**$0**	**($1,873,107)**	0%	**$0**	0%	No significant variance anticipated. All amounts are charged back to divisions or transferred to IT reserve fund.
135 - Parking	**$524,458**	**$756,854**	144%	**$0**	0%	Parking revenue is slightly above the same period in 2024 and is expected to remain higher through year-end. Expenses are currently higher than 2024 due to increased repairs and maintenance of parking equipment; however, overall spending is projected to finish close to budget, supported by lower contracted services costs with the new provider. A significant variance for the department is not expected.
136 - Crossing Guards	**($272,950)**	**($147,486)**	54%	**$43,850**	16%	Surplus is anticipated resulting from lower costs due to a new service provider.
139 - General Financial Services	**($3,492,290)**	**($2,143,297)**	61%	**$52,000**	1%	Variance resulting from new Supervisor of Financial Services position being filled later than anticipated in budget. Timing of transfers, long-term debt transactions, and revenue received also influence current balance. $3 million transfer from tax stabilization may or may not be needed to offset any deficit.
513 - Industrial Land Sales	**$0**	**($223,525)**	0%	**$0**	0%	No variance expected, any variances are balanced through industrial land reserve.
810 - Requisitions from Others	**($8,364,379)**	**($7,001,766)**	84%	**$0**	0%	No significant variance expected, timing differences in payments to partner agencies.
872 - Community Supports	**($1,196,870)**	**($791,165)**	66%	**$0**	0%	No significant variance expected, timing differences in timing of Bill 23 transfers.

City of Stratford
Q3 Operating Variance Report as at Sept 30, 2025

Department	2025 Net Budget	Unaudited as at Sept 30, 2025	% of Budget Spent	Surplus / (Deficit) FORECASTED Variance As at Dec 31, 2025	Variance as a % of Budget	Explanation
	Note 1	Note 1		Note 2		
Building and Planning Services						
250 - Building Permits	**$0**	**$26,043**	0%	**$0**	0%	No significant variance anticipated. Balanced through building permit reserve fund.
251 - Planning Services	**($785,492)**	**($564,024)**	72%	**$0**	0%	No significant variance anticipated.
252 - By-Law Enforcement	**($703,814)**	**($135,232)**	19%	**$75,000**	11%	Variance expected due to un-spent salaries: new positions (approved in 2025 budget) being onboarded later than expected.
Infrastructure Services						
310 - Engineering	**($1,218,172)**	**($982,555)**	81%	**$0**	0%	No significant variance anticipated.
315 - Fleet	**$0**	**($2,093,186)**	0%	**$0**	0%	No variance anticipated. All amounts are charged back to divisions or transferred to fleet reserve fund.
320 - Roads	**($9,005,268)**	**($2,806,611)**	31%	**$0**	0%	Heavier-than-usual snowfall and winter operations earlier in the year, combined with anticipated higher snowfall later in the year, have increased departmental costs. A current staff vacancy is partially offsetting these pressures. Results are tracking in line with budget and a significant variance is not anticipated.
330 - Sanitary	**$0**	**$2,039,825**	0%	**$0**	0%	User-fee division is balanced through reserve funds.
340 - Storm	**($5,074,485)**	**($1,602,294)**	32%	**$0**	0%	No significant variance anticipated.
350 - Water	**$0**	**$789,663**	0%	**$0**	0%	User-fee division is balanced through reserve funds.
360 - Waste	**($970,208)**	**$759,036**	-78%	**$0**	0%	No significant variance anticipated.
Fire						
211 - Fire	**($10,114,855)**	**($7,461,520)**	74%	**($6,670)**	0%	Variance the result of unscheduled generator work. A new fuel provider required both generators to be inspected before providing fuel (cost of $1170). Station 2 generator didn't meet code and required $5,500 of work. Total variance of $6,670
512 - Airport	**($76,899)**	**($48,010)**	62%	**$0**	0%	No significant variance anticipated.
Community Services						
141 - City Buildings	**($1,574,923)**	**($630,219)**	40%	**$0**	0%	No significant variance anticipated.
711 - Parks	**($3,278,922)**	**($2,048,168)**	62%	**$0**	0%	No significant variance anticipated.
715 - Facilities	**($3,795,911)**	**($1,646,568)**	43%	**$0**	0%	No significant variance anticipated.
721 - Recreation	**($4,541,070)**	**($2,292,004)**	50%	**$0**	0%	No significant variance anticipated.

City of Stratford
Q3 Operating Variance Report as at Sept 30, 2025

Department	2025 Net Budget	Unaudited as at Sept 30, 2025	% of Budget Spent	Surplus / (Deficit) FORECASTED Variance As at Dec 31, 2025	Variance as a % of Budget	Explanation
	Note 1	Note 1		Note 2		
731 - Cemetery	($753,551)	($309,628)	41%	$0	0%	No significant variance anticipated.
750 - Transit	($3,873,410)	($1,502,600)	39%	$0	0%	No significant variance anticipated.
751 - Parallel Transit	($657,520)	($494,331)	75%	$0	0%	No significant variance anticipated.
752 - Community Transportation	($46,583)	($86,062)	185%	$0	0%	No significant variance anticipated, balanced with community transit funding and partner billings
Social Services						
610 - Social Services Administration	($142,240)	($395,799)	278%	$50,000	35%	A surplus to budget is anticipated as a result of lower than budgeted encampment response costs.
611 - Ontario Works	($585,703)	($265,663)	45%	$0	0%	No significant variances expected.
612 - Homelessness	($349,760)	$106,649	-30%	$0	0%	No significant variances expected, expenditures are anticipated to increase slightly in the last quarter of the year as the weather changes. This will result in alignment with budgeted expectations.
613 - Anne Hathaway Day Care Centre	($330,725)	($8,564)	3%	$0	0%	No significant variances expected. Some interfunctional entries have not yet been completed resulting in a timing variance to budget.
614 - Perth & Stratford Housing Corporation	($2,553,958)	($1,076,247)	42%	($25,000)	-1%	At this time there are some anticipated budget deficits anticipated due to higher than budgeted insurance and repair expenditures.
615 - Housing Division - Service Manager	($760,220)	($213,298)	28%	$75,000	10%	At this time there is a surplus to budget anticipated resulting from staffing vacancies.
616 - Child Care	($413,940)	($13,124,931)	3171%	$0	0%	At this time there are no significant variances expected.
618 - Affordable Housing	($585,722)	$154,441	-26%	($75,000)	-13%	At this time a deficit to budget is anticipated resulting from snow removal and repair costs being higher than budgeted.
Police						
231 - Police	($15,931,981)	($10,205,761)	64%	$0	0%	Department salaries and benefits are lower than budget due to gapping of positions and long term absences. Conversely, overtime has increased as a result of vacancies and absences. Additionally, an unbudgeted feasibility study to identify police facilities options will also impact the year end variance. Any surplus or deficit is managed from the police reserve.
Library						
411 - Library	($3,093,129)	($1,909,572)	62%	$0	0%	Department salaries and benefits are slightly lower than budget due to gapping of positions and a long term absence. Any surplus or deficit is managed through the library reserve
		-				
Total Net Revenue (Expense)	$0	$25,963,416		$219,130		**Projected Surplus**

Note 1 - Commencing this report, net revenues are shown as positive black amounts, and net expenses as negative red amounts
Note 2 - Commencing this report, surplus balances in the FORECASTED Variance column are shown as positive black amounts, and deficits as negative red amounts