

Staff Report

Presented By: Daniel Waechter, Chief Financial Officer/Treasurer
Meeting Date: April 27, 2026
Subject: 2025 Preliminary Operating Financials
Attachment(s): 2025 Operating Results

Recommendation

That Council receive the 2025 Preliminary Operating Financials report for information.

Report Summary

The Town's 2025 Operating results show a total surplus of \$12.7 million. \$4.6 million is attributable to the Tax Stabilization Reserve and the remaining \$8.1 million is attributable to other reserves, predominately the Water and Wastewater reserves.

Background/Analysis

The Town is preparing for the 2025 financial audit and have performed preliminary analysis to determine the expected surplus from 2025. The attached summary shows the preliminary net results by department. As seen in the attachment, the actual net income (excluding debt, amortization, and allocations) for the year is \$12.7 million comprised of revenue of \$49.9 million, salaries and benefits of \$20.5 million, and expenses of \$16.7 million. The attached summary does not include approximately \$1.1 million in additional interest attributed to discretionary and obligatory reserve funds. The interest attributable to reserve funds protects the purchasing power of the Town's reserves from the impact of inflation.

Revenue is \$0.2 million (0%) lower than budgeted.

- Aquatic and Wellness Centre (AWC) revenue is \$0.4 million lower than budgeted due to the slight delay in opening of the AWC to January 24th, 2026.
- Parks revenue was \$0.2 million higher than budgeted due to donation revenue related to Southampton Tennis Club renovations.
- Water and wastewater revenue is \$0.4 million higher than budget due to growth and higher than expected consumption charges and is attributed to the Water and Wastewater reserves.

- Cemetery revenue was \$0.1 million higher than budgeted due to plot sales, burial charges, and investment gains on Care and Maintenance funds.
- Fire Services revenue was \$0.1 million higher than budgeted due to unbudgeted Provincial grant revenue.
- Engineering services revenue was \$0.1 million lower than budgeted due to lower recoveries from developers.
- Building permit revenue is \$0.4 million below budget. This unfavourable variance in Building revenue is solely attributed to the Building Reserve Fund, which has significant reserves in place.
- Economic Development revenue is \$0.4 million lower than budgeted due to the timing of Innovation Park lot sales.
- Planning revenue was \$0.2 million lower than budgeted due to the timing of Housing Accelerator Fund revenue and related project expenses.
- Supplemental taxation revenue is \$0.1 million higher than its \$0.3 million budget.
- Police Services revenue is \$0.3 million higher than budgeted due to WSIB premium recoveries (\$0.1 million) and unbudgeted Provincial grant revenue (\$0.2 million).
- Other revenue across the organization was \$0.1 million higher than budgeted.

Salaries and benefit costs are \$0.6 million (3%) lower than budgeted.

- Aquatic salaries and benefits are \$0.5 million lower than budget due to delayed hiring at the AWC.
- Operations salaries and benefits are \$0.4 million higher than budget due partially due to higher-than-expected winter control overtime.
- Fire Services wages are \$0.2 million higher than budget, as detailed in a Q3 report on volunteer fire activity.
- Development Services wages are \$0.3 million lower than budgeted due to staff vacancies and delayed hiring.
- Police wages are \$0.2 million lower than budget, partially due to less overtime expense than budgeted.
- Other salaries and benefits are \$0.2 million lower than budgeted.

Expenses are \$0.3 million (2%) higher than budgeted.

- External legal fee expenses were \$0.1 million higher than budgeted, offset by \$0.05 million of other CAO Office expenses
- Physician recruitment expenses were \$0.1 million lower than budgeted.
- Parks materials and supplies expense were \$0.2 million higher than budgeted due to Southampton Tennis Club renovations, offset entirely by donation revenue
- Operations expenses were \$0.3 million higher than budgeted, primarily due to winter control expenses and fuel and vehicle repairs.
- Development Services expenses were \$0.1 million lower than budgeted across different program areas
- Information Technology expenses were \$0.1 million higher than budgeted due to vendor price increases on software licenses
- Other expenses across the organization were \$0.2 million lower than budgeted.

Linkages

- Strategic Plan Alignment: Pillar 1: Meeting the Needs of a Growing Community
- Business Plan Alignment: Corporate Services Business as Usual

Financial Impacts/Source of Funding

An improvement in the Accumulated Surplus of \$12.7 million is anticipated as a result of the 2025 Preliminary Operating Results.

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Approved By: Kara Van Myall, Chief Administrative Officer