

REPORT TO COUNTY COUNCIL

2023 Audited Financial Statements

To: Warden and Members of County Council

From: Director of Corporate Services

RECOMMENDATION

1. That the Oxford County Consolidated Financial Statements and the County of Oxford Trust Funds Statements for the year ended December 31, 2023 be accepted.

REPORT HIGHLIGHTS

- Auditor to present the 2023 consolidated financial statements
- Long Term Financial Sustainability Plan sustainability measures for 2019 to 2023 are responding to increased debt, capital expenditures and operating costs due to inflationary pressures
- 2023 year end County operating budget surplus is \$1,757,645

IMPLEMENTATION POINTS

Following Council's acceptance of the Audited Financial Statements they will be posted on the County's website for public information.

Financial Impact

2023 year end budget surpluses have been transferred to the appropriate reserves in accordance with Reserve Policy 6.20, as outlined in Table 4 in this report.

This report has been prepared on the basis of the audited 2023 consolidated financial statements.

Communications




The consolidated financial statements will be posted on the County’s website for public information and submitted to the province with the Financial Information Return (FIR). A copy of the statements will also be provided to the County’s banking institution and Standard & Poor’s for their respective annual credit rating reviews.

2023-2026 STRATEGIC PLAN

Oxford County Council approved the **2023-2026 Strategic Plan** on September 13, 2023. The Plan outlines 39 goals across three strategic pillars that advance Council’s vision of “Working together for a healthy, vibrant, and sustainable future.” These pillars are: (1) *Promoting community vitality*, (2) *Enhancing environmental sustainability*, and (3) *Fostering progressive government*.

The recommendations in this report supports the following strategic goals.

Strategic Plan Pillars and Goals

PILLAR 1	PILLAR 2	PILLAR 3
		
Promoting community vitality	Enhancing environmental sustainability	Fostering progressive government
		Goal 3.4 – Financial sustainability

See: [Oxford County 2023-2026 Strategic Plan](#)

DISCUSSION

Background

For the 2023 fiscal year, Council appointed Scrimgeour & Company, Chartered Accountant, as auditor for the financial statements for the County of Oxford including its local boards.

Attached as Attachments 1 and 2 are copies of the County of Oxford Consolidated Audited Financial Statements and Audited Woodingford Lodge Resident Trust Fund Statements for the year ended December 31, 2023.

Comments

In September 2011, County Council adopted a Long Term Financial Sustainability Plan that sets out sustainability measures based on “Indicators of Government Financial Condition”, defined and approved by the Public Sector Accounting Board. They include a core set of indicators for assessing financial condition of the government entity based on financial statements prepared on the full accrual basis of accounting. Financial condition is health measured in terms of ability to meet obligations in respect of service commitments and financial commitments, using elements of sustainability, flexibility and vulnerability and provides an overall assessment of the municipality’s financial condition.

Performance regarding 2023 achievements with respect to projects and advancement of the County’s strategic plan will form part of the 2023 Annual Report which is expected to be available by the end of June.

Sustainability indicators measures the degree to which a government can maintain its existing service and financial commitment. Table 1 provides a list of sustainability measures based on the County’s 2019 - 2023 financial statements.

Table 1 – Sustainability Indicators

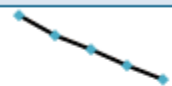

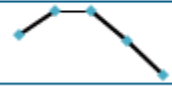
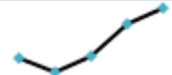
	2019	2020	2021	2022	2023	Trend
Financial assets to liabilities	2.25	2.41	2.44	2.21	1.91	
Total cash and temporary investments to operating expenses	1.23	1.31	1.35	1.32	1.26	
Net working capital to operating expenses	1.10	1.13	1.14	1.03	0.97	
Net debt to total operating revenue	0.23	0.20	0.18	0.15	0.14	
Net debt to taxable assessment	0.0026	0.0022	0.0020	0.0018	0.0017	
Accumulated surplus to taxable assessment	0.037	0.036	0.037	0.038	0.038	
Total debt per household	\$970	\$868	\$831	\$729	\$678	
Current ratio ¹	4.96	4.81	4.56	3.63	3.53	
Taxation rates coverage ²	0.37	0.37	0.35	0.36	0.35	
Interest coverage ³	15.86	18.57	19.83	25.07	27.78	
Sustainability ratio ⁴	1.72	1.62	1.53	2.08	1.82	

Notes:

- ¹ current assets/current liabilities - ability to meet short term debt obligations
- ² total tax revenue/total expenses - ability to cover its costs through tax revenue
- ³ earnings before interest/borrowing costs - ability to pay interest on outstanding debt
- ⁴ capital expenditures/amortization - net increase or decrease in the asset base


Flexibility Indicators measure the degree to which a municipality can change its debt or tax burden to meet its existing service and financial commitments. Table 2 presents flexibility indicators based on the County's 2019 - 2023 financial statements.

Table 2 – Flexibility Indicators

	2019	2020	2021	2022	2023	Trend
Debt charges to total revenues	0.010	0.009	0.008	0.006	0.005	
Net book value of capital assets to cost of capital assets	0.63	0.62	0.64	0.61	0.61	
Total reserves to operating expenses	1.09	1.13	1.13	1.08	1.01	
Total revenue to taxable assessment	0.0112	0.0110	0.0112	0.0118	0.0120	

Vulnerability indicators measure the degree to which a government is dependent on sources of funding from outside its control or influence the extent to which it is exposed to risks that could impair its existing ability to meet service and financial obligations. Table 3 exhibits a vulnerability indicator based on the County's 2019 - 2023 financial statements.

Table 3 – Vulnerability Indicators

	2019	2020	2021	2022	2023	Trend
Government transfers to total revenues	0.29	0.29	0.33	0.32	0.33	

Budget Surplus

The Financial Statements include a Consolidated Statement of Financial Position which identifies the assets, liabilities and accumulated surplus as of December 31, 2023. Note 13 to the Financial Statements provides a breakdown of the components of the accumulated surplus which includes investment in tangible capital assets; the Library surplus (budget to actual); unfunded asset retirement obligations; the County's proportionate share of the Oxford Elgin St. Thomas Health Unit surplus; and, discretionary and special purpose reserves. Due to a change in accounting standards, unfunded asset retirement obligation were added to the 2023 statements. The accumulated surplus at December 31, 2023 totals \$796,141,048 (\$764,093,613 – 2022).

The overall 2023 budget surplus of \$1,757,645 (2022 - \$6,153,898) was transferred to reserves in accordance with Reserve Policy 6.20, and is further explained in Table 4.

Table 4 – Summary of Surplus

Description		Reserve	2023
General operating	See Table 5	Corporate General	\$449,894
		Roads	899,789
		Bridges	89,979
		Facilities-Housing	359,916
General Operating Levy Surplus			1,799,578
Library operating	See Table 5	General-Library	16,304
Library Operating Levy Surplus			16,304
Wastewater and Water Rates	See Table 6	Respective water and wastewater system reserves	(44,280)
Rates Deficit			(44,280)
Waste collection	Fewer bag tag sales than budgeted and higher contract costs from the City of Woodstock	Waste collection	(194,249)
Fleet	Lower vehicle sales and increase in salaries and benefits	Fleet	(101,911)
Facilities (Rented buildings)	Minor	Facilities	285
Legal	Actual legal differed from average expectations with some projects requiring legal support being delayed	Legal	93,917
Landfill	Reduced construction and demolition transportation and processing costs	Landfill and Waste Diversion	56,071
Housing	Savings from facilities costs and lower rent supplements transferred.	Affordable Housing Reserve	131,930
Special Program surplus (deficit)			(13,957)
Total Budget Surplus			\$1,757,645

The 2023 General budget operating surplus and Library budget operating surplus is explained in Table 5.

Table 5 – County and Library Levy Budget Surplus

Description	Main Driver	2023
		\$
CAO Office	Vacancies and staff changes	31,900
Future Oxford	No environmental survey and lower admin support costs	54,300
Human Resources	Staff vacancies	110,600
Customer Service	Staffing vacancies and restructuring	56,500
Finance	Staffing vacancies. Savings on AP digitization implementation and budget survey	11,300
Information Technology	Staffing vacancies. Lower expenses - computer software and insurance	267,100
Information Services	Staff vacancy	155,500
Provincial Offences Administration	Higher provincial revenues for County Court Security and fine revenues. Savings in adjudication and prosecution costs.	498,100
General	Property tax - in year supplementary tax	462,000
	Interest income - due to higher interest rates	223,000
	Higher income from land royalties	48,600
	Savings in grants to community events that did not proceed	31,600
Southwestern Public Health	Increased Approved Budget subsequent to the County's Budget and 2 additional in-year levy increases	(383,100)
Engineering	Savings due to staff vacancies offset by lower fee recoveries	187,000
Facilities	Lower revenues and higher debt from energy renewable projects	(87,700)
Roads	Savings due to reduced snow control for mild winter (salt and sand)	400,000
Waste Management	Recycling market rates down which is slightly offset by compost processing costs	(62,000)
Woodingford Lodge	Savings in salaries and benefits; increase in per diem and supplement funding over budget; new funding for IPAC program. Savings in building expenses for ground works and utilities.	298,800
Ontario Works	Staff vacancies, savings in computer software, training, postage, insurance and supplies	298,700
Paramedic Services	Higher WSIB expenses offset by increase in 50/50 ministry funding over budget	(300,700)
Community Planning	Increase in planning fee revenues; savings due to staff vacancy, training and legal expenses	107,700
General	Budget Salary Gapping – (savings is recognized by division)	(550,000)
Legal Surplus	Legal surplus reserve entry - (savings is recognized by division)	(93,900)
Various	Miscellaneous other savings	34,278
County Levy Budget Surplus		\$1,799,578
Library	Higher interest rates	5,300
	Staff vacancies	54,300

Description	Main Driver	2023
		\$
	Savings in book purchases – electronic and hard copy	21,400
	Higher expenses related to increased security costs needs, membership, training, postage, travel, supplies and development charge exemptions	(67,400)
	Other expenses	2,704
Library Levy Budget Surplus		16,304
Overall Levy Budget Surplus		\$1,815,882

Note 1 – The County’s operating budget surplus does not include surplus retained by Oxford Elgin St. Thomas Health Unit. The County’s portion of the surplus as at December 31, 2023 is \$1,695,728 (\$1,351,806 – 2022). The total accumulated operating surplus for Oxford Elgin St. Thomas Health Unit is \$3,015,163 (\$2,436,767 – 2022).

There are four water systems and eleven wastewater systems that are self-funded from user fees. Surpluses (or deficits) are allocated to each system’s respective reserves. The year end variances from budget contributions to reserves for each respective system are presented in Table 6.

Table 6 – Water and Wastewater Reserve Contribution Variance

Description		Reserve	2023
Water Systems	Increased chemical costs and DC exemptions (township).	Woodstock	\$(11,321)
		Tillsonburg	(165,002)
		Ingersoll	(151,497)
		Township	(203,397)
		Total Water	(531,217)
Wastewater Systems	Most systems saw higher rate revenues but also higher chemical costs. Increased costs for development charge exemption costs in Norwich and Tavistock.	Woodstock	146,595
		Tillsonburg	381,580
		Ingersoll	181,460
		Norwich	(153,618)
		Tavistock	(94,483)
		Plattsville	(47,102)
		Thamesford	80,166
		Drumbo	(40,434)
		Mt Elgin	15,204
		Embro	29,689
		Innerkip	(12,120)

Description	Reserve	2023
	Total Wastewater	486,937
Total Rates Deficit		\$(44,280)

Oxford Elgin St. Thomas Health Unit

On May 1, 2018, Oxford Public Health and Elgin St Thomas Public Health merged to form Oxford Elgin St. Thomas Health Unit, operating as Southwestern Public Health (SWPH). In accordance with the Public Sector Accounting Board (PSAB) standards, the assets, liabilities and operations of SWPH are proportionately consolidated in the financial statements of the County of Oxford. The consolidated County financial statements include 56.3% (55.5% in 2022) proportionate consolidation of SWPH operations from January 1, 2023 to December 31, 2023. The County's share of SWPH's Accumulated Surplus is reflected in Note 13 in the County's Consolidated Financial Statements. The Oxford Elgin St. Thomas Health Unit 2023 Audited Financial Statement figures are draft until formally accepted by the Board at a meeting scheduled for May 23, 2024. The final 2023 Audited Statements will be circulated to County Council upon receipt.

Safe Restart Agreement and Provincial COVID-19 Recovery Funding

The County's COVID related costs were fully funded for years 2020 to 2023. The County received \$3.5 million as part of the Federal-Provincial Safe Restart grant, and \$1.2 million as part of the Provincial COVID-19 Recovery Funding for Municipalities in 2021. The County has utilized \$1,130,153 to offset COVID related operating costs from 2020 to 2023. In accordance with direction from the Ministry, since funding exceeded the 2020 to 2023 COVID-19 related costs, the \$4.0 million in residual funding has been allocated to a dedicated reserve for use in 2024.

Table 7 – Safe Restart Agreement Fund and Provincial COVID-19 Recovery Funding Continuity

	Opening Balance	Revenue	Expenses	Closing Balance
2020	\$-	\$3,502,100	\$169,504	\$3,332,596
2021	3,332,596	1,244,656	281,788	4,295,464
2022	4,295,464	-	263,404	4,032,060
2023	4,032,060	-	415,457	3,616,603
		4,746,756	1,130,153	
2024 Forecast	3,616,603	-	3,616,603	-
		\$4,746,756	\$4,746,756	

Conclusions

The five years of financial indicator comparatives as illustrated in this report suggest that the County is well positioned in the short and mid-term to meet its service and financial obligations.

Overall the 2023 financial statements, supported by an unqualified Auditor's Reports and stable financial indicators, reaffirms the County's ability to continue to maintain its strong liquidity position with a moderate debt burden – key strengths necessary for financial sustainability.

SIGNATURES

Report Author:

Original signed by

Carolyn King, CPA, CA
Manager of Finance

Departmental Approval:

Original signed by

Lynn S. Buchner, CPA, CGA
Director of Corporate Services

Approved for submission:

Original signed by

Benjamin R. Addley
Chief Administrative Officer

ATTACHMENTS

Attachment 1 – Consolidated Financial Statements – December 31, 2023
Attachment 2 – Woodingford Lodge Resident Trust Fund Statements – December 31, 2023