

REPORT TO COUNTY COUNCIL

Business Plan and Budget Review – 3rd Quarter

To: Warden and Members of County Council

From: Director of Corporate Services

RECOMMENDATION

1. That Report CS 2024-36 entitled “Business Plan and Budget Review – 3rd Quarter” be received for information.

REPORT HIGHLIGHTS

- Delivery of the 2024 goals and objectives is progressing as planned
- 2024 forecasted year end County operating deficit of \$8.4 million, comprised of
 - County general levy surplus of \$0.6 million
 - Library surplus of \$0.1 million
 - Water and wastewater systems deficit of \$9.2 million
 - Special Program net surplus of \$0.1 million allocated to/from program reserves for fleet, facilities, housing and waste collection

IMPLEMENTATION POINTS

Staff will continue to monitor budget variances over the final quarter with a view to mitigating any additional negative balances for year end. This will be the final 2024 financial update for Council until the new year.

Financial Impact

This report is based on information Finance staff have compiled from the financial systems and input received from each of the respective departments. The year to date financial activity as presented in this report anticipates a consolidated year end deficit position.

Attached to this report as Attachment 1 is the Q3 2024 Overall Forecast Variance as of September 30, 2024. The forecast figures suggest an overall operating deficit of \$8,460,871 - surplus of \$588,599 in the general levy; \$80,684 surplus in the library levy; a deficit of \$9,205,081 for the water and wastewater systems; and an overall surplus of \$74,927 for program reserves.

Communications

This report is intended to update Council on the progress on business plan goals and financial impacts to date. Through *Council this Week*, a summary of this report is also being provided to the public.

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 recommendation 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

In accordance with the reporting provisions contained within the Long Term Financial Sustainability Plan, staff has prepared progress updates for each of the approved goals and

objectives within their business plans, accompanied by budget variance reports annotated to explain significant variances as of September 30, 2024.

Comments

Financial Operating Forecast

Attachment 1 to this report provides a financial summary of the forecasted surplus (or deficit) by division. The September 30, 2024 forecasted year-end overall deficit is \$8,460,871, which is comprised of:

- County general levy surplus of \$588,599;
- Library levy surplus of \$80,684;
- Water and wastewater system deficit of \$9,205,081 – allocated to/from four water and eleven wastewater reserves
- Program reserve surplus of \$74,927 – allocated to/from four program reserves - fleet, facilities, housing and waste collection.

The overall deficit of \$8,460,871 includes the following notable variances:

- \$3.2 M net investment income
- \$(0.3 M) water and wastewater rates income
- \$(1.0 M) increased WSIB claims costs in Woodingford Lodge and Paramedic Services
- \$(12.8 M) development charge exemptions
- \$0.4 M winter materials and line painting savings

In accordance with Reserves Policy 6.20, the forecasted surplus/deficit will be allocated/funded as follows:

Funding	Forecasted Surplus (Deficit) \$	6.20 Reserve Policy Allocation
County General Levy	588,599	<ul style="list-style-type: none"> • 25% to Corporate General Reserve \$147,149 • 50% to Roads Reserve \$294,300 • 5% to Bridges and Structural Culverts Reserve \$29,430 • 20% to Social Housing Reserve \$117,720
Library Levy	80,684	<ul style="list-style-type: none"> • 100% to Library General Operating Reserve \$80,684
Wastewater	(5,264,912)	<ul style="list-style-type: none"> • Wastewater – Woodstock (\$3,491,669) • Wastewater – Tillsonburg (\$1,812,844) • Wastewater – Ingersoll (\$538,550) • Wastewater – Norwich (\$30,553) • Wastewater – Tavistock \$731,205 • Wastewater – Plattsville (\$6,163) • Wastewater – Thamesford \$104,661 • Wastewater – Drumbo (\$75,843) • Wastewater – Mt Elgin (\$62,759) • Wastewater – Embro (\$22,325) • Wastewater – Innerkip (\$60,072)
Water	(3,940,169)	<ul style="list-style-type: none"> • Water – Woodstock (\$3,050,839) • Water – Tillsonburg (\$696,114)

Funding	Forecasted Surplus (Deficit) \$	6.20 Reserve Policy Allocation
		<ul style="list-style-type: none"> • Water – Ingersoll (\$88,358) • Water – Townships (\$104,858)
Facilities	(47,354)	• Corporate General Facilities (\$47,354)
Fleet	(9,663)	• Fleet (\$9,663)
Housing	195,622	• Affordable Housing Reserve \$195,622
Waste Collection (Bag Tag)	(63,678)	• Waste Collection (\$63,678)
	(\$8,460,871)	

The 2024 budget included a salary gapping provision of \$550,000. The year to date salary and benefit forecasts continue to be monitored to assess the impacts of gapping. At this time, the gapping provision is expected to be a fair representation of the overall salaries and benefits underspent by year end.

Attachment 2 to this report provides a summary of in-year transfers and emergency purchases approved by the CAO in accordance with Purchasing Policy 6.07, in response to projects that exceed the approved budget provision.

As the Municipal Act does not allow municipalities to carry a deficit, when a deficit occurs it must be funded in the following year’s budget – meaning it must be funded through the levy or existing reserves. The planned adjustments to reserves have sufficient balances to fund this year’s projected deficits.

Development Charge Exemptions

County staff continue to collect and review Development Charge exemption information for 2024 from area municipalities. The total estimated exemptions for 2024 are approximately \$13.7 million, as illustrated in Table 1, compared to the final 2023 exemptions of just under \$2.1 million. Of the \$13.7 million forecast, approximately 85% or \$11.6 million is the estimated non-statutory exemptions with the remaining 15% or \$2.1 million representing the estimated statutory exemptions.

Table 1 – 2024 Development Charge Exemptions

	County	Library	Water	Wastewater	Total
2024 Budget	\$578,000	\$12,500	\$120,000	\$212,000	\$922,500
Forecast	3,890,882	60,643	3,813,766	5,944,650	13,709,941
Deficit	\$3,312,882	\$48,143	\$3,693,766	\$5,732,650	\$12,787,441

Financial Capital Forecast

The Q3 2024 Capital Plan Review, attached as Attachment 3, illustrates the 2024 approved capital budget (including in-year approved budget transfers, and forecast carry-forward variances from the prior year); forecasts, and, projected year end variances for each project.

The projected overall variance for year end is estimated to be a surplus of approximately \$24.2 million or 19.9% of the revised budget. Supply shortages are contributing to the delay in completing projects.

Q3 Business Plan and Budget Division Updates

Attachment 4 of this report provides Q3 2024 business plan updates by division including comments prepared by the respective departments.

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; and is forecasting to utilize \$3,616,603 in 2024 for affordable housing projects and admin building space optimization. In accordance with direction from the Ministry, since funding exceeded COVID-19 related costs to date, the residual funding has been allocated to a dedicated reserve for use in 2024.

Table 2 – 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
2024 Forecast	3,616,603		3,616,603	-
		\$4,746,756	\$4,746,756	

Economic Stimulus Fund

As part of the 2024 business plan and budget deliberation process, Council passed a resolution directing staff to facilitate repatriation of the County's principal investment related to loans in the joint Economic Stimulus Fund that was established with Community Futures Oxford (CFO) for the purpose providing loans and grants to support local businesses during the pandemic.

Of the \$1.5 M joint investment in the Economic Stimulus program, the County contributed \$1 M and CFO contributed \$0.5 M, proportionate share being 67% and 33% respectively. Of the total investment, \$1.2 M (County \$800,000 and CFO \$400,000) was disbursed in the form of loans, with the remainder being paid out as grants.

As of December 31, 2023, CFO held \$533,406 in cash for repaid loans. In response \$500,000 of that balance was paid out to the County and CFO based on proportional contribution share of 67% and 33%, resulting in the County receiving \$335,000 and CFO receiving \$165,000. The County's \$335,000 has been credited to the County's General Reserve, being the funding source of the original contribution, as directed by the aforementioned resolution passed by Council at their December 13, 2023 meeting.

County and CFO staff continue to monitor the loan principal repayments on a quarterly basis and will repatriate funds as appropriate. Staff will continue to update Council accordingly.

Future Oxford Legacy Fund

In consideration of a Grants Program Policy at their meeting held September 11, 2024, Council passed a resolution directing staff to facilitate repatriation of the County's principal investment related to loans in the Future Oxford Legacy Fund administered by Community Futures Oxford (CFO) – a total of \$1,000,000 in grant and loan funding has been contributed since 2016.

Initiated in 2016, the Fund was designed to support the Future Oxford Community Sustainability Plan. In 2022, County Council adopted an updated Strategic Plan that re-established Council's commitment to a more sustainable future, with emphasis on adapting to climate change impacts and continuing Oxford's role as a leader in sustainability. Pursuant to Council's direction, repatriated investment funds will replenish the General Reserve as they are received.

County and CFO staff will monitor the loan principal repayments on a quarterly basis and will repatriate funds as appropriate. Staff will continue to update Council accordingly.

Broadband Expansion Reserve

The Broadband Expansion Reserve was established by County Council during 2021 Business Plan and Budget deliberations. The purpose of the Reserve is to fund future broadband expansion projects in underserved areas in Oxford County, matched 50% by the Area Municipality in which the expansion occurs. The commitment to the fund was equivalent to 2% of the 2021 and 2022 levies, funded from the General Reserve.

A subsequent resolution was passed at County Council's meeting held March 23, 2022, committing to support projects leveraged under the Universal Broadband Fund in each of the five Townships in Oxford County, matching their funds up to one-fifth of the County's allocation of \$2,642,487.

The following table illustrates the Reserve funds paid to the respective Townships and the remaining balances as of the end of this quarter. Staff will continue to provide quarterly updates to Council on the community investments supported by this Reserve.

Table 3 – Broadband Expansion Reserve Funding Continuity

	Contribution To	Norwich	Blandford -Blenheim	East-Zorra Tavistock	South-west Oxford	Zorra	Balance
Allocation		\$528,497	\$528,497	\$528,497	\$528,497	\$528,497	
2021	1,274,487	-	-	-	-	-	1,274,487
2022	1,368,000	-	-	-	-	-	2,642,487
2023	-	-		(273,487)	-	-	2,369,000
2024 Forecast	-	(528,497)	-		(528,497)	-	1,312,006
Remaining Balance		\$-	\$528,497	\$255,010	\$-	\$528,497	

CONCLUSIONS

Overall, the 2024 third quarter report indicates that the County’s current financial position has been challenged with greater than anticipated development charge exemptions due to significant growth throughout the county.

Staff will continue to assess courses of action to mitigate the budget impacts which will include, but not be limited to, finding efficiencies and opportunities for the balance of 2024 and in preparation for the 2025 Business Plans and Budget.

SIGNATURES

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Approved for submission:

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ATTACHMENTS

- Attachment 1 – Q3 2024 Overall Forecast Variance
- Attachment 2 – 2024 Approved Transfers and Emergency Purchases Summary
- Attachment 3 – Q3 2024 Capital Plan Review
- Attachment 4 – Q3 2024 Business Plan Update by Division