

REPORT TO COUNTY COUNCIL

Business Plan and Budget Review – Q2 2025

To: Warden and Members of County Council

From: Senior Manager of Financial Services - Treasurer

RECOMMENDATION

1. That Report CS 2025-23 entitled “Business Plan and Budget Review – Q2 2025”, be received.

REPORT HIGHLIGHTS

- Delivery of the 2025 goals and objectives are progressing as planned
- June 30, 2025 forecasted year-end overall deficit of \$3,903,779 comprised of:
 - County general levy deficit of \$3,247,281
 - Library levy surplus of \$62,967
 - Water and wastewater system deficit of \$1,357,319
 - Special Program reserve surplus of \$637,854 – allocated to/from program reserves for fleet, facilities, housing and waste collection

IMPLEMENTATION POINTS

Staff will continue to monitor spending versus the County’s budget and the impact of tariffs and take appropriate action where required. The next financial update for Council will be in November for the period ending September 30, 2025.

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 an overall deficit at year-end.

Attached to this report as Attachment 1 is the Q2 2025 Overall Forecast Variance as of June 30, 2025. The forecast figures suggest an overall operating deficit of \$3,903,779 - deficit of

\$3,247,281 in the general levy; \$62,967 surplus in the library levy; a deficit of \$1,357,319 for the water and wastewater systems; and a surplus of \$637,854 for program reserves.

The financial estimates contained in this report are to be considered qualified as they are based on information available at a point in time and are subject to change significantly within a short period of time due to the dynamic nature of the current economy.

Communications

This report is intended to update Council on the progress of business plan goals and financial projections, and additional funding received 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 3.1 – Continuous improvement and results-driven solutions Goal 3.2 – Collaborate with our partners and communities 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 have prepared progress updates for each of the approved goals and objectives within their business plans, accompanied by budget variance report annotated to explain significant variances as of June 30, 2025.

Comments

Financial Operating Forecast

Attachment 1 to this report provides a financial summary of the forecasted surplus (or deficit) by division. As of June 30, 2025, forecasted year-end overall deficit is \$3,903,779, which is comprised of:

- County general levy deficit of \$3,247,281;
- Library levy surplus of \$62,967;
- Water and wastewater system deficit of \$1,357,319 – allocated to/from four water and eleven wastewater reserves;
- Program reserve surplus of \$637,854 – allocated to/from four program reserves - fleet, facilities, housing and waste collection.

The overall deficit of \$3,903,779 is primarily attributed to development charge exemptions tied to frozen period rates, additional costs resulting from an unusually severe winter, and reduced water and wastewater revenues driven by water conservation efforts. Some notable variances are outlined below:

- \$(2.8) M development charge exemptions
- \$(1.3) M water and wastewater rates, and sewer by-law revenues
- \$(0.5) M winter control related costs
- \$0.5 M non-profit housing provider subsidy recovery due to year-end reconciliation
- \$0.2 M Bag tag revenues

Given the dynamic nature of tariffs, it is difficult to quantify and isolate the financial impact. However, we are observing increased costs in certain categories, particularly computer equipment. These price pressures may continue to affect future procurement budgets and should be monitored closely as part of broader economic and supply chain trends.

The 2025 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.

Supplementary tables to the respective budget update reports include in-year budget transfers approved by the CAO in accordance with Purchasing Policy 6.07, in response to projects that

exceed the approved budget provision. In addition, these supplementary tables report emergency purchases incurred. A summary of these approved transfers and emergency purchases incurred to date with more details are to be found in Attachment 2.

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

The cost of known and anticipated development charge exemptions based on information received to date reflects approximately \$4.9 million, as illustrated in Table 1. As part of the 2025 Budget the Growth reserves were created to aid in managing the impact of development charge exemptions. Contributions to the Growth – Library reserve for 2025 are sufficient to fund the current anticipated deficit of \$7,287 for Library. Contributions to the Growth – General reserve for 2025 are insufficient to fund the anticipated \$2.8 million exemptions budget shortfall, contributing to the County's overall anticipated deficit. While the non-statutory exemption for Industrial development was removed on February 26, 2025, a significant number of industrial exemptions subject to frozen period rates have been realized. There is ongoing risk as the frozen period has not lapsed for all subject industrial developments.

Table 1 – 2025 Development Charge Exemptions

	General	Library	Total
2025 Budget	\$1,998,702	\$92,202	\$2,090,904
Forecast	4,818,207	99,489	4,917,696
Budget variance	2,819,505	7,287	2,826,792
Growth Reserve Funding	44,180	7,287	51,467
Remaining forecast deficit	\$2,775,325	\$-	\$2,775,325

Financial Capital Forecast

The Q2 2025 Capital Plan Review, attached as Attachment 3, illustrates the 2025 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 \$12.3 million or 8.4% of the revised budget.

Q2 Business Plan and Budget Division Updates

Attachment 4 of this report provides Q2 2025 business plan updates by division including comments prepared by the respective departments.

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 loans are repaid, the balance will be pay back to the County and CFP based on the proportional contribution share of 67% and 33%, as described in Table 2 below. 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. The County's share will be 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.

Table 2 – Economic Stimulus Loan

	Oxford County (66%)	Community Futures Oxford (33%)	Total Loan Fund
Initial Contribution	\$804,000	\$396,000	\$1,200,000
2024	(335,000)	(165,000)	700,000
2025 – to date	(201,000)	(99,000)	400,000
	\$268,000	\$132,000	\$400,000

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. The remaining balance to be repaid to Oxford County is \$450,000 (Table 3). Staff will continue to update Council accordingly.

Table 3 – Economic Stimulus Loan

	Loan Fund
Initial Contribution	\$1,000,000
2024	(350,000)
2025	(200,000)
	\$450,000

Safe Restart Agreement and Provincial COVID-19 Recovery Funding

The County's COVID related costs were fully funded for years 2020 to 2024. 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 \$4,063,952 to offset COVID related operating costs from 2020 to 2024; and is forecasting to utilize \$682,804 in 2025. 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 2025.

Table 4 – 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	3,616,603	-	2,933,799	682,804
2025 – Forecast	682,804	-	682,804	-
		\$4,746,756	\$4,746,756	

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 5 – 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	-	(192,749)	-		(391,064)	-	1,785,188
2025 Forecast		(335,748)	-	-	(137,433)	-	1,312,004
Remaining Balance		\$-	\$528,497	\$255,010	\$-	\$528,497	

CONCLUSIONS

Overall, the 2025 second quarter reports indicate that the County's current financial position reflects more than anticipated pressure from development charge exemptions and reduced water and wastewater rate revenues.

Staff will continue to assess alternative courses of action to mitigate the budget impacts which will include, but not be limited to, finding efficiencies and opportunities for the balance of 2025 and in preparation for the 2026 Business Plans and Budget.

SIGNATURES

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Original signed by

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Original signed by

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Approved for submission:

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ATTACHMENTS

- Attachment 1 – Q2 2025 Overall Forecast Variance
- Attachment 2 – Approved Transfers and Emergency Purchases Summary
- Attachment 3 – Q2 2025 Capital Plan Review
- Attachment 4 – Q2 2025 Business Plan Update by Division