



Administrative Report

To: Warden MacDonald and Members of Essex County Council

From: Melissa Ryan, CPA, Director, Financial Services/Treasurer

Date: Wednesday, November 20, 2024

Subject: 2024 County of Essex Credit Rating- Standard and Poor's

Report #: 2024-1120-FIN-R23-MR

Purpose

To report the results of the County of Essex 2024 credit rating review conducted by Standard & Poor's (S&P), dated November 5, 2024.

Background

The S&P credit rating provides issuers, investors and intermediaries with an independent view of the creditworthiness of an entity or simply the entity's ability and willingness to meet financial obligations (principal and interest) in full and on time. Factors influencing a credit rating include: state of the economy, changes in the business climate, changes to cash flow, liquidity and taxation capacity.

Recently S&P conducted its evaluation of Essex County. The evaluation included an interview with the Director of Financial Services / Treasurer, obtaining first-hand information regarding the political, administrative and financial stewardship of the County. Joining the Director was Wendy Stark, Director, Business Retention & Expansion at Invest WindsorEssex to provide additional insight into the economic outlook of the region.

The analysis included discussion and review of a number of key performance areas:

- Review of the Corporation's prior period financial statements
- Physical asset management practices
- Reserve Management Policy
- Investment portfolio and budget performance

- The status of residential, commercial and industrial development activities
- Informal discussions regarding strengths, weaknesses and diversity of the local economy
- Examination of the relative strength of local municipalities
- Discussions with administration regarding future challenges and opportunities relating to management of municipal infrastructure

Discussion

As a result of the 2024 review, S&P has affirmed the County's credit rating at AAA, with a stable outlook. (See Appendix A for the media release.) It is significant to point out that the County of Essex continues to have the highest credit rating afforded to a county level government in Ontario.

As described below, there are two distinct but equally important elements expressed in a credit rating.

First, the AAA rating signifies that the County of Essex credit status is of a high quality and low risk. This translates into more attractive interest rates and lower interest costs should the County and/or the local municipalities decide to issue debt.

Second, the Stable outlook rating reflects the expectation that the County of Essex's credit rating quality should remain consistent in the coming years.

Equally as important as savings in the financial markets, the rating provided by S&P represents an independent attestation to the sound financial stewardship practices and policies approved by Council and carried out by Administration.

The County was recognized for having supportive institutions and prudent financial management practices which strengthens our credit profile. Noteworthy attributes include robust after-capital surpluses, supported by solid reserves which helps mitigate debt issuance. It was also noted the County has a robust liquidity position which will support our creditworthiness. This commendable financial stance enables sustained internal (pay-as-you-go) funding of the capital plan, eliminating the need for debt. In the credit context and our base-case expectations, this prudent financial management underpins sustainable budgetary performance. Factors contributing to this performance include strong operating margins, stable property tax receipts, and a resilient economy driven by manufacturing (especially in the automotive sector) and agriculture. The county's after-

capital surpluses and reserves effectively mitigate the need for significant debt issuance.

Financial Implications

The affirmation of the County's AAA credit rating with a stable outlook will not only afford the County and our local municipal partners advantageous interest rates but it will also communicate a clear picture of fiscal health and stability for the County of Essex in the marketplace.

Consultations

N/A

Strategic Plan Alignment

Working as Team Essex County	Growing as Leaders in Public Service Excellence	Building a Regional Powerhouse
<ul style="list-style-type: none"> <input type="checkbox"/> Scaling Sustainable Services through Innovation <input checked="" type="checkbox"/> Focusing "Team Essex County" for Results <input type="checkbox"/> Advocating for Essex County's Fair Share 	<ul style="list-style-type: none"> <input type="checkbox"/> Being an Employer with Impact <input type="checkbox"/> A Government Working for the People <input checked="" type="checkbox"/> Promoting Transparency and Awareness 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Providing Reliable Infrastructure for Partners <input checked="" type="checkbox"/> Supporting Dynamic and Thriving Communities Across the County <input type="checkbox"/> Harmonizing Action for Growth <input type="checkbox"/> Advancing Truth and Reconciliation

Recommendation

That Essex County Council receive report number 2024-1120-FIN-R23-MR, 2024 County of Essex Credit Rating- Standard and Poor's as information.

Approvals

Respectfully Submitted,

Melissa Ryan

Melissa Ryan, CPA, Director, Financial Services/Treasurer

Concurred With,

Sandra Zwiers

Sandra Zwiers, MAcc, CPA, CA, Chief Administrative Officer

Appendix	Title
Appendix A	Media Release- S&P Global Ratings Credit Report