
HALDIMAND COUNTY



Memorandum FIN-M02-2025 Haldimand County Credit Rating Update

For Consideration by Council in Committee on May 20, 2025

To: Mayor Bentley and Members of Council

From: Mark Merritt, CPA, CA, General Manager, Financial & Data Services

RECOMMENDATIONS:

THAT Memorandum FIN-M02-2025 Haldimand County Credit Rating Update be received.

On May 8, 2025, Standard & Poor's Rating Services completed its annual update and review of Haldimand County's financial credit rating. Based on their review, Standard and Poor's has affirmed the County's "AA/Stable" credit rating. Haldimand has maintained a credit rating of "AA Stable" for a number of years. This is very positive news and a testament to the sound financial policies and principles adopted by Council and managed by staff.

Several factors impact the credit rating of a municipal government. Standard and Poor's Rating Service evaluates approximately 35 Canadian municipalities, 1 Territory and 9 Provinces, in addition to many international entities. Municipal ratings are based on six main categories: institutional framework; economy; financial management; budgetary performance; liquidity; and debt burden.

The following chart provides a general summary of the opinions reflected by Standard & Poor's credit ratings:

Credit Rating	Definition
"AAA"	Extremely strong capacity to meet financial commitments. Highest Rating.
"AA"	Very strong capacity to meet financial commitments
"A"	Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances
"BBB"	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions
"BBB-"	Considered lowest investment grade by market participants

Within the key rating factors, it was noted that Standard & Poor's anticipates that "supportive institutions and prudent financial management continue to support Haldimand County's creditworthiness." And that the stable outlook reflects their expectations that, "in the next two years, Haldimand County will maintain strong budgetary results with a modest negative after-capital balance on average, supported by sound financial management practices and a steady economy". S&P also states that it expects Haldimand County to keep its "debt burden manageable during the outlook horizon while maintaining a good liquidity position".

Standard & Poor's mentions a rise in debt in the County's financial plan, which is bolstered by steady repayments. Though the analysis refers to debt as tax supported, there is a notable difference to how the County categorizes debt. The debt referenced in the report from Standard & Poor's refers to all debt including tax supported, rate supported, and development charges funded debt. Approximately seventy

per cent of the debt planned to be issued in the next three years is related to development and will be recovered by future development charges.

It was also cautioned under the “Downside scenario” that a negative rating action could occur in the next two years “if weaker operating performance or cost overruns associated with elevated capital spending markedly increased Haldimand’s after-capital deficits and higher-than-planned external borrowing increased tax-supported debt beyond current expectations. We do not anticipate this to occur over the County’s forecast horizon, given staff’s conservative assumptions on future debt requirements and our internal ability to manage the capital program.”

Standard & Poor’s has noted that Haldimand is looking to develop a long-term financial strategy as well as maintaining stable managerial expertise. The major rating factors for Haldimand County were identified as follows:

Strengths:

- Extremely predictable and supportive local and regional government framework
- Prudent financial management
- Strong budgetary performance
- Strong and stable liquidity position
- Modest debt burden

Weaknesses/Risks:

- Concentrated employment compared with peers
- Demographic profile constrains local economy

Some of the County’s municipal comparators’ bond ratings are as follows:

Municipality	Most Recent Rating Date	Standard & Poor’s Credit Rating/ Rating Trend				
		2021	2022	2023	2024	2025
Haldimand County	May 2025	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable
Region of Niagara	June 2024	AA Stable	AA+ Stable	AA+ Stable	AA+ Stable	N/A
Kingston	June 2024	AA Stable	AA+ Stable	AA+ Stable	AA+ Stable	N/A
Hamilton	October 2024	AA+ Stable	AAA Stable	AAA Stable	AAA Stable	N/A
Norfolk County	June 2024	AA- Stable	AA Stable	AA Stable	AA Stable	N/A

It should be noted that Haldimand County and Norfolk County are the only local municipalities rated by Standard & Poor’s with populations of less than 100,000. Despite Haldimand County’s relatively small size, it is rated similar to much larger municipalities and has also realized significantly more credit upgrades than most of our comparators.

Given that the rating agency’s evaluation is a function of both fiscal performance (controlled internally) and the local economy (controlled externally), it is the continued manageable debt levels, strong budgetary results and liquidity that are maintaining the County’s positive ratings. This is particularly

relevant when considering that similarly rated municipalities have the benefit of significantly stronger and more diverse local economies, assessment bases and budgetary flexibility.

The County's credit rating has an impact on future debt costs and investment opportunities; therefore, it is important to continue to adhere to the current financial policies which are proving successful. Given that there are other factors beyond Council's control (e.g. global/local economy/provincial funding uncertainty and tariffs), the current financial plan does allow for some flexibility as long as Haldimand County adheres to the sound financial principles that are currently having a positive impact on the annual credit rating.

REFERENCES:

None.

ATTACHMENTS:

1. Credit Rating – Update