

2019 BUDGET

**PROPOSED 2019 LEVY SUPPORTED
OPERATING BUDGET**

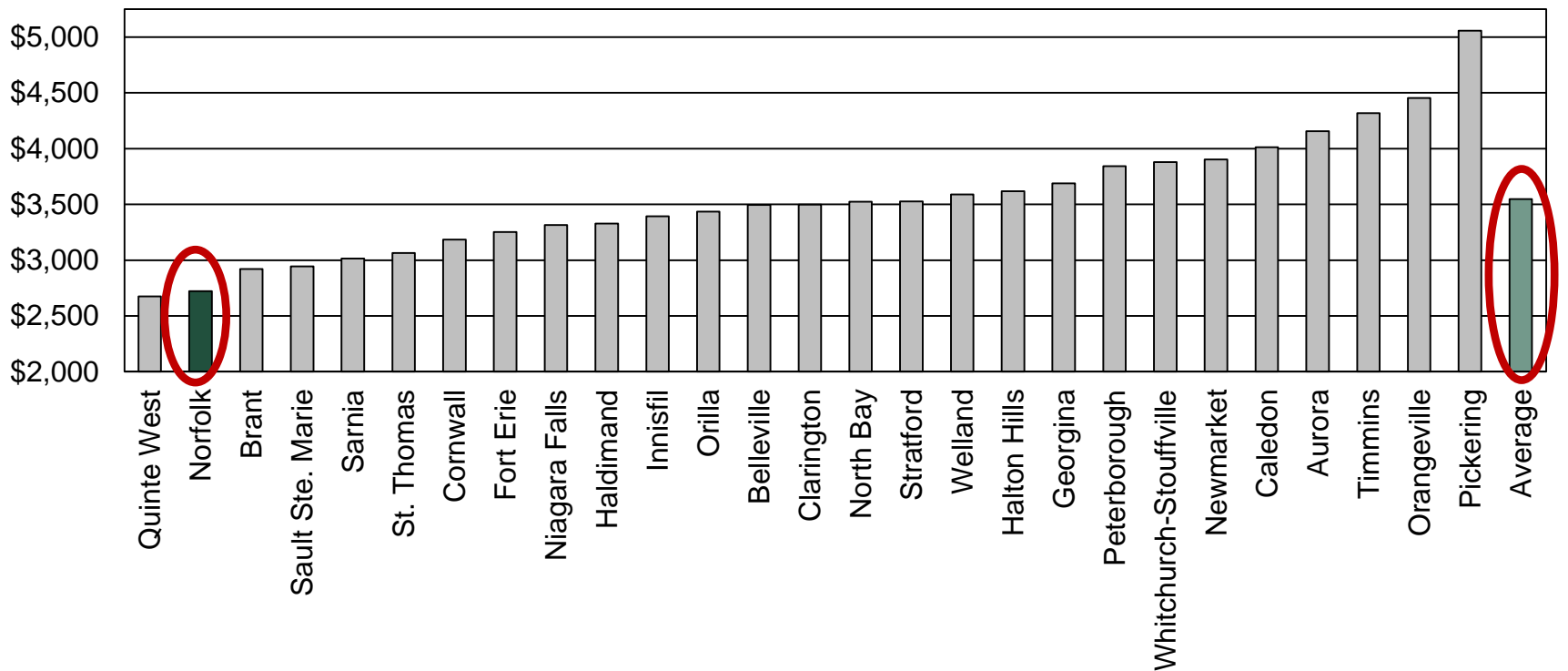
Norfolk County Operating and Capital Budgets

Budget	Purpose	2019 Budget
Capital Budget	<ul style="list-style-type: none"> • Replacement of Tangible Capital Assets • New Assets to Address Growth • Options for Funding 	\$ 52,612,000 (Approved)
Rate Supported Operating Budget	<ul style="list-style-type: none"> • Operating Costs for <ul style="list-style-type: none"> ◦ Supply and Distribution of Water ◦ Collection and Treatment of Wastewater • Funded from Water and Wastewater Rates 	18,408,000 (Deferred)
Levy Supported Operating Budget – Norfolk County Operations	<ul style="list-style-type: none"> • Operating Costs for Levy Supported Services • Provides Funds to Finance Capital Expenditures and Incorporates User Fees • Sets Tax Rates 	163,052,200 (Proposed)
Levy Supported Operating Budget – Requisitions From Boards & Agencies	<ul style="list-style-type: none"> • Requests for Operating and Capital Costs from Boards & Agencies • Sets Tax Rates 	16,590,500 (Proposed)
Total Municipal Operating and Capital Budgets for 2019		\$250,662,700

2018 BMA Study

Municipalities with Populations from 30,000 – 99,000

Residential Taxes- Detached Bungalow



Assessment & Tax Impacts

Changes in Assessment & Taxation for 2019

- ▶ Revised Current Value Assessment (CVA) for 2019
- ▶ Growth in Assessment for New Properties
- ▶ Less Adjustments for Assessment Appeals

Tax Rates and Tax Impacts are Preliminary

- ▶ Finalized in April when Tax Policy Report is Approved

Education Tax Rates

- ▶ Estimated Reduction in Education Tax Rates for 2019

Revised CVA & Tax Rates

Reassessment in 2016 for 2017 - 2020 Taxation

- ▶ Increases Phased in over 4 Years, Decreases are Effective Immediately
- ▶ Increased CVA Values for 2019 Taxation over 2018
 - ▶ Considered “Inflationary Increase”
 - ▶ May Not be Treated as Assessment Growth

Revised Base Tax Rates

- ▶ Base Tax Rates have to be Reduced to Remove Impact of Revised CVA
- ▶ Eliminates Potential “Windfall” Tax Revenue from Increased CVA
- ▶ Results in Revenue-Neutral Impact of Changes in CVA

Overview of Budget Process



General Information

- ▶ Norfolk County's operating budget document addresses and serves as a policy document, financial plan, operating guide and communication tool
- ▶ In addition, the financial forecasts are based on delivering the same services and level of service (unless otherwise identified) that is currently delivered and adjusted for items previously approved
 - ▶ General inflation factor of 2.1% applied to costs
 - ▶ Overall salaries and benefits reflect the effects of negotiated collective bargaining agreements, estimated changes to upcoming bargaining agreements and Bill 148 changes and removal of the 2/3 tax exemption for Council members
 - ▶ Users fees and service charges as approved in December and based on anticipated usage/volumes

General Information

- ▶ Funding is based on either confirmations or anticipated funding levels
- ▶ The operating budget document includes funding for new infrastructure, maintenance and asset replacement costs
- ▶ Provincial/Federal mandated programs
- ▶ Investment income based on estimated cash balances and interest rates
- ▶ Estimates from outside Boards are included
- ▶ Council Approved Initiatives are included and identified separately
- ▶ Annualized New Budget Initiatives are included and identified separately
- ▶ Amendments to the approved budget may be amended at the direction of Council

Interdepartmental Charges

	2019 Interdepartmental Charges	
	Charges	Recoveries
Levy Supported Operating Budget:		
Corporate Revenues and Expenditures Summary	6,400	0
Mayor & Council	103,000	0
Office of the CAO	284,900	639,400
Employee & Corporate Services	658,400	5,093,900
Financial Services	255,600	1,148,000
Public Works	5,112,800	5,865,300
Health & Social Services	2,021,700	1,891,700
Haldimand-Norfolk Health Unit	1,742,900	0
Community Services	4,298,400	284,500
Development & Cultural Services	1,055,900	101,800
TOTAL Levy Supported Operating Budget	15,540,000	15,024,600
Rate Budget	4,061,800	4,780,000
Norfolk Library Budget	187,300	0
Police Services Budget	10,800	0
Simcoe BIA Budget	4,700	0
TOTAL INTERDEPARTMENTAL CHARGES/RECOVERIES	19,804,600	19,804,600

Shared Services

Service	Arbitration Awarded Methods of Net Cost Allocation
Housing Services	
Program Costs	Actual cost based on location of the unit/facility
Administration	Prorate based on % share of program costs above
Social Assistance	
Program Costs	Actual cost based on residence of the recipient
Administration	Prorate based on % share of program costs above
ODSP	
Program Costs	Actual cost based on residence of the recipient
Administration	Prorate based on % share of program costs above
Child Care	
Fee Subsidy	Actual cost based on residence of the recipient
Special Needs Resourcing	Actual cost based on residence of the recipient
Wage Subsidy	Actual cost based on location of the facility
Administration	Prorate based on % share of program costs above

Service	Sharing Estimates 2019
Housing Services	H 32.81%/N 67.19%
Social Assistance	H 40.45%/N 59.55%
Child Care	H 50.62%/N 49.38%
Public Health	H 40.5%/N 59.5%

Proposed Levy Supported Operating Budget

Proposed 2019 Levy Supported Operating Budget

	<u>Levy</u>	<u>Levy Impact</u>	<u>Res. Tax Impact</u>
Preliminary Submission (Presented to SLT)	\$94.4 M	12.1%	7.6%
Proposed Budget (Presented to Council)	\$91.5 M	8.6%	4.7%

History of Net Tax Levies & Growth

Details	Net Tax Levy (\$)	Increase (\$)	Change (%)	Average RT (%)	Growth (%)
2019 Proposed	91,539,800	7,278,000	8.6	4.7	1.99
2018 Approved	84,261,800	4,634,500	5.8	2.3	1.32
2017 Approved	79,627,300	2,730,300	3.6	2.1	0.75
2016 Approved	76,897,000	3,365,100	4.6	2.1	1.19
2015 Approved	73,531,900	3,385,600	4.8	2.3	1.13
2014 Approved	70,146,300	2,639,800	3.9	1.4	1.15
2013 Approved	67,506,500	1,779,500	2.7	0.8	1.33

History of Approved Staffing – FTE's

Department	Approved Full-Time Equivalents (FTE's) (*)						2019 Proposed Including CAI's & NBI's
	2014	2015	2016	2017	2018	2019 Proposed Base	
Excluding Health & Social Services	426.48	434.13	436.43	440.00	451.27	450.60	458.08
Health & Social Services	310.23	312.08	312.35	312.45	320.75	318.75	323.20
Total County	736.71	746.21	748.78	752.45	772.02	769.35	781.28

(*) Excludes Staff for Library, Water/Wastewater, Police

Summary of Proposed 2019 Adjusted Budget

Details	Net Tax Levy	Levy Impact
2018 Approved Net Tax Levy (Base Budget)	\$ 84,261,800	
2019 Impact of Council 2016 Phase-in Decisions:		0.9%
Waste Management Costs	420,300	
Fire Protection Services Costs	219,000	
Leachate Costs	93,700	
Uncontrollable Budget Impacts / Base Budget Adjustments (CPI, Utilities, Decrease in Ministry Funding, etc.)	1,774,800	2.1%
Council / Departmental Controllable Adjustments	3,311,300	3.9%
Proposed Requisitions from Boards & Agencies	529,700	0.6%
Proposed 2019 Adjusted Budget	\$ 90,610,600	7.5%

“Business As Usual” - Budget prepared to maintain existing service levels

PROPOSED 2019 LEVY SUPPORTED
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Council Approved & Proposed New Budget Initiatives

Council Approved Initiatives (CAI)

- ▶ Adjustments to Budget Approved by Council, throughout 2018 after Budget Approved
- ▶ Details Provided in the *Council Approved and New Budget Initiatives Package*

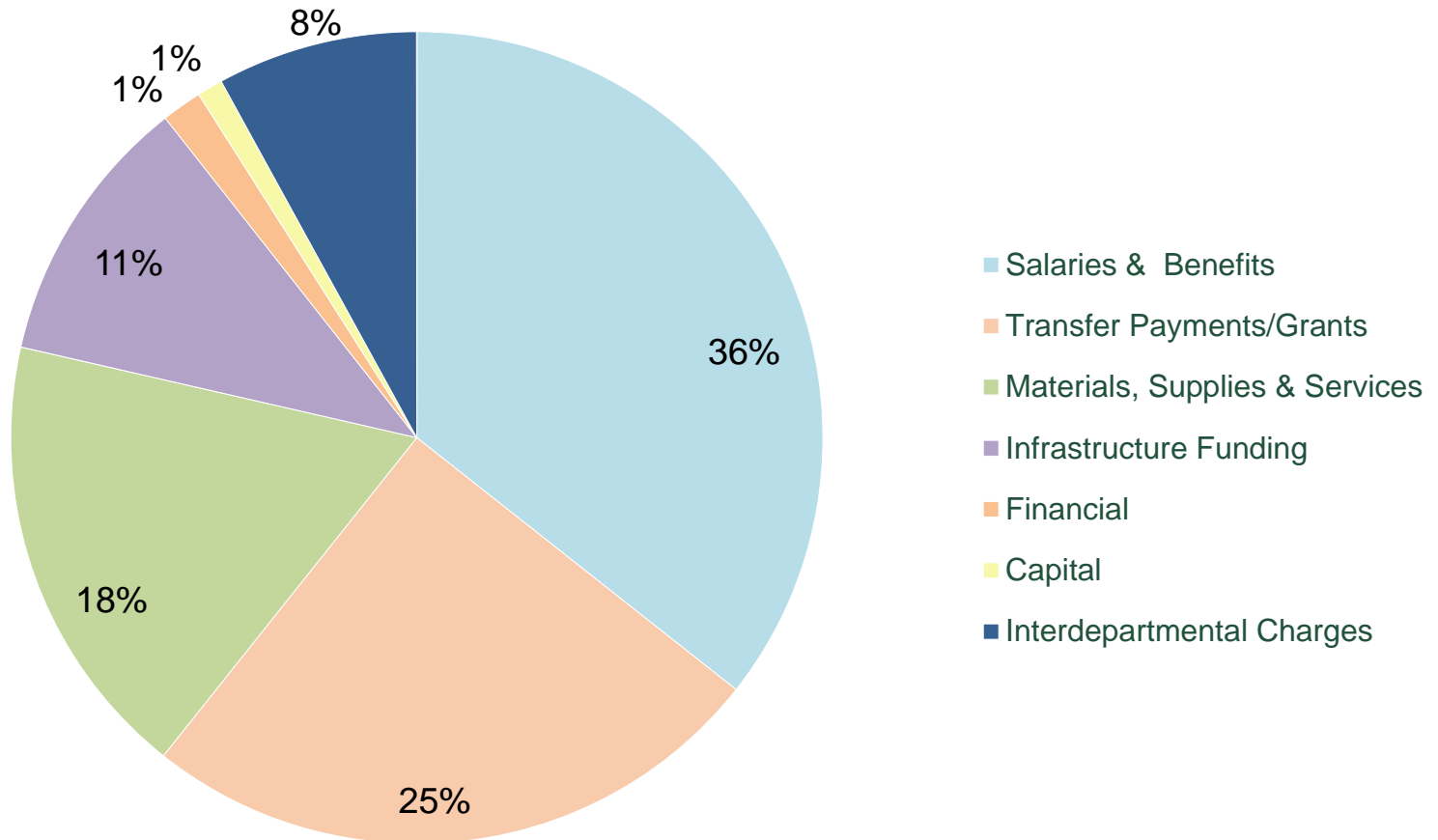
New Budget Initiatives (NBI)

- ▶ Proposals for Changes to Levels of Service
- ▶ Reviewed & Ranked by SLT Using Council Approved Ranking Criteria
- ▶ All NBI's Provided in the *Council Approved and New Budget Initiatives Package*
- ▶ NBI's Ranked 1, 2 or 3 Included in Proposed 2019 Budget
- ▶ NBI's for Library Purposes Included in Proposed 2019 Budget
- ▶ NBI's will be the first item reviewed

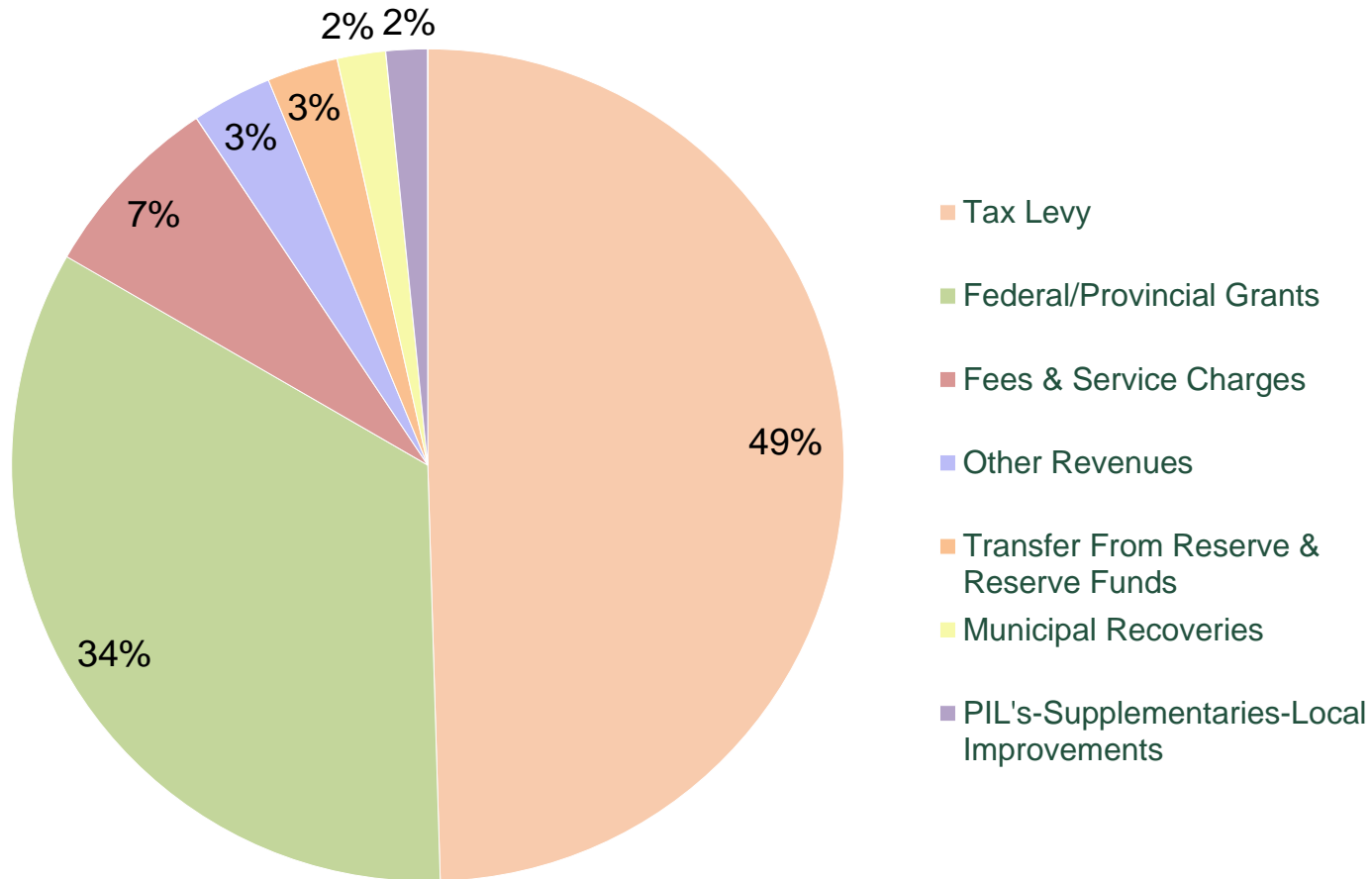
Summary of Proposed 2019 Operating Budget

Details	Net Tax Levy	Levy Impact
Proposed 2019 Adjusted Budget	\$ 90,610,600	7.5%
Increase in Budget for Changes in Services		
- Council Approved Initiatives	460,700	0.5%
- New Budget Initiatives	<u>468,500</u>	0.6%
Proposed 2019 Norfolk Total Net Tax Levy	\$ 91,539,800	8.6%

Major Expenditures

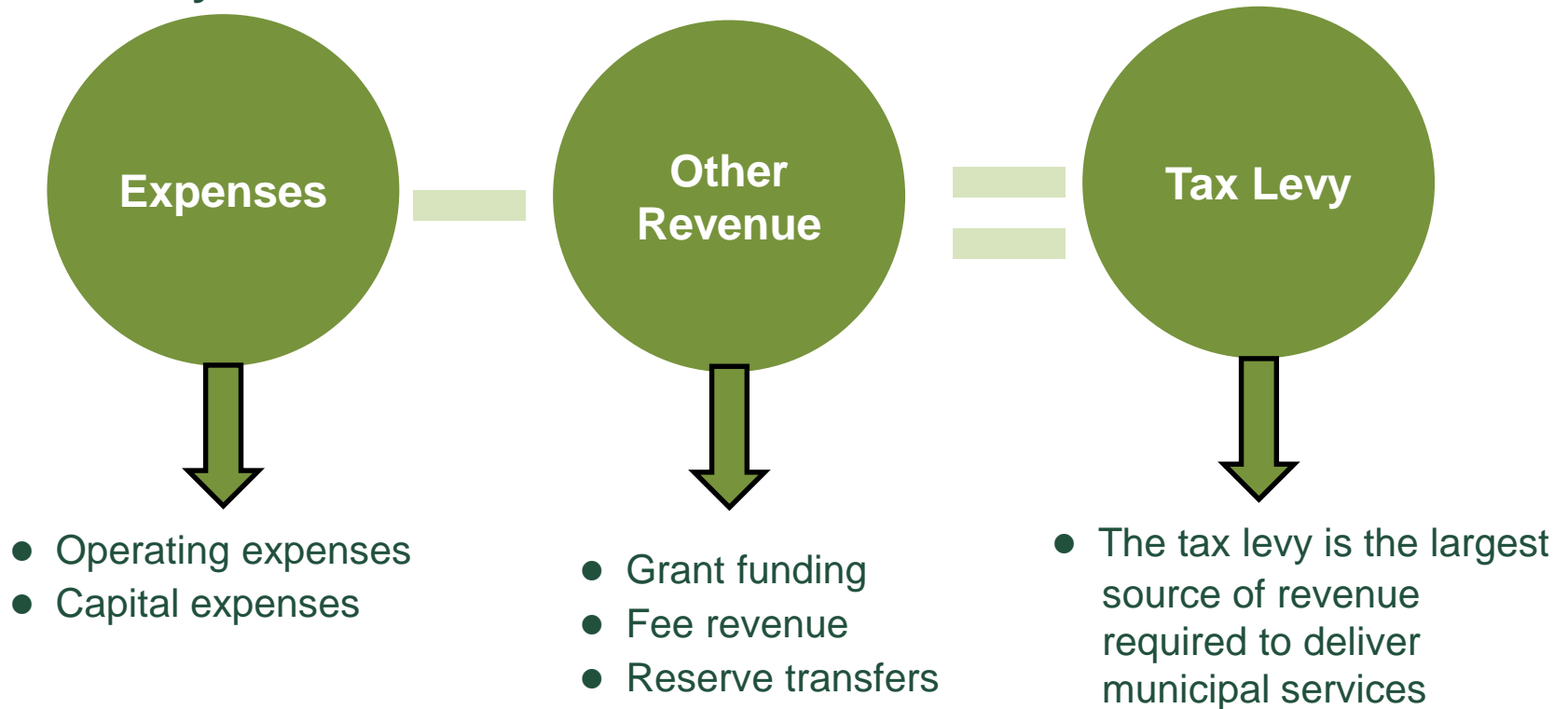


Major Revenue Sources



Balanced Budget

Section 290 of the *Municipal Act, 2001* requires municipalities to prepare balanced budgets which include all of the expenditures and revenues for the taxation year.



Forecasted Actuals

Revenue/Expenditures Details	Estimated 2018 Surplus/(Deficit) \$
Supplementary Taxes	800,000
Tax Penalties	(535,300)
Winter Control Costs	(1,738,100)
Haldimand-Norfolk Transition Investment Interest	471,000
POA Revenues	(326,000)
Norfolk County Allocation Share of Social Housing Costs	(158,300)
Overall Salaries & Benefits	1,123,500
Miscellaneous Items	(218,900)
Estimated 2018 Budget to Actual Surplus/(Deficit)	(582,100)

Proposed 2019 Budget Impact on Residential Property Tax

Average Residential Property

Detail	Assessment	Municipal	Education	Total
2019 Proposed Tax Levy	\$ 233,250	\$ 2,453.91	\$ 377.53	\$ 2,831.44
2018 Actual Tax Levy	\$ 226,000	\$ 2,319.69	\$ 384.20	\$ 2,703.89
Change 2019 over 2018	\$ 7,250	\$ 134.22	(\$ 6.67)	\$ 127.55
% Change	3.2%	5.8%	(1.7%)	4.7%

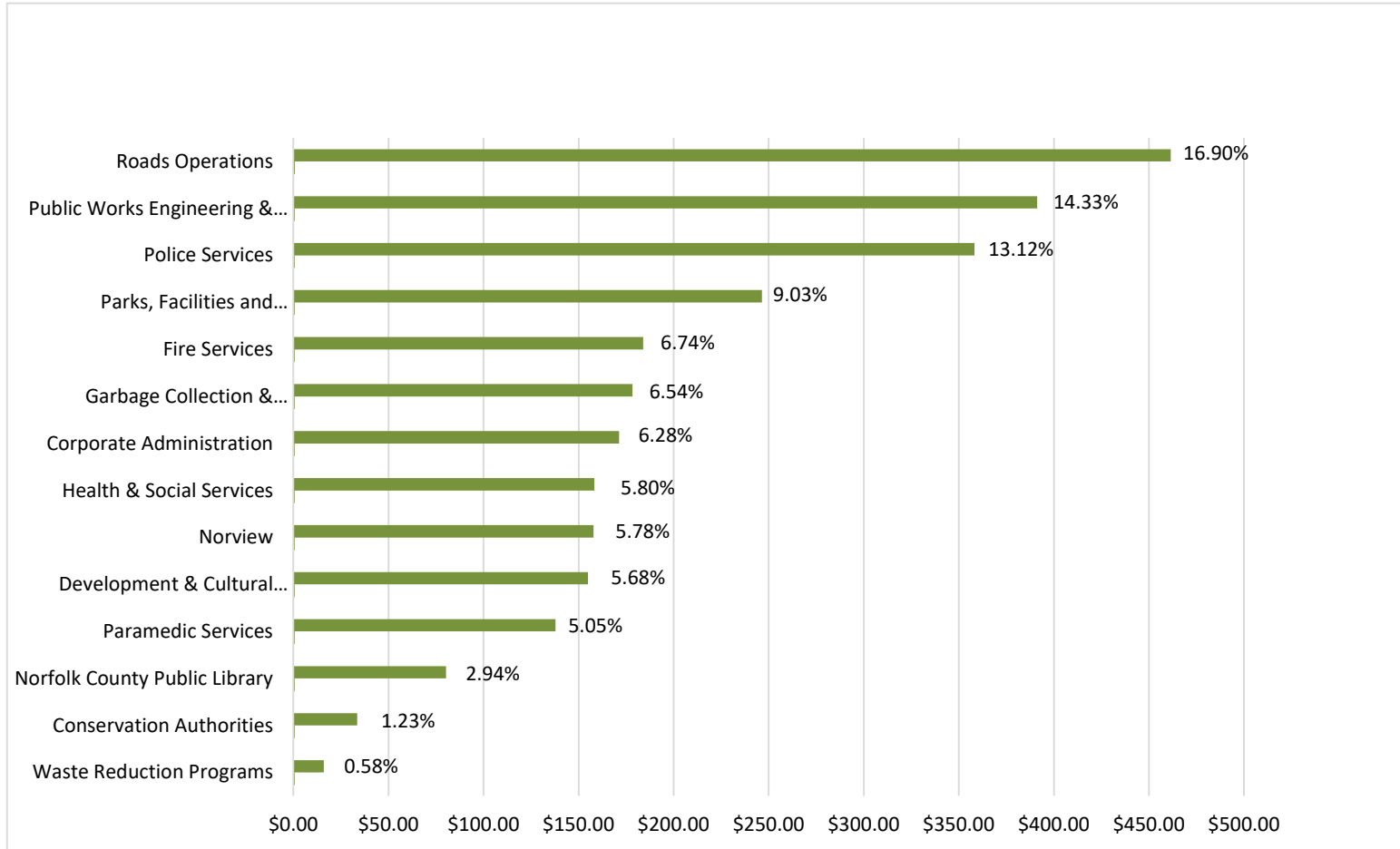
History of Residential Tax Increases

Year	2014	2015	2016	2017	2018	Average	2019 Proposed
%	1.4	2.3	2.1	2.1	2.3	2.0	4.7*

Tax Impact on Average Residential Tax Bill
(including education taxes)

***Assumes a 1.7% reduction in education taxes**

**Average Residential Tax Bill - Allocation by Services
Based on 2019 Proposed Levy Supported Operating Budget
2019 Assessment = \$233,250 / Total Taxes = \$2,831.44**



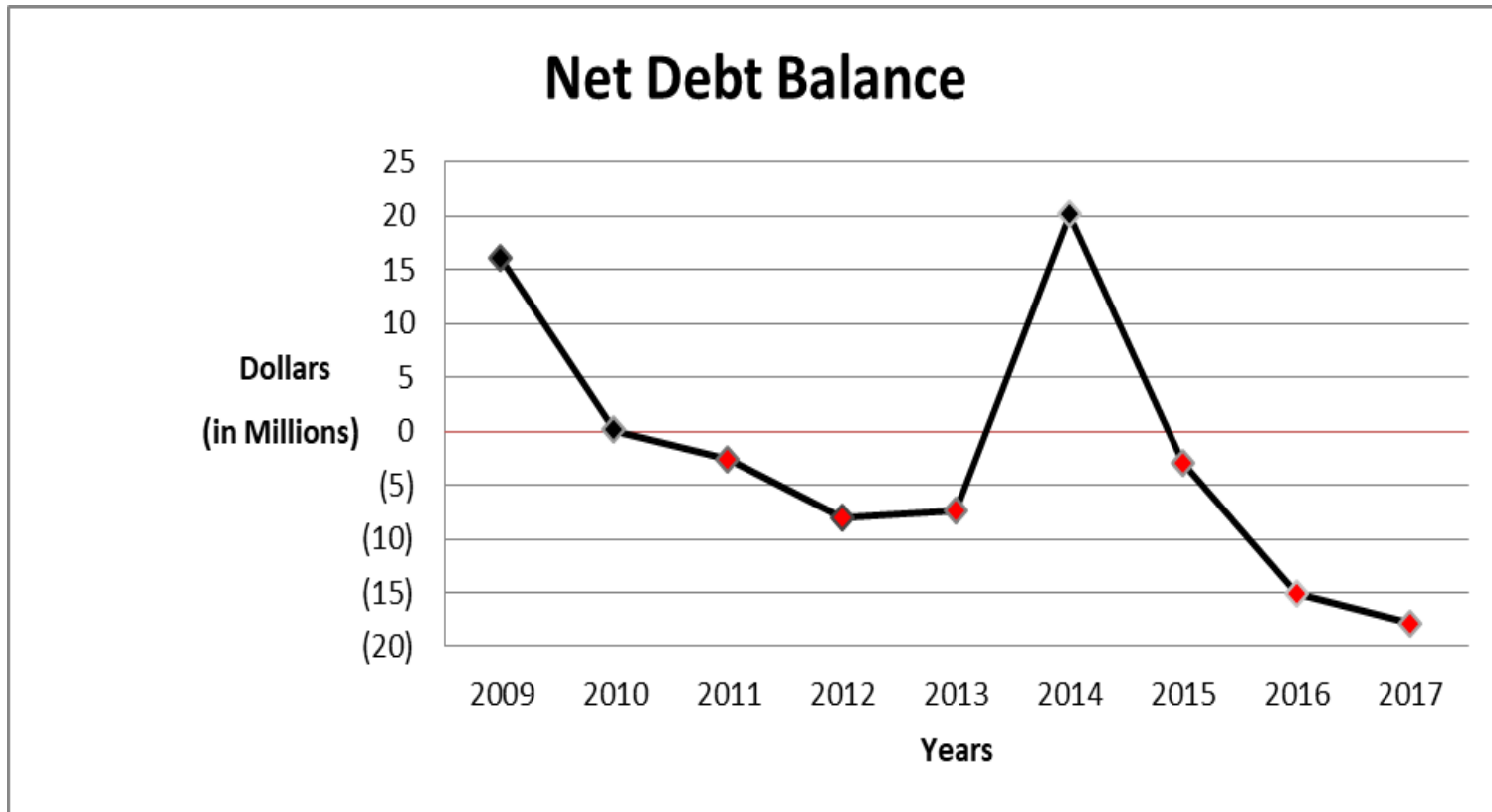
Modified Accrual Year over Year Changes Expenditures vs Revenues

Year	Expenses \$	Change \$	Change %	Revenues \$	Change \$	Change %	Net Levy \$	Change \$	Change %	Exp Per Household \$	Change \$	Change %	Rev Per Household \$	Change \$	Change %
2019	179,642,700	8,491,200	5.0%	88,102,900	1,213,200	1.4%	91,539,800	7,278,000	8.6%	6,053	286	5.0%	2,969	41	1.4%
2018	171,151,500	7,960,100	4.9%	86,889,700	3,325,600	4.0%	84,261,800	4,634,500	5.8%	5,767	268	4.9%	2,928	112	4.0%
2017	163,191,400	3,825,500	2.4%	83,564,100	1,095,200	1.3%	79,627,300	2,730,300	3.6%	5,499	129	2.4%	2,816	37	1.3%
2016	159,365,900	7,046,600	4.6%	82,468,900	3,681,500	4.5%	76,897,000	3,365,100	4.6%	5,370	237	4.6%	2,779	124	4.7%
2015	152,319,300	7,484,100	5.2%	78,787,400	4,098,500	5.2%	73,531,900	3,385,600	4.8%	5,133	252	5.2%	2,655	138	5.5%
2014	144,835,200	4,523,700	3.2%	74,688,900	1,883,900	2.5%	70,146,300	2,639,800	3.9%	4,880	152	3.2%	2,517	63	2.6%

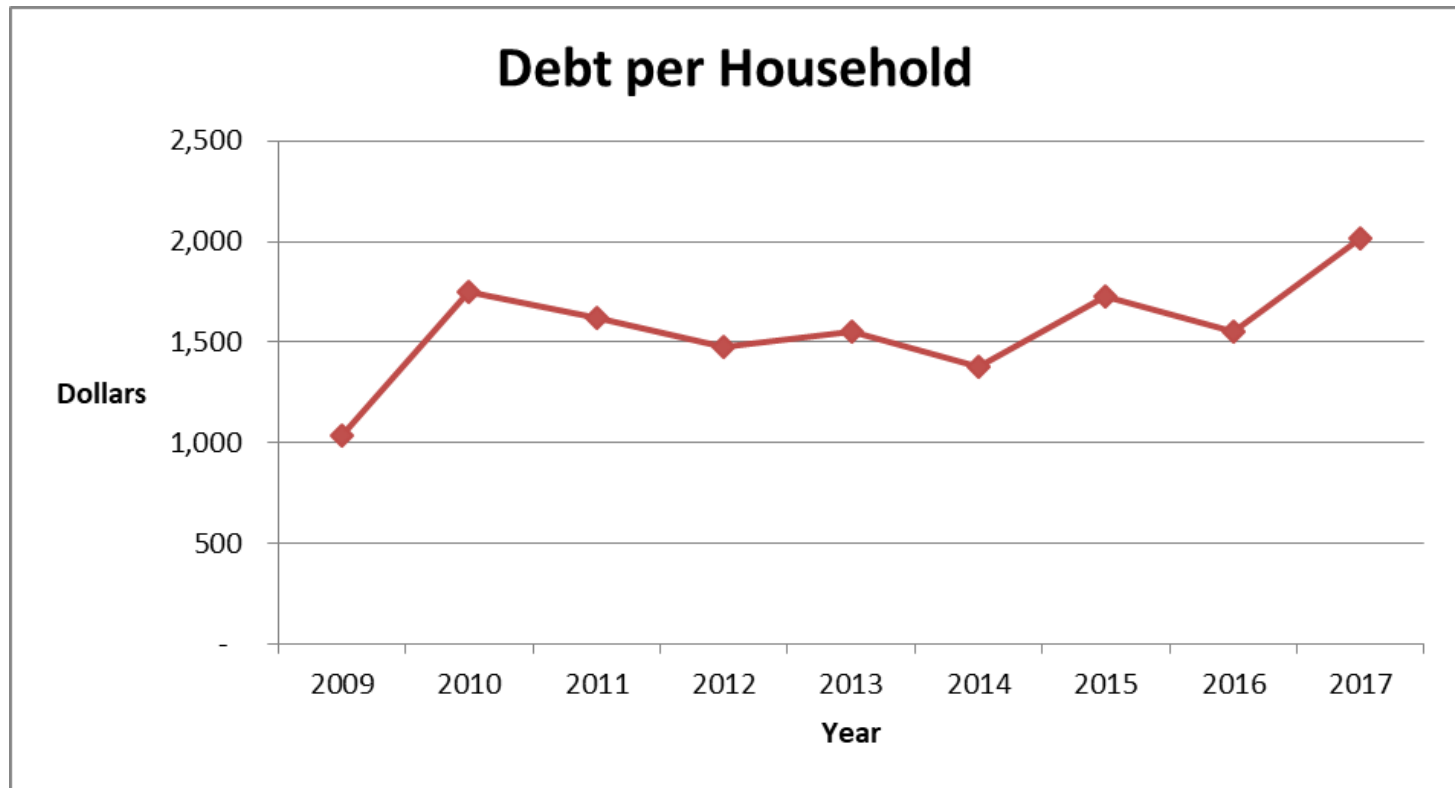
Modified Accrual Year over Year Changes Expenditures vs Revenues



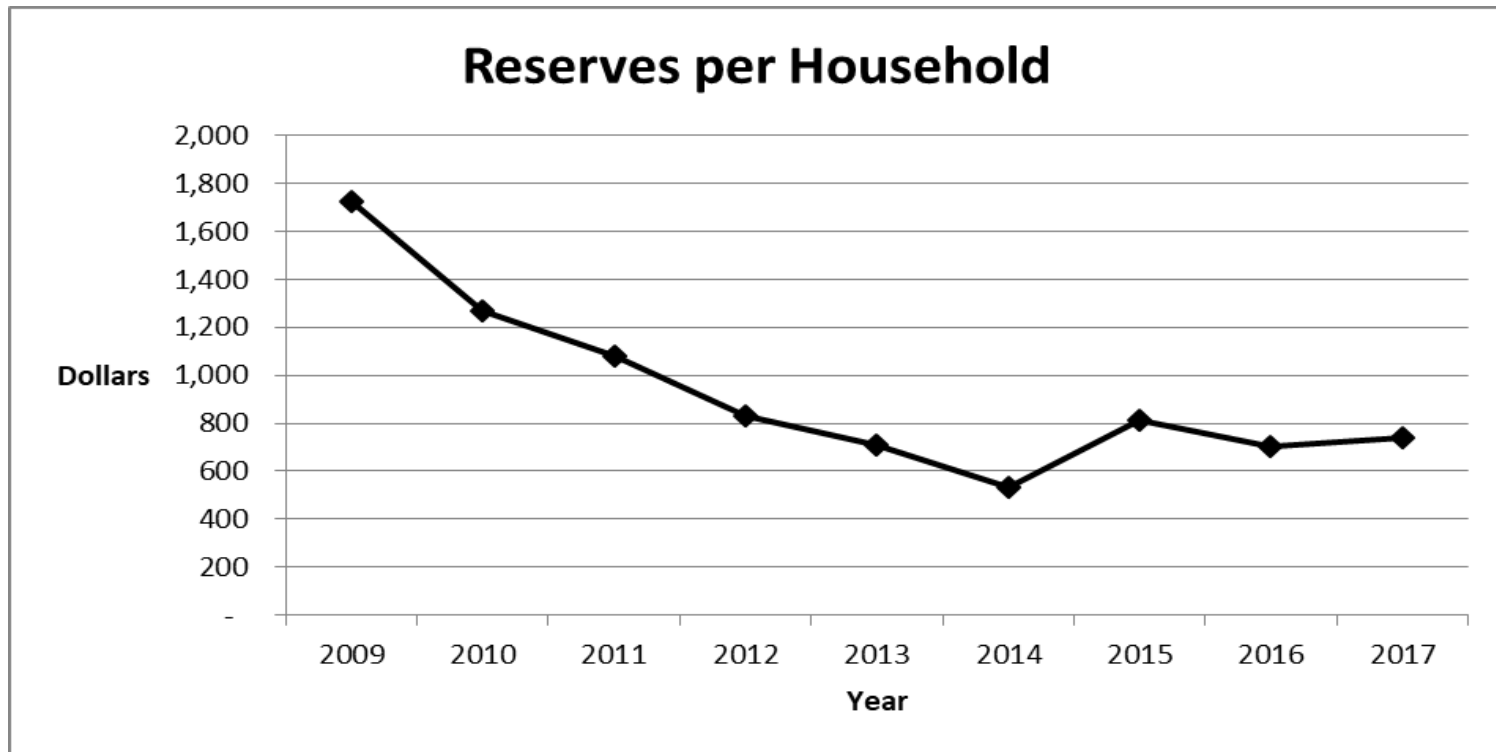
Net Debt Balance



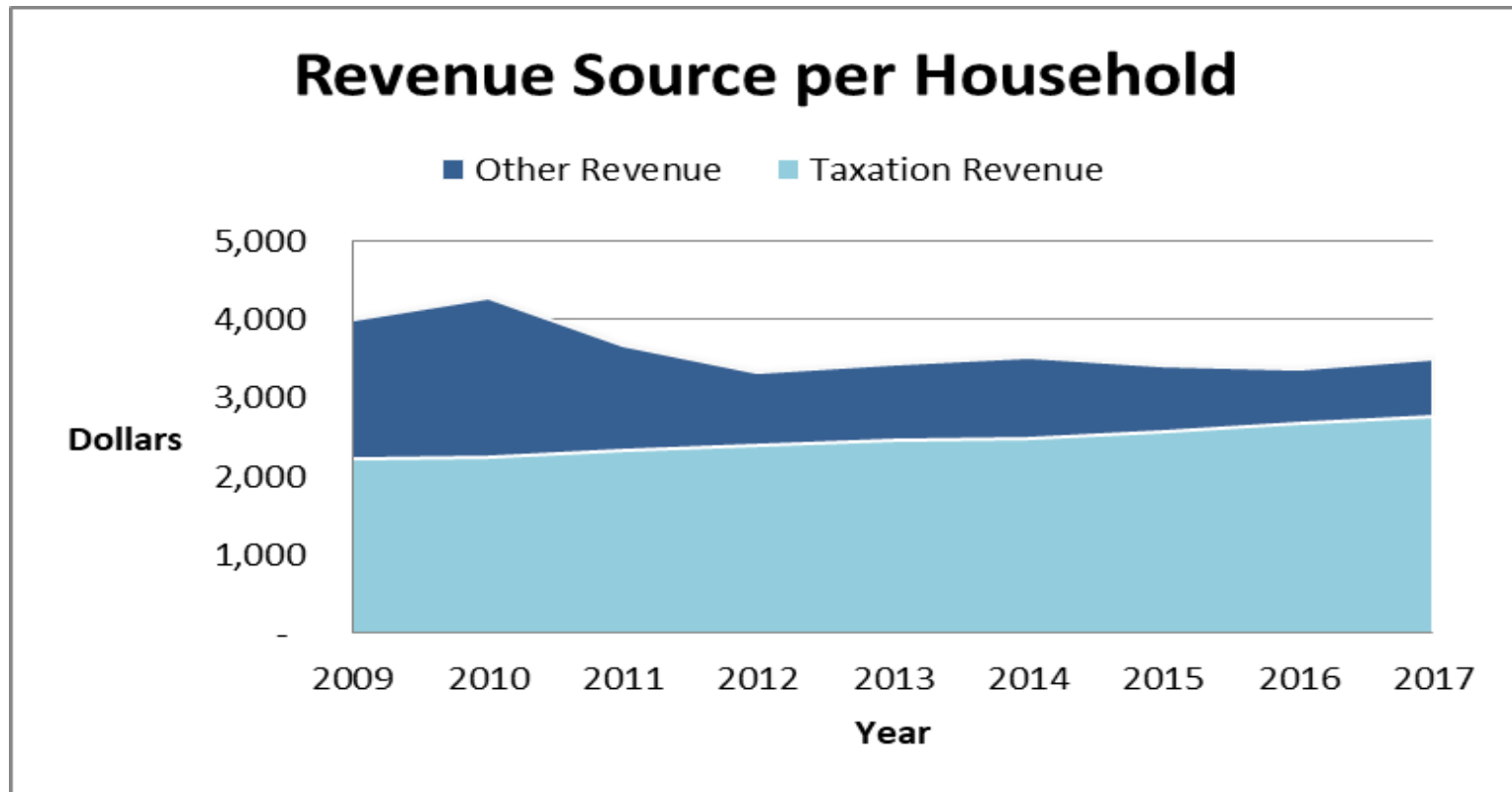
Debt per Household



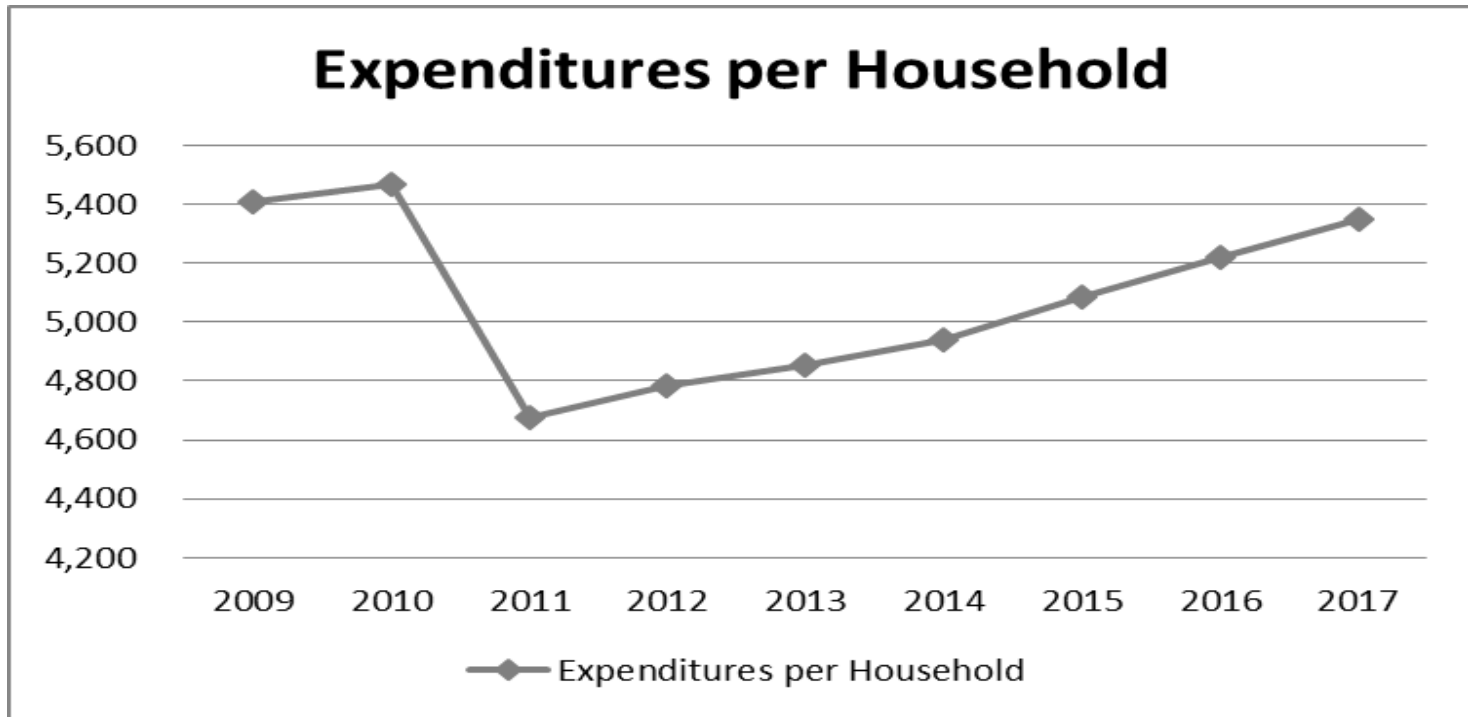
Reserves per Household



Revenue Source per Household



Expenditures per Household



Challenges

- ▶ Challenges in finding balance that meets Council and community expectations for service levels and taxation
- ▶ Inflationary pressures continue as the costs of services and materials increases
- ▶ Limited staff resources to allocate to increased community demands
- ▶ Increased Government legislative requirements, downloads and pressures
- ▶ Reserve levels
- ▶ Limited access to federal and provincial funding streams (very competitive)
- ▶ Continued cuts to provincial funding (OMPF) and increasing Police costs
- ▶ Asset Management Initiatives

Questions

