

HALDIMAND COUNTY COMPARATIVE DATA BMA 2018 Municipal Study

uses data from 2017

Demographics & Geo/Socio-Economic Factors

Evaluation of such factors contributes to the development of sound financial policies as they describe and quantify a municipality's wealth, economic conditions and ability to generate revenue relative to demand for public services.

Land Area and Density

	2016		2017		Haldimand increase/ (decrease)
	Haldimand	BMA Provincial Average	Haldimand	BMA Provincial Average	
Land Area (square km)	1,252	426	1,252	423	no change
Population Density per square km	38	551	38	547	no change

Haldimand Age Demographics

The age profile of a population affects service demands (seniors vs. young children).

	2016		2017		Haldimand increase/ (decrease)
	Haldimand	BMA Provincial Average	Haldimand	BMA Provincial Average	
0-19 years	23%	22%	23%	22%	no change
20-64 years	58%	60%	58%	63%	no change
65+ years	18%	17%	18%	17%	no change

Average Household Income

Household income is one measure of a community's ability to pay for services.

	2016		2017		Haldimand increase/ (decrease)
	Haldimand	BMA Provincial Average	Haldimand	BMA Provincial Average	
Estimated Average Household Income	\$93,710	\$101,143	\$96,891	\$102,194	3.4%

Population

	2016	
	Haldimand	Provincial Average
2011 Population	44,876	13.4 M
2016 Population	45,608	13.8 M
5 year change	1.6%	3.2%

Assessment

A strong assessment base is critical to a municipality's ability to generate revenues. Assessment per capita provides an indication of the "richness" of a municipality.

	2017		2018		Haldimand increase/ (decrease)
	Haldimand	BMA Provincial Average	Haldimand	BMA Provincial Average	
Unweighted Assessment per Capita	\$123,181	\$150,405	\$131,748	\$154,140	7.0%

Assessment Composition

	2017				2018				Haldimand Weighted Assessment increase/ (decrease)
	Haldimand Unweighted Assessment	BMA Unweighted Provincial Average	Haldimand Weighted Assessment	BMA Weighted Provincial Average	Haldimand Unweighted Assessment	BMA Unweighted Provincial Average	Haldimand Weighted Assessment	BMA Weighted Provincial Average	
Residential	74.6%	77.0%	78.0%	74.2%	73.9%	76.6%	77.9%	74.1%	(0.10)%
Multi-Res	0.7%	2.3%	1.5%	3.7%	0.7%	2.3%	1.4%	3.5%	(0.10)%
Commercial	4.7%	9.9%	8.2%	14.6%	4.6%	9.9%	8.1%	14.6%	(0.10)%
Industrial	2.7%	2.1%	6.3%	4.2%	2.7%	2.0%	6.4%	4.2%	0.10%
Pipeline	1.1%	1.0%	1.8%	1.1%	1.1%	0.9%	1.7%	1.0%	(0.10)%
Farmland	16.0%	7.5%	4.2%	2.3%	16.9%	8.0%	4.4%	2.5%	0.20%
Forests	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.00%

Shift in Tax Burden due to Assessment Weighting

	2017		2018		Haldimand increase/ (decrease)
	Haldimand	BMA Provincial Average	Haldimand	BMA Provincial Average	
Residential Unweighted Assessment	74.6%	77.0%	73.9%	76.6%	(0.70)%
Residential Weighted Assessment	78.0%	74.2%	77.9%	74.1%	(0.10)%
Change % Unweighted to Weighted Assessment	4.6%	(2.3)%	5.4%	(2.30)%	0.80%

Financial Sustainability Indicators

Financial Position

The financial position is a key indicator of a municipality's financial health as it provides an indication of the affordability of municipal spending. Two key financial position indicators have been included to illustrate a municipality's financial position.

Net Financial Position, meaning the difference between financial assets and liabilities (incl.debt), is a broader measure of a municipality's indebtedness than just looking at debenture debt as it includes all of a municipality's financial liabilities.

Net Financial Liabilities Ratio is total liabilities minus assets as a percentage of own source revenues. This ratio indicates the extent to which financial liabilities could be met by its operating revenue. A ratio greater than zero indicates that total liabilities exceed the total assets; conversely, a negative (x) ratio indicates that total assets exceed total liabilities.

	2016		2017		Haldimand increase/ (decrease)
	Haldimand	BMA Provincial Average	Haldimand	BMA Provincial Average	
Net Financial Position Per Capita	\$1,513	\$454	\$1,688	\$435	11.6%
Net Financial Liabilities Ratio	(0.67)	(0.40)	(0.74)	(0.40)	10.4%

Asset Consumption

This indicator provides an estimate of the extent to which the municipality's capital assets have been "used up." Municipalities are facing significant infrastructure challenges, particularly those municipalities that are more mature with older infrastructure. Therefore, it is important to keep informed of the age and condition of its capital assets to ensure that timely and appropriate investments are made to replace existing infrastructure. It outlines the following:

- ▶ Written down value of tangible capital assets (TCA) in relation to historical cost of asset
- ▶ Highlights the aged condition of assets and potential replacement needs (high ratio is not good)
- ▶ Asset Management Plan (AMP) - should emphasize replacement before new

	2016		2017		Haldimand increase/ (decrease)
	Haldimand	BMA Provincial Average	Haldimand	BMA Provincial Average	
Total Asset Consumption Ratio	47.3%	40.4%	51.3%	43.8%	4.0%

Taxes Receivable

A high percentage indicates concerns with the municipality's economic health given challenges in collecting taxes from property owners.

	2016		2017		Haldimand increase/ (decrease)
	Haldimand**	BMA Provincial Average*	Haldimand	BMA Provincial Average*	
Taxes Receivable as a % of Tax Levied	16.4%	5.9%	9.9%	5.4%	(6.50)%

*Southwest Region Average

** Haldimand's 2016 Taxes Receivable are abnormally high due to the US Steel tax arrears held in abeyance due to bankruptcy proceedings.

Debt

The Ministry of Municipal Affairs and Housing regulates the level of debt that may be incurred by municipalities, such that no more than 25% of the total Own Source Revenue can be used to service debt and other long-term obligations without receiving OMB approval. Haldimand County Council has approved a maximum at 10% through internal capital financing principles. In addition to confirming that the debt is within the legislated limits, the following analysis should be undertaken:

- ▶ Reliance on debt as a source of financing = reduced flexibility due to required debt services costs for extended future.
- ▶ Future tax rate/base must absorb repayments
- ▶ How much of municipality's annual revenue is precommitted to repaying debt?
- ▶ Measures of the tax and revenue base, such as:
 - Projections of key, relevant economic variables
 - Population trends
 - Utilization trends for services underlying revenues
- ▶ Evaluation of trends relating to the government's financial performance, such as:
 - Revenues and expenditures
 - Net revenues available after meeting operating requirements
 - Reliability of revenues expected to pay debt service
 - Unreserved fund balance levels
- ▶ Debt service obligations, such as:
 - Existing debt service requirements
 - Debt service as a percentage of expenditures, or tax or system revenues

	2016		2017		Haldimand increase/ (decrease)
	Haldimand	BMA Provincial Average	Haldimand	BMA Provincial Average	
Tax Debt Interest as a % of Own Source Revenue	1.7%	1.3%	1.6%	1.2%	(0.10)%
Total Tax Debt Charges as a % of Own Source Revenues	5.8%	4.2%	6.3%	4.4%	0.50%
Total Debt Outstanding Per Capita	\$869	\$803	\$1,000	\$731	15.07%
Rates Coverage Ratio	89.3%	90.8%	91.6%	92.1%	2.30%

*The Rates Coverage Ratio provides a measure of the municipality's ability to cover its costs through its own sources of revenue. According to the Ministry of Municipal Affairs and Housing, a basic target is 40%-60%; an intermediate is 60%-90% and an advanced target is 90% or greater.

Reserves

Reserves are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves is to:

- ▶ Provide stability of tax rates in the face of variable and uncontrollable factors (consumption, interest rates, unemployment rates, changes in subsidies)
- ▶ Provide financing for one-time or short-term requirements without permanently impacting tax or utility rates
- ▶ Make provisions for replacements/acquisitions of assets/infrastructure that are currently being depreciated
- ▶ Avoid spikes in funding requirements of the capital budget by reducing reliance on long-term debt borrowings
- ▶ Provide a source of internal financing
- ▶ Ensure adequate cash flows
- ▶ Provide flexibility to manage debt levels and protect the municipality's financial position
- ▶ Provide for future liabilities incurred in the current year but paid for in the future

Reserves offer liquidity which enhances the municipality's flexibility in addressing operating requirements and in permitting the municipality to temporarily fund capital projects internally, allowing it time to access debt markets and take advantage of favourable conditions. The level of reserves required will vary for a number of reasons including:

- ▶ Services provided by the municipality
- ▶ Age and condition of infrastructure, inventory of fleet and vehicles supporting municipal operations
- ▶ Internal debt and reserve policies
- ▶ Targets / ranges established on a reserve by reserve basis
- ▶ Economic conditions and projections
- ▶ Debt vs. pay-as-you-go financing policies for capital

	2016		2017		Haldimand increase/ (decrease)
	Haldimand	BMA Provincial Average	Haldimand	BMA Provincial Average	
Tax Reserves per Capita	\$2,615	\$685	\$2,613	\$684	(0.1)%
Tax Discretionary Reserves (excl. Water & Wastewater) as % of Taxation	186%	71%	188%	74%	2.0%
Tax Discretionary Reserves as a % of Own Source Revenues	139%	51%	138%	52%	(1.0)%
Total Reserves (incl. Water & Wastewater) Per Capita	\$3,079	\$685	\$3,127	\$2,613	1.56%

Impact on Ratepayer

Total Municipal and Property Tax Burden as a Percentage of Income

	2017		2018		Haldimand increase/ (decrease)
	Haldimand	BMA Provincial Average	Haldimand	BMA Provincial Average	
Average Residential Property Taxes	\$ 3,279	\$ 3,833	\$ 3,321	\$ 3,836	1.3%
Residential Water/WW Annual Cost (use 200 m3 per year)	\$ 1,073	\$ 1,023	\$ 1,043	\$ 1,066	(2.80)%
Total Average Residential Municipal Tax & Rate Burden	\$ 4,353	\$ 4,836	\$ 4,364	\$ 4,882	0.3%
Total Municipal Burden as a % of Household Income	4.6%	4.9%	4.5%	4.9%	(0.10)%
Relative Ranking - % of Income	Mid	N/A	Low	N/A	decrease

Property Taxes

- ▶ Do not indicate value for money or effectiveness in meeting community objectives
- ▶ Levies vary due to:
 - service levels and variations in services, including service delivery methods
 - user fee policies
 - assesment composition
 - location, demographics, geography, socio-economic
 - urban/rural composition
- ▶ Tax comparisons, by property type are challenging due to:
 - property values vary from municipality to municipality
 - tax policy, ratios, optional classes
 - education tax rates for non-residential
 - levels of service
 - user fees
 - diversity of assessment base

Municipal Levy & Property Taxes

	2017		2018		Haldimand increase/ (decrease)	
	Haldimand	BMA Provincial Average	Haldimand	BMA Provincial Average		
Levy per Capita	\$ 1,288	\$ 1,449	\$ 1,336	\$ 1,527	3.7%	
Net Levy Per Capita Ranking	low	N/A	low	N/A	No change	
Residential Comparisons - Detached	Property Taxes	\$3,259	\$3,346	\$3,328	\$3,397	2.1%
Bungalow	Ranking	mid	N/A	mid	N/A	No change

Comparison of Water and Wastewater Costs

- ▶ There is no standard means of establishing rates, thus comparison is difficult

	2017		2018		Haldimand increase/ (decrease)	
	Haldimand	BMA Provincial Average	Haldimand	BMA Provincial Average		
Residential (use 200 m3 with 5/8" service) Annual Cost	\$1,073	\$1,023	\$1,043	\$1,074	(2.80)%	
Water/Wastewater Costs as a Percentage of Household Income:						
	Estimated Average Household Income	\$93,710	\$100,715	\$96,891	\$102,194	3.4%
	Ranking	Mid	N/A	Mid	N/A	No change
Water/Wastewater as a % of Household Income	1.1%	1.1%	1.1%	1.1%	0.0%	