
Haldimand County

Report FIN-06-2026 Tax Supported Operating Budget For Consideration by Special Council on February 12, 2026



Objective:

To provide Council with a high level summary of the 2026 Tax Supported Operating Budget.

Recommendations:

1. THAT Report FIN-06-2026 Tax Supported Operating Budget be received;
2. AND THAT the 2026 Draft Tax Supported Operating Budget Document be received;
3. AND THAT the 2026 Tax Supported Operating Budget be approved at a net levy of \$97,328,470;
4. AND THAT any net surplus/deficit from 2026 Public Health be transferred to or from the Contingency Reserve;
5. AND THAT any net surplus/deficit from 2026 Social Assistance be transferred to or from the Social Assistant Stabilization Reserve;
6. AND THAT any net surplus/deficit from 2026 Child Care be transferred to or from the Social Assistance Stabilization Reserve;
7. AND THAT any net surplus/deficit from 2026 Social Housing be transferred to or from the Social Housing Reserve;
8. AND THAT any net surplus/deficit from 2026 Library Operations be transferred to or from the Library Reserve Fund;
9. AND THAT any net surplus/deficit from the 2026 Emergency Measures operations be transferred to or from the Climate Change and Emergency Response Reserve;
10. AND THAT any net surplus/deficit from the remaining 2026 Tax Supported Operations be transferred to or from the Contingency Reserve;
11. AND THAT the budget for Hagersville Business Improvement Area be approved with a net levy requirement of \$14,400
12. AND THAT the budget for Dunnville Business Improvement Area be approved with a levy requirement of \$41,000;
13. AND THAT the budget for Caledonia Business Improvement Area be approved with a levy requirement of \$55,640;
14. AND THAT the revised capital budget amendments as outlined in FIN-06-2026, be approved;
15. AND THAT the Haldimand-Norfolk Housing Corporation full-time Project Manager position, as presented in the 2026 Draft Tax Supported Operating Budget, be approved;
16. AND THAT the Treasurer's Message included in the 2026 Draft Tax Supported Operating Budget document be received;
17. AND THAT, as a result of financial reporting amendments under the Public Sector Accounting Board guidelines, expenditures for amortization expenses related to capital assets, post-employment

benefits and solid waste landfill closure and post closure expenses, as outlined in Treasurer's Message, have been excluded from the 2026 Tax Supported Operating Budget.

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Reviewed by: Tareq El-Ahmed, CPA, CMA, Treasurer

Respectfully submitted: Mark Merritt, CPA, CA, General Manager, Financial Services

Approved: Michael Di Lullo, MPA, CMM III, Chief Administrative Officer

Executive Summary:

The adoption of a municipalities' annual budget is one of the most important strategic documents that Council reviews to ensure affordable, reliable and safe provision of services to its taxpayers and the public at large. This document presents the 2026 Tax Supported Operating Budget outlining the proposed tax supported operating costs and related funding. All operating costs included in this document are entirely funded from the following revenue sources: tax levy from properties within Haldimand County, user fees/recoveries, federal/provincial grants and reserves established by Council for specific operating purposes. Water and wastewater operational and capital costs are funded entirely from users of water/wastewater systems and were included in the Rate Supported Capital and Operating Budget approved on December 4, 2025.

The Tax Supported Operating budget pays for the day-to-day operational cost such as salaries/benefits, supplies, utilities, insurance, etc. As well as, to provide the numerous essential services provided directly to taxpayers including but not limited to (in the order of magnitude): Capital related funding for infrastructure costs, Roads and Winter Control maintenance, Education taxes (rates are established by the Province and the applicable taxes are collected on behalf of and transferred to local school boards), Police, Corporate Governance and Support, Parks and Recreational facilities, Fire and Emergency services, Solid Waste collection and management, Social and Family Services (long term care, social assistance, child care and social housing), Libraries and Cultural services.

In summary, the 2026 Tax Supported Operating Budget includes total operating expenditures of approximately \$175.9 million representing an increase of approximately \$4.7 million over 2025. The total annual impact on the average residential tax bill is 3.74%; this equates to an annual increase of \$145 or \$12.12 per month on an average assessed home. Total net levy requirements for 2026 equal \$97.3 million representing a \$5.1 million increase over 2025.

As Haldimand County's budget process now falls under the Strong Mayor's Powers, a review of the proposed timelines for 2026 was completed. Mayoral direction was provided to staff to present the budget with the intention that they would follow standard Haldimand County budget processes as closely as possible. By presenting the Operating budget after February 1st, the Mayor has in essence forfeited her powers, and this budget will follow Haldimand's standard budget approval process.

Background:

The 2026 Tax Supported Operating Budget has been developed on the following fundamental financial principles:

Focus on Sustainability: Haldimand County has established financial principles to ensure budgets are sustainable by establishing annual target tax levy increases and a long term capital financing plan to avoid unplanned tax increases or cuts to services.

Protect against Vulnerability: Principles have been adopted to assist Haldimand County's ability to address vulnerability to external sources of funding or exposure to costs beyond Council's control. Haldimand County maximizes external revenues or grants from upper levels of Government to ensure full cost recovery of the operating costs associated with the underlying service.

Maintain Flexibility: It is also critical to have the flexibility to limit tax levy increases while responsibly issuing debt without impacting service levels or credit rating. Haldimand County has established annual debt repayment limits to ensure there is the ability to utilize debt in a planned approach while maintaining the flexibility to issue additional debt for unforeseen costs and future opportunities. For this reason the proposed tax supported operating budget is predictable, adaptable, flexible and sustainable.

An integral part of the budget process is to adopt guidelines to ensure a consistent approach in developing a budget that meets Council's expectations. Report FIN-04-2023 Budget Guidelines for Council Term 2023-2026, outlined the following:

- Annual assessment growth is to be used as follows:
 - firstly for increases in the tax levy to fund the annual capital-related tax supported capital requirements;
 - secondly to fund growth related impacts and new initiatives/service level enhancements; and
 - lastly, any unutilized annual assessment growth be transferred to the Contingency Reserve to offset future growth related cost increases if necessary.
- Additional new initiatives for new/enhanced services, beyond available assessment growth, should only be considered during the budget review if the net levy impact can be mitigated on a consolidated, corporate-wide basis and the individual business case provides for offsetting revenue sources, efficiency improvements or cost savings;
- Funding related to Council approved new initiatives would be considered above and beyond the base budget requirements; and
- Mitigation measures will be presented for Council review as required.

In the Budget Guidelines report, staff projected an average 3% tax levy increase over the term of Council. Given the volatility during this time, staff also committed to reporting back to Council with an update to this report, outlining how we have fared to date compared to the projection, as well as revisiting future projections, if required. As a result, FIN-14-2024 Update to Budget Guidelines for Term of Council 2022-2026 was brought forward in August of 2024. This report updated the average tax levy increase for the remaining term of Council to 3.5% from 3.0%.

Strong Mayor Powers and the Budget Process

As of May 1, 2025, the Government of Ontario expanded strong mayor powers to Haldimand County. As part of the strong mayor powers, Mayor Bentley has a duty to prepare and propose the budget before February 1, 2026. By presenting the budget after February 1st, the Mayor has in essence forfeited her powers, and this budget will follow Haldimand's standard budget approval process.

The budget process goes through a very detailed and robust progression, starting from the division level, all the way up to senior management. A critical view is taken on all proposed changes to ensure that what is being proposed is an appropriate use of tax payer dollars.

Analysis:

After a lengthy and thorough budget review process, the Tax Supported Operating Budget being presented contains average residential levy impact of 3.74%. This is broken down as follows:

2026 Tax Supported Operating Budget Drivers Summary

	Budget Guidelines %	Draft Budget \$	Draft Budget %
2025 One-time Items		27,040	0.03%
Base Budget	3.09%	2,650,620	2.87%
Capital Levy	1.00%	1,383,010	1.50%
Operating Impacts from Capital		255,520	0.28%
Approved Initiatives		223,950	0.24%
New Initiatives	1.26%	587,740	0.64%
Total Budget Drivers	5.35%	5,127,880	5.56%
Assessment Growth	-2.00%	-1,684,000	-1.83%
Total Impact on Average Residential Taxpayer	3.35%	3,443,880	3.74%

Table 1: Tax Supported Operating Budget Drivers Summary

While the 3.74% impact is above both the average target for the remaining term of Council reported in FIN-14-2024 of 3.50% and the 2026 target of 3.35%, it is important to note what the underlying reasons are for this variance:

- The 2026 capital levy is 0.50% above the guideline. At the time of the revised budget guidelines in the summer of 2024, the capital levy requirements were still set to 1.0%. After further review of the capital needs, it was determined that the capital levy contribution was insufficient. As a result, the capital levy was increased to 1.25% in the 2025 capital budget, and 1.5% in the 2026 capital budget;
- Operating impacts from the capital budget (i.e. ongoing software costs or additional reserve contributions) make up an additional 0.28% levy impact;
- Approved initiatives (items approved prior to budget deliberations) make up an additional 0.24%; and
- Assessment growth was predicted to be 2.00% but actual growth for 2026 came in under, at 1.83%. This is the lowest growth Haldimand has seen in quite some time.

While the items noted above have negatively impacted the overall budget, there are areas that came in under the guidelines. These include:

- Base budget increases: A target of 3.09% was set for the 2026, with draft budget figures coming in under, at 2.87%; and
- New Initiatives: A target of 1.26% was set for 2026, with draft budget figures coming in under, at 0.64%.

These figures coming in under the target are a reflection of the diligent work of staff in closely monitoring and managing their budgets, despite some immense pressures, particularly from external sources, such as policing.

Notable Levy Increases

The following highlights some of the major levy increases impacting the 2026 Tax Operating Budget:

- Staffing Increases total \$2.8 million, or a 3.02% levy impact;
 - \$2.1 million (2.28%) for base contractual increases;
 - \$240,000 (0.26% levy impact) for items previously approved (i.e. second Assistant Director of Nursing position at Grandview Lodge); and

- \$445,000 (0.48% levy impact) related to new staffing requests that were approved through Haldimand County's internal staffing review process.
- Policing Contract – Increases to the policing contract of approximately \$979,000 (1.06% levy impact);
 - Starting in 2026, a cap of 11% has been applied to the policing contracts across the province. The annual billing estimate for these services will not exceed 11% annually, despite the underlying cost calculations, which includes a prior year reconciliation. If this cap had not been put in place, the 2026 impact would have been over \$2 million. Staff are continuing to monitor this contract closely, as any changes in cost allocation could significantly impact the levy.
- Social Services – Social Housing, Child Care, and Ontario Works increases of \$272,000 (0.30% levy impact); and
 - The majority of the increases from the shared services with Norfolk pertain to a redistribution of their inter-functional adjustments and administration costs that surpass available funding. There is also an initiative related to Haldimand County's share of a project manager position being requested by Haldimand Norfolk Housing Corporation.
- Public Health – Increase of \$164,400 (0.18% levy increase).
 - The 2025 budget for the newly formed Grand Erie Public Health (GEPH) was unavailable at the time of budget preparation in 2025. As a result, no increase was included in the 2025 budget. The 2026 budget contains increases related to both 2025 (\$64,300) and 2026 (\$100,100) for a total increase of \$164,400, which results in a 0.18% increase on the municipal levy. Under the new provider, Haldimand County's share is determined using Municipal Property Assessment Corporation (MPAC) population numbers to come up with a per capita contribution. In 2026, some of the required increase is being offset by Ministry of Health transition funding.

Notable Levy Decreases

The following highlights some of the major levy decreases impacting the 2026 Tax Operating Budget:

- Investment Earnings - \$400,000 increase in allocation of annual investment earnings to the tax-supported levy (0.43% levy reduction);
- Ontario Municipal Partnership Fund (OMPF) - \$391,000 increase in 2026 allocation (0.42% levy reduction);
- Future allocations remain uncertain;
- Fire Protection Grant Chargeback - \$260,000 reduction in the chargeback to the Tax Operating Budget as a result of the rate study completed in late 2025 (0.28% levy reduction);
- Arena Revenues - \$220,000 increase in revenues (0.24% levy reduction) as the result of trending increase in ice time rentals; and
- Taxation Penalty & Interest Revenues - \$200,000 increase in revenue (0.22% levy reduction) based on two years of trends.

Mitigation Measurers

Initiatives that are one-time in nature are funded from the Contingency Reserve in order to minimize fluctuations on the levy. This is outlined as one of the intended uses of the Contingency Reserve. Future use of the Contingency Reserve is to be evaluated along with a comprehensive Reserve Policy to be completed in 2026. Approximately \$1.1 million in Contingency Reserve funding has been utilized in the 2026 Tax Operating Budget.

Further details around the drivers of the 2026 Tax Supported Operating Budget can be found in the Budget Book.

Financial/Legal Implications:

The recommended 2026 Tax Supported Operating Budget requires total property tax revenues of \$97,328,470 to cover the estimated net cost of delivering programs and services to meet the needs and wants of taxpayers. This equates to an increase of \$5,127,880 from the 2025 net levy requirement; an estimated increase on the average residential tax bill of 3.74%. The actual impact to the residential tax rate will be evaluated in the Tax Policy report that will be brought to Council as part of the Property Tax Final Billing process.

Below is a comparison of the 2026 Operating Budget impacts to the revised budget guideline targets for 2026 as presented to Council through FIN-14-2024.

	Budget Guidelines %	Draft Budget \$	Draft Budget %
2025 One-time Items		27,040	0.03%
Base Budget	3.09%	2,650,620	2.87%
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Table 2: Tax Supported Operating Budget Drivers Summary

If the new staffing initiatives included in the 2026 Tax Supported Operating Budget are approved, the following amendments to the capital budget will be required as result of capital needs related to those positions (i.e. IT equipment, vehicles, etc.):

	Capital Budget Revision
Expenditures:	
Endpoint Computing	\$19,000
Mobile Phones	\$10,800
Fleet	\$80,000
Total Expenditures:	\$109,800
Funding:	
CRR- Machinery & Equipment	\$29,800
CRR-Vehicles	\$80,000
Total Funding	\$108,600

Table 3: Staffing Initiative Amendments Required

Stakeholder Impacts:

The adoption of a municipalities' annual budgets is one of the most important strategic documents that Council reviews to ensure affordable, reliable and safe provision of services to its taxpayers and the public at large. This document presents the 2026 Tax Supported Operating Budget outlining the proposed tax supported operating costs and related funding. All operating costs included in this document are entirely funded from the following revenue sources: tax levy from properties within Haldimand County, user fees/recoveries, federal/provincial grants and reserves established by Council for specific operating purposes.

Report Impacts:

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

References:

1. [2026 Draft Tax Supported Operating Budget](#)

Attachments:

1. 2026 Draft Tax Supported Operating Budget Presentation