

2021 Municipal Study Haldimand County

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BMA
Management Consulting Inc.

Municipal Study
2021



Presentation

- Review Highlights of 2021 Municipal Study
 - ✓ Socio-Economic Indicators
 - ✓ Financial Indicators
 - ✓ Cost of Service and Affordability Indicators
- 114 municipalities participated in the study, representing in excess of 86% of the population
- Comparisons provided to 9 Ontario municipalities – selected by either geographic location or population

<i>Populations</i>	<i>Number of Municipalities</i>
100,000 or greater	26
30,000 - 99,999	34
15,000 - 29,999	21
0 - 14,999	33
Total	114

Financial Condition Assessment - Key Indicators

Growth and Socio-Economic Indicators

Population
Employment Statistics
Building Construction Activity
Property Assessment

Municipal Levy, Property Taxes & Affordability Indicators

Municipal Levy
Municipal Property Taxes as a % of Income
Household Income
Water/WW Costs

Financial Position Indicators

Reserves & Reserve Funds
Debt
Municipal Financial Position
Taxes Receivable

Peer Municipal Comparators

Municipality	2021 Population	Land Area (sq. km.)	Population Land Density (per sq. km.)
Norfolk	68,941	1,608	43
Chatham-Kent	104,606	2,458	43
Brant	39,136	843	46
Greater Sudbury	169,634	3,228	53
Belleville	54,286	247	220
Kingston	135,969	415	327
Niagara Falls	96,789	210	461
Hamilton	576,618	1,117	516
Brantford	105,408	102	1,033
Haldimand	50,404	1,252	40

Source: 2021 Manifold Data
Mining

- Challenge facing Haldimand: a large geographic area with a low population density
- This requires more infrastructure funded by fewer people
- Analysis also includes study averages of all municipalities



Section 1: Growth and Socio-Economic Indicators

Growth and Socio-Economic Indicators

- Monitoring the trends of socio-economic indicators often provide an “early warning” of future financial condition.



Growth and Socio-Economic Indicators

- As noted by Standard & Poor's bond rating agency, "demographic characteristics factor heavily into economic analysis".
- An examination of economic and demographic characteristics can identify, for example, the following types of situations:
 - Changes in tax base and the community's ability to pay for public services;
 - A need to shift public service priorities because of demographic changes; and
 - A need to shift public policies because of changes in economic conditions.

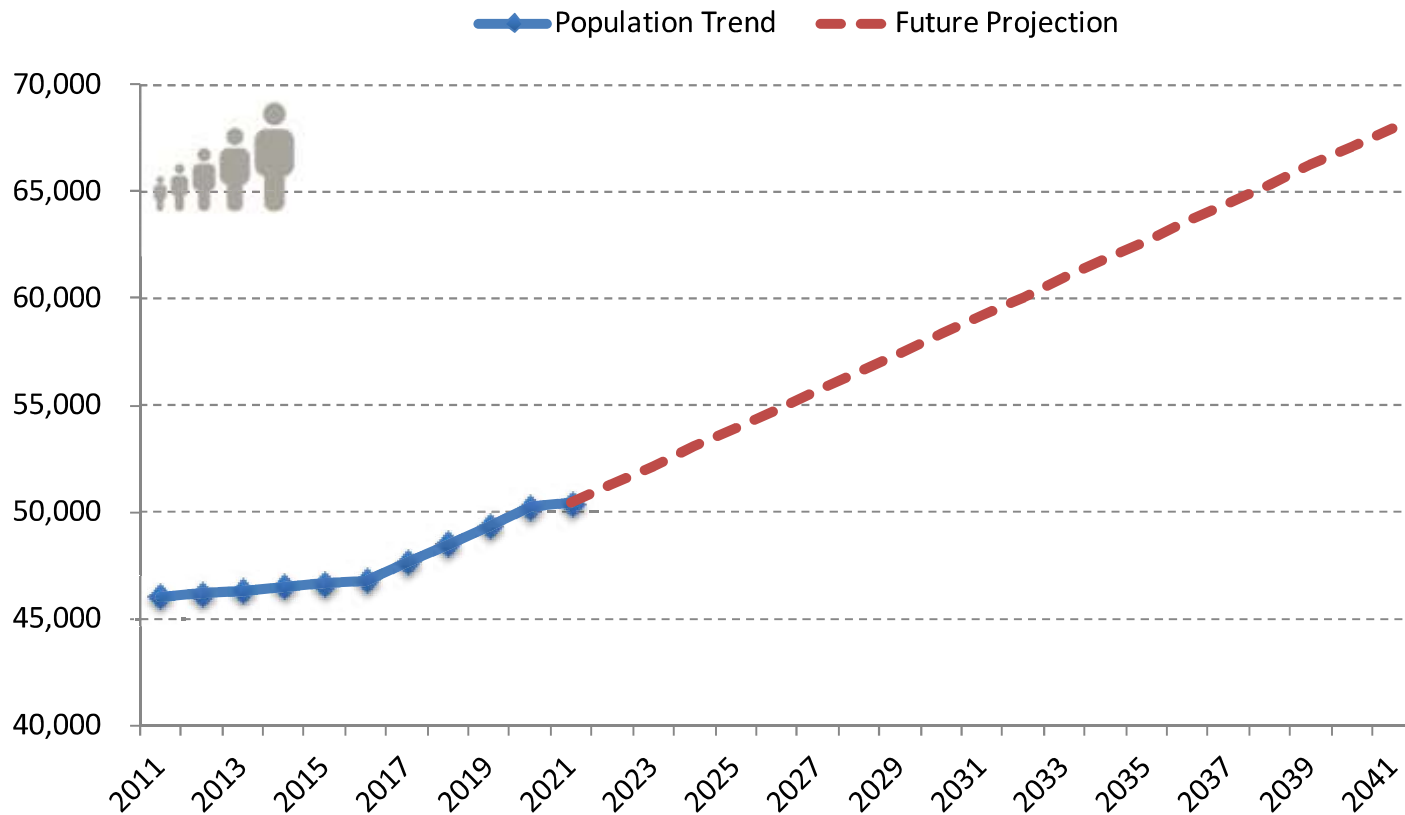


Growth & Socio-Economic Indicators

- Haldimand's population increased by 7.9% from 2016 to 2021
- Group Average increased by 6.0% and survey average increased by 5.8%

Municipality	Population % Change 2016-2021
Chatham-Kent	2.3%
Greater Sudbury	2.8%
Norfolk	5.4%
Hamilton	6.0%
Kingston	7.0%
Niagara Falls	7.2%
Brantford	7.4%
Brant	7.5%
Belleville	8.6%
Group Average	6.0%
Survey Average	5.8%
Haldimand	7.9%

Population Trend



Source: Haldimand Growth Analysis to 2051, Watson and Associates

- Haldimand's population is projected to increase from approximately 50,400 in 2021 to 68,000 by 2041
- Growth will lead to increased demand for services and new capital infrastructure

Age Demographics

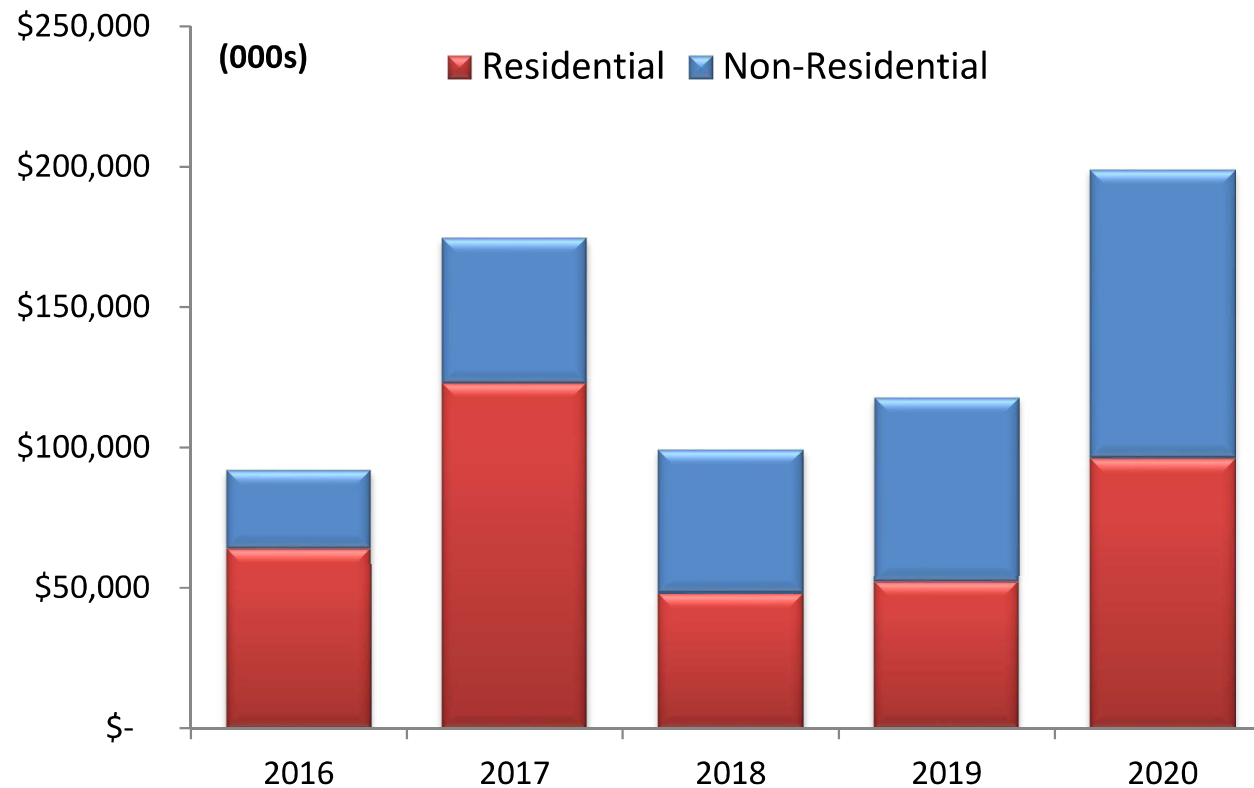
Age Profile	2016 Haldimand	2021 Haldimand	% Change Haldimand 2016 - 2021	2016 Ontario	2021 Ontario	% Change Ontario 2016 - 2021
Age 0-19	23.3%	23.1%	-0.2%	22.5%	21.5%	-1.0%
Age 20-44	27.3%	28.3%	1.0%	32.3%	33.0%	0.6%
Age 45-64	31.3%	28.0%	-3.3%	28.5%	27.0%	-1.5%
Age 65+	18.1%	20.6%	2.4%	16.7%	18.5%	1.8%
Total	100.0%	100.0%		100.0%	100.0%	

Source: 2016 and 2021 Census Stats Canada

Analysis of demographics can identify a need to shift public service priorities

- Haldimand's 65 + population is higher than the Provincial average and is the fastest growing segment
- An aging population could affect services e.g. parks and recreation

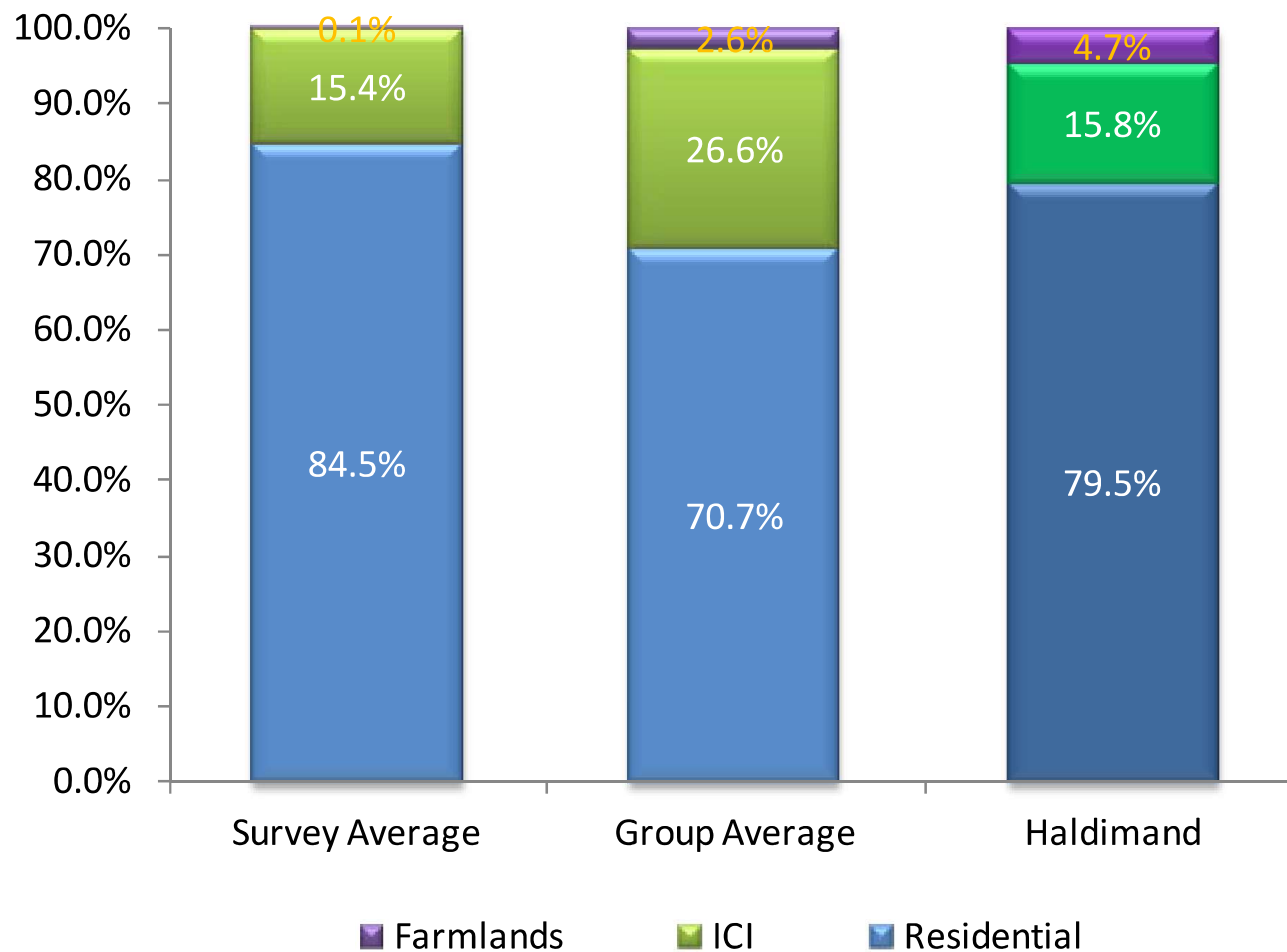
Building Activity – Construction Value (000's)



Building activity impacts other factors such as employment base, income and property values

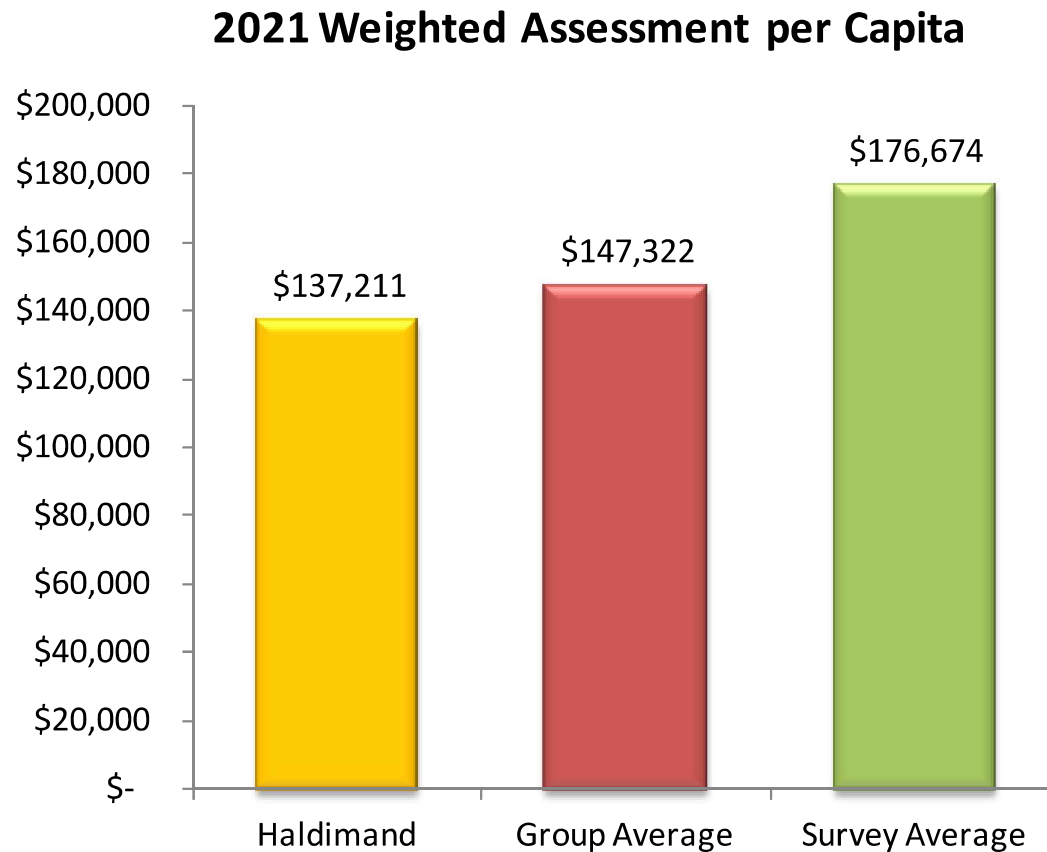
- Over the past 5 years, residential/non-residential construction activity (on a \$ of construction) is a 56/44 split in the Haldimand County representing a good balance

2021 Weighted Assessment Composition



- Weighted assessment composition is the basis upon which taxes are levied

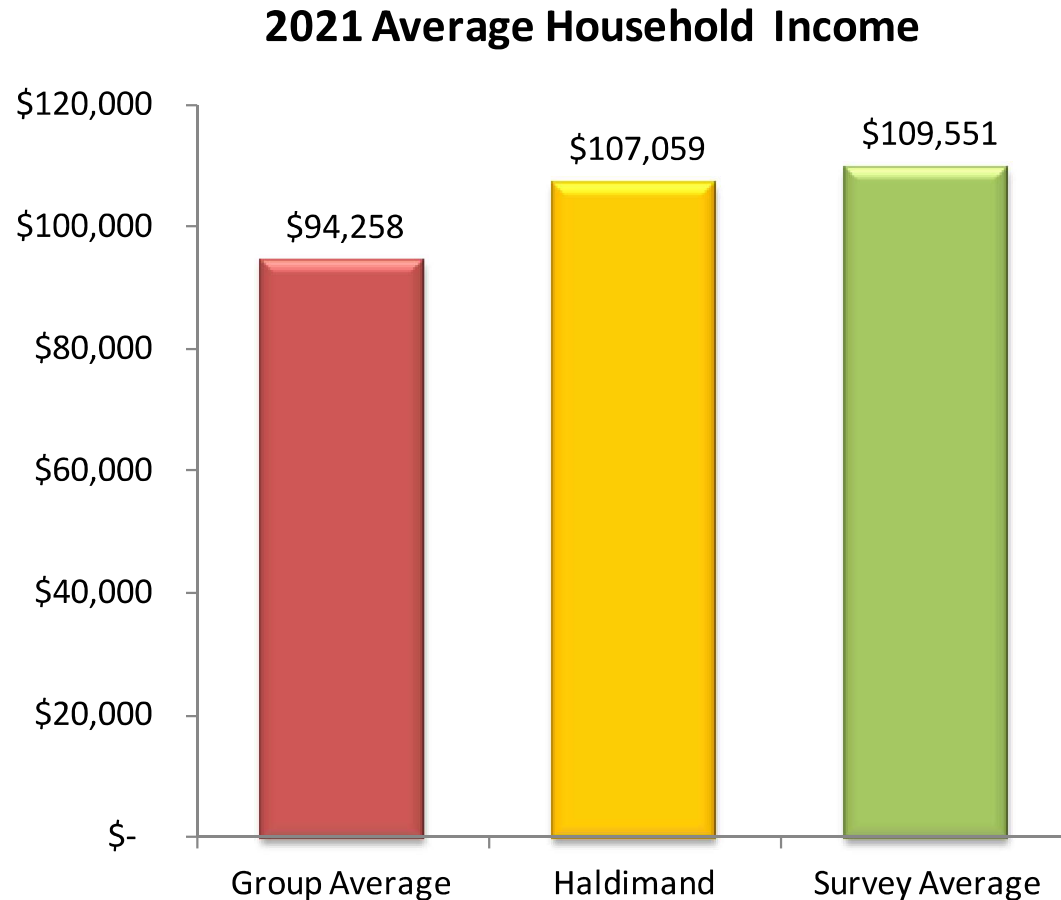
Richness of the Assessment Base



Source: BMA Study

- A strong assessment base is critical to a municipality's ability to raise revenues
- Haldimand's assessment per capita is lower than the group and survey average

2021 Average Household Income



Source: BMA Study

- Household income is one measure of a community's ability to pay for service
- Haldimand's average household income is higher than the group average however it is slightly below survey average



Section 2: Financial Indicators

Municipal Financial Indicators

- The Municipal Financial Indicators section of the report includes a number or measures such as the financial position, operating surplus, asset composition ratio, reserves, debt and taxes receivables.
- A number of industry recognized indicators that are used by credit rating agencies and/or recommended by Government Finance Officers' Association (GFOA) and the Ministry of Municipal Affairs and Housing have been included.
- Indicators related to ***Sustainability, Flexibility and Vulnerability*** have been included.

Municipal Financial Indicators

Sustainability

The ability to provide and maintain service and infrastructure levels without resorting to unplanned increases in rates or cuts to services.

Vulnerability

Addresses a municipality's vulnerability to external sources of funding that it cannot control and its exposure to risks.

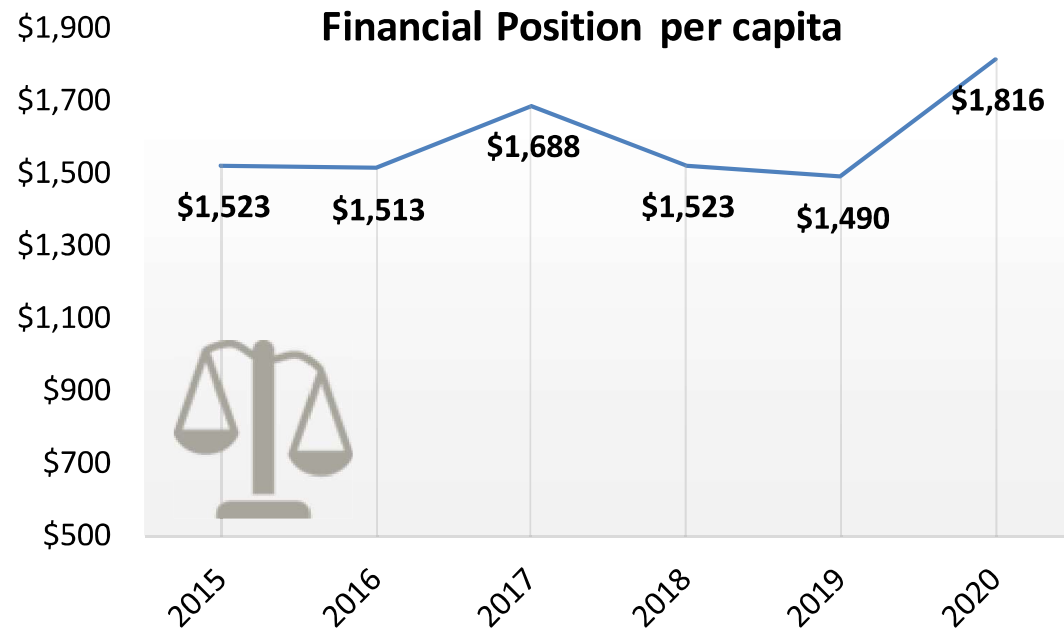
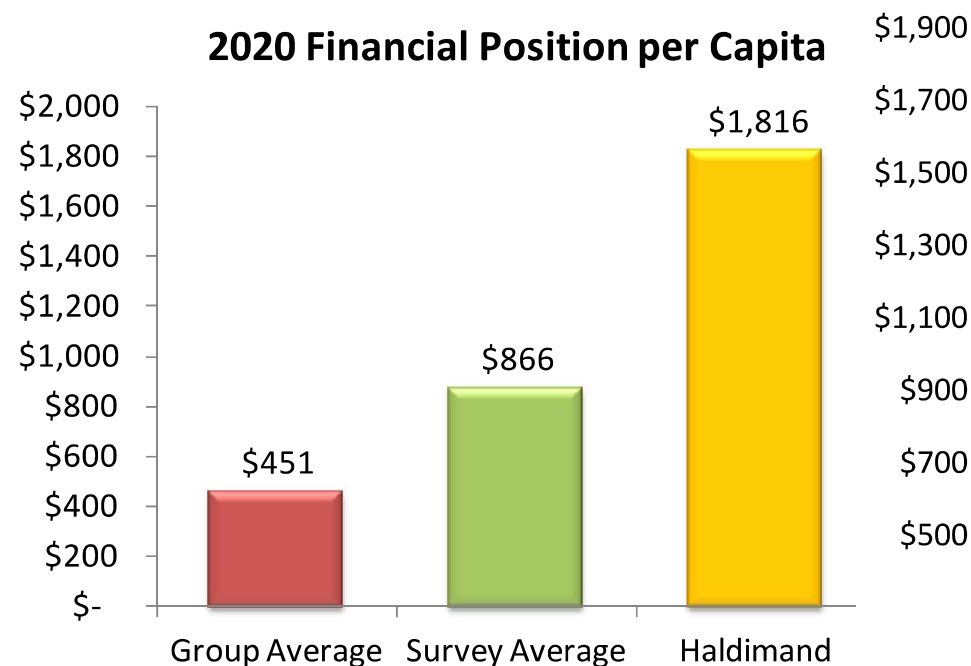
Flexibility

The ability to issue debt responsibly without impacting the credit rating. Also, the ability to generate required revenues.

Financial Position Comparisons

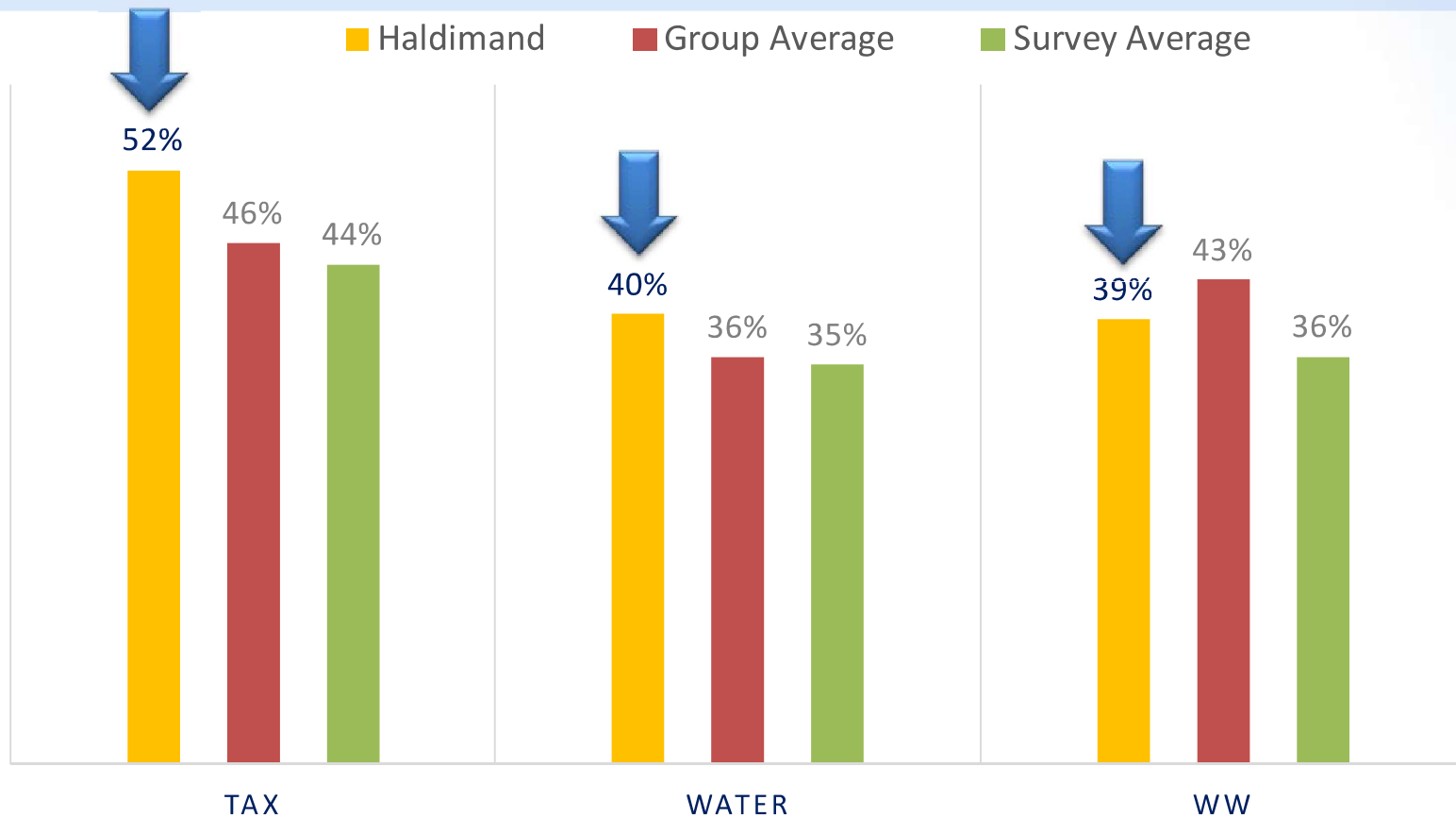
Financial Position (financial assets less liabilities) is a key sustainability indicator of a municipality's financial health

- Haldimand's per capita financial position is the highest in the peer average and well above total survey average



Source: FIRs

2020 Asset Consumption Ratios



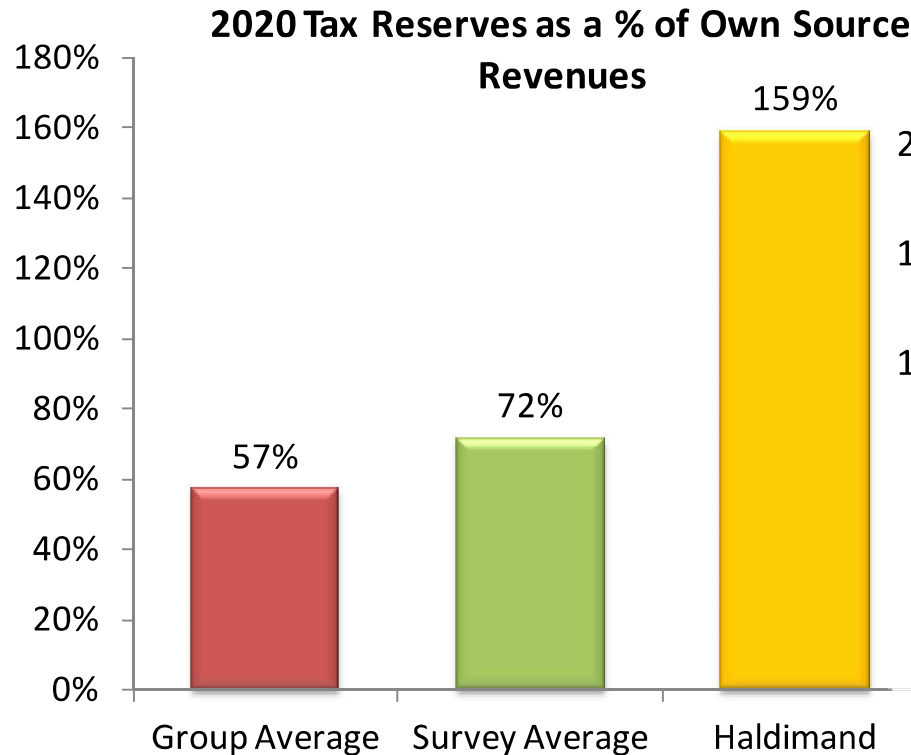
- Provides an estimate of the useful life left in a municipality's capital assets
- Haldimand's asset age is higher than survey average for tax and water which indicates a need for healthier capital reserves
- Ministry of Municipal Affairs and Housing considers a ratio of over 50% to be moderately old

Reserves

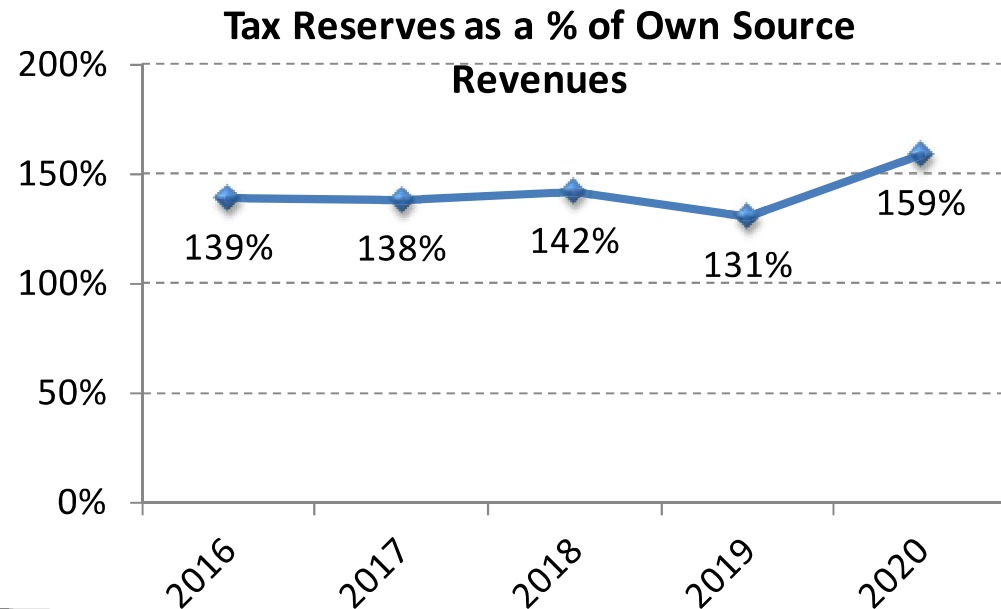
- Reserves are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves is to:
 - Provide stability of tax and user rates
 - Provide financing for one-time or short term requirements
 - Make provisions for replacements/acquisitions of assets/infrastructure
 - Ensure adequate cash flows
 - Provide flexibility to manage debt levels and protect the municipality's financial position



Tax Reserve Comparative Analysis



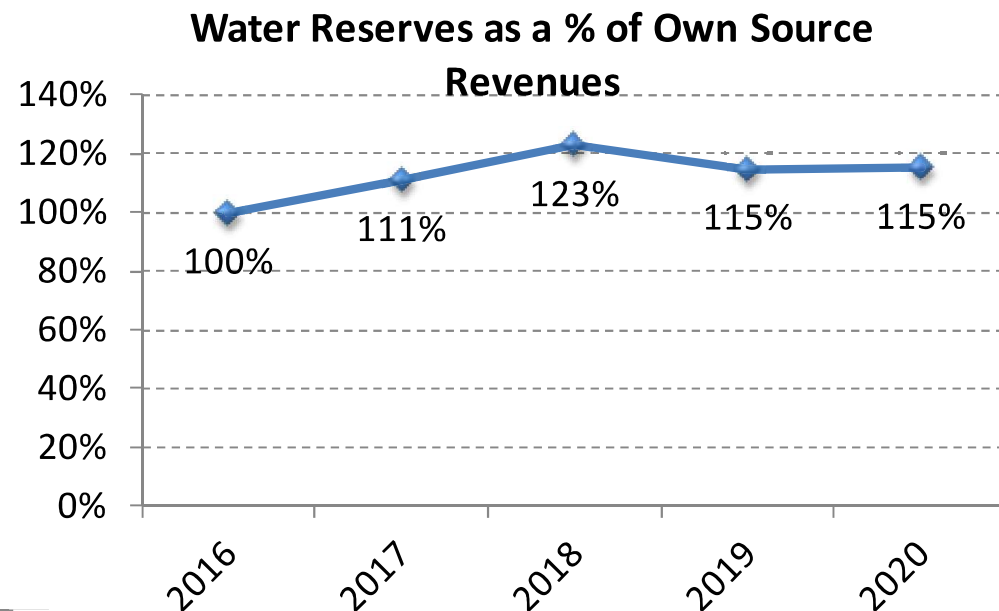
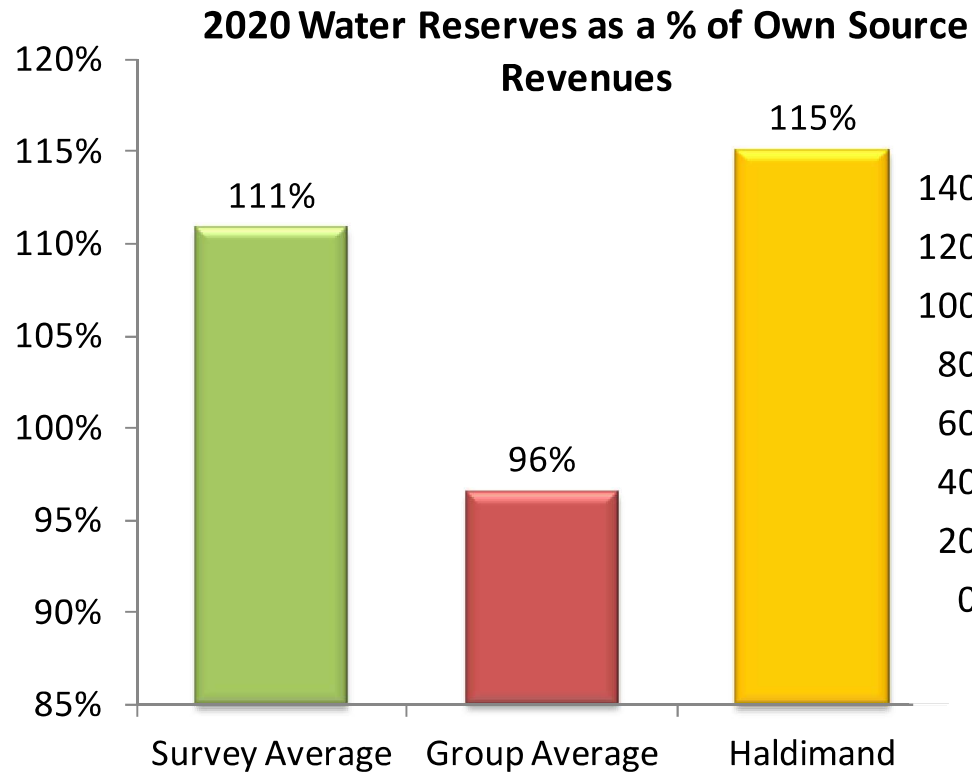
Source: BMA Study



- Haldimand's Tax Reserve position is well above the group and survey average reflecting a strong financial position
- Haldimand's position is also the highest in the total survey

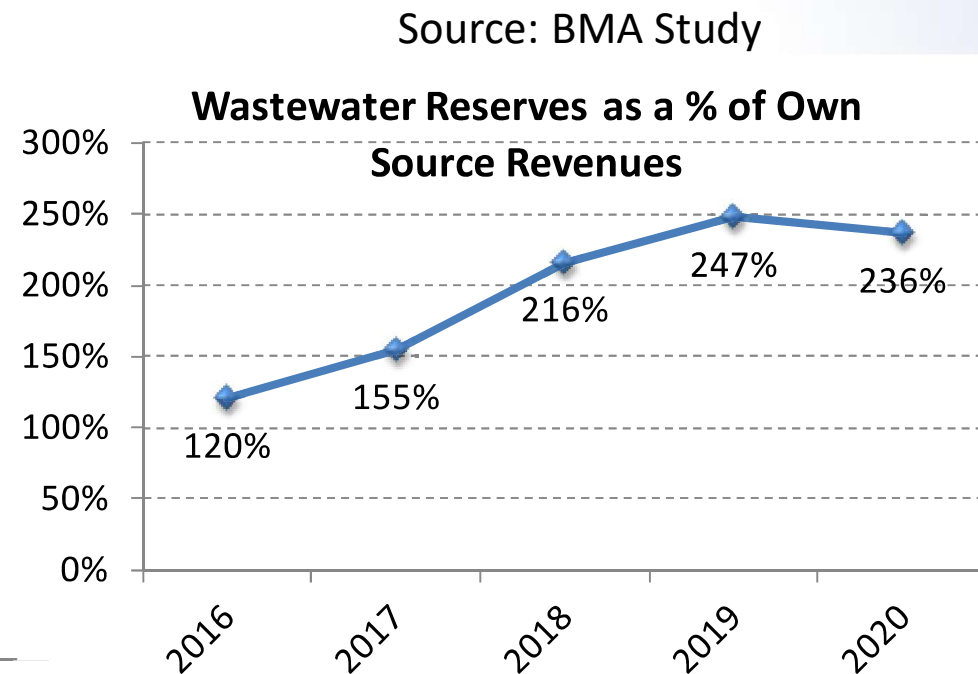
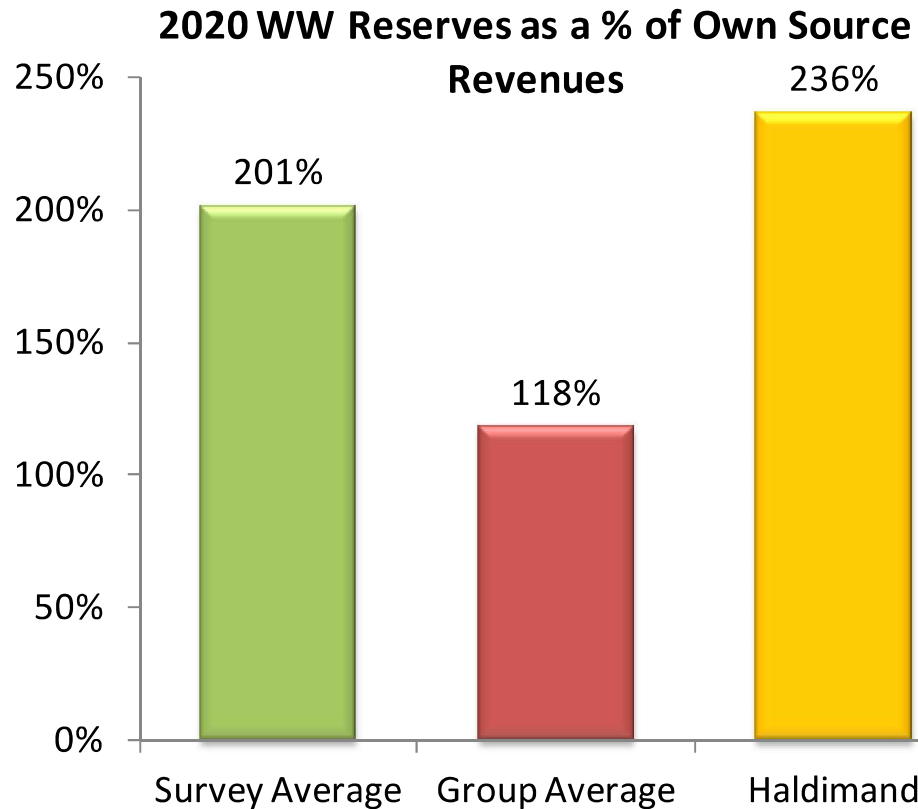
Water Reserve Comparative Analysis

Source: BMA Study



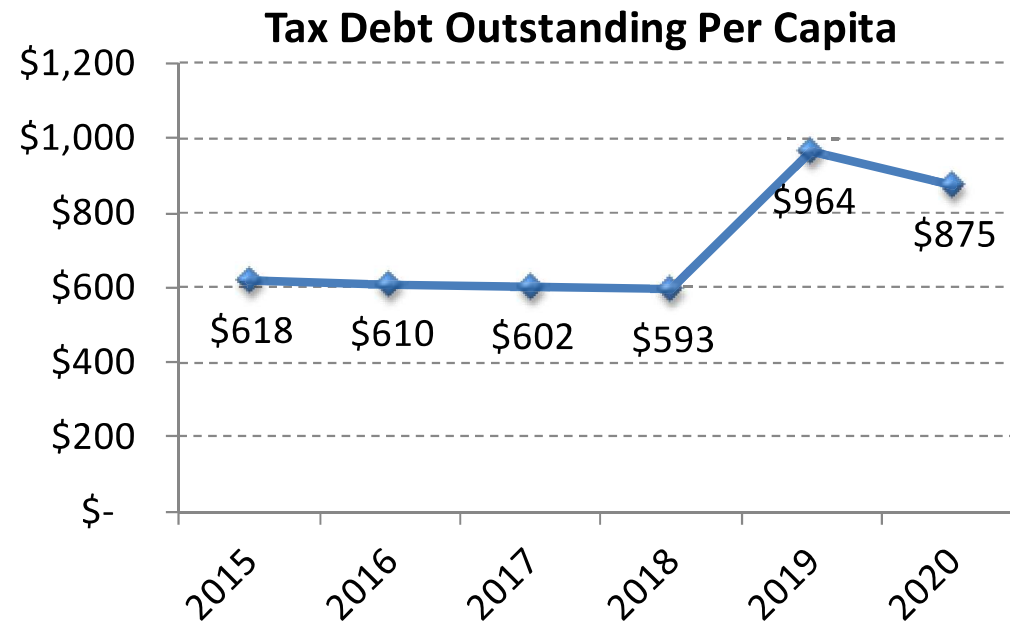
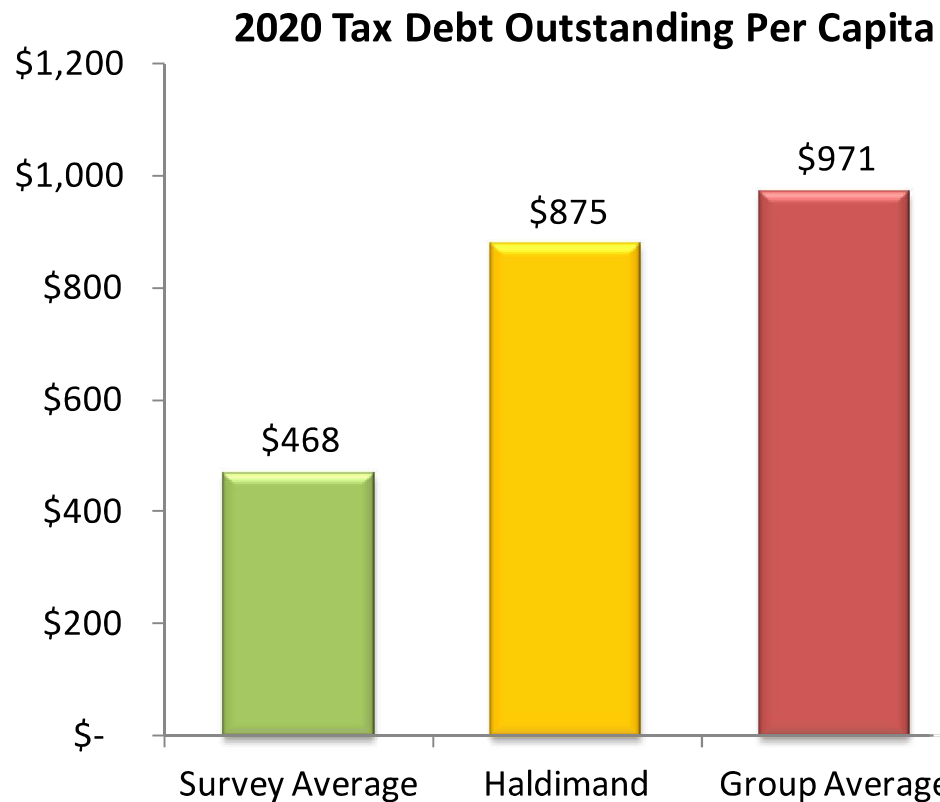
Haldimand's Water Reserve position is above the group and survey average

Wastewater Reserve Comparative Analysis



Haldimand's WW Reserve position is well above the group and survey average

Tax Debt Outstanding per Capita



- Tax debt outstanding per capita is higher than the survey and group average

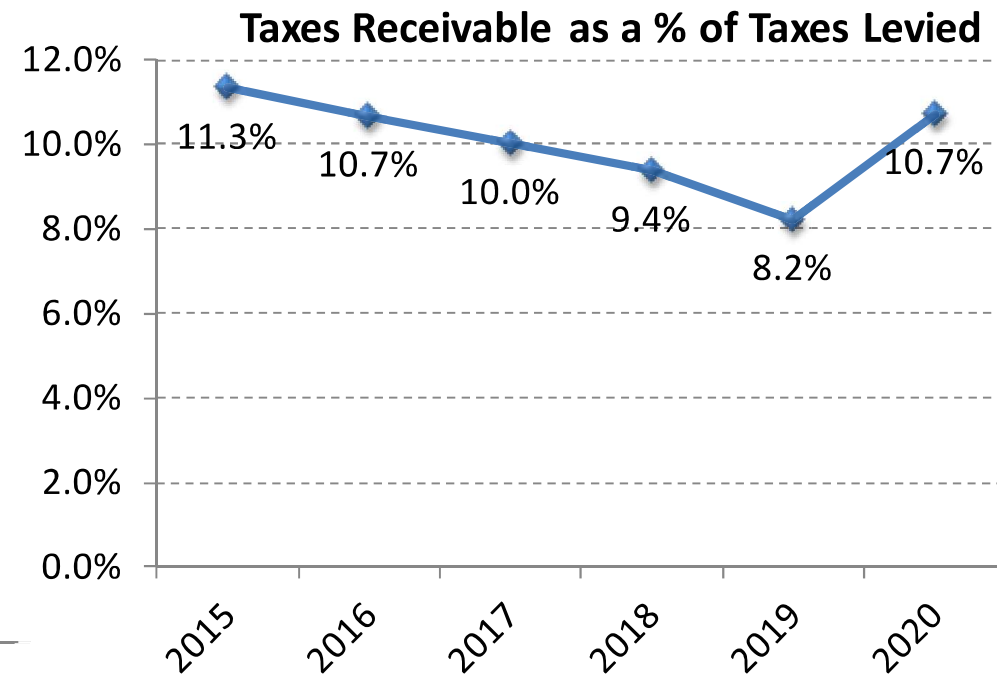
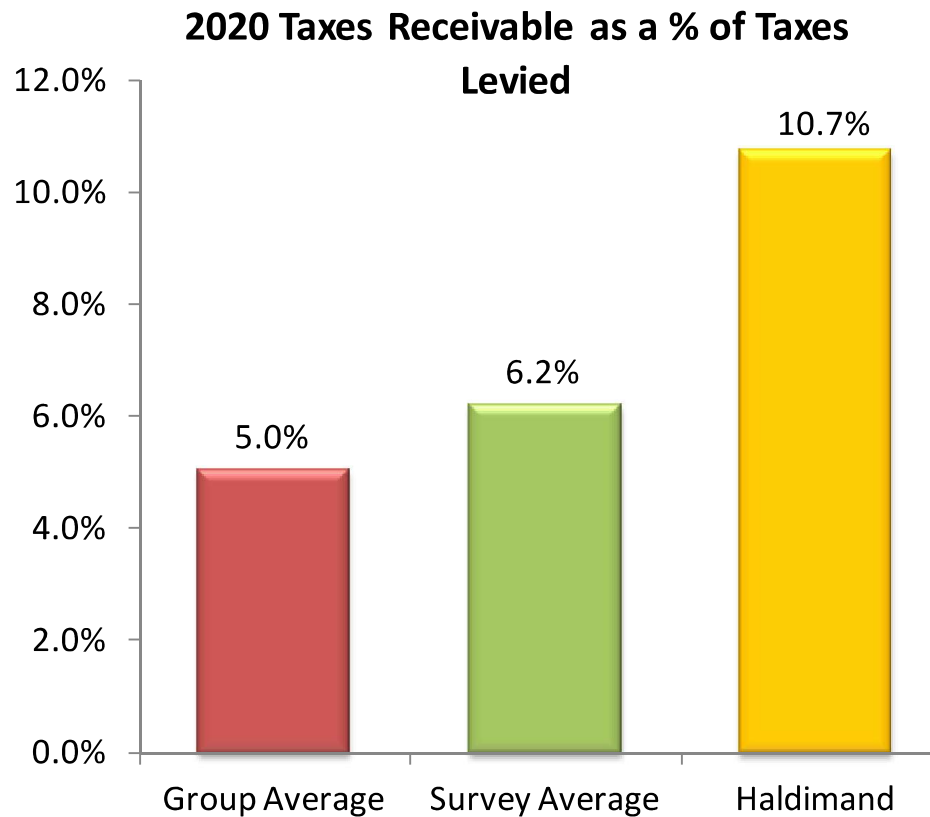
Debt to Reserve Ratio

- Rating agencies consider a ratio of 1.0 to be financially prudent
 - For every \$1 of debt there is a \$1 of reserves
- Haldimand's ratio of 0.4 means that for every \$1.00 of reserves there is \$0.40 of debt

Municipality	2020 Debt to Reserve Ratio
Chatham-Kent	0.3
Brantford	0.4
Niagara Falls	0.6
Hamilton	0.6
Norfolk	0.8
Brant	0.8
Kingston	1.3
Belleville	1.3
Greater Sudbury	1.7
Group Average	0.9
Survey Average	0.7
Haldimand	0.4

Source: FIRs

Taxes Receivable as a % of Taxes Levied



- Taxes receivable are higher than the group and survey averages, with an increase in 2020

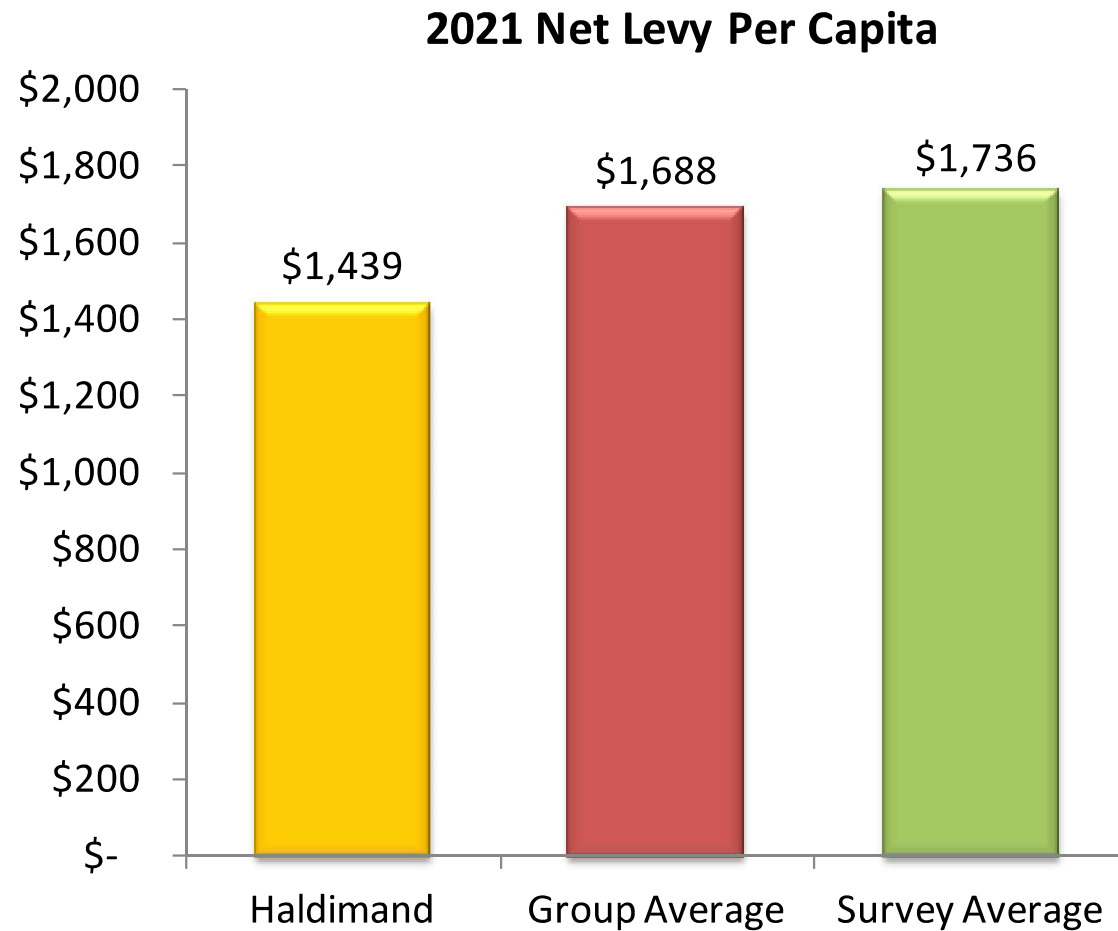


Section 3: Cost of Service and Affordability Indicators

Net Municipal Levy per Capita

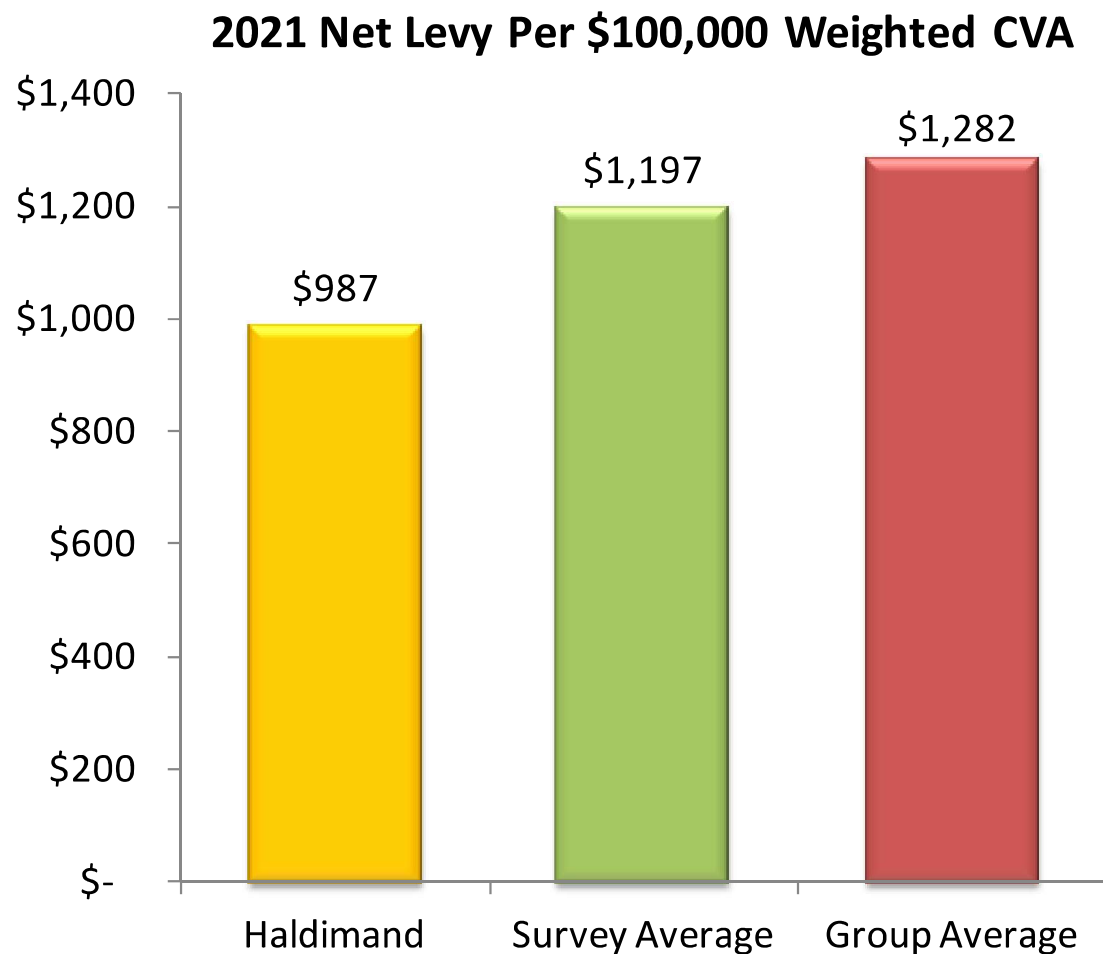
- Levy per capita does not indicate value for money or the effectiveness in meeting community objectives. Net municipal expenditures per capita may vary as a result of:
 - Different service levels
 - Different methods of providing services
 - Different residential/non-residential assessment composition
 - Socio-economic differences
 - User fee policies
 - Age of infrastructure
 - What is being collected from rates as opposed to property taxes
- As such, this is not an “apples to apples” comparison. Further analysis would be required to determine the cause of differences

Levy Comparison



Haldimand's net levy per capita is amongst the lowest in the peer group and also lower than the total survey average

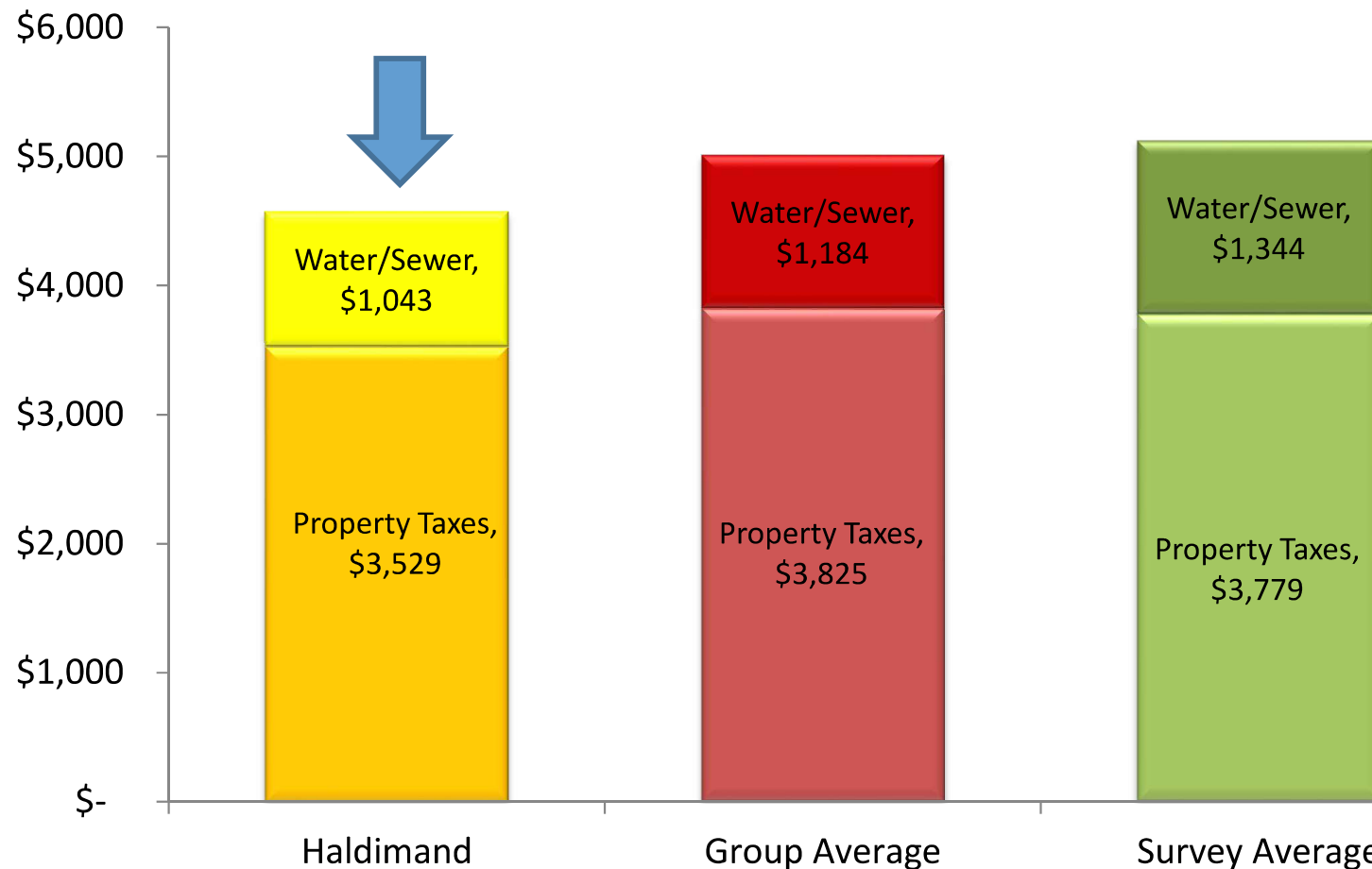
Levy per \$100,000 Weighted CVA Comparison



Haldimand's net levy per \$100,000 of weighted assessment is lower than the survey and the group average

Residential Average Cost of Service

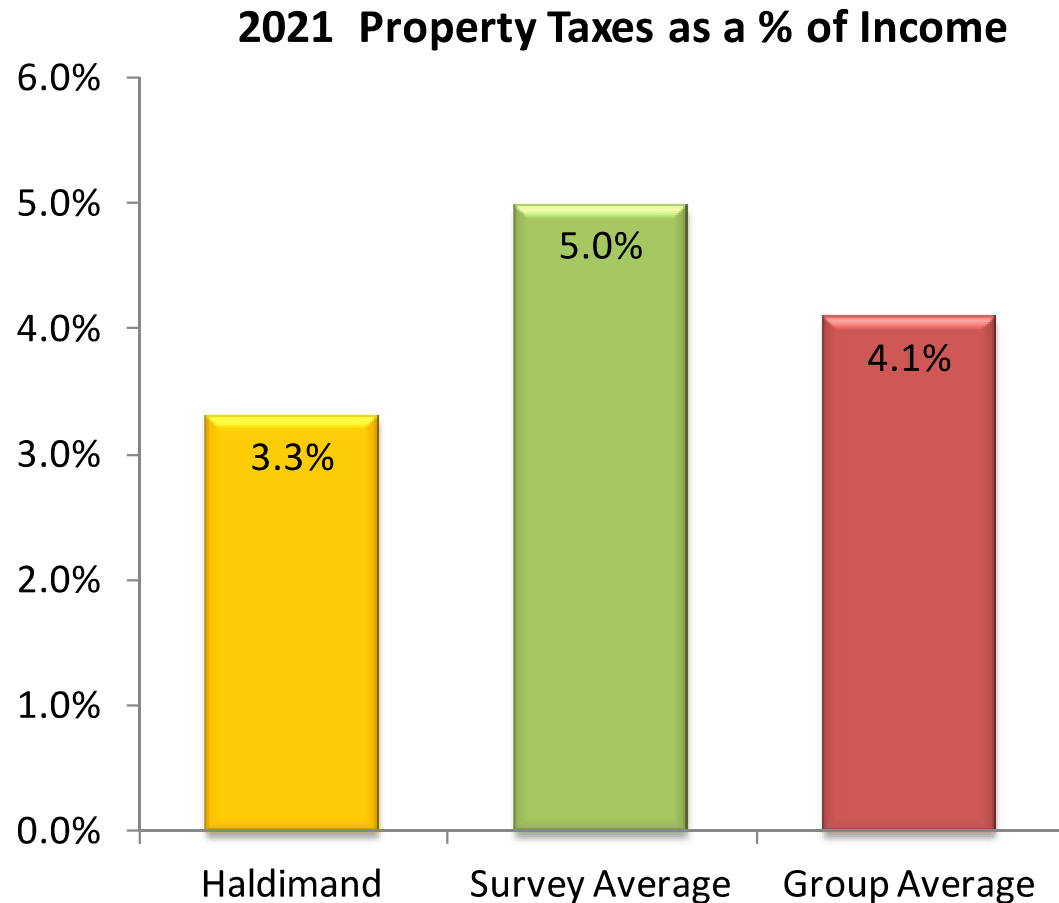
2021 Residential Average Cost of Service



Source: BMA Study

- Low municipal spending and relatively low water/sewer costs in Haldimand results in one of the lowest cost of services in the survey

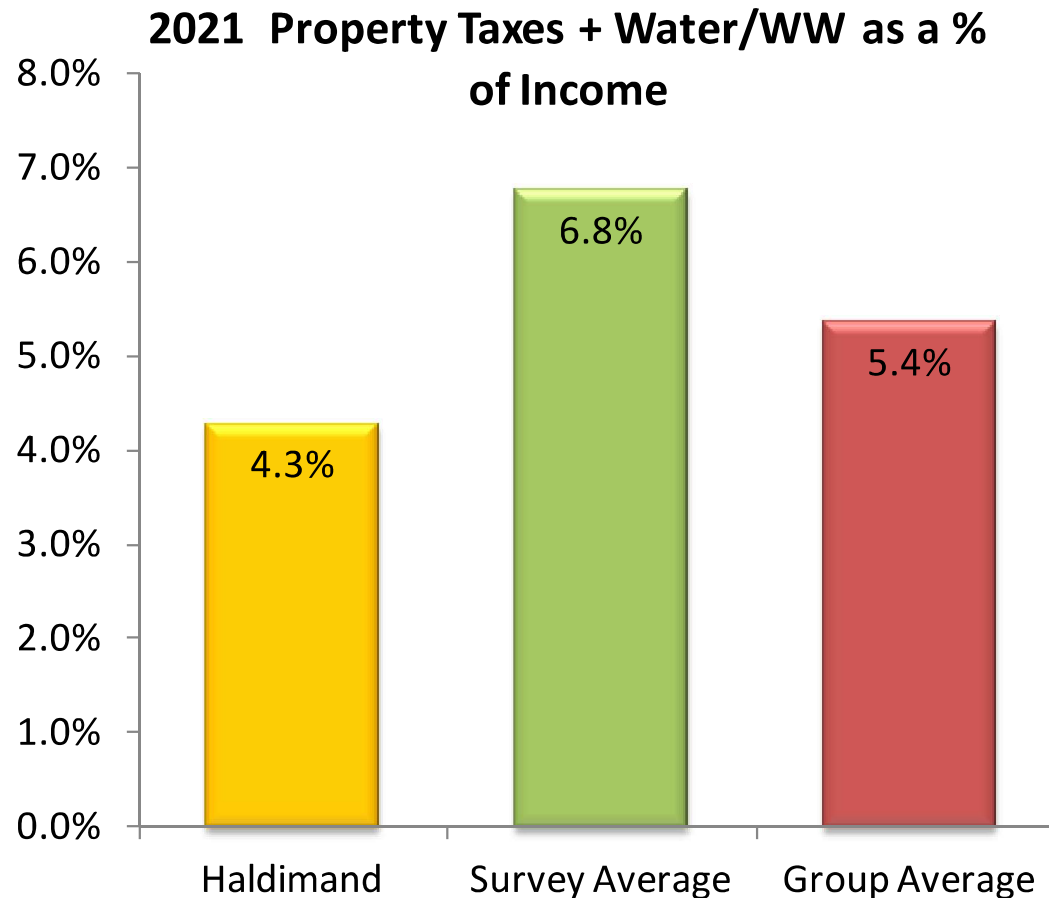
Property Taxes as a % of Average Household Income



Source: BMA Study

- This chart compares the average residential property taxes in relation to income levels
- Property taxes as a % of income is significantly below the group and survey average















Property Taxes & Water as a % of Income



Source: BMA Study

- The total municipal cost as a % of income is below the group and survey average

Socio-Economic Summary

	<i>Socio-Economic Indicator</i>	<i>2021 Rating</i>
	<i>Population Growth</i>	
	<i>Population Density</i>	
	<i>Demographics</i>	
	<i>Construction Activity</i>	
	<i>Assessment Composition</i>	
	<i>Richness of the Assessment Base</i>	
	<i>Household Income</i>	



Positive















Caution



Neutral

Summary – Financial Condition

	<i>Financial Condition</i>	<i>2021 Rating</i>
	<i>Financial Position</i>	
	<i>Tax Asset Consumption Ratio</i>	
	<i>Water Asset Consumption Ratio</i>	
	<i>WW Asset Consumption Ratio</i>	
	<i>Tax Reserves as a % of Own Source Revenue</i>	
	<i>Water/WW Reserves</i>	



Trends that should be closely monitored to align programs and services with changes



Positive









Caution



Neutral

Summary – Flexibility Indicators

	<i>Flexibility Indicators</i>	<i>2021 Rating</i>
	<i>Tax Debt Outstanding per Capita</i>	
	<i>Debt to Reserve Ratio</i>	
	<i>Taxes Receivables as a % of Taxes Levied</i>	



Positive












Caution



Neutral

Summary – Affordability Indicators

	<i>Indicator</i>	<i>2021 Rating</i>
	<i>Municipal Levy Per Capita</i>	
	<i>Municipal Levy Per \$100,000 of Weighted Assessment</i>	
	<i>Water/WW Costs</i>	
	<i>Property Tax Relative Burden</i>	
	<i>Property Tax Water/WW as a % of income</i>	