

# 2021 Budget Public Meeting March 1, 2021





The Municipality funds services from municipal revenues however,  
Bluewater is not always the service provider

# Major Services Provided

- Public Facilities, Arenas, Parks and Recreation
- Fire and Emergency Services
- Garbage Collection and Landfill
- Water, Wastewater Services
- Cemetery Services
- Roads and Public Works
- Building, Planning and By-Law Services

# Services Provided by Others and funded through Municipality of Bluewater

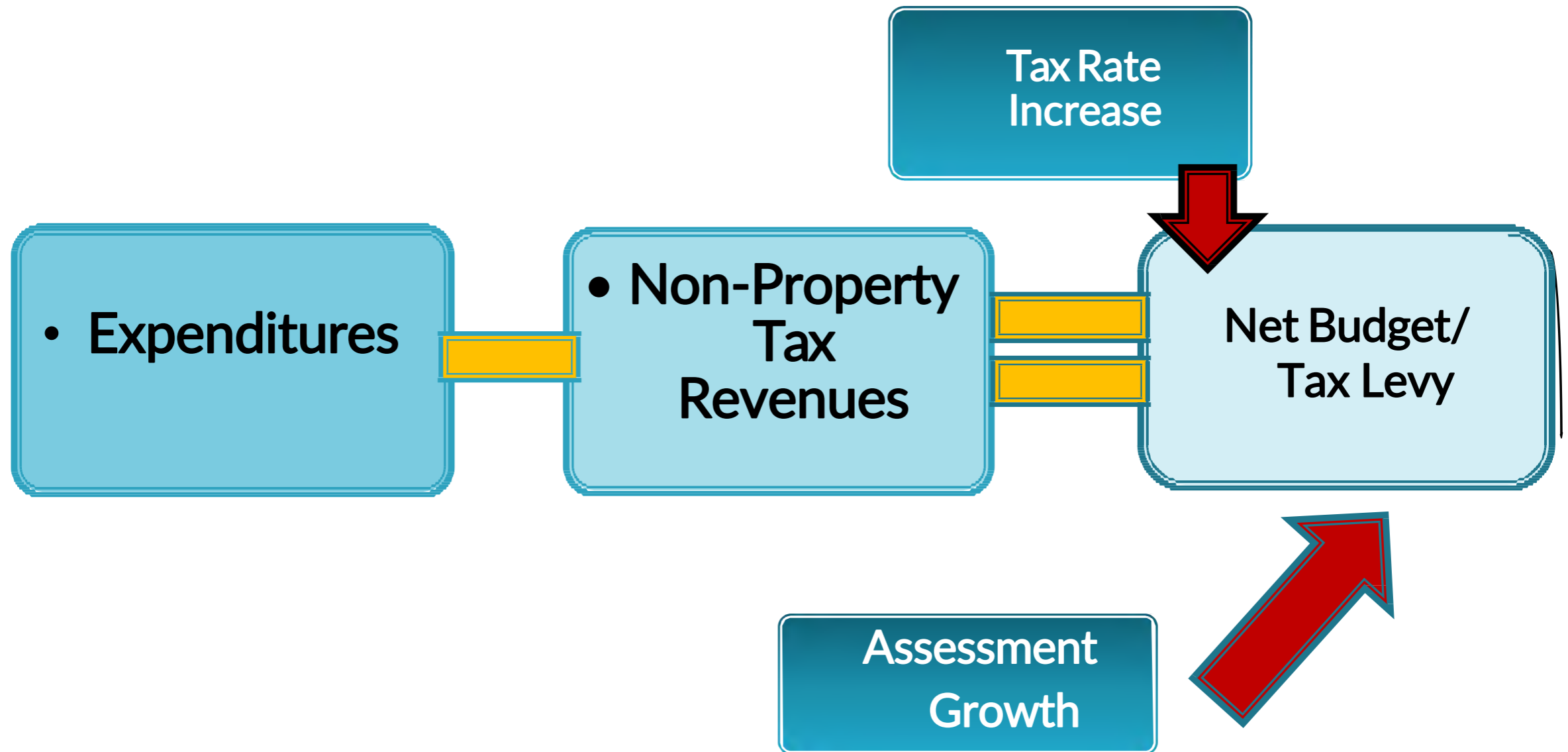
- Library (County programs in 3 Bluewater locations)
- Huron Perth Public Health (Huron County)
- Social Services/Social Housing (Huron County)
- Planning and Economic Development (County)
- Policing (Ontario Provincial Police)
- Watershed Protection (Ausable Bayfield Conservation Authority)
- Education Services provided by the area School Boards

# The Budget

- At the center of the municipal finance system is the budget. Through the budget, Council decides the municipality's priorities for the next year by setting aside money for each program or service. The budget is the single most important policy decision council makes each year. Careful budget planning and control mean better services for the residents. the budget of a municipality reflects its policies.
- The Municipal Act - Governs what we can and cannot do in every aspect of our operations.
- Required to have a “Balanced Budget”



# Balancing the Budget



# 2021 Budget Process

- Department submission of budget requests
- Capital Budget and Finance Model reviewed with Council December 21, 2020
- Unedited first draft was reviewed in detail by the CAO & Senior Leadership Team
- Second draft was presented in the Budget Binders on January 18<sup>th</sup>, 2021
- Subsequent Council meeting on February 4th resulted in draft being reviewed/prioritized/amended and provisionally adopted by Council
- Public Budget meeting – March 1, 2021

# Taxation Terminology

**Tax Rate:** The rate applied to a property assessment to determine annual tax amount.

**Assessment Growth:** The increase in the assessment tax base in a given year as a result of new assessment added to the roll from in-year property improvements. (2020 = 0.78%)

**Reassessment Growth:** The increase in the assessment tax base resulting from reassessment. That is, the base year is updated every 4 years with increases phased in over the period. Decreases are effective the first year.

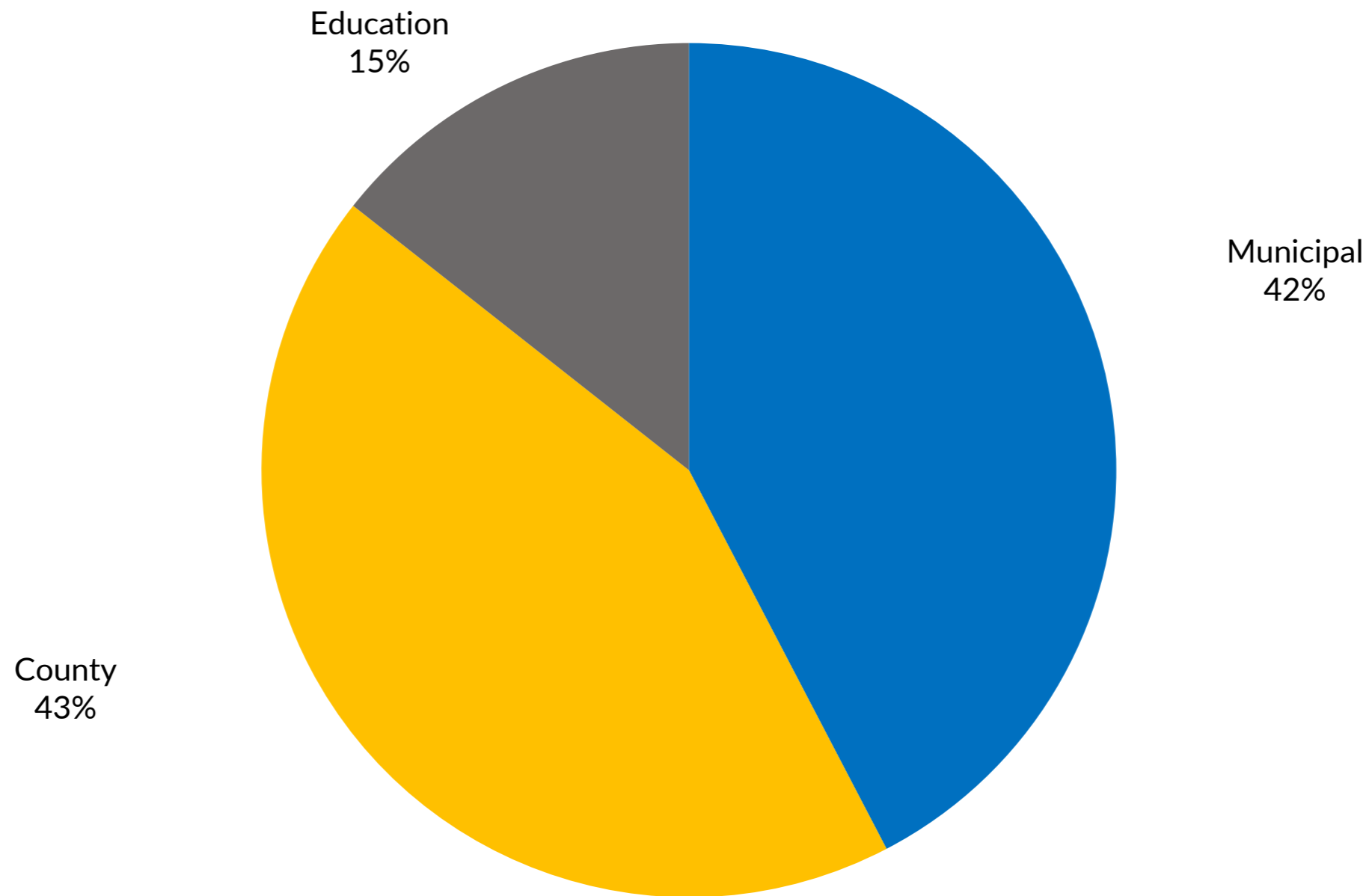
**Current Value Assessment:** The total assessment for all tax classes for a tax year. The annual change in CVA incorporates assessment growth and reassessment growth. No reassessment in 2021.

(2019 to 2020 = 7.40%) (2020 to 2021 = 0.00%)



# Tax Rate Distribution

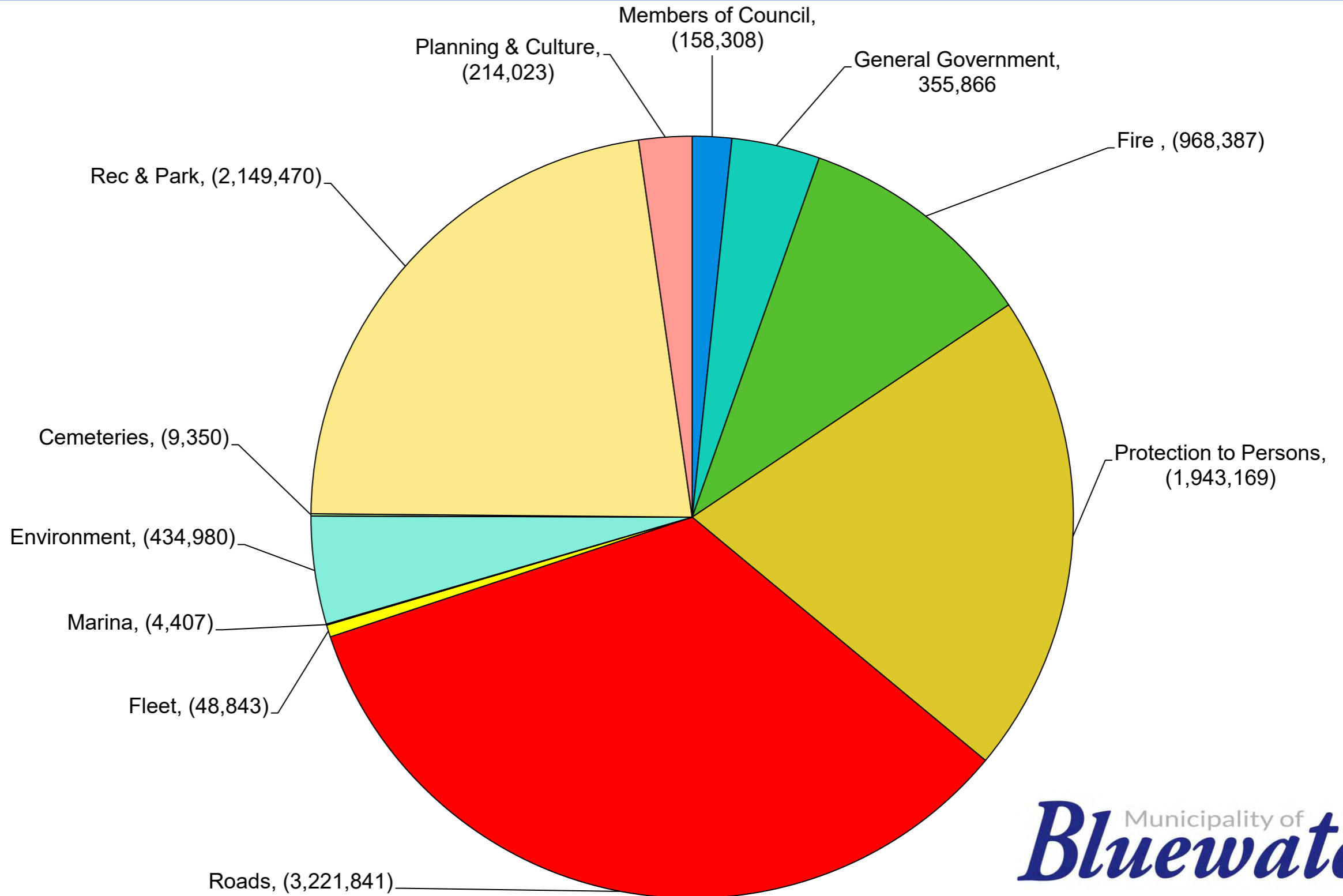
2021 Tax Rate Distribution



# Departmental Summary

2021 Departmental Budgets		EXECUTIVE SUMMARY					
Department		2020	2020	PROJECTED	2021	DOLLAR	PERCENT
Revenue Fund		BUDGET	ACTUALS	VARIANCE	BUDGET	CHANGE	CHANGE
Members of Council		(158,253)	(138,684)	19,569	(158,308)	(55)	0.03%
General Government		9,303,895	8,174,082	(1,129,813)	355,866	(8,948,029)	-96.18%
Fire		(786,231)	(585,637)	200,594	(968,387)	(182,156)	23.17%
Protection to Persons		(2,041,370)	(1,663,047)	378,323	(1,943,169)	98,201	-4.81%
Roads		(3,504,293)	(2,484,156)	1,020,137	(3,221,841)	282,452	-8.06%
Fleet		0	(390,664)	(390,664)	(48,843)	(48,843)	0.00%
Marina		(4,113)	(26,583)	(22,470)	(4,407)	(294)	7.15%
Environment		(445,282)	(291,991)	153,291	(434,980)	10,302	-2.31%
Cemeteries		(4,177)	(4,767)	(590)	(9,350)	(5,173)	123.85%
Rec & Park		(2,068,796)	(1,642,782)	426,014	(2,149,470)	(80,674)	3.90%
Planning & Culture		(291,380)	(352,183)	(60,803)	(214,023)	77,357	-26.55%
<b>Current Taxation surplus (deficit)</b>		<b>0</b>	<b>593,588</b>	<b>593,588</b>	<b>(8,796,913)</b>	<b>(8,796,913)</b>	
Self-funding Operations:							
Streetlights		0	(208,549)	(208,549)	0	0	0.00%
Water		0	670,705	670,705	(0)	0	0.00%
Sewer		0	352,358	352,358	(0)	(1)	0.00%
<b>Current surplus (deficit)</b>		<b>0</b>	<b>1,408,102</b>	<b>1,408,102</b>			
<b>Surplus (deficit) for Utilities:</b>		<b>0.00</b>	<b>814,514</b>	<b>814,514</b>			
				Reduction	389,192.90	Balance Surplus 2016-2018	
					-8,407,719.95	2021 Funding requirements	
					-8,172,053.03	2020 Levy	
					235,666.92	Levy Change	2.88%
						Growth Rate	0.78%
						<b>Net tax impact:</b>	<b>2.10%</b>
						Non-discretionary + CPI	1.06%

# Levy by Service Area



# Budget Rate Summary

## MUNICIPALITY OF BLUEWATER BUDGET SUMMARY FOR 2021

The Municipality of Bluewater's PRELIMINARY 2021 budget, represents proposed net expenditures in the amount of \$ -8,407,720. This represents a 2.88% change from the 2020 levy collected through taxation of \$8,172,053.

The Bluewater Current Value Assessment (CVA) for taxation purposes for 2021 increased over the 2020 CVA for taxation purposes by 20,650,300 due to growth in the municipality or 0.78%. The 2020 CVA was 2,650,912,609 and the 2021 CVA is 2,671,562,909 for taxation purposes. This increase in CVA results directly from growth as Market Value Reassessment was postponed.

We have assumed the tax ratios remain unchanged for the 2021 taxation year. The County of Huron sets these ratios as the upper tier municipality.

We have updated the Huron County tax rate to current proposed and assumed no change in Education as no CVA increase.

For \$100,000 of assessment on a residential property, the amount of taxes for the year 2021 changes to \$ 1,064.27 from \$ 1,052.46 in 2020. The municipal portion moves from \$442.44 to \$ 450.71. This is a 1.87% change in the municipal portion and an overall change of 1.12% in total taxes.

Year	Bluewater	County	School Board	Total Taxes
2020	\$ 442.44	\$ 457.02	\$ 153.00	\$ 1,052.46
2021	\$ 450.71	\$ 460.56	\$ 153.00	\$ 1,064.27
<b>Difference</b>	<b>\$ 8.27</b>	<b>\$ 3.54</b>	<b>\$ -</b>	<b>\$ 11.80</b>
<b>% increase/decrease</b>	<b>1.87%</b>	<b>0.77%</b>	<b>0.00%</b>	<b>1.12%</b>

**Note:**  
 The 2021 Notional or revenue neutral rate for Bluewater is: 0.00438209  
 The current proposed tax rate for Bluewater is: 0.00450708  
 The change in the levy is skewed by the increase in CVA for taxation purposes.

	0.0044244	2020 Rate	
	0.00012499	2.85%	increase to notional rate
	0.00008268	1.87%	increase to 2020 tax rate

# Tax Rate Increases

- Tax Rates are set by Council
- Taxes need to increase to balance the budget and fund operations of the Municipality.
- Prior year municipal and composite changes:

	Municipal	Composite
2020	0.37%	(1.27%)
2019	(0.056)%	(0.0443)%
2018	(0.0385)%	(0.0384)%
2017	6.57%	1.95%
2016	1.74%	(0.98)%

# Effect on \$296,409 - 2021 Assessment

## MUNICIPALITY OF BLUEWATER BUDGET SUMMARY FOR 2021

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This increase in CVA results directly from growth as Market Value Reassessment was postponed.

We have assumed the tax ratios remain unchanged for the 2021 taxation year. The County of Huron sets these ratios as the upper tier municipality.

We have updated the Huron County tax rate to current proposed and assumed no change in Education as no CVA increase.

For the average assessment on a residential property, the amount of taxes for the year 2021 changes to

\$ 3,154.58 from \$ 3,085.94 in 2020. The municipal portion moves from \$442.44 to \$ 1,335.94

This is a 2.98% change in the municipal portion and an overall change of 2.22% in total taxes.

Year	Bluewater	County	School Board	Total Taxes
\$293,212 for 2020	\$ 1,297.29	\$ 1,340.04	\$ 448.61	\$ 3,085.94
\$296,408.87 for 2021	\$ 1,335.94	\$ 1,365.14	\$ 453.51	\$ 3,154.58
Difference	\$ 38.65	\$ 25.09	\$ 4.89	\$ 68.64
% increase/decrease	2.98%	1.87%	1.09%	2.22%

**Note:**

The 2021 Notional or revenue neutral rate for Bluewater is:

0.00438209

0.0044244 2020 Rate

0.00012499

2.85% increase to notional rate

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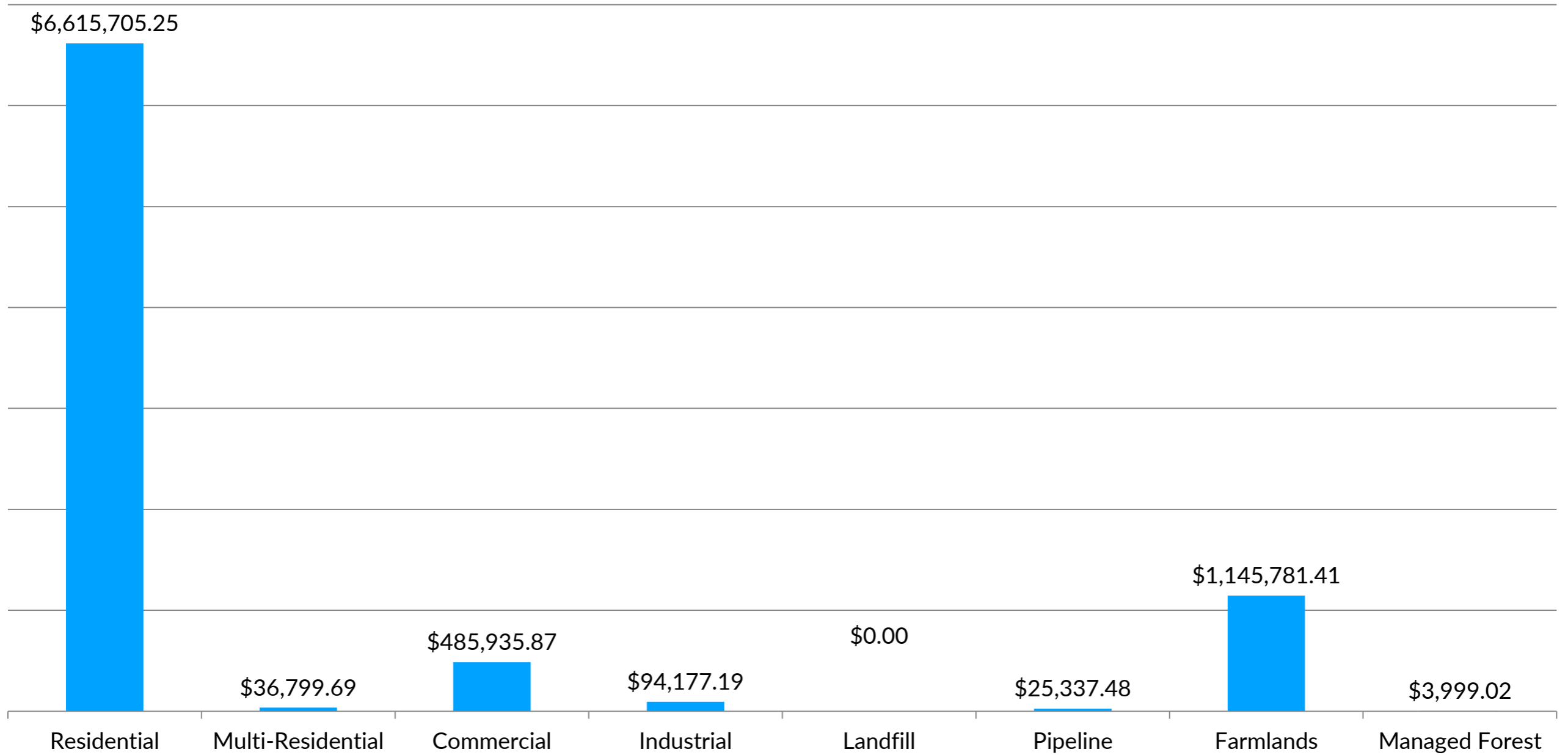
0.00008268

1.87% increase to 2020 tax rate

The change in the levy is skewed by the increase in average CVA for taxation purposes.

# Taxes by Class

## 2021 Taxes by Class



# Vibrancy Funding Received from Wind Companies

Bluewater will receive a total 2020 contribution of  
\$567,050

2020 Council Policy allocates funding:

- Ten percent (10%) of the funds received annually will be set aside for the Community Grant Program;
- Sixty percent (60%) of the funds received annually will be used in the current year budget;
- Thirty percent (30%) of the funds received annually will be invested for future sustainability;



# OMPF FUNDING (Ontario Municipal Partnership Fund)

<u>Year</u>	<u>Funding</u>
2013	\$1,004,488
2014	\$930,738
2015	\$935,600
2016	\$1,056,600
2017	\$1,156,380
2018	\$1,239,863
2019	\$1,228,700
2020	\$1,213,681
2021	\$1,210,600

# Expenditures

- Total municipal expenditures are \$24,092,792.38 with operating expenditures at \$17,081,117.19 and the balance of capital expenditures at \$7,011,675.19
- The largest departmental funding requirement is Roads (\$3,221,841) followed by Rec and Park (\$2,149,470) and Protective Services (\$1,943,169)
- Consistent with other Municipalities, the largest operating expenditure is salaries and benefits (\$5,938,073)

# Expenditures

<b>2021 Item Impact</b>		
2020 Levy	8,172,053	
2021 Levy	8,407,720	2.88%
2020 Municipal Growth Rate		0.78%
		2.10%
<b>Non-Discretionary Items</b>	<b>2021 Change</b>	<b>Percentage Change</b>
Policing Costs	( 9,677 )	-0.12%
Total Conservation Costs	( 3,673 )	-0.04%
Hydro Increases	31,294	0.38%
Insurance	17,342	0.21%
Water	2,234	0.03%
<b>Total Non-discretionary</b>	<b>37,519</b>	<b>0.46%</b>
Revenue from 2020 Growth:	63,742	
<b>2020 Discretionary Levy Change:</b>	<b>134,094</b>	<b>1.64%</b>
CPI as per Policy:		0.60%
<b>Net Impact of Discretionary Levy:</b>	<b>85,061</b>	<b>1.04%</b>
Levy Increase Amount:	235,355	

# 2021 Budget Challenges

- Increase in Tax Revenue \$235,355
- OMPF Decline \$ 100.00
- Policing Costs Decrease \$ 9,677.00
- Conservation Costs Decrease \$ 3,673.00
- Hydro Costs (\$ 31,294.00)
- Insurance increase (minimum) (\$ 17,342.00)
- Water Rate increases (\$ 2,234.00)
- Non-discretionary Impact \$37,420.
- Remaining Tax Revenue \$197,936 this balance is required to fund ongoing operations and smooth the levy for Asset Management.

# 2021 Policy and Funding Challenges

Bluewater needs to develop and adopt a range of Financial Policies that will enable us to meet the legislative requirements of O. Reg. 588/17 pertaining to Asset Management, including but not limited to:

- Long Term Financial Plan
- Debt Financing Policy
- Capital Plan with Life Cycle costing
- Reserve & Reserve Funds Policy; Surplus Allocation Policy and Financial Principles Policy – adopted in February 2021
  
- These policies will position the Municipality to meet the regulation and update our Asset Management Plan so that we have the ability to leverage funding for shovel-ready projects.
  
- In addition, Bluewater must establish targets for the Financial Indicators provided annually from Ministry of Municipal Affairs based on prior year Financial Information Returns.

# Financial Indicators and Municipal Debt Repayment Limit

Annually the Ministry publishes the Municipal Debt Repayment Limit as established under Ontario Regulation 403/02

Additionally, the Financial Indicators can be used to review Municipal financial health from the perspective of Sustainability, Vulnerability and Flexibility:

These factors are based on 2018 Financial Information Returns with Bluewater's rate, as well as median and average for South Region, Rural, Lower Tier.

## SUSTAINABILITY INDICATOR

Net Financial Assets or Net Debt as % of Own Source Revenues

-Indicates how much property tax and user fee revenue is servicing debt.

Low: > -50%      Moderate: -50% to -100%      High: < -100%

MoB -11.6%      Median 40.1%      Average 40.3%      **LOW level of Risk**

# Financial Indicators

## Continued

### VULNERABILITY INDICATOR

Debt Servicing Cost as % of Total Revenues (Less donated TCAs)

-Indicates how much of each dollar raised in revenue is spent on paying down existing debt.

Low: < 5%    Moderate: 5% to 10%    High: > 10%

MoB 5.9%    Median 2.5%    Average 3.1%    **MODERATE level of Risk**

### FLEXIBILITY INDICATOR

Total Taxes Receivable less Allowance for Uncollectibles as a % of Total Taxes Levied

-Indicates how much of the taxes billed are not collected.

Low: < 10%    Moderate: 10% to 15%    High: > 15%

MoB 5.4%    Median 7.7%    Average 8.9%    **LOW level of Risk**

# Closing Remarks

Thank you to Council, committees, and the various departments for their help in preparing the 2021 budget.

This presentation is available on our Municipal Website at [www.municipalityofbluewater.ca](http://www.municipalityofbluewater.ca)

Questions?