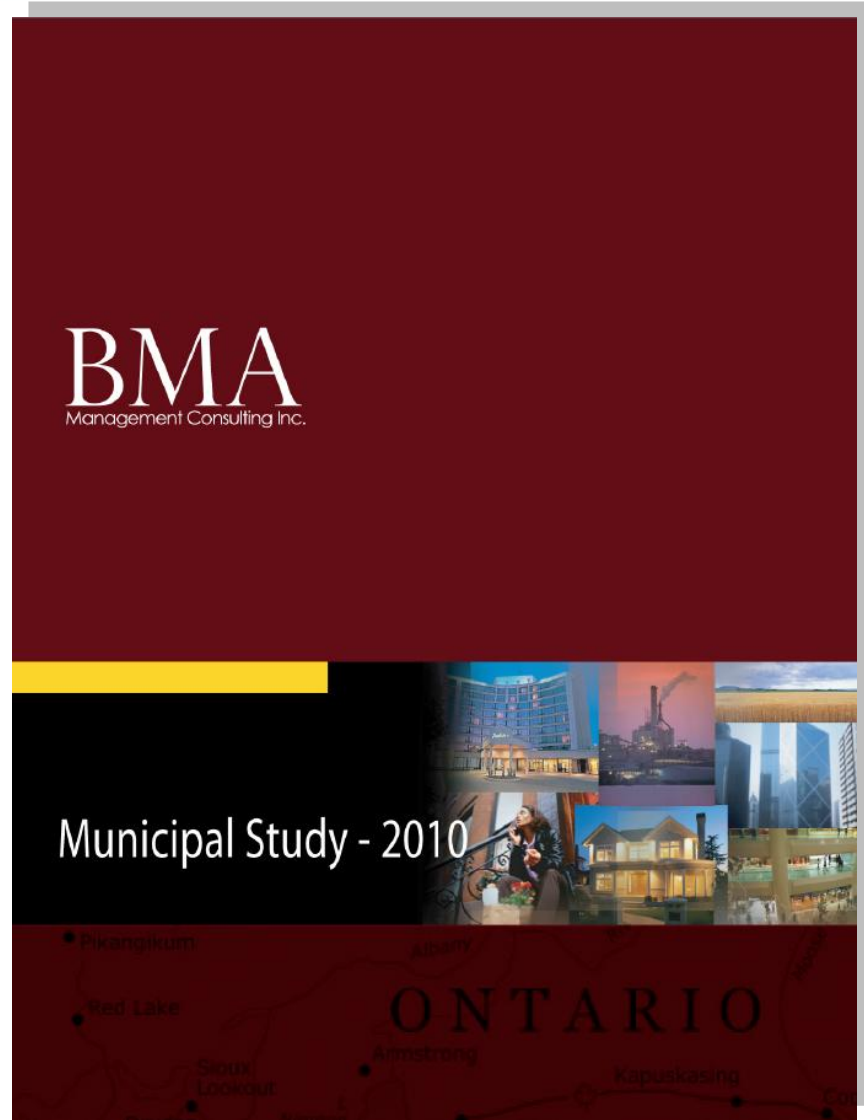


2010 Municipal Study



Presentation

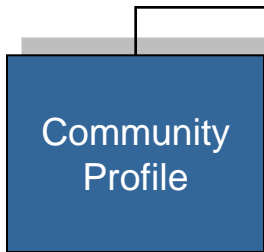
- Review Highlights of 2010 Municipal Study
 - Socio-Economic Indicators
 - Financial Indicators
 - Cost of Service and Affordability Indicators

- Comparisons provided to 13 Ontario municipalities – selected by either geographic location or population
 - Note 2 municipalities were not included in some slides as the financial information was not available

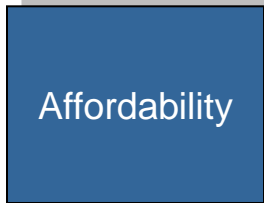
Assessment Focuses On

Socio-Economic Factors

- Population Change
- Population Density
- Demographic composition
- Income



- Relative Taxes
- Taxes as a % of Incomes



← Factors Affecting Financial Condition →

Financial Condition Assessment

Financial Factors

Revenues

- Revenues per capita per CVA
- Tax revenues
- % of uncollected taxes

Expenditures

- Tax Expenditures per capita
- Water/WW Costs
- Trends
- Surpluses

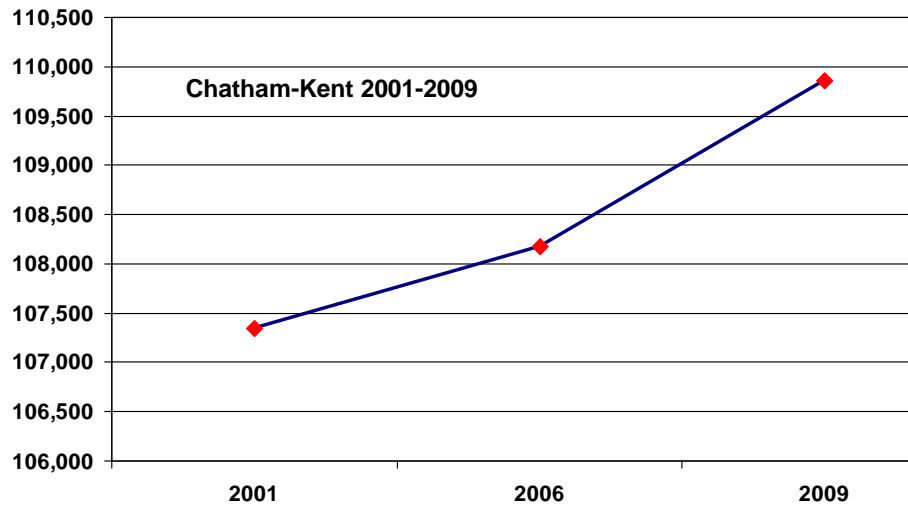
Debt/Reserves

- Reserves as % of Own Funds
- Debt Outstanding
- Debt to Reserves
- Financial Position

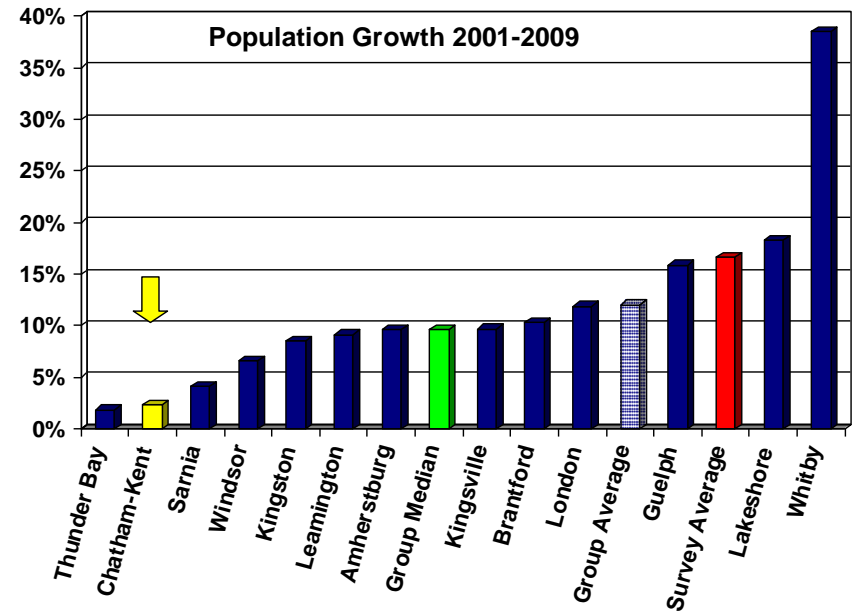
Socio-Economic Indicators



Population Growth

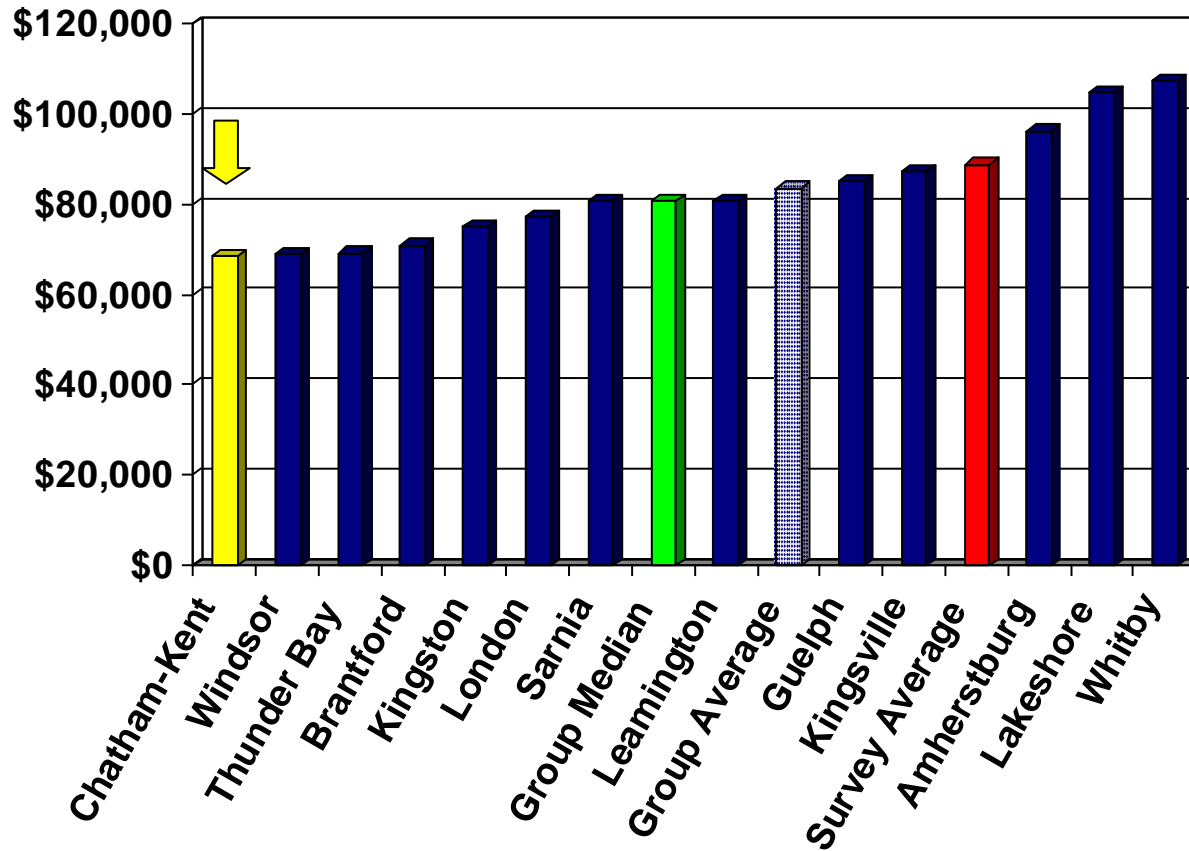


- 2001 – 107,341
- 2009 – 109,858
- Slow growth



- Chatham-Kent's growth from 2001 to 2009 - 2.3%
- Median 10.7%

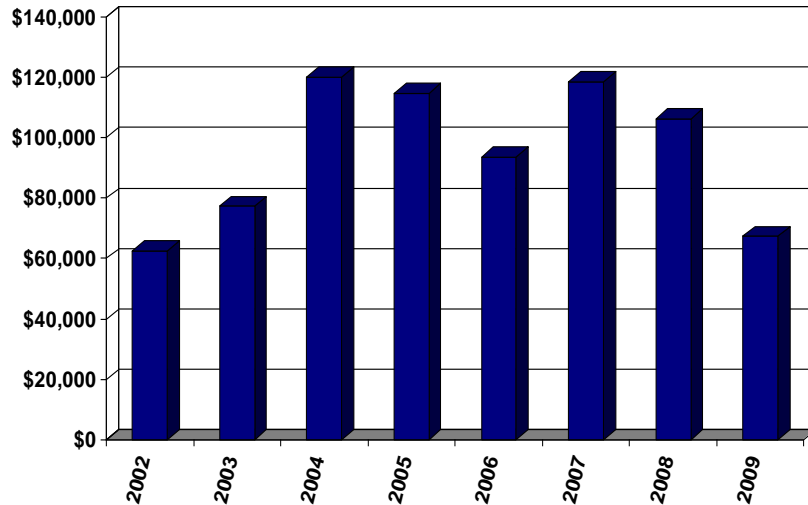
2010 Average Household Income



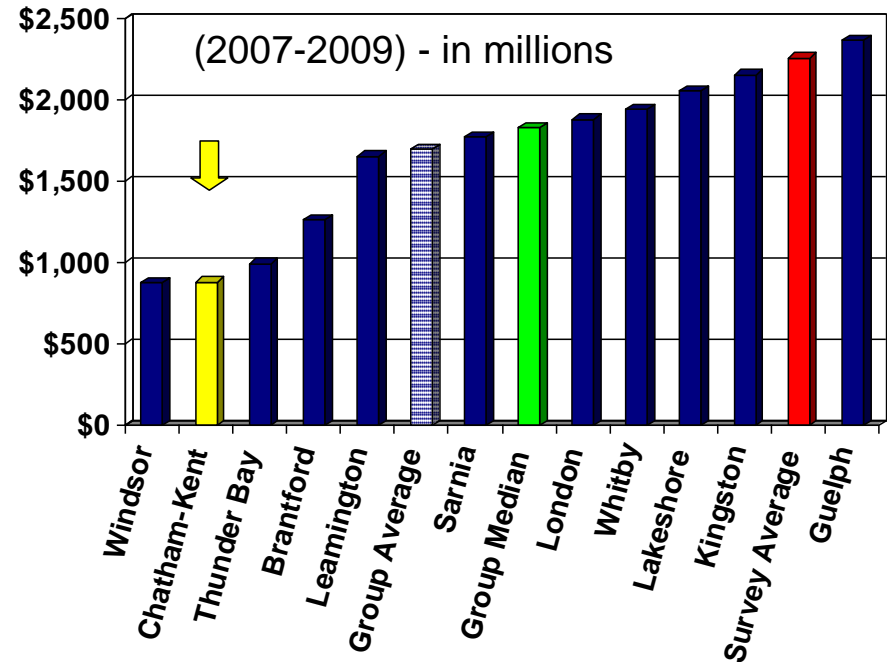
- One measure of a community's ability to pay
- Average Income in Chatham-Kent is the lowest in the comparator group, \$68,482 compared with the group average of \$86,340

Building Activity – Construction Value (000's)

Chatham-Kent Construction



Construction per capita 3 yr avg



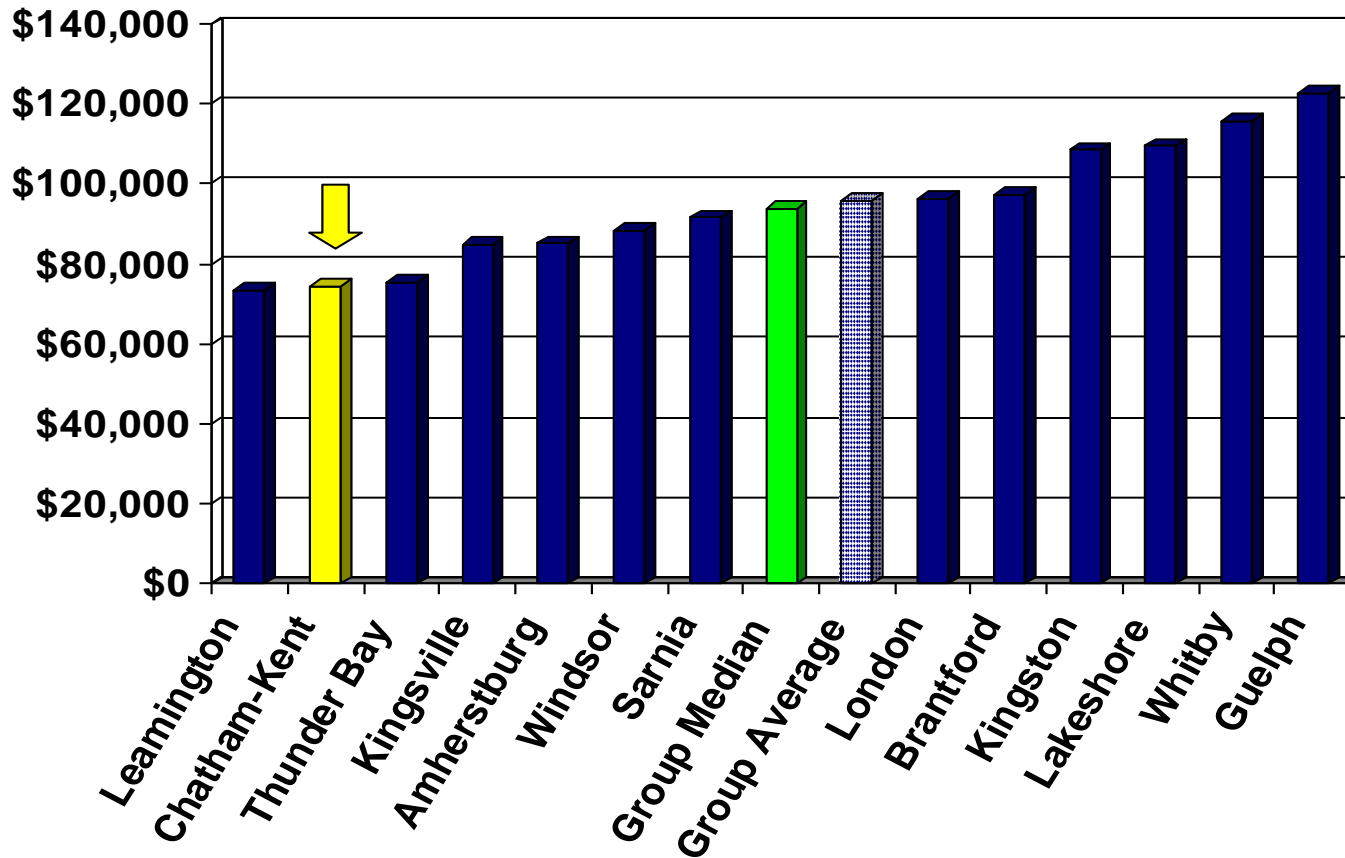
- Construction activity has declined since 2007
- On a per capita basis, Chatham-Kent's 3 year average construction was amongst the lowest in the survey

Chatham-Kent's Weighted Assessment Composition

Year	Residential	Multi-Residential	Commercial	Industrial	Farm
2006	62.9%	5.0%	17.8%	6.9%	6.1%
2010	63.0%	4.9%	20.7%	5.4%	5.8%
Difference 2006 - 2010	0.1%	-0.1%	2.9%	-1.5%	-0.3%
% Change	0.2%	-2.0%	16.3%	-21.7%	-4.9%

- Weighted assessment composition is the basis upon which taxes are levied
- Proportion of commercial assessment has increased from 2006-2010 and industrial assessment decreased

2010 Weighted Assessment Per Capita



- Reflects the basis upon which property taxes are levied
- Chatham-Kent second lowest in the survey

Financial Indicators



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
 - Provide financing for one-time or short term requirements
 - Make provisions for replacements/acquisitions of assets/infrastructure
 - Avoid spikes in funding requirements of the capital budget by reducing their reliance on long-term debt borrowings
 - Ensure adequate cash flows
 - Provide flexibility to manage debt levels and protect the municipality's financial position

Reserve Comparative Analysis

	2009 Tax Reserves as a % of Own Source Revenue	2009 Water Reserves as a % of Own Source Revenue	2009 WW Reserves as a % of Own Source Revenue
Brantford	22.0%	93.0%	65.7%
Guelph	26.6%	80.4%	82.5%
Kingston	42.2%	105.8%	129.5%
Lakeshore	56.9%	64.3%	124.9%
Leamington	45.6%	118.0%	147.9%
London	35.0%	76.3%	60.1%
Sarnia	23.9%	17.5%	0.0%
Thunder Bay	24.6%	0.0%	102.7%
Whitby	48.6%	N/A	N/A
Windsor	27.2%	0.0%	4.1%
Group Average	35.3%	61.7%	79.7%
Group Median	31.1%	76.3%	82.5%
Survey Average	45.8%	35.5%	30.2%
Chatham-Kent	42.5%	3.3%	24.0%

- Discretionary Tax Reserves are higher than group average and median
- Water and Wastewater Reserves below both group average and median

Operating Surplus

- Long Term sustainability is dependent upon ensuring revenues exceed expenditures (including amortization)
- Identifying appropriate levels of surplus must take into account future investment needs
- A negative operating surplus as % of own source revenues indicates the percentage required to increase to achieve break-even status
- Strive to have a positive ratio



Analysis of Surpluses

Operating Surplus as a % of Own Source Revenues

Chatham-Kent's tax surplus ratio is 2nd highest in the survey while the water and WW surplus ratios are lower than both survey average and median

	2009 Tax Operating Surplus Ratio	2009 Water Operating Surplus Ratio	2009 WW Operating Surplus Ratio
Brantford	-2.5%	19.8%	13.7%
Guelph	-6.5%	32.1%	7.3%
Kingston	0.9%	2.5%	16.4%
Lakeshore	-0.5%	10.2%	4.6%
Leamington	19.6%	-22.2%	-3.4%
London	-1.2%	19.9%	10.7%
Sarnia	-8.7%	-7.2%	-6.1%
Thunder Bay	-0.5%	22.5%	-81.6%
Whitby	-1.7%	N/A	N/A
Windsor	-16.8%	26.4%	43.4%
Group Average	-1.8%	11.6%	0.6%
Group Median	-1.5%	19.8%	7.3%
Survey Average	-6.9%	5.2%	-0.7%
Chatham-Kent	10.6%	-4.3%	-8.1%

Consumption Ratios

	2009 Tax Asset Consumption Ratio	2009 Water Asset Consumption Ratio	2009 WW Asset Consumption Ratio
Brantford	48.6%	28.4%	36.6%
Guelph	42.0%	41.8%	44.3%
Kingston	38.8%	30.3%	24.9%
Lakeshore	44.3%	11.6%	15.7%
Leamington	35.8%	24.7%	46.6%
London	33.0%	29.6%	36.0%
Sarnia	34.1%	31.7%	40.4%
Thunder Bay	51.2%	53.0%	63.5%
Whitby	28.5%	N/A	N/A
Windsor	32.4%		35.7%
Group Average	38.9%	31.4%	38.2%
Group Median	37.3%	30.0%	36.6%
Survey Average	35.9%	28.6%	32.2%
Chatham-Kent	45.7%	29.6%	44.6%

Age of Chatham-Kent assets is higher than survey average for tax and wastewater

Debt Comparison

- Interest as a % of Own Source Revenues is higher than the survey average

	2009 Debt Interest Excluding WWW as a % of Own Source Revenues	2009 Debt Interest Water as a % of Own Source Revenues	2009 Debt Interest WW as a % of Own Source Revenues
Brantford	0.4%	0.0%	0.0%
Guelph	2.1%	0.0%	0.0%
Kingston	1.7%	1.2%	7.0%
Lakeshore	0.5%	6.6%	5.1%
Leamington	2.5%	10.0%	11.0%
London	1.8%	1.0%	4.8%
Sarnia	1.7%	9.3%	9.0%
Thunder Bay	1.5%	16.5%	8.6%
Whitby	0.8%	N/A	N/A
Windsor	1.6%	5.5%	0.0%
Group Average	1.5%	5.6%	5.1%
Group Median	1.7%	5.5%	5.1%
Survey Average	1.4%	2.8%	2.8%
Chatham-Kent	2.2%	7.4%	7.6%

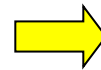
Debt O/S per \$100,000 of Unweighted Assessment

	Debt Outstanding per \$100,000 of Unweighted Assessment
Whitby	\$ 163
Brantford	\$ 212
Lakeshore	\$ 553
Guelph	\$ 781
Sarnia	\$ 958
Windsor	\$ 1,017
London	\$ 1,067
Leamington	\$ 1,814
Kingston	\$ 1,816
Thunder Bay	\$ 2,754
Group Average	\$ 1,114
Group Median	\$ 988
Survey Average	\$ 569
Chatham-Kent	\$ 1,597

Higher than
survey 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
- Chatham-Kent's ratio of 2.0 means that for every \$2.00 of debt there is \$1 of reserves

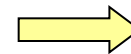
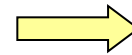


	2009 Debt to Reserve Ratio
Brantford	0.3
Whitby	0.3
Lakeshore	1.0
London	1.0
Guelph	1.1
Kingston	1.2
Leamington	1.2
Windsor	1.2
Thunder Bay	2.0
Sarnia	2.7
Group Average	1.2
Group Median	1.2
Survey Average	1.1
Chatham-Kent	2.0



Financial Position Comparisons

- Total fund balances including equity in business government enterprises less the amount to be recovered in future years associated with long term liabilities. A comparison was made of each municipality's overall financial position (assets less liabilities).
- Chatham-Kent is below the survey average the median

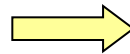
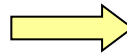


	2009 Financial Position per Capita
Kingston	\$ (775)
Leamington	\$ (557)
Thunder Bay	\$ (405)
Windsor	\$ (373)
Lakeshore	\$ (260)
Sarnia	\$ (254)
London	\$ (95)
Guelph	\$ 127
Whitby	\$ 876
Brantford	\$ 1,172
Group Average	
Group Average	\$ (54)
Group Median	
Group Median	\$ (257)
Survey Average	
Survey Average	\$ 253
Chatham-Kent	
Chatham-Kent	\$ (583)

Taxes Receivable as a % of Taxes Levied

- Taxes receivable as a % of taxes levied in Chatham-Kent are slightly above the survey average but within the range of acceptability

	2009 Taxes Receivable as a % of Taxes Levied
London	3.1%
Guelph	3.5%
Kingston	5.1%
Brantford	5.8%
Leamington	6.2%
Sarnia	6.2%
Whitby	6.7%
Lakeshore	7.2%
Thunder Bay	7.8%
Windsor	10.7%
Group Average	6.2%
Group Median	6.2%
Survey Average	7.0%
Chatham-Kent	6.6%



*Cost of Service and
Affordability
Indicators*

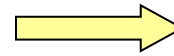


Net Municipal Levy Per Capita

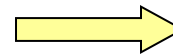
- Levy per capita does not indicate value for money or the effectiveness in meeting community objectives. Net municipal expenditures per capita may vary as a result of:
 - Different service levels
 - Variations in the types of services
 - Different methods of providing services
 - Different residential/non-residential assessment composition
 - Varying demand for services
 - Locational factors
 - Demographic differences
 - Socio-economic differences
 - Urban/rural composition 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

Net Total Municipal Levy Per Capita

- Chatham-Kent's net levy per capita is below the group and the survey average



	2010 Net Levy Per Capita
Kingsville	\$ 794
Amherstburg	\$ 983
Lakeshore	\$ 995
Leamington	\$ 1,037
Brantford	\$ 1,185
Sarnia	\$ 1,208
London	\$ 1,212
Guelph	\$ 1,316
Thunder Bay	\$ 1,317
Whitby	\$ 1,333
Windsor	\$ 1,406
Kingston	\$ 1,431
Group Average	\$ 1,185
Group Median	\$ 1,210
Survey Average	\$ 1,228
Chatham-Kent	\$ 1,104



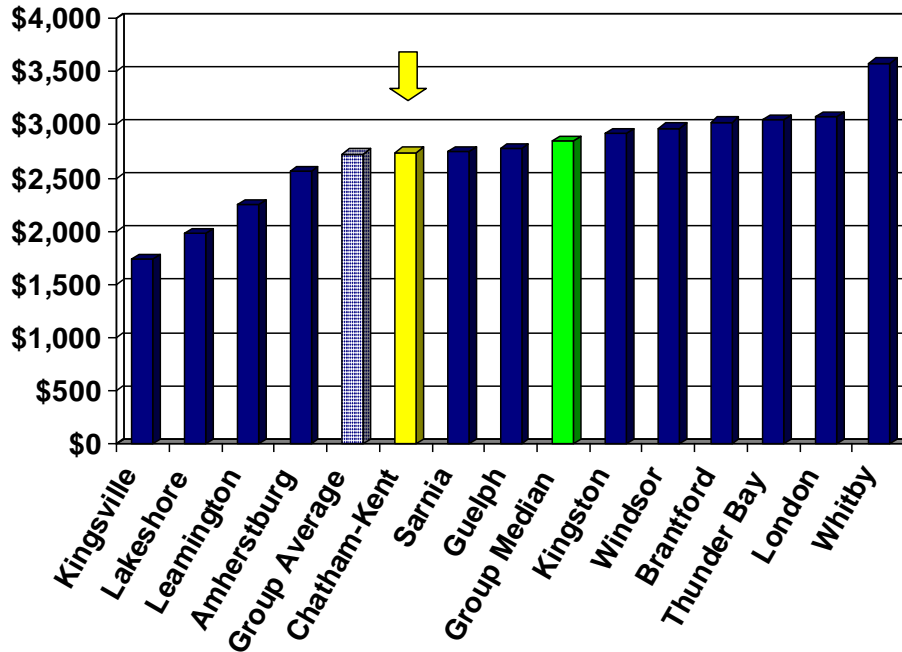
2010 Water and WW Costs

	2010 Residential Water/WW Costs per 250 m3	2010 Commercial Water/WW Costs per 10,000 m3	2010 Industrial Water/WW Costs per 30,000 m3	2010 Industrial Water/WW Costs per 500,000 m3
Kingsville	\$ 527	\$ 18,400	\$ 55,072	\$ 916,867
Whitby	\$ 671	\$ 18,208	\$ 21,211	\$ 734,394
Guelph	\$ 723	\$ 23,715	\$ 69,721	\$ 1,120,348
Leamington	\$ 725	\$ 20,514	\$ 61,110	\$ 1,015,116
Thunder Bay	\$ 770	\$ 14,767	\$ 40,038	\$ 587,179
London	\$ 771	\$ 19,264	\$ 45,270	\$ 723,427
Brantford	\$ 800	\$ 28,810	\$ 85,482	\$ 1,406,012
Kingston	\$ 836	\$ 14,393	\$ 40,311	\$ 619,730
Sarnia	\$ 930	\$ 11,836	\$ 27,423	\$ 262,881
Lakeshore	\$ 940	\$ 23,267	\$ 69,067	\$ 1,145,367
Windsor	\$ 1,018	\$ 25,446	\$ 72,453	\$ 1,129,583
Amherstburg	\$ 1,066	\$ 25,165	\$ 73,583	\$ 1,208,356
Group Average	\$ 815	\$ 20,315	\$ 55,062	\$ 905,772
Group Median	\$ 786	\$ 19,889	\$ 58,091	\$ 965,992
Survey Average	\$ 773	\$ 23,420	\$ 68,487	\$ 1,095,254
Chatham-Kent	\$ 719	\$ 16,266	\$ 42,684	\$ 387,122
% difference to average	-11.8%	-19.9%	-22.5%	-57.3%

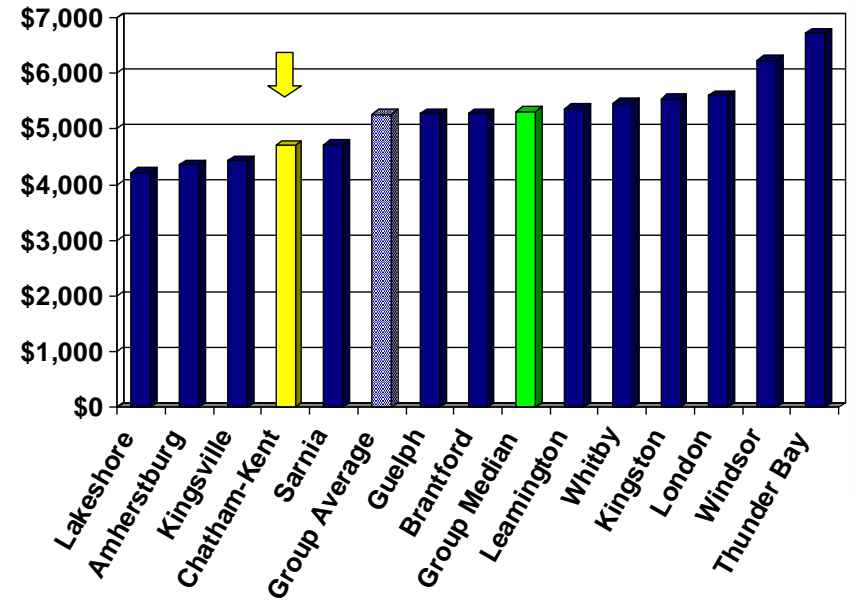
Chatham-Kent's costs are below the survey average and median

2010 Relative Tax Burden Comparison

Bungalow



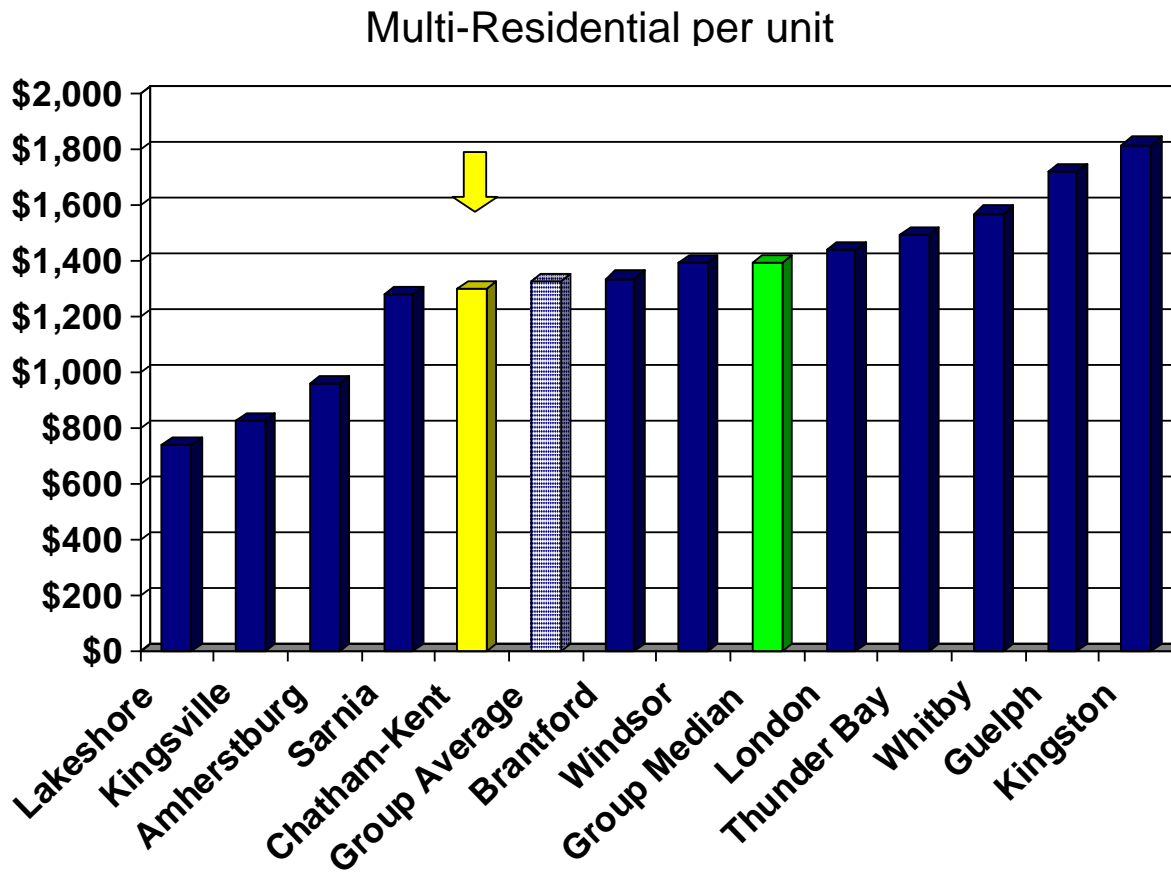
Senior Executive



- Below the group median for both the bungalow and executive
- Close to average for bungalow and below the group average for executive

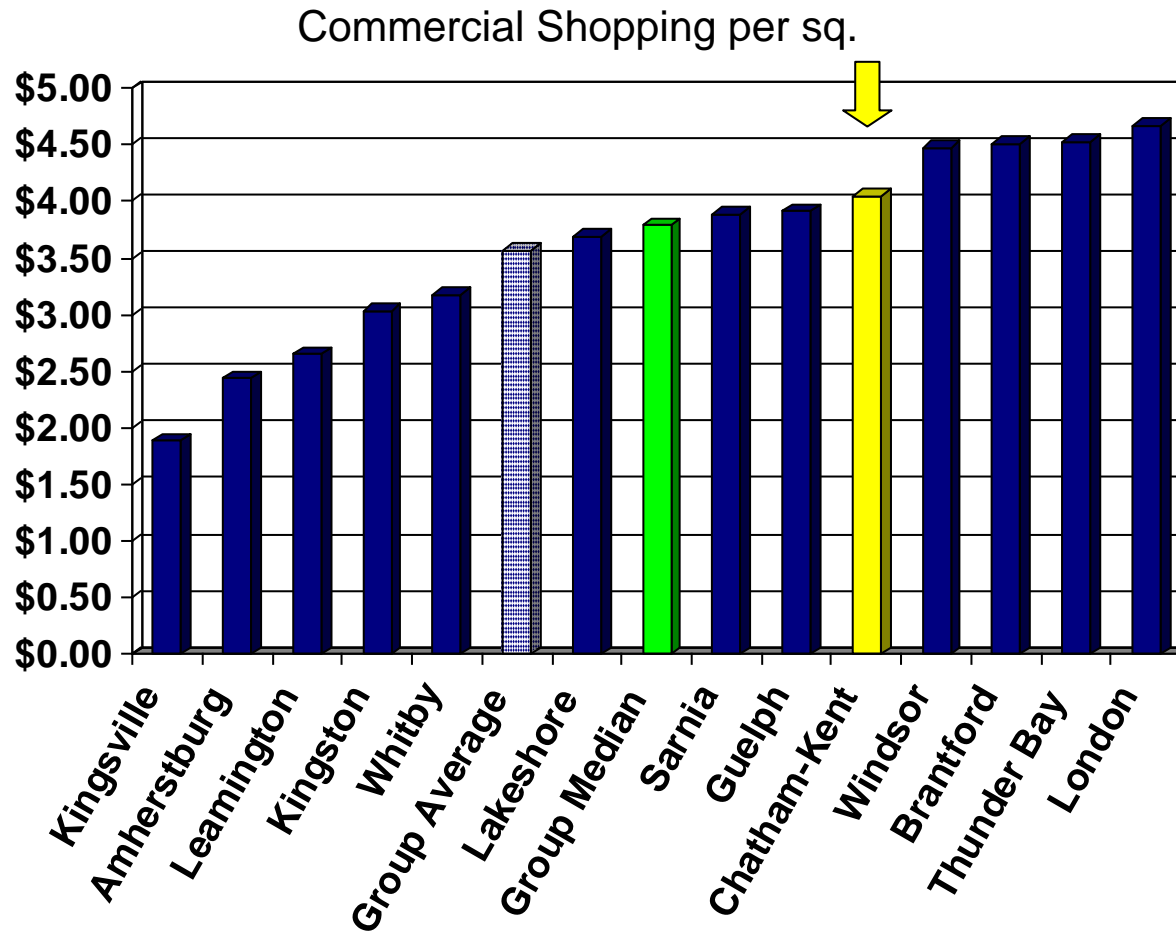
Source: BMA Study

2010 Relative Tax Burden Comparison



Lower than group average and median

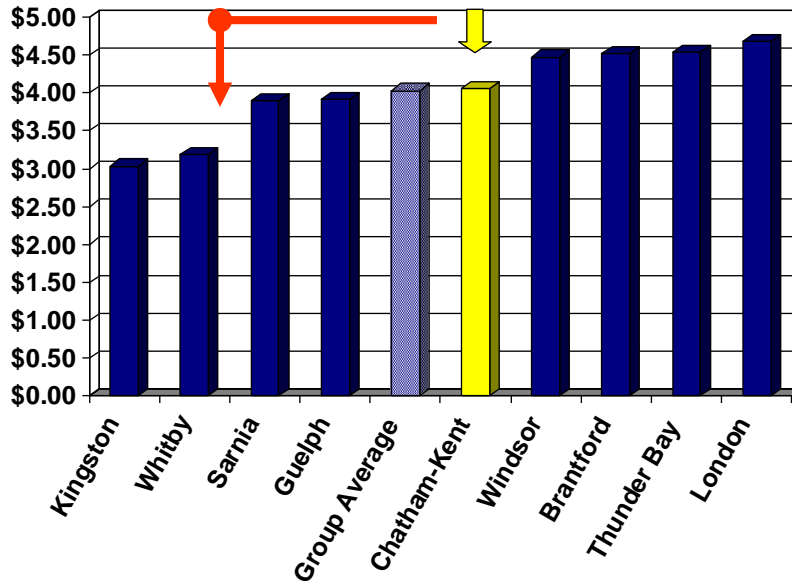
2010 Relative Tax Burden Comparison



Chatham-Kent established a separate class for shopping with the highest tax ratio in the group and 2nd highest tax ratio in total survey results in higher burden for this class

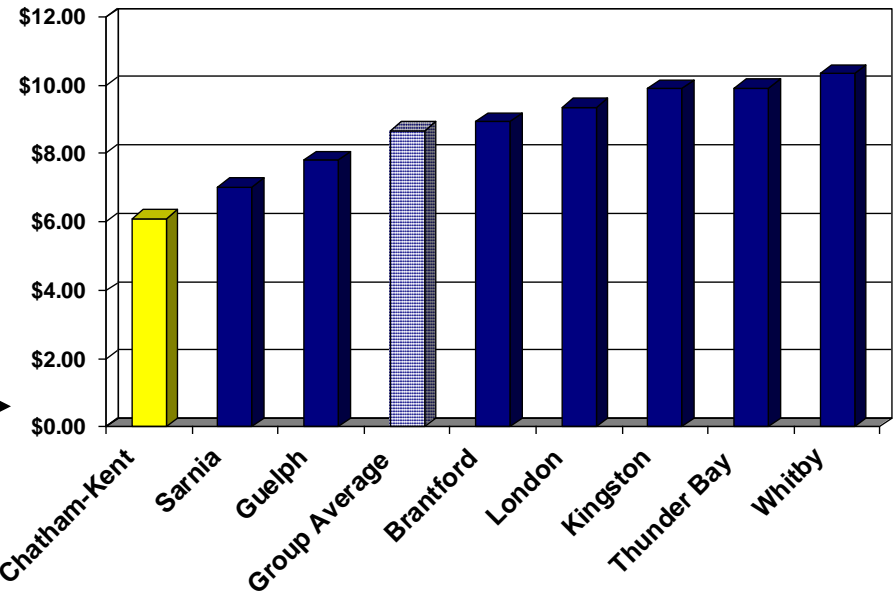
Same Sample Set Comparison

Commercial Shopping per sq. ft.



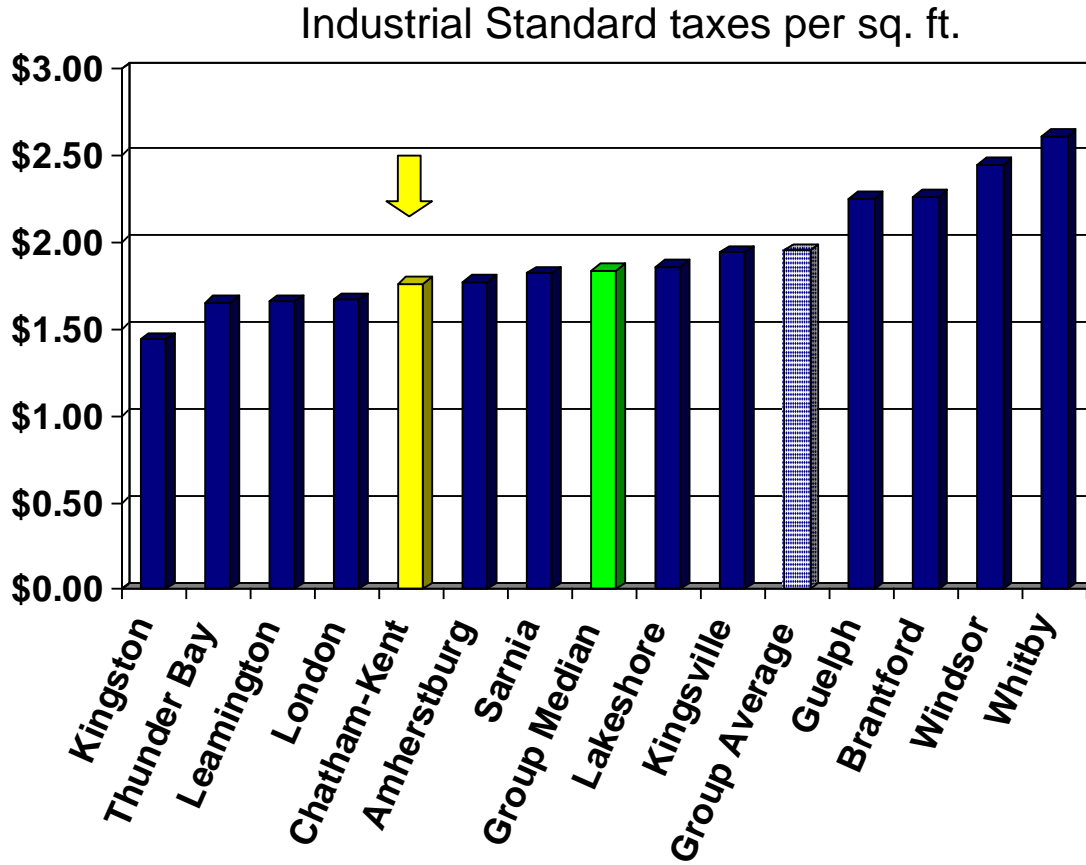
← If no separate class were charged, C-K would move below the survey average

Franchise Restaurants Taxes per sq. ft.



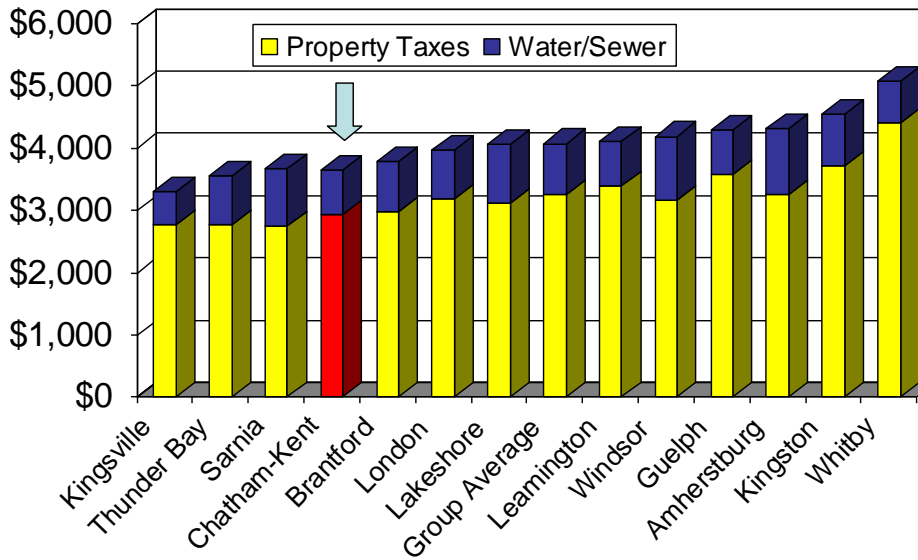
→ Franchise restaurants are taxed at the residual tax rate which has a lower tax ratio – approximately 15% lower than shopping class

2010 Relative Tax Burden Comparison

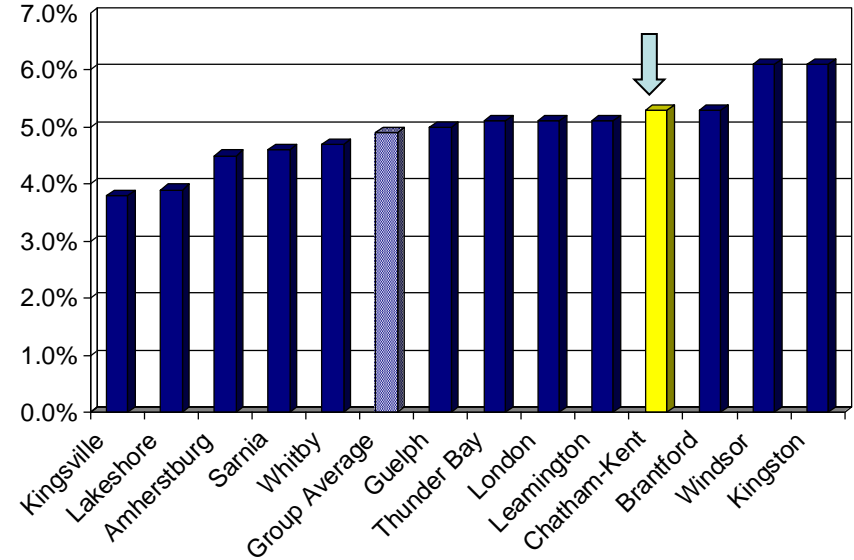


Property Taxes & Water as a % of Income

Average cost of service



Costs as a % of Income



- Low municipal spending and low water/sewer costs in Chatham-Kent result in a lower than average cost of service than group average
- However, with lower income levels, the cost as a % of income is higher in Chatham-Kent

Summary

Socio-Economic Indicators

- Slow population growth
- Lower than average income levels
- Lower than average assessment base
- Lower than average construction activity

Financial Indicators

- ✓ Higher Tax Reserves
- Lower Water/WW Reserves
- Higher debt charges
- Debt to reserve ratio above industry standard
- Negative financial position
- Taxes receivable higher than average
- ✓ Above average tax surplus ratio
- Water/ww deficit ratio
- Consumption Ratio higher than average for tax and wastewater reflect older infrastructure
- Water consumption ratio lower than average

Summary

Cost of Service and Affordability Indicators

- ✓ Low municipal spending for tax supported services
- ✓ Low water/ww costs, especially for large customers
- ✓ Lower than average residential, multi-residential and industrial tax burden
- ✓ Lower than average franchise restaurants
 - Higher than average shopping centre taxes due to higher tax ratio
 - Higher than average property taxes + water/ww as a % of income

