



Draft 2026 Levy Operating Budget

Budget Committee

January 21 and 22, 2026

Agenda

Internal and External Factors

- Economic Indicators
- Prior Year Impacts
- Variance Update
- Public Engagement
- Budget Guidance

Budget Preparation Process

- Interdepartmental Charges
- 2026 Net Levy Requirement
- Discretionary Items
- Median Residential Impact
- Reaching the Target
- Major Budget Drivers
- New Budget Initiatives
- Cost of Services per Tax Dollar
- Risks
- Tax Levy Projections

Economic Indicators



Macro-Economic Outlook

- Slower growth and higher unemployment
- Heightened uncertainty
- Trade disruptions and shifting policy directions have created volatility
- For inflation, Statistics Canada has reported:
 - The Consumer Price Index rose 2.2% on a year-over-year basis in November 2025
 - The Non-Residential Building Construction Price Index rose 4.2% year-over-year at the end of Q3



Inflationary Budget Pressures

- Construction materials volatility
- Uncertainty of funding allocations from the Provincial and Federal government
- Labour market constraints

Prior Year Impacts

Taxation Increases

	2023 Budget	2024 Budget	2025 Budget
Net Levy Increase	8.0%	7.7%	6.1%
Median Residential Impact	5.7%	6.3%	4.3%

Water and Wastewater Rate Increases

	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Average Residential Increase	8.5%	12.0%	10.6%	10.1%

Variance Update

	2025 APPROVED BUDGET	Q2 TOTAL FORECAST	Q2 PROJECTED SURPLUS/ DEFICIT	Q2 PROJECTED VARIANCE %	Q3 TOTAL FORECAST	Q3 PROJECTED SURPLUS/ (DEFICIT)	Q3 PROJECTED VARIANCE %
EXPENDITURES							
Salaries & Benefits	84,368,800	81,703,600	2,665,200	3.2%	80,034,800	4,334,000	5.1%
Materials & Supplies	12,936,200	12,633,400	302,800	2.3%	12,418,900	517,300	4.0%
Services	40,612,500	39,379,900	1,232,600	3.0%	39,316,400	1,296,100	3.2%
Transfer Payments/Grants	57,071,200	58,615,100	(1,543,900)	(2.7%)	59,378,600	(2,307,400)	(4.0%)
Interdepartmental Charges	21,504,000	21,230,500	273,500	1.3%	21,183,800	320,200	1.5%
Financial	5,460,400	4,836,500	623,900	11.4%	5,284,900	175,500	3.2%
Debt Servicing Costs	8,324,300	5,402,000	2,922,300	35.1%	5,402,300	2,922,000	35.1%
Capital Reserve Contributions	38,326,700	41,970,700	(3,644,000)	(9.5%)	41,967,500	(3,640,800)	(9.5%)
Operating Reserve Contribution	1,661,100	1,615,000	46,100	2.8%	2,161,200	(500,100)	(30.1%)
Minor Capital	1,042,200	1,462,300	(420,100)	(40.3%)	1,401,600	(359,400)	(34.5%)
TOTAL EXPENDITURES	271,307,400	268,849,200	2,458,200	0.9%	268,550,000	2,757,400	1.0%
REVENUES							
PIL's-Supplementaries-Local Improvements	(3,965,100)	(4,230,900)	265,800	(6.7%)	(5,627,200)	1,662,100	41.9%
Federal/Provincial Grants	(81,806,200)	(83,557,900)	1,751,700	(2.1%)	(84,080,000)	2,273,800	2.8%
Municipal Recoveries	(2,445,300)	(3,128,200)	682,900	(27.9%)	(3,450,600)	1,005,300	41.1%
Fees & Service Charges	(15,193,200)	(15,203,400)	10,200	(0.1%)	(15,202,500)	9,300	0.1%
Transfer From Reserve & Reserve Funds	(2,835,000)	(2,755,600)	(79,400)	2.8%	(3,004,300)	169,300	6.0%
Interdepartmental Recoveries	(20,915,400)	(19,997,900)	(917,500)	4.4%	(19,795,600)	(1,119,800)	(5.4%)
Other Revenues	(7,731,000)	(8,664,900)	933,900	(12.1%)	(9,372,100)	1,641,100	21.2%
TOTAL REVENUES	(134,891,200)	(137,538,800)	2,647,600	(2.0%)	(140,532,400)	5,641,200	4.2%
TOTAL	136,416,200	131,310,400	5,105,800	3.7%	128,017,600	8,398,600	6.2%

Public Engagement Overview

2026 Budget Engagement Campaign

Campaign Launched: July 25, 2025



1,229

Budget Survey



104

Budget Challenge
(online)



342

Budget Challenge
(in-person)



58

Share Your
Thoughts



3,500+

Website
Visits











Substantial increase in participation compared to previous years



Strong support for core services, concern about rising costs

Budget Guidance

2026 Guidance	
	Average residential property tax increase of 7.4% targeted
	The first 1% of assessment growth revenue be applied against 2026 increase
	Staff report outlining NBIs to be presented to Council prior to inclusion in budget
	Key financial and budgetary policies remain in force

Results	
	Tax increase less than guidance; average residential increase of 5.5%
	Actual assessment growth estimated at 1.0% vs 1.3%
	7 NBIs included in Budget with \$0.7M impact
	Remain in force, with impacts resulting from Asset Management Plan and Capital Budget

Interdepartmental Charges

Showing the true cost of operating a department when services are centralized.




2025 REVIEW

Phase 1 completed
(Corporate Support
Service Areas)



2026 REVIEW

Phase 2 coming
(Facilities, Fleet,
Insurance)



WHAT IT MEANS

- Support departments fully allocated
- Shifts in department budgets

- The overall impact to the net levy requirement is the amount of increase within the charging department. Interdepartmental charges do not drive net levy changes.



**Significant increases
in many Departments**



**Significant decreases
in other Departments**

Interdepartmental Charges

- Department level budget reports have been redesigned - interdepartmental charges and recoveries are shown separately at the bottom of each department summary report

NET BEFORE INTERDEPARTMENTAL ALLOCATIONS	7,162,800	7,159,100	338,200	4.7	(262,300)	0	7,235,000	75,900	1.1
INTERDEPARTMENTAL ALLOCATIONS									
Interdepartmental Charges	1,074,600	1,287,600	(77,900)	(6.1)	0	0	1,209,700	(77,900)	(6.1)
Interdepartmental Recoveries	(5,100,700)	(5,100,700)	(2,892,800)	56.7	0	0	(7,993,500)	(2,892,800)	56.7
NET INTERDEPARTMENTAL ALLOCATIONS	(4,026,100)	(3,813,100)	(2,970,700)	77.9	0	0	(6,783,800)	(2,970,700)	77.9
NET LEVY REQUIREMENT	3,136,800	3,346,000	(2,632,500)	(78.7)	(262,300)	0	451,200	(2,894,800)	(86.5)
STAFFING COMPLEMENT		38.00	0.00		0.00	1.00	39.00	1.00	

NET BEFORE INTERDEPARTMENTAL ALLOCATIONS

Net requirement in controllable base operations

NET LEVY REQUIREMENT

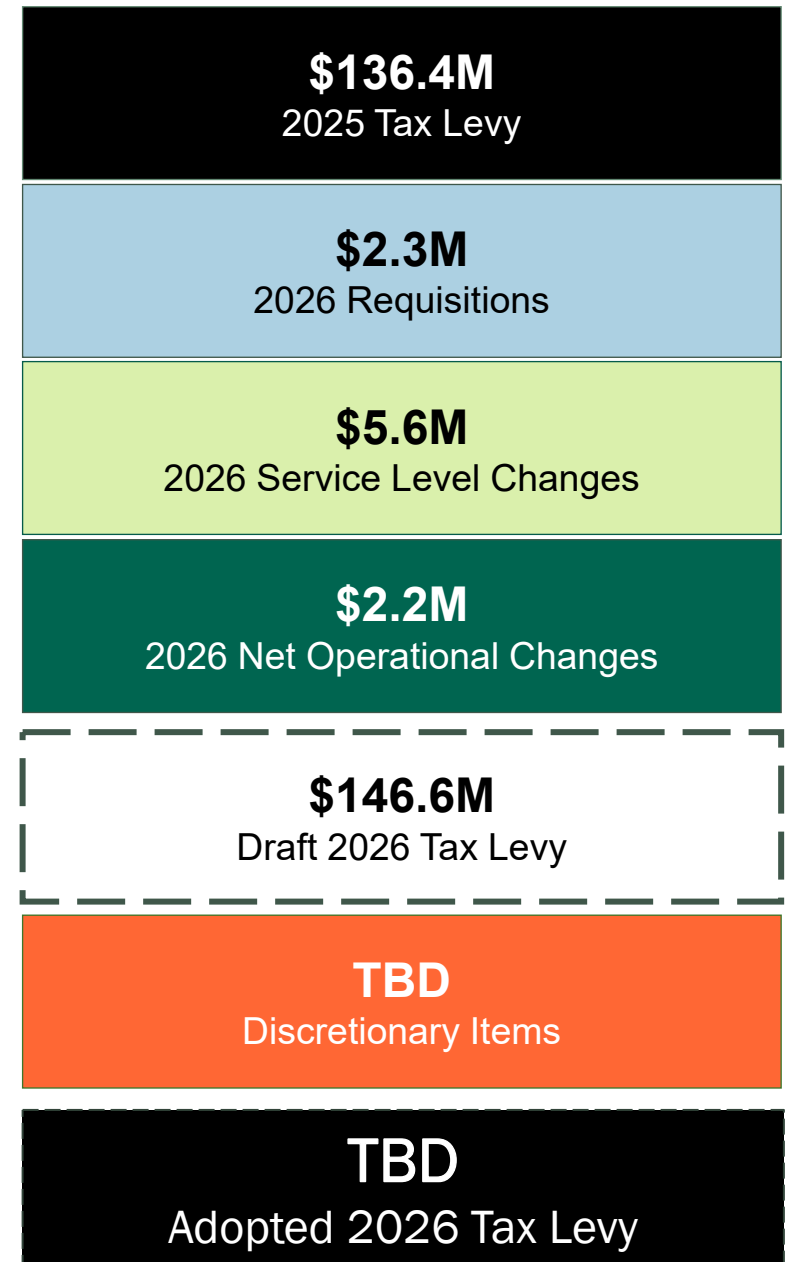
Overall department net levy requirement including interdepartmentals

Net Levy Requirement

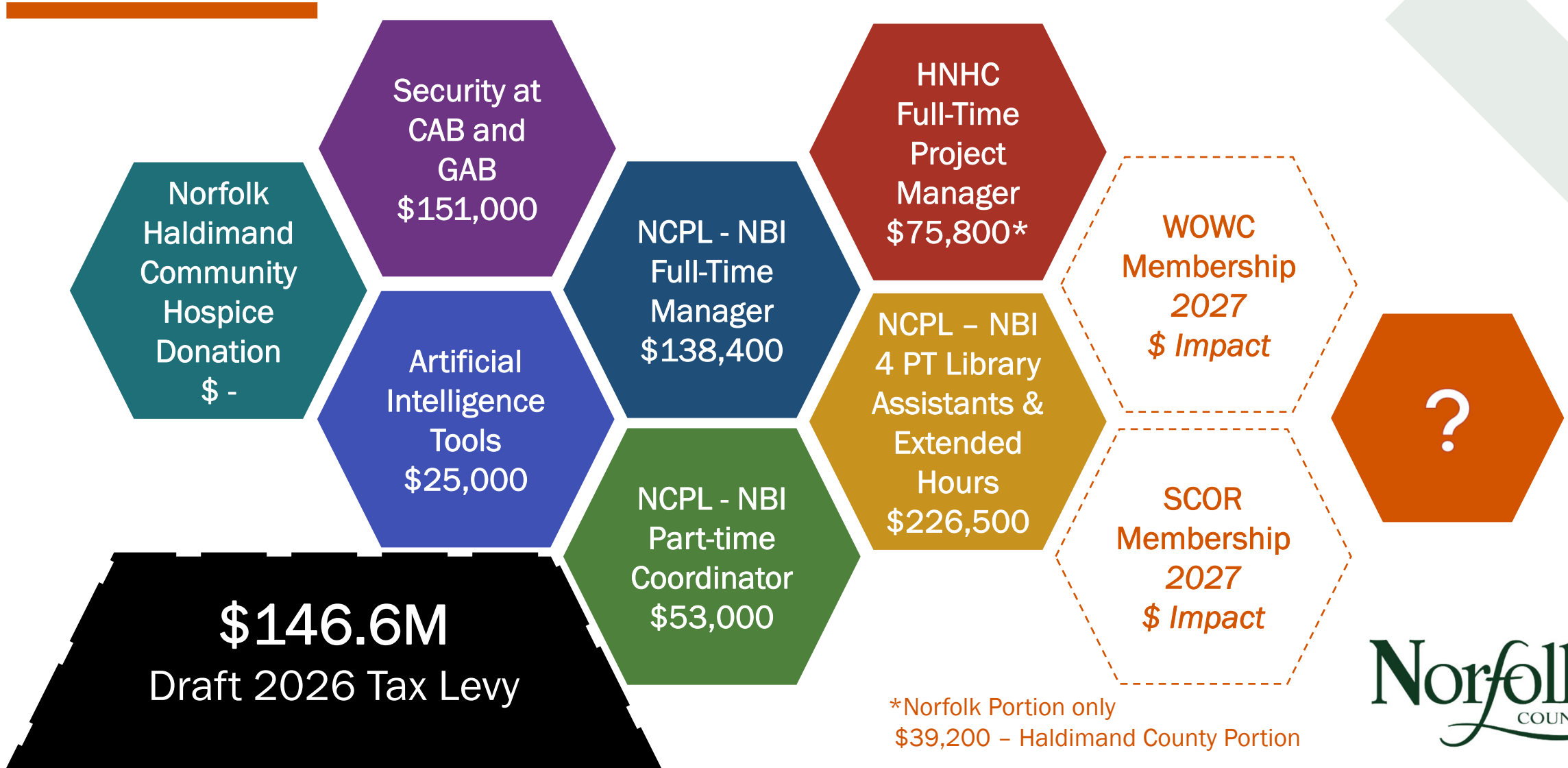
1. Requisitions
2. Service Level Changes
 - Council Approved Initiatives
 - New Budget Initiatives
3. Net Operational Changes
4. Discretionary Items
 - Deputation requests to Budget Committee October 16th & items referred to budget by Council

Included in Proposed Budget

For Council Consideration



Discretionary Items



Median Residential Property Impact



- 7.4% Net Levy Increase
- (1.3%) Assessment Growth
- (0.6%) Education Impact
- 5.5% Median Residential Increase

Residential Tax Impact of Draft 2026 Budget (Including County and Education Tax Rates)

	2025 Actual Tax Levy	2026 Draft Tax Levy	Change	% Change
Municipal Tax Levy	\$ 3,495.10	\$ 3,707.81	\$ 212.71	6.1%
Education Tax Levy	\$ 367.38	\$ 367.38	\$ 0.00	0.0%
Total Tax Levy	\$ 3,871.48	\$ 4,084.19	\$ 212.71	5.5%

Median Residential Property Assessed at \$246,000



Reaching the Target



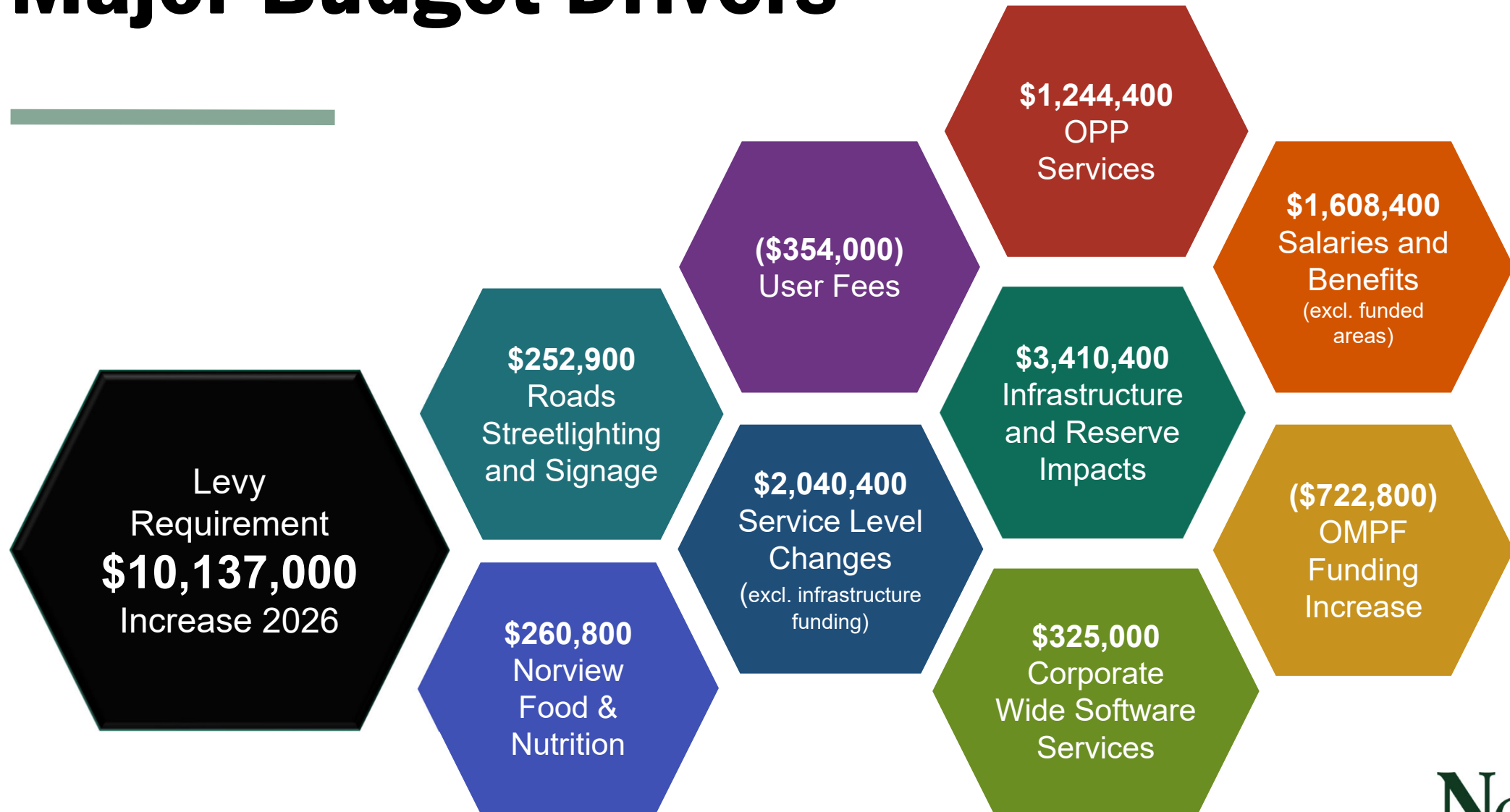
Strategy

- Clear communication of guidelines, target and updates to Council
- Detailed analysis and adjustments by Finance and department leaders
- New Budget Initiative requests heavily analyzed, deliberated and ranked

Key Changes

- Detailed Review – resulting in an overall increase of 1.6% on the net levy
- OPP Contract – increase of 0.9%
- Increased Ontario Municipal Partnership Fund – Norfolk’s share increased by \$0.72M (0.5%)

Major Budget Drivers



New Budget Initiatives

Service Level Changes Recommended by SLT



Risk & Claims Specialist

Net Levy Impact \$ -



Stormwater CCTV Inspections and Condition Assessments

Net Levy Impact \$300,000



ServiceNorfolk Agents

Net Levy Impact \$102,900



By-Law Enforcement Officer

Net Levy Impact \$164,400

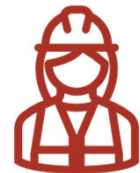
Fleet Training & Compliance Officer

Net Levy Impact \$133,900



Development Compliance Technologist

Net Levy Impact \$26,100

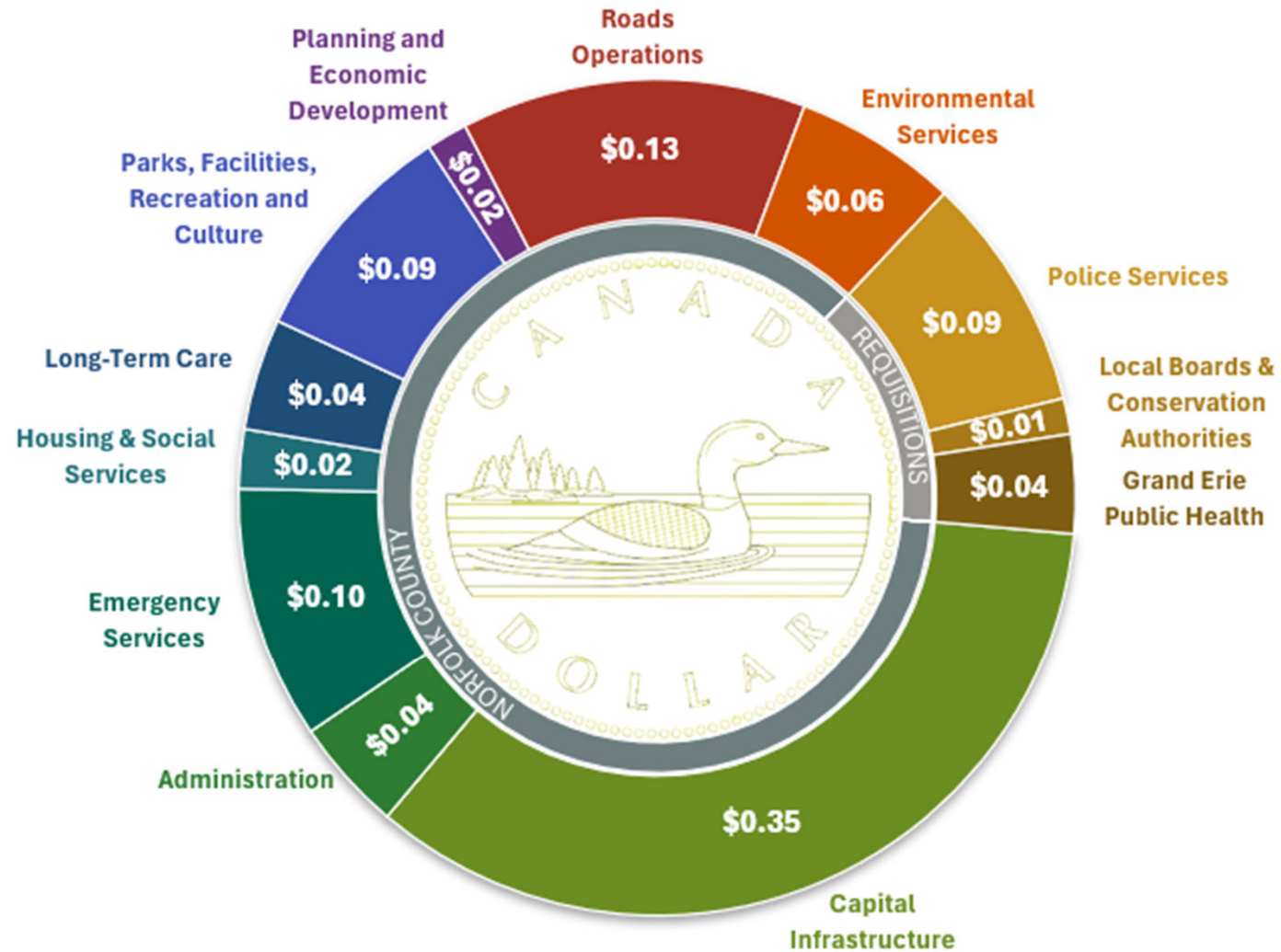


Mechanic

Net Levy Impact \$ -



Cost of Services per Tax Dollar



Risks



Asset Management Plan

- Detailed asset condition data still being refined; as information improves, additional financial requirements may be identified
- Limited capacity and resources to address newly identified work in the near term



Legislative Impacts

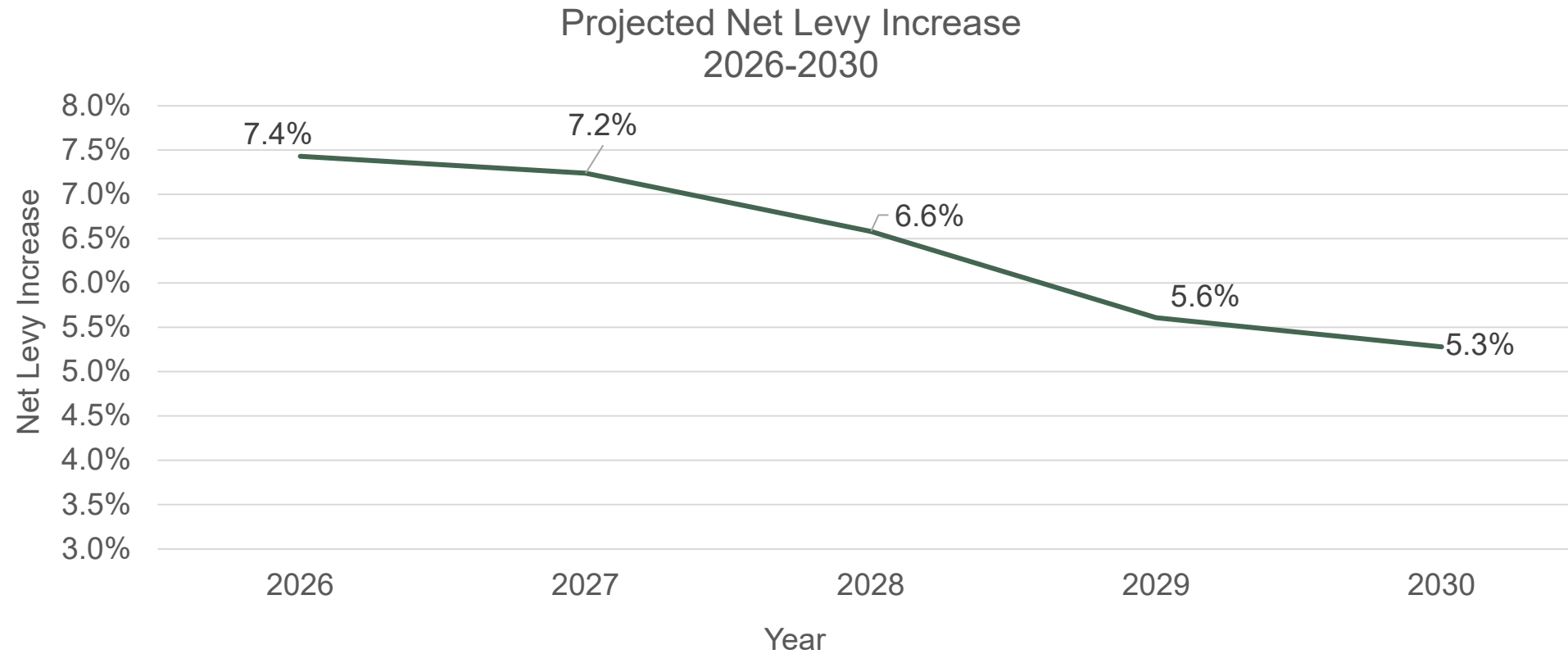
- Provincial and Federal funding allocations
- Mandatory programs and program changes – long term impacts
- New legislation for municipal services and unknown changes



Staffing

- Recruitment and retention challenges in the municipal sector

Tax Levy Projections



Higher than inflationary increases forecasted over the forecast period
Driven significantly by reserve and infrastructure requirements



Thank you

