



## Township of McGarry REPORT TO COUNCIL

<b>Report Title:</b>	2025 Operating and Capital Budget
<b>Prepared By:</b>	Karine Pelletier
<b>Date:</b>	April 2025

The Finance Committee and the Clerk-Treasurer met on March 24, 2025, to examine the first draft of the budget.

The first Budget Meeting has been scheduled for April 2, 2025 at 5:30 p.m. at the Community Centre.

### Chart – Revenue vs Expenses for each Department

TAX LEVY		2025 BUDGET	2024 ACTUAL	2024 BUDGET	2023 ACTUAL
REVENUE		949,292.00	1,091,964.36	\$939,717.00	\$883,594.92
EXPENSE		0.00	56,159.74	\$0.00	\$58,800.47
<b>TOTAL</b>		<b>949,292.00</b>	<b>1,035,804.62</b>	<b>\$939,717.00</b>	<b>\$824,794.45</b>
<b>COUNCIL</b>	<b>120</b>	<b>2025 BUDGET</b>	<b>2024 ACTUAL</b>	<b>2024 BUDGET</b>	<b>2023 ACTUAL</b>
REVENUE					
EXPENSE		75,300.00	69,918.63	\$71,635.00	\$70,679.46
<b>TOTAL</b>		<b>-\$75,300.00</b>	<b>-\$69,918.63</b>	<b>-\$71,635.00</b>	<b>-\$70,679.46</b>
<b>ADMINISTRATION</b>	<b>130</b>	<b>2025 BUDGET</b>	<b>2024 ACTUAL</b>	<b>2024 BUDGET</b>	<b>2023 ACTUAL</b>
REVENUE		1,044,054.66	1,086,171.19	\$1,059,498.46	\$1,086,307.63
EXPENSE		747,154.00	737,970.42	\$600,988.32	\$581,629.70
<b>TOTAL</b>		<b>\$296,900.66</b>	<b>\$348,200.77</b>	<b>\$458,510.14</b>	<b>\$504,677.93</b>
<b>FIRE DEPARTMENT</b>	<b>200</b>	<b>2025 BUDGET</b>	<b>2024 ACTUAL</b>	<b>2024 BUDGET</b>	<b>2023 ACTUAL</b>
REVENUE		0.00	(500.00)	\$0.00	\$0.00
EXPENSE		94,746.62	86,104.81	\$92,750.69	\$77,052.65
<b>TOTAL</b>		<b>-\$94,746.62</b>	<b>-\$86,604.81</b>	<b>-\$92,750.69</b>	<b>-\$77,052.65</b>
<b>PROTECTION TO PERSONS</b>	<b>350</b>	<b>2025 BUDGET</b>	<b>2024 ACTUAL</b>	<b>2024 BUDGET</b>	<b>2023 ACTUAL</b>
REVENUE		4,050.00	4,783.54	\$5,400.00	\$26,047.20
EXPENSE		159,200.00	158,830.45	\$208,572.00	\$203,105.69
<b>TOTAL</b>		<b>-\$155,150.00</b>	<b>-\$154,046.91</b>	<b>-\$203,172.00</b>	<b>-\$177,058.49</b>
<b>ROADS</b>	<b>400</b>	<b>2025 BUDGET</b>	<b>2024 ACTUAL</b>	<b>2024 BUDGET</b>	<b>2023 ACTUAL</b>
REVENUE		71,235.00	106,601.86	\$74,735.60	\$168,905.38
EXPENSE		671,928.91	457,813.98	\$632,461.34	\$426,768.51
<b>TOTAL</b>		<b>-\$600,693.91</b>	<b>-\$351,212.12</b>	<b>-\$557,725.74</b>	<b>-\$257,863.13</b>
<b>ENVIRONMENTAL SERVICES</b>	<b>450</b>	<b>2025 BUDGET</b>	<b>2024 ACTUAL</b>	<b>2024 BUDGET</b>	<b>2023 ACTUAL</b>
REVENUE		337,000.00	339,195.04	\$319,881.20	\$320,110.62

EXPENSE		462,552.93	441,023.36	\$423,855.90	\$415,722.87
TOTAL		<b>-\$125,552.93</b>	<b>-\$101,828.32</b>	<b>-\$103,974.70</b>	<b>-\$95,612.25</b>
HEALTH SERVICES	500	2025 BUDGET	2024 ACTUAL	2024 BUDGET	2023 ACTUAL
REVENUE		9,500.00	9,325.00	\$9,500.00	\$13,200.00
EXPENSE		203,149.00	189,921.20	\$191,331.07	\$189,145.10
TOTAL		<b>-\$193,649.00</b>	<b>-\$180,596.20</b>	<b>-\$181,831.07</b>	<b>-\$175,945.10</b>
LIBRARY	600	2025 BUDGET	2024 ACTUAL	2024 BUDGET	2023 ACTUAL
REVENUE					
EXPENSE		31,691.20	15,401.13	\$29,290.56	\$18,175.99
TOTAL		<b>-\$31,691.20</b>	<b>-\$15,401.13</b>	<b>-\$29,290.56</b>	<b>-\$18,175.99</b>
STRATEGIC PLANNING	650	2025 BUDGET	2024 ACTUAL	2024 BUDGET	2023 ACTUAL
REVENUE		0.00	0.00	\$0.00	\$5,660.00
EXPENSE		0.00	0.00	\$0.00	\$8,561.93
TOTAL		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-\$2,901.93</b>
COMMUNITY CENTRE	700	2025 BUDGET	2024 ACTUAL	2024 BUDGET	2023 ACTUAL
REVENUE		21,500.00	21,922.75	\$24,250.00	\$53,249.25
EXPENSE		93,690.00	108,175.12	\$96,241.00	\$131,367.65
TOTAL		<b>-\$72,190.00</b>	<b>-\$86,252.37</b>	<b>-\$71,991.00</b>	<b>-\$78,118.40</b>
RECREATION	720	2025 BUDGET	2024 ACTUAL	2024 BUDGET	2023 ACTUAL
REVENUE		16,060.00	17,626.43	\$14,731.20	\$24,909.97
EXPENSE		38,889.00	34,239.52	\$33,326.58	\$33,796.67
TOTAL		<b>-\$22,829.00</b>	<b>-\$16,613.09</b>	<b>-\$18,595.38</b>	<b>-\$8,886.70</b>
TOURIST CENTRE	800	2025 BUDGET	2024 ACTUAL	2024 BUDGET	2023 ACTUAL
REVENUE		7,200.00	6,784.85	\$8,267.00	\$7,756.60
EXPENSE		28,214.00	27,198.46	\$20,255.20	\$29,103.95
TOTAL		<b>-\$21,014.00</b>	<b>-\$20,413.61</b>	<b>-\$11,988.20</b>	<b>-\$21,347.35</b>
CAPITAL BUDGET	850	2025 BUDGET	2024 ACTUAL	2024 BUDGET	2023 ACTUAL
REVENUE		569,052.00	0.00	\$2,356,033.00	\$17,515.00
EXPENSE		569,052.00	(12,271.17)	\$2,356,033.00	\$14,293.40
TOTAL		<b>\$0.00</b>	<b>\$12,271.17</b>	<b>\$0.00</b>	<b>\$3,221.60</b>
WATER	900	2025 BUDGET	2024 ACTUAL	2024 BUDGET	2023 ACTUAL
REVENUE		185,200.00	198,870.67	\$182,200.00	\$178,992.97
EXPENSE		221,270.00	196,458.98	\$237,472.80	\$194,202.65
TOTAL		<b>-\$36,070.00</b>	<b>\$2,411.69</b>	<b>-\$55,272.80</b>	<b>-\$15,209.68</b>

		2025 BUDGET	2024 ACTUAL	2024 BUDGET	2023 ACTUAL
Total Revenue		\$3,214,143.66	\$2,882,745.69	\$4,994,213.46	\$2,786,249.54
Total Expenses		\$3,396,837.66	\$2,566,944.63	\$4,994,213.46	\$2,452,406.69
GRAND TOTAL		<b>-\$182,744.80</b>	<b>\$315,801.06</b>	<b>\$0.00</b>	<b>\$333,842.85</b>

## **Operating Budget**

**General Governance:** Governing body of the Township includes administration costs, wages for Mayor, Council. Wages for the administrative staff, legal fees, audit fees, seminars, gifts and entertainment, memberships, training course, tax registration expenses, website and much more...

**Protection Services:** Fire Department, Police, By-Law Enforcement and Building Controls and wages.

**Transportation Services:** Maintenance of roads, sidewalks, streetlights, signage, maintenance and repairs to all buildings, equipment and vehicles, wages, loan interest, fuel, oil.

**Environmental Services:** Wastewater, Water, Garbage, Recycling, Landfill and wages.

**Health and Social Services:** Cemetery, Land Ambulance, Ontario Works, Social Housing, Child Care, Community Safety and Well Being Plan and Medical Centre and wages.

**Recreation and Culture:** Community Centre, Marina, Recreation, Tourist Centre, Library and wages.

**Economic Development and Planning:** Strategic Planning.

**Long Term Debt:** Loan repayments for lighting, grader, sander, dump truck, Chevrolet Silverado truck...

**Capital Expenditures:** Infrastructure Project - Virginiatown Collection and Distribution Upgrades.

## **Funding**

Ontario Municipal Partnership Fund (OMPF) - The Township of McGarry will receive \$650,000.00 through the OMPF in 2025.

The Canada Community Building Fund (CCBF)- Formerly known as the Gas Tax Fund - 2025 Allocation for the Township is - \$37,924.66.

Ontario Community Infrastructure Fund – 2025 Allocation - \$116,134.00.

Ontario's Northern Ontario Resource Development Support (NORDS) - 2025 funding pending project approval - \$64,168.00.

## Water, Sewer and Debenture Charge

### RESIDENTIAL

	NET (Before due date)	GROSS (After due date)
Private House	46.84	47.31
Apartment	40.85	41.24
Boarding House - providing meals (kitchen facilities)	74.31	75.05
- not providing meals (proprietor quarters) each bedroom	46.84  4.75	47.31  4.80

### BUSINESS PLACES

Licensed Hotels	115.15	16.31
- each bedroom	4.75	4.80
Restaurants	84.82	85.67
Grocery Stores	58.95	59.55
Barber Shops/Beauty Parlors	48.44	48.93
Doctor's Offices/Dentist Offices	48.44	48.93
Garages	48.44	48.93
Lunch Bars/Coffee Bars	48.44	48.93
Laundromats	115.15	116.31
Theatres	84.82	85.67
2 room offices	34.68	35.03
Banks	58.95	59.55
Schools	146.15	147.62

### SEWER RATE SCHEDULE

	NET	GROSS
Sewage Charge per year	\$636.05	\$642.41
Sewage Charge per month	\$ 53.00	\$ 53.54

### DEBENTURE RATE

	NET	GROSS
- Yearly Capital Charge -	\$308.45	
- Monthly Capital Sewer Charge - Net	\$25.70	
		\$25.96

Regarding the debenture by laws. It began in 2006 after receiving funding from OSIFA in 2005. After that, By-law 2005-43 was adopted, establishing the debenture charge. This debenture charge must end when the 2006 loan is paid off in full in 2026.

In 2009, another loan was obtained via OSIFA. Instead of making a new bylaw at that time, the Clerk added the fee to the existing one by amending bylaw 2005-43. This is problematic since we will not be able to pay off the 2009 loan in full, thus we will still be responsible for paying the principal and interest each year.

The \$778,750.00 loan that was taken out in 2009 won't be repaid until July 1, 2029.

### **Budget for 2025**

Currently, we are facing a deficit of over \$180,000.00. The Township still facing several issues, such as the outdated infrastructure that needs to be fixed, the assessment freeze, managing all the new rules and regulations to continue to be compliant. As a result, we are forced to hire outside assistance to stay in compliance and prevent our funding from being withheld.

In addition to this, we are responsible for ensuring that our own buildings are all up to code and that any necessary upgrades are made.

The Township's sole source of revenue is a few grants and taxes. This results in substantial cash flow complications. A significant number of our services are provided at no cost or very little cost.

Although I acknowledge that our residents deserve it, the cost of operating these buildings is exorbitant. In the final analysis, residents are ultimately responsible for the cost of the rising rates.

### **This year we must:**

- Implement a new website as our current one is going to be obsolete.
- Continue with Tax Registration to reduce our tax arrears. This was neglected in past years.
- Expenses continue to increase each year: Insurance, OPP, Ontario Works, Land Ambulance, Childcare and Health Unit, MPAC, Health Benefits, Gas, Propane, OCWA, Pinchin, Garbage Collection, Hydro, Supplies.
- After discussion with the auditor regarding uncollected tax revenue, a new expense has been added to account for taxes that are not collected each year.
- We must renovate our Public Works garage, as it is currently a safety hazard for our employees. Renovations may incur expenditures of up to \$120,000.00. Regrettably, the budget for this year is insufficient to accommodate this type of expenditure. I would suggest that we adopt the necessary measures to ensure its safety without redesigning the entire structure, as the budget currently does not allow for it. I discussed this with the Acting Superintendent, and he concludes that we could demolish the last two bays, which are the source of the issue, and attempt to allocate funds for the reconstruction of that portion of the garage in the upcoming year. The Acting Superintendent has assured me that they can continue to operate without the two final garages, and this would no longer be a safety concern.

Although I am aware that the Council dislikes generating cuts, the following are only ideas that may be implemented:

- Library – Evaluate if this service is necessary.
- Reduce Recreation activities during the year.
- Evaluate if Students and Summer Programs are necessary.
- Evaluate the Tourist Centre and cost associated with the building.
- Reduce hydro consumption in all buildings but specifically at the Community Centre. We could charge for pickle ball and other activities to bring in revenue to counteract the cost associated with these free activities.
- Reduce funding to some departments if possible.
- Implement tipping fees for the dump.
- Start charging business for snow removal.

## Capital Budget

We currently have one Capital Project (Wastewater – Virginiatown Collection and Distribution Upgrades). This project consists of replacing approximately 400 m of watermain and related appurtenances and 400 m of sewer pipe and related appurtenances identified under the previous investigations. Replacement is expected to be conducted this year. This project includes \$942,413.26 for Federal portion, \$785,265.85 for Provincial portion and \$628,354.04 for municipal portion.

In 2024 the total cost incurred was \$1,828,447.00. Cost covered by ICIP was 1,319,891.00.

We are anticipating a cost of \$569,052.00 in 2025. The ICIP funding that we will receive is \$407,788.00 leaving the Township portion to be \$161,264.00. This cost will be included in the loan.

The Township did secure a loan with RBC to pay for this project. Until the project is completed, we are only paying interest on the actual balance owing. The completion of the project is anticipated to be at the end of May. Interest payments and loan payments for the year is anticipated to be \$60,000.00. After the completion of the project (end of May) the Township will have to enter into a loan agreement with RBC and have the following options:

Fixed Closed- 0 % Prepayment Option		Amortization 168 months	Amortization 120 months
Amount \$600,000.00	Rate	Payments	Payments
Term 1 Year	6.32	\$5,391.72	\$6,757.25
Term 2 Years	6.20	\$5,352.16	\$6,722.34
Term 3 Years	6.16	\$5,338.51	\$6,708.06
Term 4 Years	6.04	\$5,300.93	\$6,672.15
Term 5 Years	5.95	\$5,270.17	\$6,646.15

Fixed Closed-10 % Prepayment Option		Amortization 168 months	Amortization 120 months
Amount \$600,000.00	Rate	Payments	Payments
Term 1 Year	6.57	\$5,472.84	\$6,833.46
Term 2 Years	6.45	\$5,432.95	\$6,798.32
Term 3 Years	6.41	\$5,419.18	\$6,783.94
Term 4 Years	6.29	\$5,381.29	\$6,747.79
Term 5 Years	6.20	\$5,350.27	\$6,721.62

This Option allows for an Annual Principal Only Lump Sum payment of up to 10% of the outstanding balance. You could take advantage of a longer Amortization for lower monthly payments and still make lump sum payments to pay the loan out more quickly if desired.

When the interest term comes up for renewal, the loan becomes fully open and can be paid out in full, or larger lump sum payment can be made, without incurring a penalty.

\*\*\*For Illustration purposes only as, rates are subject to change\*\*\*

Variable Rate Open – Payments would be Principal + Interest for 1 year term at a time

**Prime - .50% = 7.20% - 0.50% = 6.70%**

For an Amortization of 168 months:

Payment Amount: Principal \$3571.43 (Consistent monthly amount) + Interest \$ 3350.00 (will lessen slightly each month) = \$6921.43

For an Amortization of 120 months:

Principal ( \$5,000.01) + Interest (\$3350.00 ) =\$8,350.01

**\*\*If Prime should change throughout the year, then the interest component will change as well.**

In an effort to obtain better rates, I am also contacting Infrastructure Ontario to inquire about our eligibility for a loan with them now that our 2023 FIR has been filed. I am awaiting an answer after sending them all the information they requested.

### **Budget Meetings**

The budget will be discussed in an open session where the public will have the chance to remark and/or ask questions on April 2, 2025.

The head of each department and the chair of each committee should be present at the open public budget meeting to answer questions from the council and provide a brief explanation of their respective budget shares.

The Clerk-Treasurer will determine how much of an increase in the municipal tax, water, sewer, and debenture levy is needed to fund all the capital and operational expenses after the council discusses the budget and gives the Clerk-Treasurer direction.

The required modifications that came from the first Council Budget meeting will be reviewed at a second meeting.

The Clerk-Treasurer will complete the necessary By-Laws and bring them forward at the final budget meeting for final approval of the 2025 Capital and Operating Budget by Council. That will conclude the Budget process.

As directed by the Council, more meetings can be simply held if necessary.

### **Conclusion**

Every municipality is experiencing challenges; however, the absence of commercial and industrial revenue, which is exclusively residential, is a significant issue. To cover fundamental expenses and reduce costs, it is imperative that we identify methods of increasing revenue and reducing costs. Council must make challenging decisions to be able to cover our expenditure. With that said, the Finance Committee believes it is necessary to increase the tax rate, the water, wastewater, and debenture charges again this year.

The Finance Committee is also interested in exploring the possibility of relocating the Township Office to the Tourist Centre Building if funding is obtained from Fed Nor to upgrade the building. Additionally, the Public Works and Fire Department could be relocated to the Ice pad at the Arena, and the Township office building and potentially the Crozier garage could be sold to reduce costs and generate revenue.

**Finance Committee Recommendations are:**

- 1) It is recommended that the water, wastewater, and debenture be increased. We are proposing a 5% increase in the water, 2.5% wastewater, and 2.5% debenture charge, which together amount to approximately \$20,250.00 for the year.
- 2) In order to satisfy our expenditure, it will be necessary to implement a tax increase. We are suggesting a tax increase of 5% which would result in \$47,464.00.
- 3) No day camp in 2025.
- 4) Shut down the library.
- 5) Close the tourist centre in 2025.
- 6) Possibility of relocating the Township Office to the Tourist Centre.
- 7) Tear down the two bays at the Township Garage.
- 8) The possibility of relocating the Public Works and Fire Department to the Community Centre
- 9) The Township Office and Crozier Garage may be sold.
- 10) Charge locals tipping fee of \$10.00 per truckload at the landfill site.

Respectfully Submitted by:

Finance Committee