

## 2023 Budget Summary and Q&A

Council approved the 2023 operating and capital budgets on Monday, January 16, 2023. The 2023 budget reflects the realities of increased costs to deliver services while balancing property tax increases in addition to a focus on capital funding requirements to ensure long term financial sustainability. TLTI continues to have the second lowest property tax rate in the United Counties of Leeds and Grenville.

The following table summarizes the 2023 operating budget:

Description	2022 Budget	2023 Budget	2023 Increase
<b>Total Gross Municipal Budget</b>	\$14,271,400	\$15,315,800	\$1,044,400
<b>Net Levy Requirement</b>	\$10,779,400	\$11,276,000	\$496,600
<b>Township Property Tax Rate</b>	0.00458810	0.00477906	0.00019096
<b>TLTI taxes on \$100,000 of assessment</b>	\$458.81	\$477.91	\$19.10

The following table summarizes the 2023 capital budget:

Asset Category	Total Budget	Capital Reserve Fund	Debt	Notes
<b>Bridges &amp; Culverts</b>	\$345,000	\$345,000		
<b>Buildings &amp; Facilities</b>	\$2,917,715	\$917,715	\$2,000,000	Fire station #2
<b>Fleet, Machinery &amp; Equipment</b>	\$1,697,550	\$832,588	\$864,962	Fire pumper truck
<b>Parks &amp; Land Improvements</b>	\$1,195,000	\$95,000	\$1,100,000	Ivy Lea Wharf
<b>Road Network</b>	\$891,255	\$891,255		
<b>TOTAL</b>	\$7,046,520	\$3,081,558	\$3,964,962	

### How is the property tax bill calculated?

The annual property tax bill is the property assessment value (determined by the Municipal Property Assessment Corporation) multiplied by the total Township tax rate, which includes three components: Township tax rate, education tax rate, and United Counties of Leeds and Grenville tax rate.

### How is the property tax rate related to the annual budget process?

The municipal budget must balance, meaning the money collected by the Township must equal the budgeted operating expenses. The Township receives money from various sources including government grants, user fees and charges, interest revenue and from property tax revenue. The total expenses less the other sources of operating revenue results in the amount of revenue that must be raised through property taxes and determines the property tax rate for the year. Property tax revenue is the largest source of revenue for the Township.

### What is the difference between operating and capital expenses?

Operating expenses are those costs required to operate the Township to deliver municipal services. These costs include insurance costs, supplies, materials and consulting costs, salaries, and utilities. Capital expenses are the cost of rehabilitating or constructing assets like roads, bridges, facilities, fleet, machinery, and equipment. Capital costs are accounted for over the estimated useful life of the asset.

### How is the budget developed?

Staff review and analyze prior year actual costs and revenues to help forecast the annual operating budget. Staff develop a budget that will deliver municipal services in accordance with the service levels approved by Council through the Strategic Plan and other master plans, studies, and guiding documents. Certain service levels are mandated by legislative requirements, such as maintenance of roadways.

The capital budget is developed based on the asset management program. The Township maintains an inventory of assets that includes the estimated useful life of each asset and the associated risk and condition of the assets. This facilitates the prioritization of capital work required on an annual basis to ensure continued delivery of services. The goal is to replace or rehabilitate assets such as roads, bridges, facilities, and fleet, before they fail and cause a disruption to the services provided to residents.

### Why does the tax rate increase every year?

Like your household budget, the Township must account for increasing costs each year. Insurance, fuel, utilities, and materials and supplies are budgeted to increase in 2023. The 2023 operating budget also includes a significant increase to the amount of money that is being transferred to capital reserve funds. This is money that will help pay for future capital costs related to roads, bridges, facilities, and fleet. Focusing on increased transfers to the capital reserve funds helps to ensure that funding is available to pay for capital costs over the longer term. Failing to allocate sufficient money to the capital reserve funds means that the Township will have to place greater reliance on borrowing money to pay for capital work and/or not be able to do capital work when needed.

There are two ways that property tax revenue increases. One is to increase the property tax rate. Two is through the increase of the total property assessment value of the properties in the Township. The Municipal Property Assessment Corporation has not done a province wide update to assessment values since 2016. There are small increases in property assessment resulting from new homes being built and from work being done to existing properties. Renovations, new decks, and sheds and other work completed by property owners creates additional assessment value which is captured through the building permit process.

Further information on the budget can be found on the Township website at <https://www.leeds1000islands.ca/en/governing/Budget.aspx> or contact Kate Tindal, CPA, CGA, Director of Corporate Services at [directorfinance@townshipleeds.on.ca](mailto:directorfinance@townshipleeds.on.ca).