

THE NATION MUNICIPALITY



First Draft

November 6-7, 2024

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ABOUT THE MUNICIPAL BUDGET

The *Ontario Municipal Act* requires that Ontario municipalities prepare and approve a budget each year.

All municipalities are required to have a balanced budget, it can not incur a deficit. To balance its budget, the municipality can either increase its revenues (property tax or fees) or manage expenses by reducing or modifying service levels.

The budget is a forward-looking estimate of the year to come. It consists of two components:

1. The operating budget – which includes day-to-day expenses.
2. The capital budget – which plans for the purchase, financing of assets and improvements to existing infrastructure.

The budgeting process allows municipalities to prioritize projects, programs and services based on anticipated revenue and expenses. The budget is a work plan establishing spending as well capital priorities for the year to come.

DEVELOPING THE 2025 BUDGET

TIMELINE

September 16, 2024 – Public meeting to receive resident requests

September 30, 2024 – Deadline for receiving resident requests by email

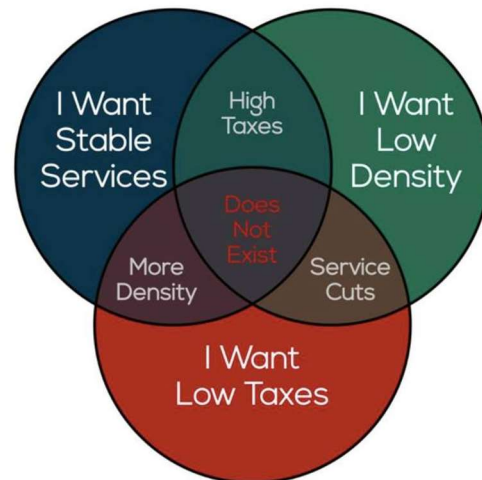
October 28, 2024 – Delivery of the preliminary budget to Council

November 6-7, 2024 – Detailed budget deliberations

November 18, 2024 – Presentation of final draft of the budget to council (subject to change)

Preparation of the 2025 budget began in mid-summer whereby departments began planning their budget keeping in mind the financial implications of the current economic situation and how it impacts not only the municipality but residents as well. The priority was set on maintaining current service levels, evaluating present-day resources and understanding the impacts of potential alternative service levels. From a finance perspective, continuing to fund reserves and reserve funds remains an important pillar to assist in the short-term and long-term planning of future capital costs.

This diagram highlights the budgetary trade-offs that council faces when balancing residents' preferences for stable services, low taxes, and low-density living. Each circle represents a common priority among residents, but the overlapping sections show that achieving all three simultaneously isn't feasible within a typical budget. For example, maintaining stable services at low tax levels would require higher density to increase the tax base. Conversely, sustaining both low density and stable services often results in the need for higher taxes. This visual emphasizes that council's budget decisions must navigate these conflicting priorities, making it essential to prioritize and communicate the necessary compromises to maintain financial sustainability and service quality.



The goals, priorities and issues faced in the development of the budget included:

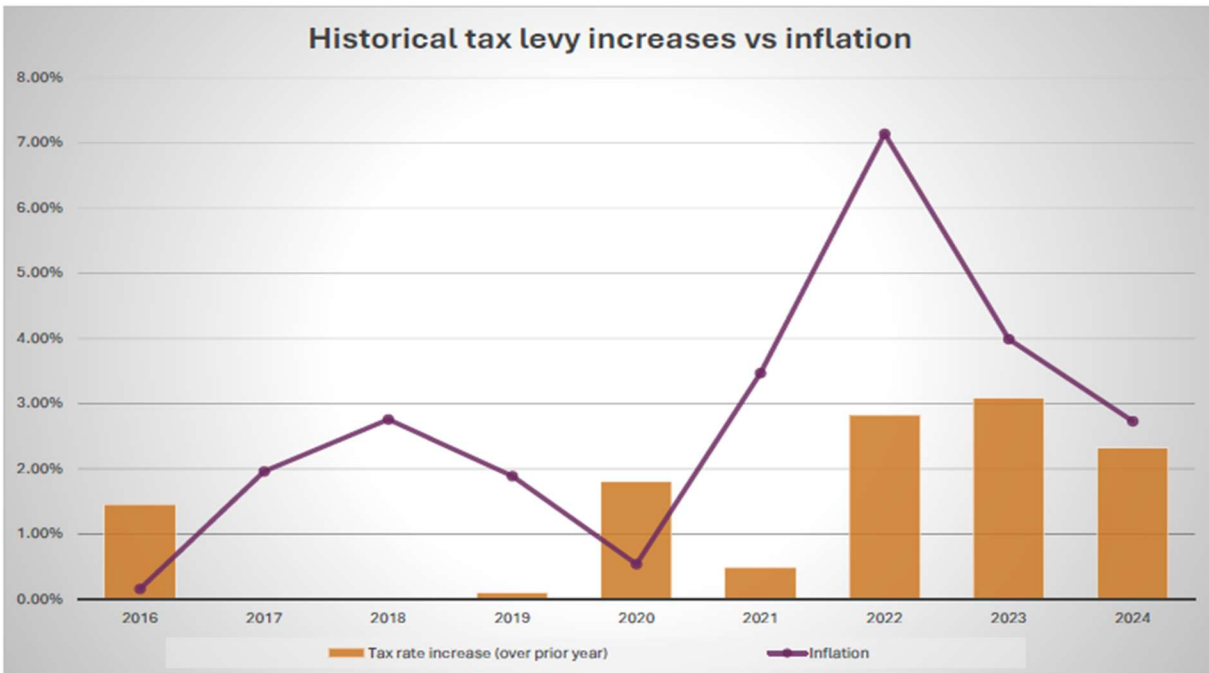
- Continuing to improve the transmission of information by making it clearer and easier to understand;
- Managing the competing priorities of maintaining service levels and keeping tax rate increases as low as possible;
- Keeping up with aging infrastructure
- The unpredictability of provincial and federal funding
- Inflationary pressures while remaining competitive
- Overall economic pressures, including third party increases outside of our control, such as the OPP

As mentioned above, a municipality is required to balance its budget every year. This first draft of the budget is a working draft and, as such, is not balanced. It is presented to council to discuss options and possibilities in terms of revenue increases and expense management.

TAXATION AND CHARGES

TAXATION

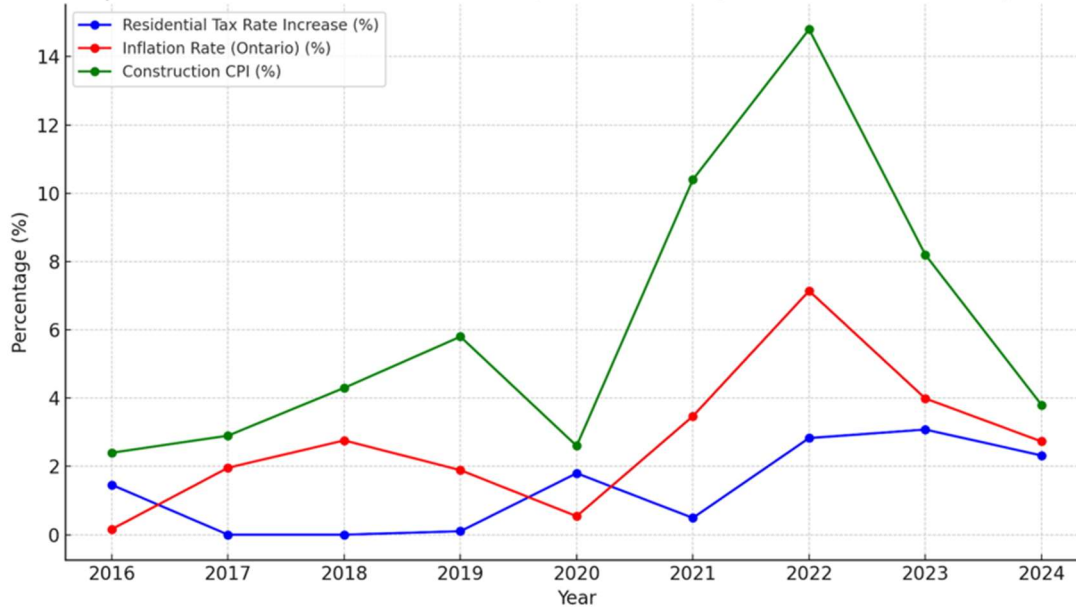
The historical tax levy increases versus inflation are presented below. As shown, levy increases were well below inflation for a number of years. In other words, the municipality's revenues did not follow the rise in expenses despite the expectation of service levels remaining the same. This caused reductions in areas such as staffing to support growth, capital investments, and reserve contributions, for example. Costs not likely to decrease means that revenues will eventually have to catch up so that service levels are not reduced. Also worth noting is that levy increases were minimal for several years which also contributes to the shortfall we see today.



To further support the previous point, the following graph incorporates the construction CPI which would have affected our capital investments in past years.

Compounded totals (2016-2024):
 Residential Tax Rate Increase: 12.68%
 Inflation Rate: 27.31% (Shortfall: 14.63%)
 Construction CPI: 69.81% (Shortfall: 57.13%)

Line Graph of Residential Tax Rate Increase, Inflation Rate, and Construction CPI (2016-2024)



It is important to note that the tax rate does not tell the whole story as the amount of municipal taxes a resident will pay is largely based on the assessment of their property. Thus, while The Nation’s tax rate is among the highest in the UCPR, the municipality’s average property assessment ranks fourth highest. Its taxes on the average assessment rank third highest.

MUNICIPALITY	AVERAGE ASSESSMENT**	RANKING (HIGH – LOW)	MUN TAXES (\$)	RANKING (HIGH – LOW)
The Nation	253,449	4	1,931	3
Alfred & Plantagenet	211,879	7	1,552	6
Casselman	287,390	2	1,894	4
Champlain	229,073	6	1,538	7
Clarence Rockland	285,495	3	2,108	1
East Hawkesbury	224,590	5	1,142	8
Hawkesbury	163,102	8	1,940	2
Russell	326,097	1	1,800	5

**MTE Property Tax and Tax Policy Study, December 2023

An analysis of population and area by municipality reveals that The Nation has the second lowest population density in the United Counties of Prescott and Russell (UCPR) and spans the largest territory. With fewer residents contributing tax revenue per square kilometer, our municipality

faces unique challenges in funding services and infrastructure across this vast area. As a result, we must maximize each tax dollar to meet the demands of a dispersed population efficiently.

MUNICIPALITY	AREA*** (KM ²)	RANKING (HIGH-LOW)	POPULATION	RANKING (HIGH-LOW)	POPULATION DENSITY (/ KM ²)
The Nation	658.32	1	13,350	3	20.3
Alfred & Plantagenet	392.31	2	9,949	5	25.4
Casselman	5.12	8	3,970	7	775.4
Champlain	207.27	5	8,665	6	41.8
Clarence Rockland	297.71	3	27,307	1	91.7
East Hawkesbury	235.18	4	3,104	8	13.2
Hawkesbury	9.62	7	10,194	4	1,059.7
Russell	199.11	6	21,090	2	105.9

***2023 FIR

PROPOSED 2025 RESIDENTIAL TAX RATE

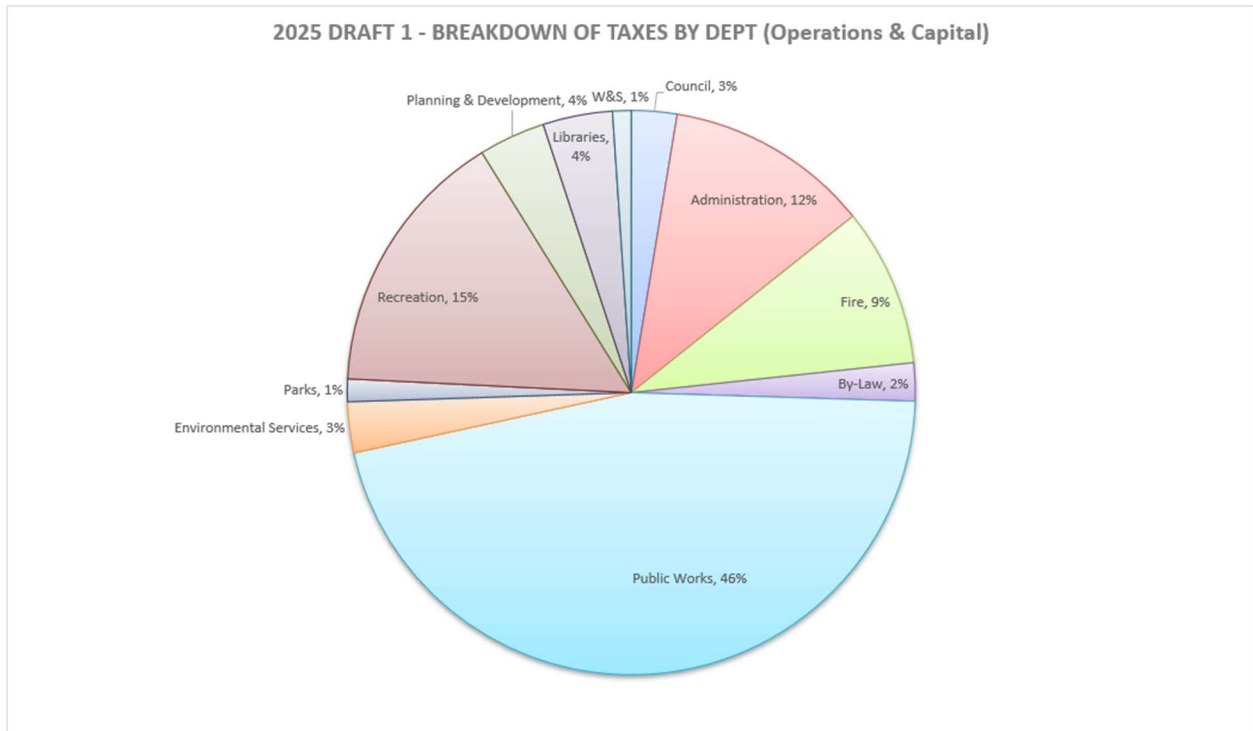
The impact of residential tax for residents is based on the net tax for all services and the total assessment returned by the Municipal Property Assessment Corporation (MPAC). Municipalities also collect taxes on behalf of the school boards and the United Counties of Prescott and Russell. School board rates are determined by the province while the county rate is set by the counties.

This first draft of the 2025 budget includes estimates which reflect an overall increased levy of \$1,132,413 for operations and capital.

For an average assessment of \$300,000, this increase means an additional \$177.31 per year in taxes, or \$14.78 per month.

For purposes of the 2025 budget deliberations, a 1% tax increase represents approximately \$149,213 in additional revenues.

The breakdown of the proposed tax levy by department is as follows:



OTHER CHARGES

WATER & WASTEWATER RATES

The revenue generated from the water & wastewater billing is allocated to cover operational expenses, maintain sufficient reserves for existing infrastructure, and manage any related debt. To sustain current service levels, rates for both services will rise in 2025.

For homes with both services in Limoges, the quarterly bill will increase by \$30.21 to \$345.85, for an average consumption of 40m³. This represents an increase of \$10.07 per month.

For homes with both services in St-Isidore, the quarterly bill will increase by \$33.80 to \$418.38 for an average consumption of 40m³. This represents an increase of \$11.27 per month.

The sewer rate will increase by \$11.25 to \$154.65 per quarter (or \$3.75 per month).

Detailed rates for each tier are presented in the Water & Wastewater section.

ENVIRONMENTAL CHARGE

The environmental charge is expected to rise by \$10 from its current \$180 to \$190 for 2025. This charge, which covers a variety of environmental services offered to residential residents includes weekly household waste collection, annual large item collection, hazardous waste collection, dog

waste collection and dog waste bins, mattress collection, to name a few. The charge also includes an amount transferred to reserve to cover expenses of the three closed landfills as well as the three landfills that will need to be closed in the future.

FIRE CHARGE

The fire charge is expected to increase by \$2.50 to \$87.50 for 2025. This charge secures sufficient reserves for fire services capital expenditures in 2025 and beyond, ensuring adequate service levels and compliance with provincial equipment standards and safety guidelines. More details concerning this fee can be found in the Fire Services section.

POLICE SERVICES USER FEE (NEW)

The Ontario Provincial Police (OPP) plays a crucial role in maintaining the safety and security of our community by providing essential policing services. Each year, the OPP estimates the annual cost of these services and determines the fee payable by each municipality. In the past, the cost of police services was included in the tax rate. For 2025, it has been segregated and charged back the same way it is charged to the municipality. This change allows us to clearly display the cost of policing services, ensuring that taxpayers understand exactly where their contributions are going. By itemizing this fee, we aim to provide greater clarity and accountability in how your tax dollars are spent. The fee for 2025 will be \$353. More details concerning this fee can be found in the Police Services section.

HR ACTION PLAN

Council accepted to go ahead with the proposed HR action plan in September of 2024. An updated status of the plan can be found below:

DEPARTMENT	POSITION	YEAR REQ'D	INCLUDED IN BUDGET			
			2025	2026	2027	2028
CAO Office	Deputy Clerk	2025	X			
	Administrative Clerk	2025	X			
	Archiving Clerk	2025	X			
	Payroll & HR Tech – Contract to Permanent	2025	X			
	HR/Health & Safety Admin support	2027				

DEPARTMENT	POSITION	YEAR REQ'D	INCLUDED IN BUDGET			
			2025	2026	2027	2028
Planning, Building & Economic Development	Asset Management / Civil Technician	2025	X			
	Deputy Building Inspector	2026	X			
	Junior Planner	2026				
	Enforcement Officer (change current PTE to FTE)	2027				
	Community Economic Development Officer	2028				
Water & Wastewater	Operator	2028				
Public Works	Operator	2028				
Environmental Services	Labourer (May – Oct)	2025	X			
Parks & Rec	Operator	2025	X			
Finance	Tax Tech / Utilities Clerk	2027				

The total amount of full-time positions in the 2025 budget is 77.5. Full-time employees are spread as follows among the departments:

DEPARTMENT	2024	2025 ^A	CHANGE
Council	7	7	-
CAO, Clerk's office, finance & administration	13	15	+2
Building	2	3	+1 ^B
Fire Services	0	0	-
Public Works	21	21	-
Water & Wastewater	9	9	-
Environmental Services	3	3.5	+0.5
Parks & Recreation	9	10	+1 ^C
Planning, By-Law, and Economic Development	5	6	+1
Library	3	3	-
Total	72	77.5	+5.5

A - Proposed

B -Paid by increase in Building Permit Revenue

C -No taxation impact, managed through departmental restructuring

CAPITAL INVESTMENTS

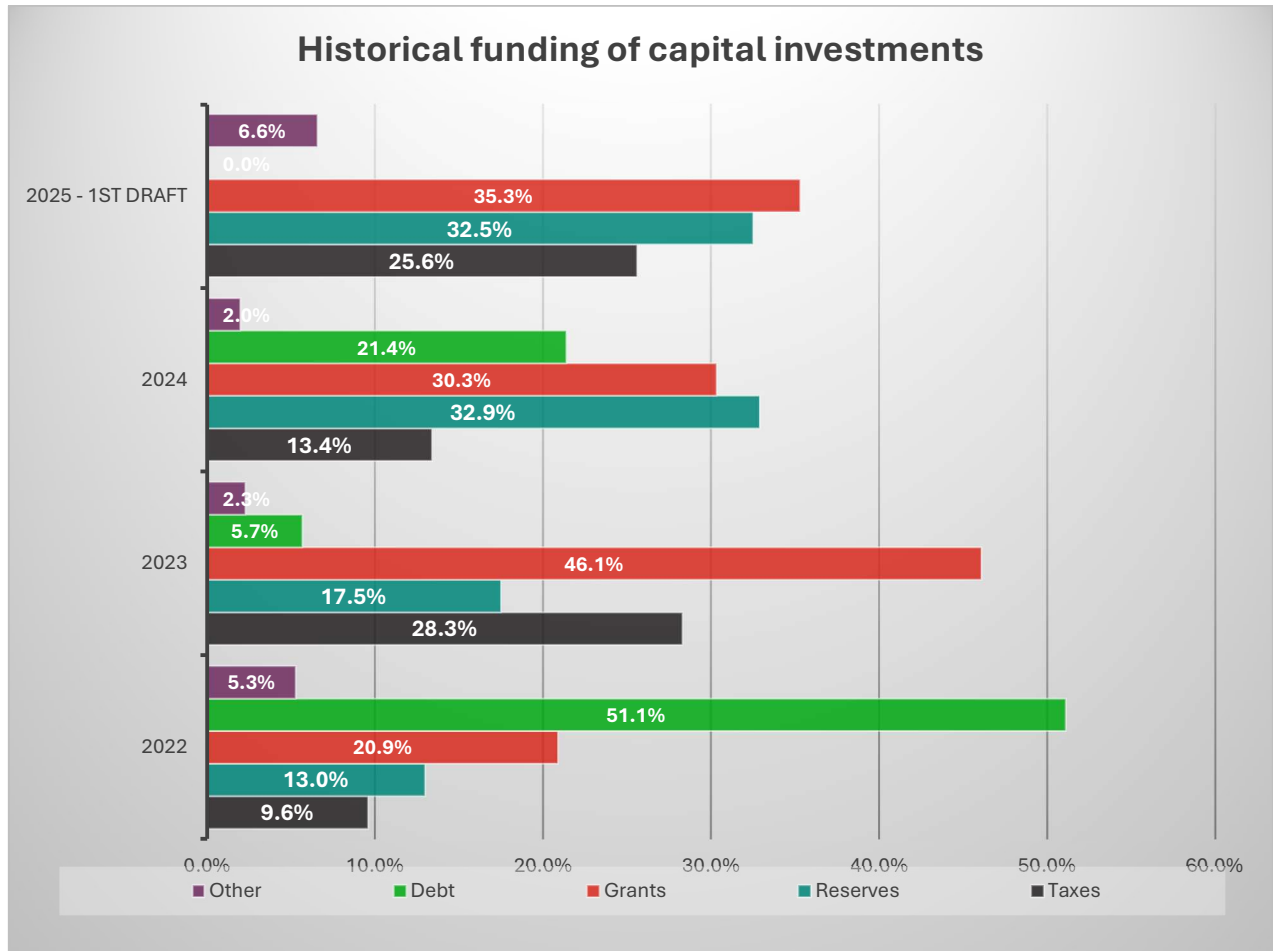
The 2025 capital budget covers capital items from large infrastructure to smaller assets and other long-term projects. The capital budget is the municipality's plan to purchase, build, maintain, repair, and replace capital assets and infrastructure while reflecting strategic plans, capital

requirements as per the asset management plan and the needs of the community. Planning the capital budget can be tricky. Capital requirements to stay on track with the asset management plan, community needs and requests, and infrastructure required for growth must all be balanced out against available funding as well as consideration for the long-term planning of the municipality.

Funding of capital can be done through a variety of methods, each offering unique advantages and suited to different financial strategies. These methods are outlined below:

- i. Grants: funding can be conditional (specific use) or unconditional (varied use). Most grants are yet unconfirmed for the 2025 year, so estimates based on prior year and will be updated as actual figures are available.
- ii. Development charges: fees paid by developers for infrastructure tied to growth, used only for growth-related projects.
- iii. Reserves and reserve funds: funds set aside for future capital. Reserves can be reallocated by council, while reserve funds are for specific statutory purposes and cannot be reallocated.
- iv. Debt: borrowed funds for capital projects, repaid in future years.

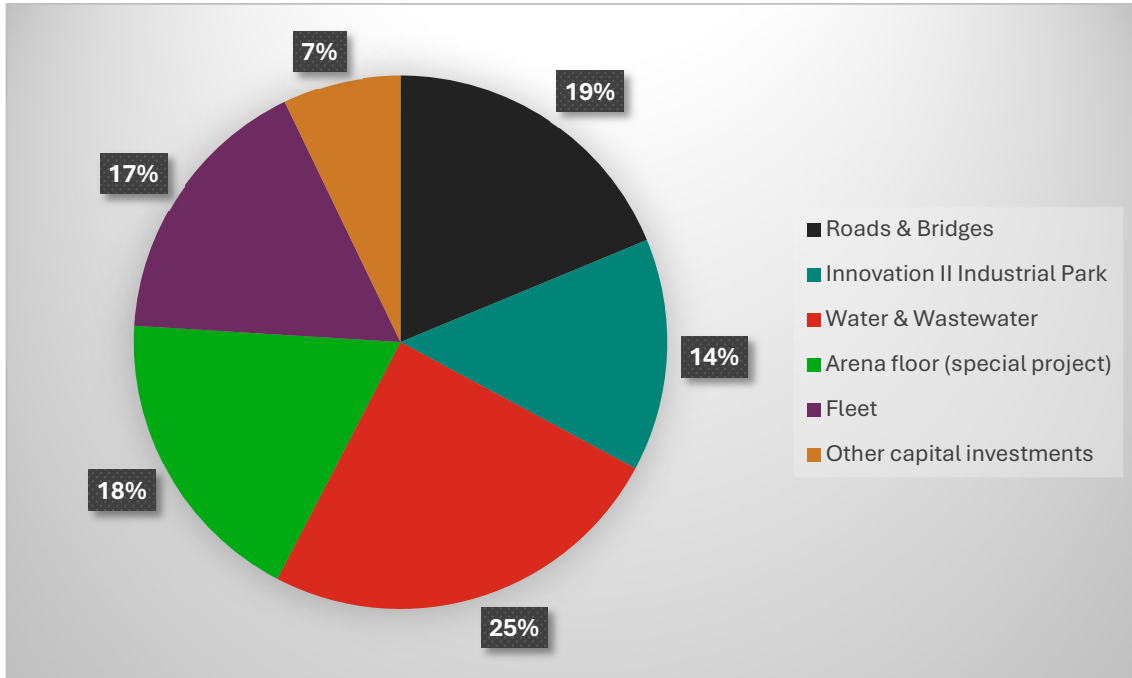
Capital investments are ongoing, and the municipality should regularly fund replacements to maintain service levels. With decreasing debt availability and unpredictable grants, reserves have increasingly funded capital. A recent funding breakdown is provided below.



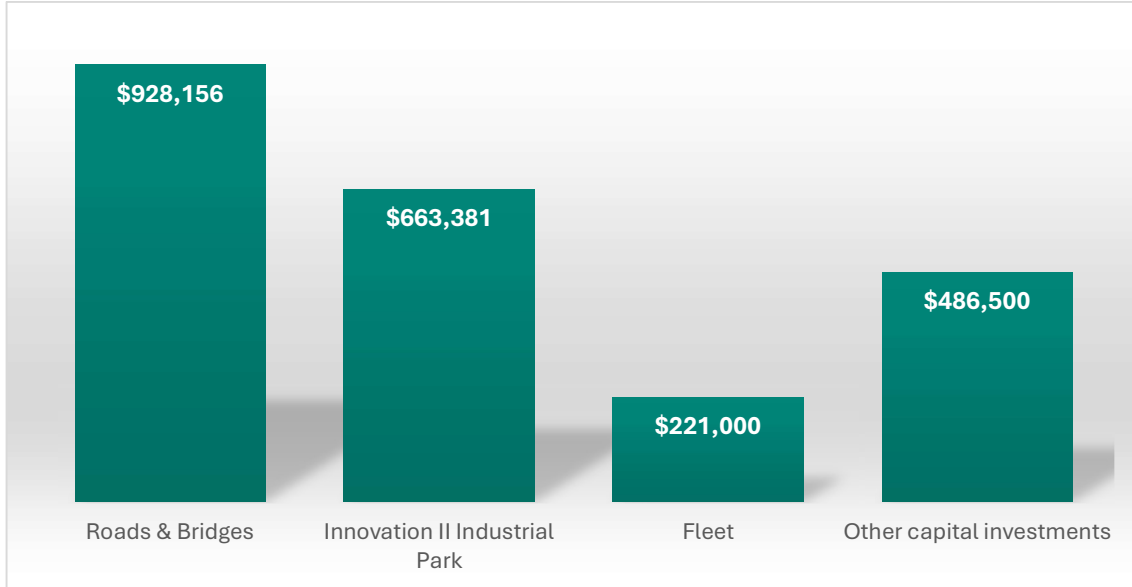
With the use of debt being more and more limited, the chart above shows the increased use of reserves to fund capital investments. Funding of reserves will be key for this to remain an option in the long-term.

Capital investments for 2025 total \$10,628,950. The proposed sources of funding for capital investments as at this first draft are included in the table in Appendix A of the budget report submitted on October 28. In this first draft, some sources are included as estimates as we are still awaiting confirmation of actual amounts.

Capital investments are spread among several departments and categories of assets. For 2025, the breakdown of budgeted investments, before funding sources, is as follows:



Budgeted investments funded by tax dollars (at the first draft of the budget) are broken down as follows. These are subject to change until the final draft of the 2025 budget.



The management team has already gone through the list of capital projects proposed and cut back to limit the use of debt and the impact on the tax rate. As such, several road paving and park and hall enhancement projects were removed for this year.

FLEET MANAGEMENT

Fleet management involves the strategic oversight of municipal vehicles to ensure they operate efficiently, safely, and sustainably. To maintain these efforts and accommodate future needs, it is crucial to establish financial reserves which can fund the replacement of aging vehicles, invest in new technologies, and cover unexpected repairs, ensuring the fleet remains reliable and cost-effective over the long term. As shown in the table below, the required transfer to the fleet reserve was not achieved in past years. In the long term, this means that the fleet reserve will be underfunded and, while it can be a source to fund some vehicles, most of the fleet required in any given year will have to be funded through other sources.



Every year, the fleet is reviewed to ensure vehicles are replaced at optimal time. In 2025, a total of 10 vehicles are due for replacement for a total of \$1,792,800 with proposed funding as follows:

Fleet reserve	\$106,000
Reserve funds (water & wastewater, environmental services, fire charge)	992,800
Grants	473,000
Taxes	221,000
Total	\$1,792,800

RESERVES, RESERVE FUNDS, AND DEFERRED REVENUE

Projected balances on December 31, 2024 are presented below. These balances were considered in the elaboration of the 2025 budget and \$3,839,839 is planned to be used from reserves and reserve funds to fund capital projects.

RÉSERVES RESERVES	Estimated / Estimé 12.31.2024
Working Capital / Fonds de roulement	1,530,193
Ward donation balances / Soldes de dons des quartiers	2,318
Administration	
Building Reno / Améliorations bâtiment	254,116
Divers	293,181
Employee / Employé	47,499
IT / TIS	81,805
Land sale / Vente de terrain Manitou	125,310
Vehicle & equipment fleet / Flotte de véhicules & équipements	521,158
Storm Management / Égout Pluviaux	166,000
Solar Panel / Panneaux solaire	268,341
Election	32,322
Fire Department / Service d'incendie	728,928
Quarry Rehabilitation South Plantagenet	172,992
Public Works / Travaux publics	
Pont Latour	84,795
Public Works Roads carried forward	40,000
Recreation / Récréation	
Artificial Ice / Glace artificielle	685,747
Capital after Master Plan / Plan directeur	570,647
St Bernardin Hall	26,485
St Albert Hall Plans	124,460
Limoges Hall	36,500
Sports Complexe / Complexe sportif	10,000
Planning / Urbanisme	
Official Plan Limoges & St Isidore	36,910
Economic Development / Développement Économique	74,000
Library / Bibliothèques	283,537
Total	6,197,241

RÉSERVES DE PARCS PARK RESERVES	Estimated / Estimé 12.31.2024
St Isidore Park	41,312
St Isidore Skating & Splash Pad	9,990
Ste Rose Park	9,008
St Bernardin Park (Jean Paul Charlebois)	8,756
Fournier Park	4,557
Forest Park Park	1,200
Limoges Park	3,995
Parc Giroux Park	8,177
Cambridge Forest Estate	20,067
Limoges Bingo Park	2,967
Limoges Anciens Combatant	1,017
Nation Social Committee	4,267
Total	115,313

FONDS DE RÉSERVES RESERVE FUNDS	Estimated / Estimé 12.31.2024
Environment	1,962,734
General Sewer / Égouts général	3,118,291
Sewers / Égouts St Albert	311,633
Sewers / Égouts St Isidore	32,542
Sewers Growth / Égouts croissance Limoges	81,504
Sewers / Égouts Fournier	10,536
Water / Eau Projet Brisson	1,401
Water / Eau Castor Rd	6,470
Water / Eau St Isidore	357,390
Water Growth / Eau Croissance Limoges	-252,958
Water / Eau Limoges	332,022
Ponceau CFE	8,059
Total	5,969,624

DEFERRED REVENUE REVENUE REPORTÉ	Estimated / Estimé 12.31.2024
Parkland / Fins de parc	205,052
Dev Charge / Redevances d'aménagement	1,071,231
Building / Construction	132,056
Fire Department	25,570
Water & Sewer / Eau & Égouts	20,304
St Albert Park / Parc St Albert	2,000
Limoges Park / Parc Limoges	140
Recreation bank transfers / Transfert de banque récréation	35,703
TOTAL	1,492,056

OPERATION BUDGET SUMMARY

The operational budget summary by department is presented in Appendix A of the budget report. Variance report for budgeted operations of 2025 vs 2024 is presented in Appendix B of the budget report submitted on October 28.