



# 2025-2026 Draft Budget Presentation

Thursday March 27, 2025



## Message from the Senior Management Team

The Township of Oro-Medonte, like many other communities across the Province continues to face a number of challenges with growth, unprecedented inflation, an increasingly more complex and uncertain operating environment, aging infrastructure and asset management funding deficits, changing service needs and supporting an engaged workforce.

[Council's 2024-2027 Strategic Plan](#) continues to guide our priorities of financial sustainability, community engagement, well planned development, community safety and strengthening operational capacity. The draft 2025-2026 budget reflects the direction of the Strategic Plan, feedback from the community on budget priorities, modernization and addressing evolving service requirements while continuing to increase capital funding to ensure the sustainability of our existing infrastructure that supports the needs of our community.

Additionally, the new community centre in Horseshoe Valley will be completed and become operational in the Fall. The budget reflects the capital and operating costs associated with this project. Events and activities will be planned, forming an important component of operating revenue associated with the community centre.

In conclusion, the 2025-2026 budget reflects our commitment to fiscal responsibility and the ongoing enhancement of services for all residents, businesses, and visitors.



## 2025/2026 Budget Overview

On December 11, 2024 Council received a presentation on the 2025-2026 Budget which provided an overview of the development and focus of the 2025-2026 budget.

*Link to presentation ([click here](#))*



# 2025/2026 Budget Overview

## 2025/2026 Budget Considerations

- Inflation, Cost of Goods/Services
- Growth
- Legislative requirements
- Risk Management
- Optimization of User Fees
- Technology Projects and Process Improvements
- Asset Management
- Prioritization of capital projects
- Ontario Provincial Policing
- Cost distribution to more accurately reflect cost of services
- Salaries and Benefits
  - Per CUPE Agreement and Pay Principles and Compensation Policy
  - Amendments to budgeting to reflect anticipated situation (timing and wages)
  - Succession Planning
- New Community Center
- Service level requirements (“righting resourcing”) / enhancements
- Contributions to reserves for debt and future expenses



## 2025/2026 Budget Considerations

The Township's Operating Environment in 2025/2026 will continue to see significant complexity and uncertainty. This will result in challenges and opportunity. As such the 2025 and 2026 Budget is considered a plan which can be adapted to respond to meet changing priorities.

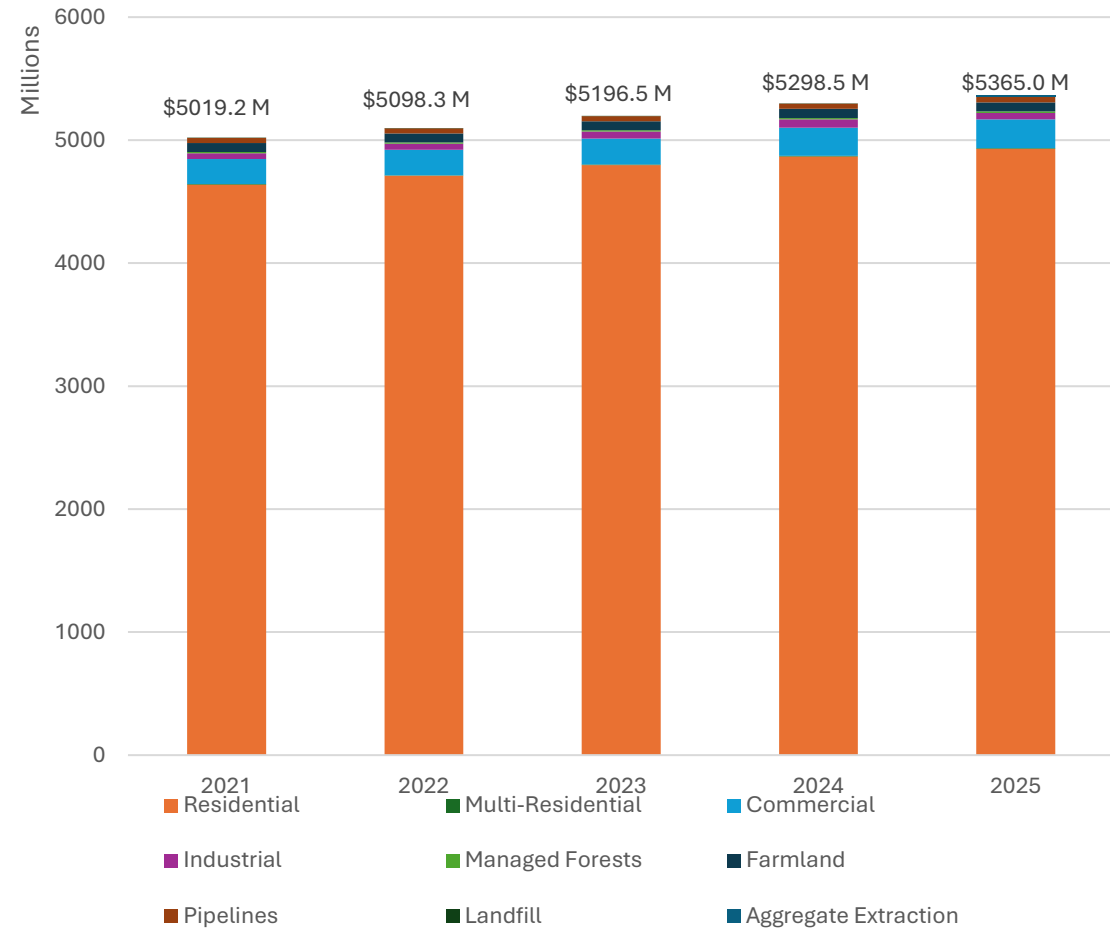
### The 2025/2026 Budget Management Controls Include:

- Environmental scanning (challenges and opportunities)
- Stage gating and approval of projects
- Council reporting and direction
- Variance reviews
- 2026 Budget Recalibration



## Township Property Assessment Values 2021 - 2025

- The Municipal Property Assessment Corporation (MPAC) is responsible for assessing and classifying all properties in Ontario. MPAC conducts property assessments to determine the value of properties for taxation purposes, which the Township uses to calculate property tax rates to fund the current year's operating and capital budget.
- In the Township, residential assessment accounts for 92% of the total assessment as shown in the orange-coloured bar in the graph. The Township's 2025 total assessment value (\$5,365.0 M), finalized by MPAC, reflected an increase of \$66.5 M over 2024 total assessment value (\$5,298.5 M)
- This growth in property assessment has added \$316,350 to the Township's revenues, helping to reduce the impact of a 1.11% property tax rate increase for 2025



# Where Your Tax Dollars Go

## Draft 2025 and 2026 Budget Overview

### 2025 Budget Levy \$30,023,337:

- Operating Budget Levy: \$22,847,698
- Capital Budget Levy: \$ 7,175,639

### 2026 Budget Levy \$31,923,942:

- Operating Budget Levy: \$23,494,861
- Capital Budget Levy: \$ 8,429,081

### 2025 Tax Rate Increase: 5.50%

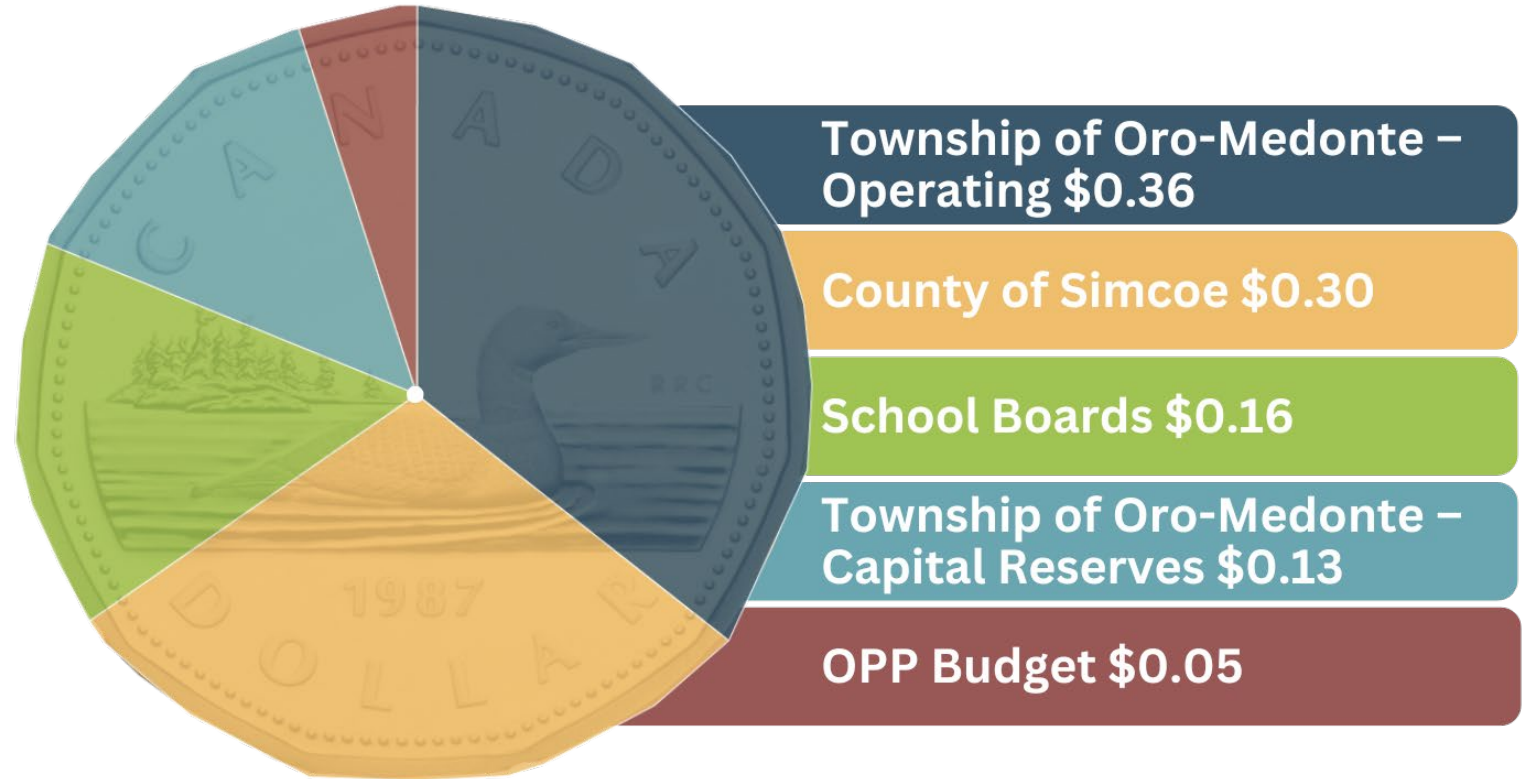
- Operating: 4.19%
- Capital: 1.31%

### 2026 Tax Rate Increase: 5.26%

- Operating: 3.87%
- Capital: 1.39%

### Total Blended Tax Increase included with County and School Boards:

- 2025: 4.07%
- 2026: 3.98%



A 1% increase to the tax levy generates approximately \$285,000 in revenue.



This equates to an annual increase of \$200.13 in 2025 and \$203.35 in 2026 for a residential home assessed at \$500,000 in the Township of Oro-Medonte.



# Where Do Your Tax Dollars go?



## Operations/Roads

**33.9%** of the operating budget is allocated to maintenance, road clearing, and paving.



## General Government

**16.8%** of the operating budget is allocated to IT, Finance, Human Resources, Council, Clerk's, Communications, Economic Development, Administration



## OPP Police Services

**12.6%** of the operating budget is allocated to finance OPP Services in the Township.



## Fire & Emergency Services

**11.6%** of the operating budget is allocated to maintenance, improvement, and investment in emergency equipment and staffing.



## Recreation

**11.1%** of the operating budget is allocated for maintenance & improvements in recreation.



## Environmental Services & Initiatives

**3.2%** of the operating budget for environmental services administration; **2.3%** for environmental initiatives.



## Development Services

**4.5%** of the operating budget is allocated to improving/maintaining service levels.



## Municipal Law Enforcement

**3.3%** of the operating budget is allocated to maintaining/improving service levels.



## Corporate Facilities

**0.7%** of the operating budget is allocated to maintaining/improving Township facilities.

## Budget Tidbit



The average cost to pave 1km of road is \$230,000 (equivalent to a 0.81% tax increase).

The average cost of a new fire pumper truck is approximately \$900,000 (3.16% tax increase)



The cost of full deployment of the Township plows to respond to one winter event is \$29,000.



# What We've Heard

## Community Budget Survey: Areas of Focus



### Roads & Bridges

89/185 Respondents chose as a top 5 community priority.



### Snow/Ice Clearing

88/185 Respondents chose as a top 5 community priority.



### Safe Drinking Water

83/185 Respondents chose as a top 5 community priority.



### Active Living

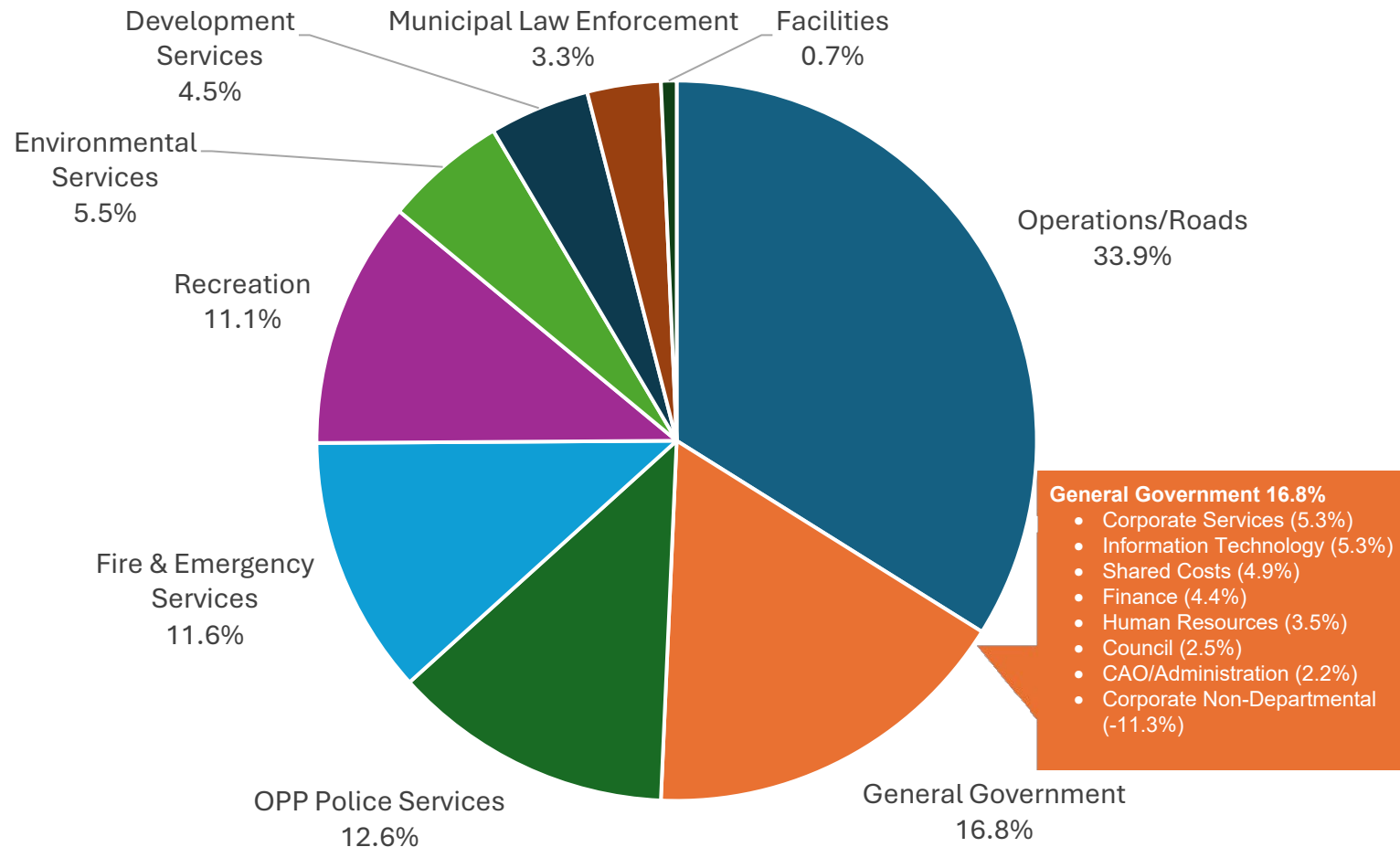
68/185 Respondents chose as a top 5 community priority.



### Policing

67/185 Respondents chose as a top 5 community priority.

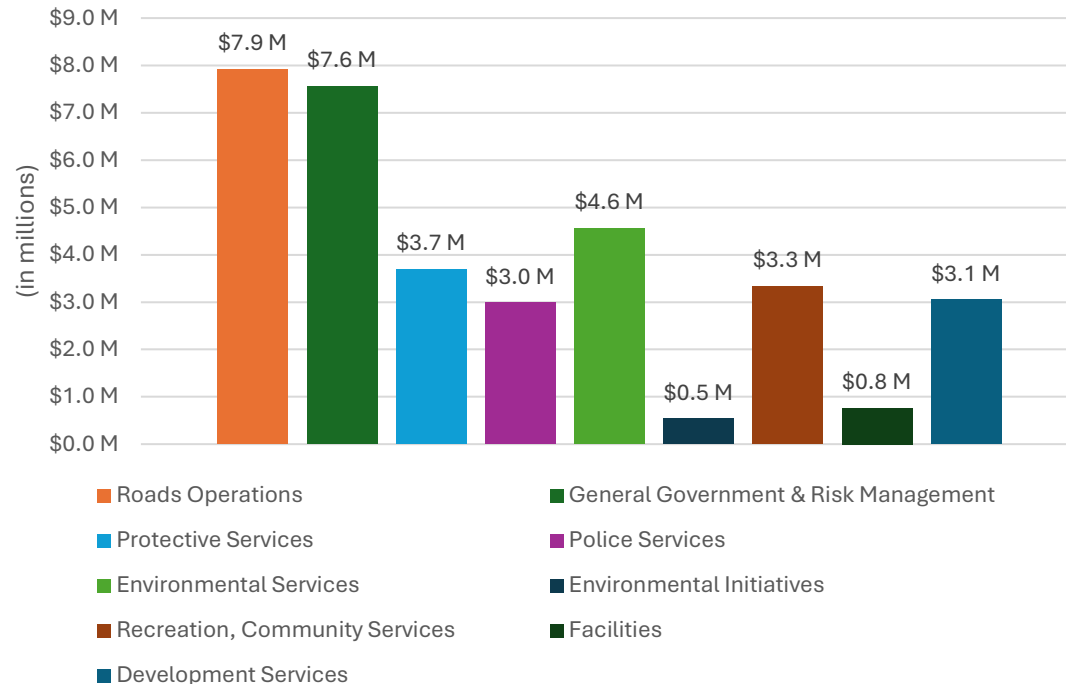
## Operating Budget Allocation (%)



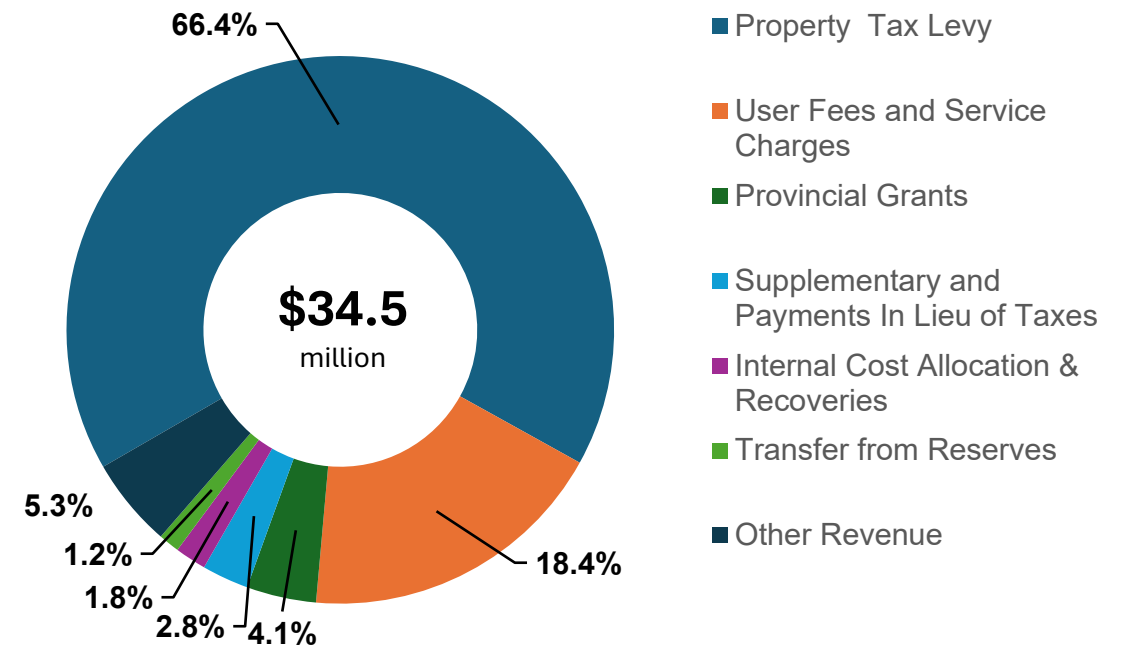
# 2025 Operating Budget

- The Township of Oro-Medonte's 2025 draft operating expense budget is \$34.5 million, and the operating revenues must equal this amount to balance the budget.
- Operating revenues, totaling \$11.7 million, come from sources such as user fees, provincial grants, supplementary taxes, payments in lieu of taxes, internal cost allocations, and reserves. To achieve a balanced budget, **the 2025 net operating tax levy is calculated to be \$22.8 million**, reflecting an increase of \$0.90 million over the 2024 net operating tax levy.

2025 Expenses (\$34.5 million)



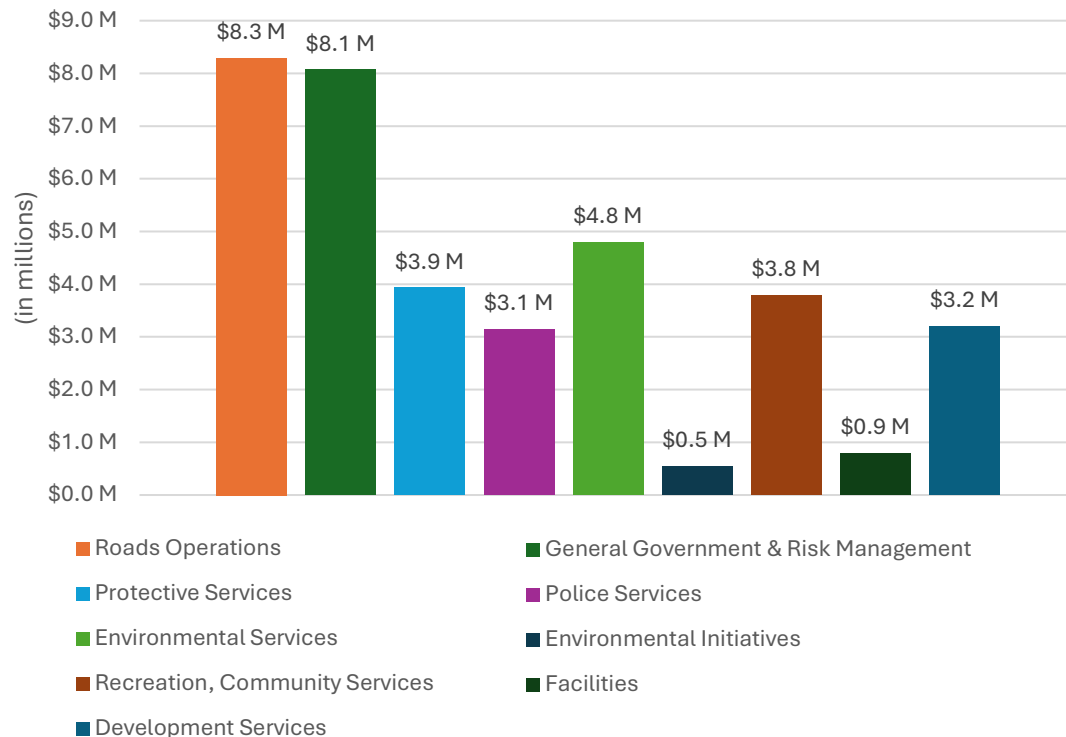
2025 Revenue (%)



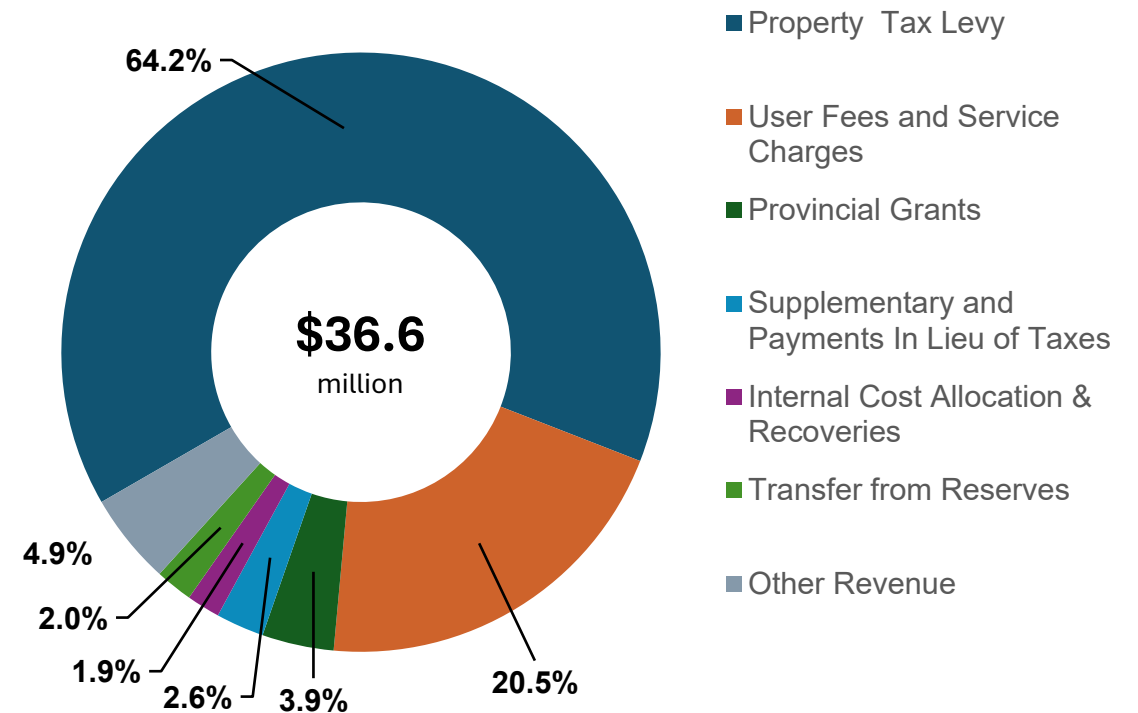
# 2026 Operating Budget

- The Township of Oro-Medonte's 2026 operating expense budget is \$36.6 million, and the operating revenues must equal this amount to balance the budget.
- Operating revenues, totaling \$13.1 million, come from sources such as an increase in user fees over 2025 amounts (18.9%), provincial grants, supplementary taxes, payments in lieu of taxes, internal cost allocations, and reserves. To achieve a balanced budget, **the 2026 net operating tax levy is calculated to be \$23.5 million**, reflecting an increase of \$0.70 million over the 2025 net operating tax levy.

2026 Expenses (\$36.6 million)



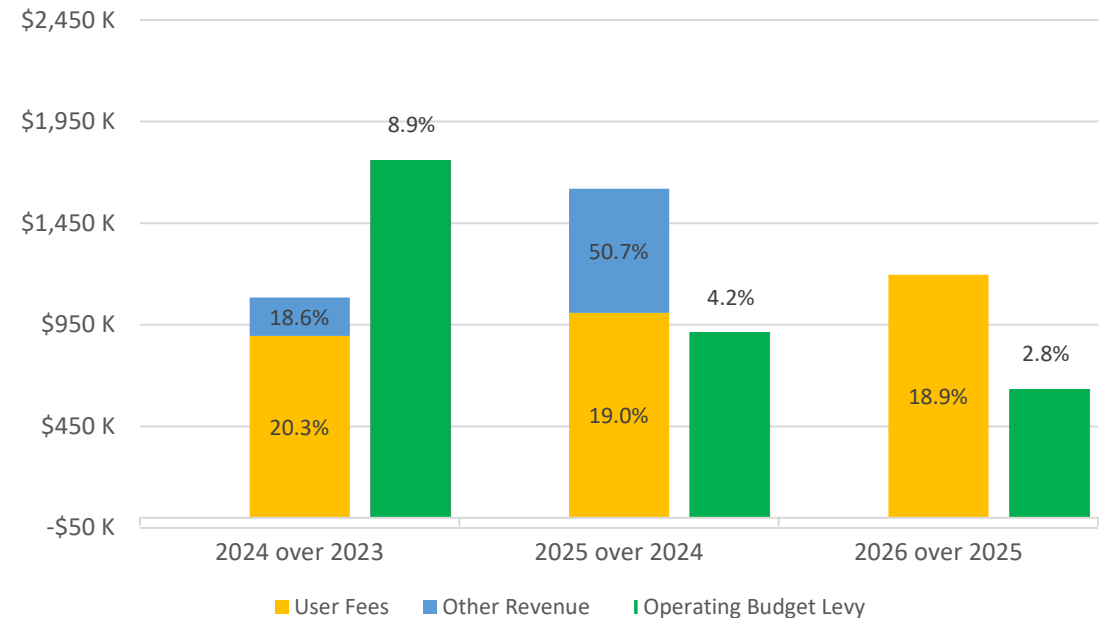
2026 Revenue (%)



# Other Sources of Revenue and Operating Levy

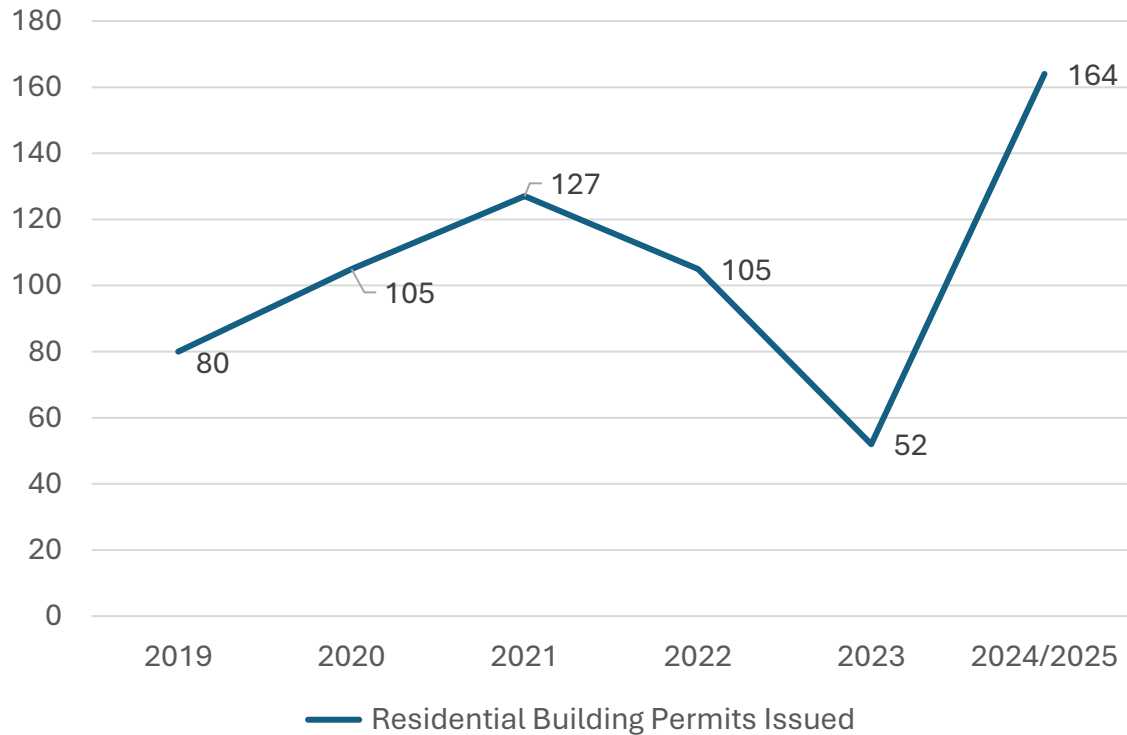
- The graph illustrates the percentage change in user fees and other revenues combined between 2024 and 2026, relative to the operating budget levy change over the same period.
- In the 2025 over 2024 period, user fees and revenues increased by 69.7%, leading to a 4.2% decrease in the operating budget levy. This indicates a reduced reliance on the property tax levy in 2025. Notably, other revenue in 2025 includes investment income, as Township reserves have been invested in High Interest Savings Account (HISA) accounts to boost investment revenue.
- Similarly, in the 2026 over 2025 period, user fees and revenues rose by 18.9%, resulting in a 2.8% decrease in the operating budget levy. This trend reflects a further reduced dependence on the property tax levy as user fees and other revenues contribute more significantly to funding the budgets.
- Watson & Associates conducted a development services fee review, finalized on February 26, 2025, and presented to Council on March 12, 2025. This review, which requires public consultation, is expected to lead to a fee update by mid-2025.
- The anticipated reduction on the impact of the operating tax levy is expected as revenue increases result from updated fees, moving the Planning Division closer to cost recovery.

**Percentage Change of User Fees and Other Revenue  
Compared to Operating Levy  
Across Budget Years 2024 - 2026**

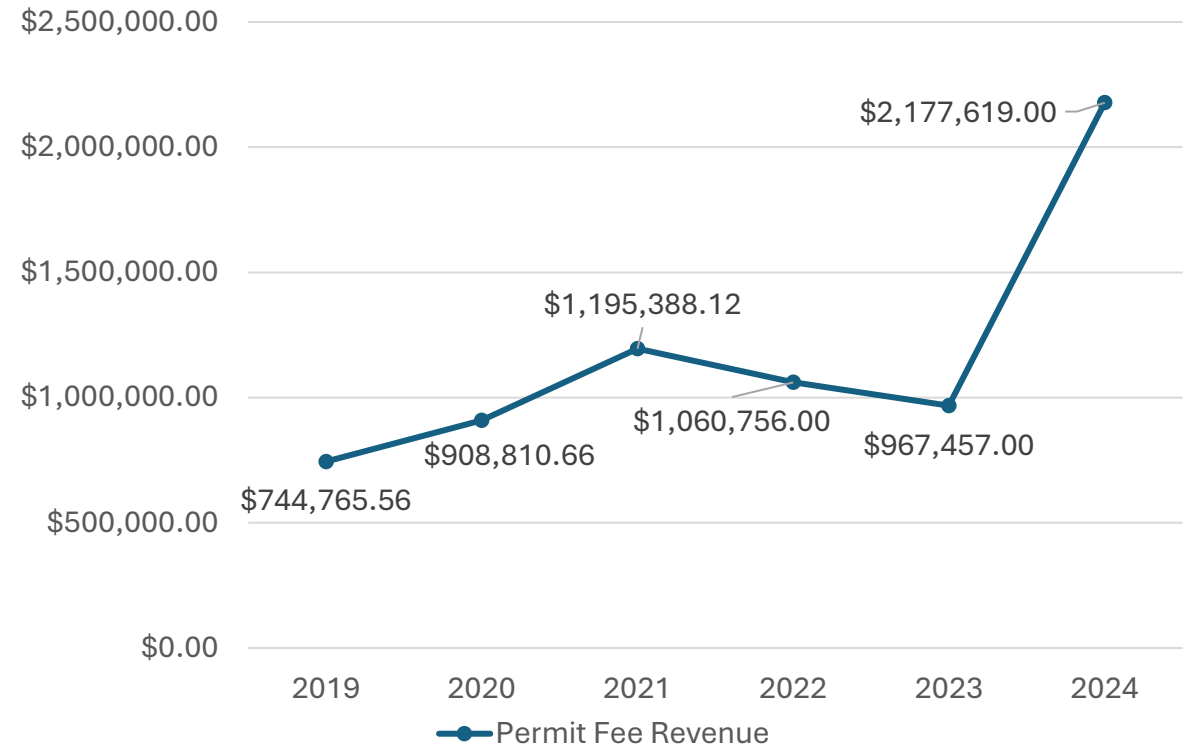


# Building Permit Activity

## Annual Residential Building Permits Issued



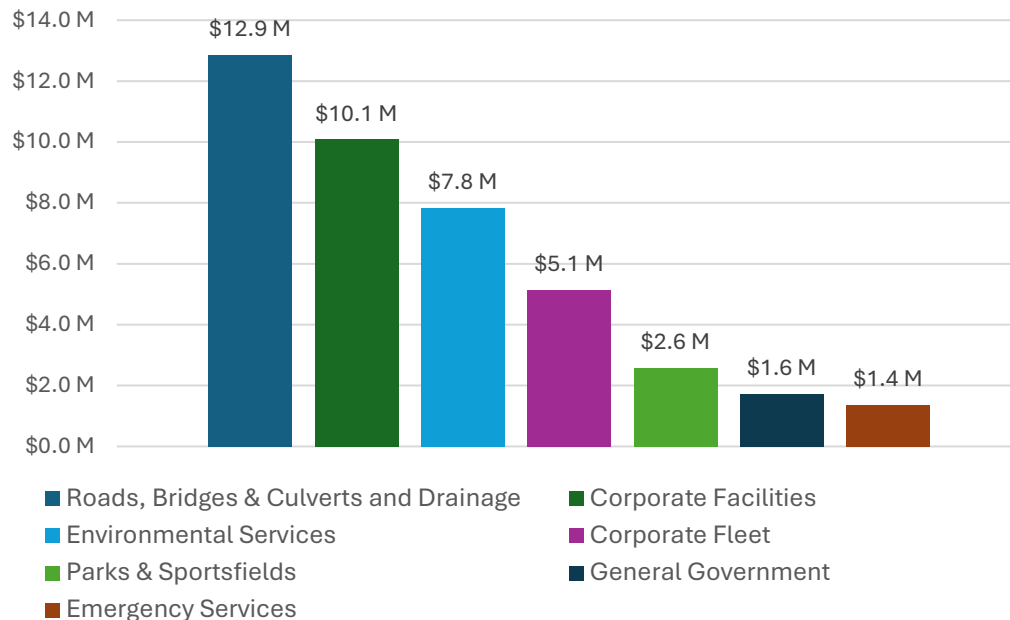
## Permit Fee Revenue



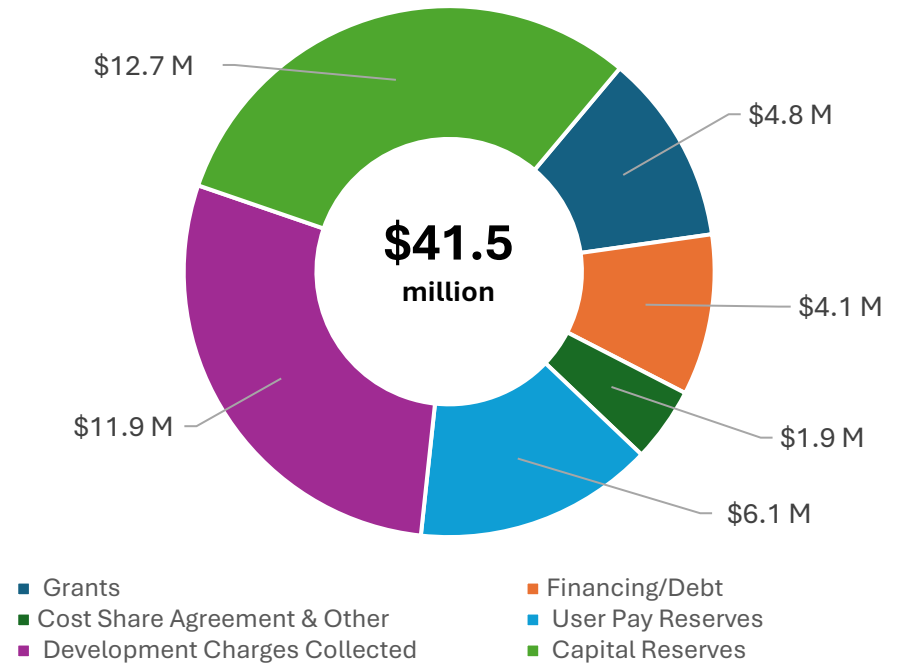
# Multi-Year 2025 & 2026 Capital Budget

- The 2025/2026 Capital Budget allocates \$41.5 million towards various capital projects, with the largest portions going to roads, bridges & culverts and drainage (\$12.9M), corporate facilities (\$10.1M), environmental services (\$7.8M), corporate fleet (\$5.1M), parks & sports fields (\$2.6M) and general government and emergency services making up the remaining (\$3.0M) of capital expenses.
- Funding for this budget totals \$41.5 million, sourced primarily from Capital Reserves (\$12.7M), Development Charges (\$11.9M), User Pay Reserves (\$6.1M), Provincial Grants (\$4.8M), Debt (\$4.1M), and Cost Sharing Agreements & Other (\$1.9M).

**2025/2026 Capital Budget Expense (\$41.5M)**



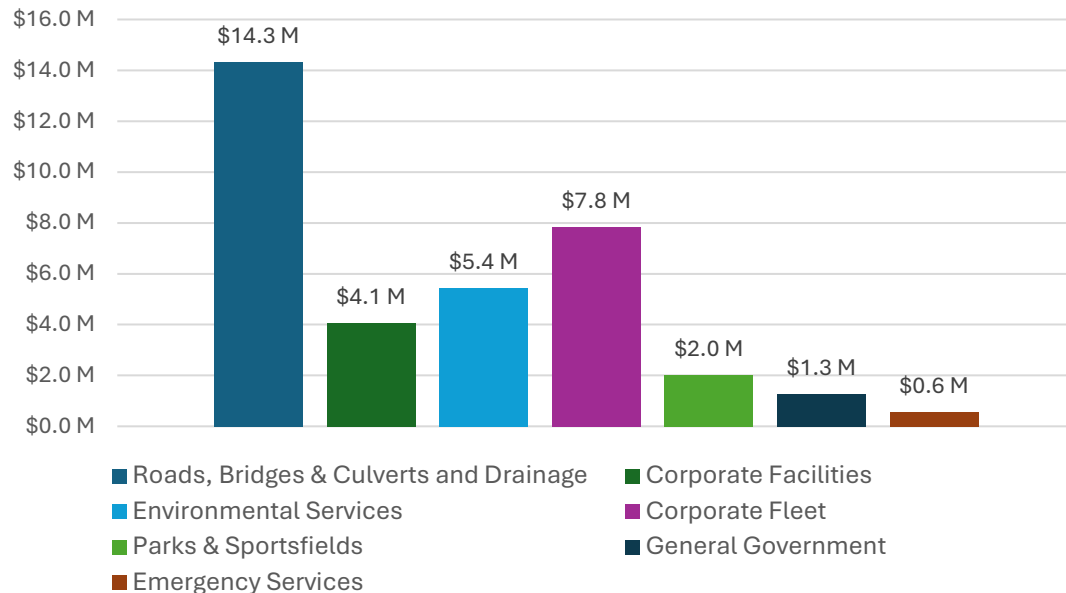
**2025/2026 Capital Budget Funding (\$41.5M)**



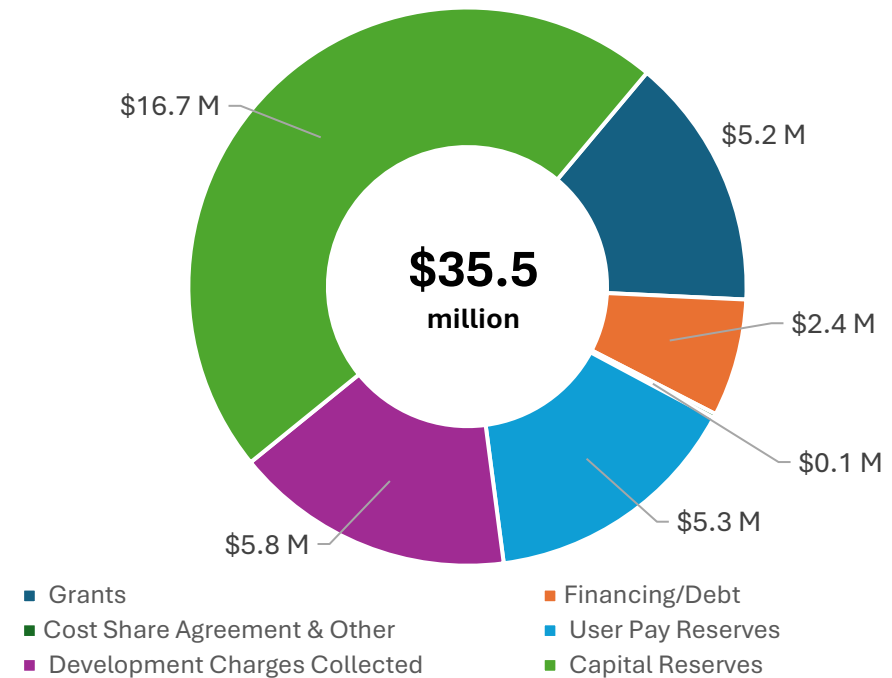
# 2027 – 2029 Capital Budget Forecast

- The forecast for the years 2027 to 2029 includes a total capital expense of \$35.5 million, allocated across various sectors such as roads, bridges, culverts, and drainage (\$14.3M), corporate fleet (\$7.8M), environmental services (\$5.4M), corporate facilities (\$4.1M), parks and sports fields (\$2.0M), and general government and emergency services making up the remaining (\$1.9M) of capital expenses.
- Funding for the forecasted expenses is projected to come from capital reserves (\$16.7M), development charges (\$5.8M), user pay reserves (\$5.3M), provincial grants (\$5.2M), debt (\$2.4M), and cost sharing agreements & other (\$0.1M). This detailed breakdown ensures comprehensive long-term planning and transparency.

2027 - 2029 Capital Expense Forecast (\$35.5M)



2027 - 2029 Capital Funding Forecast (\$35.5M)





# Overview of Municipal Reserves & Reserve Funds

## Working Fund and Operating Reserves

- Operating or working reserves provide financial cushion to manage unexpected expenses, economic downturns, emergencies, or revenue shortfalls which would be atypical to regular annual expenses. They also provide funding to address opportunities and needs not planned for through the budget process.
- Some examples of the Township's Operating Reserve Funds include: Budget Contingency, Building (user pay), Streetlights (user pay) Human Resources, Winter Maintenance, Police, Legal, Insurance etc.
- Operating reserves help ensure that the municipality can continue to operate smoothly without needing to raise taxes or reduce services abruptly.



# Overview of Reserves & Reserve Funds

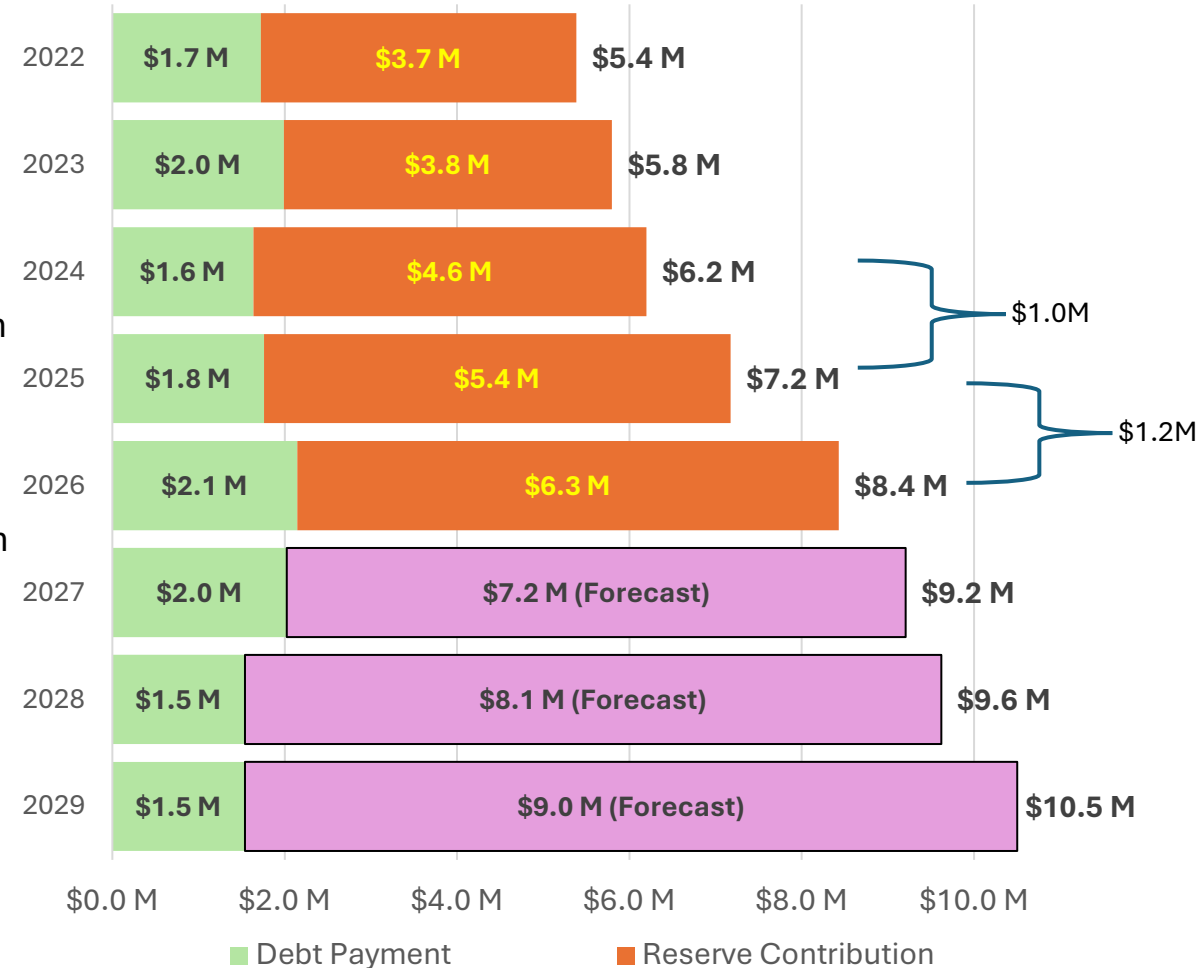
## Capital Reserve Funds

- Reserve funds are established funds designated proactively for specific future expenses, such as infrastructure projects, equipment purchases, or other capital needs. Reserve funds are guided by requirements to address growth, master plans, asset management and long-term financial plans.
- **Reserve funds can be further categorized into:**
  - Capital and Repair Funds: Used for financing major capital projects like building new facilities or upgrading infrastructure, as well as maintaining and replacing existing assets.
  - User Pay Reserve Funds: Generated from user fees for drinking water and streetlights infrastructure maintenance and renewal.
  - Development Charge Reserves are funds collected by development to pay for development related infrastructure and are governed by the Development Charges Act and the Township's Development Charge Bylaw.



# Overview of Municipal Reserves & Reserve Funds

- Capital levy contributions are essential for maintaining reserves and paying off debt, but it's been challenging to fund future replacement costs, which impacts infrastructure maintenance.
- Without enough funds for future replacements, there's a risk of deteriorating infrastructure, higher maintenance costs, and service disruptions. Properly funding reserves is crucial for reliable services and asset upkeep.
- For 2025, the capital levy is set at \$7.2 million, an increase of \$1.0 million from 2024, with \$200,000 for debt repayments and \$800,000 for capital reserves. In 2026, the levy is expected to rise to \$8.4 million, up by \$1.2 million from 2025, with \$300,000 for debt repayments and \$900,000 for capital reserves.
- Since a long-term plan has just been reviewed this budget year, there has been no consideration for how the capital budget levy should balance debt repayments with the amount needed to fund future replacement costs. This oversight impacts the municipality's ability to maintain infrastructure and ensure reliable services.
- Current reserves are insufficient for future expenses, so adjustments are needed. A flexible financial planning approach, including thorough long-term analysis and annual management, is being developed through refined asset management and long-term financial planning.
- While adding an additional capital renewal contribution to future tax levy increases is a starting point, it remains insufficient to meet future needs.



# Overview of Reserves & Reserve Funds

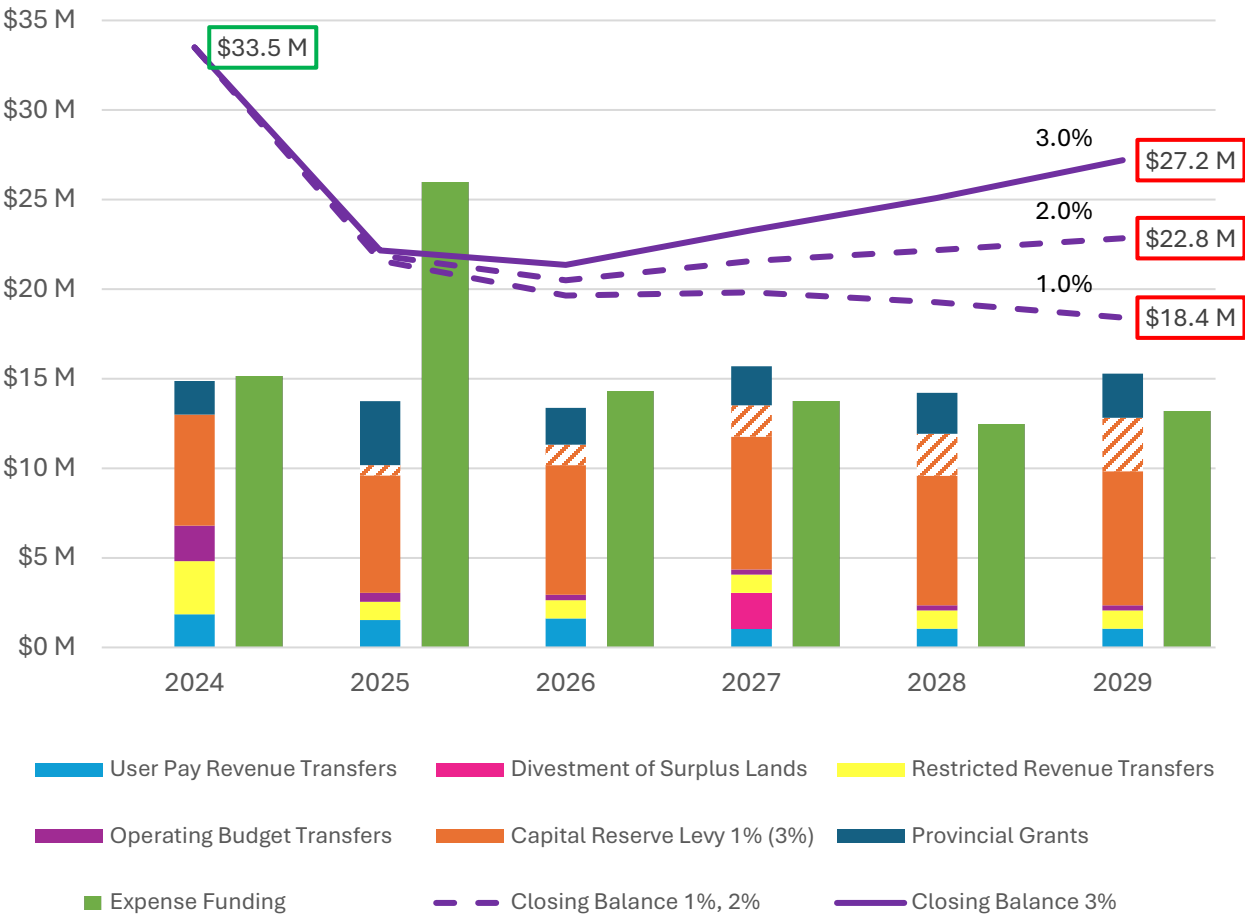
The graph illustrates different capital reserve contribution scenarios, equivalent to a 1%, 2%, and 3% tax increase, and their impact on capital reserve balances. It also shows forecasted capital expense withdrawals each year and the impact on 2029 closing reserve balances.

The solid purple line represents the closing reserve balance each year with the recommended 3% equivalent tax increase scenario included in the 2025 and 2026 budgets, indicating a positive trend from 2025 to 2029. The 2% and 1% scenarios, represented as purple dotted lines, show less pronounced reserve balance increases. The 1% scenario eventually leads to declining reserve balances year over year, as contributions are insufficient to replenish reserves given the required capital withdrawals for projects each year.

As illustrated by different colors in the bar graph each year, there are four categories of reserves: working fund and operating, capital, user pay, and restricted reserves. Each has specific conditions for replenishment and funding capital projects. The net replenishment activity of these reserves is presented for the budget years 2024 to 2029, while the green bar represents total reserve withdrawals each year to fund capital projects.

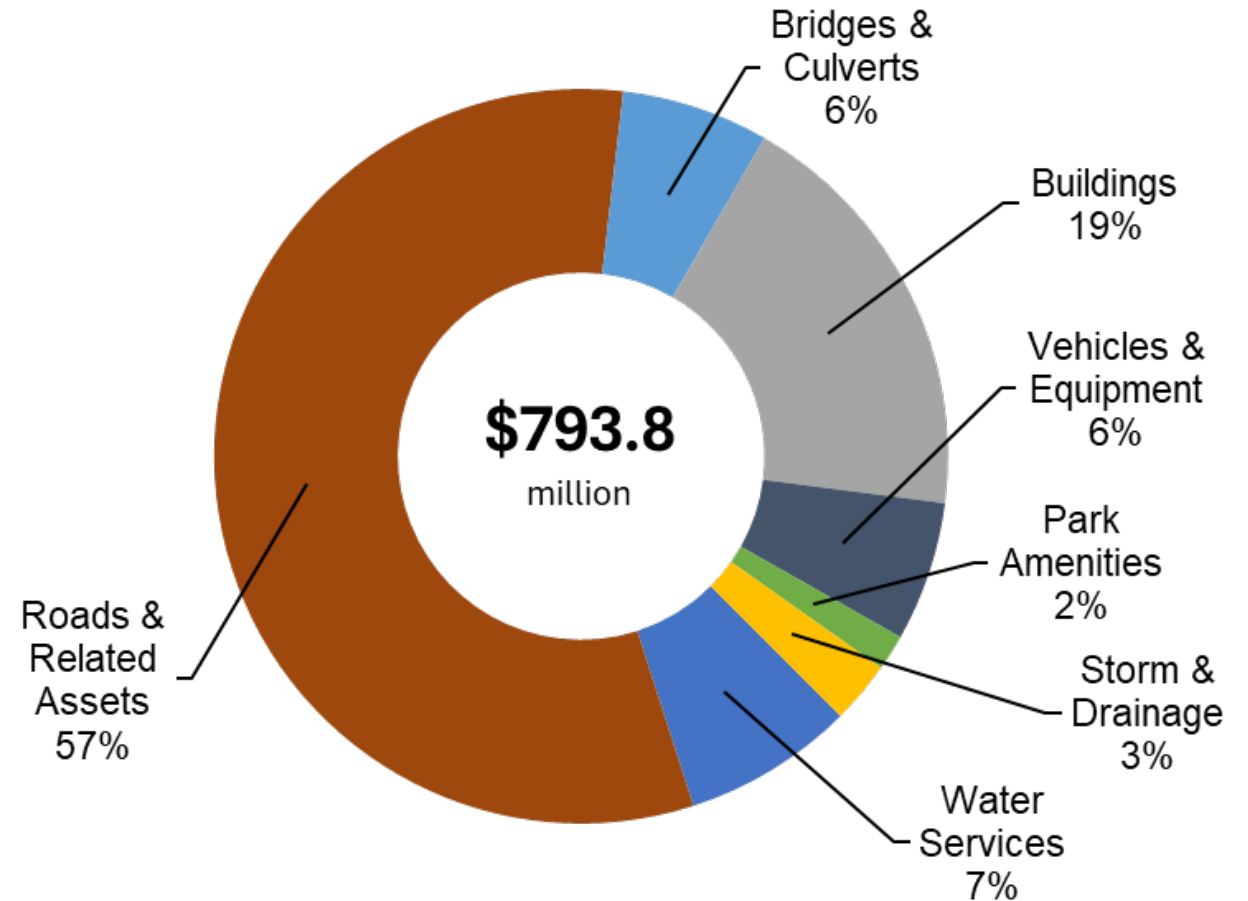
Replenishing user pay and restricted reserves depends on user pay and developer activity. Significant projects like the East Oro Fire Station (2024) and the new community centre (2025) draw funds from development charge reserves due to the increased services and infrastructure required in the community because of growth. User pay reserves are linked to drinking water usage and development permits.

**Reserve Contribution Scenarios and Forecasted Expenses with Closing Balances (2024-2029)**



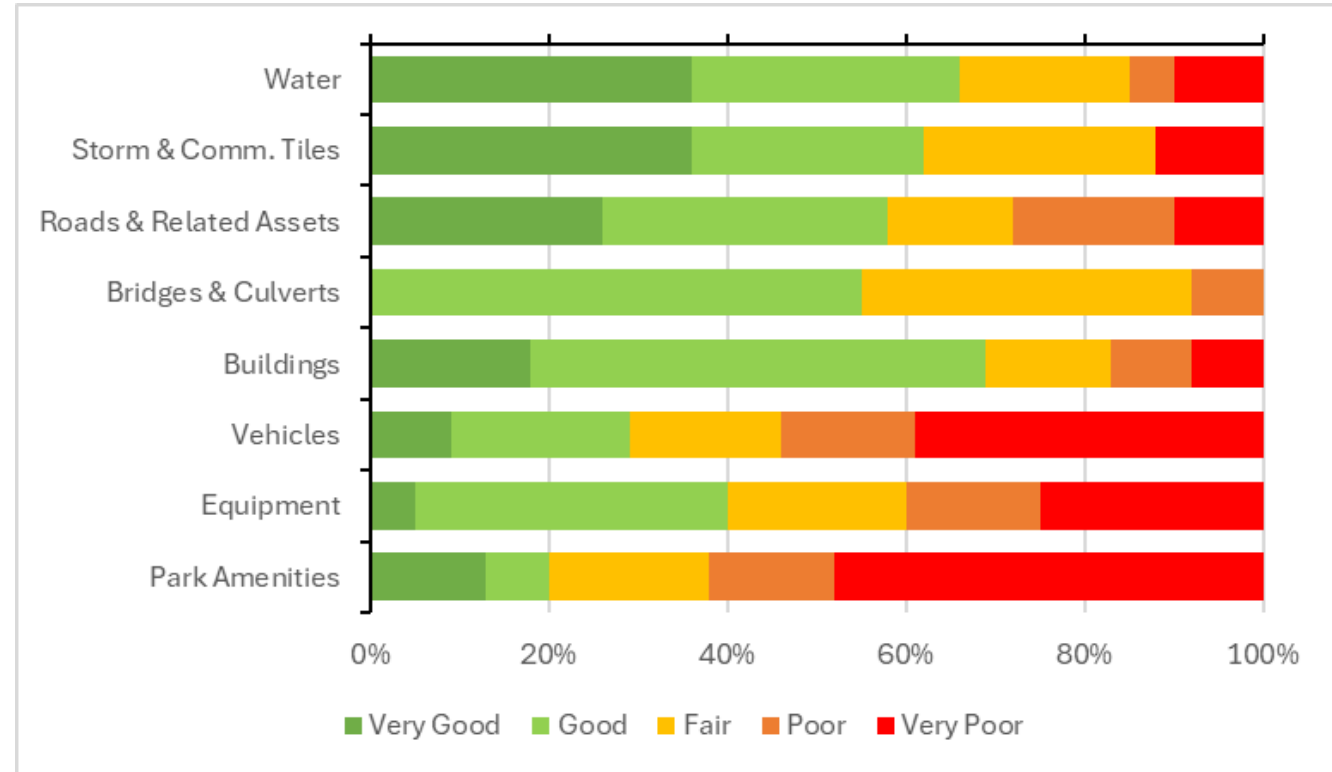
## Asset Management - Overview

- As of 2024, the Township operates and maintains infrastructure with an estimated current replacement value (CRV) of \$793.8 million.
- This figure is based on the Township's Tangible Capital Asset Registry and the 2024 Asset Management Plan (AMP).
- The accompanying graph shows the distribution of the total replacement value across various asset classes.
- Roads and related assets account for over half (57%) of the total, followed by buildings at 19%, with all other assets making up the remaining 24%.



## Asset Management – Condition Ratings

- The Township's core infrastructure is generally in good condition, but some components are nearing the end of their useful lives. Due to insufficient annual funding for maintenance and capital replacement, necessary upkeep is deferred, leading to an increasing infrastructure deficit, further deterioration, and potential reduced service levels for residents and users.
- The graph displays the distribution of different asset classes based on their condition.
- Water systems, stormwater and tile beds, roads, bridges, culverts, and buildings have the highest number of assets categorized as being in good or very good condition (indicated in green).
- In contrast, vehicles, equipment, and park amenities mostly fall into the fair or worse categories (indicated in yellow to red).
- The condition of assets that did not undergo formal assessments was estimated based on age and expected useful life.
- 2025 AMP will further refine condition, levels of service and long-term financial plan

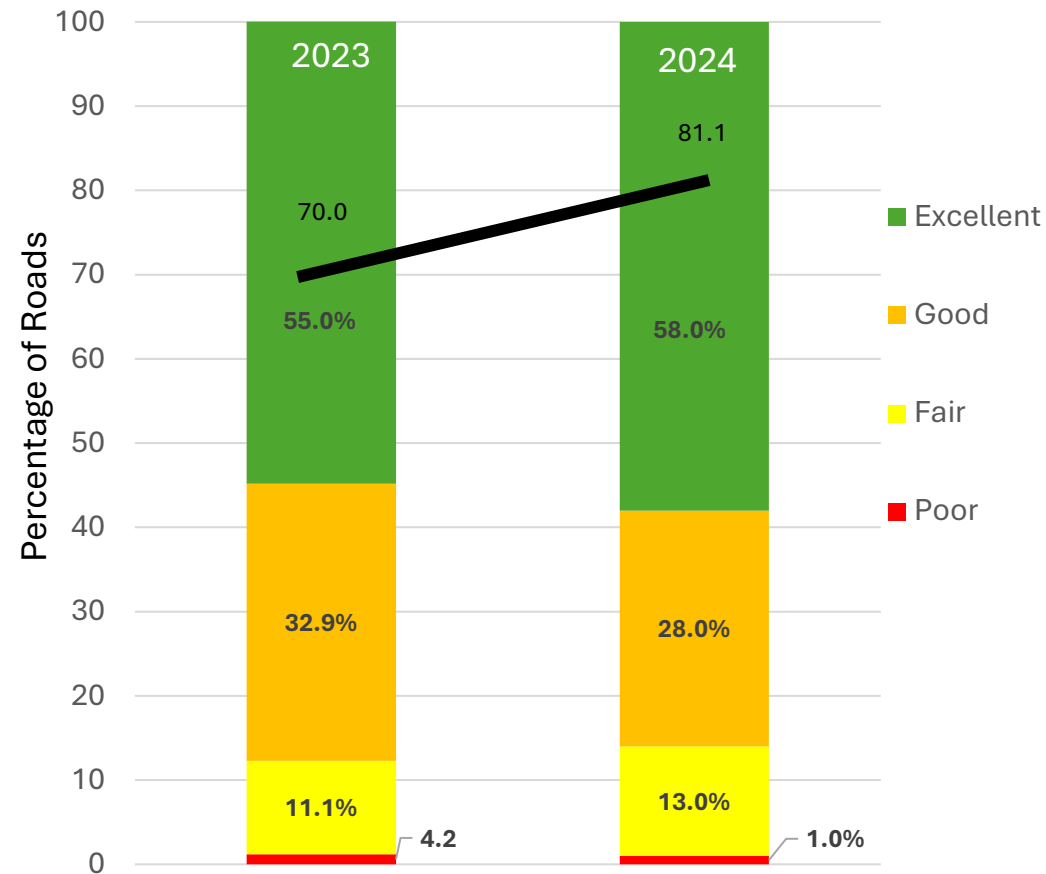




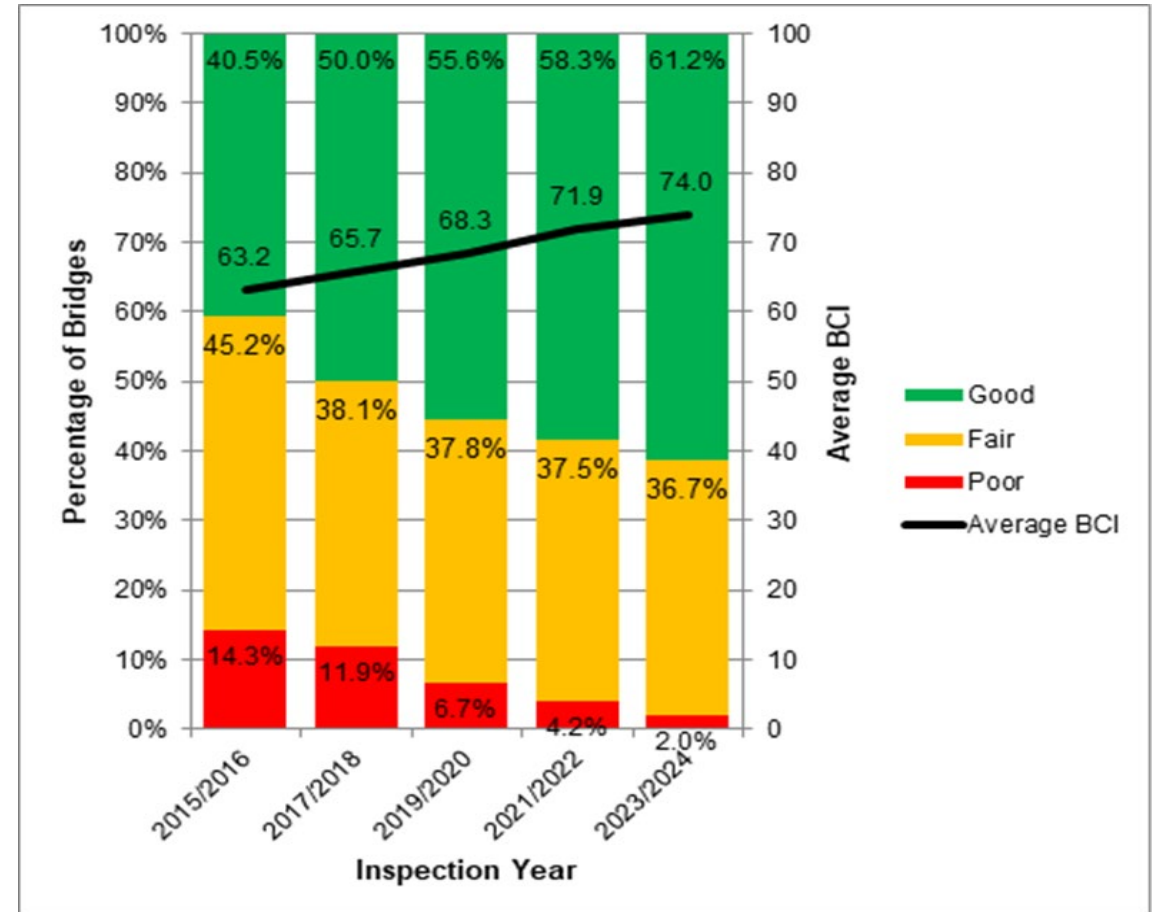
# Asset Condition: Roads & Bridges

The Pavement Management and Bridge & Structures Programs are steadily improving the overall average condition of our assets.

## Road Network Pavement Condition Index (PCI) from 2023 to 2024



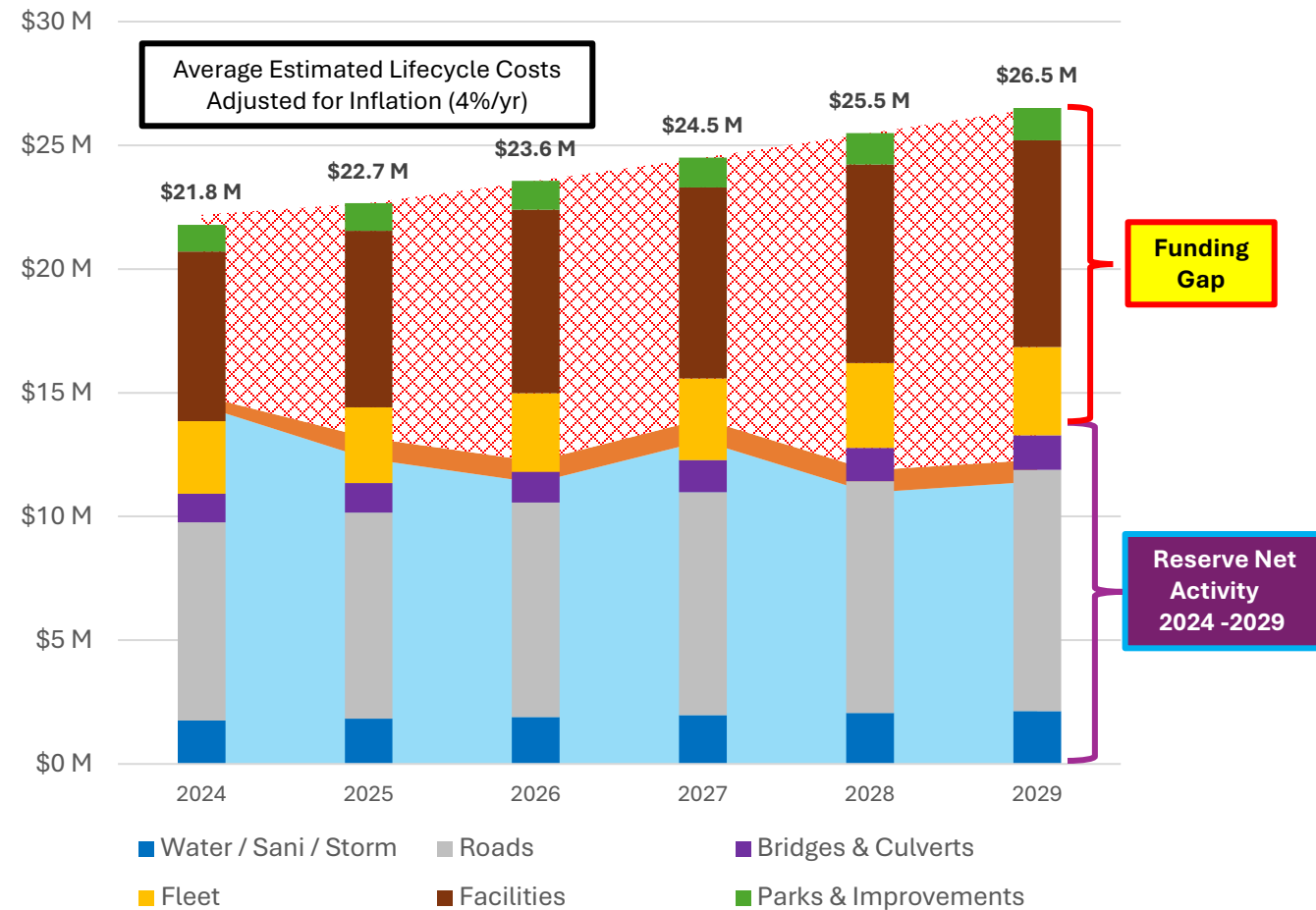
## Bridge & Structure Condition (BCI): Historical Trend





# Reserve Management & Financial Planning

- The graph illustrates the Township's estimated annual lifecycle costs adjusted for inflation at 4% per year, intended to be spent from 2024 to 2029, as referenced in the 2024 asset management plan.
- The multi-colored bars represent the lifecycle costs of different asset classes: water/sanitary/storm, fleet, facilities, roads, bridges & culverts, and parks & improvements.
- Regular contributions to reserves are shown by the height of the blue shaded area each year, while the additional recommended capital renewal contributions are depicted by the height of the orange area above the blue area.
- The red hatched area above the orange line each year highlights a significant funding gap, ranging from \$7.3M in 2024 to \$14.2M in 2029.
- This graph helps visualize the township's financial planning for maintaining and renewing its assets over the next five years, emphasizing the importance of addressing the funding gap to ensure a sustainable asset management plan.
- The Township has commenced plans to address future service accommodations needs which will require significant future investment.





## Overview of Reserves & Reserve Funds

- A long-term financial plan demonstrates that the Township has integrated asset management planning with financial planning and budgeting, to make full use of all available infrastructure financing tools.
- The next phase of Asset Management Planning (due July 1, 2025) requires the development of a Financial Strategy as it relates to the following activities:
  - Proposed Levels of Service (10-year period)
  - Proposed Performance Measures (for the proposed levels of service)
  - Lifecycle Management Tasks (to achieve the proposed levels of service)
- The Financial Strategy must identify:
  - Any funding shortfall
  - Which lifecycle activities will be completed with the available funding
  - How the Township will manage risks associated with not undertaking any of these activities