

## 2026 Budget at a Glance

### ► Where Revenue Comes From

- Taxation
- Area Rated Charges (water, sewer, garbage, grinder, transfer station)
- User Fees, rent, recoveries, donations
- Funding and allocations
- Reserve withdrawals
- Loan financing for capital projects

### ► Where Money Is Spent

- General Government and Finance
- Protection to Persons and Property (Fire, Policing, Emergency Services)
- Public Works and Transportation
- Environmental, Water, and Waste Services
- Social and Family Services (DNSSAB, Au Chateau)
- Recreation, Cultural, Planning, and Development Services

### ► Key Message

- The 2026 budget balances operational needs and major capital investment
- Multiple revenue sources reduce reliance on taxation alone
- Capital projects are supported by funding, reserves, and borrowing
- Some amounts included were approved in prior years and carry forward into 2026



## 2025 Operating Budget Variance

▶ The Municipality is currently in a favorable financial position compared to budget

▶ **Financial Snapshot**

Category	Budget	Actual	Variance
Total Revenue	7,803,380	7,903,830	<b>+100,450</b>
Total Expenses	7,426,863	7,010,112	<b>-416,750</b>

▶ **Key Points**

- The municipality is in a strong financial position
- Revenues are slightly ahead of budget
- Expenses are significantly below budget
- Departments are managing spending carefully while maintaining services
- Overall performance is stronger than planned for 2025



## 2025 Capital Budget Variance

- ▶ Several capital projects are under budget due to project timing and funding draw schedules.

- ▶ **Financial Snapshot**

Category	Budget	Actual	Variance
Capital Revenue	4,044,717	2,361,956	<b>-1,682,760</b>
Capital Expenses	4,421,234	2,439,057	<b>+1,982,176 under</b>

- ▶ **Key Points**

- Capital spending is significantly below budget in 2025
- Capital funding has not yet been fully drawn as projects are in progress or not started
- Major variances are in Environment, Public Works, Gravel Roads, Water, and Sewer capital projects
- This is a timing difference between project progress and budget allocation
- The variance does not indicate a budget issue, but normal project timing and invoicing delays



## Reserve Balances and Proposed Use (2025-2026)

### ▶ Reserve Summary

- Total Reserve Balance at 2025 Year-End: \$3.49 million
- Proposed 2026 Allocations: \$156,067
- Proposed 2026 Withdrawals: \$634,276
- Projected 2026 Year-End Reserve Balance: \$2.99 million

### ▶ Strategic Use of Reserves

- Infrastructure & Public Works: Public Works Complex - Roads and access roads - Bridges and gravel roads
- Water & Sewer: Water reserve contributions and withdrawals - Sewer and desludging - Grinder pumps
- Waste & Landfill: Landfill closure - Garbage collection and transfer station
- Emergency & Community Services: Fire services (Marten River & Temagami) - Ambulance building - Library, cemetery, and arena

### ▶ Key Message

- Reserves remain strong and stable entering 2026
- Reserves are being used strategically to support infrastructure, utilities, and essential services
- Planned withdrawals are purpose-driven and tied to specific projects
- Even after planned use, reserve balances remain just under \$3 Million
- With nearly \$3 million remaining, reserve use is aligned with approved plans and reflects responsible, well-planned management.
- This demonstrates responsible long-term financial planning and sustainability



# 2026 Proposed Operating Revenue

## ▶ Primary Revenue Sources

- Municipal taxation and payments in lieu
- Provincial support (OMPF and other programs)
- Area rated charges for water, sewer, garbage, grinder, and transfer station
- User fees from landfill sites, recycling, parking, rentals, permits, and services
- Building permits, planning, and development applications
- Fire response, burn permits, and recoveries
- Recreation, arena, library, cemetery, and facility revenues
- Interest, penalties, donations, and miscellaneous recoveries

## ▶ Key Message

- Operating revenue comes from a mix of taxes, user fees, provincial support, and service-based charges
- Many municipal services generate their own revenue and reduce reliance on taxation
- Area rated and user fee services directly fund the services they support
- A diversified revenue structure helps support the cost of delivering services in 2026



## 2026 Proposed Operating Expenses

### ► What Makes Up Operating Expenses

- Wages, benefits, and WSIB across all departments
- Insurance, audit, legal, assessment, and professional services
- Utilities, building maintenance, and facility operations
- Equipment operation, fuel, repairs, and maintenance
- Training, compliance, technology, and software systems
- Loan repayments tied to previously approved capital assets

### ► Key Areas Driving Costs in 2026

- Public Works staffing, equipment operation, and road maintenance
- Fire services training, equipment, vehicle operation, and compliance
- Administration staffing, insurance, audit, and technology
- Policing and external service agreements
- Water, sewer, and facility operational requirements
- Required loan interest and principal repayments for infrastructure

### ► Key Message

- Operating costs are driven by service delivery, compliance, staffing, and asset maintenance
- Many costs are fixed, regulated, or tied to prior infrastructure decisions
- These expenses ensure roads are maintained, water is safe, buildings operate, and emergency services respond
- This is the cost of delivering municipal services safely and reliably in 2026



## 2026 OCWA Operational Maintenance

### ► Why This Work Is Required

- Required under Environmental Compliance Approvals (ECA)
- Required for Quality Management System (QMS) certification
- Prevents chemical spills, equipment failure, and system shutdowns
- Ensures alarms, monitoring, and probes function for compliance reporting
- Supports emergency response and remote monitoring capability
- Protects pumps, valves, hydrants, and treatment equipment from premature failure

### ► Mandatory Compliance and Preventative Maintenance

- Annual replacement of chemical pump parts, probes, bulbs, and analyzer kits
- Generator servicing, backflow certification, and confined space certification
- Wet well cleanouts to prevent pump damage
- Valve and hydrant servicing for emergency isolation
- SCADA, dialer, and remote access licensing for emergency alarming
- Third-party QMS audit and sewage operations manual review
- Clear well inspections and monitoring equipment replacements

### ► Key Message

- These are mandatory annual items to keep the system compliant and operational
- This work prevents larger failures, emergency repairs, and regulatory violations
- Regular maintenance reduces long-term operating costs and extends equipment life
- This is the behind-the-scenes work that keeps water and sewer services running safely



## 2026 Proposed Capital Revenue

### ▶ Primary Funding Sources

- Federal and Provincial Grants (ICIP, NOHFC, OCIF, CCBF)
- Reserve Funds (Water, Sewer, Grinder, Landfill)
- RBC 1 million financing for committed infrastructure work
- Infrastructure Ontario loans tied to ICIP projects
- Minimal reliance on general tax levy

### ▶ Types of Projects Included

- Fire truck, bunker gear, and SCBA equipment
- Roadwork, bridges, docks, slurry seals, and crossings
- Arena, community centre, and tower repairs
- Water, sewer, lagoon, and grinder pump infrastructure
- Vehicles and operational equipment replacements

### ▶ Key Message

- 2026 capital projects are largely funded through grants, reserves, and financing
- Very limited impact on the general tax levy
- Projects focus on core infrastructure, safety, and asset maintenance
- Funding strategy allows the municipality to complete high-value projects responsibly



# 2026 Proposed Capital Projects

## ▶ How 2026 Capital Projects Are Funded

- Major capital projects planned for 2026 across Fire, Public Works, Parks & Recreation, Utilities, and Facilities
- Multiple funding sources are used to reduce pressure on taxation
- Strategic use of reserves and external funding allows projects to proceed
- Some projects and financing were approved in prior years and carry forward into 2026

## ▶ Primary Funding Sources

- Federal and Provincial Grants and loans(ICIP, NOHFC, OCIF, CCBF & IO)
- Reserve Funds
- RBC \$1 Million financing for committed infrastructure work

## ▶ Key Capital Investment Areas

- Fire truck, bunker gear, and SCBA equipment
- Roadwork, bridges, docks, slurry seals, and crossings
- Arena, community centre, and tower repairs
- Water, sewer, lagoon, and grinder pump infrastructure
- Vehicles and operational equipment replacements

## ▶ Key Message

- 2026 capital projects are largely funded through grants, reserves, and financing
- Projects focus on core infrastructure, safety, and asset maintenance
- This funding approach allows the municipality to complete high-value projects responsibly



## 2026 OCWA Capital Requests

### ► Why These Requests Are Required

- Meet Environmental Compliance Approval (ECA) requirements
- Prevent non-compliance during power outages and abnormal conditions
- Protect critical control points required for water treatment calculations
- Ensure proper alarming, monitoring, and remote access for emergencies
- Allow system isolation during water breaks and emergencies
- Address aging components that have exceeded life expectancy

### ► Required Capital Investments for Safe Operation

- Monitoring, alarms, PLC controls, and data logging for compliance tracking
- Leak detection, valve repair, and system isolation capability
- Chemical monitoring and feed system improvements
- Security and intrusion protection for facilities
- Redundancy items (spare pumps, UV sensors, auto dialers)
- Inspection of sewer collection system on a rotating cycle
- Preparation for potential year-round chemical treatment needs

### ► Key Message

- These are not enhancements - they are compliance, safety, and operational reliability requirements
- Many items reduce risk of system failure, water loss, or regulatory violation
- Several components have already failed, are on order, or have exceeded service life
- Investing now prevents larger emergency costs and service disruptions later



## 2026 Allocation of Tax Revenue

► **Tax Revenue Distribution**

Sector	Amount	% of Taxes
Municipal Programs	2,409,913	32.45%
Education (all boards)	1,867,868	25.00%
DNSSAB	1,070,037	14.41%
OCWA (Water/Sewer Operations)	821,500	11.06%
Au Chateau	521,264	7.02%
Policing	378,694	5.10%
Other Agencies (MPAC, Insurance, Auditor, Health Unit)	357,586	4.96%

► **Total Tax Requirement: \$7,426,862**

► **Key Message**

- Only 32% of taxes fund direct municipal programs and services
- 68% of taxes are collected on behalf of external agencies and service partners
- Education, DNSSAB, OCWA, Policing, and other agencies make up the majority of tax allocation
- Many cost increases in 2026 are driven by external agency costs, not municipal spending decisions



## 2026 Proposed Tax Rate Increase

### ► Key Points

- The municipal residential tax rate to be increased by 3% in 2026
- This increase is applied to the tax rate used against property assessment
- Individual tax bill impacts will still vary based on assessment changes

### ► Why the Increase Is Required

- Municipal services are being maintained, not expanded
- The increase addresses mandatory and inflationary cost pressures
- Cost increases are driven primarily by external, legislated service providers:
  - OPP Policing
  - DNSSAB
  - Au Chateau
- These costs are outside municipal control and must be funded through taxation

### ► What This Is Not

- Not new discretionary spending
- Not related to water, sewer, garbage, grinder, or transfer station rates
- Not an equal dollar increases for every property



## 2026 Proposed Area Rate Charges

### ▶ What Area Rates Are Based On

- Actual cost to operate each service
- A built-in contribution to reserves
- Number of properties receiving the service
- Full cost recovery - no support from general taxation

### ▶ Services Funded by Area Rates

- Water
- Sewer
- Garbage Collection
- Grinder Pumps
- Lake Temagami Transfer Station

### ▶ Key Message

- Area rates are calculated directly from the true cost of providing each service
- Reserve contributions are included to plan for future repairs and replacements
- Changes in rates reflect changes in operating costs, not taxation decisions
- These services are fully funded by the users who receive them

