



Understanding Your Tax Dollars: Services, Staff, and Stewardship

The Township of Lanark Highlands is a large rural community with a population of approximately 5,750 located in beautiful Lanark County.

The Township provides multiple services that are detailed in the 2025 budget document. These services are managed by several departments that employ over 40 staff as full time, part time, seasonal, casual and students to provide the quality programs and services that the community enjoys, enabling the Township to maintain its wonderful quality of life.

Council's responsibility is to provide wise stewardship of all of the municipality's assets; including financial, physical and human. Council makes financial decisions to provide quality services that meet the needs of the community. It is Council's responsibility to manage public funds effectively, ensuring that all residents receive the greatest benefit for their tax dollars and user fees.

Council also needs to consider and respect various pieces of legislation, municipal by-laws, policies and Federal/Provincial/County regulations.

Key pieces of legislation that may impact the 2025 budget are:

- Municipal Act, 2001
- Occupational Health & Safety Act
- Employment Standards Act

- Ontario Planning Act
- Environmental Assessment Act
- Drainage Act

- Fire Protection and Prevention Act
- Ontario Building Code
- Highway Traffic Act

- Education Act
- Libraries Act
- Infrastructure for Jobs and Prosperity Act

Municipalities are prevented from having budgets that do not balance per Section 290 (2) (b) of the Municipal Act. Unlike Federal and Provincial budgets that can be approved with a deficit, a Municipality's annual revenues and expenditures must be equal. Expenditures and revenue must also be kept separate and not netted against each other.



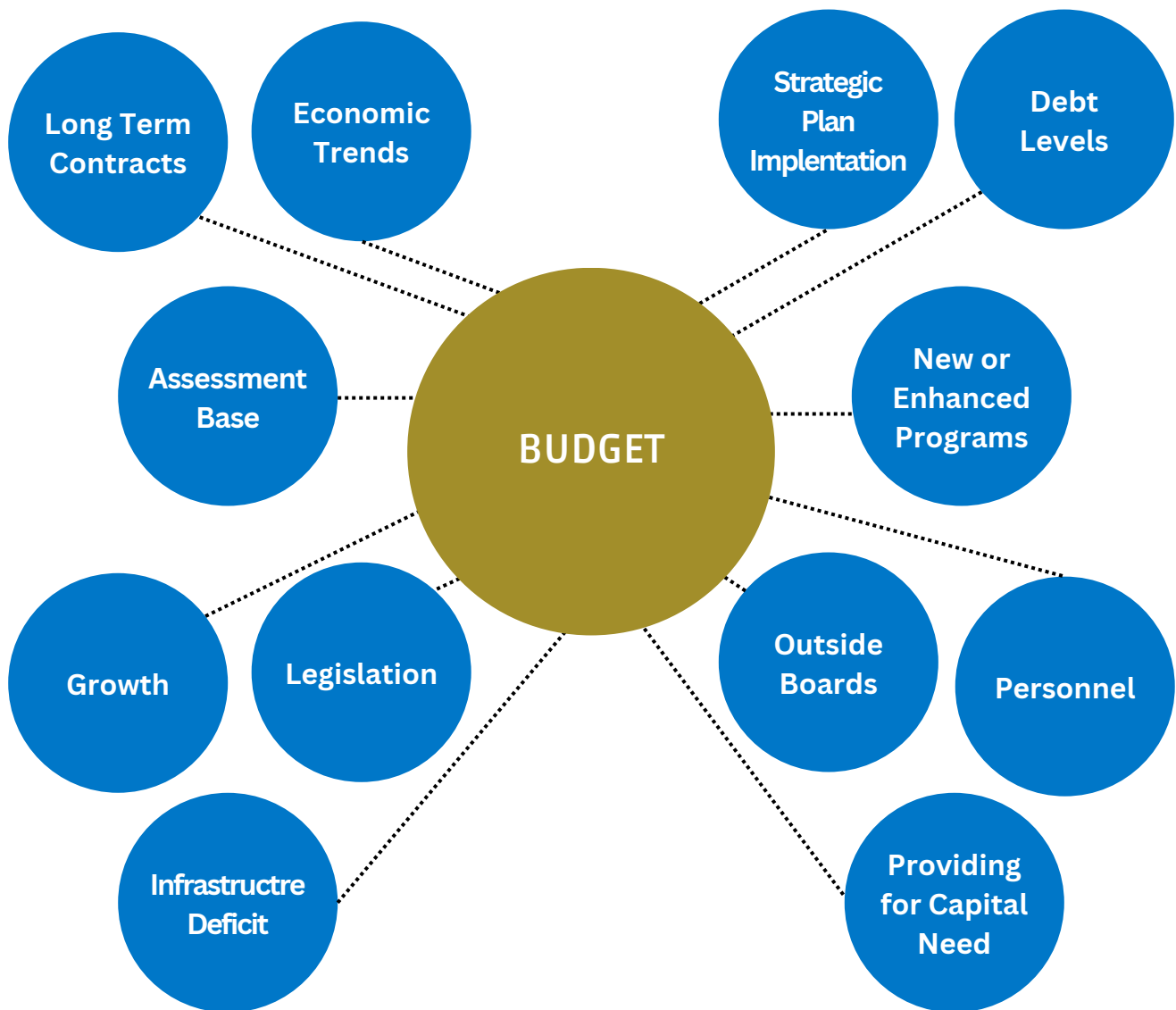
Why Budget?

- **Legislated Requirement**
Under the *Municipal Act* (estimated revenues equal estimated expenses)
- **Fiscal Accountability**
Manage and optimize human, financial and physical resources
- **Strategic Direction**
To implement the strategic direction of Council
- **Studies and Plans**
To implement the recommendations of other studies and plans (Master Plans, Asset Management Plans, etc.)
- **Annual Work Plan**
To provide an annual work plan (operating and capital) to deliver services to residents
- **Internal Control**
For internal control purposes (measures actual results against planned results)



Cost Drivers

There are many factors that influence the budget such as the property tax assessment base, long term contracts, economic trends, strategic plans, new programming requirements, debt levels, staffing needs, planning for future capital through reserve allocations, pressure from external groups and any legislative changes that do not come with funding. All of these must be considered along with the day-to-day operating needs of the Township. Some of the cost drivers are out of the control of the Township.



Source of Funding



Grants

Federal
Provincial
County



Long Term Financing

Long-term financing for assets with long lives



User Fees

For specific services such as recreation, waste



Special Charges & Levies

Special levies or charges to raise funds for a specific purpose



Reserves

Funds set aside in a previous year



Taxation

Property taxes collected to fund municipal services and infrastructure

The 2025 draft budget consists of two parts: operating and capital.

The operating budget includes funding to support the day-to-day operations of the Township to provide programs and services to residents and includes such items as salaries and benefits, materials, contracts, insurance, utilities, etc.

The capital budget includes asset replacement and rehabilitation for roads, bridges, facilities, fleet, etc. along with the required studies to support the capital program.

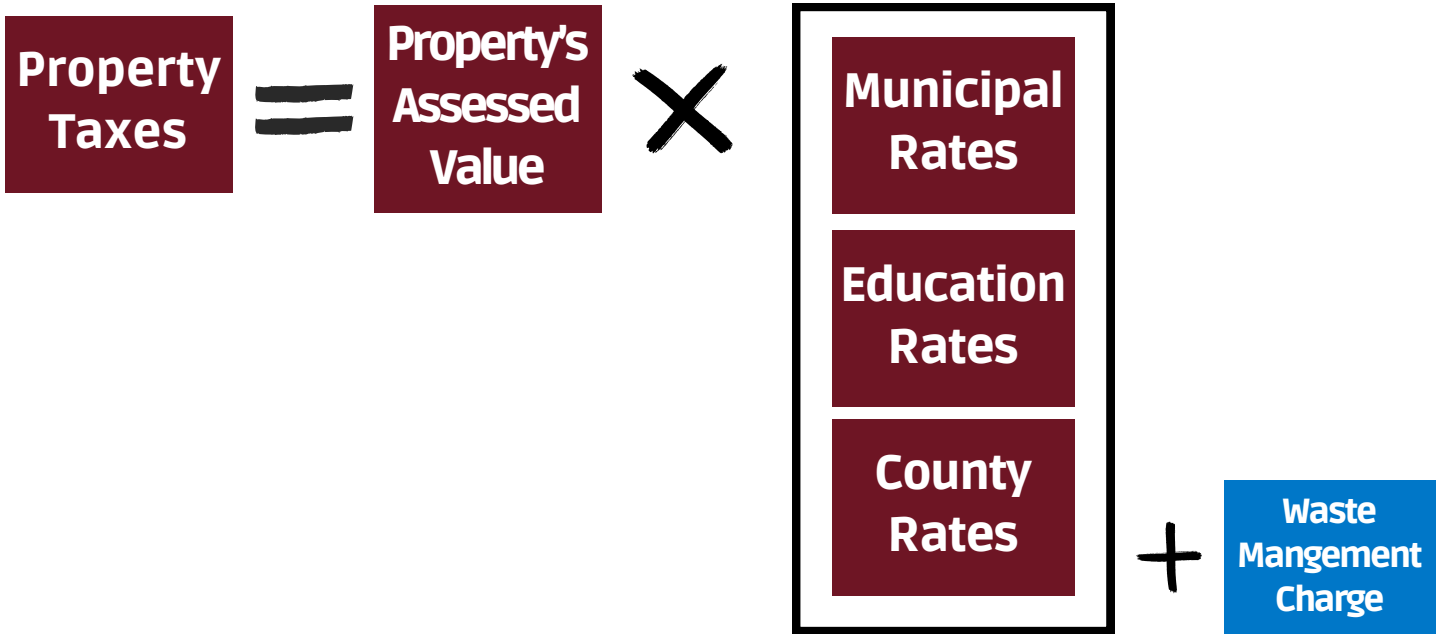
The 2025 draft budget was initially compiled by Senior Staff but requires review by Council before finalization. Council may add projects and programs not included by Staff and will make other funding and spending decisions before completion of the 2025 budget.



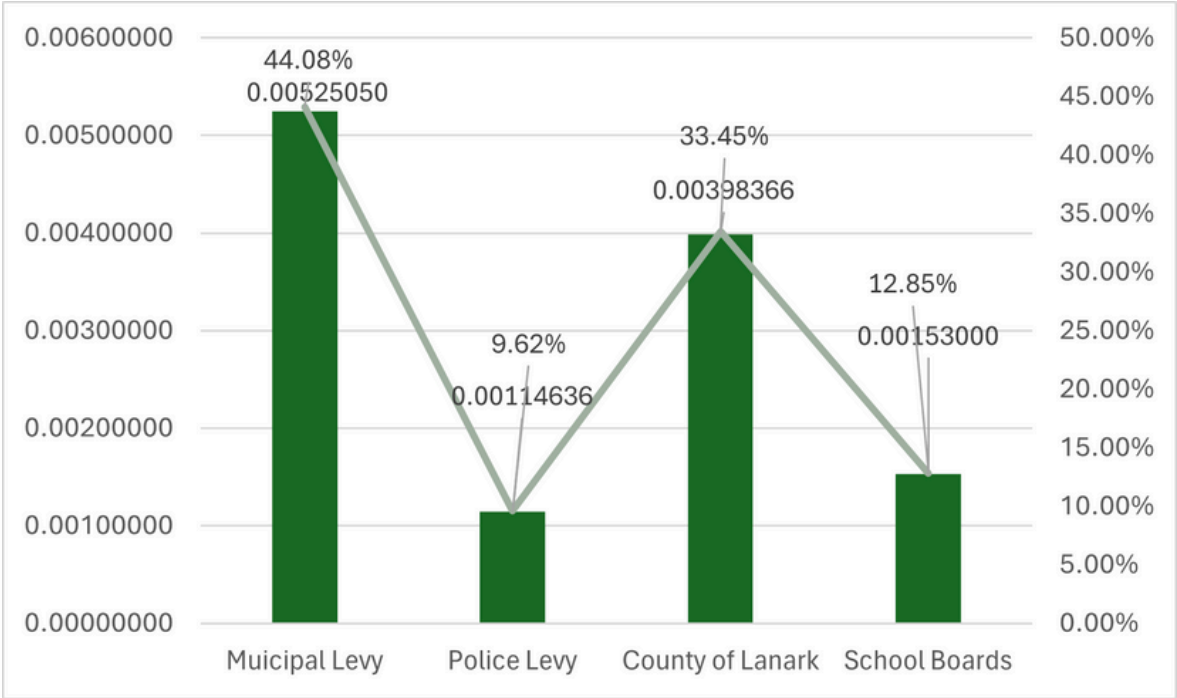
Taxation

The Township must bill and collect taxes on behalf of the County of Lanark and the School Boards. These taxes are then paid to these entities regardless of whether the taxpayer has paid the Township or not. If not, they form part of the arrears of the Township, however the Township is permitted to keep any penalties and interest on those tax arrears.

How Property Taxes are Calculated



Allocation of 2024 Taxation





Debt and Reserves

When determining how to pay for the capital program, the Township considers the following options:

- 1) Out of the **current budget** (pay as you go). This means that the **residents of today pay** the full cost. This approach will increase taxes in the current year.
- 2) By **long-term financing** (debt). This means that **future residents pay** the majority of the cost, as they are also the ones who benefit from capital items with long lives. This approach smooths tax rate increases over time and allows predictability when budgeting. This approach prevents large spikes in the tax rate when major capital replacement or rehabilitation is required.
- 3) Out of **reserves**. This means that the **residents of the past paid** for the assets through a previous allocation to reserves. This approach could deplete reserves.
- 4) By an **internal financing** arrangement. This means that funds are taken out of reserves in the current year and repaid over time. Again, this means that **future residents pay** the cost of the capital items but it also protects reserves from being depleted and smooths out the tax rate.
- 5) By **other revenue** sources such as fundraising, grants, user fees, etc.

Which option to choose depends on the availability of reserves, grants, other revenues, Council's desire to use long term financing, interest rates, etc.

Debt

Presently, the Township of Lanark Highlands has no long-term debt and has in the past has chosen to fund capital projects from reserves, grants and general taxation. The 2025 draft budget proposes long-term financing (debt) for the Sheridan Rapids Bridge (estimated useful life 60-75 years), Fire trucks (estimated useful life 20 years), and a plow truck for the village (estimated useful life 20 years)

Project	Estimated Annual Repayment
Sheridan Rapids Bridge (4.5%, 20 years)	\$199,477
Fire and Plow Trucks (4.5%, 10 years)	\$106,022
Total	\$305,499