

Muskoka Lakes 2024 Budget Communication from the MLA

Dear Members,

We have received a few comments on the 2024 approved Township of Muskoka Lakes (TML) budget and thought it would be helpful to provide members with some background information and how the approved tax increase impacts your annual tax bill.

There are three components to a residential property tax bill that does fluctuate slightly year-to-year. The components are:

- Township of Muskoka Lakes levy – approximately 20%*
- Provincial Education levy – approximately 26%*, and
- District of Muskoka levy - – approximately 54%*.

* based on 2023

For every \$100 of taxes paid, \$20 goes to the Township, \$26 goes to the Province and \$54 goes to the District. It is important to keep this in mind when evaluating percentage tax increases as smaller increases at the District could have a larger dollar impact on your tax bill than seemingly larger percentage increases at the Township. This is not always the case but could occur.

The association is very concerned with residential tax increases and scrutinizes proposed municipal budgets closely. To provide oversight, it has a budget working group with expertise in municipal infrastructure, engineering, municipal budgets, and finance who have followed the Township’s budget process closely and submitted input. In providing this input the working group looks closely at where proposed tax increases will be spent and if those dollars are being directed at priority areas that are important to our membership. These areas include the environment, water quality, lake character and sustainable development. In general, the association was supportive of the staff increases in the areas of By-Law Enforcement and Planning. We felt these roles were necessary to deliver on the Township’s increased by-law oversight and enhanced transparency in planning applications and building permit and construction monitoring. That said, we encouraged the Township to evaluate areas for cost savings and cautioned them that budgets today need to take into account the capital requirements to fund not only over \$149M in deferred capital maintenance but ongoing annual capital expenditures.

2024 TML Budget

The table below is from the December 13, 2023 staff report item 10 a) to Council. A link to the report is provided below. It summarizes the impact of the 14.3% tax increase on the tax bill based on assessment value. In general, a \$1M property will see an increase attributable to TML of \$185.80 in 2024.

t

2024 Budget Impact on a Residential Property Based on Assessment						
Assessment Value	2023 Tax Rate	2023 Taxes	2024 Effective Tax Rate	2024 Taxes	% Increase (Decrease)	\$ Increase (Decrease)
100,000	0.00130109	\$130.11	0.00148689	\$148.69	14.3%	\$ 18.58
500,000	0.00130109	\$650.55	0.00148689	\$743.45	14.3%	\$ 92.90

<https://muskokalakes.civicweb.net/Portal/MeetingInformation.aspx?Org=Cal&Id=1727>

Muskoka Lakes 2024 Budget Communication from the MLA

The last budget document that the association obtained for comment, indicated an 8.3% tax increase. While slightly higher than other Muskoka municipalities, the association supported the increase based on the previously mentioned increase in priority areas. The increase from 8.3% to 14.3% occurred at the end of the General/Finance Committee discussions and represents an additional contribution to reserves of \$1M for a total contribution of \$5M. We were advised that this contribution to reserves will help address deferred and future capital needs as well as the Q3 2023 non-residential construction price index which was running at 6.6%.

Overall, the blended tax rate including District and Education reflects a 5.4% increase. The only addition to that would be if you are on municipal water and waste, there is a rate-supported fee from the District.

At the District level, a 3.94% increase was approved for 2024. Details can be found at <https://www.muskoka.on.ca/en/news/council-approves-2024-district-of-muskoka-budget.aspx>

The following blended impact of Residential Tax Rate Increase at \$100,000 from the table below is from the previously mentioned December 13, 2023 staff report. The estimated overall tax rate increase for residential properties based the draft District of Muskoka tax supported budget and assuming no increase in the MOF education rate in 2024 is 5.4% or \$32.05 per \$100,000 of assessment.

	2023	2024	Increase	% increase
Muskoka Lakes	130.11	148.69	18.58	14.3%
District of Muskoka ¹	309.98	323.45	13.47	4.3%
Ministry of Finance (SB)	153.00	153.00	0	0%
TOTAL	593.09	625.14	32.05	5.4%

¹ Based on the [2024 Draft Tax Supported Operating and Capital Budget](#) – subject to change

The Council has significant challenges ahead as its infrastructure continues to age – roads, bridges, the Burgess dam in Bala, the two arenas, many community centres etc. As a result of ongoing work on an Asset Management Plan, Transportation Master Plan and pending completion of the Non-Core Asset Management Plan, it became apparent that the municipality has insufficient reserves to maintain infrastructure and deferred capital maintenance continues to increase. Note a municipality is not permitted to run a deficit.

So, What is Next?

A key to linking capital needs with the availability and sources of funds/financing is a pending Capital Service Level Study in 2024. It is anticipated that this engagement will include:

- a peer review of asset management data;
- a facilitated community conversation about the desired levels of service for roads, fire and recreation etc., to be provided by the Township to its residents;
- a reconciliation of those service levels against the quantity and state of repair of existing infrastructure; and
- a required long-term financing plan related to existing infrastructure under O.Reg 588/17 as well as an exploration of financing options for potential new/replacement infrastructure.

Muskoka Lakes 2024 Budget Communication from the MLA

This study should also model the impact of various capital renewal strategies on the tax levy. It is fair to state that there will be difficult future discussions that Council, staff and stakeholder groups will have related to level of municipal services, what assets will be maintained, what assets will be retired and what net new assets will be considered as each of these topics has a tax levy implication.

The association will continue to monitor these important issues and provide input to the Township and updates to our members as appropriate. As always your questions and/or comments are welcome and if you feel municipal budgets and tax levels are important to you and you have expertise in this area, consider volunteering on the committee.