



Staff Report to Municipal Council The Corporation of the Township of McGarry

Meeting Date: April 14, 2026	Report Date: March 27, 2026
<input checked="" type="checkbox"/> Decision Requested <input type="checkbox"/> Input required <input type="checkbox"/> Information Only	Type of Meeting: Regular Council Meeting

Report Title: BUDGET 2026

Background:

The Finance Committee and Clerk-Treasurer met on **March 13, 2026**, to review the first draft of the budget.

The first Budget Meeting is scheduled for **April 14, 2026**, at **5:00 p.m.** in the meeting room at the Community Centre.

Discussion:

Here is the proposed 2026 Revenue vs Expenses for each Department:

TAX	LEVY	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	1,071,733.00	629,516.23	1,078,019.00
EXPENSE		0.00	63,243.00	81,895.14	63,565.00
TOTAL		0.00	1,008,490.00	547,621.09	1,014,454.00
COUNCIL					
	120	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE					
EXPENSE		0.00	89,870.00	68,410.35	74,000.00
TOTAL		\$0.00	-\$89,870.00	-\$68,410.35	-\$74,000.00
ADMINISTRATION					
	130	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	962,250.00	1,026,725.80	1,032,258.66
EXPENSE		0.00	738,267.00	677,511.60	750,154.00
TOTAL		0.00	223,983.00	\$349,214.20	\$282,104.66
FIRE DEPARTMENT					
	200	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	10,000.00	8,592.18	0.00
EXPENSE		0.00	109,000.00	93,794.34	88,896.62
TOTAL		\$0.00	-\$99,000.00	-\$85,202.16	-\$88,896.62
PROTECTION TO PERSONS					
	350	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	8,150.00	6,211.22	4,050.00
EXPENSE		0.00	180,538.00	146,799.26	159,200.00
TOTAL		\$0.00	-\$172,388.00	-\$140,588.04	-\$155,150.00
ROADS					
	400	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	7,065.00	73,049.99	71,064.00
EXPENSE		0.00	741,735.86	624,991.16	590,758.91
TOTAL		\$0.00	-\$734,670.86	-\$551,941.17	-\$519,694.91

ENVIRONMENTAL SERVICES	450	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	322,800.00	740,585.99	363,950.00
EXPENSE		0.00	366,389.39	1,001,649.40	469,652.93
TOTAL		\$0.00	-\$43,589.39	-\$261,063.41	-\$105,702.93
HEALTH SERVICES	500	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	10,800.00	9,950.00	9,500.00
EXPENSE		0.00	206,024.00	194,650.76	203,149.00
TOTAL		\$0.00	-\$195,224.00	-\$184,700.76	-\$193,649.00
LIBRARY	600	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE					
EXPENSE		0.00	28,446.00	199.35	16,691.20
TOTAL		\$0.00	-\$28,446.00	-\$199.35	-\$16,691.20
STRATEGIC PLANNING	650	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	0.00	0.00	0.00
EXPENSE		0.00	0.00	0.00	0.00
TOTAL		\$0.00	\$0.00	\$0.00	\$0.00
COMMUNITY CENTRE	700	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	27,900.00	27,250.00	21,500.00
EXPENSE		0.00	113,775.00	133,578.62	93,690.00
TOTAL		\$0.00	-\$85,875.00	-\$106,328.62	-\$72,190.00
RECREATION	720	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	21,300.00	29,770.95	20,789.00
EXPENSE		0.00	44,934.75	43,250.73	37,399.00
TOTAL		\$0.00	-\$23,634.75	-\$13,479.78	-\$16,610.00
TOURIST CENTRE	800	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	240,000.00	190.00	0.00
EXPENSE		0.00	25,517.00	26,561.42	15,254.00
TOTAL		\$0.00	\$214,483.00	-\$26,371.42	-\$15,254.00
CAPITAL EXPENSES	850	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	0.00	0.00	569,052.00
EXPENSE		0.00	0.00	56,214.75	569,052.00
TOTAL		\$0.00	\$0.00	-\$56,214.75	\$0.00
WATER	900	2026 ACTUAL	2026 BUDGET	2025 ACTUAL NOT AUDITED	2025 BUDGET
REVENUE		0.00	203,850.00	204,325.05	206,400.00
EXPENSE		0.00	203,321.00	165,094.02	245,120.00
TOTAL		\$0.00	\$529.00	\$39,231.03	-\$38,720.00
Difference Over Prev. Year Actual		2026 ACTUAL	2026 BUDGET	2025 ACTUAL	2025 BUDGET
Total Revenue		\$0.00	\$2,885,848.00	\$2,756,167.41	\$3,376,582.66
Total Expenses		\$0.00	\$2,911,061.00	\$3,314,600.90	\$3,376,582.66
GRAND TOTAL		\$0.00	-\$25,213.00	-\$558,433.49	\$0.00

Operating Budget

1. General Governance

- **Purpose:** Covers the operational costs of running the local government.
- **Includes:**
 - Wages for the Mayor, Council, and administrative staff
 - Legal fees, audit costs, and professional services
 - Training, seminars, memberships, and website maintenance

2. Protection Services

- **Purpose:** Ensures the safety and security of the community.
- **Includes:**
 - Fire department, police, and by-law enforcement wages and operations
 - Building inspection and permit services

3. Transportation Services

- **Purpose:** Maintains roads, infrastructure, and vehicles.
- **Includes:**
 - Road, sidewalk, and streetlight maintenance
 - Repairs to municipal buildings, equipment, and vehicles
 - Fuel, oil, and loan interest on transportation-related equipment

4. Environmental Services

- **Purpose:** Manages waste, water, and environmental systems.
- **Includes:**
 - Wastewater treatment, water supply, and garbage/recycling programs
 - Landfill and environmental services operations

5. Health and Social Services

- **Purpose:** Supports residents' health and well-being.
- **Includes:**
 - Cemetery management, land ambulance services, and Ontario Works
 - Social housing, childcare, and community safety programs

6. Recreation and Culture

- **Purpose:** Enhances community life through leisure and cultural activities.
- **Includes:**
 - Community centers, libraries, marinas, and recreational programs
 - Tourism and cultural development

7. Economic Development and Planning

- **Purpose:** Fosters growth and long-term sustainability.
- **Includes:**
 - Strategic planning for development and economic growth

8. Long-Term Debt

- **Purpose:** Serves existing financial obligations for capital projects.
- **Includes:**
 - Loan repayments for equipment and infrastructure (e.g., vehicles, trucks, graders)

9. Capital Expenditures

- **Purpose:** Funds major infrastructure projects and repairs.

- **Includes:**
 - Investments in updating and maintaining public infrastructure

Funding

Ontario Municipal Partnership Fund (OMPF) - The Township of McGarry will receive \$644,100.00 through the OMPF in 2026.

The Canada Community Building Fund (CCBF)- Formerly known as the Gas Tax Fund - 2026 Allocation for the Township is - \$37,000.00.

Ontario Community Infrastructure Fund – 2026 Allocation - \$125,000,000

Ontario's Northern Ontario Resource Development Support (NORDS) – This funding is complete and we will not be receiving anything in 2026.

Budget for 2026

1. Budget Deficit Reduction:

Prior to the Finance Committee's recent meeting, the Township faced a deficit exceeding \$110,000. After thorough review, the Committee successfully reduced this deficit to just over \$25,000. While this is a positive step, the Township cannot fulfill every departmental request, and difficult decisions have to be made to balance the budget.

2. Proposed Tax Increase:

To further address the deficit, the Committee recommends a 2.5% tax increase. This increase is necessary given the ongoing financial pressures, including rising costs and limited revenue sources.

3. Challenges Faced by the Township:

The Township continues to face significant challenges:

- **Aging Infrastructure:** Urgent repairs are required, but resources are limited.
- **Regulatory Compliance:** New rules and regulations require external support to maintain compliance and avoid penalties that could jeopardize funding.
- **Rising Expenses:** Many of the Township's expenses, such as insurance, OPP services, Ontario Works, and utilities (gas, propane, hydro), are uncontrollable and increasing annually.

4. Borrowing Capacity & Cash Flow:

The Township is nearing its borrowing limit, meaning future loans will not be possible should unexpected expenses arise. This situation makes it necessary to manage costs carefully and ensure sufficient cash reserves for emergencies. The Finance Committee recommends transferring \$50,000 to the reserves for unforeseen circumstances.

5. Property Management & Cost-Cutting Measures:

To address operating costs, the Council has decided to sell the Tourist Centre and is exploring the potential relocation of staff to the Community Centre. However, no definitive decision has been made regarding this relocation at this time.

6. Limited Revenue Sources:

The Township's primary revenue sources—grants and residential taxes—are insufficient to cover the growing expenses. This has led to ongoing cash flow difficulties, which underscores the need for the proposed tax increase and further fiscal planning.

Budget Meetings

The budget will be discussed at a public meeting on April 14, 2026, where attendees will have the opportunity to provide comments and ask questions.

During this open meeting, the chair of each committee and the head of each department should be present to answer any questions from the council and provide a brief overview of their respective budget allocations.

If the Council approves the proposed budget, the Clerk will finalize the necessary By-Laws and present them at the next budget meeting for Council's final approval, which will finalize the budget process.

If the Council disagrees with the proposed budget, they will direct the Clerk to make the required revisions and present them at a future meeting for further consideration.

In cases where the Council directs the Clerk to increase funding for specific departments, the Clerk will provide an updated tax levy increase. Alternatively, if the tax levy cannot accommodate additional funding, the Township will need to reduce services to balance the budget.

Council may also direct the Clerk to reduce funding to certain departments, which would then require a reduction in the level of service provided by those departments.

Additional meetings may be scheduled as needed, based on the Council's direction.

Conclusion

Municipalities across the board face a variety of challenges; however, our limited access to commercial and industrial revenue presents a particularly significant obstacle for the Township. Currently, most of our income is derived from residential property taxes, which places added pressure on homeowners. It is therefore crucial that we begin building reserve funds to better prepare for unexpected expenses in the future.

With that said, a 2.5% tax increase is both reasonable and measured, especially considering rising costs, and compares favorably with increases seen in other municipalities.

Financial Consideration:

The proposed 2.5% tax increase of \$25,213 would be needed if the Council decides to move forward with the budget. This would mean an average increase of \$30.16 per household per year.

If the Council chooses not to approve the budget, a larger tax increase might be necessary, depending on what changes are made.

Another option would be to cut services, like delaying street plowing or switching garbage collection from weekly to every two weeks. The Council will need to keep in mind that it's important to maintain a reasonable level of service for the community and meet the minimum requirements.

Ultimately, the Council will need to weigh the financial impact of the tax increase against the potential effects of reducing services and find a balance that works for everyone.

Conclusion / Recommendation / Motion:

My recommendation is that the tax levy be increased by 2.5%, in alignment with the proposed budget presented by the Finance Committee.

Respectfully submitted,