The Corporation of the Town of Latchford

2026 Municipal Budget

May 26th, 2026

Prepared by: Malorie Robinson, CAO/Clerk-Treasurer
Presented to Council May 26th, 2026 for Adoption

Executive Summary

The 2026 Municipal Budget has been prepared for Council's consideration following two budget review meetings. The budget is intended to maintain core municipal services, address known operating pressures, support legislated and regulatory requirements, and advance priority capital projects while limiting the municipal levy increase to 2%.

The proposed 2% municipal levy increase results in a total estimated municipal levy of $889,956.12, representing an increase of $17,450.12 over the base levy of $872,506. The water and sewer budget includes a 5% increase to water and sewer user charges, consistent with the need to support the long-term sustainability of the utility system.

Legislative Authority and Budget Requirements

Section 290 of the Municipal Act, 2001 requires a local municipality, in each year, to prepare and adopt a budget including estimates of all sums required during the year for the purposes of the municipality. The annual budget is the primary financial plan that authorizes municipal revenues, expenditures, transfers, debt obligations, and service delivery priorities for the year.

Following budget adoption, Council may pass the necessary rating and levy by-laws under the Municipal Act, 2001, including the provisions applicable to local municipal tax rates and special local municipal levies. The budget also supports the Town's accountability to residents by clearly identifying how municipal services, capital works, grants, reserves, and user fees are expected to fund the year's expenditures.

2026 Budget Review Process

The 2026 Budget was developed through staff review of prior-year actual results, 2025 budget allocations, known 2026 contractual and operational requirements, grant/funding information, capital priorities, and anticipated service level needs. Departmental budgets were reviewed to identify revenue assumptions, expenditure pressures, one-time projects, capital requirements, reserve transfers, and grant-funded initiatives.

Council reviewed the draft budget during two budget review meetings. Those meetings provided Council with the opportunity to review departmental budgets, discuss operating pressures, consider capital priorities, review funding assumptions, and provide direction prior to the budget being brought forward for formal adoption.

Public-facing budget information and notice of the proposed budget adoption were prepared to support transparency and provide residents with information regarding the proposed 2% municipal levy increase, the proposed 5% water and sewer user rate increase, and the major projects included in the 2026 budget.

Municipal Levy Impact

The budget includes a proposed 2% municipal levy increase. Based on the property tax scenario worksheet, this results in the following levy impact:

Rate Increase	Total Estimated Levy	Levy Increase	Estimated Average Per Household
0%	$872,506.00	$0.00	$0.00
2%	$889,956.12	$17,450.12	$114.80
3%	$898,681.18	$26,175.18	$172.21
4%	$907,406.24	$34,900.24	$229.61
5%	$916,131.30	$43,625.30	$287.01

The proposed 2% increase has been selected to help offset rising operating costs while maintaining affordability and continuing to support asset management and service sustainability. The workbook notes that the Asset Management Plan identifies ongoing levy support as part of the long-term approach to asset replacement needs.

Water and Sewer User Rate Impact

The Water and Sewer budget includes a 5% increase to water and sewer user charges. Water and sewer services are intended to be funded primarily through user rates to support the long-term sustainability of the system and reduce reliance on the property tax levy for utility operations.

Revenue Source	2025 Budget	2026 Budget	Increase	Assumption
Water user charges	$162,219.00	$170,330.00	$8,111.00	5% increase
Sewer user charges	$116,253.00	$122,066.00	$5,813.00	5% increase
WTP user charges / Bear Island	$12,000.00	$15,500.00	$3,500.00	Contract and panel work revenue
Total Water & Sewer Revenue	$290,472.00	$307,896.00	$17,424.00	

Operating Budget Summary by Department

The following summary is based on the departmental sheets included in the 2026 draft budget workbook. Amounts reflect the budgeted revenues and expenditures presented in the workbook.

Department / Area	2026 Revenue	2026 Expenditure	Net Budget Impact
Municipal Levy & General Revenues	$1,843,282.76	$447,213.00	$1,396,069.76
General Government	$155,582.00	$695,149.64	$(539,567.64)
Public Works & Roads	$74,236.00	$445,901.24	$(371,665.24)
Landfill & Waste Collection	$7,607.00	$77,850.00	$(70,243.00)
Museum / Loggers Hall of Fame	$9,900.00	$9,900.00	$0.00
Water & Sewer	$307,896.00	$381,726.24	$(73,830.24)
Miscellaneous / Protection / Social Services	$1,000.00	$273,079.00	$(272,079.00)
Economic Development	$2,000.00	$7,610.00	$(5,610.00)
Fire Department	$47,250.00	$77,955.00	$(30,705.00)
Recreation & Community Services	$34,830.36	$67,200.00	$(32,369.64)

Funding Information

The 2026 Budget includes several grant and funding sources. Some funding is confirmed, while other funding, such as the FedNor Waterfront Strategic Plan contribution, has been applied for and should be treated as pending until confirmed. If pending funding is not approved, staff will report back to Council with options to amend the project scope, funding source, or timing.

Funding Source	2026 Budget Amount	Budget Use / Notes
OMPF	$168,500.00	Confirmed operating support included in general revenues.
OCIF	$170,389.00	Includes 2026 allocation of $125,000 and $45,389 carried/used for road-related capital.
Canada Community-Building Fund (CCBF / Gas Tax)	$23,600.00	Applied toward road rehabilitation funding.
Pothole Prevention and Repair Program	$38,000.00	Applied toward road rehabilitation funding.
Community Emergency Preparedness Grant (CEPG)	$41,234.64	Supports emergency management and eligible building/EOC-related costs.
FedNor Waterfront Strategic Plan Funding	$81,000.00	Application submitted / not secured at time of budget preparation.

2026 Capital Projects and Project Funding

The 2026 Budget includes the following capital and project items. These projects are supported through a combination of federal/provincial funding, donations, reserves, user rate-supported funding, and a municipal property tax contribution where identified.

Project	Description	Cost	Funding	Property Tax	Funding Source
2025 Road Rehabilitation	Paving completed in 2025	$216,119.00	$106,989.00	$0	PHPP $38,000; CCBF $23,600; OCIF $45,389
Gate Valve Project	Water Treatment Plant project	$30,000.00	$30,000.00	$0	OCIF / water-related capital funding as budgeted
Playground Upgrades	Two new play structures and donation board	$15,000.00	$15,000.00		Donations/funding approvals being pursued
Landfill Study	Study required by MOE/MECP	$70,000.00	$70,000.00	$0	OCIF
Waterfront Strategic Plan	Strategic plan for Bay Lake waterfront	$90,000.00	$81,000.00	$9,000	FedNor/municipal contribution
Total		$421,119.00	$302,989.00	$9,000	

Key Budget Assumptions

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- OMPF funding is budgeted at $168,500, reflecting an increase from the prior year.
- OCIF funding is included to support eligible infrastructure and capital needs, including the landfill study, gate valve project, and road-related capital funding as identified in the workbook.
- CCBF funding of $23,600 and Pothole Prevention and Repair Program funding of $38,000 are included for road rehabilitation funding.
- FedNor funding of $81,000 for the Waterfront Strategic Plan has been included as applied-for funding and is not confirmed at the time of budget preparation.
- Water and sewer user charge revenue is based on a 5% rate increase.
- Interest income has been budgeted at $3,000 based on anticipated banking/investment interest activity.

Expense Assumptions

- Insurance, utilities, policing, public health, DSSAB, and contractual service costs have been budgeted based on known or estimated 2026 requirements.
- Wage and payroll burden accounts have been separated in several departments to improve transparency and tracking.
- Election expenses are included for the 2026 municipal election year.
- Emergency management and eligible building/EOC-related costs are supported in part by CEPG funding.
- Water Treatment Plant costs include the gate valve project, ongoing utility pressures, laboratory analysis, chemical costs, and reserve transfer planning.
- Transfers to reserves are included in several areas to support future capital and asset management needs.

Analysis

The proposed budget balances affordability with the Town's need to maintain core municipal services, meet legislated responsibilities, and continue addressing infrastructure and capital priorities. The 2% municipal levy increase provides modest additional taxation revenue while recognizing cost pressures across policing, social services, insurance, utilities, staffing, asset management, and regulatory compliance.

The budget also reflects an effort to improve financial transparency by separately identifying education tax amounts, payroll burdens, reserve transfers, grant-funded activities, and one-time project costs. This improves Council's ability to compare year-over-year operating costs and understand which expenditures are recurring, grant-funded, capital-related, or unusual one-time items.

The 5% water and sewer increase supports the principle that water and sewer services should be funded through utility revenues. Continued attention will be required to ensure the utility remains sustainable, particularly as the Town addresses Water Treatment Plant operating requirements, capital repairs, regulatory compliance, and future staffing/service delivery decisions.

Financial Considerations and Risk

The largest budget risk relates to funding that has been applied for but not yet confirmed. The Waterfront Strategic Plan includes $81,000 in applied-for FedNor funding and a $9,000 municipal contribution. If funding is not approved, staff will return to Council before proceeding with the full project scope.

Additional risk areas include utility costs, insurance, contracted services, policing and social service levies, water/wastewater operations, capital cost changes, and any staffing changes required during the year. Staff will continue to monitor revenues and expenditures through regular budget-to-actual reporting and will report significant variances to Council.

Consultation

The budget was prepared by staff and reviewed by Council through two budget review meetings. Departmental information, grant assumptions, capital requirements, known operating pressures, and prior-year actuals were considered during preparation of the budget.

Conclusion

Staff recommend that Council adopt the 2026 Municipal Budget as presented, including the 2% municipal levy increase and the 5% water and sewer user rate increase. Adoption of the budget will authorize the 2026 operating and capital financial plan and allow staff to proceed with implementation, reporting, and required by-laws.

Attachments

Attachment 1: 2026 Budget Workbook / Departmental Budget Sheets

Attachment 2: 2026 Capital and Funding Summary