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| Report Number: 2026-006SSJR | Date: August 10, 2026 |
| Report Title: 2026 Mock Amalgamation Budget | Related Documents: |
| To: SSJ Restructuring Committee | From: Derek Hnatiuk, Treasurer |

**Recommendation:**

Be it resolved that the SSJ Restructuring Committee hereby receive Staff Report 2024-006SSJR regarding the 2026 Mock Amalgamation Budget including Appendix A and B ; and

**Purpose:**

The purpose of this report is to prepare a 2026 mock amalgamated budget in order to assist with answering the following questions at the upcoming Communication Information Session scheduled for August 15, 2026.

The questions are as follows:

1. Will amalgamation lead to lower costs for residents? If so, how?
2. Will amalgamation increase my property taxes? If so, by how much?
3. Will there be any cost savings from amalgamation? If so, where will these savings come from?

**Background:**

**June 15, 2026**
**<u>6.0 Public Engagement Options Report and Financial Study Update</u>**
**R2026-024R**
**Moved By: Budd Brown** **Seconded by: Fraser Williamson**
That the SSJ Restructuring Committee receive Staff Report 2026-004SSJR regarding the Public Engagement Options and Financial Study Update; and
Direct staff to supplement, to the extent possible, the MacLaren report for all financial considerations except those that could be reasonably considered transition costs; and
Direct staff to schedule J Ball Consulting to prepare the second engagement for August 16*, 2026.
**Carried**
**J Ball Consulting intended to be available for Saturday, August 15th so this is reflected in the advertising.*

The residential tax rate is computed as follows:

sum of the weighted assessments of each tax class
total funding required by the municipality through taxation

The weighted assessment per tax class is computed as follows:

total assessment * tax ratio

Given the above, it becomes apparent that municipalities have little authority in determining the numerator $ of the residential tax rate formula. This is mainly due to the fact that assessments are determined and updated by the provincial government. Although tax ratios, which are utilized to shift the tax burden away from the residential tax class, can be adjusted by municipalities, the upper and lower limits are set by the provincial government. Furthermore, given the geographical (rural) location of the SSJ municipalities, the assessment base for tax ratios above 1.0 (commercial and industrial classes) is minor and, therefore, has a small impact on setting the overall tax rate.

**Assumptions:**

- The mock amalgamation budget is the first year of “normal” operations after the transition period – therefore all one-time cash inflows and outflows have already occurred with a NIL$ impact moving forward
- The calendar year of 2026 is being used to limit uncertainties and estimates needed to forecast a budget in the future
- No reduction in staff count but staff reallocation to eliminate duplication of duties currently existing
- Township of Joly property was sold during the transition period
- No disposal of existing vehicles and/or heavy equipment
- There will be no change in grant funding amounts by the federal and provincial governments
- The following services offered exclusively to Village residents are excluded from the mock budget and would be treated as local improvement charges:
  - Sewer system
  - Curbside garbage collection
  - Crossing-guard costs
  - Sidewalks costs
  - Streetlights costs (note – Township of Strong also has streetlights that will be treated as a local improvement charge

**Analysis:**

The 2026 adopted tax rates for each municipality are as follows:

- Township of Strong = 11.23%
- Township of Joly = 14.65%
- Village of Sundridge = 20.65%

## A) Worst-Case Scenario

- To assume that the municipalities amalgamate only in legal form
- Statue quo remains
- Revenues and expenditures are simply summed across the three municipalities
- Result:
  - Township of Strong% tax rate increase = 23%
  - Township of Joly% tax rate decrease = 5%
  - Village of Sundridge% tax rate decrease = 33%

## B) Best-Case Scenario

- Considering intercompany eliminations, economies of scale, creation of additional local improvement charges and savings in operations from the sale of the Township of Joly office, an estimated savings or decrease in levy funding amounts to over $500,000
- anticipated efficiencies are as follows:
  - Council expenses = savings of $174,000
  - Audit expenses = savings of $50,000
  - Administration expenses = savings of $106,000
  - Insurance expense = savings of $46,000
- Result:
  - Township of Strong% tax rate increase = 14%
  - Township of Joly% tax rate decrease = 12%
  - Village of Sundridge% tax rate decrease = 38%

**Conclusion:**

1. Will amalgamation lead to lower costs for residents? If so, how?

   **Yes definitely. This will be due to economies of scale. It should be noted that, while no reduction in staff is anticipated thereby maintaining the status quo for wages, there will be elimination of duplicate duties resulting in transitioning staff to more specialized positions. This, in turn, will improve customer service and delivery.**

2. Will amalgamation increase my property taxes? If so, by how much?

   **Given the current adopted rates and assessment totals for each municipality, there is no doubt that without harmonization of tax rates, amalgamation would result in a decrease in tax rates for both the Township of Joly and Village of Sundridge while the Township of Strong would experience an increase in tax rates.**
   **Harmonization of property tax rates would be required in order to stabilize the amalgamated tax rate so that ratepayers from each municipality would not expect major deviations from their current municipal tax rate. Harmonization is achieved by adjusting provincial assessment ratios, setting revenue-neutral policies, and passing uniform municipal tax by-laws based on standardized property valuations.**

3. Will there be any cost savings from amalgamation? If so, where will these savings come from?

   **Yes, definitely and for the same reason as explained in question 1.**

**Attachments:**

**Appendix A: 2026 Budgets**

**Appendix B: 2026 Tax Rates and Tax Impact per Municipality**

**Appendix C: Financial Analysis for the Restructuring Study Report by Maclaren Municipal Consulting**