

PROPERTY ASSESSMENT

1. How often are municipal property values established?

In accordance with the Municipal Taxation Act, property values are established every three years. In Sutton, for example, the last two property values were set in 2020, then in 2023 and the next values will be set in 2026. The town has no control over the frequency and timing of assessments.

2. Who determines the property values on the municipal assessment roll?

Since July 4, 2002, the Brome-Missisquoi MRC has been responsible for awarding the evaluation contract to an external firm, the property evaluation service of the Fédération québécoise des municipalités (FQM). The latter produces the assessment roll according to the rules defined in the Act respecting municipal taxation. This process is completely independent of the Town. Elected officials or the administration have no role to play in this process.

3. How is the value of my property established?

The value of a property is established in accordance with the standards, rules and criteria set out in the Municipal Taxation Act. It is primarily based on the value of sales of several similar residences in the same area, at a given legally foreseen time (July 1, 2021, in the case of our latest assessment roll). Thus, the value of the property may be subject to large variations in value due to a real estate bubble.

4. What is the real value?

The Municipal Taxation Act specifies that the real value of a unit of assessment (property) is its exchange value in an open and competitive market. This exchange value is the most probable price that could be paid in a sale between two parties who are under no obligation to buy or sell and who have sufficient knowledge of the use to which the property may be put and the conditions of the real estate market.

5. How do I know if the valuation of my property is fair and realistic?

The easiest way to find out is to ask yourself if you would be willing to sell your property for the amount of the municipal evaluation, taking into account that the reference date of this evaluation in relation to the market is 18 months before the date of the last triennial roll. In the case of Sutton, the reference date is July 1, 2021.

6. Can the property assessments on the new assessment roll be contested?

It is possible for a homeowner to contest the assessment of their home. The deadline for doing so is April 30, 2023.

7. How do I contest my municipal assessment?

The Act provides for a two-step review process for the contestation, in the first instance a request must be made to the appraiser registered in the file who could modify the said value and, in the second instance, in case of disagreement, it is possible to exercise a recourse before the Tribunal administratif du Québec.



For more details, consult the Brome-Missisquoi MRC website.

8. How much does it cost to apply for a Property Assessment Review?

In accordance with the Brome-Missisquoi MRC's by-law 11-1222, the cost of a request for revision of the property assessment varies between \$86.20 and \$1,149.25 depending on the value entered on the roll for the property. For more details, consult the Brome-Missisquoi MRC website.

9. What is the relationship between my home assessment and my tax bill?

The higher the assessment of a building (property), the higher the tax bill associated with it, since taxes are calculated by multiplying the tax rate by the assessment value.

10. Why is the Town announcing an average assessment roll increase of 39.4% when the increase of my assessment is much higher (or lower)?

For simplicity and communication purposes, the Town has announced the average increase in the assessment roll. This increase may be higher or lower depending on the area in which your property is located and the type of property (residential or non-residential, six or more units, farm buildings, vacant lots without services).

BUDGET

1. What is the purpose of a municipal budget?

A municipal budget is used to provide for all expenditures necessary to operate municipal services and, therefore, to calculate the corresponding taxation to provide for the expenditures. It must provide for revenues at least equal to the expenditures set out in the budget.

2. Who prepares the municipal budget?

Under the *Cities and Towns Act*, the General Director prepares the budget and capital program with the cooperation of the department heads and other officers or employees of the municipality. The budget year is held between September 1 and December 31 of each year.

3. How is a municipal budget developed?

The Town's budget is developed from multiple inputs, including previous budgets, the previous year's actual expenditures, non-commissionable expenditures (which account for 81% of total expenditures in 2023), and projected annual increases in all municipal purchases. All of this data is evaluated to develop realistic estimates for each budget item.

4. Why does a municipal budget need to be balanced?

Every municipality is required by law to produce a budget that provides for revenues at least equal to the expenditures set out in the budget.



5. When can elected officials analyze the budget?

Once the proposed budget has been presented to the elected officials by the general director, they may analyze it until it is adopted or until most of them declare themselves in favor of its adoption. During this analysis period, the elected officials are invited to discussion meetings to answer their questions

6. When and how should the municipal budget be adopted?

In accordance with the Cities and Towns Act, the municipal budget must be adopted by Council at a special meeting scheduled between November 15 and December 31 of each year.

7. How much was Sutton's municipal budget in 2022?

The Town of Sutton's municipal budget for the year 2022 was \$15,390,268.

8. What is Sutton's municipal budget in 2023?

The Town of Sutton's municipal budget for the year 2023 is \$15,851,475.

9. What is the % increase in expenses in 2023?

As shown in the following table from the budget presentation, the Town has only increased spending by 3% for the year 2023, which is the lowest increase since 2017.

2023 E	3udg	et –	Expe	nse
BUDGET AS ADOPTED	2022	2023	Variation \$ %	
GENERAL ADMINISTRATION	\$2,024,071	\$1,909,988	-\$114,083	-5.64%
PUBLIC SECURITY	\$2,507,426	\$2,572,045	\$64,619	2.58%
ROAD NETWORK	\$3,859,480	\$3,983,570	\$124,090	3.22%
LOCAL HYGIENE	\$2,247,105	\$2,355,394	\$108,289	4.82%
HEALTH AND WELLNESS	\$51,550	\$48,035	-\$3,515	-6.82%
LAND MANAGEMENT (URBANISM)	\$699,155	\$757,253	\$58,098	8.31%
ECONOMIC DEVELOPMENT	\$341,265	\$349,521	\$8,256	2.42%
RECREATIONAL ACTIVITIES	\$803,863	\$821,673	\$17,810	2.22%
CULTURAL ACTIVITIES	\$471,196	\$572,558	\$101,362	21.51%
FINANCING COSTS	\$335,157	\$431,438	\$96,281	28.73%
DEPRECIATION	\$2,050,000	\$2,050,000	\$0	0%
TOTAL EXPENSES	\$15,390,268	\$15,851,475	\$461,207	3.00%



10. Have expenditures been reduced?

In keeping with Town Council's desire to maintain the quality of services offered to citizens, the Town has not reduced the level of services, but has reduced its costs as much as possible in order to maintain a rate of increase of only 3% over the previous year, despite inflation of 6.8% (CPI Quebec, 2022).

11. Could the Town reduce staff to limit budget increases?

Over the past two years, the Town has worked hard to improve its services to citizens, primarily in the Urban Planning Department, the Public Works Department and the Recreation, Community Life and Culture Department. Any reduction in personnel would result in a decrease in direct services to the population. Considering the size of the territory, the number of kilometers of the road network and the complexity of the Suttonnais normative framework, the human resources of the administration are at a minimally adequate level.

12. Why not take a larger amount from the financial reserves to avoid a tax increase?

While it has been the practice in recent years to use reserves to balance the municipal operating budget, this is not a sound municipal management practice. To make a comparison with our personal expenses, it is like using your savings account to pay for groceries.

The Town auditor noted when the 2021 financial statements were tabled at the August 3, 2022, Council meeting that the Town's reserves were currently insufficient.

13. What is the difference between free (unrestricted) and reserved (restricted) surplus?

The free surplus may be used, at council's discretion, to provide for any expenditure. The reserved surplus, on the other hand, must be used only for the purpose for which it is reserved, as is the case, for example, for the sewer surplus, the water surplus, or the municipal election surplus.

14. What is the amount of the Town's free surplus?

For budget planning purposes, at the time of budget creation, the administration uses the estimated free (unrestricted) surplus as of August 31 of the current year: thus, the estimated free surplus as of January 1, 2023, is \$1,808,392 (page 14 of the 2023 Budget Presentation). This figure includes the \$750,000 committed to balance the 2023 budget.

The official figure for the 2022 free surplus will not be known until after the audit of the Town's 2022 financial statements in the spring of 2023.

15. What are the budget surpluses used for?

As indicated by the auditor in August 2022, it is recommended that a Town ideally have a surplus equivalent to 6 months of current operations, which for Sutton would mean close to \$8 million (50% of the 2023 budget of \$15.8 million). These sums would allow the Town to deal with various unforeseen events that could arise during the year and would allow it to meet its financial obligations at the beginning of the year (considering that the first tax payment, and therefore revenue, does not arrive until March 15).



16. What is the Town of Sutton's current budget strategy?

As part of the 2023 budget planning process, the Town's strategy is to significantly reduce the use of the free surplus to balance its operating budget. As a result, the 2023 budget calls for \$750,000 to be taken from the free surplus, which is half of the \$1,561,424 taken from the 2022 budget. Town Council's goal is to achieve a balanced budget within three years in which revenues equal expenditures, without having to draw from the free surplus.

The Town also wanted to minimize the impact of the increase in property assessment roll values on the citizen's tax bill by lowering tax rates.

17. What is the Town's financial framework?

The Town of Sutton respects the financial framework specific to all municipalities. In particular, it is governed by multiple laws and regulations, as well as *the Municipal Financial Reporting Handbook of the Ministry of Municipal Affairs*. However, in the coming months, the Town will evaluate the possibility of adopting new internal financial policies in an effort to constantly improve.

TAX ACCOUNT

1. When are tax bills due to be sent to taxpayers?

Legally, tax bills must be mailed to taxpayers by March 1st of each year. Taxpayers have 30 days after the tax bill is mailed to pay the first instalment.

In 2023, the Town mailed the tax bills on February 15, so taxpayers must pay their first installment by March 15, 2023.

2. What does my tax account consist of?

The municipal tax account is made up of several components divided between taxation and rates.

- **Taxation:** two forms of taxation apply.
 - o Taxation applicable to all buildings (properties), namely general taxation and taxation related to the public works reserve.
 - o A sectorial taxation applicable only to certain sectors of the municipality. This taxation varies according to the services or certain works that are carried out or not in your sector.
- **Rates:** The rate is a fixed amount per dwelling unit that varies according to the availability of the service provided at that location (water, sewer, and waste collection services).

3. How are municipal taxes calculated on my tax bill?

The tax bill is made up of certain taxes and fees applicable to the buildings and services provided at their location. The taxation is based on a rate that is determined in the budget. This rate is multiplied by the value of the building to calculate the amount of taxes payable. The fee is a fixed amount per dwelling unit or service that is added to the taxation.

4. What is the municipal tax increase in Sutton in 2023?



The tax increase in Sutton in 2023 for an average value property (\$468,093 in 2023) is 11.9% in the village core, 14.7% in the mountain sector and 13.1% for unserved properties. Depending on the increase in the value of your property (based on the new assessment roll), the percentage increase in your taxes could be higher or lower than these figures.

5. Why isn't the increase in my tax bill proportional in percentage to the 3% increase in expenses?

In keeping with our sound budgeting strategy, the Town has reduced the amount of money taken from our free surplus and public works reserve (\$950,000 in total, compared to \$1,907,424 in 2022) to balance our budget. This decrease in the amount drawn from our financial reserves, combined with the 3% increase in expenditures, represents the total amount of revenue to be collected.

6. Why did municipal taxes increase in 2023?

The increase in the cost of living (Consumer Price Index - CPI) and the strategy of reducing the use of the free surplus are the main reasons for the tax increase.

7. What is the maximum tax increase the town is legally allowed to make per year?

There is no maximum threshold established by the Act. However, Town Council has a duty to ensure sound management of the Town by balancing the budget, while taking into account the citizens' ability to pay.