

## Municipal Price Index for 2023

	2022 Budget	% of 2022 tax supported Budget	Price Index	Weighted	Source	2023 Estimate
Salaries	48,770,237	36.31%	1.99%	0.72%	Market Adjustment, Contract Increases	49,743,137
Benefits	12,229,701	9.11%	6.49%	0.59%	Various (OMERS, Manulife, Green Shield, AIG, etc.)	13,023,742
Hydro	3,270,410	2.44%	4.94%	0.12%	Milton Hydro	3,431,829
Hydro - Streetlighting	916,371	0.68%	4.94%	0.03%	Milton Hydro	961,600
Water	765,750	0.57%	3.30%	0.02%	Region of Halton	791,020
Natural Gas	895,968	0.67%	13.90%	0.09%	Bank Commodity Forecasts, CPI and Regulatory impacts	1,020,516
Insurance	916,842	0.68%	20.00%	0.14%	Estimated Increase	1,100,210
Roads	617,628	0.46%	4.78%	0.02%	Asphalt Cement Price Index, MTO	647,171
Fleet Costs						
Fuel	1,165,210	0.87%	51.40%	0.45%	Bank Commodity Forecasts, CPI and Regulatory impacts	1,764,078
Repairs	1,452,243	1.08%	4.60%	0.05%	CPI	1,519,046
Licencing	80,251	0.06%	4.60%	0.00%	CPI	83,943
Transfer to Reserves	33,269,085	24.77%	10.98%	2.72%	Various (Stats Can Quarterly Construction Price Index, CPI)	36,921,781
Purchased Goods and Services	27,316,682	20.34%	4.60%	0.94%	CPI	28,573,249
Financial Expenditures	2,631,796	1.96%	0.49%	0.01%	Forecasted Tax Rate Change, Other	2,644,796
<b>TOTAL EXPENSES</b>	<b>134,298,174</b>	<b>100.00%</b>		<b>5.90%</b>		<b>\$142,226,118</b>
User Fees and Service Charges	(25,770,831)		5.90%		MPI (excluding Revenue Impacts)	(27,292,145)
Regional Recovery and Chargebacks	(6,899,980)		4.60%		CPI	(7,217,379)
Contribution from Capital	(7,153,263)		2.82%		Index of Non Union Salaries and Benefits	(7,354,727)
Investment and Interest Income	(5,253,231)		0.00%			(5,253,231)
Taxation and Payments in Lieu	(4,047,775)		5.50%			(4,270,403)
Grants, Other Recoveries and Donations	(1,740,189)		0.00%			(1,740,189)
Contributions from Reserves and Misc. Revenues	(3,747,078)		0.00%			(3,747,078)
<b>TOTAL REVENUES</b>	<b>(54,612,347)</b>					<b>(56,875,152)</b>
<b>Tax Levy</b>	<b>79,685,827</b>					<b>\$85,350,966</b>
<b>2023 MPI</b>						<b>7.11%</b>

Current projections from the Bank of Canada's Monetary Policy Report forecast the Statistics Canada Consumer Price Index (CPI) increasing by 4.6% in 2023. While CPI can be a good proxy for general cost inflation it does not align with cost pressures faced by a municipality. CPI includes measures such as housing, food and transportation which does not reflect the typical basket of goods and services acquired annually by the Town, nor does it consider the significant level of investment in capital infrastructure spending or the impact of flat-lined revenue sources such as grants, investment income and most transfers from reserve.

To account for the differences and more accurately reflect the inflationary pressures facing the Town a customized Municipal Price Index (MPI) has been developed and has been in use since 2008. The MPI is an inflationary index based specifically on the mix of goods and services purchased by the Town calculated as a weighted average of price increases for each component in the Town's budget and has been developed in accordance with Government Finance Officers Association (GFOA) best practices.

Total Expenses and Revenues are \$29.9 million lower than the approved 2022 Operating Budget due to the exclusion of flow through transactions that do not impact the tax levy and therefore are not relevant to MPI. The exclusions include General Government and Interfund transfers, Building Services, Hospital Expansion and reallocated expenses and revenues that have no bottom line impact.