

COUNTY OF ELGIN – Budget 2025 –

# Corporate Departments and County Overview

Jennifer Ford, Director of Financial  
Services/IT/Treasurer



# 2024 Completed Initiatives

## **Key Department successes include:**

Corporate departments provide overarching support to internal operating and capital needs of Elgin County's service departments and mandated external needs of corporation such as external partnerships (Health Unit and Social Services)

## **Corporate Activities:**

Development of a new policy related to County Grants - 1<sup>st</sup> consideration for 2025 budget included in this department for increase of \$241K (See Appendix D for Membership and Program support details)

Reserves and Reserve Funds report to support budgeting process and provide further information to Council included in this department (See Appendix A reporting as at Dec 31, 2023)

Budget direction reset to support new Strategic Plan of Council

## **Corporate Services:**

Renewal of Insurance

Corporate Membership support (Appendix D)

# 2025 Business Initiatives

**Initiative #1:** Ensure Funding is sufficient to support Strategic priorities identified by Departments and externally funded partners and maintain reasonable increases for ratepayers while considering immediate short-term and long-term needs of County.

**Strategic Priority #3:** Service Excellence and Efficiency

## **Goal #2 – Optimize Business Planning Process**

Levy support for all department needs for Operating and Capital considered and adjusted based on what is occurring within other departments is captured within this department

In year need for debt/repayment of Terrace Lodge Capital reserve and effects of increased interest costs to ensure sustainability within the 10-year plan is captured within this department

**Success Measures** – Maintain financial stability with ability to pivot quickly to accommodate needs of CPI increases and interest rate fluctuations.

# 2025 Budget Highlights

2025 Use of Levy for departmental operations and capital projects is as follows:

Department	Departmental costs	Capital	Levy Support	% of Levy Support
<b>LEVY</b>	<b>(50,597,376)</b>		<b>(50,597,376)</b>	<b>1</b>
<b>LONG TERM CARE SERVICES</b>	<b>2,808,195</b>	<b>1,430,158</b>	<b>4,238,354</b>	<b>8%</b>
<b>EMERGENCY MANAGEMENT Incl AME</b>	<b>3,742,438</b>	<b>924,725</b>	<b>4,667,163</b>	<b>9%</b>
<b>CORPORATE SERVICES</b>	<b>2,806,064</b>	<b>99,781</b>	<b>2,905,845</b>	<b>6%</b>
<b>ENGINEERING &amp; TRANSPORTATION</b>	<b>788,808</b>	<b>17,043,066</b>	<b>19,258,960</b>	<b>38%</b>
<b>PROVINCIAL OFFENCES ADMINISTRATION</b>	<b>(154,396)</b>		<b>(154,396)</b>	<b>0%</b>
<b>FACILITIES</b>	<b>490,126</b>	<b>3,759,236</b>	<b>4,249,362</b>	<b>8%</b>
<b>COMMUNITY &amp; CULTURAL SERVICES</b>	<b>3,571,342</b>	<b>460,017</b>	<b>4,031,358</b>	<b>8%</b>
<b>PLANNING, LAND DIVISION ECDEV</b>	<b>1,161,246</b>	<b>15,000</b>	<b>1,176,246</b>	<b>2%</b>
<b>INFORMATION TECHNOLOGY</b>	<b>1,705,487</b>	<b>541,120</b>	<b>2,246,608</b>	<b>4%</b>
<b>ADMINISTRATION</b>	<b>1,645,555</b>		<b>1,645,555</b>	<b>3%</b>
<b>HUMAN RESOURCES</b>	<b>838,363</b>		<b>838,363</b>	<b>2%</b>
<b>PUBLIC HEALTH &amp; SOCIAL SERVICES</b>	<b>4,494,437</b>		<b>4,494,437</b>	<b>9%</b>
<b>FINANCIAL SERVICES</b>	<b>999,521</b>		<b>999,521</b>	<b>2%</b>
<b>Debt Repayment (Engineering Cost)</b>		<b>1,427,086</b>		<b>0%</b>
<b>Total Use of Levy by Department</b>	<b>(25,700,189)</b>	<b>25,700,189</b>	<b>(0)</b>	<b>100%</b>

# 2025 Budget Highlights

If amount of Tax Increase is 2.94%  
 Levy would be 50,597,376  
 Current Year Inflation Rate (Oct over Oct) 2.00%

Property Tax Class	Ratio to Review	Increase per \$100,000
Industrial		\$ 44.83
Multi-Residential		\$ 40.29
Commercial		\$ 32.99
Pipeline		\$ 23.06
New Multi-Residential		\$ 20.15
<b>Residential</b>		<b>\$ 20.15</b>
Farm	0.23	\$ 4.63



Residential  
\$20.15

Farm  
\$4.63

Commercial  
\$32.99

Increase per \$100,000 of Property Assessment

The 2025 Levy required to support County services is \$50,597,376

An increase of 2.94% on the tax rate is required to support the 2025 initiatives.

Tax rates are affected slightly this year by the introduction of a new Aggregate Extraction category and ratio by the Minister of Finance. Properties affected will be moved from the Industrial class with a prescribed ratio of 2.2251 to a new class VT with a lowered ratio of 1.810578. Additionally, this new category is not expected to be subject to Educational Taxation.

# 2025 Budget Highlights – Debt Financing

**Completion of Terrace Lodge Redevelopment requires a decision in 2025 related to the debt that Elgin will need/want to borrow to support use of reserves:**

## **Review of existing position:**

Reference to Appendix A – Reserves and Reserve Funds available as at end of Dec 31, 2023 shows a net of \$5.6M readily available for use.

\$24M now exists in a negatively funded reserve called Capital Fund Terrace Lodge

To date, Elgin has self financed all but \$1M of the TL Redevelopment by borrowing from its existing Reserves not intended for this use.

\$19M plus \$2.4M of Construction funding is promised to the County over the next 25 years with \$4M being needed from Elgin to fully pay back the debt to itself.

What options should be considered to manage this debt/funding and ensure reserves are available when needed?

# 2025 Budget Highlights – Debt Financing

Initially, Elgin had planned to borrow the needed \$25M over 25 years when interest rates were low but since then the rate has more than doubled. Alternate options have been investigated to mitigate costs:

Proposed Options	Type of Financing	Total Debt RePayment	Use of MOH Funding*	Cost to Elgin	Principal Amount of Debt	Interest Amount	Interest Rate	Annual Cost of Repayment	MOH Annual Funding
Original Discussion	Fully Financed	32,039,115	22,320,125	9,718,990	25,000,000	7,039,115	2.04% for 25 yrs	1,281,565	785,845
Current Situation	Fully Financed	42,761,210	22,320,125	20,441,085	25,000,000	17,761,210	4.70% for 25 yrs	1,710,448	785,845
Option #1	Fully Self Financed	25,000,000	22,320,125	2,679,875	-	-	0% for 25 yrs	1,000,000	785,845
Option #2	Finance short term need 1st 6yrs	7,384,921	4,430,952	-	6,000,000	1,384,921	4.13% for 6 yrs	738,492	738,492
2031 - Elgin fully funds once existing loans are paid	Finance short term need 2nd 4yrs	-	-	2,953,969	-	-	4.13% for 4 yrs	738,492	-
Deferral of cost to Elgin to be funded Long term	Self Finance Long term	19,000,000	17,889,173	1,110,827	19,000,000	-	0% for 25 years	47353 for 6 yrs then 785,845 for 19 yrs	47353 for 6 yrs then 785,845 for 19 yrs

\*Includes one time and annual funding

# 2025 Budget Highlights – Debt Financing

Past Councils have leaned on a self-financing strategy for both Bobier Villa and Elgin Manor Rebuilds. Finance has been able to navigate and track this long-term strategy successfully in the past. Proposed Option 1 or 2 are both able to be accommodated in the 2025 budget and beyond. Expected savings on either option keeps tax rate increases lower for ratepayer.

## **TL Financing Option #1 : Fully self-financing**

10-year plan shows that 2026 and 2027 have a need to lean on Capital reserves in the amount of \$8.2M. Existing reserves may also be needed for other purposes to maximize funding opportunities. Cash flows will be impeded if Elgin fully self-finances at the maximum amount for a long period of time.

## **TL Financing Option #2: Hybrid model**

Self-financing mixed with a smaller debt load enables the County share of repayment of the Capital fund to be flexible in future years when use of budget to pay existing debt might be redirected to repay the outstanding unfunded reserve and supplement MOH sooner or when surplus exists to pay down a larger share.

Minimum debt amount of \$6M is needed in 2026 - using currently available loan on TL saves administration time and costs and ensures we have the funds available.

Reassessment of 2027 needs and beyond is possible when TMP is completed.



# 2025 Budget Highlights – Growth Reserve

Growth in 2024 is down from prior year of 4.90% to 1.46%. This results in a \$1.095M that will be set aside into the Growth reserve.

Property Tax Class	Current Year Total of Assessment Class	Levy raised by Tax Class	Prior Year total of Assessment Class	2025 Assessment Increase due to Growth (Decrease)/Increase	2025 Increase due to Growth
Industrial	84,540,319	\$ 1,395,209	85,111,991	(571,672)	(19,370)
Multi-Residential	38,766,868	\$ 546,192	38,953,868	(187,000)	(5,118)
Commercial	491,310,980	\$ 5,662,449	481,462,391	9,848,589	180,745
Pipeline	52,388,000	\$ 422,437	51,667,000	721,000	6,464
New Multi-Residential	11,629,000	\$ 81,925	7,323,000	4,306,000	29,468
Residential	5,239,944,368	\$ 36,914,958	5,131,253,119	108,691,249	743,826
Farm	3,388,738,216	\$ 5,490,885	3,385,680,198	3,058,018	1,107
Other (Includes Exempt	424,596,649	\$ 83,325	408,967,733	15,628,916	157,927
	9,731,914,400	\$ 50,597,376	9,590,419,300	141,495,100	\$ 1,095,049

# 2025 Budget Highlights - Other

Expense Increase	\$35.6K Social Service support increased - partnership with City of St. Thomas
Expense Increase	\$102K Southwest Public Health Unit support increased
Expense Increase	\$415K to reassessment reserve to realign to full year assessment from partial year assessment
Expense Increase	\$240K to accommodate New Grants program (1/2 or 1% of prior year levy (\$48M)) – Reference to Memberships and Program funding in Appendix D to this presentation
Expense Decreased	\$(954)K reduction to Growth reserve to reflect new amount based on 2024 Growth of 1.46%
Expense Increase	\$69K for Facility audits (Admin, POA, Ambulance stations)
Expense Increase	\$65K for Development Charges Study
Capital Expense Increased	\$88K increase for immediate needs at Ambulance Stations

# 2025 Proposed Budget

## Corporate Services 2025 Proposed Budget

**\$ 1.19M**

**Total Operating &  
Capital**

**\$ 19.1K**

**Budget  
Change**

	2024 Budget	2024 Actuals*	2025 Proposed Budget	Budget Change 2024 to 2025
<b>Revenue</b>	(25,000)	(13,650)	(25,000)	-
<b>Wages &amp; Benefits</b>	207,800	(3,620)	207,800	-
<b>Expense</b>	986,376	823,858	1,005,426	19,050
<b>Net Operating</b>	1,169,176	806,589	1,188,226	19,050
<b>Capital WIP</b>	-	-	-	-
<b>Grand Total</b>	<b>1,169,176</b>	<b>806,589</b>	<b>1,188,226</b>	<b>19,050</b>

\* as of December 15, 2024

Expense Increased:	Increase in insurance costs \$44.7K, memberships \$3K, audit fees \$1K, telephone \$4K, and bank fees \$0.2K.
Expense Decreased:	SCOR - To be determined by Council annually (\$30K), payroll charges (\$3.9K).

# 2025 Proposed Budget

## Corporate Activities 2025 Proposed Budget

**(\$44.3M)**

**Total Operating & Capital**

**(\$1.68M)**

**Budget Change**

	2024 Budget	2024 Actuals*	2025 Proposed Budget	Budget Change 2024 to 2025
<b>Revenue</b>	(52,375,485)	(47,362,627)	(55,769,372)	(3,393,887)
<b>Wages &amp; Benefits Expense</b>	-	-	-	-
<b>Net Operating Capital WIP</b>	9,781,801	6,797,398	11,403,225	1,621,424
<b>Grand Total</b>	(42,593,684)	(40,565,229)	(44,366,147)	(1,772,463)
	11,500	1,776	99,781	88,281
	<b>(42,582,184)</b>	<b>(40,563,453)</b>	<b>(44,266,366)</b>	<b>(1,684,182)</b>

\* as of December 15th 2024

Revenue Increase	(\$2.4M) Levy Increase - represents <b>2.94%</b> tax rate increase (used to support Operating and Capital needs throughout all County departments)
Revenue Increase	(\$754K) One Time additional funding from MOH upon TL Redevelopment Construction Completion
Revenue Increase	(\$200K) Interest Income from investments
Expense Increase	\$35.6K Social Service support increased - partnership with City of St. Thomas
Expense Increase	\$102K Southwest Public Health Unit support increased
Expense Increase	\$131.4K Interest Expense needs for TL debt based on proposed Plan Option #2
Expense Increase	\$1.5M to begin repayment of self financed Capital fund reserve and Debt
Expense Increase	\$415K to reassessment reserve to realign to full year assessment from partial year assessment
Expense Increase	\$240K to accommodate New Grants program (1/2 or 1% of prior year levy (\$48M))
Expense Decreased	\$(954)K reduction to Growth reserve that reflects new in year amount based on 2024 Growth of 1.46%
Expense Increase	\$69K for Facility audits (Admin, POA, Ambulance stations)
Expense Increase	\$65K for Development Charges Study
Capital Expense Increased	\$88K increase for immediate needs at Ambulance Stations

# 2025 Budget Highlights

Appendices are provided to this presentation to support the presentation and for Council Review and Approval:

Appendix A – Reserves and Reserve Fund Balances as per year ending Dec 31, 2023 financial statements.

Appendix B – Summarized version of 10-year plan Appendix C (Support for Proposed budget Slides)

Appendix C – Detailed version of 10-year plan by Department (Operating and Capital)

Appendix D – 2025 Memberships and Program Funding (Review for Changes)