

EXECUTIVE SUMMARY—MUNICIPALITY OF CENTRAL ELGIN

Municipal Profile

This section of the report encompasses economic and demographic characteristics that effect community demands, such as demands for public safety, capital improvements and social services. The following provides some of the key municipal profile statistics. The results have been presented to show a comparison to the overall survey average of 81 Ontario municipalities as well as a comparison to the average within the geographic location.

Population & Growth Profile	Central Elgin	Survey Average	Southwest Average
2001-2008 Population Increase	9.1%	15.7%	11.1%
2008 Building Permit Activity per Capita	\$ 1,205	\$ 2,040	\$ 1,742

Dwelling & Density Profile	Central Elgin	Survey Average	Southwest Average
% Dwellings Requiring Major Repair	6%	6%	6%
% Dwellings Constructed Before 1986	71%	64%	70%
Population Density per sq. km.	48	636	594

Assessment Profile	Central Elgin	Survey Average	Southwest Average
2009 Unweighted Taxable Assessment Per Capita	\$ 94,767	\$ 100,998	\$ 89,035
% of Residential Assessment	94.5%	86.0%	86.2%
% of Non-Residential Assessment	5.5%	14.0%	13.8%

Changes in community needs and resources are interrelated in a continuous, cumulative cycle of cause and effect. For example, a decrease in population decreases the demand for housing and causes a corresponding decline in the market value of housing. A gradually increasing population trend is generally considered favorable. Another growth related indicator is the building permit activity. Changes in building activity impact other factors such as the employment base, income, and property values. Information on the condition of dwellings in a municipality provides a general indication of age of the municipality, the infrastructure and the mix of new versus older growth.

Population density indicates the number of residents living in an area (usually measured by square kilometre). Density readings can lend insight into the age of a city, growth patterns, zoning practices, new development opportunities, the level of multi-family unit housing, whether a municipality may be reaching build-out, as well as service and infrastructure needs.

Assessment per capita statistics have been included to provide an indication of the "richness" of assessment base in each municipality. Assessment composition has also been included to provide an understanding of the mix of assessment.

Financial Indicators**Levy Per Capita**

	2009 Net Municipal Levy		
	Central Elgin	Survey Average	Southwest Average
Net Municipal Levy per Capita	\$ 1,228	\$ 1,167	\$ 1,086
Net Municipal Levy per \$100,000 Unweighted CVA	\$ 1,296	\$ 1,262	\$ 1,276

In order to better understand the relative tax position for a municipality, another measure that has been included in the study is a comparison of net municipal levies on a per capita basis. This measure indicates the total net municipal levy that is needed to provide services to the municipality. A net levy per \$100,000 of assessment provides a measure of the burden on properties with the same assessed value. This analysis does not indicate value for money or the effectiveness in meeting community objectives which varies from municipality to municipality.

Expenditures Per Capita

Costs will vary significantly based on a number of factors including but not limited to:

- Size of municipality and mix of urban and rural coverage
- Service levels
- How the service is provided
- Geographical factors
- Accounting and reporting practices

2008 FIRs & MPMPs	Central Elgin		Survey Average
Fire per Capita	\$ 98	\$	116
Police per capita (MPMP)	\$ 144	\$	234
Roadways Operating Costs per Lane Km (MPMP)	\$ 4,789	\$	2,285
Winter Control Operating Costs per Lane Km (MPMP)	\$ 845	\$	2,508
Waste Collection per Capita	\$ 29	\$	15
Waste Disposal per Capita	\$ 20	\$	16
Recycling per Capita	\$ 16	\$	18
Public Health per Capita	\$ 5	\$	19
Cemeteries per Capita	\$ 1	\$	4
Social Housing per capita	\$ 15	\$	83
Library per Capita	\$ 2	\$	37
Planning per Capita	\$ 18	\$	21
Parks, Recreation & Facilities Operating Costs per Capita (MPMP)	\$ 127	\$	128
Commercial and Industrial	\$ 1	\$	22

It is important to review trends over time to determine how costs are growing compared with revenue growth.

Municipal Revenues

Revenues determine a municipality's capacity to provide services. Under ideal conditions revenues would grow at a rate equal to or greater than the combined effects of inflation and expenditures. A municipality's largest source of revenues are from taxation. The following is a comparison of the rates within the survey. It should be noted that a comparison of the tax rate in isolation does not reflect the relative tax burden for various properties within the municipality. Comparisons of relative tax burden, as will be shown later in the report must also consider the assessments within a municipality for comparable properties.

Tax Rates	Survey Average	
	Central Elgin	
Residential - Municipal	1.4418%	1.1525%
Multi-Residential - Municipal	3.3822%	2.2563%
Commercial Residual - Municipal	2.3611%	1.8874%
Standard Industrial - Municipal	3.2082%	2.5250%
Large Industrial - Municipal	4.0829%	2.6601%
Residential - Education	0.2520%	0.2520%
Multi-Residential - Education	0.2520%	0.2520%
Commercial Residual - Education	1.4199%	1.5961%
Standard Industrial - Education	2.4677%	2.1479%
Large Industrial - Education	2.7000%	2.1804%
Residential - Total	1.6938%	1.4045%
Multi-Residential - Total	3.6342%	2.5083%
Commercial Residual - Total	3.7810%	3.4835%
Standard Industrial - Total	5.6759%	4.6729%
Large Industrial - Total	6.7829%	4.8404%

The table to the right provides a comparison of some additional revenue sources on a per capita basis as well as a comparison of building permit fees on a residential home.

Select User Fee & Revenue Information	Survey	
	Central Elgin	Average
2009 Building Permits Fees on Residential Home 1,800 sq.ft	\$ 1,224	\$ 1,688
Licenses, Permits, Rents per Capita	\$ 39	\$ 43
Business Enterprise Revenues per Capita	\$ 10	\$ 35
OMPF Grants per Capita	\$ 85	\$ 68
Canadian Conditional Grants per Capita	\$ 98	\$ 16
Ontario Conditional Grants per Capita	\$ 8	\$ 180
Investment Income per Capita	\$ 17	\$ 22
Contributions from Reserves and Reserve Funds per Capita	\$ 5	\$ 53
Penalties, Interest & Fine Revenues	\$ 20	\$ 21

Reserves

Reserve Analysis	Survey	
	Central Elgin	Average
Reserves as a % Total Expenditures	35.6%	48.1%
Reserves as a % Total Expenditures (Excluding Water/Sewer)	39.6%	48.2%
Reserves as a % Total Taxation (Excluding Water/Sewer)	60.1%	79.2%
Reserves per Capita	\$ 578	\$ 833

Reserves are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves is to:

- Provide stability of tax rates in the face of variable and uncontrollable factors
- Provide financing for one-time or short term requirements
- Make provisions for replacements/acquisitions of assets/infrastructure
- Provide a source of internal financing
- Ensure adequate cash flows
- Provide flexibility to manage debt levels and protect the municipality's financial position
- Provide for future liabilities incurred in the current year but paid for in the future

Debt

Debt Analysis	Survey	
	Central Elgin	Average
Debt Charges as a % of Expenditures	5.9%	4.2%
Debt Charges as a % of Expenditures (Excluding Water/Sewer)	0.7%	3.5%
Debt as a % of Taxation (Excluding Water/Sewer)	1.1%	6.6%
Debt Per Capita	\$ 732	\$ 513
Debt Outstanding + Unfinanced Capital per \$100,000 of Unweighted Assessment	\$ 1,140	\$ 564

An examination of a municipality's debt, particularly over time can reveal the municipality's:

- Reliance on debt to finance infrastructure
- Expenditure flexibility (due to fixed costs in the form of debt)
- The amount of additional debt a municipality can absorb

Debt to Reserve Ratio

Municipal credit rating agencies recommend a debt to reserve ratio of 1.0, in other words, for every \$1 in debt there should be \$1 in reserves.

Debt Analysis	Central Elgin	Survey Average
Debt to Reserve Ratio	1.5	1.0

Taxes Receivable

Every year, a percentage of property owners is unable to pay property taxes. If this percentage increases over time, it may indicate an overall decline in the municipality's economic health. Additionally, as uncollected property taxes rise, liquidity decreases. If the percentage of uncollected property taxes increases, the municipality should try to identify the causes and devise action strategies

Taxes Receivable	Central Elgin	Survey Average	Southwest Average
Taxes Receivable as a % of Tax Levies	9.7%	6.7%	6.0%

Financial Position

A comparison was made of each municipality's overall financial position (assets less liabilities). This is calculated as follows:

- ◆ Accumulated net revenue or deficit of the operating fund—this is the current year's operating surplus or deficit
- ◆ Plus the capital fund position—this is the surplus or deficit in the capital fund
- ◆ Plus the reserves and discretionary reserve funds—this does not include obligatory reserve funds such as DCs and park dedication which must be used for specific purposes
- ◆ Plus equity in business enterprises—this is the municipality's share in hydro operations.
- ◆ Less long term liabilities—this is the debt outstanding
- ◆ Less post employment benefits—this includes accumulated sick leave, vacation pay and WSIB claims

The following table provides a comparison of the financial position per capita against the total survey average. A comparison of the change in financial position over time will assist in understanding the trend within the municipality.

Financial Position	Central Elgin	Survey Average
Financial Position per Capita	\$ (255)	\$ 359

Taxes and Comparison of Relative Taxes

The purpose of this section of the report is to undertake "like" property comparisons across each municipality and across various property types. In total, 11 property types were defined based on those property types that were of most interest to the participating municipalities. There are many reasons for differences in relative tax burdens across municipalities and across property classes. These include, but are not limited to, the following:

- The values of like properties vary significantly across municipalities
- The tax burden within a municipality varies based on the tax ratios used. As such, it is possible for a municipality to have a relative low tax burden in a particular class of property and a relatively high tax burden in another class
- The use of optional classes
- Non-uniform education tax rates in the non-residential classes
- Level of service provided and the associated costs
- Extent to which a municipality employs user fees
- Access to other sources of revenues such as dividends from hydro utilities, gaming & casino revenues

	Central Elgin	Survey Average	Average Within Population Range less than 20,000	Location Group Average Southwest
Detached Bungalow				
Property Taxes	\$ 2,683	\$ 2,880	\$ 2,568	\$ 2,597
Senior Executive				
Property Taxes	\$ 6,007	\$ 5,343	\$ 5,121	\$ 5,138
Office Building /sq. ft.				
Property Taxes	\$ 2.03	\$ 2.87	\$ 2.56	\$ 2.68
Neighbourhood Shopping /sq. ft.				
Property Taxes	\$ 2.72	\$ 3.37	\$ 2.84	\$ 3.31
Industrial Standard				
Property Taxes	\$ 1.38	\$ 1.84	\$ 1.49	\$ 1.83
Industrial Large				
Property Taxes	N/A	\$ 1.34	\$ 1.15	\$ 1.27

Comparison of Water and Sewer User Costs

A comparison was made of water/sewer costs in each municipality. In order to put into perspective the impact of water/sewer costs on the overall burden to a property owner, typical consumptions were estimated for property types that followed predictable patterns. The following table summarizes the costs in the municipality for water and sewer on typical annual consumption against the overall survey average.

Water/Sewer	Central Elgin	Survey Average
Residential - 250 m3	\$ 1,151	\$ 723
Commercial - 10,000 m3	\$ 31,864	\$ 21,348
Industrial - 30,000 m3	\$ 94,864	\$ 62,469
Industrial - 100,000 m3	\$ 315,364	\$ 203,060
Industrial - 500,000 m3	\$ 1,575,364	\$ 999,182
Industrial - 1,000,000 m3	\$ 3,150,364	\$ 1,984,334

Taxes as a % of Income

This section of the report provides a comparison of the availability of gross household income to fund municipal services on a typical household. This provides a measure of affordability within each community.

	Central Elgin	Survey Average	Southwest Average
Property Taxes as a % of Household Income	4.4%	4.1%	4.0%
Water/Sewer + Taxes as a % of Household Income	5.6%	5.0%	4.9%

Next Steps—Trend Analysis

For municipalities participating in the study for a number of years, there is the ability to undertake a trend analysis. A trend analysis offers several advantages:

- ◆ It provides information on changes in the municipality in the most recent years, revealing the most current trends and their relative impact on the financial health of the municipality
- ◆ It allows the evaluator to determine how quickly an indicator is changing and in which direction
- ◆ It permits one trend to be evaluated in conjunction with other trends
- ◆ It allows local trends to be compared with Regional/Provincial trends
- ◆ It provides a database that can be used to make long-term projections necessary for effective budgeting, capital programming and master planning efforts and general decision making
- ◆ It builds awareness and the potential need to modify policies
- ◆ It provides useful information to efficiently manage public funds and to provide adequate services
- ◆ It educates citizens about potential areas of need for additional tax revenues and/or changing priorities
- ◆ It provides a good indication of where a municipality is heading