COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of Administration, Finance and Human Resources Committee
From: Ken DeHart, County Treasurer
Date: Tuesday, January 18, 2022
Subject: **Final Supplementary Revenue and CVA Assessment Growth 2021**

Background:

The purpose of this report is to provide the Committee with an update on final supplementary revenue and write-off amounts as well as present a brief overview of 2022 assessment rolls. The analysis presented herein is based on 2022 current value assessment (CVA) roll as returned by the Municipal Property Assessment Corporation (MPAC). Since the Province has postponed the next reassessment, there is no phased-in CVA assessment. Property values remain based on a January 1, 2016 base year assessment.

Supplementary Revenue

All seven supplementary extracts during 2021 are expected to produce revenue totals as shown on Table 1 of the attached Schedule A. Supplementary assessments relate to 2021 while omitted assessments can go back two years covering 2019 and 2020. Supplementary and omitted assessment values of $568 million are expected to generate revenue for County purposes of $2,801,627 resulting from the May through November supplementary runs. This would indicate that we have exceeded our annual targeted budget amount of $1.5 million. County share of write-offs in 2021 was $1,204,205 for a net revenue gain of $1,597,422. **Note:** Erin's supplementary revenue value is based off the County's estimated calculations; at the time of the writing of the report, we did not have final figures from Erin.

Notable supplementary assessment during 2021 included:

- Most municipalities benefited from new residential assessment growth
- Centre Wellington saw $11 million in added assessment on the Jefferson Elora property, and $9 million in new construction commercial on several properties.
- Minto gained $7.2 million in supplementary and omitted assessment on the TG Minto property
- Mapleton saw $6.1 million in commercial and industrial growth for Nieuwland Feed & Supply Limited and $4.4 million in commercial growth for Wallenstein Feed & Supply Ltd.
- Puslinch added $3.1 million in new construction commercial for a Powersport Dealership

Assessment at Risk

Assessment at risk is the value associated with the properties for which reconsiderations or ARB appeals have been lodged and that remain unresolved (i.e. neither pending processing or processed), based on the return roll and/or including new supplementary or omitted assessments. Staff have evaluated the need to allow for any potential further write-offs based on "assessment at risk" calculations under the Public Sector Accounting Board (PSAB) 3510: Recognition of Tax Revenue standard. County staff made provisions for assessment at risk of $902,579 at 2020 year-end, however, due to the most recently calculated assessment at risk, this amount will be reduced by

-$573,630 bringing the County's total provision for assessment at risk to $328,949 as of the beginning of 2022. MTAG were instrumental in mitigating significant loss on two large appeals in 2021, which has resulted in a large decrease in the provision for assessment at risk, for 2022.

CVA Assessment Growth

Table 2 of Schedule A shows the 2021 weighted assessment growth by each municipality for a County-wide weighted assessment growth of 2.20%. This does not include Payment-in-Lieu of Tax (PILT) and exempt property values. Since the base-year reassessment has been postponed, there is no additional phase-in valuation. The 2022 assessment roll as returned remains the same as the 2021 year-end values. This is reflected in Table 2 as the year-over-year phased-in assessment roll. The weighted CVA, used for tax rate setting purposes, has increased by 2.20% for the 2022 taxation year.

As shown on Schedule B, MPAC indicates province-wide residential in-year assessment growth of 1.65% and Wellington County residential growth slightly higher at 1.95%. A major portion of our residential growth, approximately 0.77%, can be attributed to properties changing out of the farmland tax class into residential at the end of the year. To a lesser extent, the same happens with the Conservation Land exemption programme. Over the years, County staff have endeavored to remedy this type of "flip" situation and continue to lobby for tighter deadlines for property owner responses and stricter adherence to application deadlines that are administered provincially. Referring back to Table 1 on Schedule A, we find that 47% of all write-offs County-wide are a direct result of various Tax Incentive Programme adjustments (TIA).

Recommendation:

That the Final Supplementary Revenue and CVA Assessment Growth 2021 report be received for information.

Respectfully submitted,

Ken DeHart

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County Treasurer