

## Assessment Services – 2010 Budget Document

### 2010 ASSESSMENT SERVICES

#### Budget Overview

Budget Summary \$'000s	2009 Budget	2009 Projection	2010 Proposed	09 vs 10 Variance	2011 Forecast	2012 Forecast
<b>Current Budget – Total Expenditures</b>	\$15,377	\$15,377	<b>\$15,942</b>	\$565	\$16,750	\$17,600
<b>Current Budget – Total Revenue</b>	\$0	\$0	<b>\$0</b>	\$0	\$0	\$0
<b>Current Budget – Net Cost</b>	\$15,377	\$15,377	<b>\$15,942</b>	\$565	\$16,750	\$17,600
<b>FTE</b>	N/A	N/A	<b>N/A</b>	N/A	N/A	N/A
<b>New Capital</b>			<b>\$0</b>		\$0	\$0

#### 2010 BUDGET HIGHLIGHTS:

##### Current Budget

The proposed 2010 Total and Net Budget is \$15.9 million, which is a \$0.5 million increase over the 2009 Budget. The main drivers to the budget changes include:

- The total budget is \$15.9 million, of which \$15.8 million is the Municipal Property Assessment Corporation (MPAC) allocation based on the funding formula and \$0.1 million is for internal charges for staffing resources dedicated to property tax and assessment policy issues.
- Peel's portion of MPAC's costs has increased by 4.56 per cent annually over the past five years. This trend is expected to continue due to MPAC internal cost pressures as well as the allocation formula which unfavourably impacts higher growth municipalities like Peel. For 2010, it is estimated that Peel's portion of MPAC costs is expected to increase by 3.7 per cent.

##### Staffing

Not applicable to this program

##### Capital

Not applicable to this program.

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**Section I. Existing Services and Service Levels:**

Through the Assessment Services program the Region of Peel provides funding to the MPAC which administers the province-wide property assessment service for municipalities. Each year, MPAC prepares an assessment roll for every Ontario municipality which provides the assessed value of all the properties in a municipality. It also prepares supplementary assessment lists, which municipalities use to add in-year tax revenue from new construction or major alterations to properties.

MPAC is funded by municipalities. The funding formula is set in legislation and allocates MPAC's costs to upper-tier and single tier municipalities using a formula based on assessment value and the number of properties of each municipality as a per cent of the provincial totals. Each element in the allocation formula is assigned a 50 per cent value in order to strike a balance between the number of properties and the value of assessment in each municipality.

**Section II. Resources to Deliver 2009 Services:**

<b>Current \$'000</b>	<b>2008 Actual</b>	<b>2009 Budget</b>	<b>2009 Projection</b>	<b>2009 Variance Under/(Over)</b>
<b>Total Expenditures</b>	\$14,865	\$15,377	\$15,377	\$0
<b>Total Revenue</b>	\$0	\$0	\$0	\$0
<b>Net Cost</b>	\$14865	\$15,377	\$15,377	\$0

**2009 Budget:**

The total budget is \$15.4 million, of which \$15.3 million is the MPAC allocation based on the funding formula and \$0.1 million is for internal charges for staffing resources dedicated to property tax and assessment policy issues. The allocation to Peel represents 8.94 per cent of the MPAC 2009 budgeted costs.

**2009 Projection:**

No variance from budget is expected for 2009.

**Section III. Performance Measurement/Benchmarking:**

Not applicable to this program.

**Section IV. 2010 Base Pressures:**

Peel’s portion of MPAC’s costs has increased by 4.56 per cent annually over the past five years. This trend is expected to continue due to MPAC internal cost pressures as well as the allocation formula which unfavourably impacts higher growth municipalities like Peel. For 2010, it is estimated that Peel’s portion of MPAC costs is expected to increase by 3.7 per cent.

**Section V. Cost Mitigation Through Efficiencies and Recoveries:**

Funding of assessment services through MPAC is legislated. Municipalities do not have an option to pursue other service delivery alternatives.

**Section VI. Challenges and Emerging Trends:**

Property taxation for 2010 will be based on January 1, 2008 assessment values. This is the first reassessment under the new rules announced by the Ontario government. Reassessments will now be scheduled on a four year cycle. This means that January 1, 2008 assessment values will be used for the 2009 through 2012 taxation years. Additionally all reassessment increases will be phased-in (i.e. 25 per cent in each year) during this four year period. The phase-in program will be administered by MPAC who will adjust the annual assessment values of properties to affect the phase-in. The phase-in is designed to assist those taxpayers facing reassessment related tax increases by cushioning the impact over a four year period rather than the one year previously. All reassessment decreases will be implemented in the first year of the reassessment period.

**Section VII. 2010 Program Pressures – Current:**

Peel’s allocation of the MPAC 2010 budget costs is expected to increase by 3.7 per cent over 2009 levels. This estimate is based on historical trends for MPAC budget costs as well as the provincial allocation formula that penalizes high growth municipalities.

**Section VIII. 2010 Program Pressures – Capital:**

Not applicable to this program.

**Section IX. 2010 Summary:**

Budget Summary \$'000s	2009 Budget	2009 Projection	2010 Proposed	2011 Forecast	2012 Forecast
<b>Current Budget – Total Expenditures</b>	<b>\$15,377</b>	<b>\$15,377</b>	<b>\$15,942</b>	<b>\$16,750</b>	<b>\$17,600</b>
<b>Current Budget – Total Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Current Budget – Net Cost</b>	<b>\$15,377</b>	<b>\$15,377</b>	<b>\$15,942</b>	<b>\$16,750</b>	<b>\$17,600</b>

**Section X. Future Outlook:**

2011 and 2012 Current Budget:

It is expected that Peel’s share of MPAC costs will continue to grow due to inflation as well as the mandated allocation formula. Based on historical trends, the 2011 and 2012 increases are expected to be in the area of 5.0 per cent annually. The future outlook is summarized as follows:

2011 \$16.8 million  
2012 \$17.6 million

***Service Level Contract for 2010:***

The 2010 Current Budget for Assessment Services is \$15.9 million.

This is an increase of \$0.5 million over the 2009 approved budget.

**Section XI. Pressures not included in 2010 Budget:**

Not applicable to this program.

**Appendices:**

<b>Appendix I</b>	<b>2010 Current Pressures</b>
<b>Appendix II</b>	<b>2010 Capital Overview – N/A</b>
<b>Appendix III</b>	<b>2010 New Capital Detail – N/A</b>
<b>Appendix IV</b>	<b>Ten Year Capital Plan– N/A</b>
<b>Appendix V</b>	<b>Output/Outcome Measures – N/A</b>

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**APPENDIX I  
ASSESSMENT SERVICES  
2010 CURRENT PRESSURES (\$'000)**

	Assessment Services		
	Total Expenditures	Total Revenue	Net Cost
<b>2009 Revised Cost of Service</b>	<b>15,377</b>	-	<b>15,377</b>
<b>Annualizations - Section IV - N/A</b> <i>Subtotal</i>	-	-	-
<b>Cost of Living Increase/Inflation - Section IV</b> Inflation	565	-	565
<i>Subtotal</i>	565	-	565
<b>Efficiencies - Section V - N/A</b> <i>Subtotal</i>	-	-	-
<b>Recoveries - Section V - N/A</b> <i>Subtotal</i>	-	-	-
<b>2010 Base Changes</b>	<b>565</b>	<b>-</b>	<b>565</b>
<b>Growth - Section VII - N/A</b> <i>Subtotal</i>	-	-	-
<b>Service Demand - Section VII - N/A</b> <i>Subtotal</i>	-	-	-
<b>Subsidy and Fee Changes - Section VII - N/A</b> <i>Subtotal</i>	-	-	-
<b>Other - Section VII - N/A</b> <i>Subtotal</i>	-	-	-
<b>2010 New Pressures</b>	-	-	-
<b>Total 2010 Pressures</b>	<b>565</b>	<b>-</b>	<b>565</b>
<b>2010 Recommended Cost of Service</b>	<b>15,942</b>	<b>-</b>	<b>15,942</b>