



2003 ANNUAL REPORT

M U N I C I P A L P R O P E R T Y A S S E S S M E N T C O R P O R A T I O N

MISSION VISION VALUES

Our Mission

To deliver timely, cost-effective, objective and accurate property valuations and related information to property owners, municipalities and the Province of Ontario.

Our Vision

To be the global leader in property assessment, infused with a spirit of innovation and entrepreneurship.

Our Values

As an organization and as individuals:

WE KEEP OUR PROMISES.

Our customers can rely on us to deliver timely, accurate information and sound advice. We deliver on our commitments.

WE ARE PROFESSIONAL.

Everyone at MPAC is responsible for providing excellent customer service. We conduct ourselves and our business with empathy, integrity and uncompromising honesty. We communicate clearly.

WE ARE RESPONSIVE AND RESOURCEFUL.

We commit our time and talents to creating innovative solutions that meet or exceed our customers' needs. We respond quickly to change. We use the right technologies to reduce cost and improve services.

WE LEAD.

We will remain the best in our field by finding and developing new opportunities for ourselves and our customers, and by embracing change enthusiastically. We compete fairly with other businesses. Nobody will do it better.

WE MAKE MPAC A GREAT PLACE TO WORK.

We thrive on hard work and encourage a healthy perspective and balanced approach toward our personal and professional lives. We demand integrity from ourselves and each other. We support employee involvement in their community. We have fun. We recognize accomplishment. We learn from our successes and our mistakes. We are proud of what we do.

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M U N I C I P A L P R O P E R T Y A S S E S S M E N T C O R P O R A T I O N

March 31, 2004

The Honourable Greg Sorbara
Minister of Finance
7 Queen's Park Crescent
7th Floor, Frost Building South
Toronto ON M7A 1Y7

Dear Minister Sorbara:

On behalf of the Board of Directors, it is my pleasure to submit to you, in accordance with the *Municipal Property Assessment Corporation Act, 1997*, the 2003 Annual Report and Financial Statements for the Municipal Property Assessment Corporation.

The Act requires a statement concerning the Corporation's compliance with the policies, procedures and standards established by the Minister under section 10. For the year 2003, compliance requirements were met.

Yours truly,

Peter Hume
Chairman

CORPORATE PROFILE

On December 31, 1998, the Government of Ontario transferred responsibility for property assessment from the Ministry of Finance to the Ontario Property Assessment Corporation, an independent body established by the *Ontario Property Assessment Corporation Act*, 1997. Amendments to the Act in 2001 changed the composition of the Board of Directors and renamed the organization to the Municipal Property Assessment Corporation (MPAC).

Every municipality in Ontario is a member of MPAC, a non-share capital, not-for-profit corporation whose main responsibility is to provide its customers - property owners, tenants, municipalities, and government and business stakeholders - with consistent and accurate property assessments. MPAC is accountable to the public through a fifteen member Board of Directors. Eight members of the Board are municipal representatives; five members represent property taxpayers; and two members represent provincial interests. All members of the Board are appointed by the Minister of Finance.

MPAC administers a uniform, province-wide property assessment system based on current value assessment in accordance with the provisions of the *Assessment Act*. It provides municipalities with a range of services, including the preparation of annual assessment rolls used by municipalities to calculate property taxes. Triennial municipal enumerations are also conducted by MPAC in order to prepare a Preliminary List of Electors for each municipality and school board during an election year. Today, MPAC is responsible for the assessment of more than 4.3 million properties in the province.

MPAC has a province-wide presence, with most staff located in 34 field offices across the province. MPAC's head office is in Pickering, Ontario.

FINANCIAL HIGHLIGHTS

STATEMENT OF FINANCIAL POSITION

	DECEMBER 31 2003	DECEMBER 31 2002
ASSETS		
Current		
Cash and Investments	\$ 45,907,545	\$ 52,977,682
Accounts Receivable	1,850,783	941,353
Prepaid Expenses	1,432,009	1,512,424
Capital Assets	17,646,007	19,466,109
TOTAL ASSETS	\$ 66,836,344	\$ 74,897,568
TOTAL LIABILITIES	\$ 27,673,414	\$ 25,153,752
FUND BALANCES		
Restricted Fund		
Invested in Capital Assets	16,686,712	17,518,740
Operating Fund		
Reserve for Appeals	4,384,022	14,923,676
Reserve for Enumeration	700,000	2,500,000
Reserve for Restructuring and Technology	3,753,500	2,140,000
Reserve for Retirement and Termination Benefits	10,638,696	9,661,400
Reserve for Working Funds	3,000,000	3,000,000
TOTAL FUND BALANCES	39,162,930	49,743,816
TOTAL LIABILITIES AND FUND BALANCES	\$ 66,836,344	\$ 74,897,568

STATEMENT OF OPERATIONS

REVENUE		
Municipal Assessment Services	\$ 133,900,000	\$ 130,000,000
Interest	1,394,164	1,381,662
Other	5,541,648	3,757,824
TOTAL REVENUE	140,835,812	135,139,486
TOTAL EXPENSES	144,821,060	146,304,822
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (3,985,248)	\$ (11,165,336)

CHAIRMAN'S AND PRESIDENT'S MESSAGE



Robert A. Richards
President and Chief
Administrative Officer

Peter Hume
Chairman, MPAC Board
of Directors

YEAR IN

In 2003, MPAC reached an important milestone – our fifth anniversary.

It was on December 31, 1998 that we began operations as the Ontario Property Assessment Corporation. We have accomplished a great deal since that time.

Our corporate mission is simple, "To deliver timely, cost-effective, objective and accurate property valuations and related information to property owners, municipalities and the Province of Ontario."

Our commitment to this mission has been unwavering. As we take a moment to reflect on our work over the past year, it is with the knowledge that the necessary investments have been made in our infrastructure to ensure we deliver property valuations, within the legislated framework, that are accurate and relevant to our customers.

This year, we completed our fourth province-wide assessment update – successfully delivering the largest back-to-back assessment update in North America. MPAC also added more than \$16 billion of in-year assessment to municipal assessment rolls.

In support of this update, several customer service initiatives were implemented at our Customer Contact Centre. The capacity of our toll free enquiry line was expanded, operating hours were extended and additional staff were hired. Our staff was also given access to new online tools and information. These initiatives resulted in improved service for property owners and 90% of enquiries being resolved immediately.

The Corporation's ability to work effectively and deliver on our mission is dependent on the strength of our relationships with all our stakeholders.

More than 1,400 staff are located across the province in MPAC's 34 offices, Customer Contact Centre, Central Processing Facility and Head Office. Our team of Municipal Relations Representatives continues to provide municipalities with direct, local contact with the

“ This year, we completed our fourth province-wide assessment update – successfully delivering the largest back-to-back assessment update in North America. ”

REVIEW

“ We remain committed to our goal of being the global leader in property assessment. ”

Corporation. Our Customer Service Representatives continue their work to provide local contact for property owners.

Customer service remained the key area of focus for the Board of Directors. In 2003, we found new means to stay in touch with our customers and stakeholders:

- At the beginning of the year, we launched AboutMyProperty™. This Internet-based service enables property owners to conveniently look up basic property valuation information through our web site (www.mpac.ca). Property owners can access their assessment roll information and assessment roll values on comparable properties of their choice. By year-end, more than 45,000 owners had joined this new free service.
- The expanded access to information through AboutMyProperty™ and improvements to the finetuning process has reduced the number of Requests for Reconsideration and appeals.
- Construction of the Ontario Parcel™ database reached the mid-way point with two million of the roughly four million assessment parcels now available electronically. With this milestone achieved, MPAC and its partners will now be able to license municipalities to use the database at no cost, except for delivery and support fees.
- MPAC completed a province-wide enumeration in support of municipal elections and delivered an upgraded suite of supporting products to assist municipalities with the production of their voters' lists.
- Work on expanding Municipal Connect™ continued in 2003. In the future, this service will allow for the electronic exchange of zoning and permit data, to further drive down costs and drive up quality and efficiency. A Geographic Information Systems (GIS) component for this important link between municipalities and MPAC is also under development.
- In 2003, we published the *Guide to Property Assessment in Ontario*. This guide provides general information about Ontario's property assessment and taxation system. The guide was distributed to each municipality in Ontario and is available, free of charge, on our web site.
- MPAC and Landcor Data Corporation agreed to establish a joint online national property information database. This new service will provide key real estate information on more than five million properties.

We successfully negotiated a three-year collective agreement that runs to the end of 2005, and initiated a variety of programs emphasizing teamwork, customer service and leadership.

Our commitment to ongoing training and development ensures that all employees have the necessary tools and skills to deliver on our core mission. An important part of our commitment to people is communication. Initiatives such as regular cross-functional meetings and a redesigned Intranet allow for the seamless sharing of information among employees working in our offices across the province.

In recognition of the efforts of our employees from every corner of the Corporation, we presented more than 150 Bravo Awards.

As part of this commitment to continuous improvement, MPAC benchmarks its performance against other assessment organizations. In 2003, the Corporation hosted a first-ever national Benchmarking Workshop. Representatives from assessment jurisdictions across Canada met and exchanged information and ideas on best practices, customer relations, quality programs and assessment methodologies. We anticipate this will become an annual event serving to identify and elevate best practices in the assessment field in Canada.

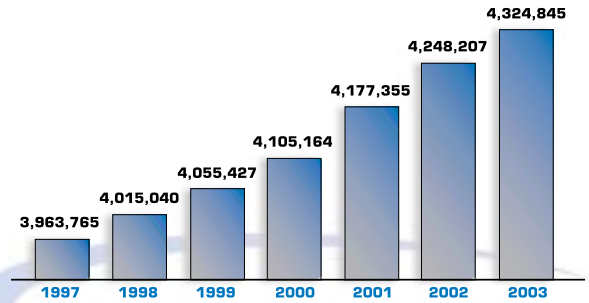
We will continue to fulfill our mission of providing timely and accurate property valuations, and we remain committed to our goal of being the global leader in property assessment.

2003 PERFORMANCE REPORT

PROPERTY COUNT

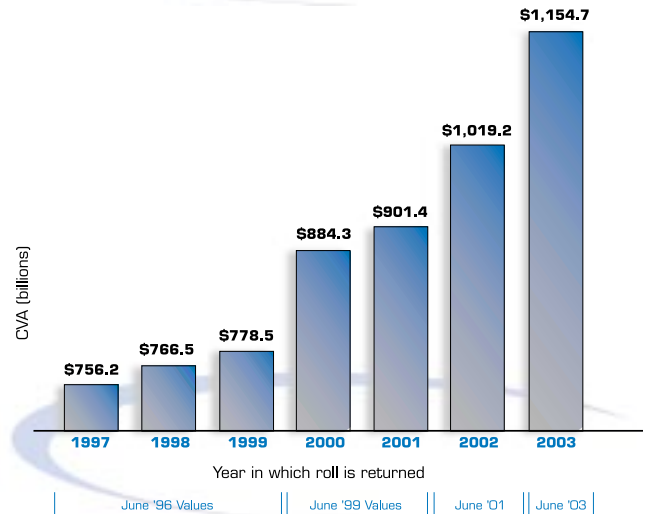
During 2003, all properties in Ontario were updated to June 30, 2003 current values. These values were reported on the assessment rolls delivered to municipalities in December of 2003, and will be used to calculate 2004 property taxes.

The total number of properties contained in the 2003 assessment roll returns to all municipalities was 4,324,845 - an increase of 76,638 over the 2002 assessment roll returns.



PROPERTY VALUES

The total assessed value of all properties in Ontario for the 2003 assessment roll returns increased by \$135.5 billion from \$1,019.2 billion to \$1,154.7 billion. This was primarily as a result of the change in the real estate market from June 30, 2001 to June 30, 2003, and, secondarily, from property growth.



AVERAGE PROPERTY VALUE

This chart shows the change in average current value assessment from 1997 to 2003.



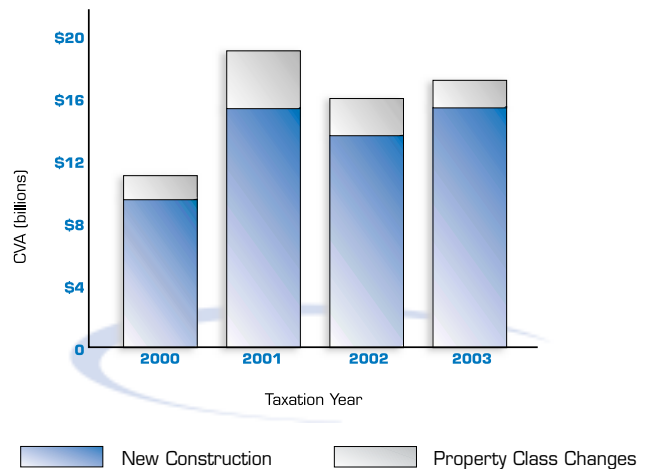
CURRENT VALUE ASSESSMENTS OF PROPERTIES AT ROLL RETURN

The assessed values and property counts are distributed as follows:

Property Type	1999 (\$)	2000 (\$)	2001 (\$)	2002 (\$)	2003 (\$)	2003 Property Counts
Residential	503,912,443,637	569,083,879,689	584,971,501,835	668,552,659,913	786,862,352,149	3,847,774
Multi-Residential	33,643,921,120	41,336,267,405	39,098,455,876	43,759,155,665	49,588,198,900	15,950
Commercial	85,943,514,053	104,793,103,780	107,178,949,414	121,027,921,830	131,550,161,822	131,309
Industrial	37,506,864,192	40,792,625,097	41,590,202,428	49,734,635,695	54,726,216,779	66,322
Pipeline	4,714,518,959	6,120,338,623	5,173,643,912	5,634,720,888	6,105,948,116	1,555
Farm	30,901,422,171	37,943,553,532	38,102,630,135	44,012,671,320	47,255,319,023	212,618
Managed Forest/ Conservation	1,179,760,567	1,298,080,287	1,351,141,408	1,604,873,521	1,911,962,860	12,718
Special/Exempt	80,700,870,926	82,926,206,821	83,901,164,699	84,857,139,400	76,678,999,915	36,599
Total	778,503,315,625	884,294,055,234	901,367,689,707	1,019,183,778,232	1,154,679,159,564	4,324,845

SUPPLEMENTARY & OMITTED ASSESSMENTS

During 2003, MPAC responded to increases in the number of properties by adding more than \$16 billion of in-year new construction assessment, the highest in the province's history.



QUALITY OF THE ASSESSMENT UPDATE

ROLL QUALITY STATISTICS

To determine the quality of an assessment update, the relationship between the assessed value and the actual sale value of a property which sold in the base year is calculated. This is the Assessment-to-Sale Ratio or ASR. The closer the ratio is to 1.00, the more accurate the assessment.

The median of a group of numbers is the middle number after they have been sorted from lowest to highest. When the ASRs for numerous properties are examined, their median can be determined for each property type.

An assessment quality review includes an analysis of how tightly the ASRs are clustered about their median.

The more uniform the assessments, the lower their Coefficient of Dispersion or COD. As market activity decreases, or as the complexity of properties increases, the COD will usually increase.

The success of the most recent assessment update (June 30, 2003 base for the 2004 taxation year) is measured by comparing these calculations with ASR and COD standards prepared by the International Association of Assessing Officers (IAAO), which were clearly exceeded, and by comparing with the previous province-wide assessment updates in Ontario.

Provincial Comparative Chart

Property Type	Median Assessment-to-Sale Ratio					Coefficient of Dispersion (%)				
	IAAO Standard	2003 Results	2001 Results	1999 Results	1996 Results	IAAO Standard	2003 Results	2001 Results	1999 Results	1996 Results
Residential/Farm	.90-1.10	0.98	0.99	1.00	0.99	<15.0	7.64	7.18	7.81	8.69
Multi-Residential	.90-1.10	0.94	0.98	0.97	0.99	<20.0	10.77	9.35	10.51	12.11
Commercial/Industrial	.90-1.10	0.97	0.97	0.98	0.98	<20.0	14.65	16.23	15.98	14.19

REQUESTS FOR RECONSIDERATION AND APPEALS

Requests for Reconsideration and appeals are important indicators of the public's acceptance of their property assessments.

Throughout the year, any person may request that MPAC review his or her assessment, including the property classification, through a process called Request for Reconsideration. If MPAC and the property owner agree on a change to the assessment, it is made.

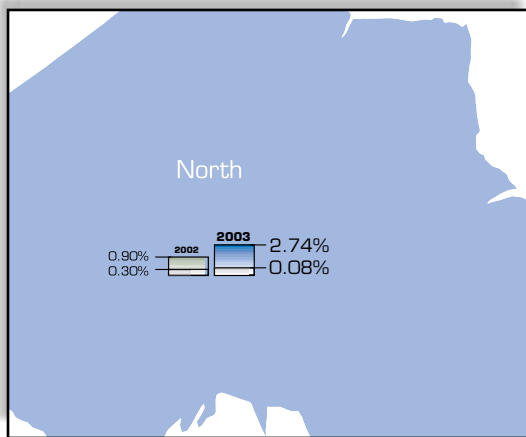
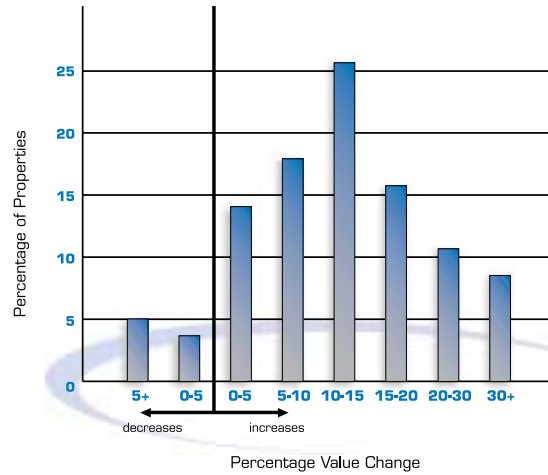
If agreement cannot be reached, the individual can submit an appeal to the Assessment Review Board, an independent tribunal administered by the Ministry of the Attorney General. The appeal deadline for the 2003 taxation year was March 31, 2003.

Property Valuation Date	June 30, 1999				June 30, 2001	
Taxation Year	2001		2002		2003	
	Properties	Assessment Reduction	Properties	Assessment Reduction	Properties	Assessment Reduction
Requests for Reconsideration	130,560	\$ 3.20 B	40,992	\$ 1.02 B	113,346	\$ 2.51 B
Appeals	65,242	\$ 0.83 B	46,886	\$ 4.30 B	42,334	\$ 3.67 B
Total	195,802	\$ 4.03 B	87,878	\$ 5.32 B	155,680	\$ 6.18 B
Percentage of all properties	4.77%		2.10%		3.66%	
Percentage of total assessment		0.46%		0.59%		0.61%

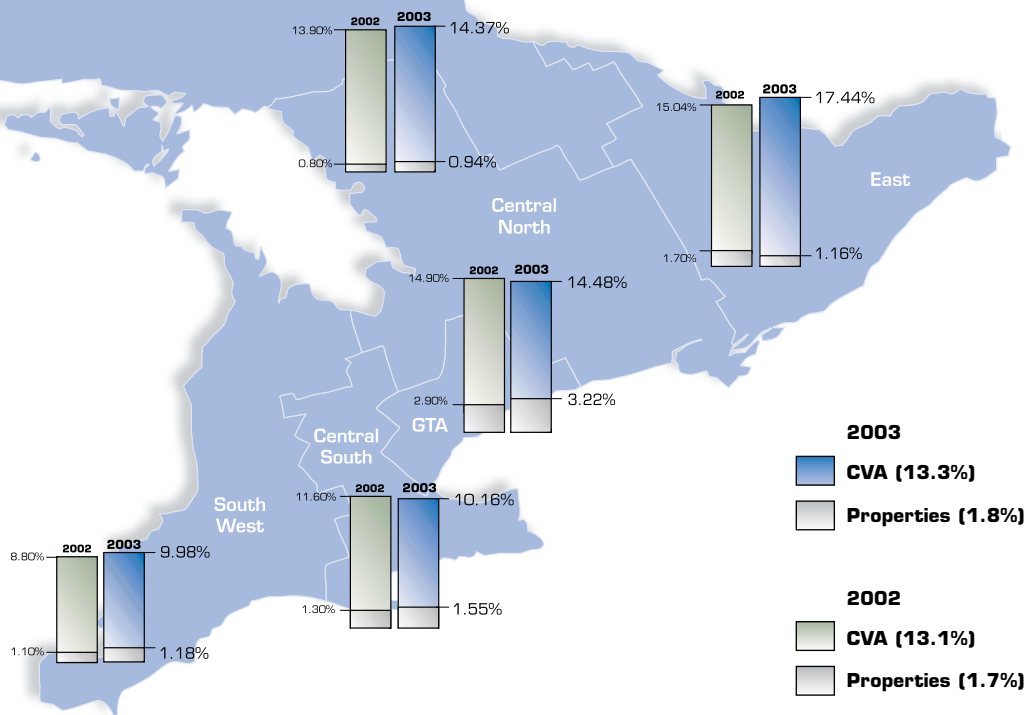
ASSESSMENT UPDATE RESULTS

Value Change Distribution

Between the two valuation dates of June 30, 2001 and June 30, 2003, more than 92% of the properties in Ontario experienced an increase in value, with 61% increasing 10% or more.



This map compares the percentage change in values and property counts throughout the province for the 2002 and 2003 updates.



BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT



from left to right:

Lucy Foster
Director, Executive Office
MPAC (EM)

Carl Isenburg
Vice-President, Customer Relations
MPAC (EM)

Peter Hume
Chairman, MPAC Board of Directors
Councillor, City of Ottawa (MR)

Terry Mundell
President & CEO, Ontario Restaurant Hotel
and Motel Association (TR)

from left to right:

Mike Velshi
Vice-President, Business Development
MPAC (EM)

Eric Preston
Vice-President, Corporate and Human Resources
MPAC (EM)

Peter Clendinneng
President
Gorley-Weis Consulting Services (PR)

Neil Rodgers
President, Urban Development Institute
Ontario (TR)



Absent:

Lucille Bish
Director, Community Services
Region of Waterloo (MR)

Jim Pine
Chief Administrative Officer
County of Hastings (MR)

Roger Anderson
Chair, Regional Municipality
of Durham (MR)

Bonnie Gibson
Manager, Assessment Review
City of Mississauga (MR)

Garfield Dunlop
M.P.P. Simcoe North (PR) (1)

PR – Provincial Representative **MR** – Municipal Representative **TR** – Taxpayer Representative **EM** – Executive Management
(1) and (3) – Until December 2003 **(2)** – Until January 2004



from left to right:

Larry Hummel
Vice-President, Property Values
MPAC (EM)

Dick Vreugdenhil
Director, Finance and Administration
MPAC (EM) (2)

Ian Howcroft
Vice-President, Ontario Division
Canadian Manufacturers and Exporters (TR)

Mike Petryna
Deputy Mayor and Councillor
City of Greater Sudbury (MR) (3)

from left to right:

Howard Greig
Mayor, Township of Chatsworth
and Councillor, County of Grey (MR)

Vince Brescia
President & CEO, Fair Rental Policy
Organization of Ontario (TR)

Rose McLean
Director, Legislation and Policy Services
MPAC (EM)

Jim Andrew
Vice-President, Information Technology
MPAC (EM)



from left to right:

Case Ootes
Councillor, Toronto-Danforth (MR)

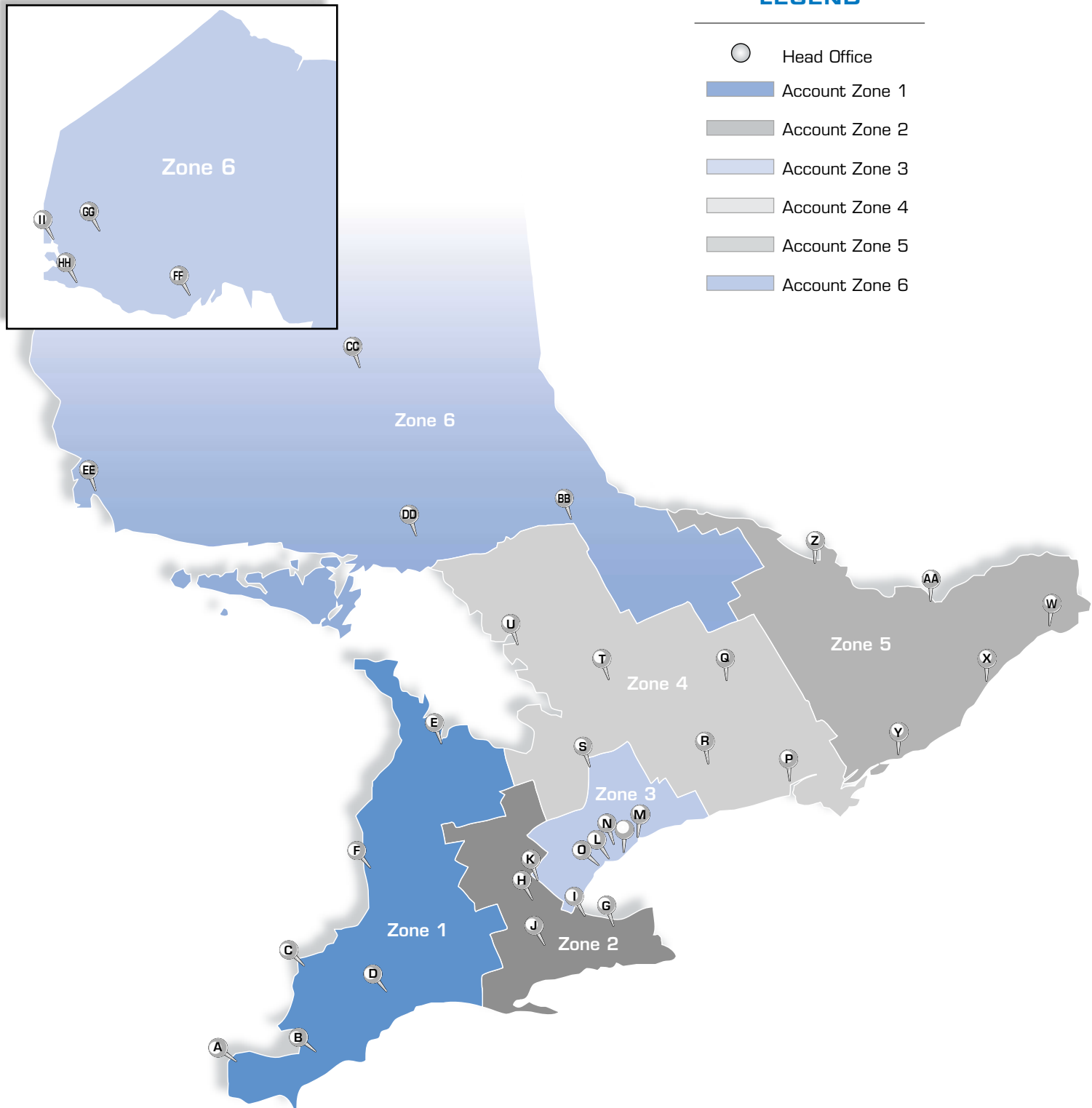
Judith Andrew
Vice-President, Ontario
Canadian Federation of Independent Business (TR)

Robert A. Richards
President and Chief Administrative Officer
MPAC (EM)

Gord Thow
Director, Quality Services
Quality Services Commissioner
MPAC (EM)



CUSTOMER RELATIONS ACCOUNT ZONES



MPAC OFFICE LOCATIONS

ZONE 1 SOUTH WEST

A Windsor
B Chatham
C Sarnia
D London
E Owen Sound
F Goderich

ZONE 2 CENTRAL SOUTH

G St. Catharines
H Cambridge
I Hamilton
J Brantford
K Guelph

ZONE 3 GTA

L Toronto
M Oshawa
N Aurora
O Mississauga

ZONE 4 CENTRAL NORTH

P Trenton
Q Bancroft
R Peterborough
S Barrie
T Bracebridge
U Parry Sound

ZONE 5 EAST

W Cornwall
X Brockville
Y Kingston
Z Pembroke
AA Ottawa

ZONE 6 NORTH

BB North Bay
CC Timmins
DD Sudbury
EE Sault Ste. Marie
FF Thunder Bay
GG Dryden
HH Fort Frances
II Kenora

WHERE CAN I GET MORE INFORMATION?

For further information about the operations of the Municipal Property Assessment Corporation, visit our web site at www.mpac.ca or contact us at:

President's Office	905.837.6153	Customer Relations	905.837.6193
Corporate and Human Resources	905.837.6165	Property Values	905.837.6212
Finance and Administration	905.837.6174	Information Technology	905.837.6242
Legislation and Policy Services	905.837.6176	Business Development	416.250.2150
Quality Services	905.837.6186	Communications	905.837.6945

Toll Free 1.877.635.MPAC (6722)



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

1305 Pickering Parkway, Pickering, ON L1V 3P2

T: 905 831 - 4433 1 877 635 - 6722 F: 905 831 - 0040

www.mpac.ca