

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



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MPAC 2004 ANNUAL REPORT

In keeping with the reporting requirements under the *Municipal Property Assessment Corporation Act*, the Corporation has complied with any policies, procedures and standards established by the Minister under section 10, and with the process established regarding the development and implementation of quality service standards by the quality service commissioner.

WHERE CAN I GET MORE INFORMATION?

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	905.837.6340
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)

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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Debbie Zimmerman
Chair, MPAC Board of Directors

MESSAGE FROM THE CHAIR

In 2004, I accepted my appointment as Chair of the Municipal Property Assessment Corporation (MPAC) with a firm commitment that Ontario's assessment system be fair and equitable for taxpayers and provide a reliable assessment system for municipalities.

In the spring of 2004, the Minister of Finance announced changes to the assessment cycle aimed at improving the fairness and flexibility of the system. We welcome these changes.

The changes to the assessment system that came into place last year will enhance our ability to provide timely, accurate values and better customer service.

Most significantly, the valuation date for property assessment was moved from June 30 to January 1 of the year preceding the tax year, adding six months of additional preparation and review time for MPAC to produce assessment rolls. To ensure a smooth transition to this new valuation date, the 2004 assessment update of all properties in Ontario was cancelled.

The new January 1 valuation date offers us several opportunities to improve our products and services. It will allow time for the review of all the in-year sales to ensure that assessed values reflect the current market. More time for establishing preliminary values and fine-tuning values at the local level will enable MPAC to maintain consistent and accurate assessments with each province-wide update.

The January 1 valuation date will also allow us to expand the Property Assessment Notice mailing window, resulting in more time for taxpayers to review their assessment, and better service. In addition, we will be able to deliver Market Change Profiles earlier, providing municipalities with more time to conduct impact analysis, make tax policy decisions and establish tax rates.

The Province's commitment to responding to the concerns of taxpayers and municipalities will ensure the stability of our property tax system in the future.

Several new Board members, including myself, joined MPAC's Board of Directors in 2004. The new and returning members represent a broad cross section of expertise including the areas of municipal government, finance and information technology, as well as taxpayer and provincial interests.

To ensure that the organization remains accountable to the property owners and municipalities of Ontario, the Board works through three committees – the Audit Committee, the Quality Assurance Committee and the Stakeholders and Government Relations Committee. Through these committees, members of the Board are engaged in overseeing the activities of the corporation and can ensure MPAC remains on track.

In 2004, the Board welcomed a new President and Chief Administrative Officer. Also new to MPAC in 2004 were the Corporation's Vice-President of Information Technology and Director of Finance.

Our Board is committed to four pillars – service delivery, methods of valuation and classification changes, communications and governance. As a result, we have focused our energies on these key areas.

To make sure that all assessment services are delivered in a timely manner, we are committed to bringing severances and consolidations and supplementary assessments, resulting from new construction, up-to-date in 2005. MPAC is also making computer system enhancements for more accuracy and hiring additional staff for high growth areas of the province, to ensure that all new construction is assessed within six months of occupancy.

We have also put into place business processes for assessment methodology and classification changes to ensure that our stakeholders are consulted about changes in a timely manner. Early consultation and notification will provide the opportunity to consider the greater implications and effects of changes to how properties are valued or classified.

Our relationship with our stakeholders is a central pillar of our business plan. Our ability to practice our mission, vision and values is entirely based upon the strength of these relationships. We are committed to listening and working to change our approach where necessary. We are working hard to maintain our relationships with our stakeholders and the Board has committed to communicating more frequently and effectively in 2005.

In 2004, the Board also began work to review its governance structure in order to ensure that the Board remains effective and accountable to its municipal, provincial and property taxpayer stakeholders.

I am confident that with our renewed focus and the work already begun, significant improvements in the assessment products and services we provide will be achieved.



Carl Isenburg
President and
Chief Administrative Officer

MESSAGE FROM THE PRESIDENT

I was honoured to accept the appointment as MPAC's new President and Chief Administrative Officer in 2004. I anticipate that the work ahead of me will present a number of exciting challenges and I am confident that, with the commitment and expertise of MPAC staff, we will be successful.

In accepting my new role, I have, with the direction and support of MPAC's Board, set a course for MPAC. This course provides us with a renewed focus on the basics of our core business, providing the best possible assessment products and services to the property owners and municipalities of Ontario.

While the 2004 assessment update was cancelled, we were able to put additional resources towards improvements to the assessment products and services that our customers rely on and preparations for the next assessment update in 2005.

Last year, MPAC added more than \$24 billion of in-year assessment, and almost 80,000 new properties, to municipal assessment rolls. This is the highest amount of new assessment added in any one year in the province's history, exceeding last year's record by 50%. On an annualized basis, this additional assessment would generate approximately \$400 million in municipal and education revenue.

In the summer of 2004, MPAC staff visited more than 370,000 properties across the province as part of an expanded reinspection program. This was in addition to the properties that we inspect each year as part of our regular program.

Approximately one million Property Assessment Notices were mailed in 2004. These Notices reflected in-year changes resulting from our inspection program, new construction, Request for Reconsideration (RfR) and Assessment Review Board reviews, our Tenant Information Program and discussions with property owners and municipal staff.

We also processed RfRs more quickly in 2004 through several improvements to our processes. These improvements include changes to our RfR form that allow property owners to provide additional information. And, once we receive a request, we stay in contact with the owner through acknowledgement and update letters.

In addition, our AboutMyProperty™ application allows 24-hour online access to assessment information. In 2004, we expanded the information available to property owners by offering, free of charge, six Detailed Property Reports in addition to six Assessment Roll Look Ups for properties of the owner's choice. These measures provide property owners with more of the detailed information they need to determine if their own assessed value is accurate and fair.

We will continue to examine all of the ways in which we provide information to ensure that it is customer-focused. Since our inception, we have been working at improving the assessment products and services we provide to our members – Ontario's 445 municipalities.

To respond to municipalities' requests for more in-year information, we began piloting a new product called the *Municipal Status Report*. In developing the Report, MPAC sought the input and advice of a cross section of municipal customers to ensure it meets municipalities' needs. The *Municipal Status Report* will be rolled out to all Ontario municipalities in 2005 to assist in their planning and decision-making processes.

The Ontario Parcel™ was in the final stages of being built by the end of 2004. This joint initiative of MPAC, the Ontario Government and Teranet Enterprises provides municipalities with a standardized, digital parcel mapping database for the province to meet their municipal planning needs.

We have continued to build upon the success of Municipal Connect™. This Internet-based application provides municipalities with real-time access to assessment information. Municipal staff will soon be able to select, query and print Ontario Parcel™ and assessment data together through Municipal Connect™, using geospatial technologies.

We have also been looking at new ways of increasing the understanding of assessment among property owners in Ontario.

The assessment system should be easier for property owners to understand. As part of our work to ensure property owners have the information they need, we redesigned our web site to improve navigation and make it more user-friendly.

I am proud that MPAC was awarded the 2004 Distinguished Assessment Jurisdiction Award from the International Association of Assessing Officers. This award is given to a government agency that has instituted a technical, procedural, or administrative program that is an improvement from prior programs and is generally recognized as a component of a model assessment system.

This formal recognition from our peers indicates that we are on the right track. It is also a testament to the skill, commitment and professionalism of our staff. MPAC employees continue to give their best, both on the job and in their communities, through their generous support of the United Way and other community projects. Thank you for your ongoing efforts.

While we are headed in the right direction, we do recognize that there is more work to be done. Together, we will continue to work to provide assessment products and services that are accurate, reliable and relevant to all our customers.

We have worked hard to meet your expectations and will continue working to exceed them in the future.

“Last year, MPAC added more than \$24 billion of in-year assessment.”

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.

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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 4.4 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 2004	DECEMBER 31 2003
ASSETS		
Current		
Cash and Investments	\$ 43,342,341	\$ 45,907,545
Accounts Receivable	2,527,477	1,850,783
Prepaid Expenses	1,872,013	1,432,009
	\$ 47,741,831	\$ 49,190,337
Capital Assets	16,926,444	17,646,007
TOTAL ASSETS	\$ 64,668,275	\$ 66,836,344
TOTAL LIABILITIES	\$ 24,473,592	\$ 27,673,414
FUND BALANCES		
Restricted Fund		
Invested in Capital Assets	16,926,444	16,686,712
Operating Fund		
Reserve for Enumeration	1,733,000	700,000
Reserve for Working Funds	21,535,239	21,776,218
	23,268,239	22,476,218
TOTAL FUND BALANCES	40,194,683	39,162,930
TOTAL LIABILITIES AND FUND BALANCES	\$ 64,668,275	\$ 66,836,344

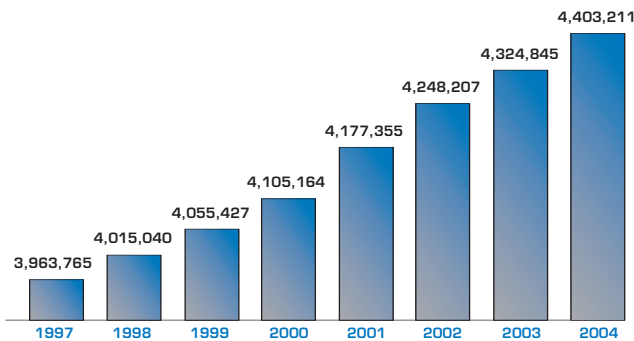
STATEMENT OF OPERATIONS

REVENUE		
Municipal Revenue	\$ 141,800,000	\$ 133,900,000
Interest Revenue	1,036,804	1,394,164
Other Revenue	5,843,671	5,541,648
TOTAL REVENUE	148,680,475	140,835,812
TOTAL OPERATING EXPENSES	141,217,460	144,821,060
EXCESS/(DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 7,463,015	\$ (3,985,248)
INTERFUND TRANSFERS - CAPITAL PROJECTS	\$ (6,670,994)	\$ (5,763,610)
NET EXCESS/(DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 792,021	\$ (9,748,858)

2004 YEAR IN REVIEW

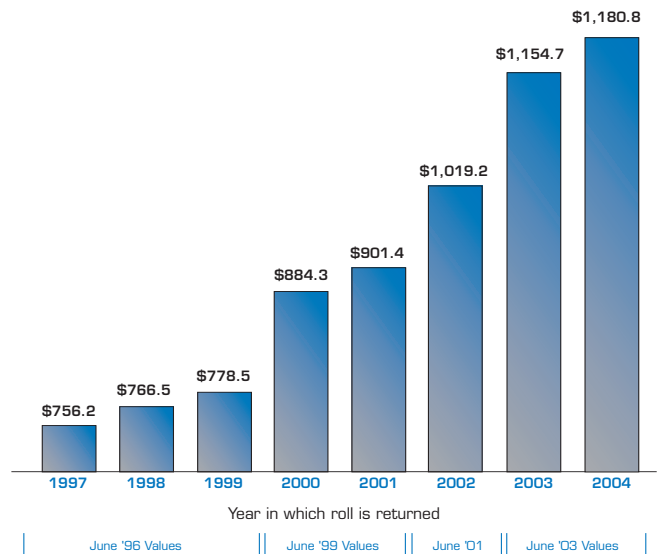
PROPERTY COUNT

The total number of properties contained in the 2004 assessment roll returns to all municipalities was 4,403,211 - an increase of 78,366 over the 2003 assessment roll returns.



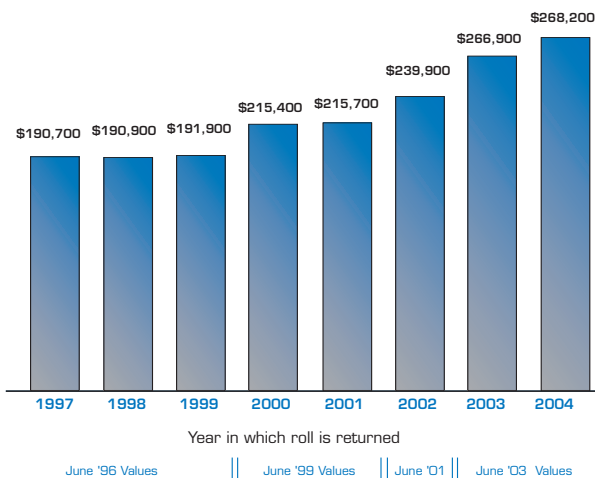
PROPERTY VALUES

The total assessed value of all properties in Ontario for the 2004 assessment roll returns increased by \$26.1 billion from \$1,154.7 billion to \$1,180.8 billion.



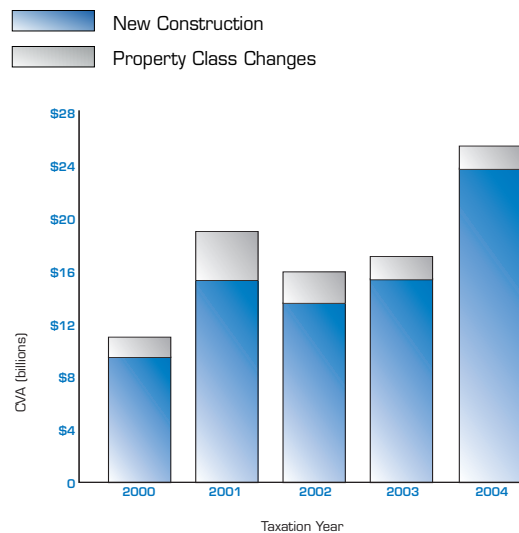
AVERAGE PROPERTY VALUE

This chart shows the change in average current value assessment from 1997 to 2004.



SUPPLEMENTARY & OMITTED ASSESSMENTS

During 2004, MPAC responded to increases in the number of properties by adding more than \$24 billion of in-year new construction assessment, the highest in the province's history.



2004 YEAR IN REVIEW

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 (\$)	2004 (\$)	2004 Property Counts
Residential	503,912,443,637	569,083,879,689	584,971,501,835	668,552,659,913	786,862,352,149	808,310,759,481	3,925,345
Multi-Residential	33,643,921,120	41,336,267,405	39,098,455,876	43,759,155,665	49,588,198,900	49,764,418,200	15,899
Commercial	85,943,514,053	104,793,103,780	107,178,949,414	121,027,921,830	131,550,161,822	134,750,511,724	132,469
Industrial	37,506,864,192	40,792,625,097	41,590,202,428	49,734,635,695	54,726,216,779	55,042,371,573	66,863
Pipeline	4,714,518,959	6,120,338,623	5,173,643,912	5,634,720,888	6,105,948,116	6,165,391,616	1,470
Farm	30,901,422,171	37,943,553,532	38,102,630,135	44,012,671,320	47,255,319,023	47,429,122,836	211,167
Managed Forest/ Conservation	1,179,760,567	1,298,080,287	1,351,141,408	1,604,873,521	1,911,962,860	1,934,527,260	12,924
Special/Exempt	80,700,870,926	82,926,206,821	83,901,164,699	84,857,139,400	76,678,999,915	77,424,280,717	37,074
Total	778,503,315,625	884,294,055,234	901,367,689,707	1,019,183,778,232	1,154,679,159,564	1,180,821,383,407	4,403,211

REQUESTS FOR RECONSIDERATION AND ASSESSMENT COMPLAINTS

Requests for Reconsideration and assessment complaints 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 file a complaint with the Assessment Review Board, an independent tribunal administered by the Ministry of the Attorney General. The complaint deadline for the 2004 taxation year was March 31, 2004.

Property Valuation Date	June 30, 1999				June 30, 2001		June 30, 2003	
Taxation Year	2001		2002		2003		2004	
	Properties	Assessment Reduction	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	164,221	\$ 3.53 B
Assessment Complaints	65,242	\$ 0.83 B	46,886	\$ 4.30 B	42,334	\$ 3.67 B	45,885	\$ 1.89 B
Total	195,802	\$ 4.03 B	87,878	\$ 5.32 B	155,680	\$ 6.18 B	210,106	\$ 5.42 B
Percentage of all properties	4.77%		2.10%		3.66%		4.86%	
Percentage of total assessment		0.46%		0.59%		0.61%		0.47%

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT



from left to right:

Antoni Wisniewski

Vice-President, Information Technology
MPAC (EM)

Debbie Zimmerman

Chair, MPAC Board of Directors
Councillor, Regional Municipality of Niagara (MR)

Peter Suma

Principal, Start Seed Capital Incorporated (PR)

Larry Hummel

Vice-President, Property Values
MPAC (EM)

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from left to right:

Terry Mundell

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

Jacques Hétu, FCGA

Mayor of Hawkesbury (MR)

Lucy Foster

Director, Executive Office
MPAC (EM)

Ian Howcroft

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

Jim Pine

Chief Administrative Officer
County of Hastings (MR)



BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT



from left to right:

John Wilkinson

Vice-Chair, MPAC Board of Directors
M.P.P., Perth-Middlesex (PR)

Judith Andrew

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

Howard Greig

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

Carl Isenburg

President and Chief Administrative Officer
MPAC (EM)

Margaret Black

Mayor, Township of King
Councillor, Regional Municipality of York (MR)

from left to right:

Vince Brescia

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

Rose McLean

Director, Legislation and Policy Services
MPAC (EM)

Eric Preston

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

Mike Velshi

Vice-President, Business Development
MPAC (EM)



from left to right:

Doug Craig

Deputy Mayor
City of Greater Sudbury
Chair of Greater Sudbury Utilities Inc.(MR)

Case Ootes

Councillor, Toronto-Danforth (MR)

Larry Ryan

Chief Financial Officer
Region of Waterloo (MR)

Neil Rodgers

President, Urban Development Institute
Ontario (TR)

Gord Thow

Director, Quality Services
Quality Service Commissioner
MPAC (EM)



MPAC OFFICE LOCATIONS

NORTH

DRYDEN, FORT FRANCES,
KENORA, NORTH BAY,
SAULT STE. MARIE,
SUDBURY, THUNDER BAY,
TIMMINS

CENTRAL NORTH

BANCROFT, BARRIE,
BRACEBRIDGE,
PARRY SOUND,
PETERBOROUGH,
TRENTON

EAST

BROCKVILLE, CORNWALL,
KINGSTON, OTTAWA,
PEMBROKE

SOUTH WEST

CHATHAM,
GODERICH, LONDON,
OWEN SOUND, SARNIA,
WINDSOR

CENTRAL SOUTH

BRANTFORD, CAMBRIDGE,
GUELPH, HAMILTON,
ST. CATHARINES

GTA

MISSISSAUGA,
OSHAWA, PICKERING,
RICHMOND HILL,
TORONTO



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