VALUING ONTARIO TOGETHER

People. Partners. Passion for Property.

2019 ANNUAL REPORT

mpac MUNICIPAL PROPERTY ASSESSMENT CORPORATION

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COMPLIANCE STATEMENT

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.

WHO WE ARE

Ontario. Canada's second largest province, covering more than one million square kilometres—an area larger than France and Spain combined.

At MPAC, our mandate is just as big. We are responsible for assessing every property in Ontario—more than **5.3 million** homes and businesses—with a total value of more than **$2.96 trillion.**

"

The Municipal Property Assessment Corporation (MPAC) provides an accurate and impartial property inventory for our vast province.

What are property taxes, and how do they work?

If you own property, you pay a tax charged by your local government, based on the value of your property. It's usually a percentage of your property's value, and varies depending on the municipality you live in.

But how does the government determine how much your property is worth? In Ontario, that's where MPAC comes in. We provide reports to your municipality that include the dollar value of all properties, which they then use to set your property tax.

But where do we get all this data?

Look for MPAC in your community—our team of assessment experts is always out on the road, inspecting properties, conducting sales investigations and keeping a close eye on the market. In addition to on-site property inspections, we also gather data from land title documents, building permits, assessment reviews and appeals, and talking to property owners like you.

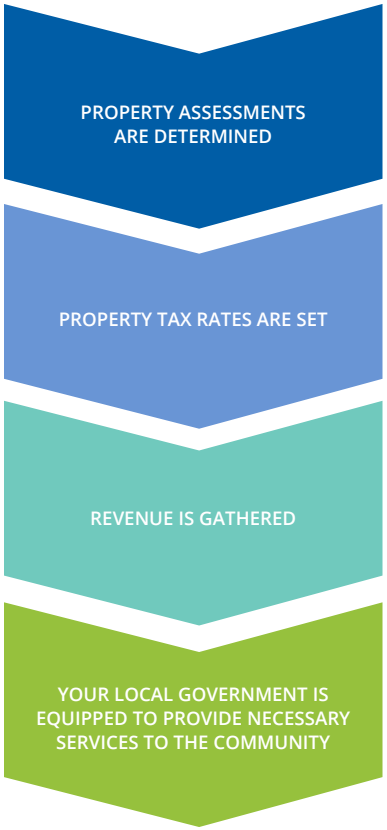
WHAT HAPPENS AS A RESULT OF OUR WORK?

Property assessments provided by MPAC are the foundation of Ontario's property tax system, which generates nearly $30 billion annually. MPAC is always updating our assessment data by monitoring property sales transactions, rental information and construction costs. We update our comprehensive database of property information on a daily basis for each of the more than five million properties in Ontario. The information MPAC gathers informs revenue and taxation decisions, and can help us understand how your communities are changing.

Why did I receive a notice from MPAC?

Properties across Ontario are constantly changing, developing and updating—and it's our job at MPAC to assess these changes and share updates with you through Property Assessment Notices. You may have received a notice from MPAC if there was a change to your property information. It's also important to make the distinction between what your municipality sends you—a property tax bill—which is separate from your Property Assessment Notice.

ONTARIO'S PROPERTY ASSESSMENT AND TAXATION SYSTEM



Government of Ontario

Establishes the province's assessment and taxation laws and determines the education tax rates.

MPAC

Determines property assessments for all properties in Ontario.

Municipalities

Determine revenue requirements, set municipal tax rates and collect property taxes to pay for municipal services.*

Property owners

Pay property taxes which pay for services in the community. You also pay education taxes that help fund elementary and secondary schools in Ontario.

*Provincial Land Tax and levies by local boards are collected in unincorporated areas and contribute toward important services.

OUR COMMITMENT TO YOU

Assessment transparency
We will be clear and open about the property assessment process and how we arrive at values.

Accountability to the people of Ontario
We will continue to deliver cost-effective property assessment services that respect taxpayer dollars.

Customer focus
We will keep pace with customer needs and explore new ways to build and maintain trust.

OUR 20-YEAR EVOLUTION

Nicole McNeill
MPAC President and Chief Administrative Officer

THE LAST 20 YEARS

Standing strong in a time of change

Property taxes based on MPAC's assessments are such a tremendous source of revenue for local governments. They help pay for the services we use every day—from roads and parks to police protection and community programs. As I reflect on the last 20 years, I am incredibly proud of the role MPAC plays in supporting communities across Ontario, and of the work we do to assess every single property and provide accurate values amid ongoing change. MPAC was created in 1999 in order to establish a cost-effective and equitable province-wide property assessment system. In 2019 we marked our 20th anniversary, and while a lot has changed in two decades, we have continued to evolve into a more accountable, transparent and customer-focused agency. We have become a leader in the assessment industry by investing in our people, prioritizing consistency of practices and information sharing, and staying close to our communities.

How have we evolved? With Ontario growing by over one million properties since 1999, representing a 250% increase in value, MPAC has grown too—building systems in-house to process massive amounts of data and removing outdated legacy systems has allowed us to adapt to an increased workload while staying fiscally responsible.

Like most businesses, we have digitized our processes significantly over the last 20 years to keep pace with customer needs. But we also know that technology doesn't replace relationships, or a deep understanding of the communities we serve across Ontario. I often reflect on the unique combination of technology, people and processes that has shaped MPAC into the organization we are today. As we navigate ongoing changes and future challenges, I am confident in our ability to deliver on our commitments and I look forward to valuing Ontario, together.

LEADING THE WAY

Alan Spacek
Chair, MPAC Board of Directors

THE NEXT 20 YEARS

Property ownership in Ontario is changing—so are we

I officially started my tenure as MPAC's Board Chair in September of 2019, and I would like to thank immediate past Chair Dan Mathieson for his dedication and work guiding the organization since 2010. My years in municipal politics have provided me with a firsthand account of MPAC's evolution over the last 20 years, and this feeling of progress has been confirmed since joining MPAC's Board of Directors. Today, MPAC has strong values of accountability, transparency and a customer-centric approach to how we operate.

In 2019, we continued to guide our customers through the property ownership landscape, as it grew and changed in response to external forces and increasingly competitive markets. We continued to play our part by providing impartial property assessments and insights: a key function that informs revenue and taxation decisions across the province.

It was an exciting year for me to join MPAC, and I took various opportunities to engage with employees, municipalities and other stakeholders to confirm my strong commitment to them. While a lot has changed in 20 years, the importance of having strong partners remains constant. That's why everything we do starts with the value we place on our partnerships, and the need to adapt and evolve our services so that municipalities can continue to make informed decisions. Today, we understand how important it is for us to get it right, and we know that Ontario is depending on us to do just that as we face the next 20 years. I'd like to thank all MPAC employees for their hard work and dedication in 2019. I'm proud to be leading MPAC today, and not only am I confident about the future, I'm excited about the good work I know we can do together.

DELIVERING ON OUR MANDATE IN 2019

In 2019, MPAC mailed over 800,000 Property Assessment Notices and delivered an accurate assessment roll reflecting in-year changes.

The amount of properties in Ontario grew by nearly 70,000 in 2019, bringing the total number to 5.36 million.

Commercial
165,783 properties
$312.6 B in value

Farm
205,474 properties
$134.4 B in value

Industrial
79,038 properties
$123.6 B in value

Managed Forest/ Conservation
20,733 properties
$6.9 B in value

Special/Exempt
76,316 properties
$153.6 B in value

Multi-residential
16,795 properties
$119.2 B in value

Residential
4,796,389 properties
$2.11 T in value

*As of December 31, 2019

ACCURACY: OUR CONSTANT FOCUS

We assess all types of property including homes, businesses and farms. Our assessments meet or exceed international appraisal standards for accuracy.

In Ontario, if a property owner disagrees with their assessment, they have the right to appeal it. In 2019, less than 1% of properties were under appeal.

ONTARIO CONTINUES TO GROW

In 2019, MPAC added value to municipal assessment rolls from new construction and additions to existing properties worth more than $37 billion, with more than 85% processed within one year of occupancy.

This responsiveness means that the assessment base for municipalities can continue to grow—which means more revenue to pay for local services, such as road maintenance and snow clearing, police and fire protection, street lighting, parks and more.

"

Your municipality relies on our data to help inform ongoing budget and tax planning policy.

What if every property sold on the exact same day?

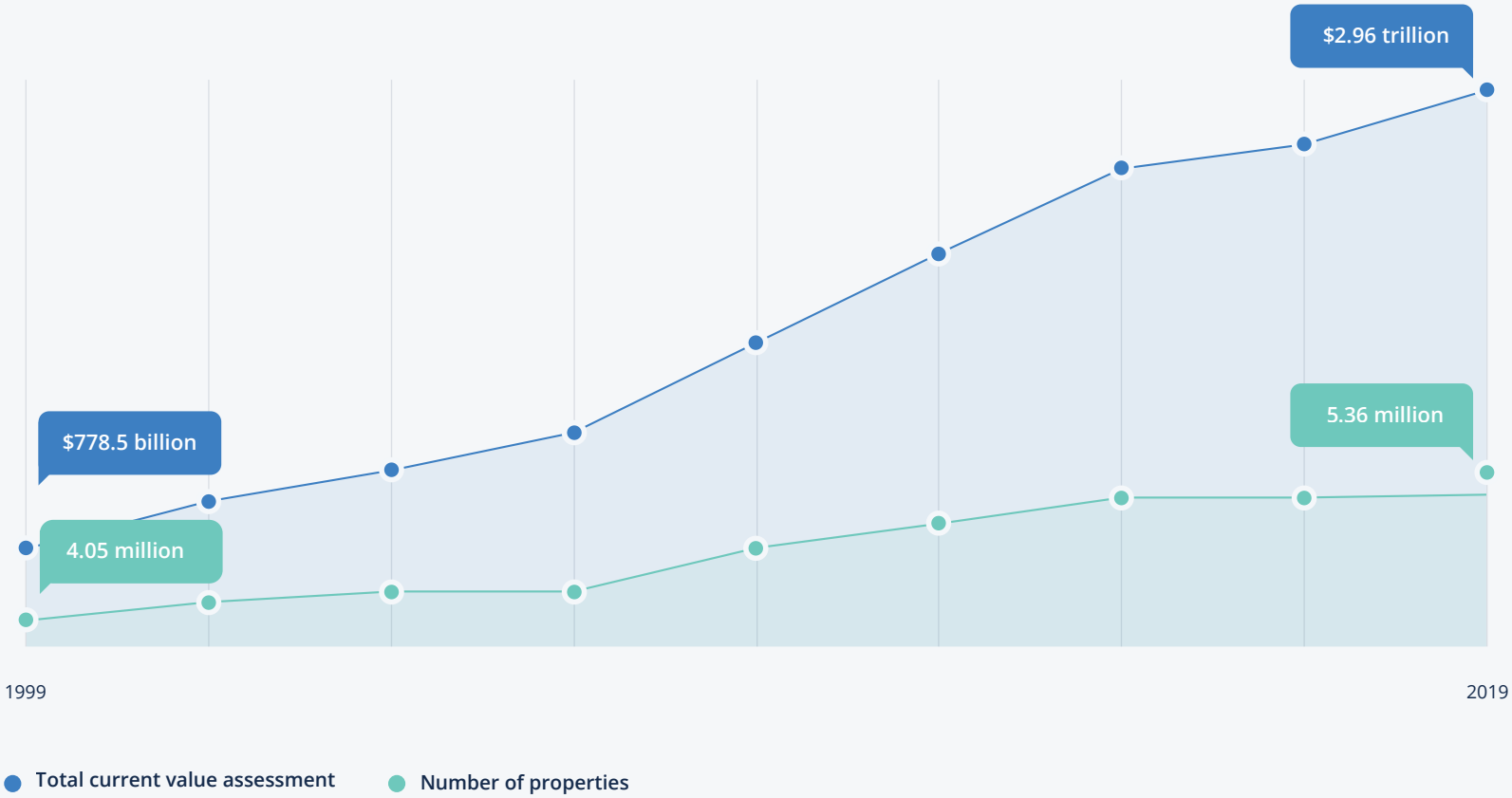
In a sense, that's the question that MPAC is responsible for answering. In Ontario, property assessments are based on 'Current Value', which is the market value of property on a given day. When all properties in Ontario are assessed using a common date, your property's assessment—and your neighbour's—reflects the real estate and economic conditions as of the same point in time.

Why is the assessed value on my notice different than what my real estate agent told me I could get for my home?

While they may seem similar, the numbers can be different and they are used in different ways. It's important to note that the assessed value of your home—what you see on your notice from MPAC—has been calibrated to a common valuation date. But sales happen throughout the year and the market value you could realize on any given day may be different. MPAC receives and analyzes sales data daily to inform our assessments.

ONTARIO'S EVER-CHANGING PROPERTY LANDSCAPE

In 20 years, the value of Ontario properties has grown by more than **250%** through the addition of over **one million** homes and businesses.



WE ACHIEVED A LOT IN 2019

cost savings | improved valuation quality | reduced appeals | enhanced customer satisfaction | increased accuracy

MPAC was named one of Greater Toronto's **Top Employers** for 2020.

Established a **new Data Governance Office** to streamline how we collect, store and use vast amounts of data—and help harness insights behind key assessment information.

Received our **ISO 27001 Certification**: an internationally recognized standard that speaks to our commitment to the highest standards of information security practices.

Achievements

Continued focus on **learning and development**: MPAC fully reimburses relevant tuition costs, dues and professional development activities. All of MPAC's managers and **more than half** of our total valuation employees are accredited.

Demonstrated our expertise on an international scale: MPAC hosted the 2019 **International Association of Assessing Officers (IAAO)** 85th Annual Conference in Niagara Falls.

Provided $10,000 to winners of the 2019 MPAC Scholarship: a post-secondary academic excellence program that supports children of MPAC employees.

GIVING BACK TO ONTARIO COMMUNITIES

At MPAC, we are dedicated to doing our part and making a positive difference in Ontario communities. Whether it was adding more eco-friendly vehicles to our fleet, fundraising for local charities or participating in community events, in 2019 our employees continued to play an important role across the province.

The Muskoka/Parry Sound office collected 573 pounds of garbage from around Gravenhurst, and also collected food, clothing and money for the local Salvation Army.

The Toronto office participated in the Terry Fox Run and raised $2,580 for the Terry Fox Foundation.

The Thunder Bay office took part in a local “Spring Up to Clean Up” event.

Achievements

The Richmond Hill office donated $900 to the Holiday Heroes Toy Drive in York Region.

The Barrie office collected $4,900 to support various local charities.

The Owen Sound office partnered with a local community garden to drop off compost collected in the office.

The Cornwall office donated $1,053 to the Cornwall and District Alzheimer Society of Canada.

Our team across Ontario held various jeans day events and raised $3,678 for the Ontario Association of Food Banks.

ENVIRONMENTAL RESPONSIBILITY

Diverting waste
We work with partners on environmentally responsible decommissioning projects and paper shredding programs that help save landfill space and preserve valuable resources. In 2019, MPAC securely shredded and recycled **43,787 kilograms** of paper, saving:

- Over **109,000 kilowatt hours** of electricity
- **809** trees
- **185 cubic metres** of landfill space

Reducing waste
We continue to transform our business processes to focus on waste reduction and environmental performance. This year, we rolled out a centralized waste collection program in all of our offices in order to reduce disposal costs and increase employee recycling behaviour.

Driving towards a cleaner future
MPAC currently uses a total of **185** fuel-efficient vehicles, including **102** hybrid electric vehicles (**55%** of our fleet).

PARTNERSHIPS IN ACTION

MPAC works closely with your municipality to make sure they have the most up-to-date property information possible. This means your property taxes will be based on nothing but accurate and fair assessment data.

We're proud of the municipal partnerships we've developed, and are working hard to continue to listen, improve and demonstrate our value to municipalities across Ontario.

Service level agreement with municipalities

MPAC and municipalities have jointly developed a Service Level Agreement that establishes performance standards for assessment services that municipalities and taxpayers rely on most. These specific objectives are designed to make sure our work continues to meet the needs of our customers, and fosters communication between MPAC and municipalities to proactively address and resolve issues. **In 2019, we continued to meet over 90% of our municipal service level agreement objectives.**

Supporting the City of Ottawa through 2019 spring flooding

MPAC continues to review properties during non-Assessment Update years, and will update an assessment if a change occurs. But what happens if these changes are due to damage from natural disasters like flooding, tornadoes or other extreme weather events? In this case, property owners of buildings damaged to the point of being unusable might contact their municipality asking about a property tax reduction or refund.

> *"When this unfortunate situation happens, municipalities rely on MPAC to provide the breakdown of the property's assessment so that they can make an informed decision about a tax application and process the application quickly. A lot of properties experienced flooding along the Ottawa River in the spring of 2019, and we worked closely with the affected municipalities to speed up the application process by finding efficiencies on both sides."*

Jake Lefebvre

MPAC Municipal and Stakeholder Relations Account Manager in Ottawa

> *"We were again impressed with MPAC's highly collaborative approach to managing the situation. Together, we were able to find solutions so that property owners got the information they needed faster."*

Mishele Joanis

Program Manager, Customer Accounts Branch, City of Ottawa

MORE THAN JUST ASSESSMENTS

Business Development

Did you know MPAC's commercial activities have a direct benefit to property owners and municipalities? Not only is our data used to determine property values—it's also used by banks, insurance companies, the real estate industry and other assessment jurisdictions to inform key business decisions and meet customer needs

USING BIG DATA TO MAKE BIG DECISIONS

One of our signature products is known as MPAC's Automated Valuation Model (AVM), based on Canada's largest and most comprehensive real property database.

"We understand the demand for real-time data faced by real estate professionals, lenders and appraisers," said Lee Taylor, MPAC's Vice-President of Business Development. "Our AVM reports are easy to obtain and contain a complete and accurate inventory of sales and property information for over ten million residential properties across Canada."

Clients who order an AVM have instant access to an impartial, accurate and detailed estimate of real time value based on actual property data and a feed of real time sales. Based on feedback from our customers, as well as a robust property resale market, MPAC's AVM product estimates values for all residential properties on a weekly basis. We continue to offer AVMs and other data products while remaining cost-effective: the revenue generated from our commercial activities helps offset municipal funding and has a direct benefit to the people of Ontario, saving municipalities more than **$100 million** in property assessment fees since 2002. In 2019 alone, revenue from business development activities generated **$13.3 million** to offset the municipal levy.

2019 EXECUTIVE MANAGEMENT GROUP

Nicole McNeill
President and Chief Administrative Officer

Carmelo Lipsi, M.I.M.A.
Vice-President, Valuation & Customer Relations and Chief Operating Officer

Don Leblond
Vice-President, Governance & Strategy and Chief Strategy Officer

Greg Martino, M.I.M.A.
Vice-President, Valuation & Assessment Standards and Chief Valuation and Standards Officer

Jamie Bishop
Executive Director, Corporate & Government Relations

Lee Taylor
Vice-President, Business Development

Lucy Foster
Executive Director, Board Governance

Mary Meffe
Vice-President, Corporate & Information Services and Chief Financial Officer

Matthew Kanter
Executive Director, Associate General Counsel – Litigation

Michael Bowman
General Counsel, Legal, Policy & Compliance

Sujit Jagdev
Vice-President, Information Technology and Chief Information Technology Officer

2019 BOARD OF DIRECTORS

MPAC is directly accountable to the people of Ontario through our Board of Directors appointed by the Minister of Finance. The Board provides governance and organizational oversight to ensure MPAC's overall direction, accountability and efficiency.

Welcome new Board Chair, Alan Spacek, (Former) Mayor of the Town of Kapuskasing.

> "MPAC has an incredibly important mandate in Ontario, and I look forward to working with our Board of Directors, executives, staff and stakeholders as MPAC continues to evolve as a leader in the property assessment industry."

Alan Spacek

Chair, MPAC Board of Directors

MUNICIPAL REPRESENTATIVES

Alan Spacek
(Chair)
(Former) Mayor, Town of Kapuskasing

Janice Baker
City Manager and Chief Administrative Officer, City of Mississauga

Ken Hughes
Auditor General, City of Ottawa

Dan Mathieson
(Former Chair)
Mayor, City of Stratford

Roberto Rossini
(Retired) Deputy City Manager and Chief Financial Officer, City of Toronto

Walter Sendzik
Mayor, City of St. Catharines

2019 BOARD OF DIRECTORS

TAXPAYER REPRESENTATIVES

Niels Christensen
Broker and Managing Director, Christensen Real Estate Group

Lesley Gallinger
President and Chief Executive Officer, Elexicon Energy Inc.

Nazmin Gupta
Managing Director of Capital Raising, BentallGreenOak

Bev Hodgson
Barrister and Solicitor, Owner, Bev Hodgson Law

Don Redmond
Sales Representative, Royal LePage In Touch Realty Inc.

TAXPAYER REPRESENTATIVES

Roozbeh Farhadi
Project Manager, Design and Implementation, Scotiabank

David P. Setterington
(Vice-Chair)
Member of Chartered Professional Accountants (CPA), CPA Ontario and CPA Canada

The Board of Directors thanks Dan Mathieson and David P. Setterington, who served as Chair and Vice-Chair, respectively since 2010. We also thank Lesley Gallinger whose term ended in 2019.

FINANCIAL HIGHLIGHTS

STATEMENT OF OPERATIONS		
(in thousands of dollars)	2019	2018
REVENUE		
Municipal	210,911	206,573
Other Income	20,575	18,750
Interest and Dividend Income	3,175	4,062
TOTAL REVENUE	**234,661**	**229,385**
EXPENSES		
Salaries and Benefits	178,890	173,647
Professional Services	13,879	14,167
Information Technology	11,232	11,464
Facilities	9,641	9,708
General and Administrative	5,736	6,798
Amortization of Capital and Intangible Assets	4,122	4,131
Royalties	3,247	3,220
Gain on Disposal of Capital Assets	(427)	(484)
TOTAL EXPENSES	**226,320**	**222,651**
Excess of Revenue Over Expenses for the Year Before Changes in Fair Value of Investments	**8,341**	**6,734**
Changes in Fair Value of Investments	7,437	(4,435)
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	**15,778**	**2,299**

STATEMENT OF CHANGES IN NET ASSETS		
(in thousands of dollars)	2019	2018
Net Assets – Beginning of Year	54,150	47,992
Excess of Revenue Over Expenses for the Year	15,778	2,299
Net Actuarial Gain (Loss) on Employee Future Benefits	(4,468)	3,859
NET ASSETS – END OF YEAR	**65,460**	**54,150**

It is suggested the financial highlights be reviewed along with the 2019 Audited Financial Statements and Notes to the Statements, which have received an unqualified opinion from MPAC's external auditors.

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Reserve Funds

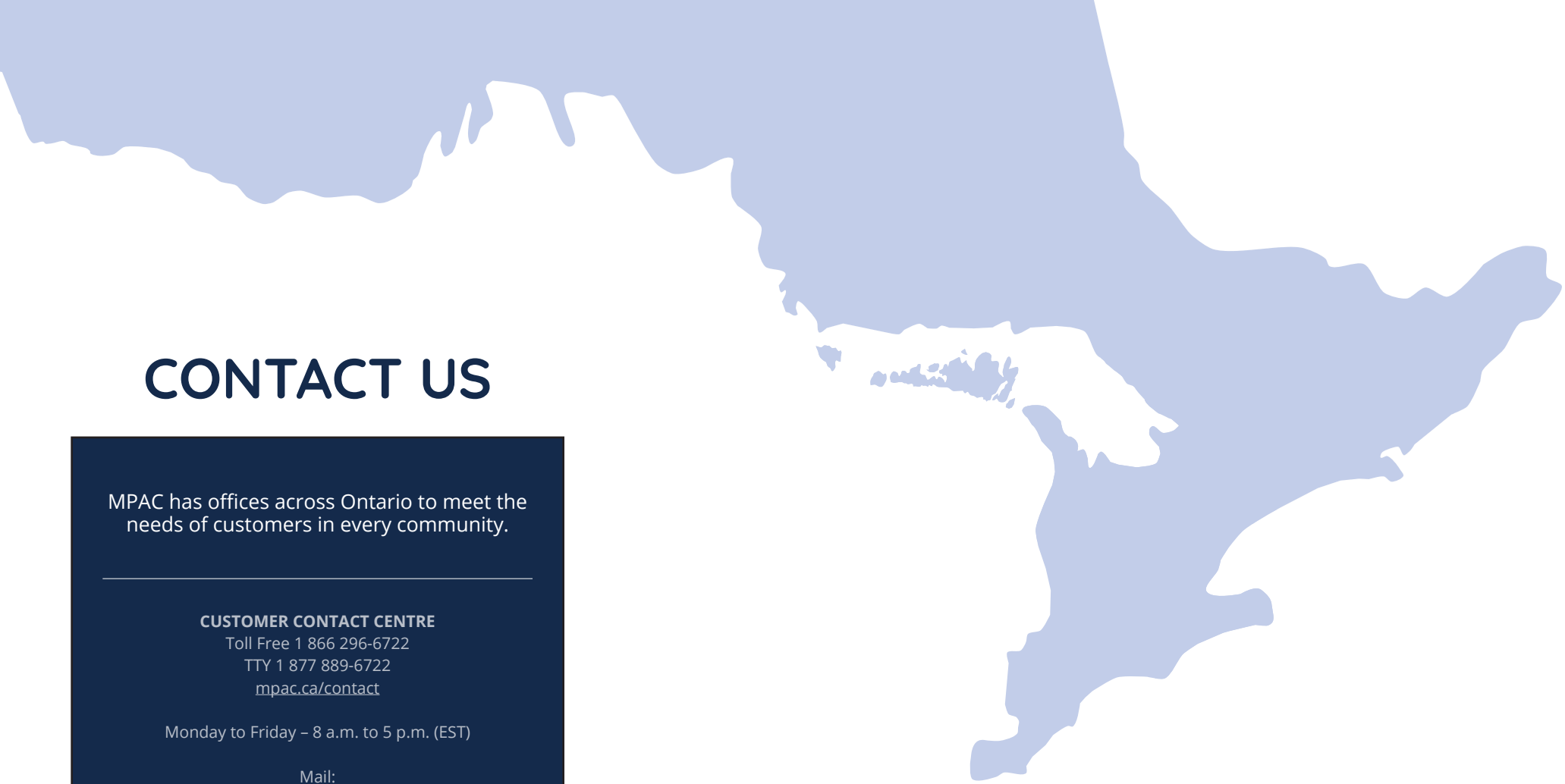
The Reserve Funds consist of the Reserve for Board Appropriated Working Fund, Reserve for Employee Future Benefits, Reserve for Enumeration, and Reserve for the Assessment Update.

The Reserve for Board Appropriated Working Fund is set aside by the Board of Directors of MPAC, in accordance with MPAC's reserve strategy for contingencies and funding for identified one-time expenditures.

The Reserve for Employee Future Benefits is the portion of net assets consisting of internally restricted investments set aside to settle employee future benefits.

The Reserve for Enumeration was established to fund costs associated with the preparation of Preliminary List of Electors for municipal and school board elections.

The Reserve for the Assessment Update was established to fund the costs associated with the Assessment Update. The Corporation contributes amounts to these reserves annually. The Reserve for the Assessment Update will draw down on the balance as expenses are incurred.



CONTACT US

MPAC has offices across Ontario to meet the needs of customers in every community.

CUSTOMER CONTACT CENTRE
Toll Free 1 866 296-6722
TTY 1 877 889-6722
mpac.ca/contact

Monday to Friday – 8 a.m. to 5 p.m. (EST)

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