



Municipal  
Assessment  
Agency Inc.

2013-14

Annual Report



# BOARD OF DIRECTORS

MARCH 31, 2014

Chairperson            **Mayor Dean Ball**  
Deer Lake

Vice-Chairperson    **Mayor Betty Moore**  
Clarke's Beach

## MUNICIPAL REPRESENTATIVES

Labrador            **Deputy Mayor Terry Hancock**  
Forteau

Western            **Mayor Dean Ball**  
Deer Lake

Central            **Mayor Randy White**  
Comfort Cove-Newstead

Eastern            **Mayor Paul Pike**  
St. Lawrence

Avalon            **Mayor Betty Moore**  
Clarke's Beach

Urban            **Councillor Peggy Roche**  
Torbay

## MUNICIPALITIES NEWFOUNDLAND AND LABRADOR REPRESENTATIVE

**Councillor Lucy Stoyles**  
Avalon Director, MNL  
Mount Pearl

## PROFESSIONAL MUNICIPAL ADMINISTRATORS REPRESENTATIVE

**Ms. Vida Greening**  
Eastern Director, PMA  
Port Blandford

## TAXPAYER REPRESENTATIVES

**Mr. David Denine**  
Mount Pearl

**Mr. David Blundon**  
Gander

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# Message from the Chairperson

On behalf of the Municipal Assessment Agency Incorporated, I have the pleasure to submit our annual report and the financial statements for the year ended March 31, 2014.

The *Assessment Act, 2006* establishes the Municipal Assessment Agency as the entity which provides real property assessment services to municipalities. Municipalities in Newfoundland and Labrador (excluding the City of St. John's) which impose a real property tax or a business tax based on property values use the services of the Agency. The Municipal Assessment Agency is a not for profit entity, with any returns used only to further the activities of the Agency. As the entity responsible for providing a fair and effective property assessment service to 224 municipalities, we are pleased to support local government in providing valuable service to the people of our province.

We have identified the following areas as the key priorities of the Agency for this planning period:

- 1) use of technology in property assessments
- 2) education and public relations

The goals identified for each issue reflect the results expected at the end of the three-year timeframe, while the objectives provide annual benchmarks. Measures and indicators are provided for the goals and objectives to assist both the Agency and the public in monitoring and evaluating success.

We considered key questions such as how these issues affected our primary clients, whether or not resolving these issues would provide us with the desired "output," as well as identifying the benefit that addressing these issues would provide to our programs and services. These are all critical questions that get to the very core of what we identified as our mission as an Agency.

The Agency is scheduled as a Category Two entity under the *Transparency and Accountability Act*, and the board of directors is accountable for the results reported in this document. The board's continuing commitment to openness and transparency, key components of an effective property tax system, is demonstrated by this report.

We will continue to fulfill our mandate and look forward to meeting future challenges.

Sincerely,



**Dean Ball**  
Chairperson, Board of Directors

# CORPORATE OVERVIEW

## OUR VISION

The vision of the Municipal Assessment Agency is that of a professional organization meeting the property assessment and valuation needs of our clients in an effective and cost-efficient manner.

Meeting the assessment and valuation needs of our clients is at the core of our vision statement. We understand the importance of constraining the vision statement to be within our means. That is, it should be achievable. At the same time, we understand the importance of having the assessment service we provide tailored to fit the means and meet the needs of the municipalities we serve.

## OUR MISSION

By March 31, 2017, the Municipal Assessment Agency has improved its service delivery to be better able to meet the assessment and valuation needs of its clients.

Measure: Improved service delivery

Indicators:

- Improved integration with municipalities
- Increased use of technology
- Increased public understanding of the property assessment process
- Controlled the cost per parcel

## MANDATE

The *Assessment Act, 2006* establishes the Municipal Assessment Agency as the entity which provides municipalities their real property assessment service.

Municipalities in Newfoundland and Labrador which impose a real property tax or a business tax based on property values use the services of the Agency. The Agency does not serve the City of St. John's, which provides its own assessment service.

The *Assessment Act, 2006* may be accessed through the House of Assembly website at [www.assembly.nl.ca/Legislation/sr/statutes/a18-1.htm](http://www.assembly.nl.ca/Legislation/sr/statutes/a18-1.htm)

## LINES OF BUSINESS

The Agency has a single line of business - property assessment and valuation. The Agency's line of business is a reflection of our incorporating documents and is summarized as follows:

- Assessment of real property (land, buildings and other improvements) provided to municipalities that levy a real property tax. This service is provided under the *Assessment Act 2006*, and is provided for a fee which reflects the cost of the service. This activity generates 98% of the Agency's revenues.
- Sale of assessments and assessment related information, primarily through electronic means and within the limitations set by law. The primary clients for this service are realty or financial service providers, as well as private interests. This activity generates the remaining 2% of the Agency's revenues.

## KEY STATISTICS

**Permanent staff:** 62 (42 male and 20 female)

**Office locations:** 11

**Total assessed value:** \$ 25,856,000,000<sup>1</sup>

**Number of parcels:** 184,290

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<sup>1</sup> This is the value of all assessed property (excluding the City of St. John's) in the province

## GOVERNANCE

The Agency is a Crown-owned corporation which is governed by a ten-member Board of Directors. The board includes: six representatives who are elected by client municipalities; a representative of Municipalities Newfoundland and Labrador; a representative of the Professional Municipal Administrators; and two taxpayer representatives.

Board elections are scheduled every four years following the municipal elections. Following the September 2013 municipal elections, the Agency held its election. Twenty three candidates stood for election to six positions on the Agency's board.

Former eastern director and board chair, Fred Best of Clarenville, retired from municipal politics and did not stand for re-election. Mr. Best has served on the Agency's Board since our inception. We offer our thanks to Mr. Best for his years of valuable service and guidance. We wish him a long and prosperous retirement.

## BUSINESS PLAN

This is the final year of our business plan for 2011-14 in accordance with the requirements of the *Transparency and Accountability Act*. For this year, we will report on the results of our three-year goals, as well as our objectives for the 2013-14 fiscal year. Next year will mark the beginning of a new planning cycle, and a new business plan has been introduced for 2014-17.

## OUR VALUES

**Unbiased** We will provide opinions of value without prejudice.

**Transparent** We will be responsible for our actions and accountable to the public.

**Competent** We will encourage participation in continuing professional development and training at all levels within the Agency.

**Cooperative** We will actively seek alternate (client) opinions on our activities and report these opinions to direct our change process.

**Integrity** Employees and members of the board will seek appropriate guidance to ensure they perform their duties in an ethical and responsible manner.

# HIGHLIGHTS FOR 2013-2014

The Agency has as its primary focus the provision of a quality assessment service and the maintenance of positive relations with its clients and ratepayers. Within this focus, we recognize and support the role of employees as advocates for clients in supporting the Agency to be able to provide the best possible service at every opportunity.

## ASSESSED VALUES

*The Assessment Act, 2006*, provides for new valuations of real property every three years. There is a lag of twenty-two months between the date set as the reference date in the legislation (the base date) and the date that new values are completed (the notice date). The year 2013 was not a year for new valuation. In October 2013, the Agency delivered a valuation update.

Staff continue to conduct site reviews of existing and new property, with nearly 30,000 site reviews completed during the past year. These reviews are triggered by

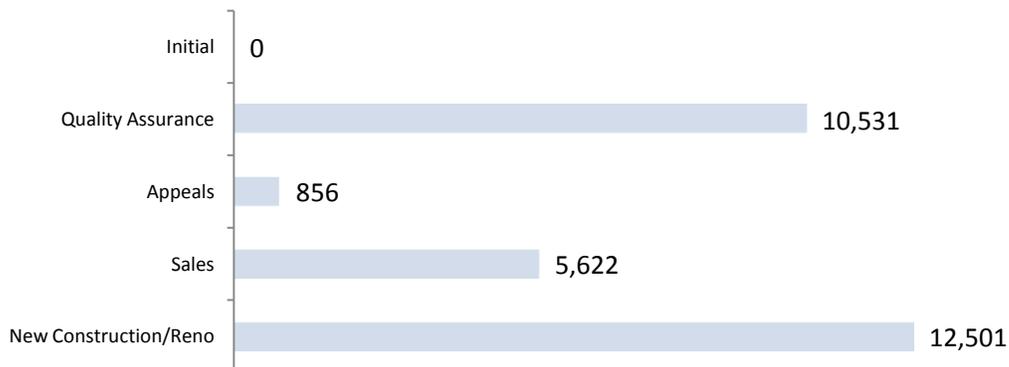
property sales, assessment appeals, new construction and renovations, and our quality assurance program (see table below).

Through our site reviews, the number and value of the amendments to the property data through new construction and renovations have increased steadily in recent years. For the 2014 taxation year, the Agency added a record \$844 million in new construction and renovations. At a tax rate of 10 mils, this represents an increase of \$8.44 million in new tax revenue for municipalities.

## CLIENT RELATIONS

Through our training sessions and presentations, we have engaged municipal officials in the assessment process. Our training sessions are offered on a regional basis, twice a year, for a total of six sessions annually.

## 2013-14 Site Reviews



# REPORT ON PERFORMANCE

This is the third year of our business plan for 2011-14, in accordance with the requirements of the *Transparency and Accountability Act*. For this year, we will report on the results of our three year goals, as well as our objectives for the 2013-14 fiscal year. Next year marks the beginning of a new planning cycle and a new business plan will be introduced for 2014 -17.

## Issue 1:

### Use of technology in property assessments

Many new technologies are being utilized in property assessment. New technologies can provide avenues for increased accuracy and efficiency in conducting property assessments. Technology can improve the level of integration between municipalities and the Agency. While many technologies are being used in various assessment jurisdictions around the world, the Agency must carefully consider the cost-benefits of specific technologies to carry out its property assessment and valuation service in our province.

<b>Use of Technology in Property Assessment</b>	
<b>2011-14 Goal:</b> By March 31, 2014, the Municipal Assessment Agency will have increased its use of technology to control the cost per parcel of assessments.	
Measure: increased the use of technology	
<b>Indicators</b>	<b>Results</b>
Jurisdictional review completed	A confidential survey of the identified criteria was forwarded to sixteen assessment jurisdictions across Canada in late 2011. By February 2012, the review had been completed.
Analyzed technologies	The analysis of the technologies was completed in March 2012. There is a significant increase in the utilization of geographic and photographic information systems which results in a reduction of unnecessary site visits. This controls the cost of visits and a higher effectiveness of the site reviews conducted.
Selected technologies	Through the use of the Blackberry as a camera, the Agency has added locational information and staff can be directed to complete work in the field, saving the cost of additional site visits. By adding the IDoc component of IAS World, we have created electronic copies of existing parcel files. This has reduced the need for office space for files and enables staff to have access to file information at their desks.
Developed sites/web / support materials	We have created the necessary supports for the technology. An interface has been developed to load imagery, including Geographic Information Systems, (GIS) data, into the IDoc system. The web site for Astus allows the Agency to track its Blackberry devices.
Acquired technology	The Agency acquired/licensed IDoc, Astus, and Blackberry devices to support the technology.
Staff trained	Staff have been trained and the systems deployed.

# REPORT ON PERFORMANCE

<b>2013-14 Results</b>	
<b>2013-14 Objective:</b> By March 31, 2014, the Municipal Assessment Agency has selected / piloted / implemented preferred technology	
Measure: Selected / piloted / implemented preferred technology	
<b>Indicators</b>	<b>Results</b>
Partners/vendors have been selected	Partners and vendors include Astus, Tyler Technologies, Waye Group, Town of Pasadena, ESRI Canada
Pilot project(s) have been designed	The assessment data, including imagery, for the Town of Pasadena would be integrated into the municipal Geographic Information System (GIS). Property data, including property type, property effective age, building sketches, land detail, survey information, as well as valuation information, were extracted for integration. The IDoc service of IAS World was piloted using a variety of different data sources (surveys, correspondence, photos). Additionally, both the batch and individual methods of adding data were tested. Existing documents and photos were scanned and added in batch to the repository.
Pilot projects have been completed	The assessment data was reviewed in detail and the decision was made to recapture the building photographs for Pasadena. The pilot project was completed. The assessment data including photo images have been integrated into the municipal GIS for Pasadena. The pilot for the deployment of the Blackberry phones and supporting Astus software was completed prior to this year. Documents were retrieved successfully in IAS World.
Evaluation of pilot projects and development of implementation plans where appropriate	An evaluation of the project identified that the lack of a provincial Geographic Information System would be an expensive obstacle for the Agency to overcome. As a result, the interface between the municipal client and the Agency needed to be developed. The data interface from the pilot was a hands on process. The implementation plan included automation of the process. Scanners have been purchased over the next few years, the Agency will convert its paper documents to electronic files linked to each property in IAS.
Implementation of the selected technology	The selected technologies, Astus, IDoc, and Blackberry have been implemented, the staff interface implemented and staff have been trained. The Agency continues to partner with its vendors and clients to implement the client interface.

The Agency has increased its use of technology and contained costs by:

- Converting its files from paper to digital and storing the digital file using the IDoc component of IAS World as a repository.
- Moving to current Blackberry technology. Field staff use the Blackberry phone as their office phone, camera, email service, and, using tracking software from Astus, as security.
- Converting the Board operations from paper to electronic files and sharing these files using a web-based service, Dropbox.

# REPORT ON PERFORMANCE

## Issue 2:

### Education and Public Relations

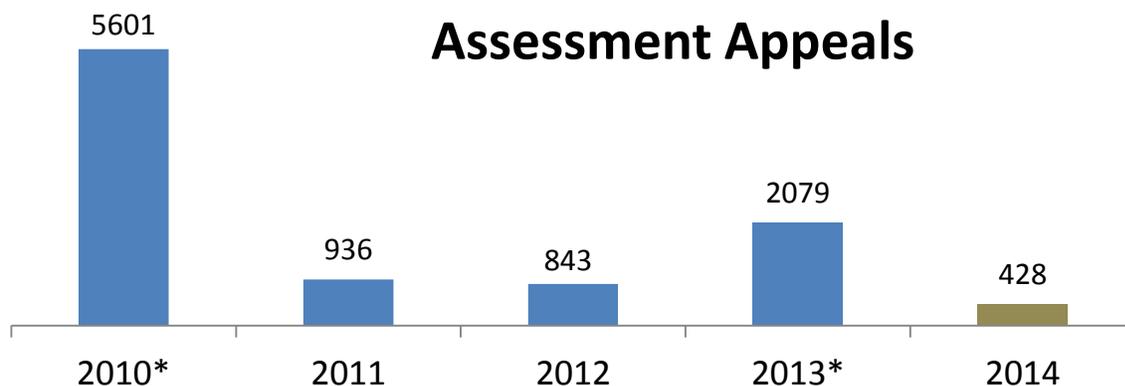
The education of stakeholders, and in particular ratepayers, is critical in achieving the public understanding of the role of the Municipal Assessment Agency in the property assessment and valuation process.

<b>Education and Public Relations</b>	
<b>2011-14 Goal:</b> By March 31, 2014, the Municipal Assessment Agency will have increased stakeholder understanding of the Agency's property assessment process.	
Measure: increased stakeholder understanding of the property assessment process	
<b>Indicators</b>	<b>Results</b>
Established baselines of current levels of understanding	<p>To gauge the level of understanding, the Agency engaged in a consultation process that included:</p> <ul style="list-style-type: none"> <li>• Public consultations were conducted across the province</li> <li>• Board of directors meeting with municipal clients in every region</li> <li>• Feedback obtained from presentations and training sessions.</li> </ul> <p>This process revealed stakeholder understood:</p> <ul style="list-style-type: none"> <li>• Property tax supported local services</li> <li>• Property value as the base for property tax.</li> </ul>
Identified information gaps and issues	<p>From the municipal client survey, we identified the need to improve our response to concerns, and to improve our overall customer service.</p> <p>From the property owner survey, we identified the need to improve our information exchange with the property owner and to improve our overall customer service.</p>
Developed stakeholder-specific materials	<p>For Ratepayers:</p> <ul style="list-style-type: none"> <li>• Insert with assessment notice. The insert advised property owners how to appeal the assessment and how to correct information on their property</li> <li>• Revised assessment notice provided previous assessed values and additional contact information.</li> <li>• Public Guide to Property Assessment takes a property owner through the assessment process and outlines the responsibilities of each stakeholder.</li> </ul> <p>For Municipal Officials:</p> <ul style="list-style-type: none"> <li>• Guide to Property Assessment for Municipal Officials provides information on the assessment process with special focus on the interactions between the municipality and the Agency.</li> <li>• IAS World demonstrations provide a look at the typical data the Agency has on each</li> </ul>

## REPORT ON PERFORMANCE

	<ul style="list-style-type: none"> <li>property and its activities related to the property.</li> <li>Newsletter keeps municipalities informed of changes or updates in procedures within the Agency.</li> </ul>
Developed implementation strategy	<p>Strategy focus was to increase the contact and interaction with stakeholders. For the public, this included revisions to the notice of assessment, development of key messages and several information pamphlets on key issues.</p> <p>For municipal officials, the strategy would enhance existing training with a demonstration of the existing system, provision of materials, including notice insert provided to the public and increased training opportunities.</p>
Implemented strategy	<p>The ratepayer strategy was implemented in September 2012. An insert was developed to accompany the assessment notice, and the revised Guide was implemented. At the end of March 2013, the inclusion of system demonstrations were added for municipal officials. Training opportunities have been enhanced by additional training at key conferences following the municipal elections in the fall of 2013. This is in addition to the spring and fall training sessions offered annually.</p>
Measured results of strategy	<p>Municipal officials continued to indicate, through feedback from training sessions, their understanding of the process and support of the Agency's strategy. Ratepayers also indicated their understanding of the process through a decrease in formal appeals.</p>

During the planning period, the Agency has provided ratepayers with additional information by using the insert in the annual assessment notice, adding the previous assessed value to the assessment notice, conducting public forums, and revising the Guide to Property Assessment. Ratepayer inquiries and appeals have been significantly reduced through this strategy. We have provided municipal officials with additional training opportunities and demonstrations of our IAS World program. The Agency has met its goal and increased stakeholder understanding during the planning period.



\*2010 and 2013 were reassessment years and the number of assessment appeals spike with a reassessment and then decline in both following years.

# REPORT ON PERFORMANCE

<b>2013-14 Results</b>	
<b>2013-14 Objective:</b> By March 31, 2014 the Municipal Assessment Agency has evaluated its strategy for improved stakeholder understanding of the Agency's role in the property assessment process.	
Measure: Evaluated strategy for improved stakeholder understanding.	
<b>Indicators</b>	<b>Results</b>
Measured post implementation baselines of stakeholder understanding	Based on feedback from training sessions and participation at meetings with the Agency's board of directors, municipal officials continue to demonstrate a high level of understanding. The 60% decline in assessment appeals indicates a high level of ratepayer understanding of the role of the Agency.
Identified success rates for specific issues	We identified a number of measures including: <ul style="list-style-type: none"> <li>• Increasing the number of training opportunities for municipal officials.</li> <li>• The number of municipal officials who attend training sessions.</li> <li>• The number of assessment appeals.</li> <li>• Creation of an informal review procedure for ratepayers</li> <li>• Creation of parcel summary document for residential property owners.</li> </ul> These measures were chosen based on the results of our client and customer surveys in 2012. Those surveys indicated a correlation between stakeholder and Agency engagement with understanding of the assessment process.
Revised stakeholder-specific materials to improve success rates	For Ratepayers: <ul style="list-style-type: none"> <li>• Added informal review process to insert.</li> <li>• Revised our Public Guide to Property Assessment</li> </ul> For Municipal Officials: <ul style="list-style-type: none"> <li>• Revised our Guide to Property Assessment for Municipal Officials</li> <li>• Added additional training opportunities</li> </ul> These changes were made to highlight the opportunity for stakeholders to connect with the Agency, its staff and website. Each additional contact is an opportunity to inform stakeholders on the process.
Developed on-going review strategy for measuring success rates	Strategy established and includes: <ul style="list-style-type: none"> <li>• Management oversight committee</li> <li>• Semi-annual reviews of indicators</li> <li>• Required annual review of materials</li> </ul>
Implemented review strategy	The revised strategy was implemented March 15, 2014, with the creation of the oversight committee. The committee is mandated to conduct the annual and semi-annual reviews as indicated.

The objective for the year has been achieved, and the Agency is well positioned to complete its mission during the next planning cycle.

## OPPORTUNITIES AND CHALLENGES

The process to establish the values for the next revaluation, based on January 2014, is underway. The results of this revaluation will be reported in the fall of 2015. Municipalities will use the values for three years, beginning with the 2016 taxation year.

While certain elements of our base costs are increasing, the Agency has been successful in managing its overall costs. We are pleased to report that the Agency recorded a small deficit of \$118,297 for fiscal year 2013-14. The deficit represents 2.1% of Agency revenues and was less than budgeted for the year. This was a decline from last year's surplus of \$168,431. For our budget 2014-15, the Agency has maintained its fee of \$28 per assessment.

In the coming year, we will be entering a new planning cycle and a new business plan for 2014-17 will continue moving the Agency forward to complete its mission. In consideration of the mandate and financial resources of the Agency, we have identified the education of stakeholders, and in particular municipal officials, as critical in improving the public understanding of the role of the Municipal Assessment Agency in the property assessment and valuation process.

While much work has been done in this area over the past three years, much remains to be done. The 2013 municipal elections saw a large increase in the number of first time elected mayors and councillors. This, combined with the retirements of existing municipal administrators, presents an opportunity for the Agency.

Property tax revenue is the major funding source for local government in Canada and provides a stable base for funding municipal government. It is important that municipal officials understand the assessment process and have the information necessary to accurately inform local residents and make the required financial decisions.

**MUNICIPAL ASSESSMENT  
AGENCY INC.**

**FINANCIAL STATEMENTS**  
Year ended March 31, 2014

***JOHN F. MORGAN***

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*Chartered Accountant  
6 Lambe's Lane  
St. John's, NL A1B 4E9  
Office: (709) 576-6776  
Fax: (709) 576-6777*

## INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements for Municipal Assessment Agency Inc., which comprise the balance sheet as at March 31, 2014, and the statement of revenues, expenses and equity, and statement of changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Municipal Assessment Agency Inc. as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.



CHARTERED ACCOUNTANT

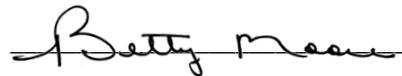
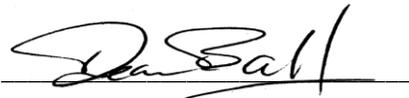
St. John's, Newfoundland  
June 5, 2014

# MUNICIPAL ASSESSMENT AGENCY INC.

## BALANCE SHEET AS AT MARCH 31, 2014

ASSETS	2014	2013
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,412,776	\$ 1,508,272
Accounts receivable (note 2)	136,288	113,823
Current portion of long term receivables (note 3)	14,349	11,366
Prepaid expenses	108,742	105,347
	1,672,155	1,738,808
Long term receivables (note 3)	-	6,783
Severance reserve fund (note 4)	871,403	925,749
Capital assets (note 5)	1,439,205	1,563,505
	\$ 3,982,763	\$ 4,234,845
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 248,236	\$ 317,486
Accrued vacation pay (note 6)	300,082	310,271
	548,318	627,757
Accrued severance pay (note 6)	871,403	925,749
	1,419,721	1,553,506
<b>SHAREHOLDER'S EQUITY</b>		
<b>CAPITAL:</b>		
Authorized and issued 1 Common share	1	1
Equity from operations	2,563,041	2,681,338
	2,563,042	2,681,339
	\$ 3,982,763	\$ 4,234,845
Commitments and contingencies (note 6 and note 7)		

On behalf of the board:



# MUNICIPAL ASSESSMENT AGENCY INC.

## STATEMENT OF REVENUES, EXPENSES AND EQUITY FOR THE YEAR ENDED MARCH 31, 2014

	<b>2014</b>	<b>2013</b>
<b>REVENUES:</b>		
Assessment services	\$ 5,516,921	\$ 5,584,233
Valuation revenue	32,869	43,977
Interest revenue	23,902	22,738
Municipal training	3,360	1,986
	5,577,052	5,652,934
<b>EXPENSES:</b>		
Salaries	3,521,445	3,335,749
Benefits	655,389	613,010
Travel	334,102	335,326
Information technology	250,487	285,967
Postage and courier	153,304	133,906
Professional fees	159,802	117,422
Premises and equipment lease	90,355	87,402
Printing	60,374	70,956
Telephone	57,672	58,295
Repairs and maintenance	55,423	51,093
Office supplies	55,247	44,893
Utilities	28,740	27,796
Advertising and public relations	22,512	30,630
Insurance	20,153	20,227
Exchange gain/loss	11,915	2,515
Payroll processing	5,094	4,763
Bank charges	1,746	3,153
Meetings and events	-	889
	5,483,760	5,223,992
Excess of revenues over expenses before the following:	93,292	428,942
Provision for severance and vacation pay (note 6)	16,862	63,993
Amortization of capital assets	197,835	185,440
Loss on disposal of capital assets	-	18,022
Bad debt expense (recovery)	(3,108)	(6,944)
Excess of revenues over expenses	(118,297)	168,431
Equity from operations, beginning of year	2,681,338	2,512,907
<b>EQUITY FROM OPERATIONS, END OF YEAR</b>	<b>\$ 2,563,041</b>	<b>\$ 2,681,338</b>
Commitments and contingencies (note 6 and note 7)		

# MUNICIPAL ASSESSMENT AGENCY INC.

## STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 2014

	<b>2014</b>	<b>2013</b>
<b>OPERATING ACTIVITIES:</b>		
Excess of revenues over expenses	\$ (118,297)	\$ 168,431
Items not affecting cash:		
Amortization of capital assets	197,835	185,440
Decrease in long-term receivable	3,800	11,240
Decrease in severance pay accrual	(54,346)	(34,335)
Decrease in vacation pay accrual	(10,189)	32,901
Loss on disposition of capital assets	-	18,022
Net change in non-cash working capital balance	(95,110)	156,958
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(76,307)</b>	<b>538,657</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of capital assets	(73,535)	(344,966)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(73,535)</b>	<b>(344,966)</b>
Increase (decrease) in cash position	(149,842)	193,691
Cash position, beginning of year	2,434,021	2,240,330
<b>CASH POSITION, END OF YEAR</b>	<b>\$ 2,284,179</b>	<b>\$ 2,434,021</b>

**Cash is represented by:**

Operating cash	\$ 1,412,776	\$ 1,508,272
Severance reserve fund	871,403	925,749
	<b>\$ 2,284,179</b>	<b>\$ 2,434,021</b>

Commitments and contingencies (note 6 and note 7)

# MUNICIPAL ASSESSMENT AGENCY INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### General:

The Municipal Assessment Agency Inc. (the "Agency") was incorporated April 2, 1997, under the laws of the Province of Newfoundland and Labrador to carry out assessment services for various municipalities throughout the Province of Newfoundland and Labrador pursuant to the Assessment Act. Prior to this date, these services were performed by the Department of Municipal and Intergovernmental Affairs, Government of Newfoundland and Labrador (the "Department").

The Agency has one common share with a par value of \$1.00 issued to the Minister of Municipal and Intergovernmental Affairs, Government of Newfoundland and Labrador.

The Agency is a Crown corporation and, accordingly, is exempt from income taxes under Subsection 149(1)(d) of the Income Tax Act.

### 1. Summary of significant accounting policies:

The financial statements of the Agency have been prepared within the framework of Public Sector Accounting Standards which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Agency are as follows:

#### (a) Capital assets

Capital assets purchased by the Agency are recorded at cost. Amortization is recorded on a declining balance basis over the assets estimated useful lives at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%
Integrated assessment system	30%
Buildings	4%

#### (b) Revenue recognition

Revenue for the provision of assessment and valuation services is recognized when the services are rendered.

# MUNICIPAL ASSESSMENT AGENCY INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 1. Summary of significant accounting policies (continued):

(c) Accrued severance pay

Severance pay is accounted for on an accrued basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continued service and accrues to a maximum of twenty years and, accordingly, no provision has been made in the accounts for employees with less than nine years of continued service. The amount is payable when the employee ceases employment with the Agency. The cash amount of the accrued severance pay is segregated into a severance reserve fund.

(d) Redundancy pay

Redundancy pay is recognized as a liability when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated.

(e) Financial Instruments

The company initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable.

### 2. Accounts receivable:

	<u>2014</u>	<u>2013</u>
Trade receivables	\$ 81,845	\$ 39,081
HST recoverable	49,130	72,984
Employee receivable	<u>5,313</u>	<u>1,758</u>
	<u>\$ 136,288</u>	<u>\$ 113,823</u>

### 3. Long term receivables:

The Agency has entered into a contract with several of its customers to receive payment on the outstanding amounts over a period of 48 months, provided all future fees are paid on a current basis.

# MUNICIPAL ASSESSMENT AGENCY INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 4. Severance reserve fund:

The Agency has internally restricted funds for the accrued severance pay liability. These funds are to be used to pay any accrued severance and not to be used in normal business operations. The restricted funds are held in the Agency's operating account that bears interest.

### 5. Capital assets:

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware and software	\$ 410,338	\$ 384,396	\$ 25,942	\$ 37,061
Furniture and equipment	223,118	183,524	39,594	32,008
Integrated assessment system	1,759,453	1,390,815	368,638	456,205
Buildings	1,028,653	231,843	796,810	830,010
Land	<u>208,221</u>	<u>-</u>	<u>208,221</u>	<u>208,221</u>
	<u>\$ 3,629,783</u>	<u>\$ 2,190,578</u>	<u>\$ 1,439,205</u>	<u>\$ 1,563,505</u>

### 6. Severance and vacation pay:

The provision for severance and vacation pay consists of the following:

<b>Severance pay</b>	<u>2014</u>	<u>2013</u>
Opening balance	\$ 925,749	\$ 960,084
Severance paid out	(67,883)	(59,605)
Current year expense	<u>13,537</u>	<u>25,270</u>
Closing balance	<u>\$ 871,403</u>	<u>\$ 925,749</u>
<b>Vacation pay</b>	<u>2014</u>	<u>2013</u>
Opening balance	\$ 310,271	\$ 277,370
Current year expense	3,325	38,723
Vacation paid out	<u>(13,514)</u>	<u>(5,822)</u>
Closing balance	<u>\$ 300,082</u>	<u>\$ 310,271</u>

# MUNICIPAL ASSESSMENT AGENCY INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 7. Commitments and Contingencies:

The Agency has a lease for office space in Corner Brook, Newfoundland. The term of the lease is 5 years, starting October 1, 2012 and ending on September 30, 2017, with the option to renew for a further term of up to 5 years. The monthly rental fee is \$4,174. Future minimum lease payments total \$175,308 and include the following payments over the next 4 years: 2014 - \$37,566, 2015 - \$50,088, 2016 - \$50,088, 2017 - 37,566.

The Agency has a lease for office space in Clarenville, Newfoundland. The term of the lease is 5 years, starting May 1, 2013 and ending on April 30, 2018. The monthly rental fee is \$450. Future minimum lease payments total \$22,050 and include the following payments over the next 5 years: 2014 - \$4,050, 2015 - \$5,400, 2016 - \$5,400, 2017 - \$5,400, 2018 - \$1,800.

The Agency has a lease for office space in Grand Falls Windsor, Newfoundland. The term of the lease is 3 years, starting February 1, 2014 and ending on January 31, 2017. The monthly rental fee is \$764. Future minimum lease payments total \$25,976 and include the following payments over the next 4 years: 2014 - \$6,876, 2015 - \$9,168, 2016 - \$9,168, 2017 - \$764.

The Agency has a lease for office space in Deer Lake, Newfoundland. The term of the lease is 3 years, starting July 1, 2012 and ending on June 30, 2015. The monthly rental fee is \$425. Future minimum lease payments total \$6,375 and include the following payments over the next 2 years: 2014 - \$3,825, 2015 - \$2,550.

The Agency has a lease for office space in Stephenville, Newfoundland. The term of the lease is 3 years, starting September 1, 2013 and ending on August 31, 2016. The monthly rental fee is \$398. Future minimum lease payments total \$11,542 and include the following payments over the next 3 years: 2014 - \$3,582, 2015 - \$4,776, 2016 - \$3,184.

The Agency has prepared property valuations which are subject to litigation to which the Agency has been included as a third party defendant. These claims could be considered to be in the normal course of the Agency's activities. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.

## MANAGEMENT DIRECTORY

Residential Manager  
*Wayne Rossiter*

Director Valuation Services  
*Deborah Allen*

Director Data & Field Services  
*Greg Rumbolt*

Manager Financial Operations  
*Jennifer Ryan*

Executive Director/CEO  
*Sean Martin*

## OFFICE DIRECTORY

### CORPORATE & EASTERN OFFICES

75 O'Leary Avenue, St. John's, NL A1B 2C9  
Tel: (709) 724-1532 Fax: (709) 724-1531

### CENTRAL REGIONAL OFFICE

165 Roe Avenue  
P.O. Box 570, Gander NL A1V 2E1  
Tel: (709) 651-4460 Fax: (709) 651-4473

### WESTERN REGIONAL OFFICE

24 Brook Street  
P.O. Box 2051, Station Main  
Corner Brook NL A2H 7J5  
Tel: (709) 637-7150 Fax: (709) 637-7162

## FIELD OFFICES

### Happy Valley-Goose Bay

Tel: (709) 896-5393 Fax: (709) 896-8847

### Conception Bay South

Tel: (709) 682-9668 Fax: (709) 834-7540

### Carbonear

Tel: (709) 682-9696 Fax: (709) 596-3046

### Marystown

Tel: (709) 277-4088 Fax: (709) 279-3578

### Clarenville

Tel: (709) 427-6446 Fax: (709) 466-5121

### Grand Falls-Windsor

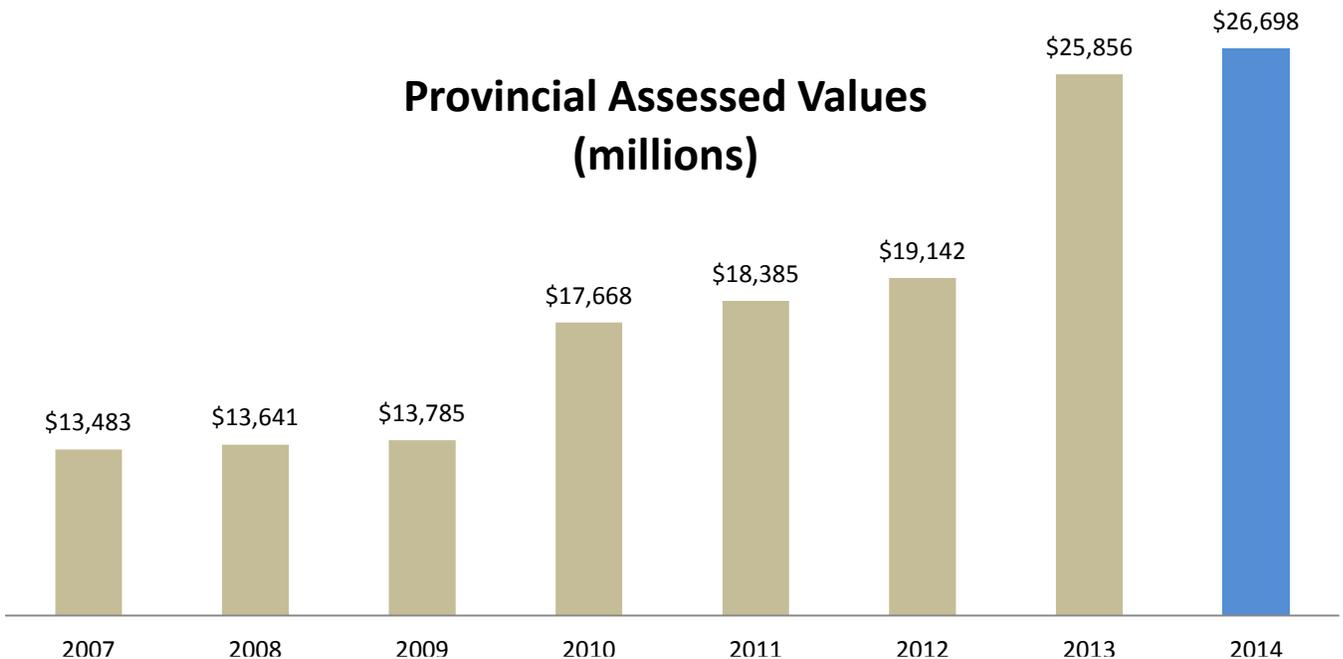
Tel: (709) 292-3191 Fax: (709) 292-1171

### Stephenville

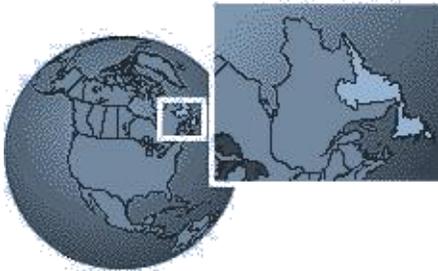
Tel: (709) 649-3330 Fax: (709) 643-8571

### Deer Lake

Tel: (709) 636-1021 Fax: (709) 635-1173



*The values above represent the total value of all assessed property (excluding the City of St. John's) for the province.*



Municipal Assessment Agency Inc.

Toll Free 1-877-777-2807

[www.maa.ca](http://www.maa.ca)