

**Municipal Assessment Agency
Annual Report 2021-2022**



**Municipal
Assessment
Agency Inc.**

Chairperson's Message



On behalf of the Municipal Assessment Agency (The Agency), I am pleased to present our annual report and financial statements for the April 1, 2021 to March 31, 2022 fiscal year. As a Category Two entity under the **Transparency and Accountability Act**, the Board of Directors are accountable for the results reported in this document. The Board's continuing commitment to openness, transparency, and the key components of an effective property tax system, is demonstrated by this report. The Agency is a not-for-profit entity, with its returns used only to further the activities of the Agency. As the entity responsible for providing fair and effective property assessment service to 230 municipalities, as outlined, under the **Assessment Act, 2006**, we are pleased to support local governments in providing a valuable service to the people of our province.

This year, the Municipal Assessment Agency is celebrating 25 years of incorporation. For a quarter of a century, our organization has been at the forefront in the delivery of property assessment services. We look forward to the future.

The current business plan focuses on transparency. This is an area where the Agency can advance its communications strategy regarding the assessment process and support the property taxation system used by municipalities in this province.

Through surveys, critical questions were brought to the forefront by municipalities, residents, and employees that were addressed in this reporting period.

A handwritten signature in black ink that reads "Elizabeth A. Moore". The signature is written in a cursive, flowing style.

Elizabeth A. Moore, Chairperson

Table of Contents

Departmental Overview	3
Organizational Structure	3
Staff and Budget	7
Locations.....	8
Vision	8
Mandate	9
Lines of Business	9
Assessed Values for the Province.....	10
Highlights and Partnerships	11
Highlights	11
Partnerships.....	11
Report on Performance	12
Issue	12
Goal	13
2021-22 Objectives	13
Opportunities and Challenges	16
2022-23 Objectives	16
Financial Information	17

Departmental Overview

Organizational Structure

Board of Directors

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 appointed taxpayer representatives.

As provincial municipal elections were conducted in September 2021, Board elections concluded on December 16, 2021. Six municipal representatives were elected by a mail-in ballot. One director was appointed by Municipalities Newfoundland and Labrador and one by the Professional Municipal Administrators. The remaining two positions are appointed by the Province and represent the interest of citizens.

During the past year, the Agency has had multiple changes to the Board of Directors. Mayor Betty Moore has been appointed as Board Chair and Avalon Director. Since the previous annual report we welcomed Mayor Tony Keats, Councilor David Hiscock, Deputy Mayor Mary Thorne-Gosse, Councilor Amanda Freake, and Mr. Tim Crosbie to our Board.

To our prior Board members and past Board Chair Dean Ball, we thank you for your service and valuable contributions. We would also like to thank former CEO and Executive Director Sean Martin who retired in July of 2021.

The membership of the Board of Directors, as of March 31, 2022, is listed below.

Executive Team

Title	Board of Directors
Board Chair Avalon Director	Mayor Elizabeth A. Moore Town of Clarke's Beach
Central Director	Mayor Tony Keats Town of Dover
Eastern Director	Councilor David Hiscock Town of Bonavista
Labrador Director	Councilor Deborah Barney Town of L'Anse au Loup
Urban Director	Deputy Mayor Mary Thorne-Gosse Town of Torbay
Western Director	Councilor Amanda Freake Town of Deer Lake
Taxpayer Representative	Ms. Carol Ann Smith Torbay
Taxpayer Representative	Mr. Tim Crosbie St. John's
Representative of the Professional Municipal Administrators (PMA)	Ms. Connie Reid, Treasurer, Town of Reidville
Representative of Municipalities Newfoundland Labrador (MNL)	Deputy Mayor Roger Barrett, Western Director, Town of Reidville

Over the last year, the Agency completed a thorough review of our operations resulting in a realignment of our organizational structure.



In 2021, the Board of Directors appointed Don Hearn as Executive Director and Chief Executive Officer of the Municipal Assessment Agency. Don started working in municipal assessment services in Newfoundland and Labrador in 1991. Throughout his career, Don has been involved in all aspects of property assessment and valuation for residential, commercial, industrial, and institutional properties in the province. He has held several different positions at the Agency, including Vice President of Valuation Services. Don brings an invaluable amount of experience and has a deep understanding of the Agency's regions, departments and teams. As the CEO, Don provides direction to the executive team while leading the Agency as it continues to provide assessment services to 230 municipalities throughout the province of Newfoundland and Labrador.



In January 2022, the Agency recruited Mr. Michael (Mike) Warr as the new Director of Valuation Services. Prior to this, he was employed as a fee appraiser for 11 years working on residential and commercial properties. Mike graduated from the Bachelor of Business Administration (BBA) Program at Memorial University in 2003. In 2016, he obtained the Accredited Appraiser Canadian Institute (AACI) designation from the Appraisal Institute of Canada (AIC) Program, offered through the University of British Columbia's Real Estate Division. Mike is a great addition to the management team and we look forward to him continuing to lead the Valuation Services Team.



Senior staff member Terry Peckham is the Director of Continuous Improvement and Client Services. Due to his extensive experience, he is responsible for the development and support of strategic initiatives surrounding audit and compliance processes. He also has been integral in client education initiatives and research in assessment industry standards. Terry is presently the office manager in the Western Region. Terry holds the M.I.M.A. accreditation from the Institute of Municipal Assessors. His academic profile includes a diploma in Appraisal/Assessment Technology from the College of the North Atlantic and a certificate in Business Administration from Memorial University of Newfoundland.



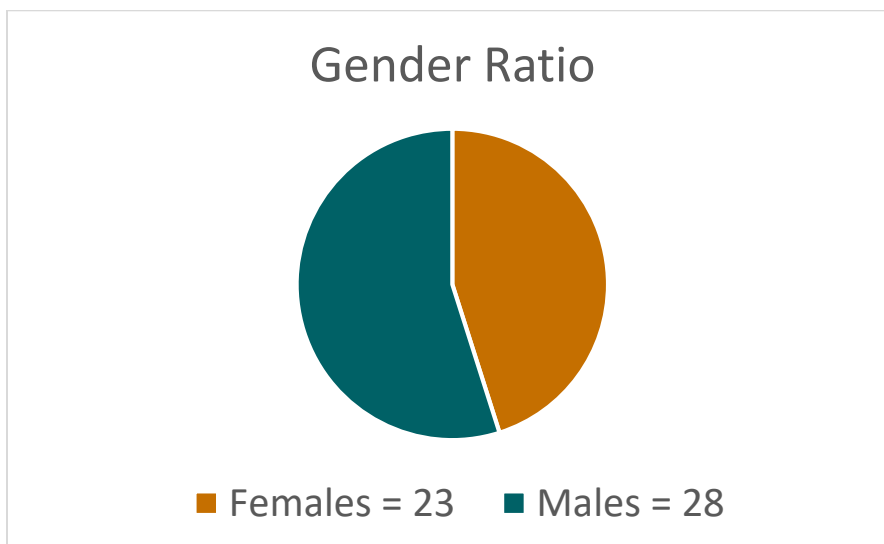
Kelly Smith is our Director of Corporate Services. In this role, Kelly manages the human resources, communications, GIS programming, Information Technology, and administrative support departments. Kelly has worked at the Municipal Assessment Agency since October 2017 in the capacity of Human Resources and Acting Director of Corporate Services. Kelly holds a Diploma in Public Administration and a Bachelor's degree in Human Resources and Labour Relations. She is a Certified Management Professional (CMP), a Registered Recruitment Professional (RRP), and a Certified Disability Management Professional (CDMP) with over 20 years of senior human resource and business management experience.

Staff and Budget

Division	# of Employees	Budget
Valuation Services	31	Please see financial statements in Appendix A
Corporate Services	17	Please see financial statements in Appendix A
Remaining Executive Team Members	3	Please see financial statements in Appendix A

We are continuously in the process of recruiting for vacant positions, and this will continue through 2022-23. As of March 31, 2022 there were 10 vacant positions which equate to an 18% vacancy.

The Municipal Assessment Agency is committed to supporting diversity and building inclusiveness in its workplaces. We strive to provide a workplace in which differences among our employees are valued and respected.



Locations



Corner Brook also servicing Labrador

PO Box 20051
Corner Brook, NL
A2H 7J5

Gander

165 Roe Avenue
PO Box 570
Gander, NL
A1V 2E1

St. John's

75 O'Leary Avenue
St. John's, NL
A1B 2C9

Satellite offices

- Deer Lake
- Clarenville
- Marystown
- Spaniards Bay

Vision

The vision of the Municipal Assessment Agency is an organization applying the highest standards of fairness and equity in all operations and processes, thereby meeting the valuation needs and professional expectations of our clients.

Mandate

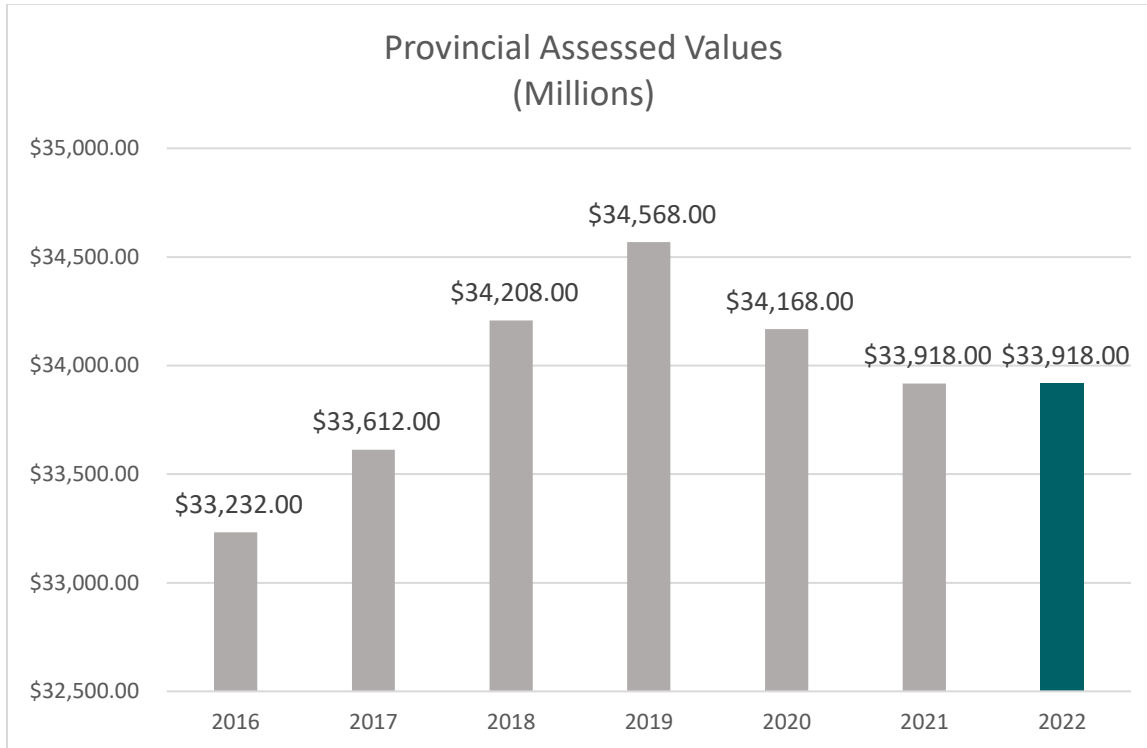
The **Assessment Act, 2006** establishes the Agency as the entity which provides municipalities their real property assessment service. The services of the Agency are used by municipalities in Newfoundland and Labrador which impose a real property tax or a business tax based on property values. The Agency does not serve the City of St. John's which provides its own assessment services. The **Assessment Act, 2006** may be accessed through the House of Assembly [website](#).

Lines of Business

The Agency offers ethical and equitable property assessment services within Newfoundland and Labrador. As a Crown-owned Corporation, we are responsible for both residential and commercial property assessments. We provide residents and municipalities with their real property values annually. We collect market information and other property data to create a comprehensive inventory of property details that are used to calculate market value. Our professional assessors conduct site visits, take or collect photographs, and use aerial imagery and other tools to update property details. Working closely with municipalities we ensure residents are informed about their property assessment as these values are utilized for municipal tax purposes. This service provides communities a foundation to achieve financial sustainability while contributing to the Government of Newfoundland and Labrador's strategic objectives of a more efficient public sector.

Assessed Values for the Province

Assessed values in the province remain relatively stable during this reporting period. However, preliminary market data is indicating a rebound and we are forecasting an increase in provincial assessed values for 2023.



Highlights and Partnerships

Highlights

We continued to provide accurate and reliable property values to municipalities and residents across Newfoundland and Labrador. In 2021, we were able to implement the MobileAssessor system. This system is cloud-based and runs on handheld devices, eliminating the need for paper files in the field. Mobile assessor provides staff access to relevant and critical data instantly while in the field. The program is designed to make sure all pertinent data is collected before leaving a property resulting in less errors or overlooked data. Because the program is cloud-based, the information collected is available instantly to the office staff that require the information to complete assessments. The implementation of MobileAssessor has enabled our valuation team to work more efficiently and effectively. The MobileAssessor final training and go-live happened in November 2021 and we will be measuring its success this year through audits, peer reviews, and staff feedback.

We also commenced improvements to our communication initiatives in 2021. Brand guidelines and communication templates were created for staff to connect more effectively to clients and residents. We also rebranded and invested in website improvements to enhance our online presence at www.maa.ca. We are currently celebrating our 25th anniversary and have rebranded our website with a 25th anniversary logo and colours.

Partnerships

Collaborative Initiative Fund

We partnered with four municipalities during this reporting period, using our ongoing Collaborative Initiative Fund, to support municipal projects (i.e., Geographic Information System, aerial imagery, etc.), enhancing the property assessment service. This grant provides limited funding up to a maximum of \$2 per assessed parcel of land to

municipalities per project. Municipalities applied for this grant and received CEO approval based on the program guidelines approved by the Board of Directors.

Municipalities Newfoundland and Labrador

During this reporting period, we developed a three year partnership agreement with MNL. The Agency delivered presentations and promoted this agreement with MNL, to municipalities demonstrating the value of using the Agency's services. Through this collaboration we enhanced overall engagement for both MNL and the Agency in the municipal sector.

Professional Municipal Administrators

Our strong relationship with PMA continued, highlighted by education opportunities for municipal staff utilizing their platform. PMA has many ways to communicate with Professional Municipal Administrators through their website, annual events, and e-newsletters.

Report on Performance

Issue

A priority issue for this planning cycle is transparency, which requires the Agency to operate in a way that the ratepayer, public and other stakeholders can easily see what actions are performed.

Transparency implies openness, clear communication, and accountability.

Communication includes the broad spectrum of interactions and sharing of information, data, and ideas that applies to virtually every facet of our organization, internally and externally.

- Raising awareness regarding the work of the Agency, including processes and timelines;
- Reviewing our ongoing communication strategy with ratepayers

- Identifying opportunities to improve the transparency of the assessment process; and,
- Consistent messaging to the public.

Our focus continues to be improving our transparency with ratepayers.

Goal

By March 31, 2023, the Municipal Assessment Agency will improve awareness and transparency of the assessment process to ratepayers. The Agency will contribute to the Government of Newfoundland and Labrador's mandate to enhance sustainable communities by ensuring accountable municipal leadership and governance.

Indicators

- Raised the public awareness about the work of the Agency;
- Provided opportunities for feedback as a means to improve services to ratepayers;
- Developed a simplified overview (and other educational materials) outlining the work of the Municipal Assessment Agency;
- Increased self-service opportunities for ratepayers;
- Increased use of various forms of communications (and associated technologies) to deliver information and messaging; and,
- Released communiqués and updates from the Agency to provide more accurate and defensible information to help improve ratepayer awareness.

2021-22 Objectives

By March 31, 2022, the Agency will have developed a communications strategy to meet the professional needs of the Municipal Assessment Agency to improve communications with ratepayers and improve awareness and transparency about the

work we do as an Agency.

Indicators

- Developed a communications strategy to meet professional needs of the Agency;
- Implemented recommendations from ratepayer engagement survey;
- Utilized baseline data information to further ratepayer engagement; and,
- Worked with survey feedback to improve transparency and ratepayer knowledge.

Developed a communications strategy to meet professional needs of the Agency.

In 2021, a Communications Advisor was hired to develop a communications strategy.

The Agency's communications plan outlines how to use our logo and brand in a professional manner. A customized presentation was provided to all staff in October on the importance of consistent communication, messaging, and branding. Employees were provided with signature templates, key messaging from the Municipal Assessment Agency and provided brand and colour guidelines.

Implemented recommendations from ratepayer engagement survey.

Key issues identified in the survey for ratepayers were the following:

- Response times to customers, ensuring all customers hear back from the Municipal Assessment Agency within three business days.
- Transparency on assessed values, enhancing our visibility and communication with the public.
- Providing clarity between assessed values and property taxes, explaining the difference between the two terms to municipalities and the public.

The majority of the issues listed above were in response to the annual assessment rollout. To accommodate these issues, we improved our response times to customers by developing a process that guarantees a response within 72 hours. MMA also ensured assessors were able to answer inquiries throughout the province and not just

within individually assigned regions. We did this by creating a call script that answers frequently asked questions and inquiries. All assessors are now able to respond to frequently asked questions improving our response times.

We worked with a website development company to improve transparency, visibility, and communications with the public. Our website www.maa.ca is updated to improve the users' experience and we also made revisions to improve the assessment search feature. In addition we improved the frequently asked questions section of our website <https://maa.ca/faqs/>.

Utilize baseline data information to further ratepayer engagement.

Based on the 2021 survey results, we understood that ratepayers had the following questions:

- Why did my property assessment increase?
- Will my taxes increase or decrease based on my assessment?
- How is the assessment calculated?
- How do I contact the Municipal Assessment Agency?
- What is the process to appeal my assessment?
- Is there a fee to appeal my assessment?

Answers to these questions are included in our frequently asked questions section with messaging throughout our website.

Worked with survey feedback to improve transparency and ratepayer knowledge.

We improved the website for readability and updated our assessment notice package. We reviewed the current assessment notices to determine if we can provide more information to ratepayers. During in-person and virtual meetings, we stressed the importance that municipalities direct ratepayers to contact the MAA when inquiring about their assessment notice or the assessment process.

Opportunities and Challenges

As a result of recent enhancements to the website, we now have an opportunity to build on those enhancements. By doing so, we hope to transfer data between the Agency and our municipal clients more efficiently. In addition, we plan on creating an online portal that can be used by our municipal clients to submit information, such as supplementary requests and changes to property information directly on the website.

A challenge the MAA is experiencing right now is a high employee vacancy rate, currently running between 16-18 per cent. This is primarily due to the inability to recruit skilled workers nationally in the property valuation field. The Agency has developed and implemented strategies to address this concern. We evaluated our total compensation package and compared it to similar organizations within Canada. Recommendations to enhance the MAA's competitiveness and salary adjustment recommendations have been presented to the Department of Municipal and Provincial Affairs. Other initiatives to attract candidates include increasing web-based advertisement within and outside the province and search engine optimizations to our website. Further recruitment initiatives will continue in 2022-23 and we hope to get the results from our report at that time.

2022-23 Objectives

By March 31, 2023, the Agency will have evaluated the implemented communication strategies for improved transparency of the assessment process and enhanced communications with ratepayers.

Indicators

- The communication strategies improved the transparency and rate payers knowledge of the Agency's mandate and processes; and
- The communication strategies contributed to ratepayer engagement.

Financial Information

Please see our financial report on the next page.

ANNUAL REPORT 2021-22

MUNICIPAL ASSESSMENT AGENCY INC.

Financial Statements

Year Ended March 31, 2022



ANNUAL REPORT 2021-22

MUNICIPAL ASSESSMENT AGENCY INC. Index to Financial Statements Year Ended March 31, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
Office and Administration (<i>Schedule 1</i>)	12

POWER & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Municipal Assessment Agency Inc.

Opinion

We have audited the financial statements of Municipal Assessment Agency Inc. (the Agency), which comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Agency in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)

ANNUAL REPORT 2021-22

Independent Auditor's Report to the Board of Directors of Municipal Assessment Agency Inc. *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. John's, Newfoundland and Labrador
June 6, 2022



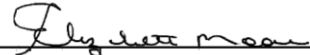
CHARTERED PROFESSIONAL ACCOUNTANTS


ANNUAL REPORT 2021-22

**MUNICIPAL ASSESSMENT AGENCY INC.
Statement of Financial Position
March 31, 2022**

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 1,158,509	\$ 615,219
Accounts receivable (Note 3)	103,472	141,619
Prepaid expenses	276,241	188,302
	1,538,222	945,140
RESTRICTED RESERVE CASH (Note 4)	1,700,000	2,000,000
TANGIBLE CAPITAL ASSETS (Note 5)	1,157,979	1,257,324
	\$ 4,396,201	\$ 4,202,464
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 69,347	\$ 144,598
Accrued vacation pay (Note 7)	207,989	318,837
Deferred income	1,808	2,822
	279,144	466,257
NET ASSETS		
SHARE CAPITAL	1	1
RESTRICTED RESERVE FUNDS (Note 8)	2,857,979	3,257,324
UNRESTRICTED FUND	1,259,077	478,882
	4,117,057	3,736,207
	\$ 4,396,201	\$ 4,202,464
COMMITMENTS (Note 9)		
CONTINGENCIES (Note 10)		

ON BEHALF OF THE BOARD


 _____ Member


 _____ Member

ANNUAL REPORT 2021-22

**MUNICIPAL ASSESSMENT AGENCY INC.
Statement of Revenues and Expenditures
Year Ended March 31, 2022**

	2022	2021
REVENUES		
Assessment services	\$ 5,362,306	\$ 5,351,288
Valuation revenue	55,007	50,665
Interest revenue	28,534	27,618
Other	2,525	12,950
	<u>5,448,372</u>	<u>5,442,521</u>
EXPENSES		
Salaries	2,953,105	3,222,682
Benefits	650,049	689,625
Information technology	472,426	553,298
Office and administration <i>(Schedule 1)</i>	384,180	450,607
Printing and postage	250,400	236,752
Travel	156,167	124,881
Municipal Collaborative Initiative	24,357	24,670
	<u>4,890,684</u>	<u>5,302,515</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING	<u>557,688</u>	140,006
Amortization of tangible capital assets	127,551	114,340
Provision for vacation pay	49,287	76,557
	<u>176,838</u>	190,897
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 380,850</u>	\$ (50,891)

ANNUAL REPORT 2021-22

MUNICIPAL ASSESSMENT AGENCY INC.
 Statement of Changes in Net Assets
 Year Ended March 31, 2022

	Balance, beginning of year April 1, 2021	Excess (deficiency) of revenues over expenses	Transfers	Balance, end of year March 31, 2022
Collaborative Initiative Fund <i>(Note 4)</i>	\$ 200,000	\$ (24,357)	\$ 24,357	\$ 200,000
Technology Fund <i>(Note 4)</i>	500,000	-	(300,000)	200,000
Operating Fund <i>(Note 4)</i>	1,300,000	-	-	1,300,000
Tangible Capital Assets <i>(Note 4)</i>	1,257,324	(127,551)	28,206	1,157,979
Unrestricted Fund	478,882	532,758	247,437	1,259,077
	\$ 3,736,206	\$ 380,850	\$ -	\$ 4,117,056

ANNUAL REPORT 2021-22

**MUNICIPAL ASSESSMENT AGENCY INC.
Statement of Cash Flows
Year Ended March 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 380,850	\$ (50,891)
Item not affecting cash:		
Amortization of tangible capital assets	<u>127,551</u>	114,340
	508,401	63,449
Changes in non-cash working capital:		
Accounts receivable	38,147	50,082
Accounts payable and accrued liabilities	(75,252)	(251,682)
Deferred income	(1,014)	(2,073)
Prepaid expenses	(87,938)	57,685
Accrued vacation pay	<u>(110,848)</u>	42,520
	(236,905)	(103,468)
Cash flow from (used by) operating activities	<u>271,496</u>	(40,019)
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(28,206)</u>	(173,827)
INCREASE (DECREASE) IN CASH FLOW	243,290	(213,846)
Cash - beginning of year	<u>2,615,219</u>	2,829,065
CASH - END OF YEAR	\$ 2,858,509	\$ 2,615,219
CASH CONSISTS OF:		
Cash	\$ 1,158,509	\$ 615,219
Restricted reserve cash	<u>1,700,000</u>	2,000,000
	\$ 2,858,509	\$ 2,615,219

ANNUAL REPORT 2021-22

MUNICIPAL ASSESSMENT AGENCY INC. Notes to Financial Statements Year Ended March 31, 2022

NATURE OF OPERATIONS

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 Affairs and Environment, 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 Affairs and Environment, 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. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are prepared within the framework of Canadian Public Sector Accounting Standards (PSAS) 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:

Cash

Cash includes cash on hand and balances with the bank.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%
Integrated assessment system	30%
Buildings	4%
Mobile assessor	20%
Mobile assessor - licenses	5 years (straight line)

Revenue recognition

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

Interest revenue is recognized as it is earned.

Accrued vacation pay

Vacation is accrued for employees as entitlement is earned.

Financial instruments

Financial instruments, including cash, accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

ANNUAL REPORT 2021-22

MUNICIPAL ASSESSMENT AGENCY INC. Notes to Financial Statements Year Ended March 31, 2022

2. FINANCIAL INSTRUMENTS

The Agency is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Agency's risk exposure and concentration as of March 31, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Agency is exposed to credit risk in connection with its accounts receivable. The Agency manages its credit risk through ongoing management review of all accounts receivable past due. The Agency reviews its credit risk regularly and it is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Agency will encounter difficulty in meeting obligations associated with financial liabilities. The Agency is exposed to this risk in respect of its accounts payable and accrued liabilities, accrued vacation pay and operating lease commitments. The risk is mitigated through the Agency's level of current assets exceeding current liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Agency is mainly exposed to currency risk and interest rate risk.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Agency is exposed to foreign currency exchange risk on cash held in U.S. dollars. The Agency does not use derivative instruments to reduce its exposure to foreign currency risk. As at March 31, 2022, cash balances of \$21,032 (2021 - \$42,982) are shown in US dollars in the company's account and converted into Canadian dollars as at that date for financial statement purposes.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Agency manages exposure through its normal operating and financing activities.

3. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Trade receivables	\$ 63,294	\$ 77,720
HST recoverable	37,124	63,876
Employee receivable	3,054	23
	<u>\$ 103,472</u>	<u>\$ 141,619</u>

ANNUAL REPORT 2021-22

MUNICIPAL ASSESSMENT AGENCY INC. Notes to Financial Statements Year Ended March 31, 2022

4. RESTRICTED RESERVE CASH

The Agency has internally restricted funds for the following purposes. Restricted cash is held in the Agency's interest-bearing operating bank account.

Operating Reserve Fund

Board Restricted Operating Reserve Fund was designated at the February 8, 2019 board meeting. The general purpose of the fund is to help ensure the long-term financial stability of the Agency. The fund will be used to offset future budget increases in operating expenses, position the Agency to respond to carrying charges and economic conditions affecting the Agency's financial position, and to meet specific financial requirements in accordance with the Agency's strategic vision and values. Amount of reserved cash as at March 31, 2022 is \$1,300,000 (2021 - \$1,300,000).

Technology Reserve Fund

Board Restricted Technology Reserve Fund was designated at the February 8, 2019 board meeting. The general purpose of the fund is to meet major technology developments in software and hardware enhancing the Agency's vision to meet the property assessment and valuation needs of their clients. The fund will be used to meet major technology system developments, fund special projects and collaborations in information technology and to renew existing information technology infrastructure. During the year, the Agency reduced the balance by \$300,000. Amount of reserved cash at March 31, 2022 is \$200,000 (2021 - \$500,000). The board has approved the dissolution of this fund in the 2023 fiscal year.

Collaborative Initiative Reserve Fund

Board Restricted Collaborative Initiative Reserve Fund was designated at the February 8, 2019 board meeting. The general purpose of the fund is to foster and encourage collaborative partnerships to develop and implement best practices in providing fair and effective property assessment and valuation. The fund will be used to encourage partnerships with municipalities that support innovation in property assessments and valuations, to support the Agency's participation in the National Collaborative Initiative, and to work with other partners in projects that will further the Agency's objectives. During the year, the Agency transferred \$24,357 from the unrestricted fund for approved projects. Amount of reserved cash as at March 31, 2022 is \$200,000 (2021 - \$200,000).

Tangible Capital Asset Reserve Fund

Board Restricted Tangible Capital Asset Reserve Fund accounts for the acquisition and amortization of the Agency's property and equipment. The Capital Asset Fund was designated by the board effective April 1, 2020. During the year, the Agency transferred the amount of \$28,206 from the unrestricted fund for the purpose of acquiring capital assets. Amount of this reserve fund as at March 31, 2022 is \$1,157,979 (2021 - \$1,257,324). There is no reserved cash associated with this restricted fund.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer hardware and software	\$ 56,411	\$ 35,327	\$ 21,084	\$ 30,120
Furniture and equipment	86,869	36,306	50,563	43,396
Integrated assessment system	1,956,369	1,882,596	73,773	105,390
Buildings	1,102,519	461,298	641,221	657,119
Land	208,221	-	208,221	208,221
Mobile assessor	157,982	31,596	126,386	121,252
Mobile assessor - licenses	91,826	55,095	36,731	91,826
	\$ 3,660,197	\$ 2,502,218	\$ 1,157,979	\$ 1,257,324

ANNUAL REPORT 2021-22

**MUNICIPAL ASSESSMENT AGENCY INC.
Notes to Financial Statements
Year Ended March 31, 2022**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Accrued wages payable	\$ 26,599	\$ 21,152
Accounts payable	18,454	100,185
Employee expenses payable	13,594	3,302
Accrued professional fees	6,850	14,500
Other	2,199	1,884
Appeal fees	1,650	3,575
	<u>\$ 69,346</u>	<u>\$ 144,598</u>

7. ACCRUED VACATION PAY

	<u>2022</u>	<u>2021</u>
Vacation pay		
Opening balance	\$ 318,837	\$ 273,617
Vacation paid out	(160,135)	(31,337)
Current year expense	49,287	76,557
	<u>\$ 207,989</u>	<u>\$ 318,837</u>
Closing balance		

8. RESTRICTED RESERVE FUNDS

	<u>2022</u>	<u>2021</u>
Operating Reserve Fund	\$ 1,300,000	\$ 1,300,000
Technology Reserve Fund	200,000	500,000
Collaborative Initiative Reserve Fund	200,000	200,000
Tangible Capital Asset Reserve Fund	1,157,979	1,257,324
	<u>\$ 2,857,979</u>	<u>\$ 3,257,324</u>

The purposes of the various restricted funds are disclosed in Note 4.

ANNUAL REPORT 2021-22

MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements

Year Ended March 31, 2022

9. COMMITMENTS

The Agency has a lease for office space in Corner Brook, Newfoundland and Labrador. The term of the lease is 5 years, starting December 1, 2019 and ending on December 1, 2024. The monthly rental fee is \$4,605. Future minimum lease payments total \$92,367 and include the following payments over the next two years: 2023 - \$55,528; 2024 - \$36,839.

The Agency has a lease for office space in Clarenville, Newfoundland and Labrador. The term of the lease is 3 years, starting December 1, 2021 and ending on November 30, 2024. The monthly rental fee is \$475. Future minimum lease payments total \$9,500 and include the following payments over the next two years: 2023 - \$5,700; 2024 - \$3,800.

The Agency has a lease for office space in Spaniard's Bay, Newfoundland and Labrador. The term of the lease is 3 years starting December 1, 2021 and ending on November 30, 2024. The monthly rental fee is \$550. Future minimum lease payments total \$11,000 and include the following payments over the next two years: 2023 - \$6,600; 2024 - \$4,400.

The Agency has a lease for office space in Conception Bay South, Newfoundland and Labrador. The term of the lease is three years starting July 1, 2019 and ending June 30, 2022. The monthly rental fee is \$450. Future minimum lease payments total \$1,350 and include the following payments over the next year: 2022 - \$1,350. This lease will not be renewed.

The Agency has a six year agreement expiring December 31, 2024 with a service provider for their Mobile Assessor application hosting. The remaining minimum annual payments in US dollars total \$135,831 and include the following payments over the next two years: 2023 - \$77,618; 2024 - \$58,213.

The Agency has a one year agreement expiring December 31, 2022 with a service provider for the provision of annual maintenance, support and hosting for its Integrated Assessment System and licensing fees. The remaining payments in US dollars under this agreement are \$103,088 and include the following payments over the next year: 2023 - \$103,088.

10. CONTINGENCIES

The Agency has prepared valuations which are subject to litigation to which the Agency has been included as a third party defendant, including a claim that was received subsequent to year end. These claims could be considered in the normal course of the Agency's activities, and the Agency is defending the claim which has been received. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.

11. COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, could have an adverse impact on the Agency's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Agency for future periods; however, the impact could be material.

ANNUAL REPORT 2021-22

MUNICIPAL ASSESSMENT AGENCY INC.

Office and Administration

(Schedule 1)

Year Ended March 31, 2022

	2022	2021
EXPENSES		
Premises and equipment	\$ 89,400	\$ 98,203
Repairs and maintenance	73,002	90,643
Telephone	42,099	74,592
Professional fees	23,613	67,061
Office supplies	46,883	32,709
Utilities	35,548	31,529
Insurance	36,347	29,791
Purchased services	28,960	19,277
Interest and bank charges	4,552	4,077
Exchange loss	3,776	2,725
	\$ 384,180	\$ 450,607
