

Municipal
Assessment
Agency Inc.

2012-13

Annual Report



BOARD OF DIRECTORS

MARCH 31, 2013

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Clarenville

Vice-Chairperson **Mayor Dean Ball**
Deer Lake

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Forteau

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Deer Lake

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Mr. Bruce Borden
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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, 2013.

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 226 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 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,



Fred Best
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

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.

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. The last election was held in late 2009 and the next election will be held in late 2013.

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.

KEY STATISTICS

Permanent staff: 62 (42 male and 20 female)

Office locations: 11

Total assessed value: \$ 25,856,000,000¹

Number of parcels: 84,290

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

HIGHLIGHTS FOR 2013

The Agency has as its primary focus the maintenance of positive relations with its clients and the provision of a quality assessment service. 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.

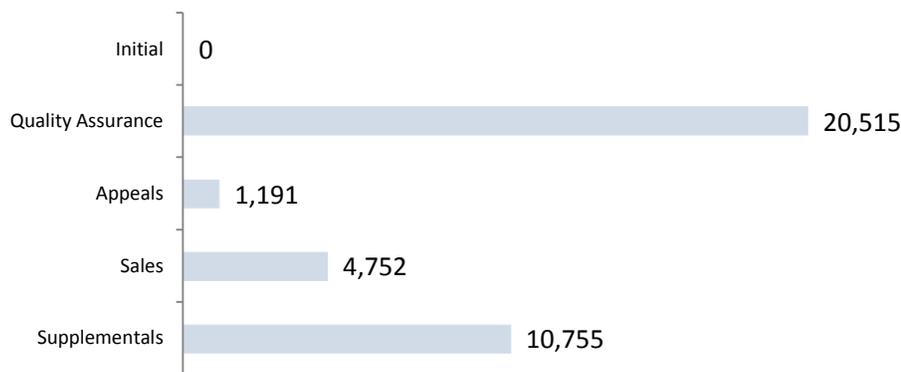
ASSESSED VALUES

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). As a result, the value on the assessment notice reports the market value as of twenty-two months prior. In October 2012, the Agency delivered a valuation update. Assessed values for the province continue the trend of increasing at a moderate rate,

with the three year increase for the province showing an increase of 35% for an annualized rate of 11.7%.

In addition to valuation updates, delivered every three years (in accordance with the Assessment Act, 2006), the Agency continues to work to maintain its property data, collect sales information, and complete revisions to property data to reflect renovations. The number and value of the amendments to the property data through new construction and renovations have increased steadily in recent years. For 2012, the Agency added a record \$772 million in new construction and renovations. At a mill rate of 10, this represents an increase of more than seven and one half million dollars in local property tax revenue for municipalities.

2012 Property Inspections



REPORT ON PERFORMANCE 2012-13

This is the second 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 objectives for the 2012-13 fiscal year.

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.

Goal: 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

Indicators:

- Jurisdictional review completed
- Analyzed technologies
- Selected technologies
- Developed sites/web/support materials
- Acquired technology
- Staff trained

Objective: By March 31, 2013 the Municipal Assessment Agency has completed a benefit analysis on the technologies applicable to the Agency.

Measure: Completed benefit analysis

Indicators:

- Selected technologies with application for the Agency
- Developed funding strategy to support application
- Discussed with vendor opportunities to pilot
- Established support/ infrastructure required

Planned for 2012-13	Actual performance for 2012-13
Selected technologies with application for the Agency	Following our jurisdictional review, we identified jurisdictions with a Geographic Information System were deploying cost saving strategies (such as oblique photography, change detection software, and street view images) that have significant possibilities for our province. The Agency has selected GIS/Imaging as the technology that will be implemented. This technology presents the best opportunity to control costs and improve efficiency.
Developed funding strategy to support application	Based on a review of the Agency's finances, it has been decided to fund this development from operational funds and retained earnings. The Agency is fully funded through its fee for service. Its articles of incorporation provide for the Agency to reinvest retained earnings to improve the assessment service.
Discussed with vendor opportunities to pilot	The Agency worked with ESRI Canada to review our data for possible application in GIS/Imaging strategies. Additionally, the Agency has engaged iLOOKABOUT, a company specializing in the visualization of data, to define a pilot project.
Established support/ infrastructure required	<p>ESRI Canada was engaged to define the infrastructure services to support a GIS/Imaging project. Mapping services such as Google Maps, Bing Maps, and ARCGIS were reviewed, and ARCGIS and Bing identified as the most applicable.</p> <p>Additionally, the Agency has identified which of its clients currently supports a GIS and the platform used by the municipality.</p>

The Agency, based on the results from 2013, is positioned to meet its goal in 2014.

Objective: By March 31, 2014 the Municipal Assessment Agency has selected / piloted / implemented preferred technology

Measure: Selected / piloted / implemented preferred technology

Indicators:

- Partners/vendors have been selected
- Pilot project(s) have been designed
- Pilot projects have been completed
- Evaluation of pilot projects and development of implementation plans where appropriate
- Implementation of the selected technology

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.

Goal: 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

Indicators:

- Established baselines of current levels of understanding
- Identified information gaps and issues
- Developed stakeholder-specific materials
- Developed implementation strategy
- Implemented strategy
- Measured results of strategy

Objective: By March 31, 2013 the Municipal Assessment Agency has implemented a strategy to improve stakeholder understanding.

Measure: Implemented strategy to improve stakeholder understanding.

Indicators:

- Developed stakeholder specific materials
- Developed implementation strategy
- Trained staff in the strategy
- Implemented strategy

REPORT ON PERFORMANCE 2012-13

Planned for 2012-13	Actual performance for 2012-13				
<p>Developed stakeholder specific materials</p>	<table border="0"> <tr> <td data-bbox="561 323 867 394"> <p><u>Stakeholder</u> Ratepayers</p> </td> <td data-bbox="880 323 1438 453"> <p><u>Material</u></p> <ul style="list-style-type: none"> • Insert with assessment notice • Revised assessment notice • Public Guide to Property Assessment </td> </tr> <tr> <td data-bbox="561 478 867 512"> <p>Municipal Officials</p> </td> <td data-bbox="880 478 1438 609"> <ul style="list-style-type: none"> • Guide to Property Assessment for Municipal Officials • IASWorld demonstrations • Newsletter </td> </tr> </table>	<p><u>Stakeholder</u> Ratepayers</p>	<p><u>Material</u></p> <ul style="list-style-type: none"> • Insert with assessment notice • Revised assessment notice • Public Guide to Property Assessment 	<p>Municipal Officials</p>	<ul style="list-style-type: none"> • Guide to Property Assessment for Municipal Officials • IASWorld demonstrations • Newsletter
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<p>Municipal Officials</p>	<ul style="list-style-type: none"> • Guide to Property Assessment for Municipal Officials • IASWorld demonstrations • Newsletter 				
<p>Developed implementation strategy</p>	<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>				
<p>Trained staff in the strategy</p>	<p>Assessment results were shared with staff and, in addition, key messages were provided to all frontline staff. A ‘train the trainer’ approach has been taken with the delivery of training for municipal officials.</p>				
<p>Implemented strategy</p>	<p>The strategy was implemented in phases. In September 2012, prior to the return of the 2013 assessment results, the Ratepayer strategy was implemented. 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 would be 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>				

These results indicate that the Agency is well situated to meet its goal for 2014.

Objective: 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.

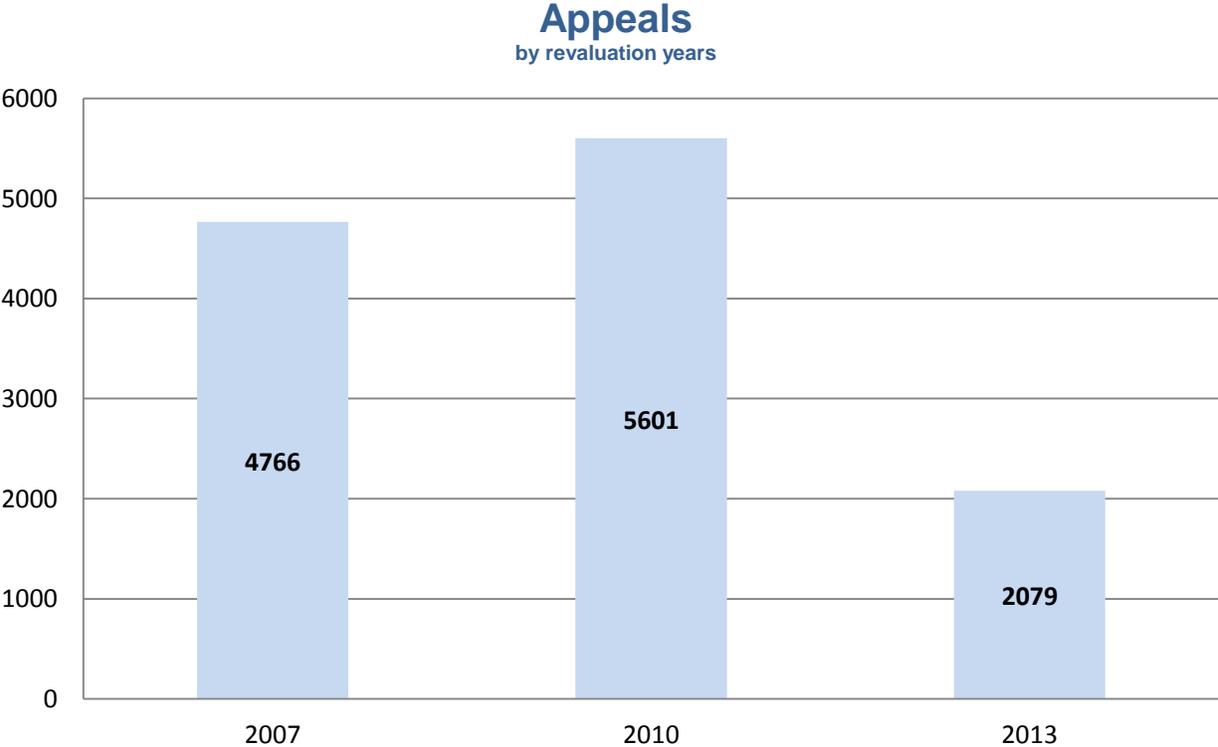
- Indicators:**
- Measured post implementation baselines of stakeholder understanding
 - Identified success rates for specific issues
 - Revised stakeholder-specific materials to improve success rates
 - Developed on-going review strategy for measuring success rates
 - Implemented review strategy

LOOKING FORWARD 2013-14

In the coming year, we will begin the process to establish the values for the next revaluation, based on January 2014. 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 surplus of \$168,431 in fiscal year 2012-13. This was a decline from last year's result of \$442,453. For our budget 2013-14, the Agency has reduced its fee from \$29 to \$28 per assessment. The reduction is reflected in only one quarter for 2012-13, and will be fully reflected in 2013-14.

The decision to charge the appeal fee on filing was implemented in September 2012. The number of appeals decreased by 62% from 2010, the year the prior reassessment was completed.



**MUNICIPAL ASSESSMENT
AGENCY INC.**

FINANCIAL STATEMENTS
Year ended March 31, 2013

JOHN F. MORGAN

*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, 2013, 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, 2013, and its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

St. John's, Newfoundland
June 5, 2013



CHARTERED ACCOUNTANT

MUNICIPAL ASSESSMENT AGENCY INC.

BALANCE SHEET AS AT MARCH 31, 2013

ASSETS	2013	2012 (Restated – note 7)
CURRENT ASSETS:		
Cash	\$ 1,508,272	\$ 1,280,246
Accounts receivable (note 2)	113,823	88,878
Current portion of long term receivables (note 3)	11,366	13,454
Prepaid expenses	105,347	113,734
	1,738,808	1,496,312
Long term receivables (note 3)	6,783	15,935
Severance reserve fund (note 4)	925,749	960,084
Capital assets (note 5)	1,563,505	1,422,000
	\$ 4,234,845	\$ 3,894,331

LIABILITIES AND SHAREHOLDER'S EQUITY

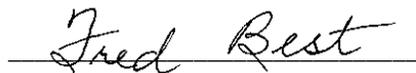
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 317,486	\$ 143,969
Accrued vacation pay (note 6)	310,271	277,370
	627,757	421,339
Accrued severance pay (note 6)	925,749	960,084
	1,553,506	1,381,423

SHAREHOLDER'S EQUITY

CAPITAL:		
Authorized and issued 1 Common share	1	1
Equity from operations	2,681,338	2,512,907
	2,681,339	2,512,908
	\$ 4,234,845	\$ 3,894,331

Commitments and contingencies (note 6 and note 8)

On behalf of the board:





MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF REVENUES, EXPENSES AND EQUITY FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012 (Restated – note 7)
REVENUES:		
Assessment services	\$ 5,584,233	\$ 5,540,482
Valuation revenue	43,977	44,415
Interest revenue	22,738	15,472
Municipal training	1,986	2,230
	5,652,934	5,602,599
EXPENSES:		
Salaries	3,335,749	3,323,521
Benefits	613,010	603,262
Travel	335,326	336,587
Information technology	285,967	202,671
Postage and courier	133,906	136,833
Professional fees	117,422	71,089
Premises and equipment lease	87,402	80,627
Printing	70,956	50,069
Telephone	58,295	56,372
Repairs and maintenance	51,093	58,062
Office supplies	44,893	40,048
Advertising and public relations	30,630	23,029
Utilities	27,796	26,129
Insurance	20,227	20,220
Payroll processing	4,763	4,926
Bank charges	3,153	2,499
Exchange gain/loss	2,515	(16,746)
Meetings and events	889	173
	5,223,992	5,019,371
Excess of revenues over expenses before the following:	428,942	583,228
Provision for severance and vacation pay (note 6)	63,993	8,411
Amortization of capital assets	185,440	120,387
Loss on disposal of capital assets	18,022	10,049
Bad debt expense (recovery)	(6,944)	1,928
Excess of revenues over expenses	168,431	442,453
Equity from operations, beginning of year	2,512,907	2,070,454
EQUITY FROM OPERATIONS, END OF YEAR	\$ 2,681,338	\$2,512,907
Commitments and contingencies (note 6 and note 8)		

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012 (Restated – note 7)
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 168,431	\$ 442,453
Items not affecting cash:		
Amortization of capital assets	185,440	120,387
Decrease in long-term receivable	11,240	14,298
Decrease in severance pay accrual	(34,335)	(28,696)
Increase in vacation pay accrual	32,901	(28,322)
Loss on disposition of capital assets	18,022	10,049
Net change in non-cash working capital balance	156,958	(24,402)
CASH PROVIDED BY OPERATING ACTIVITIES	538,657	505,767
INVESTING ACTIVITIES:		
Purchase of capital assets	(344,966)	(271,186)
CASH USED IN INVESTING ACTIVITIES	(344,966)	(271,186)
Increase (decrease) in cash position	193,691	234,581
Cash position, beginning of year	2,240,330	2,005,749
CASH POSITION, END OF YEAR	\$ 2,434,021	\$ 2,240,330

Cash is represented by:

Operating cash	\$1,508,272	\$ 1,280,246
Severance reserve fund	925,749	960,084
	\$2,434,021	\$2,240,330

Commitments and contingencies (note 6 and note 8)

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

General:

The Municipal Assessment Agency Inc. (the "Corporation") 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 Provincial Affairs, Government of Newfoundland and Labrador (the "Department").

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

The Corporation 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 Corporation 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 Corporation are as follows:

(a) Capital assets

Capital assets purchased by the Corporation 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%

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1. Summary of significant accounting policies (continued):

(b) Revenue recognition

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

(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 Corporation. 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) Fair Value of Financial Instruments

The company has evaluated the fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying value of its financial instruments is considered to approximate fair value, unless otherwise indicated.

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

2. Accounts receivable:

	2013	2012
Trade receivables	\$ 39,081	\$ 32,382
HST recoverable	72,984	52,690
Employee receivable	1,758	3,806
	\$ 113,823	\$ 88,878

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.

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:

	2013		2012	
Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Computer hardware and software	\$ 410,338	\$ 373,277	\$ 37,061	\$ 59,905
Furniture and equipment	207,576	175,568	32,008	56,446
Integrated assessment system	1,701,460	1,245,255	456,205	232,834
Buildings	1,028,653	198,643	830,010	864,594
Land	208,221	-	208,221	208,221
	\$ 3,556,248	\$ 1,992,743	\$ 1,563,505	\$ 1,422,000

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

6. Severance and vacation pay:

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

Severance pay	<u>2013</u>	<u>2012</u>
Opening balance	\$ 960,084	\$ 988,780
Severance paid out	(59,605)	(65,429)
Current year expense	<u>25,270</u>	<u>36,733</u>
Closing balance	<u>925,749</u>	<u>\$ 960,084</u>
Vacation pay	<u>2013</u>	<u>2012</u>
Opening balance	\$ 277,370	\$ 305,692
Current year expense	38,723	(28,322)
Vacation paid out	<u>(5,822)</u>	<u>-</u>
Closing balance	<u>\$ 310,271</u>	<u>\$ 277,370</u>

7. Prior Period Adjustment:

An accounting error was discovered in the prior year financial statements. The prior year financial statements have been restated to reflect the correction of the accounting error.

The error occurred when an amount for the ongoing maintenance expense relating to a new Computer Software Development program was capitalized; this amount should have been expensed in the prior period. The expense related to a calendar year and was paid before the Agency's fiscal year end; therefore a portion should have been set up as a prepaid expense on the balance sheet.

The net capital assets account decreased by \$74,129. This was made up of a decrease in capital assets of \$87,210 and a decrease in accumulated amortization of \$13,081. The amortization expense also decreased by \$13,081. Due to the decrease in capital assets, the remainder of the adjustment included an increase in prepaid expenses of \$65,408, a decrease in accrued liabilities of \$22,247 and a decrease in information technology of \$445. The overall impact on income resulted in an increase of \$13,527 for 2012. This directly impacted the ending retained earnings which also increased by \$13,527.

The prior year amounts have been restated to reflect this accounting adjustment.

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

8. 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 \$225,396 and include the following payments over the next 5 years: 2013 - \$37,566, 2014 - \$50,088, 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, 2008 and ending on April 30, 2013. The monthly rental fee is \$350. Future minimum lease payments total \$350 and include the following payments over the next 1 month: 2013 - \$350.

The Agency has a lease for office space in Grand Falls Windsor, Newfoundland. The term of the lease is 3 years, starting February 1, 2011 and ending on January 31, 2014. The monthly rental fee is \$695. Future minimum lease payments total \$6,950 and include the following payments over the next 10 months: 2013 - \$6,255, 2014 - \$695.

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.

The Agency has entered into an agreement to upgrade its IAS Property Tax System software. The agreement commenced on April 28, 2011 and will continue through December 31, 2013.

MANAGEMENT DIRECTORY

Residential Manager

Wayne Rossiter

Director Valuation Services

Deborah Allen

Director Data & Field Services

Greg Rumbolt

Manager Financial Operations

Rosemarie Evans

Manager Human Resources

Dale Hiscock

Executive Director/CEO

Sean Martin

OFFICE DIRECTORY

CORPORATE & EASTERN OFFICES

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Tel: (709) 724-1532 Fax: (709) 724-1531

CENTRAL REGIONAL OFFICE

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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 143, Station Main

Corner Brook NL A2H 6C7

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

Clareville

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

Grand Falls-Windsor

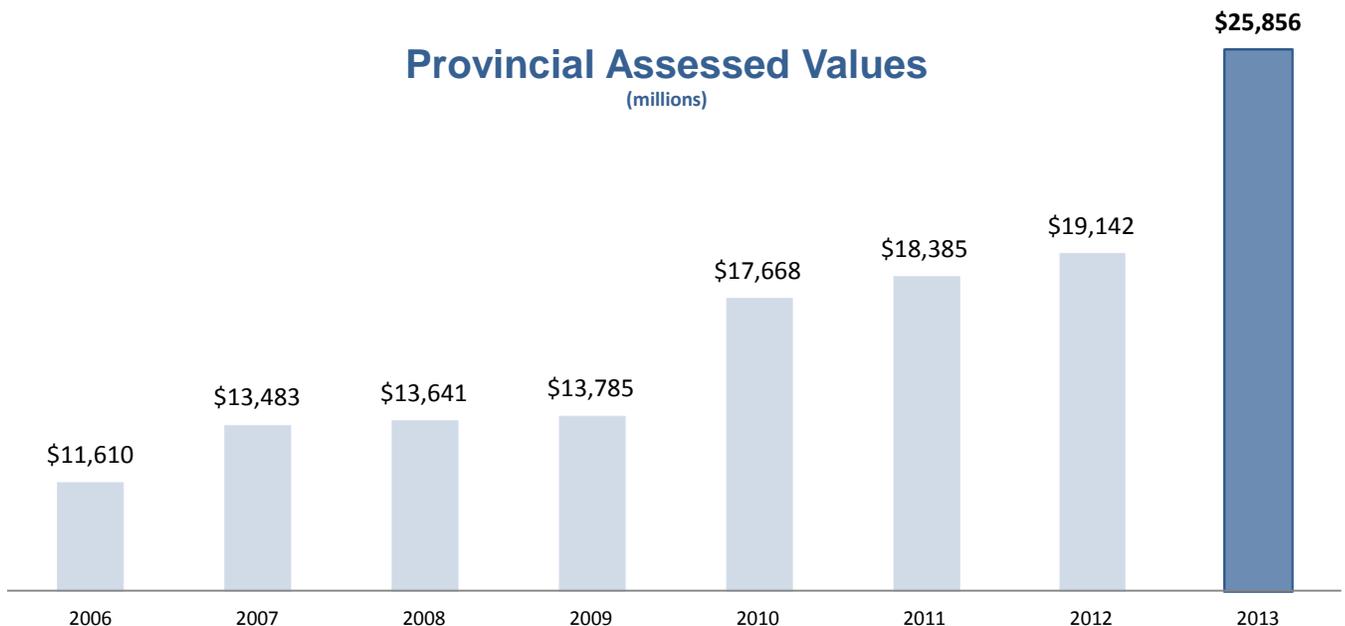
Tel: (709) 486-8065 Fax: (709) 292-1171

Stephenville

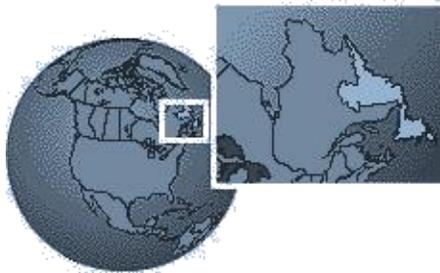
Tel: (709) 649-3330 Fax: (709) 643-8571

Deer Lake

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



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