



Municipal Assessment
Agency Inc.

ANNUAL REPORT
2011-2012

Board of Directors

March 31, 2012

Chairperson **Mayor Fred Best**
Clarenville

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

Municipal Representatives

Labrador **Deputy Mayor Terry Hancock**
Forteau

Western **Mayor Dean Ball**
Deer Lake

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

Eastern **Mayor Fred Best**
Clarenville

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 Manning
Torbay

Mr. Bruce Borden
Corner Brook




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LETTER OF TRANSMITTAL

August 31, 2012

The Honourable Kevin O'Brien, M.H.A.
Minister of Municipal Affairs
P.O. Box 8700
St. John's, NL A1B 4J6

Dear Minister:

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, 2012.

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, and our 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

Lines of Business

The Agency has a single line of business - property assessment and valuation, and it is not anticipated that this will change throughout the identified planning cycle. 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 representative 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.

Key Statistics

Permanant Staff	61 (42 male 19 female)
Office Locations	11
Total Assessed Value	\$19,142 million
Number of Parcels	181,295

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

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.

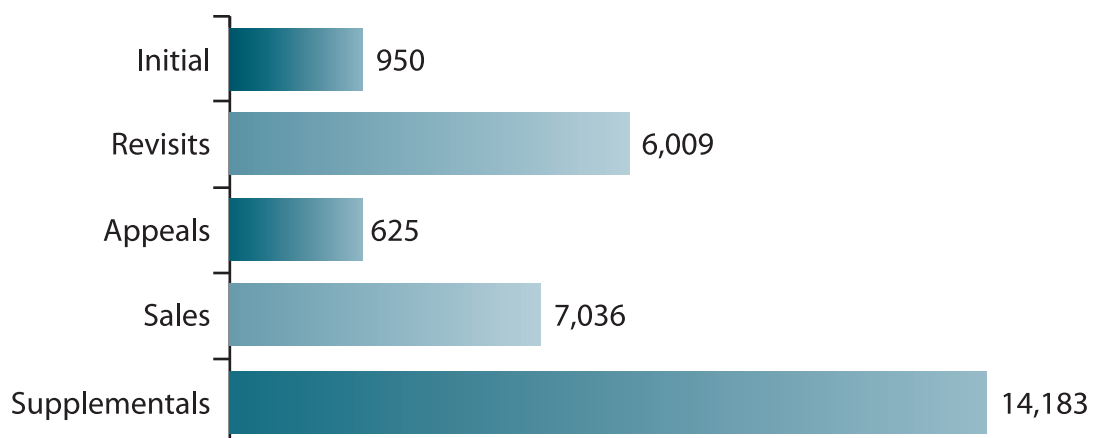
Cooperative

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.

2011 Property Inspections



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 providing the best possible service at every opportunity.

Assessed Values

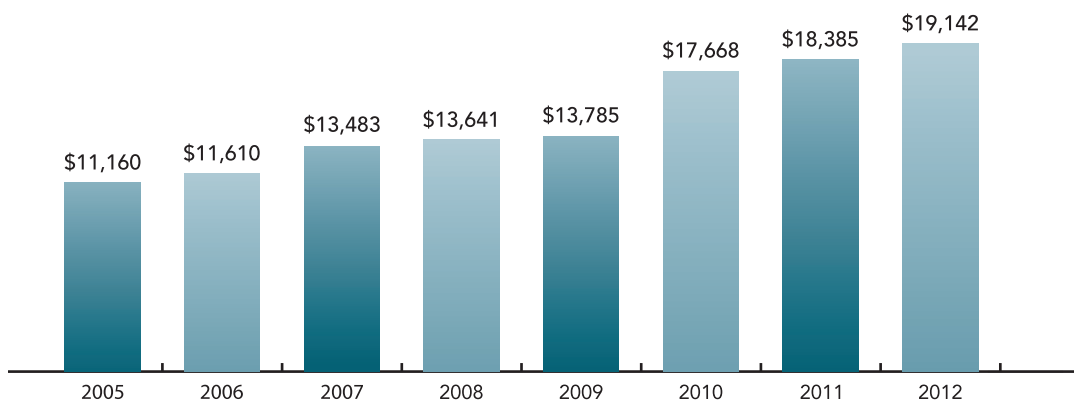
The *Assessment Act, 2006*, provides for new valuations of real property every three years. There is a lag of twenty-two months between the date set as the reference date in the legislation (the base date) and the date that new values are completed (the notice date). As a result, the value on the assessment notice reports the market value as of twenty-two months prior. In October 2009, the Agency delivered the last valuation update and the next valuation update will be delivered to property owners in October 2012.

Between revaluations, 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 has increased steadily in recent years. For 2011, the Agency added a record 684 million dollars in new construction and renovations. At a mill rate of 10, this represents an increase of more than six million in local property tax revenue for municipalities.

Business Plan

This is the first 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 2011-12 fiscal year.

Provincial Assessed Values (millions)



REPORT ON PERFORMANCE 2011-12

In consideration of Government's strategic directions and the mandate and financial resources of the Agency, we have identified the following areas as the key priorities of the Agency for the next three years: 1) use of technology in Property Assessments, and 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, and 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.

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 funding strategy
- Developed sites/web/support materials
- Acquired technology
- Staff trained

Objective 1: By March 31, 2012, the Municipal Assessment Agency has conducted a review of the property assessment and support technologies that are in use in other jurisdictions.

Measure: Conducted a jurisdictional review of assessment and assessment support technologies

Indicators:

- Established criteria for jurisdictional review
- Jurisdictional review report completed
- Analysis of technologies completed

Planned for 2011-12	Actual performance for 2011-12
Established criteria for jurisdictional review	The criteria included examining the following technologies as used in other Canadian jurisdictions: <ul style="list-style-type: none">• Computer assisted mass appraisal software• Geographic information systems• Photographic based systems• Support systems• Communication systems• Fleet tracking systems• Other significant systems
Jurisdictional review report 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.
Analysis of technologies completed	The analysis of the technologies was completed in March 2012. All jurisdictions utilized elements of each category of software. There is a significant increase in the utilization of geographic and photographic information systems. Based upon the results from 2012, the use of technology in the areas of geographic and photographic information systems will be a focus for 2012-13.

Objective 2: 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

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. During the year, the Agency conducted surveys of property owners and municipal clients. Overall there is a high degree of satisfaction (75% for the property owners and 97% for municipal clients) with the service of the Agency. We have identified a gap between overall service levels and our provision of information. We will be looking to close this gap in the coming years.

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 1: By March 31, 2012, the Municipal Assessment Agency has established baselines of stakeholder(s) understanding.

Measure: Established baseline of stakeholders understanding

Indicators:

- Identified stakeholder groupings
- Developed survey methodology to target specific stakeholders
- Surveyed stakeholders to establish baselines
- Identified information gaps/needs

Planned for 2011-12	Actual performance for 2011-12
Identified stakeholder groupings	From the Agency's business plan for 2011 – 2014, key stakeholder groups were identified: <ul style="list-style-type: none"> • Municipal clients • Property owners
Developed survey methodology to target specific stakeholders	A customer satisfaction survey was developed to elicit information on areas where there may be a lack of understanding. The Agency developed an eight question survey using an online survey tool for municipal clients. For property owners, a different eight question survey was developed and this survey was mailed to 500 property owners. A self-addressed stamped envelope was included.
Surveyed stakeholders to establish baselines	The survey results are attached.
Identified information gaps/needs	<p>From the municipal client survey, we need to improve our response to concerns, and to improve our overall customer service. From the property owner survey, we need to improve our information exchange with the property owner and to improve our overall customer service.</p> <p>From the municipal client survey and the comments provided, key issues identified are:</p> <ul style="list-style-type: none"> • Completeness of the Agency's response to concerns • The base date and how it impacts on assessed values • Understanding the timeframes associated with the Agency's responses to supplemental assessment requests <p>From the property owner survey and the comments provided, key issues identified are:</p> <ul style="list-style-type: none"> • Availability of information on comparable properties • Notification of assessor visits • Providing the information on the appeal process • The role of the Agency in the taxation process • Reasons for changes in assessed values

Municipal Client Survey Results

Questions	Positive	Negative
How well did the assessment staff at the Municipal Assessment Agency communicate with you?	97%	3%
How knowledgeable were the assessment staff at the Agency?	94%	6%
How helpful were the assessment staff at the Agency?	94%	6%
How many of your assessment or valuation concerns did the staff of the Agency resolve?	73%	27%
How well did the staff at the Agency listen to your concerns?	97%	3%
How long did you have to wait before our staff began to address your concerns?	83%	17%
Was your experience with customer service at the Municipal Assessment Agency better than you expected it to be, worse than you expected it to be, or about what you expected it to be?	48%	0%
How well did the staff at the Agency respond to your concerns?	97%	3%

Property Owner Customer Service Survey

Questions	Agree	Disagree
Staff treated me fairly and with respect.	81%	13%
I was able to get serviced or responded by a staff member without difficulty.	82%	12%
I was dealt with or responded to in a timely manner.	84%	9%
The staff I dealt with were knowledgeable.	79%	13%
I was informed of everything I had to do to get the information I needed.	74%	17%
The response I received provided me with the information I required.	73%	21%
Staff went the extra mile to make sure I got what I needed.	62%	22%
Overall, thinking about when you contacted the assessment Agency, how satisfied were you with the quality of customer service you received?	75%	17%

Objective 2: 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

Based upon the results from 2012, the Agency will expand its use of survey tools to include public opinion. The public opinion results, to be obtained in the first quarter of 2012-13, will be used to further refine the indicators for 2012-13. It is not anticipated that the additional survey will delay the results for 2012-13.

LOOKING FORWARD TO 2012-13

In the coming year, we will report the assessment levels for the next reassessment, effective for the 2013 taxation year. Our valuation will report the market at January 1, 2011, as required by the legislation. Preliminary indications show a continued period of growth for the Newfoundland and Labrador real estate market. We anticipate that this revaluation, to be delivered in the fall of 2012, will report at record levels.

While certain elements of our base costs are increasing, the Agency has been successful in managing its overall costs. There are two major drivers for the increase in our base costs:

- Employee salary and benefits. Our unionized staff contract (General Service) will expire on March 31, 2012, and we await the outcome of the collective bargaining process. Costs for non-unionized staff often mirror the negotiated wage package with unionized staff.
- Appeal costs. While the number of appeals that require a hearing has declined, the complexity of those that do has increased. In the coming year, we will try to control our costs and to continue to address ratepayer concerns with assessed value.

We continue to use technology to support the assessment process and seek efficiencies of operations.

We are pleased to report that the Agency recorded a surplus of \$ 428,926 in fiscal year 2011-12. This was an improvement over last year's result of \$ 264,629. Expense control is the major reason for the improved result.

MUNICIPAL ASSESSMENT AGENCY INC.
FINANCIAL STATEMENTS
Year ended March 31, 2012

JOHN F. MORGAN
CHARTERED ACCOUNTANT
6 LAMBE'S LANE
ST. JOHN'S, NL A1B 4E9
OFFICE: (709) 576-6776
FAX: (709) 576-6777

INDEPENDANT AUDITOR'S REPORT

I have audited the accompanying financial statements for Municipal Assessment Agency Inc., which comprise the balance sheet as at March 31, 2012, 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, 2012, and its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

St. John's, Newfoundland
May 29, 2012



CHARTERED ACCOUNTANT

MUNICIPAL ASSESSMENT AGENCY INC.

BALANCE SHEET AS AT MARCH 31, 2012

ASSETS

	2012	2011
CURRENT ASSETS:		
Cash	\$ 1,280,246	\$ 1,016,969
Accounts receivable (note 2)	88,878	114,012
Current portion of long term receivables (note 3)	13,454	17,166
Prepaid expenses	48,327	84,811
	1,430,905	1,232,958
Long term receivables (note 3)	15,935	26,521
Severance reserve fund (note 4)	960,084	988,780
Capital assets (note 5)	1,496,129	1,281,252
	\$ 3,903,053	\$ 3,529,511

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 166,218	\$ 164,584
Accrued vacation pay (note 6)	277,370	305,692
	443,588	470,276
Accrued severance pay (note 6)	960,084	988,780
	1,403,672	1,459,056

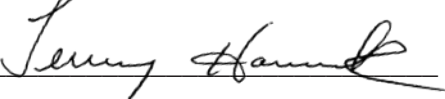
SHAREHOLDER'S EQUITY


CAPITAL:

Authorized and issued 1 Common share	1	1
Equity from operations	2,499,380	2,070,454
	2,499,381	2,070,455
	\$ 3,903,053	\$ 3,529,511

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, 2012

	2012	2011
REVENUES:		
Assessment services	\$ 5,540,482	\$ 5,462,613
Valuation revenue	44,415	25,304
Interest revenue	15,472	12,993
Municipal training	2,230	2,579
Secondment revenue (note 1)	-	71,391
	<u>5,602,599</u>	<u>5,574,880</u>
EXPENSES:		
Salaries	3,323,521	3,414,379
Benefits	603,262	630,826
Travel	336,587	294,494
Information technology	203,116	185,644
Postage and courier	136,833	121,084
Premises and equipment lease	80,627	75,955
Professional fees	71,089	66,102
Repairs and maintenance	58,062	48,927
Telephone	56,372	61,459
Printing	50,069	68,621
Office supplies	40,048	47,353
Utilities	26,129	25,646
Advertising and public relations	23,029	28,918
Insurance	20,220	21,232
Payroll processing	4,926	4,725
Bank charges	2,499	1,725
Meetings and events	173	2,497
Exchange gain/loss	(16,746)	4,643
	<u>5,019,816</u>	<u>5,104,230</u>
Excess of revenues over expenses before the following:	582,783	470,650
Provision for severance and vacation pay (note 6)	8,411	105,454
Amortization of capital assets	133,469	97,345
Loss on disposal of capital assets	10,049	1,838
Bad debt expense (recovery)	1,928	1,384
Excess of revenues over expenses	428,926	264,629
Equity from operations, beginning of year	2,070,454	1,805,825
EQUITY FROM OPERATIONS, END OF YEAR	<u>\$ 2,499,380</u>	<u>\$ 2,070,454</u>
Commitments and contingencies (note 6 and note 7)		

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 2012

	2012	2011
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 428,926	\$ 264,629
Items not affecting cash:		
Amortization of capital assets	133,469	97,345
Decrease in long-term receivable	14,298	62,970
Decrease in severance pay accrual	(28,696)	44,288
Decrease in vacation pay accrual	(28,322)	27,467
Loss on disposition of capital assets	10,049	1,838
Net change in non-cash working capital balance	63,253	97,686
CASH PROVIDED BY OPERATING ACTIVITIES	592,977	596,223
INVESTING ACTIVITIES:		
Purchase of capital assets	(358,396)	(1,800)
Recovery of building costs	-	6,000
CASH USED IN INVESTING ACTIVITIES	(358,396)	4,200
Increase (decrease) in cash position	234,581	600,423
Cash position, beginning of year	2,005,749	1,405,326
CASH POSITION, END OF YEAR	\$ 2,240,330	\$ 2,005,749

Cash is represented by:

Operating cash	\$ 1,280,246	\$ 1,016,969
Severance reserve fund	960,084	988,780
	\$ 2,240,330	\$ 2,005,749

Commitments and contingencies (note 6 and note 7)

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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 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, 2012

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.

Secondment revenue relates to employees who have been seconded out to government departments. The employee's salary is paid by the Agency and the government departments are invoiced on a monthly basis. Secondment revenue is recognized when the services are rendered. Secondment revenue ended on March 31, 2011.

(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, 2012

2. Accounts receivable:

	<u>2012</u>	<u>2011</u>
Trade receivables	\$ 32,382	\$ 50,003
HST recoverable	52,690	62,959
Employee receivable	<u>3,806</u>	<u>1,050</u>
	<u>\$ 88,878</u>	<u>\$ 114,012</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.

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>2012</u>			<u>2011</u>
	<u>Cost</u>	Accumulated <u>Amortization</u>	Net Book <u>Value</u>	Net Book <u>Value</u>
Computer hardware and software	\$ 453,614	\$ 393,709	\$ 59,905	\$ 59,518
Furniture and equipment	247,460	191,014	56,446	80,385
Integrated assessment system	1,443,704	1,136,741	306,963	32,508
Buildings	1,028,653	164,059	864,594	900,620
Land	<u>208,221</u>	<u>—</u>	<u>208,221</u>	<u>208,221</u>
	<u>\$ 3,381,652</u>	<u>\$ 1,885,523</u>	<u>\$ 1,496,129</u>	<u>\$ 1,281,252</u>

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

6. Severance and vacation pay:

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

	<u>2012</u>	<u>2011</u>
Severance pay		
Opening balance	\$ 988,780	\$ 944,492
Severance paid out	(65,429)	(33,699)
Current year expense	<u>36,733</u>	<u>77,987</u>
Closing balance	<u>\$ 960,084</u>	<u>\$ 988,780</u>
Vacation pay		
Opening balance	\$ 305,692	\$ 278,225
Current year expense	<u>(28,322)</u>	<u>27,467</u>
Closing balance	<u>\$ 277,370</u>	<u>\$ 305,692</u>

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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, 2007 and ending on September 30, 2012, 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 \$25,044 and include the following payments over the next 6 months: 2012 - \$25,044.

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 \$4,550 and include the following payments over the next 13 months: 2012 - \$3,150; 2013 - \$1,400.

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 \$15,290 and include the following payments over the next 3 years: 2012 - \$6,255, 2013 - \$8,340, 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. The upgrade has cost the Agency approximately \$331,018 to date and is expected to cost an additional \$591,772 to completion.

8. Comparative Figures:

Certain comparative figures have been reclassified to conform to the current year's presentation.

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

Toll-free Line

(877) 777-2807

Website

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Email

info@maa.ca

Management Directory

Wayne Rossiter

Residential Manager

Deborah Allen

Director Valuation Services

Greg Rumbolt

Director Data & Field Services

Rosemarie Evans

Manager Payroll & Accounts

Dale Hiscock

Manager Human Resources

Sean Martin

Executive Director/CEO



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