



Municipal Assessment
Agency Inc.

ANNUAL REPORT
2008 – 2009

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LETTER OF TRANSMITTAL



August 30, 2009

The Honourable Dianne Whelan, 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 for 2008, and the financial statements for the year ended March 31, 2009.

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 (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 228 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,

A handwritten signature in black ink that reads "Fred Best". The signature is written in a cursive, slightly slanted style.

Fred Best
Chairperson, Board of Directors

CORPORATE OVERVIEW

OUR VISION

The vision of the Municipal Assessment Agency is 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 2011, the Municipal Assessment Agency will have improved its service delivery to be better able to meet the assessment and valuation needs of its clients.

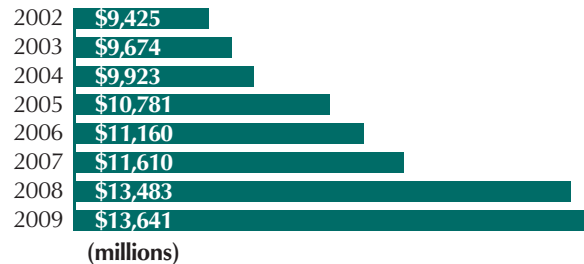
LINES OF BUSINESS

The Agency has a single line of business - property assessment and valuation. Our business plan has additional detail on our line of business.

GOVERNANCE

The Agency is a crown-owned corporation which is governed by a representative Board of Directors. The board includes eight municipal representatives, six of whom are elected by municipalities, and two taxpayer representatives.

Provincial Assessed Values



KEY STATISTICS

Permanent staff	62 (43 male and 19 female)
Office locations	11
Total assessed value	\$ 13,641 million
Number of parcels	173,047

OUR VALUES

- Fair** We will provide opinions of value without bias
- 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 act with integrity and, if in doubt, will seek appropriate guidance to ensure they perform their duties in an ethical and responsible manner

HIGHLIGHTS

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

2008 was not a reassessment year, and the Agency does not record the market change in assessed values in non-reassessment years. New constructions and renovations did increase the total assessed property values last year by \$ 462 million. This is an increase of 3.36% over the prior year.

Municipalities incorporated these increases in their 2009 budgets and used the increase to offset any increase necessary in local rates to provide appropriate service levels to property owners.

GOVERNANCE

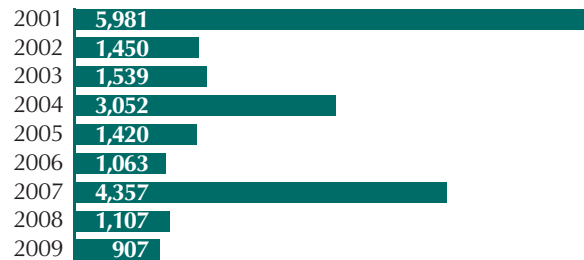
Board elections are scheduled every four years following the municipal elections. The next elections will be held following the municipal elections in September 2009 for all six municipal director positions. The call for nominations will begin in October 2009 and the elections will be final by December 2009.

BUSINESS PLAN

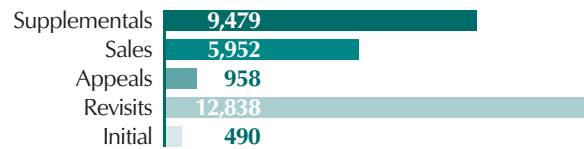
During the year, the board continued to pursue its business plan for 2008-11 in accordance with the requirements of the *Transparency and Accountability Act*. For this year, we will report on the results of the 2008-11 business plan for year 1.

Assessment Appeals

by tax year



2008/09 Property Visits



GOALS

For this planning cycle, (2008-2011), we have developed a business plan and identified four issues to be addressed in the plan and accompanying three-year goals.

Technology

By March 31, 2011, the Agency will have the technology in place to ensure we are meeting the assessment and valuation needs of our clients.

The Agency provides services across the province using technology to contain costs and eliminate duplication. To continue to provide services to all municipalities, it is imperative the technology used by our assessors meets the needs of our clients and is within the Agency's fiscal capacity.

We have completed our objective for 2009 but, based upon financial considerations, the Board has directed the creation of a steering committee to further review our direction to ensure we meet our 2011 goal in a cost effective manner.

Improved Service

By March 31, 2011, the Municipal Assessment Agency will have improved its client valuation and assessment services to municipalities.

As a fully-funded service provider to municipalities, the Agency is accountable for that funding and must focus on meeting the demands of its clients.

We have met our objective for 2009 and are on target for meeting our goal. In the coming year, we will specify the services and operational activities that will be targeted for improvement and establish the performance targets to be met.

Professional Development and Training

By March 31, 2011, the Agency will have implemented an enhanced professional development and training program that meets the needs of all of its employees.

As a service provider, the Agency's single largest expenditure is its human resource costs. To ensure we can meet the needs of our clients and provide a stimulating work environment, we are committed to the continuing professional development of our employees.

The Agency is on target to meet its goal, having met our objective for 2009.

Education and Public Relations

By March 31, 2011, a new education program will have been developed (and implemented) by the Agency to meet the needs of the clients, and to better inform the public, a new public relations program about the assessment and valuation process will be launched.

Understanding the property tax system and role of the Agency within the system is critical for the acceptance by municipalities of the need to pay for our service. The public needs to understand our role in providing an unbiased opinion of value to have confidence in the system.

The consultation process has taken longer than anticipated and we have elected to delay development of the revised education and public relations programs to incorporate the results of those consultations. We still expect to meet the objectives for 2010 and will complete the goal as planned.

PERFORMANCE ON OBJECTIVES

TECHNOLOGY

Goal: By March 31, 2011, the Agency will have commenced implementing the software required for the provision of assessment and valuation services.

Objective: By March 31, 2009, the Agency will have evaluated its existing IT infrastructure and technology requirements to determine its needs for the next ten years.

Measure: Evaluate existing technology.

<i>Planned results</i>	<i>Actual results</i>
Inventory completed of all existing Agency software and hardware	Information technology staff have completed a detailed inventory of all software. The accounting staff maintain a list of all capital assets, including hardware, as part of their responsibility to prepare the Agency’s financial statements.
Environmental scan completed of available IT software programs for possible use by the Agency	An environmental scan was completed. We have identified a number of potential software applications including mobile computing, GPS, and meeting management software for possible deployment by the Agency.
Analysis/evaluation has been completed of available hardware for assessment and valuation purposes	The analysis has been completed.
Research completed on possible vendors/providers and users in other jurisdictions	In progress and will be completed in June 2009. We have been delayed by late responses from other jurisdictions.
Management Team has evaluated options for purchase or lease	Completed, pending revision based upon input and possible partnering opportunities from other jurisdictions.
Needs assessment completed and needs prioritized	A needs assessment completed and the needs are prioritized. Our first priority is the completion of our disaster recovery plan.
Evaluation (with recommendations) completed and referred for implementation	The evaluation (with recommendations) has been completed. The Board has directed that a steering committee be created to review the acquisition cost and determine if there is a viable alternative.

We have completed our objective for 2009 but, based upon financial considerations, the Board has directed the creation of a steering committee to further review our direction to ensure we meet our 2011 goal in a cost effective manner.

2010 Objective

By March 31, 2010, the Agency will have chosen the software to meet the technological needs in the provision of assessment and valuation services to our clients.

Measure: Software is chosen

Indicators:

- Tenders and/or RFPs will be developed and published, based on information and recommendations put forth
- Options will be presented and decisions undertaken
- Contracts/leases will be signed for new hardware and software

PERFORMANCE ON OBJECTIVES

IMPROVED SERVICE

Goal: By March 31, 2011, the Municipal Assessment Agency will have improved its client valuation and assessment services to municipalities.

Objective: By March 31, 2009, the Agency has established a baseline for current service levels for all valuation activities.

Measure: Service baselines established.

<i>Planned results</i>	<i>Actual results</i>
All Agency services/operations/activities are identified	An inventory of our services has been created.
Measurements of response times and service requirements completed for each	Completed with a caveat that response times must be measured again during the upcoming reassessment to ensure realistic service requirements.
Industry baselines have been established (using comparative research from other jurisdictions, etc...)	Completed. The Agency has participated in a shared research project with 20 other Canadian jurisdictions for the past several years. This has enabled us to establish industry baselines.
Specific areas of operations have been identified for improvement	Completed. We have identified turnaround and response times for supplemental requests, initial assessments and property appeals as priorities.
Revised service baselines and standards have been established for all areas of operation within the Agency	Completed. The service baselines and standards will be reviewed following the end of the appeal period for the upcoming valuation (the reassessment).

We have met our objective for 2009 and are on target for meeting our goal. In the coming year, we will specify the services and operational activities that will be targeted for improvement and establish the performance targets to be met. Baselines will be reviewed and targeted improvements to the baselines will be established.

2010 Objective

By March 31, 2010, the Agency will have compiled a report on the actual service levels when compared with its baseline.

Measure: Service report prepared

Indicators:

- All Agency services/operations/activities will be specified
- Baselines for each service/operation/activity will be set
- Actual results for each service/operation/activity will be tracked for a period of approximately six months
- Comparison of actual results with the baselines will have been completed

PERFORMANCE ON OBJECTIVES

PROFESSIONAL DEVELOPMENT AND TRAINING

Goal: By March 31, 2011, the Agency will have implemented an enhanced professional development and training program that meets the needs of all its employees.

Objective: By March 31, 2009, a comprehensive review has been completed of the Agency’s existing professional development and training program (and policies) to better determine our needs.

Measure: Review of existing professional development program.

<i>Planned results</i>	<i>Actual results</i>
Met with and input received from board, staff, and managers on current programs	Completed. Introductory meetings held and a questionnaire and employee survey was completed and the results have been reviewed.
Existing policies and procedures have been reviewed	Completed. All policies related to professional development have been identified and been reviewed.
Focus groups established to help determine our needs	The focus groups have been established in Eastern, Central and Western regions of the province.
PD and training programs in other jurisdictions have been researched and reviewed to determine strengths	Completed. The Municipal Assessment Agency’s professional development and training programs are in line with other Canadian jurisdictions.
Input/feedback from partners and other employees obtained to determine their specific needs	Input/feedback received. We have received input from the Institute of Municipal Assessors, Memorial University’s Division of Lifelong Learning, Professional Managers Association, and Municipalities Newfoundland and Labrador.
A needs assessment completed to determine priorities	Completed. Priorities identified include the mode of instruction and career advancement strategies.

The Agency is on target to meet its goal, having met our objective for 2009.

2010 Objective

By March 31, 2010, the Agency will have developed a new professional development and training manual for all Agency employees.

- Final research on best practice will be concluded
- Information/suggestions identified in needs assessment will be compiled
- Existing policies will be revised where necessary
- New policies will be developed where necessary

Measure: New manual developed

Indicators:

- Working group will be assembled to assist in development of professional development and training manual



PERFORMANCE ON OBJECTIVES

EDUCATION AND PUBLIC RELATIONS

Goal: By March 31, 2011, a new education program has been developed (and implemented) by the Agency to meet the needs of the clients, and to better inform the public, a new public relations program about the assessment and valuation program has been launched.

Objective: By March 31, 2009, the Municipal Assessment Agency has developed a new education program for its use with municipalities.

Measure: New education program developed.

<i>Planned results</i>	<i>Actual results</i>
Meetings and consultation has been undertaken with various municipalities for input	Over the year, the Agency has discussed its training program with municipal representatives. Six such meetings have been held.
Focus groups held with other stakeholders (MNL, PMA, MAA staff, tax authorities)	Discussions have been held with MNL, PMA, an ad hoc group of municipal administrators, the Agency’s Assessment Services Advisory committee, and Agency staff.
Public consultation process established in various areas	Completed. The consultations will be held regionally in 2010, following delivery of the 2010 revaluation assessment.
A revised education program has been developed using feedback attained	Our programs have been revised using the feedback obtained from focus groups. The revised program features an orientation for newly elected officials, an introduction program for new administrators and others new to the property tax system, and the continuation of our existing training programs.
Revised plan has been published on the website and shared with stakeholders for feedback	The revised plan is not yet published. As a discussion aid in the public consultations, the draft program will be available on the website in September 2009. This has been delayed to ensure the response to the public consultation process (scheduled for October to March, 2010) is reflected in the final plan.

2010 Objectives

By March 31, 2010, the Agency will have obtained client feedback and will have trained staff on its use and facilitation.

Measure: Feedback received from clients and staff trained on appropriate use and facilitation of plan

Indicators:

- Feedback to revised plan will have been reviewed and final revisions made
- Staff will have attended training sessions

PERFORMANCE ON OBJECTIVES

Goal: By March 31, 2011, a new education program has been developed (and implemented) by the Agency to meet the needs of the clients, and to better inform the public, a new public relations program about the assessment and valuation program has been launched.

Objective: By March 31, 2009, the Municipal Assessment Agency has developed a draft of a new public relations program for its use in dealing with the public.

Measure: Draft of new public relations program developed.

Planned results

Actual results

Meetings and consultation held with various stakeholders for input	Stakeholder meetings are conducted regularly in conjunction with the Agency’s Board meetings across the province. Meetings have been held in Grand Falls-Windsor, West St. Modeste, Carbonear, and Grand Bank with municipal representatives invited from the surrounding municipalities.
Public consultation process established in various areas	A framework for public and stakeholder consultations has been established. The consultations were not completed in 2008-09 due to a communications staff vacancy. The consultation will be completed during 2010, when we will focus on public education of the assessment process. This will be a regional consultation process.
A revised public relations program developed using feedback attained	The completion of the revised public education program has been delayed until the public consultations have been completed. Public feedback, through the consultation process, will improve our ability to meet the public need for education about the assessment and valuation process.
Revised plan published on the website and shared with stakeholders for feedback	The revised plan was not published since the plan includes the consultation process which is incomplete. The draft plan will be available on the website in September 2010. We plan to use a variety of tools to engage the public following the 2010 revaluation.

The consultation process has taken longer than anticipated, and we have elected to delay development of the revised education and public relations programs to incorporate the results of those consultations. We still expect to meet the objectives for 2010 and will complete the goal as planned.

2010 Objectives

By March 31, 2010, the Agency will have obtained feedback from the public and will have trained staff on its use and facilitation of the public relations program.

Measure: Feedback received from the public and staff trained on appropriate use and facilitation of plan

Indicators:

- Public consultations completed
- Revised plan published on website and shared with stakeholders for feedback
- Feedback to revised plan will have been reviewed
- Final revisions to plan will have been made
- Training sessions held with staff regarding the appropriate use and facilitation of the plan

OPPORTUNITIES AND CHALLENGES

OPPORTUNITIES

Mission

By 2011, the Municipal Assessment Agency will have improved its service delivery to be better able to meet the assessment and valuation needs of its clients.

Based on our results, the Agency is positioned to achieve its mission as planned. We will complete the consultation work in early 2010 and deliver on our objectives to place ourselves in a strong position to deliver on our mission.

Education

Our consultation process provides an opportunity to engage stakeholders in discussion. This will provide the Agency with grassroots feedback on our future direction.

CHALLENGES

Operations

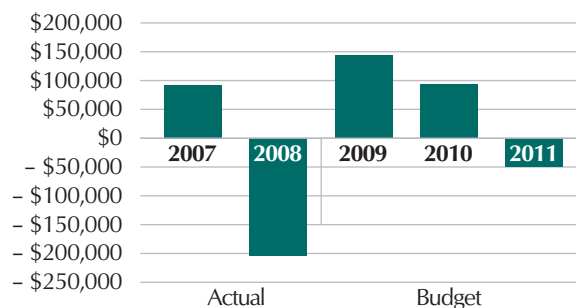
In the coming year, we will deliver the 2010 reassessment. Our valuation will report the market at January 1, 2008 as required by the legislation. This will present a challenge as areas of the province experience market changes between January 1, 2008 and October 2009, when we report the results. It will be important we communicate on changes, and the fact we are reporting results from 20 months prior.

Financial

Our costs are increasing. There are three major drivers for these increases:

- Employee salary and benefits. As a service organization, more than 75% of our costs are salary and benefit costs.
- Appeal costs. While the number of appeals that require a hearing has declined, the complexity of those that do has increased. We expect this pattern to continue and our legal costs associated with these appeals will continue to increase.
- Technology. We continue to use technology to support the assessment process and seek efficiencies of operations.

During last year, the Agency recorded a deficit of \$ 204,686. This was \$ 28,952 more than the forecast deficit of \$ 175,743, and is related to the increase in our legal costs. Our budget forecast indicates a return to a positive bottom line in 2009.



BOARD OF DIRECTORS

MARCH 31, 2008

Chairperson	Mayor Fred Best Clarenville
Vice-Chairperson	Mayor Harry Hallett Leading Ticksles

MUNICIPAL REPRESENTATIVES

Labrador	Deputy Mayor Terry Hancock Forteau
Western	Deputy Mayor Dean Ball Deer Lake
Central	Deputy Mayor Cyril Langdon Norris Arm
Eastern	Mayor Fred Best Clarenville
Avalon	Deputy Mayor Deborah Quilty Paradise
Urban	Councillor Sterling Willis Paradise

MUNICIPALITIES NEWFOUNDLAND AND LABRADOR REPRESENTATIVE

Mayor Harry Hallett	Small Towns Director, NLFM Leading Ticksles
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NEWFOUNDLAND AND LABRADOR ASSOCIATION OF MUNICIPAL ADMINISTRATORS (NOW PROFESSIONAL MANAGERS ASSOCIATION) REPRESENTATIVE

Mr. Wayne Rose	Past - President, NLAMA Brigus
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TAXPAYER REPRESENTATIVES

Mr. David Manning	Torbay
Mr. Bruce Borden	Corner Brook

MANAGEMENT DIRECTORY

Residential Manager	Wayne Rossiter
Director Valuation Services	Deborah Allen
Director Data & Field Services	Greg Rumbolt
Director Corporate Services	Eric Hart
Manager Payroll & Accounts	Rosemarie Evans
Manager Human Resources	Dale Hiscock
Executive Director/CEO	Sean Martin

OFFICE DIRECTORY

Corporate & Eastern Offices

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

Central Regional Office

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

Western Regional Office

24 Brook Street
P.O. Box 143, Station Main
Corner Brook, NL A2H 6C7
Tel: (709) 637-7150 Fax: (709) 637-7162

Toll-free Line

(877) 777-2807

Website

www.maa.ca

Email

info@maa.ca

FIELD OFFICES

Happy Valley-Goose Bay

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

Conception Bay South

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

Carbonear

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

Marystown

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

Clarenville

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

Grand Falls-Windsor

Tel: (709) 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

AUDITORS' REPORT

JOHN F. MORGAN

Chartered Accountant
Suite 901, TD Place, 140 Water Street
St. John's, NL A1C 6H6
Office: (709) 576-6776
Fax: (709) 576-6777

To the Shareholder of
Municipal Assessment Agency Inc.

We have audited the balance sheet of Municipal Assessment Agency Inc. as at March 31, 2009, and the statements of revenue, expenses and equity and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2009, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland
May 21, 2009



CHARTERED ACCOUNTANT

BALANCE SHEET

AS AT MARCH 31, 2009

ASSETS

	2009	2008
CURRENT ASSETS:		
Cash	\$ 358,267	\$ 403,454
Accounts receivable (note 2)	192,611	254,123
Current portion of long term receivables (note 3)	55,519	43,880
Prepaid expenses	99,681	55,867
	706,078	757,324
Long term receivables (note 3)	63,330	71,131
Severance reserve fund (note 4)	886,920	789,917
Capital assets (note 5)	1,382,402	1,400,454
	\$ 3,038,730	\$ 3,018,826

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 270,298	\$ 169,659
Accrued vacation pay (note 6)	231,713	204,765
	502,011	374,424
Accrued severance pay (note 6)	886,920	789,917
	1,388,931	1,164,341

SHAREHOLDER'S EQUITY

CAPITAL:

Authorized and issued		
1 Common share	1	1
Equity from operations	1,649,798	1,854,484
	1,649,799	1,854,485
	\$ 3,038,730	\$ 3,018,826

Commitments and contingencies (note 6 and note 8)

See Accompanying Notes to Financial Statements

On behalf of the board:

Fred Best

Bruce Borden

STATEMENT OF REVENUES, EXPENSE, AND EQUITY

FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
REVENUES:		
Assessment services	\$ 4,865,688	\$ 4,735,197
Secondment revenue (note 1)	62,102	-
Interest revenue	33,504	76,262
Valuation revenue	21,277	22,478
Miscellaneous revenue	2,499	-
	4,985,070	4,833,937
EXPENSES:		
Salaries	3,107,387	2,868,992
Benefits	607,443	599,559
Travel	386,682	308,849
Information technology	230,674	216,782
Professional fees	121,573	91,281
Postage and courier	110,943	122,728
Telephone	74,875	75,837
Premises and equipment lease	72,830	131,259
Repairs and maintenance	52,396	23,172
Printing	50,223	57,408
Office supplies	42,366	42,522
Advertising and public relations	27,653	17,713
Utilities	23,207	17,668
Insurance	20,817	15,839
Payroll processing	5,045	4,677
Bank charges	2,181	2,441
Meetings and events	753	354
Office relocation	240	10,477
	4,937,288	4,607,558
Excess of revenues over expenses before the following	47,782	226,379
Provision for severance and vacation pay (note 6)	123,951	75,412
Amortization of deferred contributions - capital (note 7)	-	(27,951)
Amortization of capital assets	129,418	117,630
Loss on disposal of capital assets	1,597	7,173
Bad debt expense (recovery)	(2,498)	(40,990)
Excess of revenues over expenses	(204,686)	95,105
Equity from operations, beginning of year	1,854,484	1,759,379
Equity from operations, end of year	\$ 1,649,798	\$ 1,854,484

Commitments and contingencies (note 6 and note 8)
See Accompanying Notes to Financial Statements

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ (204,686)	\$ 95,105
Items not affecting cash:		
Amortization of capital assets	129,418	117,630
Amortization of deferred contributions	-	(27,951)
Increase in long-term receivable	(3,838)	(51,148)
Increase in severance pay accrual	97,003	34,223
Increase in vacation pay accrual	26,948	15,597
Loss on disposition of capital assets	1,597	7,173
Net change in non-cash working capital balance	118,337	(33,316)
CASH PROVIDED BY OPERATING ACTIVITIES	164,779	157,313
INVESTING ACTIVITIES:		
Purchase of capital assets	(112,963)	(1,203,155)
Proceeds from disposition of capital assets	-	285
CASH USED IN INVESTING ACTIVITIES	(112,963)	(1,202,870)
Increase (decrease) in cash position	51,816	(1,045,557)
Cash position, beginning of year	1,193,371	2,238,928
CASH POSITION, END OF YEAR	\$ 1,245,187	\$ 1,193,371
Cash is represented by:		
Operating cash	\$ 358,267	\$ 403,454
Severance reserve fund	886,920	789,917
	\$ 1,245,187	\$ 1,193,371

Commitments and contingencies (note 6 and note 8)
See Accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

General:

Effective April 2, 1997, the Municipal Assessment Agency Inc. (the “Corporation”) was incorporated 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 generally accepted accounting principles 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%

The Corporation is currently using furniture, equipment and computers provided by the Department. As title to these assets have not been transferred to the Corporation, they have not been recorded in the accounts.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

1. Summary of significant accounting policies (continued):

(b) Revenue recognition

Government assistance related to acquisition of capital assets is deferred and amortized to income on the same basis as the related capital assets are amortized.

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.

(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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

2. **Accounts receivable:**

	<u>2009</u>	<u>2008</u>
Trade receivables	\$ 165,084	\$ 214,615
Accrued interest	1,103	3,756
HST recoverable	33,171	65,043
Employee receivable	3,011	2,456
Allowance for doubtful accounts	(9,758)	(31,747)
	<u>\$ 192,611</u>	<u>\$ 254,123</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>2009</u>		<u>2008</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	\$ 443,818	\$ 344,726	\$ 99,092	\$ 117,005
Furniture and equipment	288,277	159,617	128,660	115,174
Integrated assessment system	1,109,343	1,042,999	66,344	94,778
Buildings	933,237	53,152	880,085	862,176
Land	208,221	-	208,221	211,321
	<u>\$ 2,982,896</u>	<u>\$ 1,600,494</u>	<u>\$ 1,382,402</u>	<u>\$ 1,400,454</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

6. Severance and vacation pay:

As at the time of incorporation, the Corporation assumed liabilities for severance pay, vacation and accrued overtime associated with employees transferred to the Corporation resulting in an opening deficit in the amount of \$366,950. During fiscal 2001, an agreement was reached with the province to fund this liability by a payment of \$160,000, which represented the present value of the liability as calculated by management.

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

	<u>2009</u>	<u>2008</u>
Severance pay		
Opening balance	\$ 789,917	\$ 755,694
Current year expense	97,003	59,815
Usage	-	(25,592)
Closing balance	<u>\$ 886,920</u>	<u>\$ 789,917</u>
Vacation pay		
Opening balance	\$ 204,765	\$ 189,169
Current year expense	26,948	15,596
Closing balance	<u>\$ 231,713</u>	<u>\$ 204,765</u>

7. Deferred Contributions - Capital:

The Corporation received Government funding in prior years that was deferred for future operating expenses and capital expenditures. During the year, the Corporation recognized the following deferred contributions.

	<u>2009</u>	<u>2008</u>
Opening balance	\$ -	\$ 27,951
Capital contribution recognized	-	27,951
Closing balance	<u>\$ -</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

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, 2007, with the option to renew for a further term of up to 5 years. The monthly rental fee is \$4,211.

The Agency has a lease for office space in Conception Bay South, Newfoundland. The term of the lease is 2 years, starting September 1, 2007. The monthly rental fee is \$350.

The Agency has a lease for office space in Clarenville, Newfoundland. The term of the lease is 5 years, starting May 1, 2008. The monthly rental fee is \$350.

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.

9. Comparative Figures:

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





Municipal Assessment
Agency Inc.

75 O'Leary Avenue
St. John's, NL
A1B 2C9
Toll Free 1.877.777.2807
www.maa.ca