



Municipal
Assessment
Agency Inc.



Municipal Assessment Agency 2020 – 2021 Annual Report



Board of Directors

**Western Director
(Board Chair)**

Mayor Dean Ball
Deer Lake

**Avalon Director
(Board Vice-Chair)**

Mayor Elizabeth Moore
Clarke's Beach

Central Director

Mayor Jason Roberts
Triton

Eastern Director

Vacant

Labrador Director

Councillor Deb Barney
L'Anse au Loup

Urban Director

Councillor Peggy Roche
Torbay

Taxpayer Representative

Carol Ann Smith
Torbay

Taxpayer Representative

Vacant

**Representative of the
Professional Municipal
Administrators (PMA)**

Connie Reid, Treasurer (PMA)
Reidville

**Representative of
Municipalities Newfoundland
Labrador (MNL)**

***Mayor Roger Barrett, Western
Director (MNL)***
Reidville



Contents

Chairperson's Message.....	4
Municipal Assessment Agency Overview.....	5
Mandate.....	5
Revenue and Expenditures.....	5
Governance.....	6
Lines of Business.....	6
Key Statistics.....	7
Overview of Financials.....	8
Highlights and Partnerships.....	9
Property Reviews Completed.....	9
Assessed Values for the Province.....	10
Report on Performance.....	11
Opportunities and Challenges.....	14
Opportunities.....	14
Challenges.....	16
FINANCIAL STATEMENTS.....	17
APPENDIX A - CUSTOMER SATISFACTION SURVEY RESULTS.....	34
APPENDIX B - CLIENT SURVEY RESULTS.....	39



Chairperson's Message

On behalf of the Municipal Assessment Agency (The Agency), I am pleased to present our annual report and financial statements for the April 1, 2020 to March 31, 2021 fiscal year.

The **Assessment Act, 2006** establishes the Municipal Assessment Agency as the entity providing real property assessment services to municipalities in Newfoundland and Labrador (excluding the City of St. John's). The 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 230 municipalities, we are pleased to support local government in providing valuable service to the people of our province.

This year marked the beginning of a new planning cycle. A new business plan was prepared for 2020-2023,

Transparency with ratepayers was identified as the key priority issue of the agency for the April 1, 2020 to March 31, 2023 planning period. This is an area where the agency can improve its communications of the assessment process and support the property taxation system used by our client municipalities.

We conducted a survey and analyzed customer response data in 2020 to measure the agency's success within the community. Critical questions were brought to the forefront by municipalities, residents, and employees that we have begun to address.

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

We look forward to the future ahead.

Dean Ball



Municipal Assessment Agency Overview

The agency offers ethical and equitable property assessment services within Newfoundland and Labrador. As a Crown-owned Corporation we are responsible for both residential and commercial property assessments. We provide residents and municipalities with their real property values annually. We collect market information and other property data to create a detailed inventory of property details that are used to calculate market value. Our professional assessors conduct site visits, take or collect photographs, use aerial imagery and other tools to update property details. Working closely with municipalities we ensure residents are informed about their property assessment as these values are utilized for municipal tax purposes.

Mandate

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

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

Vision

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

Revenue and Expenditures

The agency is a not for profit entity, with returns used only to further the activities of the agency on behalf of its clients.

The net deficit for the past year was \$ 50,891, a decrease from last year's revenue over expenses of \$120,869 (as restated). The COVID-19 pandemic was a major reason for this shift. We purchased personal protective equipment to protect staff, as well as making site modifications. We planned to invest in more mobile technology (ex. laptops, cell phones, tablets) over the coming years, but in response to the pandemic, we



accelerated these purchases. The agency fee for service rates remained unchanged for the current reporting period, remaining at \$26 per assessment.

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.

During the past year, the agency welcomed two new taxpayer representatives, Ms. Carol Ann Smith and Mr. Gerald Thompson. Unfortunately Mr. Thompson passed away in 2021 and we offer our condolences to his family.

Three board members left the Board in the past year, Mr. Dave Denine, Mr. Dave Blundon, and Mr. Paul Pike. Mr. Denine and Mr. Blundon were replaced as taxpayer representatives on the agency's board, and we thank them for their service and valuable contribution. Mr. Pike is a newly elected member for Burin-Grand Bank in the provincial legislature. Thank you Mr. Pike, for your support and contributions to the agency and best wishes in your new role.

Board elections are scheduled every four years following the municipal elections. Municipal elections are scheduled for September 2021. Six municipal representatives are elected by a mail-in ballot. One director is appointed by Municipalities Newfoundland and Labrador and one by the Professional Municipal Administrators. The remaining two positions are appointed by the Province and represent the interest of citizens.

The membership of the Board of Directors, as of March 31, 2021, is listed on the inside cover of this report.

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 its 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 per cent of the agency's revenues.

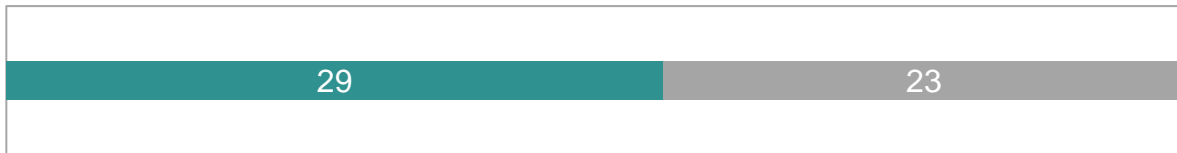


- The remaining 2 per cent is generated through interest and the sale of assessments and assessment related information, primarily through electronic means and within the limitations set by law. The primary clients for this information are realty or financial service providers, as well as private interests.

Key Statistics

PERMANENT STAFF 52 employees

■ Male ■ Female



OFFICE LOCATIONS



Corner Brook

PO Box 20051
Corner Brook, NL
A2H 7J5

Gander

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

St. John's

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

Satellite offices

- CBS
- Deer Lake
- Clarenville
- Marystown
- Grand Falls-Windsor
- Spaniards Bay



Total value of property assessed by the agency: \$33,918,000,000 Number of land parcels: 194,296

Overview of Financials

The agency is fully funded by its fees for service and sales of data. Municipal clients are charged \$26.00 per assessment with no charge applied for Crown land or parcel values at less than \$501.00

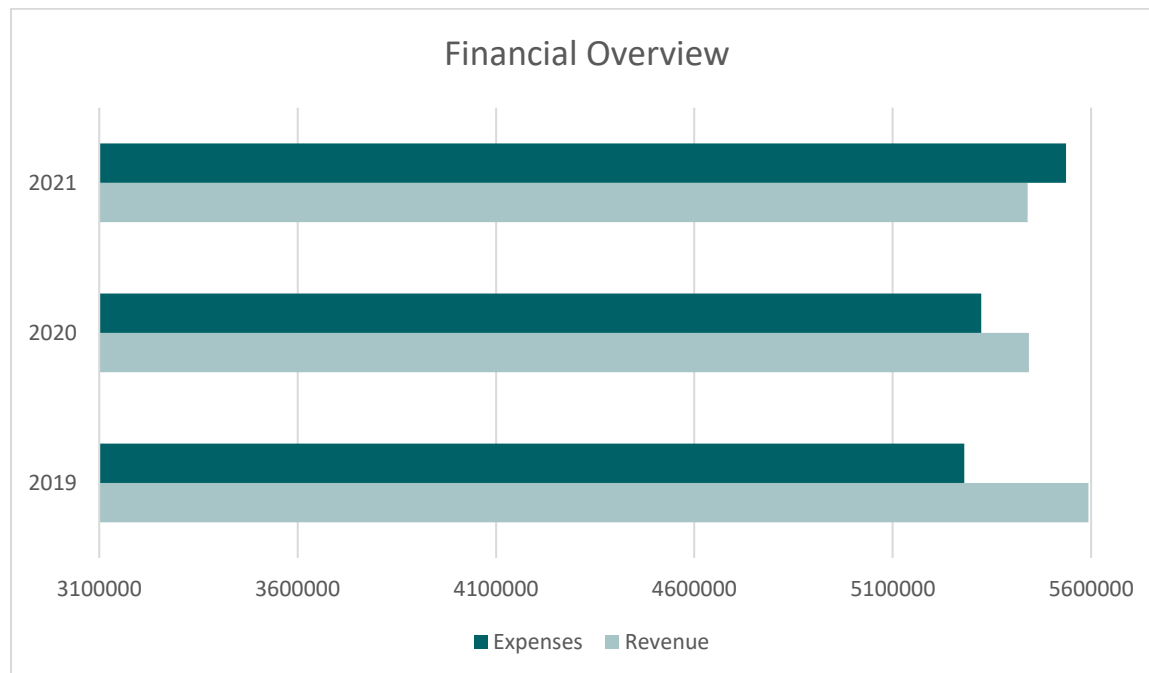
We have not changed our fee structure this year, although our fees have been reduced by \$3.00 per assessment since 2013.

As a service provider our largest expense is salaries and benefits.

Much of the net deficit this year (-\$50,891) was related to the pandemic. We purchased significant amounts of personal protective equipment to protect staff, as well as making site modifications.

Due to COVID-19, our longer term planned investments in mobile technology was accelerated.

Table 1





Highlights and Partnerships

The COVID-19 pandemic had a considerable impact on our business and the way that work activities are performed. The primary focus of the agency continues to be the provision of a quality assessment service and the maintenance of positive relations with municipalities and residents. In the interest of safety, we closed our offices to the general public in April 2020.

We have redesigned our website to provide our visitors with an easier way to learn about property assessments and the agency's services. We will continue to monitor the site and will continue to make enhancements in the next year.

In partnership with municipal clients, we have developed an imagery review program that allows our assessors to review property details from high quality (minimum 7.5 cm resolution) aerial imagery. The program enables the assessor to view and measure property detail without the need for a site visit.

We have partnered with nine municipalities, using our Collaborative Initiative Fund, to support municipal projects (i.e., GIS, aerial imagery, civic numbering) that enhance the property assessment service. This grant provides limited funding up to a maximum of \$2 per assessed parcel to municipalities per project. Municipalities must apply for this grant and get board approval.

Property Reviews Completed

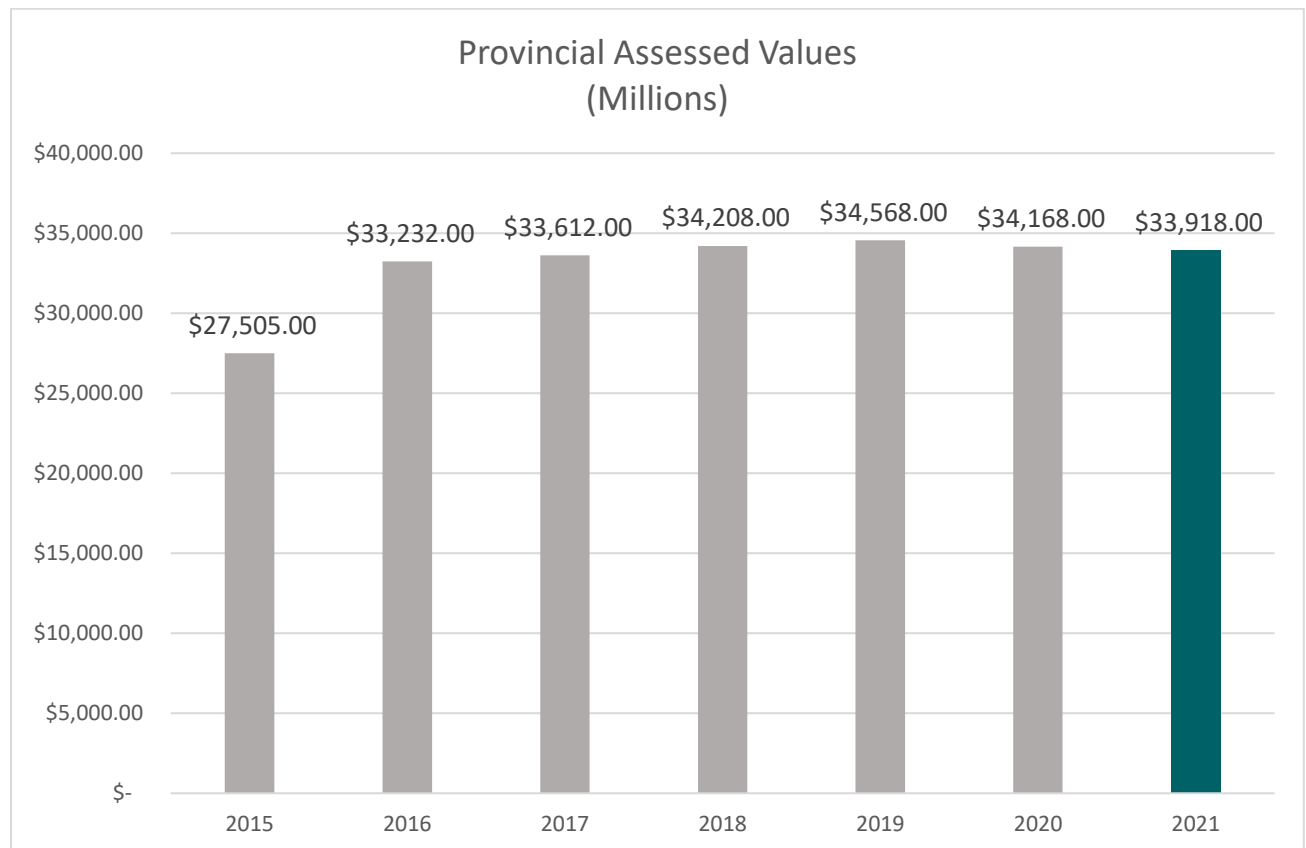
Due to COVID-19 impacts, on-site property inspections were suspended in March 2020. This service resumed in July 2020, using a combination of external site inspections and aerial imagery, the agency was able to complete nearly 30,000 property reviews in 2020 maintaining our targeted reviews. Interior inspections were only completed for special cases with additional safety precautions. We will continue to use this property review system where aerial imagery is available.



Assessed Values for the Province

Assessed values in the province remain relatively stable. There was a slight decline (-1 per cent provincially) in residential values. There have been indications that the effects of COVID-19 may impact commercial properties in the future, especially tourism-related properties. Although any COVID-19 impacts will be reflected in the 2022 values.

Table 2





Report on Performance

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

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

- Raising awareness regarding the work of the agency, including processes and timelines;
- Reviewing our ongoing communication strategy with ratepayers;
- Identifying opportunities to improve the transparency of the assessment process; and,
- Consistent messaging for the public.

Our focus will be on improving our transparency with ratepayers.

GOAL

By March 31, 2023, the Municipal Assessment Agency will improve awareness and transparency of the assessment process to ratepayers.

Indicators

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



OBJECTIVE 1

By March 31, 2021 the Municipal Assessment Agency will have established reliable baseline data relating to ratepayer understanding of the assessment process to assist in identifying gaps and help determine our direction going forward.

Indicators

- Developed a survey (and explored other methodologies) to engage with ratepayers;
- Collated results of engagement with ratepayers;
- Established a baseline of data and information; and,
- Identified key issues to address improved transparency and understanding.

#1 Developed a survey (and explored other methodologies) to engage with rate payers;

This year, we developed two surveys to determine our level of engagement with ratepayers.

For the first survey, 450 ratepayers were selected randomly out of 1,454 individuals who inquired about their 2021 assessment notice received in 2020. Surveys and self-addressed/pre-paid envelopes were sent out by mail. We received a 26.65 per cent response rate on this survey. Survey results can be found in **Appendix A**.

Municipalities receive feedback from residents on their property assessments, so we surveyed municipal administrators to understand the type of inquiries the council received from ratepayers. In 2021 we sent out 230 surveys. We received a 45.61 per cent response rate. Survey results can be found in **Appendix B**.

In addition to the surveys, the agency collected data on all phone and email inquiries that we received during the June 2020 appeal period.



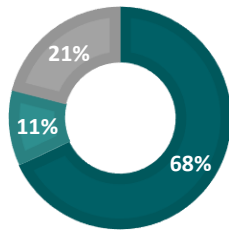
#2 Collated results of engagement with rate payers

After the agency received the results, the Executive Team reviewed the survey results to determine common themes within the responses. The Executive Team debriefed the Board of Directors on the findings. Common themes identified were timely responses, increasing satisfaction, and transparency.

#3 Established a baseline of data and information;

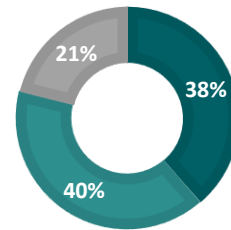
RATE PAYER OVERALL SATISFACTION

■ Excellent ■ Average ■ Poor



TIMELY RESPONSES TO RATE PAYERS

■ Excellent ■ Average ■ Poor



The most frequently asked questions by rate payers as identified by the municipal survey were:

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



#4 Identified key issues to address improved transparency and understanding

Key issues the agency identified are:

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

OBJECTIVE 2

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

Indicators

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

Opportunities and Challenges

Opportunities

We continue to explore emerging technologies to provide a significant opportunity for the agency to minimize costs and offer a modern, efficient assessment service. We will, in the coming year, deploy a cloud-based application to collect property details. This application will improve our accuracy by collecting all property details on-site and will reduce the use of paper forms for data collection. This enhancement will reduce the need for document preparation prior to a site visit and for data processing. We continue to explore more efficient methods of operation and have started a pilot tele-work program. Ten employees representing each region and various positions were selected to participate in the program. The final results of the pilot will be known by fall 2021 and will also allow us to review our office space requirements.





Challenges

Like many organizations, COVID-19 will continue to impact our operations. In addition to any continued financial impacts, our service delivery models may require further modifications to ensure our mandate is met and staff safety maintained.

As certain property and business types were more impacted by the COVID-19 restrictions than others, we must determine this impact on the value of these properties. This is especially important since our clients use a business tax based on the value of the real property used by the business. The COVID-19 outbreak was an unforeseen event requiring us to socially distance and modify the way we operated. As public health restrictions begin to lift, we anticipate the agency to return to regular work routines and practices.

The modifications were:

- Rapid deployment of technology to support remote work.
- Change from completing interior inspections where possible to completing interior inspections by exception only.
- We developed a new system to receive all rate-payers inquiries in order to track all inquiries, responses, and response times within the agency.



FINANCIAL STATEMENTS

MUNICIPAL ASSESSMENT AGENCY INC.
Financial Statements
Year Ended March 31, 2021

MUNICIPAL ASSESSMENT AGENCY INC.
Index to Financial Statements
Year Ended March 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12
Office and Administration <i>(Schedule 1)</i>	13

POWER & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Municipal Assessment Agency Inc.

Opinion

We have audited the financial statements of Municipal Assessment Agency Inc. (the Agency), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

(continues)

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

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

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

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

St. John's, Newfoundland and Labrador
June 4, 2021




CHARTERED PROFESSIONAL ACCOUNTANTS

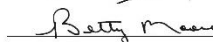
MUNICIPAL ASSESSMENT AGENCY INC.
Statement of Financial Position
March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 615,219	\$ 529,065
Accounts receivable (Note 3)	141,619	191,701
Prepaid expenses	188,303	245,988
	<u>945,141</u>	966,754
RESTRICTED RESERVE FUNDS (Note 4)	2,000,000	2,300,000
CAPITAL ASSETS (Note 5)	1,257,323	1,197,837
	<u>\$ 4,202,464</u>	<u>\$ 4,464,591</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 144,598	\$ 396,281
Accrued vacation pay (Note 7)	318,837	276,317
Deferred income	2,822	4,895
	<u>466,257</u>	677,493
NET ASSETS		
SHARE CAPITAL	1	1
	<u>1</u>	<u>1</u>
COLLABORATIVE INITIATIVE RESERVE FUND	200,000	400,000
TECHNOLOGY RESERVE FUND	500,000	600,000
OPERATING RESERVE FUND	1,300,000	1,300,000
TANGIBLE CAPITAL ASSET FUND	1,257,324	-
	<u>3,257,324</u>	<u>2,300,000</u>
UNRESTRICTED	478,882	1,487,097
	<u>3,736,207</u>	<u>3,787,098</u>
	<u>\$ 4,202,464</u>	<u>\$ 4,464,591</u>

COMMITMENTS AND CONTINGENCIES (Note 8)

ON BEHALF OF THE BOARD

 _____ Member

 _____ Member

See notes to financial statements

MUNICIPAL ASSESSMENT AGENCY INC.
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	2021	2020
REVENUES		
Assessment services	\$ 5,351,288	\$ 5,321,519
Valuation revenue	50,665	53,882
Interest revenue	27,618	65,567
Other	12,950	-
Municipal training	-	2,680
	<u>5,442,521</u>	<u>5,443,648</u>
EXPENSES		
Salaries	3,222,682	3,147,584
Information technology	553,298	240,482
Benefits	689,625	689,731
Office and administration (Schedule 1)	450,607	487,103
Printing and postage	236,752	239,596
Travel	124,881	275,970
Municipal Collaborative Initiative	24,670	89,427
	<u>5,302,515</u>	<u>5,169,893</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING:	<u>140,006</u>	<u>273,755</u>
Amortization of tangible capital assets	114,340	110,962
Provision for vacation pay	76,557	41,924
	<u>190,897</u>	<u>152,886</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (50,891)</u>	<u>\$ 120,869</u>

See notes to financial statements

MUNICIPAL ASSESSMENT AGENCY INC.
Statement of Changes in Net Assets
Year Ended March 31, 2021

	Balance, beginning of year April 1, 2020 <i>(restated note 10)</i>	Deficiency of revenues over expenses	Transfers	Balance, end of year March 31, 2021
Collaborative Initiative Fund <i>(Note 4)</i>	\$ 400,000	\$ (24,670)	\$ (175,330)	\$ 200,000
Technology Fund <i>(Note 4)</i>	600,000	-	(100,000)	500,000
Operating Fund <i>(Note 4)</i>	1,300,000	-	-	1,300,000
Tangible Capital Assets <i>(Note 4)</i>	-	(114,340)	1,371,664	1,257,324
Unrestricted Fund	1,487,097	88,119	(1,096,334)	478,882
	\$ 3,787,097	\$ (50,891)	\$ -	\$ 3,736,206

See notes to financial statements

MUNICIPAL ASSESSMENT AGENCY INC.
Statement of Cash Flows
Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
(Deficiency) excess of revenues over expenses	\$ (50,891)	\$ 120,869
Item not affecting cash:		
Amortization of capital assets	114,340	92,597
	<u>63,449</u>	<u>213,466</u>
Changes in non-cash working capital:		
Accounts receivable	50,082	(38,152)
Accounts payable and accrued liabilities	(251,682)	72,788
Deferred income	(2,073)	(13,318)
Prepaid expenses	57,685	(22,262)
Accrued severance pay	-	(41,015)
Accrued vacation pay	42,520	39,567
	<u>(103,468)</u>	<u>(2,392)</u>
Cash flow (used by) from operating activities	<u>(40,019)</u>	<u>211,074</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(173,827)</u>	<u>(231,699)</u>
DECREASE IN CASH FLOW	(213,846)	(20,625)
Cash - beginning of year	<u>2,829,065</u>	<u>2,849,690</u>
CASH - END OF YEAR	\$ 2,615,219	\$ 2,829,065
CASH CONSISTS OF:		
Cash	\$ 615,219	\$ 529,065
Restricted reserve funds	<u>2,000,000</u>	<u>2,300,000</u>
	\$ 2,615,219	\$ 2,829,065

See notes to financial statements

MUNICIPAL ASSESSMENT AGENCY INC.
Notes to Financial Statements
Year Ended March 31, 2021

NATURE OF OPERATIONS

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash

Cash includes cash on hand and balances with the bank.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives using the declining balance method at the following rates:

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

Revenue recognition

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

Interest revenue is recognized as it is earned.

Accrued vacation pay

Vacation is accrued for employees as entitlement is earned.

Financial instruments

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

MUNICIPAL ASSESSMENT AGENCY INC.
Notes to Financial Statements
Year Ended March 31, 2021

2. FINANCIAL INSTRUMENTS

The Agency is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Agency's risk exposure and concentration as of March 31, 2021.

Credit risk

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

Liquidity risk

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

Market risk

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

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The agency is exposed to foreign currency exchange risk on cash held in U.S. dollars. The Agency does not use derivative instruments to reduce its exposure to foreign currency risk. As at March 31, 2021, cash balances of \$42,985 (2020 - \$2,896) are shown in US dollars in the company's account and converted into Canadian dollars as at that date for financial statement purposes.

Interest rate risk

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

3. ACCOUNTS RECEIVABLE

	2021	2020
Trade receivables	\$ 77,720	\$ 120,014
HST recoverable	63,876	56,636
Employee receivable	23	15,051
	\$ 141,619	\$ 191,701

MUNICIPAL ASSESSMENT AGENCY INC.
Notes to Financial Statements
Year Ended March 31, 2021

4. RESTRICTED RESERVE FUNDS

The Agency has internally restricted funds for the following purposes:

Operating Reserve Fund

Board Restricted Operating Reserve Fund was designated at the February 8, 2019 board meeting. The general purpose of the fund is to help ensure the long-term financial stability of the Agency. The fund will be used to offset future budget increases in operating expenses, position the Agency to respond to carrying charges and economic conditions affecting the Agency's financial position, and to meet specific financial requirements in accordance with the Agency's strategic vision and values. Amount of reserved funds as at March 31, 2021 are \$1,300,000 (2020 - \$1,300,000).

Technology Reserve Fund

Board Restricted Technology Reserve Fund was designated at the February 8, 2019 board meeting. The general purpose of the fund is to meet major technology developments in software and hardware enhancing the Agency's vision to meet the property assessment and valuation needs of their clients. The fund will be used to meet major technology system developments, fund special projects and collaborations in information technology and to renew existing information technology infrastructure. During the year, the Agency reduced the balance by \$100,000. Amount of reserve funds at March 31, 2021 are \$500,000 (2020 - \$600,000).

Collaborative Initiative Reserve Fund

Board Restricted Collaborative Initiative Reserve Fund was designated at the February 8, 2019 board meeting. The general purpose of the fund is to foster and encourage collaborative partnerships to develop and implement best practices in providing fair and effective property assessment and valuation. The fund will be used to encourage partnerships with municipalities that support innovation in property assessments and valuations, to support the Agency's participation in the National Collaborative Initiative, and to work with other partners in projects that will further the Agency's objectives. During the year, the Agency reduced the balance by \$200,000. Amount of reserved funds as at March 31, 2021 are \$200,000 (2020 - \$400,000).

The restricted reserve funds are held in the Agency's operating account that bears interest.

Tangible Capital Asset Reserve Fund

Board Restricted Tangible Capital Asset Reserve Fund accounts for the acquisition and amortization of the Agency's capital assets. The Capital Asset Fund was designated by the board effective April 1, 2020. The unrestricted fund transferred \$1,197,837 to the Tangible Capital Asset Fund. An amount of \$173,827 was also transferred during the financial year ended March 31, 2021 relating to the acquisition of capital assets.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer hardware and software	\$ 56,411	\$ 26,291	\$ 30,120	\$ 43,029
Furniture and equipment	69,262	25,866	43,396	54,245
Integrated assessment system	1,956,369	1,850,979	105,390	150,557
Buildings	1,091,919	434,801	657,118	668,324
Land	208,221	-	208,221	208,221
Mobile assessor	249,808	36,730	213,078	73,461
	<u>\$ 3,631,990</u>	<u>\$ 2,374,667</u>	<u>\$ 1,257,323</u>	<u>\$ 1,197,837</u>

MUNICIPAL ASSESSMENT AGENCY INC.
Notes to Financial Statements
Year Ended March 31, 2021

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Accounts payable	\$ 100,185	\$ 113,079
Accrued wages payable	21,152	146,403
Accrued professional fees	14,500	90,129
Other	1,884	5,824
Employee expenses payable	3,302	13,271
Appeal fees	3,575	27,575
	\$ 144,598	\$ 396,281

7. ACCRUED VACATION PAY

	2021	2020
Vacation pay		
Opening balance	\$ 273,617	\$ 236,750
Vacation paid out	(31,337)	(1,516)
Current year expense	76,557	41,083
	318,837	276,317
Closing balance		

MUNICIPAL ASSESSMENT AGENCY INC.
Notes to Financial Statements
Year Ended March 31, 2021

8. COMMITMENTS AND CONTINGENCIES

The Agency has a lease for office space in Corner Brook, Newfoundland and Labrador. The term of the lease is 5 years, starting December 1, 2019 and ending on December 1, 2024. The monthly rental fee is \$4,605. Future minimum lease payments total \$147,895 and include the following payments over the next years: 2022 - \$55,528; 2023 - \$55,528; 2024 - \$36,839.

The Agency has a lease for office space in Clarenville, Newfoundland and Labrador. The term of the lease is 3 years, starting November 1, 2018 and ending October 31, 2021 with the option to renew at the same rate for 3 years. The monthly rental fee is \$475. Future minimum lease payments total \$3,325 and include the following payments over the next year: \$3,325.

The Agency has a lease for office space in Spaniard's Bay, Newfoundland and Labrador. The term of the lease is 3 years starting December 31, 2018 and ending on November 30, 2021. The monthly rental fee is \$550. Future minimum lease payments total \$4,400 and include the following payments over the next year: 2022 - \$4,400.

The Agency has a lease for office space in Conception Bay South, Newfoundland and Labrador. The term of the lease is three years starting July 1, 2019 and ending June 30, 2022. The monthly rental fee is \$450. Future minimum lease payments total \$1,350 and include the following payments over the next year: 2022 - \$1,350.

The Agency has a six year agreement expiring December 31, 2024 with a service provider for their Mobile Assessor application hosting. The remaining minimum annual payments in US dollars total \$213,449 and include the following payments over the next years: 2022 - \$77,618; 2023 - \$77,618; 2024 - \$58,213.

The Agency has a one year agreement expiring December 31, 2021 with a service provider for the provision of annual maintenance, support and hosting for its Integrated Assessment System and licensing fees. The remaining payments in US dollars under this agreement are \$98,179 and include the following payments over the next year: 2022 - \$98,179.

The Agency has prepared valuations which are subject to litigation to which the Agency has been included as a third party defendant. These claims could be considered 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. COVID-19

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

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

MUNICIPAL ASSESSMENT AGENCY INC.
Notes to Financial Statements
Year Ended March 31, 2021

10. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$73,460 has been made and comparative amounts have been restated to capitalize amounts previously expensed in 2019 related to the Agency's Mobile Assessor project. Previously reported assets and unrestricted net assets were understated. The impact on the financial statements is to increase capital assets by \$73,460 with a corresponding increase to April 1, 2020 unrestricted net assets of the same amount.

MUNICIPAL ASSESSMENT AGENCY INC.
Office and Administration
Year Ended March 31, 2021

(Schedule 1)

	2021	2020
EXPENSES		
Premises and equipment	\$ 98,203	\$ 93,320
Repairs and maintenance	90,643	65,575
Telephone	74,592	55,122
Professional fees	67,061	110,774
Office supplies	32,709	46,433
Utilities	31,529	34,606
Insurance	29,791	28,423
Purchased services	19,275	45,330
Interest and bank charges	4,077	2,944
Exchange loss	2,725	3,281
Bad debt expense	2	1,295
	\$ 450,607	\$ 487,103

See notes to financial statements

APPENDIX A - CUSTOMER SATISFACTION SURVEY RESULTS

Customer Satisfaction Survey Results

Municipal Assessment Agency
2020-2021

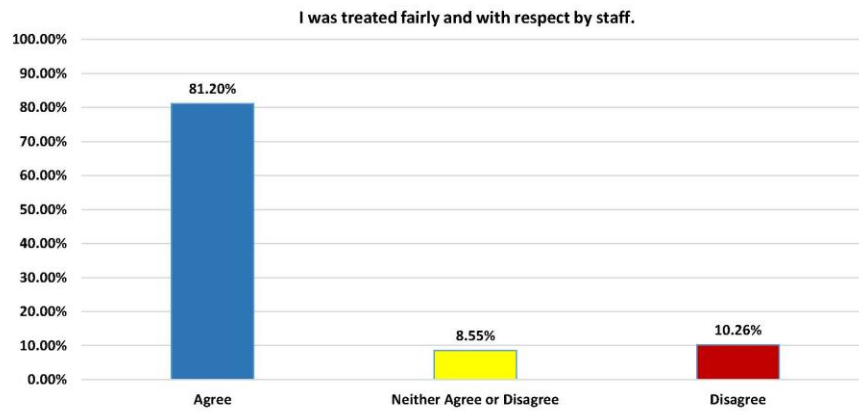
Methodology

- 450 property owners were selected at random out of 1454 individuals who inquired about their 2021 assessment notice received in 2020
- Individual surveys were mailed February 18, 2021, along with a self-addressed, pre-paid envelope
- 5 surveys were undeliverable; 6 surveys were incomplete
- 117 responses (26.65% response rate)

1

Question 1

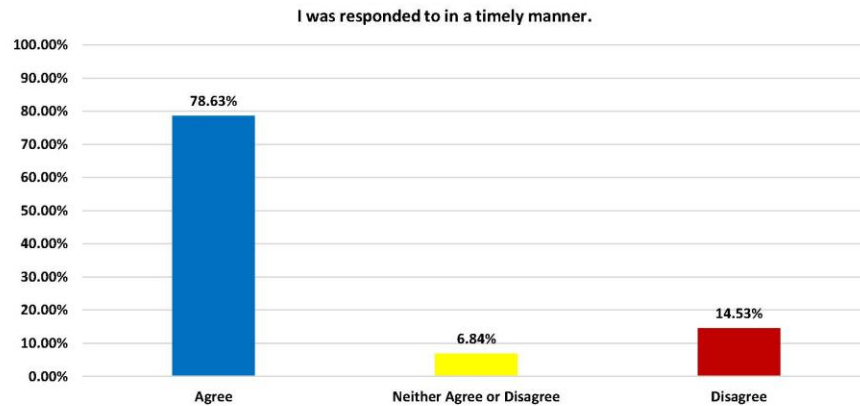
I was treated fairly and with respect by staff.



2

Question 2

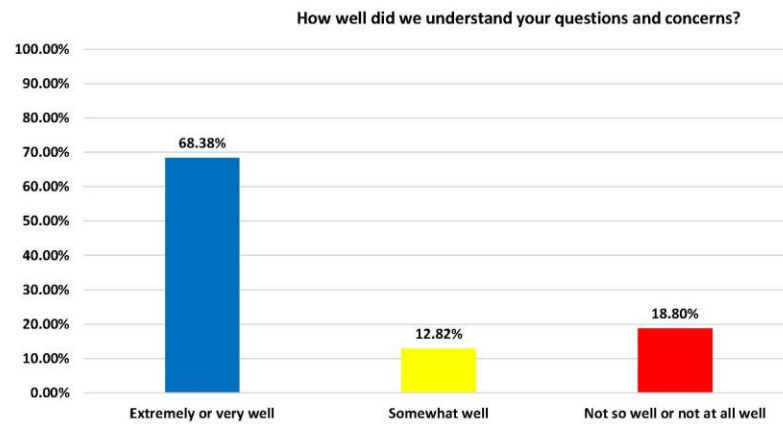
I was responded to in a timely manner.



3

Question 3

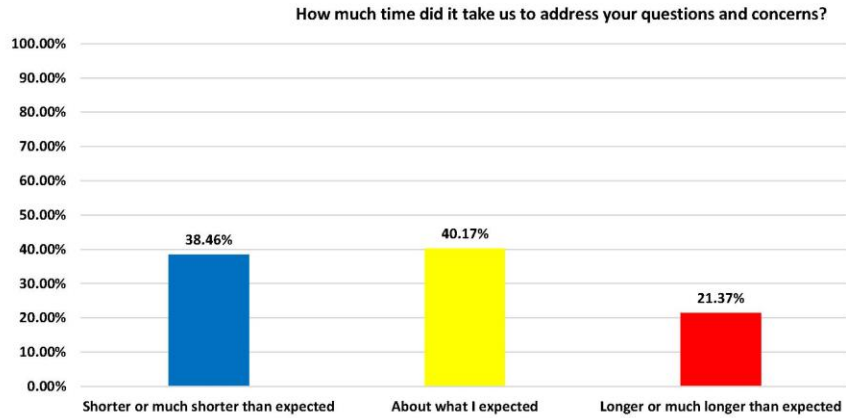
How well did we understand your questions and concerns?



4

Question 4

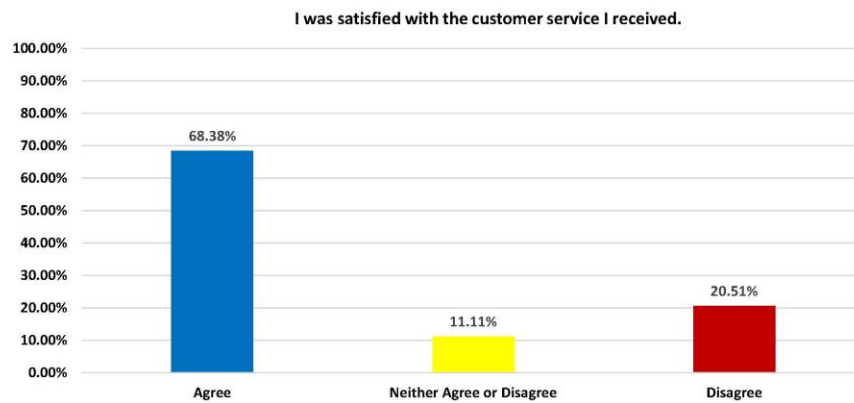
How much time did it take us to address your questions and concerns?



5

Question 5

I was satisfied with the customer service I received.



6

END

APPENDIX B - CLIENT SURVEY RESULTS

Client Survey Results

Municipal Assessment Agency
2020-2021

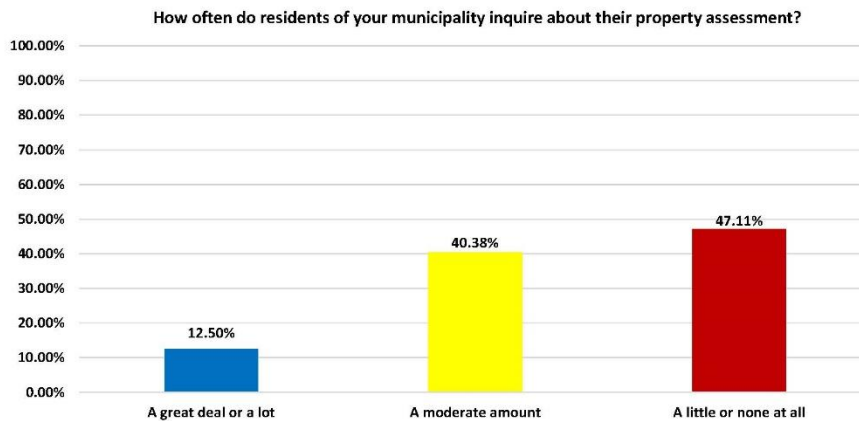
Methodology

- Online survey (SurveyMonkey)
- 230 invitations issued by email on February 19, 2021
- Questions 1 and 2: Closed-ended questions
- Questions 3 and 4: Open-ended questions
- 104 responses (45.61% response rate)
- Results from survey of municipal administrators to better understand the types of inquiries council receives from residents regarding their property assessment.
- Administrators who completed the survey by March 26th were entered to win a \$50 Irving gas card.

1

Question 1

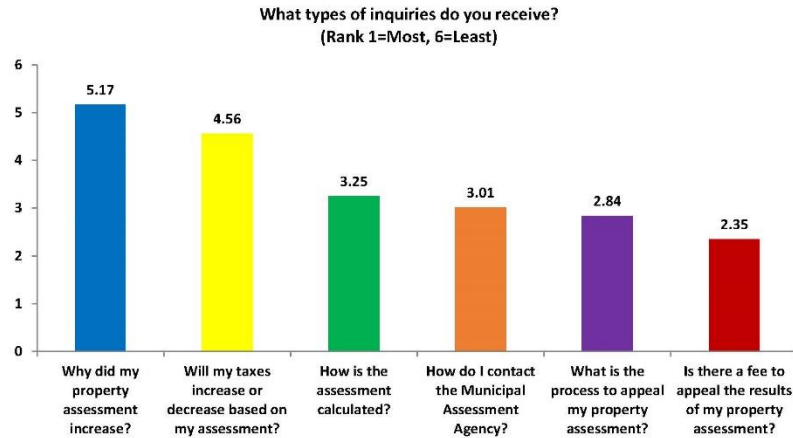
How often do residents of your municipality inquire about their property assessment?



2

Question 2

What types of inquiries do you receive? (Rank 1=Most; 6=Least)



3

Question 3: Open-ended Responses

Provide other types of inquiries not listed in Question 2 that would be helpful for the Municipal Assessment Agency to know.

- Mostly revolve on how the value is arrived at, and that only comes up when there is a change in property taxes.
- Most people want a breakdown of their building value and land value as it was in the past.
- If the assessment went up, most residents wondering why it went up.
- The value of their land and the value of their house.
- How did my assessment increase if I have never upgraded anything since I purchased or built the home.
- Citizens ask why the property assessment shows only one amount. They would like to know how much the land is worth and how much the building is worth.
- Want to know the assessed value of buildings and land separately. Not combined.
- People don't understand why their assessment goes up when they have not done any improvements.
- What property they are paying for.

4

Question 3 (continued)

- Does the MAA have any information on my property, e.g. survey?
- What is my frontage and what does it mean? What is my land value and why is it no longer on my assessment notice or on the roll?
- If I do work to my house, will my taxes go up? My house is not done up inside.
- People often ask what their frontage is listed as and how old their house is?
- How often does someone come to assess the properties?
- The one question we receive often is “Why/how was my property assessed if I never made changes to my property?”
- Some still like to see their land and property with a defined value instead of one taxable assessment.
- We really don't get any inquires about the assessment.
- Acknowledge that an assessor was visiting the property (flyer in door). A lot of times people say they didn't see anyone.
- Individuals look for details on assessment such as land size.
- Information regarding the sub-dividing of property.

5

Question 3 (continued)

- Comments about the assessors on the properties.
- How the tenant portion is derived.
- Do you have a copy of my survey/land border?
- How is assessment calculated on a re-evaluation year?
- Why have some properties assessments increased and others are lower when no one looked at my property?
- Information regarding property boundaries. How they assess properties and how often.
- How often is property assessments carried out? What sort of things increase/decrease property value?
- Nothing to add.
- Who are the commercial and residential assessors in our area?
- Above list covered most inquiries.
- We recently have a lot of residents inquiring about getting civic numbers for their properties. There are a few roads here that currently have no numbering.
- Why did my assessment go up when I didn't make changes to my property?

6

Question 3 (continued)

- How do MAA know what to assess on my house when they have never been there?
- Why is my house assessed at so much just because I am in a certain area in town?
- Sometimes they ask why the amount varies from year to year when the mil rate is the same.
- Do the assessment officer have to come into my house?
- How is my home assessed when they don't see anyone from Municipal Assessment?
- Everything covered.
- What is the breakdown of assessment (land and dwelling)?
- One of the questions frequently asked is how big the customer's property is but we don't have that info.

7

Question 4: Open-ended Responses

We would love to hear from you. If you have suggestions on how we can enhance the information available or our customer service to residents, please provide.

- It would be useful for property owners to know a little more about the process on how value is arrived at.
- Going back to the breakdown in land and building values would be great.
- Provide a pamphlet to towns to provide to residents when sending out tax bills each year, especially since COVID-19 came about. Most people are not coming into town halls like they used to and doing everything over the phone, etc. and not everyone has access to the Internet.
- Assess value of buildings and land separately.
- Provide an explanation as to why there is a difference in their value. For e.g. explain how the sales in their area affects their property value.
- The old system that shows the value of house and land needs to come back; too evasive with only one value.
- I feel that the service is very good. Easy to find someone to help.
- When sending out assessments, explain in more detail why their assessment went up or down.

8

Question 4 (continued)

- As a municipality, we get the land value separate from the improvement value on the MAA import, but the hard copies of assessment roll or supps does not have it separated. Should both be the same due to receiving the supps with a whole assessed value and due to our system then having a broken down value and therefore we cannot identify on the supps where to make the value change on our system. Also we receive the frontages when the roll is imported but we no longer receive frontage changes if applicable and therefore our system does not always match what the resident's actual frontage is if it got changed due to a supplementary assessment.
- My personal opinion is when sending the assessments to residents if there is an increase in the value of their property then give a reason for it so they don't need to contact our office or yours. An explanation would save them the trouble. Also, a longer deadline to appeal. Some people don't check their mail often, or they work away, etc. The timeframe to appeal is not long enough to be fair to them.
- I would like to see the land value and the assessed value of the property listed separately in the Roll book as before. As well, I think the frontage should be listed in the Roll book too.
- Super friendly company to deal with.

9

Question 4 (continued)

- Provide what the assessment is based on.
- I know that cost is important to us all, but maybe you could provide a once a year update that we could publish on our website and Social Media pages directly for resident information.
- More timely updates on having properties assessed.
- Perhaps when a house is being reassessed, prior contact can be made to the property owner so they will be aware that their property will be visited and assessed.
- I already have very positive experiences with the Municipal Assessment Agency in regards to customer service. Any issues/inquiry, I always contact Troy Bragg and he has always been quick to answer and help.
- Love the annual reviews instead of every 3 years but still do not like that the roll is only a total assessment given now and not the breakdown of land and building.

10

END