



Municipal  
Assessment  
Agency Inc.

2019-20

# Annual Report



# BOARD OF DIRECTORS

MARCH 31, 2020

Chairperson            **Mayor Dean Ball**  
Deer Lake

Vice-Chairperson    **Mayor Elizabeth Moore**  
Clarke's Beach

## MUNICIPAL REPRESENTATIVES

Labrador            **Councillor Deb Barney**  
L'Anse au Loup

Western            **Mayor Dean Ball**  
Deer Lake

Central            **Mayor Jason Roberts**  
Triton

Eastern            **Mayor Paul Pike**  
St. Lawrence

Avalon            **Mayor Elizabeth Moore**  
Clarke's Beach

Urban            **Councillor Peggy Roche**  
Torbay

## MUNICIPALITIES NEWFOUNDLAND AND LABRADOR REPRESENTATIVE

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

## PROFESSIONAL MUNICIPAL ADMINISTRATORS REPRESENTATIVE

**Ms. Connie Reid**  
Treasurer, PMA  
Reidville

## TAXPAYER REPRESENTATIVES

**Mr. Gerald Thompson**  
Grand Falls-Windsor

**Ms. Carol Ann Smith**  
Torbay

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# MESSAGE FROM THE CHAIRPERSON

On behalf of the Municipal Assessment Agency Incorporated, I have the pleasure to submit our annual report and the financial statements for the April 1, 2019 to March 31, 2020 fiscal year.

The **Assessment Act, 2006** establishes the Municipal Assessment Agency (the 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 228 municipalities, we are pleased to support local government in providing valuable service to the people of our province.

This is the final year of our business plan for 2017-20 in accordance with the requirements of the **Transparency and Accountability Act**. We will report on the results of our three year goal, as well as our objectives for 2019-20. Next year will mark the beginning of a new planning cycle and a new business plan has been introduced for 2020-23.

Communication with stakeholders was identified as the key priority issue of the Agency for the April 1, 2017 to March 31, 2020 planning period. The goal identified for this issue reflects the results expected at the end of the three-year timeframe, while the objectives provide annual benchmarks.

In planning and conducting our work, the Board considered the strategic directions of government, key questions such as how this issue affected our primary clients, whether or not resolving this issue would provide us with the desired "output," as well as identifying the benefit that addressing this issue would provide to our programs and services. These are all critical questions that get to the very core of what we identified as our mission as an Agency.

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

We will continue to fulfill our mandate and look forward to meeting future challenges.

Sincerely,



**Dean Ball**  
Chairperson, Board of Directors

# CORPORATE OVERVIEW

## OUR 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.

This vision statement captures the essence of what the Agency strives for on a daily basis in its interactions with its many different stakeholders.

## MANDATE

The **Assessment Act, 2006** establishes the Municipal Assessment 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 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](http://www.assembly.nl.ca/Legislation/sr/statutes/a18-1.htm)

The Agency is limited by its incorporating documents, to the following:

- Assessment activities as per the **Assessment Act, 2006**.
- Providing and selling
  - Data and assessment information
  - Property inspections
  - Valuation services to all levels of the Crown, including municipalities
- Consultation and taxation services

## REVENUE AND EXPENDITURES

The Municipal Assessment Agency is a “not for profit” entity, with returns used only to further the activities of the Agency on behalf of its clients.

The excess of revenue over expenses for the past year was \$ 47,408, a decrease from last year's \$312,299. The Board reduced the fee for service to \$26 per assessment (down from \$27), effective January 1, 2019. This result reflects a full year impact of the reduced fee structure.

## GOVERNANCE

The Agency is a Crown-owned corporation which is governed by a ten-member Board of Directors. The board includes: six representatives who are elected by client municipalities; a representative of Municipalities Newfoundland and Labrador; a representative of the Professional Municipal Administrators; and two taxpayer representatives.

Board elections are scheduled every four years following the municipal elections. Six municipal representatives are elected by a mail-in ballot. One director is appointed by the Professional Municipal Administrators and one by Municipalities Newfoundland and Labrador. 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, 2020, is listed on the inside cover of this report.

# CORPORATE OVERVIEW

## 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.
- Sale of assessments and assessment related information, primarily through electronic means and within the limitations set by law, as well as interest earned. The primary clients for this service are realty or financial service providers, as well as private interests. This activity generates the remaining 2 per cent of the Agency's revenues.

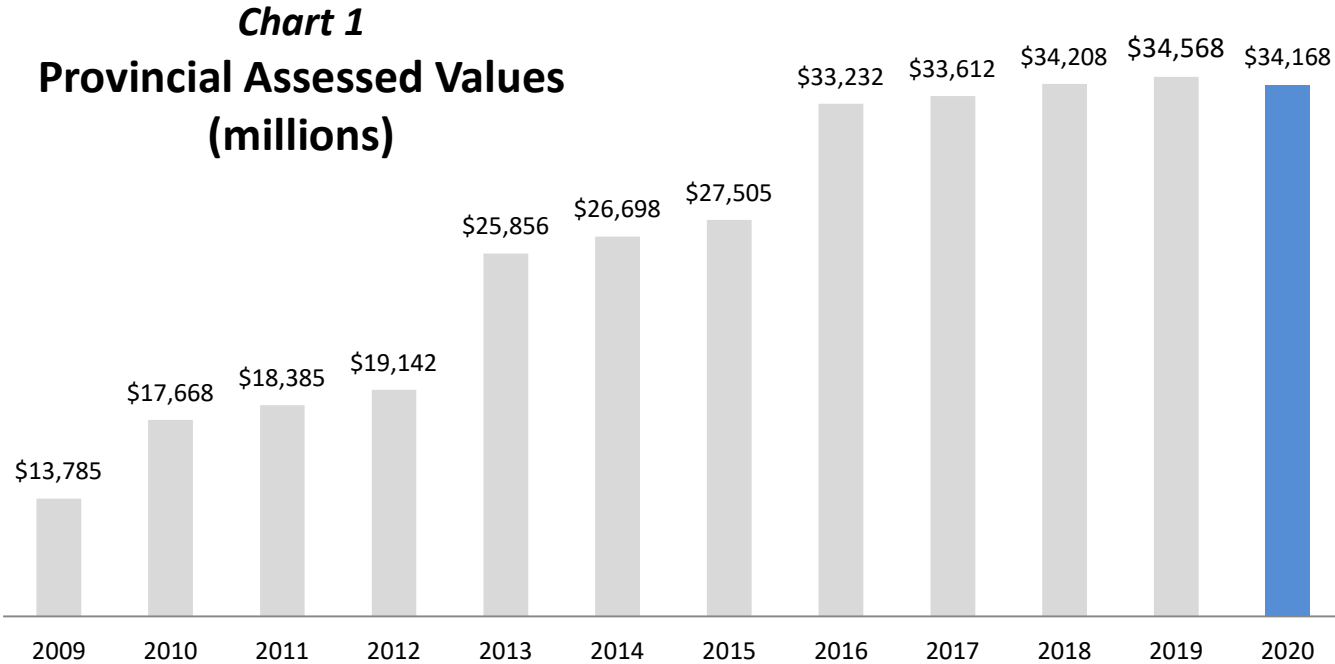
## KEY STATISTICS

**Permanent staff: 53** (30 male and 23 female)

**Office locations: 10**

**Total value of property assessed by the Agency: \$ 34,168,000,000<sup>1</sup>** (Chart 1)

**Number of land parcels: 193,931**



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

# CORPORATE OVERVIEW

## VALUES

The core values of the Municipal Assessment Agency are the principles upon which the Agency operates and are at the core of every decision the Board of Directors makes. The Agency’s values were carefully reviewed and shared with the senior management team as part of its business plan update.

**Accuracy & Reliability** The Agency places incredible importance on the validity of its data and the property values we provide.

**Uniformity** Above all else, the same consistent and rigorous process is applied in determining each and every property value.

**Effectiveness** The Agency strives for more than efficiency, the Board seeks to uphold the highest standards of best practice and be a results driven organization.

**Honesty & Transparency** It is important that the work of the Agency be completely open and defensible and able to withstand the highest standards of scrutiny.

**Vision & Innovation** The Municipal Assessment Agency is committed to seeking out the very best in assessment practices, and is open to new and exciting ideas and approaches in carrying out its work.

**Respectfulness** As an organization that interacts with stakeholders on a daily basis, we are committed to ensuring we are always respectful of people, the valuation process, and opposing points of view.

**Collaboration** We are committed to working together, forging strong partnerships, and building a strong team of dedicated and knowledgeable professionals.

# CORPORATE OVERVIEW

## MANAGEMENT DIRECTORY

Vice President Valuation  
*Don Hearn*

Residential Manager  
*Vacant*

Human Resources Manager  
*Kelly Smith*

Director of Operations  
*Jennifer Quilliam*

Director Data & Field Services  
*Terry Peckham*

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 20051, Station Main  
Corner Brook NL A2H 7J5  
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) 292-3191 Fax: (709) 292-1171

### Deer Lake

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



# HIGHLIGHTS 2019-20

The primary focus of the Agency is the provision of a quality assessment service and the maintenance of positive relations with its clients and ratepayers. Within this focus, we recognize and support the role of employees as advocates for clients in supporting the Agency to be able to provide the best possible service at every opportunity.

## ASSESSED VALUES

In June 2019, the Agency delivered a valuation update in accordance with the Assessment Act, 2006. Valuations across the province were relatively flat with small decreases and increases across the board.

- Minimal change in values
  - Total assessed value decreased by 1.1%
  - Market value declined by 0.2%
  - Residential values declined 2.46% on average
- Increases represented by
  - Commercial sector
  - New construction
  - Review of historic trends in areas with little sales activity

Staff continued to conduct site reviews of existing and new property, with more than 26,000 property reviews completed during the 2019 calendar year. These reviews were

triggered by property sales, assessment appeals, new construction and renovations, and our quality assurance program (see Chart 2 below).

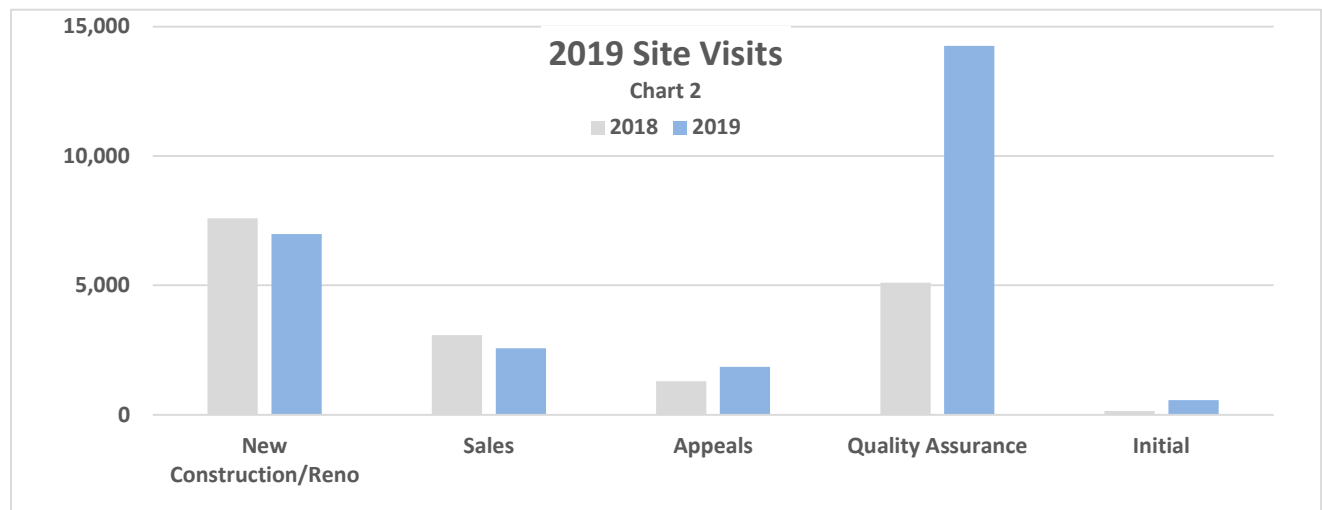
A new valuation will be delivered in June 2020 and an updated valuation will be delivered every year thereafter.

## LEGISLATIVE CHANGES

In December 2018, the Assessment Act, 2006 was amended to provide for annual assessments (excluding the City of St. John's) beginning for tax year 2021. In addition the appeal period will be extended to sixty days from the current thirty days.

## CLIENT RELATIONS

Through our training sessions and presentations, we have engaged municipal officials in the assessment process. Our training sessions are offered on a regional basis. The Agency's Board also engages with local officials across the province. During the past year, sessions were held in Deer Lake, Grand Falls Windsor, St. John's, and St. Anthony. There were 140 attendees in total, representing 61 municipalities.



# REPORT ON PERFORMANCE

In consideration of the mandate and financial resources of the Agency, we have identified the following area as the key priority of the Agency for this planning cycle:

- Communications, including the broad spectrum of interactions and sharing of information, data, and ideas that applies to every facet of our organization – internally and externally.

Our focus will be on improving our communications with our external clients.

- The first (and greatest) challenge is raising awareness about the work we do, the processes we apply in establishing real property values, and the timelines that are established to carry out our work;
- how we communicate regularly with our clients on an ongoing basis;
- communications with our Board of Directors;
- consistency of our messages to our clients and to the public;
- how we might integrate social media.

## Goal:

By the end of this business plan (March 31, 2020), the Municipal Assessment Agency will improve awareness and stakeholder understanding of the assessment process.

## Indicators:

- held frequent information & training sessions for municipal employees;
- conducted public awareness activities about the work of the Agency;
- provided frequent opportunities for feedback as a means to improve services to our clients;
- prepared a simplified overview (and other educational materials) outlining the work of the Municipal Assessment Agency;
- provided frequent interaction between management staff and the Board of Directors of the MAA;
- used various forms of communications (and technologies);
- prepared frequent communiqués and updates from the Agency to provide more accurate and defensible information to help increase community sustainability.

During the past year, the Agency identified opportunities to improve transparency of the assessment process and developed a strategy to better integrate assessment services with municipal clients. Our communication strategy will highlight the improved transparency measures and integration initiatives. The strategy will focus on engagement with key stakeholders (municipal administrators, elected officials, and property owners). The strategy is aimed at improving public understanding of the Agency's role in the assessment process.

This is the third and final year of our business plan for 2017-20, and, in accordance with the requirements of the **Transparency and Accountability Act**, we will report on the results of our objectives for 2019-20 fiscal year, followed by the results for this planning period (2017-2020).

# REPORT ON PERFORMANCE

## Issue:

### Communications

#### Objective

Before the end of the planning cycle (March 31, 2020), the Communications Strategy will be operational and fully implemented by the Municipal Assessment Agency.

#### Indicators:

- Agency’s website reflected the communications strategy;
- Staff trained in delivery of key messages;
- Increased training sessions for municipal administrators and officials;
- Increased communications with ratepayers when assessed values have changed;
- Increased communications with municipal officials prior to the publication of assessment results;

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.

Property tax revenue is the major source of funding for local government in Canada and provides a stable base for funding municipal government. It is important municipal officials understand the assessment process and have the information necessary to accurately inform local residents and make the required financial decisions.

<b>Objective – 2019/20</b>	
<b>Before the end of the planning cycle (March 31, 2020), the Communications Strategy will be operational and fully implemented by the Municipal Assessment Agency.</b>	
<u>Indicator</u>	<u>Result</u>
Agency’s website will reflect the communications strategy;	<ul style="list-style-type: none"> <li>• Website revised to include immediate “need to know” window</li> <li>• On-line appeal processing initiated</li> <li>• Updated contact information and expectation for response</li> </ul>
Staff trained in delivery of key messages;	During the year, the Agency: <ul style="list-style-type: none"> <li>• Staff trained in responding to property owners and municipalities:</li> <li>• A script was developed and used by staff as a guide when responding to enquiries.</li> <li>• A single point of contact was developed to ensure timely response to both email and telephone enquires.</li> <li>• Guidelines were developed and staff trained in responding to property owners and municipal enquiries.</li> </ul>

# REPORT ON PERFORMANCE

<p>Increased training sessions for municipal administrators and officials</p>	<p>The Agency has identified the following opportunities to better provide assessment information with municipalities:</p> <ul style="list-style-type: none"> <li>• Collaborated with Municipalities Newfoundland and Labrador at its conferences and meeting.</li> <li>• Participated in the “Town Hall” session at MNL</li> <li>• Partnered with the Professional Municipal Administrators annual and fall meetings.</li> <li>• Worked with an advisory committee of municipal administrators to develop new opportunities to improved integration.</li> <li>• Participated in the meetings of regional council meetings, including delivery of presentations on the impact of changes of assessed values.</li> <li>• Offered ten extra training sessions and expanded the reach to more than 200 municipal councils.</li> </ul>
<p>Increased communications with ratepayers when assessed values have changed;</p>	<ul style="list-style-type: none"> <li>• Developed an insert to accompany the assessment notice that highlights the changes in assessed values.</li> <li>• Improved timeliness of data published to the Agency’s website.</li> <li>• Improved response times to ratepayer questions.</li> <li>• Developed of tracking tool for all ratepayer enquires.</li> <li>•</li> </ul>
<p>Increased communications with municipal officials prior to the publication of assessment results;</p>	<ul style="list-style-type: none"> <li>• Wrote a summary of the assessment results at least one month prior to the publication of assessed values.</li> <li>• Participated in the meetings of regional council meetings, including delivery of presentations on the impact of changes of assessed values.</li> </ul>

The Agency has implemented its communications strategy and looks forward to seeing the impact of its improved communications with stakeholders.

As this is the final year of our planning period, the Agency will also report on its goal for the planning period (2017 to 2020).

## REPORT ON PERFORMANCE

<b>Goal 2017-2020</b>	
<b>By the end of this business plan (March 31, 2020), the Municipal Assessment Agency will improve awareness and stakeholder understanding of the assessment process.</b>	
<b><u>Indicator</u></b>	<b><u>Result</u></b>
<b>Frequent information &amp; training sessions for municipal employees</b>	<p>The Agency has identified and committed to the following opportunities to better provide assessment information with municipalities:</p> <ul style="list-style-type: none"> <li>• Collaborated with Municipalities Newfoundland and Labrador at its conferences and meeting.</li> <li>• Participated in the “Town Hall” session at MNL</li> <li>• Partnered with the Professional Municipal Administrators annual and fall meetings.</li> <li>• Worked with an advisory committee of municipal administrators to develop new opportunities to improved integration.</li> <li>• Participated in the meetings of regional council meetings, including delivery of presentations on the impact of changes of assessed values.</li> <li>• Offered ten extra training sessions and expanded the reach to more than 220 municipal councils.</li> </ul>
<b>Public awareness about the work of the Agency</b>	<p>During the planning period , the Agency made a number of changes, including:</p> <ul style="list-style-type: none"> <li>• Improved timeliness of data published to the Agency’s website</li> <li>• Delivered ahead of schedule assessment data – Traditionally, assessment notices have been delivered in October annually. Early delivery of notices allows the property owner to consider the value of the property separately from the tax implication imposed by the municipality</li> <li>• Improved response times to ratepayer questions.</li> <li>• Developed a tracking tool for all ratepayer enquires.</li> <li>• Improved visibility of the Agency staff when conducting field visits by adopting enhanced vehicle signage, high visibility door hangers, and high visibility vests for Agency staff.</li> <li>• Partnered with municipalities to inform ratepayers when staff are working in the area.</li> </ul>
<b>Frequent opportunities for feedback as a means to improve services to our clients</b>	<p>The Agency has identified and implemented the following opportunities to obtain feedback:</p> <ul style="list-style-type: none"> <li>• Met with municipalities prior to the release of new assessments.</li> <li>• Created of an advisory committee of municipal administrators to develop new opportunities to improved feedback.</li> <li>• Included an insert with the annual assessment notice that highlights the changes in assessed</li> </ul>

## REPORT ON PERFORMANCE

	<p>values and the opportunity to directly contact the Agency with concerns.</p> <ul style="list-style-type: none"> <li>• Participated in the “Town Hall” sessions at MNL</li> <li>• Held Board meeting with local councils as part of its regular business activity.</li> </ul>
<p><b>Preparation of a simplified overview (and other educational materials) outlining the work of the Municipal Assessment Agency;</b></p>	<p>During 2017-20 planning period, the Agency has:</p> <ul style="list-style-type: none"> <li>• Revised its “Guide to Property Assessment in Newfoundland and Labrador”, a user-friendly guide to our assessment procedures and the impact of property taxation.</li> <li>• Included an insert with the assessment notice that highlights the changes in assessed values. The insert identified the notice as a new valuation, highlighted the appeal and review procedures, encouraged property owners to contact the Agency, and advised that notices in future years would be delivered in June annually.</li> <li>• Developed specific sections on our website for property owners and another for municipal clients. Each tab contains clear and specific information about the work of the municipal assessment Agency.</li> <li>• Provided communications materials and education for all assessment staff in responding to public and municipal questions about the assessment process.</li> </ul>
<p><b>Frequent interaction between management staff and the Board of Directors of the MAA</b></p>	<p>In addition to management’s presentations and updates at the six regular meetings of the Board and its committees:</p> <ul style="list-style-type: none"> <li>• Management team provided monthly updates to the Board about the activities of the Agency and our progress toward our goal and objectives.</li> <li>• Prior to the production of the updated valuations, the management provided the Board with comparative results of the valuation.</li> <li>• Engaged in feedback with Board members to ensure that there is clear understanding of the impact of the changes in the assessed values.</li> </ul>
<p><b>Use of various forms of communications (and technologies);</b></p>	<p>New initiatives by the Agency during this planning period include:</p> <ul style="list-style-type: none"> <li>• Improved access to Agency data – Municipalities have been given free access to the Agency’s secure access data base. This allows municipalities to enquire on changes to their assessment rolls at the time of production of the annual and supplemental assessment rolls.</li> <li>• Improved our timelines for updating the public access site. This enables property owners to compare assessed values in their area prior to</li> </ul>

## REPORT ON PERFORMANCE

	<p>making enquiries to the Agency.</p> <ul style="list-style-type: none"> <li>• Make permanent the addition of an insert with the annual assessment notice. By including additional information with the assessment notice, the Agency can clarify the reasons for changes in the assessed value and highlight opportunities to engage with the Agency on questions about the assessment process.</li> <li>• Improved the visibility of the Agency’s staff when visiting property – The Agency has enhanced the visibility of staff by adopting roof top vehicle signage in addition to door signage, requiring the use of high visibility vests by staff and adopting “Assessor on Site” door hanger when staff are conducting property inspections.</li> <li>• Implemented a tracking system for all telephone and email questions to ensure an efficient follow up and allow for quality assurance auditing.</li> </ul>
<p><b>Frequent communiqués and updates from the Agency to provide more accurate and defensible information to help increase community sustainability.</b></p>	<p>The Agency has participated in the following opportunities to better provide assessment information with municipalities:</p> <ul style="list-style-type: none"> <li>• Collaborated with Municipalities Newfoundland and Labrador at its annual conferences and meeting.</li> <li>• Partnered with the Professional Municipal Administrators annual and fall meetings.</li> <li>• Participated in the meetings of regional council meetings, including delivery of presentations on the impact of changes of assessed values.</li> <li>• Held a staff briefing for municipalities on the impact of changes to the assessed values.</li> <li>• Corresponded to municipalities advising of the impact of the changes in the assessed values specific to each community.</li> <li>• Shared updates from the Board of Directors following each Board meeting.</li> </ul>

The accomplishments noted on the Agency’s three year goal were made possible by the work completed in each year of the three year planning period. Over the planning cycle, the Agency has striven to improve its communication with stakeholders and has implemented a diverse package of improvements. These changes, along with the legislative changes made by the Province, will improve the clarity of the assessment process for ratepayers and municipalities.

Next year is the beginning of a new planning period, April 1, 2020 o March 31, 2023. For this period the Agency has developed a new business plan that will focus on *transparency for ratepayers*.

*Transparency* - is operating in such a way that it is easy for others to see what actions are

## REPORT ON PERFORMANCE

performed. *Transparency* implies openness, communication, and accountability.

Communications – 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. Our focus will be on improving our transparency with ratepayers.

- Raising awareness regarding the work of the Agency, including processes and timelines;
- Reviewing our ongoing communication strategy with rate payers;
- Identifying opportunities to improve the transparency of the assessment process; and
- Creating consistent messaging for public.

### Goal

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

#### Indicators

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

### 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 rate payers;
- Collated results of engagement with rate payers;
- Established a baseline of data and information; and
- Identified key issues to address improved transparency and understanding.



# OPPORTUNITIES AND CHALLENGES

## CHALLENGES

The **Assessment Act, 2006** has been amended by the House of Assembly. As a result of the amendments:

- There will be a new assessment each year starting in 2020.
- The next reassessment will be completed in 2020 for taxation year 2021.
- The annual assessment roll must be completed by August 31.
- The appeal period will be 60 days from the date of the assessment notice.

In response to these changes, beginning in 2019, the Municipal Assessment Agency will:

- Deliver the annual assessment roll in June. This will allow the Agency to address appeals and other concerns prior to the municipal budget period.
- Complete new assessments each year beginning in 2020.
- Complete the next reassessment in 2020 for tax year 2021.
- Revise the assessment notice to reflect the sixty day appeal period.

The Agency welcomes these changes and accepts the challenge to deliver annual assessments in support of local government in Newfoundland and Labrador.

## OPPORTUNITIES

For our budget 2019-20, the Agency has reduced its fee of \$27 per assessment to \$26 per assessment. This is the third reduction in fees in the past five years and is representative of how the Agency is managing its overall costs. In recognition of the Province's directives, the Agency will continue to restrain our costs, while investing in technology to improve our efficiency.

The Agency has committed to utilizing technology to constrain costs and improve the assessment service. We will be expanding our integration of aerial imagery and have committed to electronic data collection. In addition, we are exploring partnerships with other assessment jurisdictions to standardize valuation procedures.

The Agency is partnering with its municipal clients to introduce technology at the municipal level that will allow for a more efficient assessment process.

**MUNICIPAL ASSESSMENT AGENCY INC.**  
**Financial Statements**  
**Year Ended March 31, 2020**

**MUNICIPAL ASSESSMENT AGENCY INC.**  
**Index to Financial Statements**  
**Year Ended March 31, 2020**

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# POWER & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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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, 2020, 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, 2020, 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.

(continues)

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- 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.

*(continues)*

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

*Other Matter*

The financial statements for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements dated June 4, 2019.

A handwritten signature in cursive script that reads "Pomeroy & Associates". The signature is written in black ink and is positioned to the right of the date and location information.

St. John's, Newfoundland and Labrador  
July 7, 2020

CHARTERED PROFESSIONAL  
ACCOUNTANTS

MUNICIPAL ASSESSMENT AGENCY INC.

Statement of Financial Position

March 31, 2020

**ASSETS**

CURRENT

Cash	\$ 529,065	\$ 549,690
Accounts receivable (Note 3)	191,701	153,549
Prepaid expenses	245,988	223,726
	<u>966,754</u>	<u>926,965</u>

RESERVE FUNDS (Note 4)	2,300,000	2,300,000
------------------------	-----------	-----------

TANGIBLE CAPITAL ASSETS (Note 5)	1,124,376	1,058,737
----------------------------------	-----------	-----------

	<u>\$4,391,130</u>	<u>\$4,285,702</u>
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**LIABILITIES**

CURRENT

Accounts payable and accrued liabilities (Note 6)	\$ 396,281	\$ 323,495
Accrued vacation pay (Note 7)	276,317	236,750
Accrued severance pay (Note 7)	-	41,015
Deferred income	4,895	18,213
	<u>677,493</u>	<u>619,473</u>

**NET ASSETS**

SHARE CAPITAL	<u>1</u>	<u>1</u>
	1	1

COLLABORATIVE INITIATIVE RESERVE FUND	400,000	400,000
---------------------------------------	---------	---------

TECHNOLOGY RESERVE FUND	600,000	600,000
-------------------------	---------	---------

OPERATING RESERVE FUND	1,300,000	1,300,000
------------------------	-----------	-----------

	<u>2,300,000</u>	<u>2,300,000</u>
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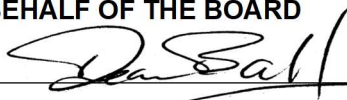
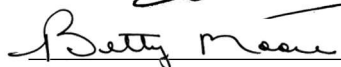
UNRESTRICTED FUND	1,413,636	1,366,228
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	<u>3,713,637</u>	<u>3,666,229</u>
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	<u>\$4,391,130</u>	<u>\$4,285,702</u>
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COMMITMENTS AND CONTINGENCIES (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, 2020**

	2020	2019
<b>REVENUES</b>		
Assessment services	<b>\$5,321,519</b>	\$5,452,509
Interest revenue	<b>65,567</b>	60,044
Valuation revenue	<b>53,882</b>	77,882
Municipal training	<b>2,680</b>	2,520
	<b>5,443,648</b>	5,592,955
<b>EXPENSES</b>		
Salaries	<b>3,147,584</b>	2,928,518
Benefits	<b>689,731</b>	654,053
Office and administration (Schedule 1)	<b>487,103</b>	532,348
Information technology	<b>332,308</b>	405,840
Travel	<b>275,970</b>	307,870
Printing and postage	<b>239,596</b>	231,071
Municipal Collaborative Initiative	<b>89,427</b>	20,000
	<b>5,261,719</b>	5,079,700
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING:</b>	<b>181,929</b>	513,255
Amortization of tangible capital assets	<b>92,597</b>	80,171
Provision for severance and vacation pay	<b>41,924</b>	120,785
	<b>134,521</b>	200,956
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 47,408</b>	\$ 312,299



MUNICIPAL ASSESSMENT AGENCY INC.

**Statement of Changes in Net Assets**

**Year Ended March 31, 2020**

	Balance, beginning of year	Excess of revenues over	Transfers	Balance, end of year March 31, 2020
Collaborative Initiative Fund (Note 4)	\$ 400,000	\$ (89,427)	\$ 89,427	\$ 400,000
Technology Fund (Note 4)	600,000	-	-	600,000
Operating Fund (Note 4)	1,300,000	-	-	1,300,000
Unrestricted Fund	1,366,228	136,835	(89,427)	1,413,636
	<u>\$3,666,228</u>	<u>\$ 47,408</u>	<u>\$ -</u>	<u>\$3,713,636</u>

## MUNICIPAL ASSESSMENT AGENCY INC.

**Statement of Cash Flows**  
**Year Ended March 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 47,408	\$ 312,299
Item not affecting cash:		
Amortization of tangible capital assets	92,597	80,171
	<u>140,005</u>	<u>392,470</u>
Changes in non-cash working capital:		
Accounts receivable	(38,154)	(39,349)
Prepaid expenses	(22,262)	(69,206)
Accounts payable and accrued liabilities	72,788	17,297
Employee receivable	-	(970)
Accrued severance pay	(41,015)	(583,253)
Accrued vacation pay	39,567	38,207
Deferred income	(13,318)	14,508
	<u>(2,394)</u>	<u>(622,766)</u>
Cash flow from (used by) operating activities	<u>137,611</u>	<u>(230,296)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	<u>(158,236)</u>	<u>(78,603)</u>
<b>DECREASE IN CASH</b>	<b>(20,625)</b>	<b>(308,899)</b>
Cash - beginning of year	<u>2,849,690</u>	<u>3,158,589</u>
<b>CASH - END OF YEAR</b>	<b><u>\$2,829,065</u></b>	<b><u>\$2,849,690</u></b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 529,065	\$ 549,690
Reserve funds	<u>2,300,000</u>	<u>2,300,000</u>
	<b><u>\$2,829,065</u></b>	<b><u>\$2,849,690</u></b>

## 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.

The outbreak of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown. For the year ended March 31, 2020, the governmental restrictions and measures have not impacted the Agency in a material way to date as its activities have been maintained. Management's estimates and judgments considered the uncertainties and economic implications of the COVID-19 pandemic on the Agency's operations and financial position and did not result in material impacts for the year ended March 31, 2020.

However, at the date of publication of these financial statements, while the Agency has been able to mitigate the short-term impact from the crisis without any significant impact, it is not possible to reliably estimate the length, severity and long-term impact the global pandemic may have on the Agency's financial results, conditions and cash flows.

## 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 bank balances.

*(continues)*

MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements Year

Ended March 31, 2020

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Tangible capital assets

Tangible 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%

Revenue recognition

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

Accrued severance pay

The Agency has stopped accruing severance to comply with the NAPE collective agreement that came into effect March 31, 2018 stating that there was to be no further accumulation of services for severance. The remaining amount of accrued severance has been paid out as at March 31, 2020.

Accrued vacation pay

Vacation is accrued for employees as entitlement is earned.

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.

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.

**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, 2020.

(continues)

**2. FINANCIAL INSTRUMENTS (continued)**

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, 2020, cash balances of \$2,896 ( 2019 - \$42,424) 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.

MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements Year

Ended March 31, 2020

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**3. ACCOUNTS RECEIVABLE**

	<u>2020</u>	<u>2019</u>
Trade receivables	<b>\$ 120,014</b>	\$ 71,465
HST recoverable	<b>56,636</b>	80,346
Employee receivable	<b>15,051</b>	1,738
	<b><u>\$ 191,701</u></b>	<b><u>\$ 153,549</u></b>

#### 4. 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, 2020 are \$1,300,000 (2019 - \$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. Amount of reserve funds at March 31, 2020 are \$600,000 (2019 - \$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, \$89,427 in funds were released by the Agency. Amount of reserved funds as at March 31, 2020 are \$400,000 (2019 - \$400,000).

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

MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements Year

Ended March 31, 2020

**5. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	<b>2020 Net book value</b>	2019 Net book value
Computer hardware and software	\$ 466,749	\$ 423,720	<b>\$ 43,029</b>	\$ 18,092
Furniture and equipment	292,379	238,134	<b>54,245</b>	40,959
Integrated assessment system	1,956,369	1,805,812	<b>150,557</b>	95,295
Buildings	1,076,075	407,751	<b>668,324</b>	696,170
Land	208,221	-	<b>208,221</b>	208,221
	<b>\$3,999,793</b>	<b>\$2,875,417</b>	<b>\$1,124,376</b>	<b>\$1,058,737</b>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2020</b>	2019
Accrued wages payable	<b>\$ 146,403</b>	\$ 107,455
Accounts payable	<b>113,079</b>	104,386
Accrued professional fees	<b>90,129</b>	43,641
Appeal fees	<b>27,575</b>	37,525
Employee expenses payable	<b>13,271</b>	22,884
Other	<b>5,824</b>	7,604
	<b>\$ 396,281</b>	<b>\$ 323,495</b>

**7. ACCRUED SEVERANCE AND VACATION PAY**

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

	<b>2020</b>	2019
Severance pay		
Opening balance	<b>\$ 41,015</b>	\$ 624,268
Severance paid out	<b>(41,856)</b>	(657,262)
Current year expense	<b>841</b>	74,009
Closing balance	<b>-</b>	41,015

(continues)



MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements Year

Ended March 31, 2020

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7. ACCRUED SEVERANCE AND VACATION PAY (continued)

Vacation pay		
Opening balance	236,750	198,543
Vacation paid out	(1,516)	(8,569)
Current year expense	41,083	46,776
	<u>276,317</u>	<u>236,750</u>
Closing balance		

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 \$202,614 and include the following payments over the next years: 2021 - \$55,258; 2022 - \$55,258; 2023 - \$55,258; 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 \$9,205 and include the following payments over the next years: 2021 - \$5,700; 2022 - \$3,325.

The Agency has a lease for office space in Grand Falls-Windsor, Newfoundland and Labrador. The term of the lease is 3 years starting on February 1, 2020 and ending on January 31, 2023. The monthly rental fee is \$841. Future minimum lease payments total \$28,594 and include the following payments over the next years: 2021 - \$10,092; 2022 - \$10,092; 2023 - \$8,410.

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 \$11,000 and include the following payments over the next years: 2021 - \$6,600; 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 \$6,750 and include the following payments over the next years: 2021 - \$5,400; 2022 - \$1,350.

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.

**MUNICIPAL ASSESSMENT AGENCY INC.**

**Notes to Financial Statements Year**

**Ended March 31, 2020**

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**9. COMPARATIVE FIGURES**

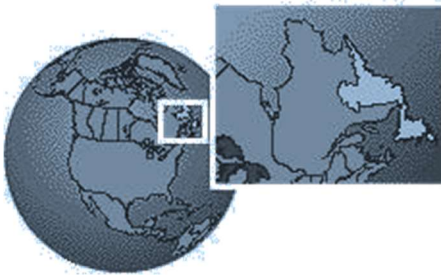
Certain prior period amounts have been reclassified to conform to the current period's presentation. These reclassifications had no effect on the reported results of the Agency.

**Office and Administration**  
**Year Ended March 31, 2020**  
*(Unaudited)*

*(Schedule 1)*

	<b>2020</b>	2019
<b>EXPENSES</b>		
Professional fees	<b>\$ 110,774</b>	\$ 132,193
Premises and equipment	<b>93,320</b>	103,575
Repairs and maintenance	<b>65,575</b>	67,090
Telephone	<b>55,122</b>	65,633
Office supplies	<b>46,433</b>	47,067
Purchased services	<b>45,330</b>	56,143
Utilities	<b>34,606</b>	34,180
Insurance	<b>28,423</b>	27,332
Exchange loss (gain)	<b>3,281</b>	(3,583)
Interest and bank charges	<b>2,944</b>	2,204
Bad debt expense	<b>1,295</b>	514
	<b><u>\$ 487,103</u></b>	<b><u>\$ 532,348</u></b>

See notes to financial statements



Municipal Assessment Agency Inc.

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