



Municipal Assessment
Agency Inc.

ANNUAL REPORT
2010 – 2011

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LETTER OF TRANSMITTAL



August 31, 2011

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

Dear Minister:

On behalf of the Municipal Assessment Agency Incorporated, I have the pleasure to submit our annual report and the financial statements for the year ended March 31, 2011.

The Assessment Act, 2006 establishes the Municipal Assessment Agency as the entity which provides real property assessment services to municipalities. Municipalities in Newfoundland and Labrador (excluding the City of St. John's) which impose a real property tax or a business tax based on property values, use the services of the Agency. The Municipal Assessment Agency is a not for profit entity, with any returns used only to further the activities of the Agency. As the entity responsible for providing a fair and effective property assessment service to 226 municipalities, we are pleased to support local government in providing valuable service to the people of our province, and our board of directors is accountable for the results reported in this document. The board's continuing commitment to openness and transparency, key components of an effective property tax system, is demonstrated by this report.

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

Sincerely,

Fred Best

Fred Best
Chairperson, Board of Directors

CORPORATE OVERVIEW

Our Vision

The vision of the Municipal Assessment Agency is of a professional organization meeting the property assessment and valuation needs of our clients in an effective and cost-efficient manner.

Meeting the assessment and valuation needs of our clients is the primary objective within the vision statement. It is also important to understand the need to constrain the vision statement within the means available. The assessment service must be cut to fit the means of the municipalities.

Our Mission

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

Lines of Business

The Agency has a single line of business - property assessment and valuation, and it is not anticipated that this will change throughout the identified planning cycle. The Agency's line of business is a reflection of our incorporating documents and is summarized as follows:

- Assessment of real property (land and improvements) provided to municipal units (excluding the City of St. John's) 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.
- Valuation of real property provided to client municipalities and government entities for a variety of reasons. These valuations differ from assessments in that the date for the

opinion of value will vary. This service is provided for a fee and revenues generated are used to support the assessment service.

- Sale of assessments and assessment related information, primarily through electronic means and within the limitations set by law. The primary clients for this service are realty or financial service providers, as well as private interests.

Mandate

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

Municipalities in Newfoundland and Labrador (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.

Governance

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

Board elections are scheduled every four years following the municipal elections. The last election was held in late 2009 and the next election will be held in late 2013.

Key Statistics

Permanent staff	61 (42 male and 19 female)
Office locations	11
Total assessed value	\$ 18,385 million
Number of parcels	178,312

OUR VALUES

Fair

We will provide opinions of value without bias

Transparent

We will be responsible for our actions and accountable to the public

Competent

We will encourage participation in continuing professional development and training at all levels within the Agency

Cooperative

We will actively seek alternate (client) opinions on our activities and report these opinions to direct our change process

Integrity

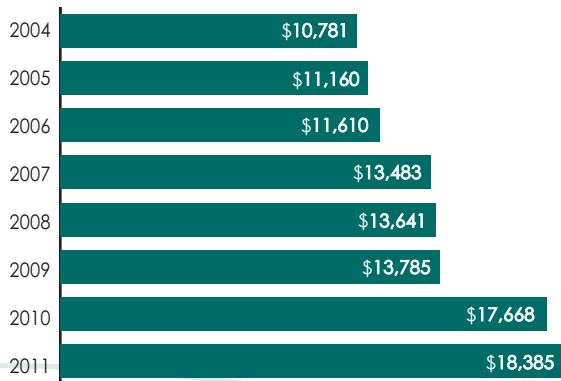
Employees and members of the board will act with integrity and, if in doubt, will seek appropriate guidance to ensure they perform their duties in an ethical and responsible manner

HIGHLIGHTS

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

ASSESSED VALUES

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

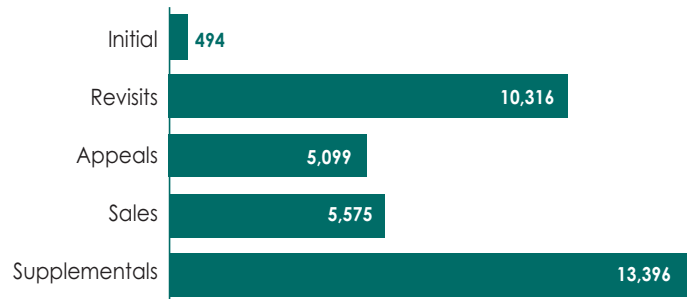


Between revaluations, the Agency continues to work to maintain its property data, collect sales information, and complete revisions to property data to reflect renovations. The number and value of the amendments to the property data through new construction and renovations has increased steadily in recent years. For 2010, the Agency added a record \$ 607 million in new construction and renovations. At a mill rate of 10, this represents an increase of more than six million in local property tax revenue.

BUSINESS PLAN

This is the final year of our business plan for 2008-11 in accordance with the requirements of the Transparency and Accountability Act. For this year, we will report on the results of our three-year goal, as well as our objective for the 2010-11 fiscal year. We will also report on the results of our Mission for the period April 1, 2007 to March 31, 2011, which was established in our 2007-08 business plan. Next year will mark the beginning of a new planning cycle and a new business plan will be introduced for 2011-14.

2010 PROPERTY INSPECTIONS BY TYPE



ISSUES

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

There was strong consensus that the four issues identified should form the basis of our business plan for the next three years, and these issues were prioritized in keeping with the principles identified in the Transparency and Accountability guidelines. We considered key questions such as how these issues affected our primary clients, and whether or not resolving these issues would provide us with the desired "output", as well as identifying the benefit that addressing these issues would provide to our programs and services. These are all critical questions that get to the very core of what we identified as our mission as an Agency.

ISSUE 1: TECHNOLOGY

The Agency provides services across the province using technology to contain costs and eliminate duplication. Through the use of appropriate technology, the Agency will contain costs and improve efficiency. We have met our goal for this planning cycle. With technology, such as GPS tracking, integration of Blackberry technology, and digital imaging, we have been able to meet the demands of our client municipalities, while maintaining our core staff complement. The demands of our clients and the need to improve productivity means we will continue to look for new opportunities.

2008-11 Goal: By March 31, 2011, the Agency will have commenced implementing the software required for the provision of assessment and valuation services.

Measure: Implementation of software has commenced

INDICATORS	RESULTS
Tenders and/or RFPs have been developed and let for the procurement of appropriate hardware and software	Following the needs assessment, it was determined that the best fit was an upgrade to the existing software. As a result no RFP/Tender was required for the software. Tenders were issued for the required hardware. The government list of pre approved vendors has been used for supplies and services where appropriate ; personal computers, cellular telephones and telephone services.
Professional service contracts have been signed with IT vendors that have been chosen to assist with the implementation of the software	Tyler Technologies has been chosen as the lead vendor. Final negotiations have delayed the contract signing until April 2011.
An Implementation Plan that shows the sequence in which each module will be implemented, who has been assigned to each phase, milestones identified and key deliverables has been developed	The detailed implementation plan has been developed with the key deliverable (iasWorld) scheduled for January 31, 2012.
Select priority modules of the software have been implemented	This has not been accomplished due to the delays in signing of the final contract. Key deliverables are scheduled for implementation in January 2012.

ISSUES

2010-11 Results

2010-11 Objective: By March 31, 2011, the Agency will have commenced the implementation of the software chosen to meet the technological needs in the provision of assessment and valuation services to our clients.

Measure: Implementation has commenced

PLANNED RESULTS	ACTUAL RESULTS
Teams will have been assigned their responsibility to implement the software	Project teams, consisting of staff and external resources, as appropriate, have been assigned to: Overall project management Comparable sales/multiple regression analysis Hardware support Workflow analysis
An Implementation Plan that shows the sequence in which each module will be implemented, who has been assigned to each phase, milestones and key deliverables will have been developed	The detailed implementation plan has been developed with the key deliverable (iasWorld) scheduled for January 31, 2012. Modules to be delivered in January include IEnable, Property Record Management (PRM), IMaintain, and IDoc.
Professional service contracts will have been signed with IT vendors that have been chosen to assist with the implementation of the software	Tyler Technologies has been chosen as the lead vendor. Final negotiations (in determining the final pricing and the responsibilities of the parties, including between the Agency and the OCIO), have delayed the contract signing until April 2011. Contracts have been signed with other vendors to support the communications and location tracking services.

Due to the complexity of negotiations and the financial consideration involved, the contract with Tyler was not signed until April 2011, delaying implementation until January 2012. The Agency is pleased to have engaged Tyler Technologies for the upgrade of our existing computer-assisted appraisal software.

ISSUES

ISSUE 2: IMPROVED SERVICE

As a fully-funded service provider to municipalities, the Agency is accountable for the funding received from municipalities, the Agency's primary funding source, and must focus on meeting the demands of these clients. We have met the goal for this planning cycle. Service levels have been established for annual returns, supplemental requests, and assessment appeals.

2008-11 Goal: By March 31, 2011, the Municipal Assessment Agency will have improved its client valuation and assessment services to municipalities.

Measure: Improved client valuation and assessment services

INDICATORS	RESULTS		
<p>Consultations have been undertaken and completed with all departments regarding their operating standards</p>	<p>Consultations with Data Services, Valuation Services and Corporate Services have been completed. Operations/activities have been specified.</p>		
<p>New benchmarks have been developed where necessary and existing benchmarks revised where necessary</p>	<table border="0"> <tr> <td data-bbox="818 764 1084 890"> <p>ACTIVITY Change request Supplemental Appeal Review Annual Roll/Notice</p> </td> <td data-bbox="1101 764 1430 890"> <p>BENCHMARKS Six weeks prior to deadline Twelve weeks prior to deadline One hundred twenty days First Friday in October</p> </td> </tr> </table>	<p>ACTIVITY Change request Supplemental Appeal Review Annual Roll/Notice</p>	<p>BENCHMARKS Six weeks prior to deadline Twelve weeks prior to deadline One hundred twenty days First Friday in October</p>
<p>ACTIVITY Change request Supplemental Appeal Review Annual Roll/Notice</p>	<p>BENCHMARKS Six weeks prior to deadline Twelve weeks prior to deadline One hundred twenty days First Friday in October</p>		
<p>Current service baselines have been established for all areas of operation</p>	<p>Service baselines have been established for valuation services, data services, and corporate services.</p>		
<p>Operations/services that are under-performing have been reviewed to determine how to make improvements</p>	<p>Reviews conducted on performance of supplemental assessments, appeal reviews, and change requests. Response times for ratepayer inquiries reviewed; communication process with municipal clients reviewed.</p>		
<p>Turnaround time on supplementary requests by clients has been reduced</p>	<p>Supplemental turnaround time reduced from twelve weeks prior to deadline to six weeks.</p>		
<p>Clients have been informed about the potential impact of valuation changes</p>	<p>In 2008, the Agency began providing municipal clients with a value change report for every parcel, where there is a value change, at the time of the annual roll report. This has been incorporated into our standard operating procedures for all annual assessment rolls. Beginning with the 2010 revaluation, the Agency has advised municipalities of the impact of the revaluation with a report at least three months before the revaluation is completed.</p>		

ISSUES

2010-11 Results

2010-11 Objective: By March 31, 2011, revised service delivery benchmarks and procedures will have been implemented throughout all areas of the Agency's operations and services.

Measure: Revised service benchmarks/procedures implemented

PLANNED RESULTS	ACTUAL RESULTS										
Consultation will have been undertaken and completed with all Agency divisions outlining revised standards.	Consultations with Data Services, Valuation Services and Corporate Services have been completed. Operations/activities, including revised standards, have been specified based on the consultations.										
Current service baselines will have been reviewed and evaluated.	<p>A detailed review, including the creation of a tracking and recording system, was conducted. The following have been identified as the current service baselines.</p> <table border="0"> <tr> <td>Activity</td> <td>Baseline</td> </tr> <tr> <td>Change request</td> <td>Four weeks prior to deadline</td> </tr> <tr> <td>Supplemental</td> <td>Six weeks prior to deadline</td> </tr> <tr> <td>Appeal Review</td> <td>Ninety days</td> </tr> <tr> <td>Annual Roll/Notice</td> <td>First Friday in October</td> </tr> </table> <p>These have been evaluated against levels for other Canadian jurisdictions.</p>	Activity	Baseline	Change request	Four weeks prior to deadline	Supplemental	Six weeks prior to deadline	Appeal Review	Ninety days	Annual Roll/Notice	First Friday in October
Activity	Baseline										
Change request	Four weeks prior to deadline										
Supplemental	Six weeks prior to deadline										
Appeal Review	Ninety days										
Annual Roll/Notice	First Friday in October										
Revised benchmarks will have been established in all areas of operation.	Each activity has been measured against the original baseline and a percentage of the results that met or exceeded the baseline have been noted. Revisions are not appropriate at this stage.										
Operations/services will have been tracked for a period of time (approximately six months) using new service benchmarks.	<p>Services have been tracked against the baseline, with the results used to revise the benchmarks.</p> <table border="0"> <tr> <td>Activity</td> <td>% Meeting Baseline</td> </tr> <tr> <td>Change request</td> <td>98%</td> </tr> <tr> <td>Supplemental</td> <td>95%</td> </tr> <tr> <td>Appeal Review</td> <td>99%</td> </tr> <tr> <td>Annual Roll/Notice</td> <td>100%</td> </tr> </table> <p>The comparison has been completed, as noted above.</p>	Activity	% Meeting Baseline	Change request	98%	Supplemental	95%	Appeal Review	99%	Annual Roll/Notice	100%
Activity	% Meeting Baseline										
Change request	98%										
Supplemental	95%										
Appeal Review	99%										
Annual Roll/Notice	100%										
Revisions will have been made based on information attained.	Based on the results of the six months of tracking, improved benchmarks have been established for change requests and supplemental requests. No change was required in the annual roll/notice production based on the current legislative requirement.										
New service benchmarks and procedures have been implemented.	<p>New benchmarks and procedures were set in January 2011 and have been implemented.</p> <table border="0"> <tr> <td>Activity</td> <td>Benchmark</td> </tr> <tr> <td>Change request</td> <td>Three weeks prior to deadline</td> </tr> <tr> <td>Supplemental</td> <td>Thirty days prior to deadline</td> </tr> <tr> <td>Appeal Review</td> <td>Eighty days</td> </tr> <tr> <td>Annual Roll/Notice</td> <td>Second Monday in October</td> </tr> </table>	Activity	Benchmark	Change request	Three weeks prior to deadline	Supplemental	Thirty days prior to deadline	Appeal Review	Eighty days	Annual Roll/Notice	Second Monday in October
Activity	Benchmark										
Change request	Three weeks prior to deadline										
Supplemental	Thirty days prior to deadline										
Appeal Review	Eighty days										
Annual Roll/Notice	Second Monday in October										

ISSUES

ISSUE 3: PROFESSIONAL DEVELOPMENT AND TRAINING

As a service provider, the Agency's single largest expenditure is its human resource costs. To ensure we can meet the needs of our clients and provide a stimulating work environment, we are committed to the continuing professional development of our employees. The Agency has met its goal. We have partnered with professional associations and Memorial University. For example, 44% of staff have completed the Certificate in Workplace Communications through the Centre for Management Development at Memorial University. The remaining 56% have completed 4 of 5 modules, through the planning period.

2008-11 Goal: By March 31, 2011, the Agency will have implemented an enhanced professional development and training program that meets the needs of all of its employees.

Measure: New program developed and implemented

INDICATORS	RESULTS
PD and training programs in other jurisdictions have been researched and reviewed to determine strengths	Completed in 2008-09. The Agency's in-house training program and standards are in line with other Canadian jurisdictions.
Input/feedback from partners and other employees has been obtained to determine their specific needs	Input was received in 2008 from the Institute of Municipal Assessors, the Professional Manager's Association, Municipalities Newfoundland and Labrador, and employee surveys.
A needs assessment has been completed to determine priorities	A needs assessment was completed by Agency staff in March 2009.
Working group assigned to assist in development of professional development and training manual	Established in April 2009, the working group included HR staff, management and assistance from the Institute of Municipal Assessors.
Resources have been identified to support implementation	Agency managers with support of HR staff will support the implementation by working with employees during the annual evaluation. Managers will identify training needs and make recommendations to the employee and Human Resources.
Professional Development and Training Manual adopted and implemented for the Municipal Assessment Agency	The Professional Development and Training Manual was implemented in February 2011.

ISSUES

2010-11 Results

2010-11 Objective: By March 31, 2011, the Agency will have implemented a new professional development and training manual for all Agency employees.

Measure: New manual implemented.

PLANNED RESULTS	ACTUAL RESULTS
Draft plan will have been developed for presentation and review.	The draft plan, to develop a Professional Development and Training Manual, has been developed, presented to staff and, feedback has been provided by staff.
Revisions/amendments to Draft plan will have been completed based on feedback.	This was completed in August 2010, with minor revisions to the plan.
Resources will have been identified to support implementation.	The Agency's Human Resource manager will oversee the implementation, with each manager acting as a primary resource for their staff. During the annual evaluation, the manager will identify training needs for the employee and then work with the employee and Human Resources to identify sources for the training.
Professional Development and Training Manual will have been adopted and implemented for the Municipal Assessment Agency.	Completed. The manual has been adopted. Each manager supports implementation by reviewing the development and training needs as part of their staff evaluations. Recommendations for future training will be forwarded to Human Resources for follow-up.

ISSUES

ISSUE 4: EDUCATION AND PUBLIC RELATIONS

To address this issue, it was determined that two strategies were needed; one to address education of municipal clients and another to address ratepayer needs. Understanding the property tax system and role of the Agency within the system, is critical for the acceptance by municipalities of the need to pay for our service. The public need to understand our role in providing an unbiased opinion of value to have confidence in the system. We have implemented new and revised resources for public and client (municipal staff and officials) education. Staff have been trained in the use of these materials and the education and public relations program is in use.

2008-11 Goal: By March 31, 2011, a new education program has been developed (and implemented) by the Agency to meet the needs of clients, and to better inform the public, a new public relations program about the assessment and valuation program has been launched.

Measure 1: New education program for clients has been developed and implemented by March 31, 2011.

INDICATORS	RESULTS
Meetings and consultation have been held with various municipalities for input	Meetings were held in 2007-08 with various municipalities.
Focus groups held with other stakeholders	In 2008 meetings were held with Municipalities Newfoundland and Labrador, Professional Municipal Administrators, working groups of municipal administrators, Assessment Services Advisory committee, and staff.
Final plan placed on Agency's website	Published in the fall of 2009
Schedule devised for orientation of municipalities using revised education and client relations program	An orientation providing an overview of the revised education program was provided in April 2010.
Education sessions and seminars have been conducted at identified locations (using a rotational schedule) as recommended	In 2010 a regional based training schedule was developed, with a spring and fall rotation.
New plan has been shared in hard copy and electronically for use as required	Final plan has been published, in hard copy, and is available on-line.

Measure 2: New public relations program has been developed and implemented by March 31, 2011

INDICATORS	RESULTS
Meetings and consultation have been undertaken with various public stakeholders for input	Consultations were completed during 2009-10.
Focus groups held	Conducted in 2008-09
Final plan placed on Agency's website	Our revised website contains links to each of the component elements of the public relations plan, as appropriate.
Information circulars addressing key topics have been devised	Circulars concerning appeals, supplemental assessments, property inspections, and new valuations were developed in 2009 and revised in 2010.
Notice of Assessment revised as necessary to answer key areas of concern	Revised in 2009 to include feedback from ratepayers, municipal clients, and staff, to reflect changes such as previous assessed value.
Agency's website updated to answer frequently asked questions	The Agency's website is reviewed annually to improve the ability of visitors to find the answers to their questions.
New plan shared in hard copy and electronically for use as required	Copies of the plan have been printed and placed in each office. Each manager has an electronic copy of the plan.

ISSUES

2010-11 Results

2010-11 Objective 1: By March 31, 2011, the Agency has implemented a revised province-wide education program for its municipal clients.

Measure 1: New education program implemented

PLANNED RESULTS	ACTUAL RESULTS
Staff will have been trained on appropriate use and facilitation of program.	Completed. Managers and the staff who will serve as provincial trainers were trained in May 2010 on the appropriate use of the materials and the delivery of the program.
Final program placed on website.	Our revised website contains links to each of the component elements of the education program, as appropriate.
Schedule will have been devised for orientation of municipalities using revised education and client relations program.	A cycle of alternating fall and spring sessions are scheduled on a regional basis.
Educational sessions and seminars will have been conducted at identified locations (using a rotational schedule) as recommended.	Based on the recommendations of the municipal client focus group, the first sessions were held in the fall of 2010 in Corner Brook, Clarenville, Grand Falls, Carbonear, and Mary's Harbour.
New plan will have been shared in hard copy and electronically for use as required.	Copies of the plan have been printed and placed in each office. Each manager has an electronic copy of the plan.

2010-11 Objective 2: By March 31, 2011, the Agency has implemented a revised province-wide public relations program.

Measure 2: Revised public relations program implemented

PLANNED RESULTS	ACTUAL RESULTS
Final revisions made to the public relations program.	This is complete. The final documents, including the revised assessment notice and the new residential property summary are complete.
Staff will have been trained on appropriate use and facilitation of program.	In September 2010, the managers and assessment staff were trained on the use of the program.
Final program placed on website.	The public version of A Guide to Real Property Assessment is available on the Agency's website.
Educational sessions and seminars will have been conducted at identified locations (using a rotational schedule) as recommended.	Based on the recommendations from municipal clients, sessions have been held in Mount Pearl, Torbay, Corner Brook, Deer Lake, Placentia, Wabana, and Grand Falls.
New plan will have been shared in hard copy and electronically for use as required.	Copies of the plan have been printed and placed in each office. Each manager has an electronic copy of the plan.

MISSION

Our mission statement represents where the Agency will be after two planning cycles (2007-2008 and 2008-2011). It focuses on the needs of our clients and our financial and systemic capacities. Our success in the planning process will be measured by municipalities against the mission statement.

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

Measure : Service delivery has improved.

INDICATOR	ACTUAL RESULTS									
<p>Valuation results have been provided in a more timely manner (i.e., within two months of a supplemental request).</p>	<p>As indicated, we have improved our delivery of valuation results by the following measures:</p> <table border="1" data-bbox="816 653 1435 772"> <thead> <tr> <th>Activity</th> <th>Initial Baseline</th> <th>Current Benchmark</th> </tr> </thead> <tbody> <tr> <td>Supplemental</td> <td>Twelve weeks prior to deadline</td> <td>Thirty days prior to deadline</td> </tr> <tr> <td>Appeal Review</td> <td>240 days</td> <td>80 days</td> </tr> </tbody> </table> <p>In 2009, the Agency piloted the provision of monthly supplemental reports. In 2010, the monthly supplemental reports were made available upon municipal request for all municipalities. Additionally, in 2009, the Agency implemented a responsive tracking system for all supplemental requests.</p> <p>In 2008 and 2009, the Agency expanded its use of its appeal tracking processes and required staff to address appeals within reduced time frames. In early 2011, the time frames were set to the current benchmarks.</p>	Activity	Initial Baseline	Current Benchmark	Supplemental	Twelve weeks prior to deadline	Thirty days prior to deadline	Appeal Review	240 days	80 days
Activity	Initial Baseline	Current Benchmark								
Supplemental	Twelve weeks prior to deadline	Thirty days prior to deadline								
Appeal Review	240 days	80 days								
<p>Impact analysis statements and preliminary values have been provided to municipalities when values change by more than ten percent.</p>	<p>In 2008, the Agency began providing municipal clients with a value change report for every parcel, where there is a value change, at the time of the annual roll report. This has been incorporated into our standard operating procedures for all annual assessment rolls. Beginning with the 2010 revaluation, the Agency has advised municipalities of the impact of the revaluation with a report at least three months before the revaluation is completed.</p> <p>By providing information for all parcels, we have exceeded the commitment to provide information when property values change by more than ten percent.</p>									
<p>A benchmark for response to a ratepayer inquiry or request has been established. Initial response will be provided within 48 hours of receiving an inquiry or request.</p>	<p>In 2007 and 2008, the Agency tracked its response rates to ratepayer inquiries. In 2009 and 2010, frontline staff were provided with written scripts to answer many of the initial questions. This reduced the workload for other staff. In 2010, we established the benchmark for a response within 48 hours. Our most recent tracking indicates that our targeted benchmark has been exceeded. A response to a ratepayer request is delivered in kind (telephone for telephone request, email for email request, etc.) within 24 hours of an initial request.</p>									

MISSION

INDICATOR	ACTUAL RESULTS
<p>An enhanced/expanded fee structure is established that better reflects the cost of providing valuation services and protects the long term financial integrity of the Agency.</p>	<p>Following a detailed review, the Agency enhanced its fee structure to better reflect the cost of providing valuation services by eliminating its fees for low value parcels (parcels with a value of \$500 or less). To protect the long-term financial integrity, it has also increased its base fee to \$29.00 per assessed value, which represents an increase of 1.65% per year over the planning period.</p>
<p>Agency staff have enhanced their skills to better meet the needs of clients.</p>	<p>Over the planning period, 27 of the Agency's 62 staff have completed a certificate program in communications from Memorial University. The remaining 35 have completed 4 of 5 modules. In 2006, 5 of the Agency's 62 staff were accredited. Through our education policy and adding a requirement for accreditation for technical positions, 30 more of our existing staff have attained accreditation.</p>
<p>Client satisfaction survey has been developed and initial feedback obtained.</p>	<p>Initial client satisfaction surveys and staff satisfaction surveys have been conducted. In 2007, an initial staff survey was developed. Beginning in 2008, staff surveys are conducted every two years by the Agency's Human Resource Division. In 2008-09, a client survey was developed and the survey was conducted in 2009. The Agency received a positive response from more than 70% of the client municipalities and from more than 80% of staff.</p>

Based on our results, the Agency has improved its service delivery and well-positioned itself for the next planning cycle.

OPPORTUNITIES AND CHALLENGES

OPERATIONS

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

FINANCIAL

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

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

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

We are pleased to report that the Agency recorded a surplus of \$ 264,629. This was an improvement over last year's result of \$156, 027. Expense control is the major reason for the improved result.

BOARD OF DIRECTORS

MARCH 31, 2011

Chairperson **Mayor Fred Best**
Clareville

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

Municipal Representatives

Labrador **Deputy Mayor Terry Hancock**
Forteau

Western **Mayor Dean Ball**
Deer Lake

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

Eastern **Mayor Fred Best**
Clareville

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

Urban **Councillor Peggy Roche**
Torbay

MUNICIPALITIES NEWFOUNDLAND AND LABRADOR REPRESENTATIVE

Avalon Director, MNL **Councillor Lucy Stoyles**
Mount Pearl

PROFESSIONAL MANAGERS ASSOCIATION REPRESENTATIVE

Central Director, PMA **Ms. Blanche Bennett**
Seldom-Little Seldom

TAXPAYER REPRESENTATIVES

Mr. David Manning
Torbay

Mr. Bruce Borden
Corner Brook

MANAGEMENT DIRECTORY

Residential Manager
Director Valuation Services
Director Data & Field Services
Director Corporate Services
Manager Payroll & Accounts
Manager Human Resources
Executive Director/CEO

Wayne Rossiter
Deborah Allen
Greg Rumbolt
Eric Hart
Rosemarie Evans
Dale Hiscock
Sean Martin

OFFICE DIRECTORY

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Western Regional Office

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P.O. Box 143, Station Main
Corner Brook NL A2H 6C7
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Email
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FIELD OFFICES

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Marystown

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

Clareville

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

Grand Falls-Windsor

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

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JOHN F. MORGAN

Chartered Accountant

6 Lambe's Lane
St. John's, NL A1B 4E9
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INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements for Municipal Assessment Agency Inc., which comprise the balance sheet as at March 31, 2011, and the statement of revenues, expenses and equity, and statement of changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Municipal Assessment Agency Inc. as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian Generally accepted accounting principles.

St. John's, Newfoundland
May 20, 2011



CHARTERED ACCOUNTANT

BALANCE SHEET

AS AT MARCH 31, 2011

ASSETS

2011

2010

CURRENT ASSETS:

Cash	\$ 1,016,969	\$ 460,834
Accounts receivable (note 2)	114,012	120,209
Current portion of long term receivables (note 3)	17,166	58,402
Prepaid expenses	84,811	84,164
	1,232,958	723,609
Long term receivables (note 3)	26,521	48,255
Severance reserve fund (note 4)	988,780	944,492
Capital assets (note 5)	1,281,252	1,384,633
	\$ 3,529,511	\$ 3,100,989

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 164,584	\$ 72,446
Accrued vacation pay (note 6)	305,692	278,225
	470,276	350,671
Accrued severance pay (note 6)	988,780	944,492
	1,459,056	1,295,163

SHAREHOLDER'S EQUITY

CAPITAL:

Authorized and issued 1 Common share	1	1
Equity from operations	2,070,454	1,805,825
	2,070,455	1,805,826
	\$ 3,529,511	\$ 3,100,989

Commitments and contingencies (note 6 and note 7)

Subsequent event (note 9)

On behalf of the board:

Fred Best

Don Ball

STATEMENT OF REVENUES, EXPENSES AND EQUITY

FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
REVENUES:		
Assessment services	\$ 5,462,613	\$ 5,233,007
Secondment revenue (note 1)	71,391	68,635
Valuation revenue	25,304	27,419
Interest revenue	12,993	583
Municipal training	2,579	-
Miscellaneous revenue	-	100
	<u>5,574,880</u>	<u>5,329,744</u>
EXPENSES:		
Salaries	3,384,292	3,248,275
Benefits	660,913	659,436
Travel	294,494	320,519
Information technology	185,644	196,635
Postage and courier	121,084	114,452
Premises and equipment lease	75,955	74,567
Printing	68,621	59,512
Professional fees	66,102	64,800
Telephone	61,459	72,308
Repairs and maintenance	48,927	55,798
Office supplies	47,353	50,496
Advertising and public relations	28,918	17,865
Utilities	25,646	25,328
Insurance	21,232	20,704
Payroll processing	4,725	4,754
Exchange gain/loss	4,643	-
Meetings and events	2,497	1,208
Bank charges	1,725	1,636
	<u>5,104,230</u>	<u>4,988,293</u>
Excess of revenues over expenses before the following:	470,650	341,451
Provision for severance and vacation pay (note 6)	105,454	104,084
Amortization of capital assets	97,345	115,125
Loss on disposal of capital assets	1,838	875
Bad debt expense (recovery)	1,384	(34,660)
Excess of revenues over expenses	<u>264,629</u>	<u>156,027</u>
Equity from operations, beginning of year	1,805,825	1,649,798
EQUITY FROM OPERATIONS, END OF YEAR	\$ 2,070,454	\$ 1,805,825

Commitments and contingencies (note 6 and note 7)

Subsequent event (note 9)

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 264,629	\$ 156,027
Items not affecting cash:		
Amortization of capital assets	97,345	115,125
Decrease in long-term receivable	62,970	12,192
Increase in severance pay accrual	44,288	57,572
Increase in vacation pay accrual	27,467	46,512
Loss on disposition of capital assets	1,838	875
Net change in non-cash working capital balance	97,686	(109,933)
CASH PROVIDED BY OPERATING ACTIVITIES	596,223	278,370
INVESTING ACTIVITIES:		
Purchase of capital assets	(1,800)	(118,231)
Recovery of building costs	6,000	-
CASH USED IN INVESTING ACTIVITIES	4,200	(118,231)
Increase (decrease) in cash position	600,423	160,139
Cash position, beginning of year	1,405,326	1,245,187
CASH POSITION, END OF YEAR	\$ 2,005,749	\$ 1,405,326

Cash is represented by:

Operating cash	\$ 1,016,969	\$ 460,834
Severance reserve fund	988,780	944,492
	\$ 2,005,749	\$ 1,405,326

Commitments and contingencies (note 6 and note 7)

Subsequent event (note 9)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2011

General:

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

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

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

1. Summary of significant accounting policies:

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

a. Capital assets

Capital assets purchased by the Corporation are recorded at cost. Amortization is recorded on a declining balance basis over the assets estimated useful lives at the following rates:

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2011

1. Summary of significant accounting policies (continued):

b. Revenue recognition

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

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

c. Accrued severance pay

Severance pay is accounted for on an accrued basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continued service and accrues to a maximum of twenty years and, accordingly, no provision has been made in the accounts for employees with less than nine years of continued service. The amount is payable when the employee ceases employment with the Corporation. The cash amount of the accrued severance pay is segregated into a severance reserve fund.

d. Redundancy pay

Redundancy pay is recognized as a liability when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated.

e. Fair Value of Financial Instruments

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

2. Accounts receivable:

	2011	2010
Trade receivables	\$ 50,003	\$ 60,600
HST recoverable	62,959	58,106
Employee receivable	1,050	1,503
	<hr/> \$ 114,012	<hr/> \$ 120,209

3. Long term receivables:

The Agency has entered into a contract with several of its customers to receive payment on the outstanding amounts over a period of 48 months, provided all future fees are paid on a current basis.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2011

4. Severance reserve fund:

The Agency has internally restricted funds for the accrued severance pay liability. These funds are to be used to pay any accrued severance and not to be used in normal business operations. The restricted funds are held in the Agency's operating account that bears interest.

5. Capital assets:

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	\$ 454,365	\$ 394,847	\$ 59,518	\$ 83,511
Furniture and equipment	279,466	199,081	80,385	102,191
Integrated assessment system	1,109,343	1,076,835	32,508	46,441
Buildings	1,028,653	128,033	900,620	944,269
Land	208,221	-	208,221	208,221
	<u>\$ 3,080,048</u>	<u>\$ 1,798,796</u>	<u>\$ 1,281,252</u>	<u>\$ 1,384,633</u>

6. Severance and vacation pay:

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

Severance pay	2011	2010
Opening balance	\$ 944,492	\$ 886,920
Severance paid out	(33,699)	-
Current year expense	77,987	57,572
Closing balance	<u>\$ 988,780</u>	<u>\$ 944,492</u>
Vacation pay	2011	2010
Opening balance	\$ 278,225	\$ 231,713
Current year expense	27,467	46,512
Closing balance	<u>\$ 305,692</u>	<u>\$ 278,225</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2011

7. Commitments and Contingencies:

The Agency has a lease for office space in Corner Brook, Newfoundland. The term of the lease is 5 years, starting October 1, 2007 and ending on September 30, 2012, with the option to renew for a further term of up to 5 years. The monthly rental fee is \$4,174. Future minimum lease payments total \$75,132 and include the following payments over the next 18 months: 2011 - \$37,566; 2012 - \$37,566.

The Agency has a lease for office space in Conception Bay South, Newfoundland. The term of the lease is 2 years, starting October 1, 2009 and ending on September 30, 2011, with the option to renew for an additional two year term. The monthly rental fee is \$400. Future minimum lease payments total \$2,400 and include the following payments over the next six months: 2011 - \$2,400.

The Agency has a lease for office space in Clarenville, Newfoundland. The term of the lease is 5 years, starting May 1, 2008 and ending on April 30, 2013. The monthly rental fee is \$350. Future minimum lease payments total \$8,750 and include the following payments over the next 25 months: 2011 - \$3,150; 2012 - \$4,200; 2013 - \$1,400.

The Agency has a lease for office space in Grand Falls Windsor, Newfoundland. The term of the lease is 3 years, starting February 1, 2011 and ending on January 31, 2014. The monthly rental fee is \$695. Future minimum lease payments total \$23,630 and include the following payments over the next 3 years: 2011 - \$6,255, 2012 - \$8,340, 2013 - \$8,340, 2014 - \$695.

The Agency has prepared property valuations which are subject to litigation to which the Agency has been included as a third party defendant. These claims could be considered to be in the normal course of the Agency's activities. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.

8. Comparative Figures:

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

9. Subsequent Events:

The Agency has entered into an agreement to upgrade its IAS Property Tax System software. The agreement commenced on April 28, 2011 and will continue through December 31, 2013. The upgrade is expected to cost the Agency approximately \$922,820 over the period of April 28, 2011 to December 31, 2013.



Municipal Assessment
Agency Inc.

St. John's • Gander • Corner Brook

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