



Municipal Assessment
Agency Inc.

Annual Report
2007–2008

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LETTER OF TRANSMITTAL



September 30, 2008

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

Dear Minister:

On behalf of the Municipal Assessment Agency Incorporated, I have the pleasure to submit our annual report for 2007, and the financial statements for the year ended March 31, 2008.

The Assessment Act, 2006 establishes the Municipal Assessment Agency as the entity which provides municipalities their real property assessment service. Municipalities in Newfoundland and Labrador (excluding the City of St. John's) which impose a real property tax or a business tax based on property values, use the services of the Agency. The Municipal Assessment Agency is a not for profit entity, with any returns used only to further the activities of the Agency. As the entity responsible for providing a fair and effective property assessment service to 229 municipalities, we are pleased to support local government in providing valuable service to the people of our province, and our board of directors is accountable for the results reported in this document. The board's continuing commitment to openness and transparency, key components of an effective property tax system, is demonstrated by this report.

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

Sincerely,

A handwritten signature in cursive script that reads "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

During the development of our 2008–11 Business Plan, the Agency modified its mission. The 2007–08 mission was:

By 2011, the Municipal Assessment Agency will have improved its service delivery in support of provincial property assessments and valuations.

The current mission is included in our 2008–11 Business Plan and is available at www.maa.ca.

OUR MANDATE

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

LINES OF BUSINESS

The Agency has a single line of business - property assessment and valuation. This entails:

- 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* 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, in addition to private interests.

PRIMARY CLIENTS

- Municipalities
- Rate payers
- Fee for service clients

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 which are elected by municipalities, and two taxpayer representatives. Please see page 10 for a listing of board members.

KEY STATISTICS

Permanent staff	62
Office locations	11
Total assessed value	\$12,990 million
Number of parcels	168,972

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 and supporting the Agency in providing the best possible service at every opportunity.

HIGHLIGHTS

ASSESSED VALUES

2007 was not a reassessment year, and the Agency does not record the market change in assessed values in non-reassessment years. New constructions and renovations did increase the total assessed property values last year by \$346 million. This is an increase of 2.67% over the prior year.

Municipalities incorporated these increases in their 2007 budgets and used the increase to offset any increase necessary in local rates to provide appropriate service levels to property owners.

GOVERNANCE

By-elections were held in the past year for both central and western regions. The by-elections were necessary to fill vacancies caused by board member resignations. The election process was again fully engaged with 18 candidates seeking election to one of two positions. Voter participation remained high with 78% of eligible ballots cast. Elected to complete the term ending in December 2009 were:

Central Cyril Langdon, Deputy Mayor
Norris Arm

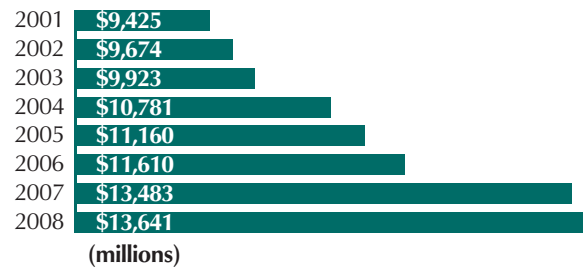
Western Dean Ball, Deputy Mayor
Deer Lake

Board elections are scheduled every four years following the municipal elections. The next elections will be held following the municipal elections in September 2009 for all six municipal director positions.

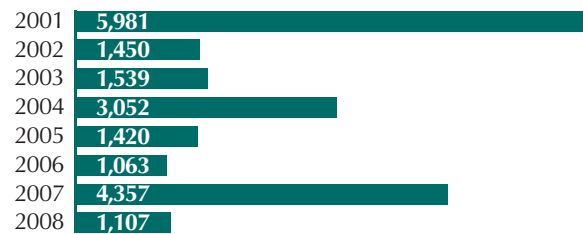
BUSINESS PLAN

During the year, the board completed its business plan for 2008-11 in accordance with the requirements of the Transparency and Accountability Act. This plan will form the basis for future annual reports. For this year, we will report on the results of the 2007-08 business plan.

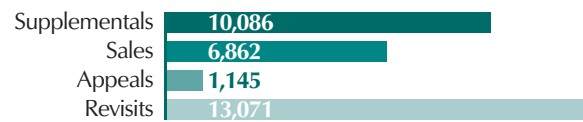
Provincial Assessed Values



Assessment Appeals



2007/08 Property Visits



The Agency works closely with municipal governments and shares responsibility for a fair and effective property tax system with municipalities.

The Agency's business plan for 2007-08 was transitional. It moved the Agency to the provincial standards with respect to accountability and transparency. The board identified three critical issues for the Agency for this planning cycle:

PROGRESS AND ACCOMPLISHMENTS

1. **Improved Client Awareness**

Identification by municipalities, fee for service clients, and ratepayers of the role and responsibilities of the Agency presents challenges and costs for all stakeholders. An important part of public confidence in the property tax system is the independent relationship between the Agency and taxing authorities. It is also important that municipalities understand where the role of the Agency ends and their responsibilities begin.

Objective:

By 2008, the Municipal Assessment Agency will have increased its activities to educate its clients on the services provided by the Agency.

Measure: Increased activities

Indicators:

- Increased frequency of workshops with municipalities, as compared to the 2006 baseline
- Revised/enhanced web site (*tracking activities*)
- Revised assessment notice
- Developed orientation package for elected officials
- Developed and distributed periodic newsletter

During the year, the Agency made significant improvements to its communications to clients. Our client newsletter, Assessment News, was distributed quarterly. The newsletter highlighted changes to the legislation and introduced new board members.

The Agency has developed a module for College of the North Atlantic's certificate program in municipal administration. Three training sessions were held in conjunction with the College during 2007. In addition, another session was held at the request of municipalities on the Port au Port peninsula. The combined four sessions is an increase of 33% over the 2006 level.

The assessment notice was revised during the past year to improve its readability and allow property owners to self correct errors in spelling or address.

An orientation package for elected officials was developed. This package, to be distributed to all clients in 2009, includes a guidebook on property assessment in the province, the Agency's most recent annual report, fact sheets about assessments, and a copy of a video presentation on the assessment process in Newfoundland and Labrador.

We began tracking activity on both the Agency's public and secure websites. We completed a page by page review of the website to ensure accuracy and identify areas for revision in the coming year.

2. **Review of options for Client Fee Structure**

Municipalities, through the fee for assessment services, provide the funding for the Agency. Client pressure to contain costs will require the Agency to constantly review and moderate its fee structure to reflect the demands of our clients and to continue to meet our legislative responsibility.

Objective:

By 2008, the Municipal Assessment Agency will have identified options for reorganizing the current client fee structure.

PROGRESS AND ACCOMPLISHMENTS

Measure: Options identified

Indicators:

- National survey completed
- Characteristics of property types are defined
- Clients consulted
- Detailed inventory report is developed

The national survey of assessment costs across Canada indicates the Agency is one of the lowest cost services in the country.

Property types by characteristic have been defined. The characteristics include property type such as residential, commercial, industrial and vacant, and property uses.

Given that employee compensation and benefits comprise 75% of our total annual expenditures, it is difficult to anticipate future costs without the certainty of a collective agreement. In a fee review discussion with clients, the question of impact of a possible charge requires a degree of certainty. As a result, we have deferred client consultations.

We completed a detailed inventory report by municipality. This report is used to analyze alternative fee structures.

3. Improved Internal Operations

As part of the Agency's on-going commitment to clients, we will continue to review our internal operations and service delivery model for the opportunity to achieve improvements.

Objective:

By 2008, the Municipal Assessment Agency will have improved its assessment services to its clients.

Measure: Improved services

Indicators:

- Enhance system search capabilities
- Increased on-line access to reporting for select municipalities
- Mechanisms for tracking web users and client-user satisfaction are developed
- Assessment-related web-based services are analyzed

Our online search engine has been enhanced with the addition of a search by name feature.

All municipalities have been given free access to the secure search engine on the Agency's website, www.maa.ca. We completed a pilot project to grant a single municipality secure access to the Agency's database, including selected reports.

We have implemented tracking for use of our website. We did not begin client/user satisfaction surveys during the year as our review of the website took longer than anticipated. We will pursue client and user satisfaction surveys in the coming year.

The Agency has identified a method of improving our web based services. We will be pursuing implementation of the enhancements in the next year.

GOING FORWARD

For the next planning cycle (2008–11), we have developed a revised business plan, including a revised mission. The plan is published on the Agency's website, www.maa.ca. There are four issues addressed in the plan:

- **Technology**

By March 31, 2011, the Agency has commenced implementing the software required for the provision of assessment and valuation services.

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

- **Improved service**

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

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

- **Professional development and training**

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

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

- **Education and public relations**

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

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

GOING FORWARD

We have developed the following objectives for the coming year.

Technology

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

Measure: evaluate existing technology

Indicators:

- Inventory completed of all existing Agency software and hardware
- Environmental scan completed of available IT software programs for possible use by the Agency
- Analysis/evaluation has been completed of available hardware for assessment and valuation purposes
- Research completed on possible vendors/providers and users in other jurisdictions
- Management Team has evaluated options for purchase or lease
- Needs assessment completed and needs prioritized
- Evaluation (with recommendations) completed and referred for implementation

Improved Service

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

Measure: service baselines established

Indicators:

- All Agency services/operations/activities are identified
- Measurements of response times and service requirements completed for each
- Industry baselines have been established (using comparative research from other jurisdictions, etc...)
- Specific areas of operations have been identified for improvement
- Revised service baselines and standards have been established for all areas of operation within the Agency

Professional Development and Training

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

Measure: review of existing professional development program

Indicators:

- Input received from board, staff, and managers on current programs
- Existing policies and procedures have been reviewed
- Focus groups established to help determine our needs
- PD and training programs in other jurisdictions have been researched and reviewed to determine strengths
- Input/feedback from partners and other employees obtained to determine their specific needs
- A needs assessment completed to determine priorities

GOING FORWARD

Education and Public Relations

Objective 1

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

Measure: new education program developed

Indicators:

- Meetings and consultation have been held with various municipalities for input
- Focus groups held with other stakeholders (MNL, NLAMA, MAA staff, regional tax authorities...)
- Public consultation process established in various areas
- A revised education program has been developed using feedback attained
- Revised plan has been published on the website and shared with stakeholders for feedback

Objective 2

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

Measure: draft of new public relations program developed

Indicators:

- Meetings and consultation held with various stakeholders for input
- Public consultation process established in various areas
- A revised public relations program developed using feedback attained
- Revised plan published on the website and shared with stakeholders for feedback

VALUES

- | | |
|--------------------|--|
| Fair | Each employee will provide opinions of value without bias. |
| Transparent | Each employee is responsible for their actions and accountable to the public. |
| Competent | Employees are encouraged to participate in continuing professional development. |
| Cooperative | Employees will actively seek alternate (client) opinions on their activities and report those opinions to direct our change process. |
| Integrity | Employees will act with integrity and, if in any doubt, will seek appropriate guidance to ensure they perform their duties in an ethical manner. |

OPPORTUNITIES & CHALLENGES

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

Education about the role of property assessment in the tax system will be critical. Property owners, tenants, and municipal officials will need to understand that changes to assessed values do not translate into tax impact. Fears that increasing assessed values will result in increased taxes are unfounded. Municipal councils set the tax rates within the municipality and control the level of taxation.

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

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



BOARD OF DIRECTORS

MARCH 31, 2008

Chairperson **Mayor Fred Best**
Clarenville

Vice-Chairperson **Mayor Harry Hallett**
Leading Tickle

MUNICIPAL REPRESENTATIVES

Labrador **Deputy Mayor Terry Hancock**
Forteau

Western **Deputy Mayor Dean Ball**
Deer Lake

Central **Deputy Mayor Cyril Langdon**
Norris Arm

Eastern **Mayor Fred Best**
Clarenville

Avalon **Deputy Mayor Deborah Quilty**
Paradise

Urban **Councillor Sterling Willis**
Paradise

MNL REPRESENTATIVE

Mayor Harry Hallett **Small Towns Director, MNL**
Leading Tickle

NLAMA REPRESENTATIVE

Mr. Wayne Rose **President, NLAMA**
Brigus

PROVINCIAL REPRESENTATIVES

2 Vacant Positions

TAXPAYER REPRESENTATIVES

Mr. David Manning Torbay

Mr. Bruce Borden Corner Brook

MANAGEMENT DIRECTORY

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

OFFICE DIRECTORY

Corporate & Eastern Offices

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

Central Regional Office

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

Western Regional Office

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

Toll-free Line

(877) 777-2807

Website

www.maa.ca

Email

info@maa.ca

FIELD OFFICES

Happy Valley-Goose Bay

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

Conception Bay South

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

Carbonear

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

Marystown

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

Clarenville

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

Grand Falls-Windsor

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

Stephenville

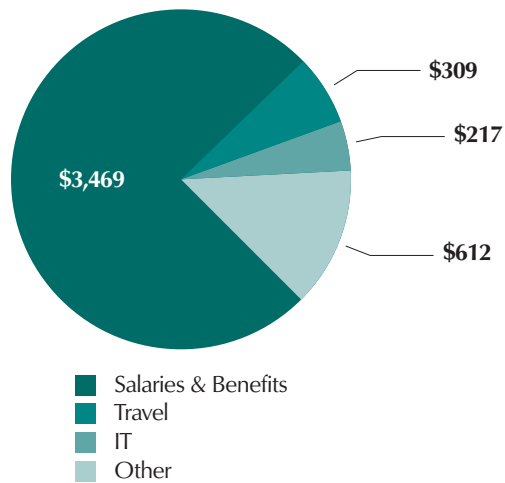
Tel: (709) 649-3330 Fax: (709) 643-8571

Deer Lake

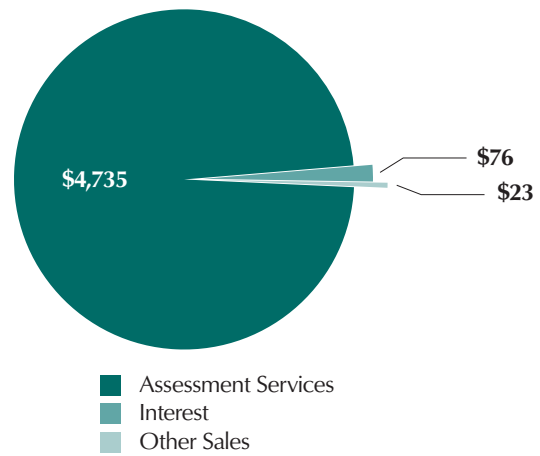
Tel: (709) 636-1021 Fax: (709) 635-1173

FINANCIAL 2007–2008

Expenditures (thousands)



Revenue (thousands)



During last year, the Agency was successful in posting a positive bottom line of \$95,105, approximately \$1,600 above the anticipated results. The surplus added to the Agency's equity position in accordance with our articles of incorporation¹.

¹ Any profits or other accretions to the Corporation are to be used only in furthering its undertaking.

AUDITORS' REPORT

JOHN F. MORGAN

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

To the Shareholder of
Municipal Assessment Agency Inc.

We have audited the balance sheet of Municipal Assessment Agency Inc. as at March 31, 2008, and the statements of revenue, expenses and equity and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2008, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland
May 20, 2008



CHARTERED ACCOUNTANT

BALANCE SHEET

AS AT MARCH 31, 2008

ASSETS

	2008	2007
CURRENT ASSETS:		
Cash	\$ 403,454	\$ 1,483,234
Accounts receivable (note 2)	254,123	194,904
Current portion of long term receivables (note 3)	43,880	37,987
Prepaid expenses	55,867	56,629
	757,324	1,772,754
Long term receivables (note 3)	71,131	25,876
Severance reserve fund (note 4)	789,917	755,694
Capital assets (note 5)	1,400,454	322,387
	\$ 3,018,826	\$ 2,876,711

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 169,659	\$ 144,518
Accrued vacation pay (note 6)	204,765	189,168
Current portion of deferred contributions - capital (note 7)	-	27,951
	374,424	361,637
Accrued severance pay (note 6)	789,917	755,694
	1,164,341	1,117,331

SHAREHOLDER'S EQUITY

CAPITAL:

Authorized and issued		
1 Common share	1	1
Equity from operations	1,854,484	1,759,379
	1,854,485	1,759,380
	\$ 3,018,826	\$ 2,876,711

Commitments and contingencies (note 6 and note 8)

On behalf of the board:

Fred Best

Bruce Borden

STATEMENT OF REVENUES, EXPENSES AND EQUITY

FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
REVENUES:		
Assessment services	\$ 4,735,197	\$ 4,709,272
Valuation revenue	22,478	12,430
Interest revenue	76,262	87,957
	4,833,937	4,809,659
EXPENSES:		
Salaries	2,868,992	2,698,369
Benefits	599,559	554,621
Travel	308,849	310,627
Information technology	216,782	194,396
Premises and equipment lease	131,259	179,329
Postage and courier	122,728	105,857
Professional fees	91,281	82,431
Telephone	75,837	71,406
Printing	57,408	53,145
Office supplies	42,522	36,555
Repairs and maintenance	23,172	2,492
Advertising and public relations	17,713	27,091
Utilities	17,668	-
Insurance	15,839	14,613
Office relocation	10,477	-
Payroll processing	4,677	4,519
Bank charges	2,441	2,428
Meetings and events	354	-
	4,607,558	4,337,879
Excess of revenues over expenses before the following	226,379	471,780
Provision for severance and vacation pay (note 6)	75,412	94,260
Amortization of deferred contributions - capital (note 7)	(27,951)	(27,951)
Amortization of capital assets	117,630	118,615
Loss on disposal of capital assets	7,173	-
Bad debt expense (recovery)	(40,990)	(71,138)
Excess of revenues over expenses	95,105	357,994
Equity from operations, beginning of year	1,759,379	1,401,385
Equity from operations, end of year	\$ 1,854,484	\$ 1,759,379
Commitments and contingencies (note 6 and note 8)		

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 95,105	\$ 357,994
Items not affecting cash:		
Amortization of capital assets	117,630	118,615
Amortization of deferred contributions	(27,951)	(27,951)
Increase in long-term receivable	(51,148)	(36,568)
Increase in severance pay accrual	34,223	62,747
Increase in vacation pay accrual	15,597	31,512
Loss on disposition of capital assets	7,173	-
Net change in non-cash working capital balance	(33,316)	(121,596)
CASH PROVIDED BY OPERATING ACTIVITIES	157,313	384,753
INVESTING ACTIVITIES:		
Purchase of capital assets	(1,203,155)	(89,560)
Proceeds from disposition of capital assets	285	-
CASH USED IN INVESTING ACTIVITIES	(1,202,870)	(89,560)
Increase (decrease) in cash position	(1,045,557)	295,193
Cash position, beginning of year	2,238,928	1,943,735
CASH POSITION, END OF YEAR	\$ 1,193,371	\$ 2,238,928
Cash is represented by:		
Operating cash	\$ 403,454	\$ 1,483,234
Severance reserve fund	789,917	755,694
\$ 1,193,371	\$ 2,238,928	
Commitments and contingencies (note 6 and note 8)		

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

General:

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

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

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

1. Summary of significant accounting policies:

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

(a) Capital assets

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

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

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

NOTES TO FINANCIAL STATEMENTS

(b) Revenue recognition

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

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

(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:

	<u>2008</u>	<u>2007</u>
Trade receivables	\$ 214,615	\$ 170,982
Accrued interest	3,756	8,034
HST recoverable	65,043	48,011
Employee receivable	2,456	2,968
Allowance for doubtful accounts	(31,747)	(35,091)
	<u>\$ 254,123</u>	<u>\$ 194,904</u>

NOTES TO FINANCIAL STATEMENTS

3. Long term receivables:

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

4. Severance reserve fund:

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

5. Capital assets:

			<u>2008</u>	<u>2007</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	\$ 433,034	\$ 316,029	\$ 117,005	\$ 144,567
Furniture and equipment	250,134	134,960	115,174	102,756
Integrated assessment system	1,109,343	1,014,565	94,778	69,137
Buildings	879,771	17,595	862,176	-
Land	211,321	-	211,321	5,927
	<u>\$ 2,883,603</u>	<u>\$ 1,483,149</u>	<u>\$ 1,400,454</u>	<u>\$ 322,387</u>

NOTES TO FINANCIAL STATEMENTS

6. Severance and vacation pay:

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

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

	<u>2008</u>	<u>2007</u>
Severance pay		
Opening balance	\$ 755,694	\$ 692,947
Current year expense	59,815	62,747
Usage	(25,592)	-
Closing balance	<u>\$ 789,917</u>	<u>\$ 755,694</u>
Vacation pay		
Opening balance	\$ 189,169	\$ 157,656
Current year expense	15,596	31,513
Closing balance	<u>\$ 204,765</u>	<u>\$ 189,169</u>

7. Deferred Contributions - Capital:

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

	<u>2008</u>	<u>2007</u>
Opening balance	\$ 27,951	\$ 55,902
Capital contribution recognized	27,951	27,951
Closing balance	<u>\$ -</u>	<u>\$ 27,951</u>

NOTES TO FINANCIAL STATEMENTS

8. Commitments:

The Agency has a lease for office space in Corner Brook, Newfoundland. The term of the lease is 5 years, starting September 28, 2007, with the option to renew for a further term of up to 5 years. The monthly rental fee is \$4,210.69.

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

9. Comparative Figures:

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





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