

"A Truly Valued Nova Scotia"

March 31, 2010 Annual Report

Mission Vision Values Goals

Mission

We provide market valuation and other property related services to municipalities, clients and the Province of Nova Scotia

Vision

Our clients and partners recognize us as the best provider of market valuation and property related services.

Values

- Focus on our customers' needs
- Be accountable for our results and processes
- Have quality in our resources, services and products
- Be progressive in our management and execution
- Value our stakeholders' diversity, input, contribution and partnership
- Have excellence in our customer service
- Invest in our people
- Treat others with respect and dignity

Strategic Goals

Best Product Quality:

The PVSC will ensure it has the best quality of products and service in the market valuation industry.

Deliver Best Value for Money:

The PVSC will structure production and services to deliver the most with the corporate resources.

Improve Access to Information:

Enable clients to have convenient choices about where, when and how to conduct business with us.

Build a High Performance Culture:

Get and keep the right human, financial and technical resources to do our job effectively and economically.

Improve/Expand Products/Services:

We will develop the right products to support clients' property related decisions.

Implement Best Practice Governance:

The PVSC Board will follow best practice governance on behalf of stakeholders.



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This annual report reflects the Property Valuation Services Corporation fiscal year ending March 31, 2010.

The information on programs and operations reflect activities that occurred in the calendar year 2009 relating to the filing of the 2010 assessment roll. This includes activity related to appeals filed against the 2009 roll.

Message from the PVSC Board Chair



After completing the initial strategic plan for the Property Valuation Services Corporation (PVSC), the Board set its focus on providing management with the advice and support it needed to implement the tasks outlined in that plan. We also continued our commitment of ensuring that the PVSC achieves its goals with the best interests of its stakeholders, the fifty-five municipalities, at the forefront.

One area that was of special interest to me and the Board was the pursuit of opportunities to form partnerships, in particular partnerships involving municipalities. The creation of the Property Innovation Council (PIC) was a great example of progress through partnership.

The Council was established between the municipalities, the PVSC and the Province to deal with property related issues which have remained unresolved for many years. Its initial project involves property addressing - an area of keen interest to all three parties.

Use of innovative technology by PVSC holds potential for application by municipalities and others. Continuing engagement of partners and clients at many levels also provides the opportunity for business improvements for the taxpayers of Nova Scotia.

On behalf of the Board, I would like to extend our thanks to management and staff for another successful year in moving towards the pursuit of being the best provider of market valuation and property-related services.

Carroll Publicover
Mayor, Town of Bridgewater
PVSC Board Chair

Message from the Chief Executive Officer

I am pleased to report that we are now fully engaged in our role as the Property Valuation Services Corporation (PVSC).

We have become the PVSC and we are now focused on achieving the strategic goals that we laid out when the PVSC was first established.

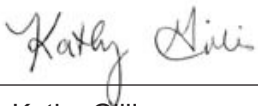
In 2009 significant improvements were made in every part of the organization. We undertook a complete review of the appeal process and our public point of contact through the internal and external call centers. Public approval of how we responded to their queries reached the highest levels since we started measuring response in 1997. Appeal process changes have led to appeals being dealt with more quickly and appellants accessing the status of their appeals more easily.

The PVSC and NSGEU Local 43 reached an agreement after three days of negotiations and prior to the expiry of the previous contract. Staff and management are engaged in the Leadership Development and “Coaching for Success” programs to help establish goals, measure success and determine training and development needs. The second phase of a tele-work pilot involving the Kentville staff has been launched after receiving favourable response from our clients.

We have expanded partnership opportunities with municipalities and the Province. The Property Innovation Council was established by our three organizations to resolve long time outstanding issues dealing with property related information. A pilot project using Pictometry technology resulted in the development of a positive business case to expand the pilot over the next five years.

Work areas were adjusted, area manager positions created, Quality was integrated with Operations, Legal support is evolving toward an alternate dispute resolution mechanism and residential analysis has been formalized.

All of these achievements are strong markers of the organization’s willingness to follow the path of continuous improvement.



Kathy Gillis
Chief Executive Officer





PVSC Board of Directors

The PVSC Board of Directors governs the Corporation on behalf of the 55 municipal units in Nova Scotia.

The Board has many roles and responsibilities within the organization, which include:

- establishing a long term strategic plan
- creating multi-year and capital budgets
- appointing a Chief Executive Officer
- encouraging partnership opportunities with stakeholders and others
- reporting to the UNSM at its annual meeting
- ensuring external financial and quality audits are completed
- filing an annual report



Committees

Three committees established by the Board complete detailed work in their areas of concentration and reporting to the Board at their scheduled meetings. The committees are the Audit and Finance Committee, Quality and Client Service Committee and Governance Committee. The Board Chair is a member of each committee.



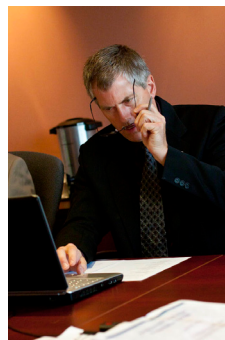
Composition

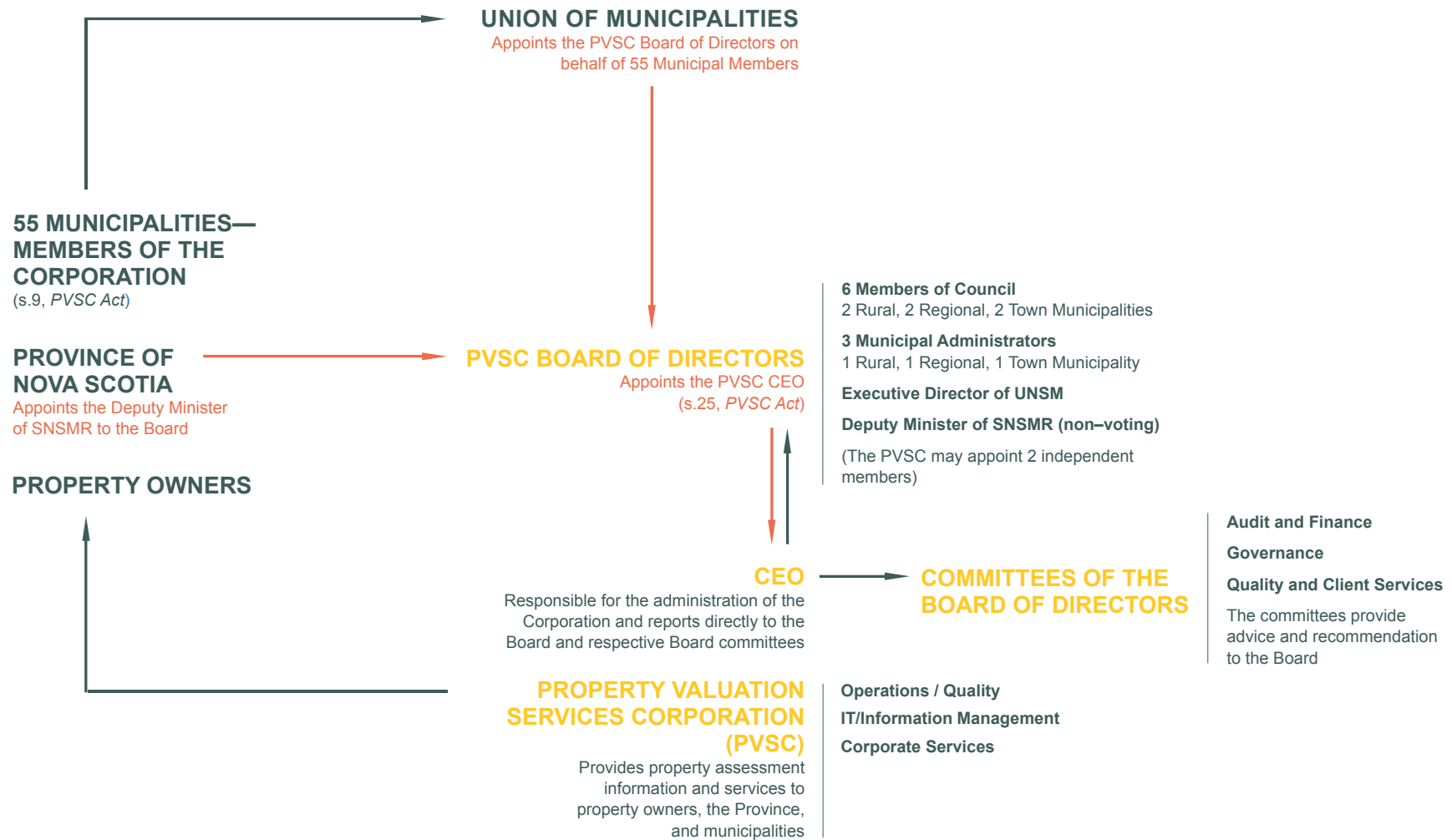
The Board is comprised of elected and administrative representatives from rural, town and regional caucuses who are appointed by the Union of Nova Scotia Municipalities (UNSM). In addition, the Board includes the Deputy Minister of Service Nova Scotia and Municipal Relations (non-voting) and the Executive Director of the UNSM. In December of 2009, three new members were appointed to replace members who have completed their terms. The CEO of the PVSC reports to the Board and attends all meetings. We would like to extend our sincere thanks to Bob McNeil, Trudie LeBlanc and Debbie Kampen, who have completed their service in December, 2009.



The Board members for the 2009 - 2010 fiscal year are:
(featured counter clockwise)

Kevin Malloy, Deputy Minister, Service Nova Scotia and Municipal Relations; **Roy Brideau**, CAO, Town of Wolfville; **Mervin Hartlen**, Councillor, Region of Queens Municipality; **Billy Joe MacLean**, Mayor, Town of Port Hawkesbury; **Sandy Hudson**, CAO, County of Victoria; **Geri Kaiser**, Acting Executive Director, UNSM; **Gloria McCluskey**, Councillor, HRM; **Darren Bruckschwaiger**, PVSC Board Vice-Chair, Deputy Mayor, Cape Breton Regional Municipality; **Jimmy MacAlpine**, Deputy Warden of the District of Digby; **Cathie O'Toole**, Director of Finance, HRM; **Carroll Publicover**, PVSC Board Chair, Mayor, Town of Bridgewater.





2009 Activity Relating to the 2010 Assessment Roll

Delivering More Than Market Value

On an annual basis, the PVSC provides an assessment roll to its fifty-five municipal partners and assessment notices to approximately 585,000 Nova Scotia property owners, as required under the *Assessment Act*.

Other legislated requirements include the operation of an appeal process and programs mandated by the Province including the CAP program, the Business Occupancy Phase Out and Seasonal Adjusted Tourist Business Designation. In 2009 the PVSC added nearly 7,600 new accounts and completed approximately 25,000 building permits and work orders.

Across the Province, assessments increased by approximately 6 per cent from 2009; residential assessments were up by 7 per cent and commercial assessments were up by 4 per cent (see page 7).

Appeal Figures

During the 2010 twenty-one day appeal period, the PVSC received 10,203 appeals. This is a decrease of approximately 28% from 2009. Of the 10,203 appeals, 1,777 were commercial and the remainder were residential, resource or other.

The call center answered 8,265 calls, which is approximately 4,000 fewer the calls answered than last year.

Seasonal Tourist Business Designation

Under the Seasonal Tourist Business Designation legislation, a business that is closed for at least four months in the taxation year and is a restaurant, a roofed accommodation or a camping establishment may be eligible for a reduced commercial tax rate. The owner of the business is required to submit an application to the PVSC and demonstrate that they meet specific criteria.

In 2009, 336 tourist businesses were deemed to be eligible across Nova Scotia. We directly notified the participants from the previous year and worked with the Tourism Industry Association of Nova Scotia, the Department of Tourism and Service Nova Scotia & Municipal Relations to deliver the message out to their interested clients.



Joe McEvoy, Sr. Policy Analyst, assists Rae MacDonald, Residential Assessor, measure a residential property.

Capped Assessment Program (CAP)

Since 2007 the CAP rate has been tied to the increase in the Nova Scotia Consumer Price Index (NSCPI). For the 2010 assessment roll, the change in NSCPI was a negative number, therefore the CAP rate was set at 0.0%.

Over 377,000 accounts were eligible for the program and this represented a difference of \$6.9 billion on the residential and resource portion of the 2010 assessment to the municipalities, compared to the market assessment.

No changes were made to the CAP legislation in 2009.

Business Occupancy

In 2006, the Provincial Government in consultation with the UNSM initiated the phase out of Business Occupancy Tax. Business Occupancy Tax was divided into three classes 25%, 50% and 75%. The 25% class was removed in 2006 and the 50% class phased out for the 2010 assessment roll.

The 2010 assessment roll only maintained the 75% category which includes financial institutions such as banks, trust companies, insurance companies, credit unions and loan or investment companies. This final category will be eliminated in 2013. There were 740 accounts in the 75% category included on the roll for 2010.

The reduction in the 2010 assessment roll due to the phase out of business occupancy was significant. Approximately \$629 million was removed from the assessment roll that would have been subject to the commercial tax rate.

Provincial Assessment Inspection Program (PAIP)

The Provincial Assessment Inspection Program (PAIP) began in 1997 as a way to verify assessment data and capture new information as a supplement to the standard inspection program. Over the past 12 years, it has grown to be a highly valued seasonal component of the PVSC work plan.

PAIP also has benefits aside from adding value to the assessment roll. It is a key method in recruiting new employees. It is also a great training component for employees who are switching from another department to operations.

In 2009, PAIP added \$50,500,000 to the 2010 assessment roll, either confirming or updating details on approximately 8,600 accounts spread across many municipal units.

Property Assessment Values

	2010	2009
Residential*	\$ 60,982,707,300	\$57,222,607,800
Commercial**	\$ 18,831,495,300	\$18,832,231,800
PROVINCIAL TOTAL	\$79,814,202,600	\$76,054,839,600
Number of Accounts ¹	584,713	597,436
Business Occupancy Reduction	\$628,850,700	\$558,444,600

*Residential Includes Resource

**Commercial Includes Business Occupancy

¹Reduction in Accounts Due to Business Occupancy Phase Out

PVSC Awards

Following its official launch in April, 2008, the PVSC Board and senior management chose to honour a selected employee and supporter annually by presenting them with a special award at staff gatherings.

The ***Vision Award*** is presented to an employee who is chosen by their peers for demonstrating leadership qualities and outstanding commitment to the organization's mission, vision, values and goals. The initial winner was Brian George in 2008, for 2009 it was Joe McEvoy and this year the award went to Lloyd MacLeod, Senior Manager Commercial.

The ***Brenda V. Cowie Partnership Award*** is given to a partner who has built a strong relationship with the PVSC over the past year and has provided assistance for the organization to live out its vision of being the best provider of market valuation.

Brenda Cowie was the original recipient and the person for whom the award was named and in 2009 we recognized Lloyd Hines, our past Chair and UNSM President for his encouragement and support. Kevin Malloy, Deputy Minister of SNS&MR and PVSC Board member, was recognized for his support and leadership especially with the Property Innovation Council.

In 2010 a new form of recognition was created, the ***CEO's Award for Excellence***. Much of the success of the PVSC is a result of our ability to work together in teams: project teams, pilot teams, test teams, cross functional teams, volunteer teams, focus groups, etc. This year's inaugural award was presented to the Tele-work team from the Kentville office for their dedication and hard work while engaging in a new way of working and giving a fair evaluation of that effort (Further details regarding this project appear on page 15).

Achieving a Truly Valued Nova Scotia

The PVSC has focused on three key strategic themes in achieving its long term strategic goals and an overall vision of “A Truly Valued Nova Scotia.” These strategies look to build on the strong foundations created and developed since the organization was established as a not-for-profit corporation in 2007, linking each initiative to the six strategic goals outlined in this annual report.



Executive Team from left to right

Russ Adams, VP Corporate Services; Jean Thorburn, VP Operations; Kathy Gillis, CEO; Rick MacLeod, VP IT/IM

Process Improvement

The PVSC constantly strives to improve its processes and ensure that it is delivering the best value while delivering consistent reliable quality.

Engagement and Partnership

The PVSC has engaged in several initiatives with external parties in order to provide excellent service to its clients and stakeholders.

Technology Innovation

In an effort to ensure PVSC delivers the best quality and value to its clients, the PVSC is seeking innovative means of completing work and adding value to its clients.

Process Improvements

Call Center and Assessor Review Survey

PVSC firmly believes in providing the best service possible to the property owners of Nova Scotia. In order to measure our effectiveness, we conducted our annual call center and assessor response survey, which we have made a priority in completing on an annual basis since 1997.

The results from the survey reflect the opinion of over 400 randomly selected people who made initial contact with the PVSC call center. It is to be noted that these results are not representative of the opinion of all the property owners in Nova Scotia, only those who inquired concerning their assessment. The survey participants were contacted between March 4 and 11, 2010 by telephone.

As a result of a drop in client satisfaction rate in 2009, management agreed the call center was in need of a review. The review outlined areas of improvement and several changes were made. Changes included developing a quality call program, improving the phone menu, enhancing technology, training program participants, realigning resources and processes and assigning the PVSC internal call center as the initial point of contact for inquiries. The success of these improvements was evident after completing the 2010 survey, which showed a 26 per cent increase in overall satisfaction.

Some of the results from the survey showed that 77 per cent of property owners said they were satisfied with how the PVSC handled their call; 84 per cent agreed that their call was answered promptly; 89 per cent agreed that the PVSC conducted itself in a professional and friendly manner and 84 per cent agreed that the PVSC was willing to listen to concerns.

Changes to the Assessment Notice

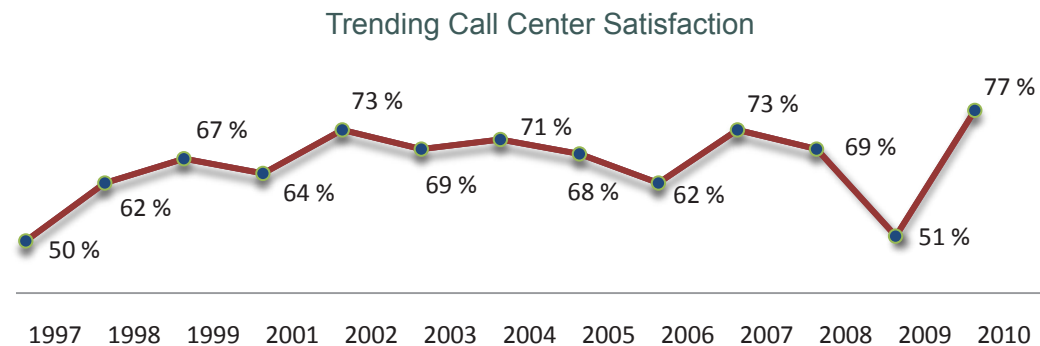
In 2008 PVSC consulted with property owners on how to re-design the assessment notice. After receiving feedback on the new look in 2009, PVSC made additional changes to the assessment notice for 2010.

Five years of previous market value, where available, was added to the back of the notice to show property owners how their current assessment has changed over the years.

The value at which property values are taxed is located on the front of the notice. This is either the market or capped assessment, whichever is applicable. The remaining details about the current assessment are found on the back of the notice.

The appeal form has been relocated to the front of the notice. The appeal questions have been removed due to the creation of the "Appeal Process Guide".

The PIN and assessment number, are found on the top right hand corner of the assessment notice and can be used to view residential property descriptions online at www.nsassessmentonline.ca



Appeal Process Re-design

One of the key process improvement undertakings at PVSC for 2009 was a complete review of the appeal process. This was in response to client surveys, staff suggestions, municipal input and suggestions from the Office of the Ombudsman. The appeal process was reviewed in its entirety and interviews conducted with the groups mentioned above and others including appeal court chairs, the Nova Scotia Utility and Review Board members and appeal agents.

Recommendations from a cross functional review team were incorporated for the 2010 appeal period. Administrative changes, system improvements and communications improvements were carried out while improvements to the inquiry management process were completed in parallel.

The process for accepting and cataloguing appeals was centralized in the Truro office to simplify messaging to appellants, processing and reporting. Business practices were changed and additional training for staff was provided to streamline the review and response time. Communications to appellants emphasized centralized contact and processing information such as phone and fax numbers, mailing address and web site information.

Letters confirming receipt of appeals and a booklet designed to explain the appeal process were sent to every residential and resource appellant. Early responses from appellants have been positive and appeal processing is well ahead of schedule.

“Five recommendations were issued, as well as general observations for improvements to the property assessment appeal process. We were pleased with the co-operation, time and effort extended to our staff in concluding these matters and believe the implementation of these recommendations is a positive step in improving client services.”

*- Office of the Ombudsman's
2008 - 2009 Annual Report*

Organizational Re-structuring

In order to effectively serve our clients and stakeholders to the best of our ability, we have re-structured the work areas in the Province to more equitably balance the number of assessment accounts among the PVSC offices. An area manager was assigned to each work area. These managers are responsible for the activity and employees in the offices located in their respective work areas as well as ensuring quality service to the municipal units. The managers are: (below from left to right)

Jeanette Campbell - Manager, Operations Support

Chris Kent – Area Manager, Work unit II - Central. Halifax Regional Municipality

Diane Beaton – Area Manager, Work unit III - East. All municipalities on Cape Breton Island as well as municipalities in Antigonish, Pictou and Guysborough Counties

Tanis Seewald – Area Manager, Work unit IV - Northwest . All municipalities in Colchester, Cumberland, Kings, Hants and Annapolis Counties

Aseneth McGrath - Manager, Appeals and Inquiries

Jason Brown – Area Manager, Work unit I.- Southwest All municipalities in Digby, Lunenburg, Shelburne, Queens and Yarmouth Counties



Engagement and Partnership

Property Innovation Council (P.I.C.)

Property related services affect most Nova Scotians and are delivered through multiple organizations including the PVSC, Service Nova Scotia and Municipal Relations (SNS&MR) and Municipalities. Many of the services delivered by one organization are dependent on the support of other organizations to ensure their successful delivery. Historically, if an issue or opportunity arose that affected these integrated services there was no single body with the accountability, responsibility and authority to deal with the situation.

Recognizing the importance of delivery quality customer services, the Board Chair of the PVSC, the President of the Union of Nova Scotia Municipalities (UNSM) and the Minister of SNS&MR agreed to establish the Property Innovation Council. The Council serves as the central authority for addressing cross organizational opportunities and challenges relating to the delivery of property services.

The Council was created and began work in January 2010 and includes the Deputy Minister of SNS&MR, the CEO of the PVSC and the Executive Director of the UNSM, as well as other representatives from the participating organizations. Its first major project, the Single Address Initiative has two major goals. The first is to deal with the many issues resulting from the sharing of inaccurate and untimely civic and mailing address information among the many service delivery organizations. The second is to create a common Address Architecture for the PVSC, Municipalities and SNS&MR that would serve as the starting point to establishing the partnership, operating model and the technical environment necessary to achieve the Council's broader vision for property services.



“The Property Innovation Council is an exciting initiative which brings value to the Province of Nova Scotia. This dedicated group is committed to delivering quality service to their customers.”

*- Kevin Malloy
Deputy Minister, SNS&MR; Chair, Property
Innovation Council*

(from left to right)

Lloyd MacLeod, Sr. Commercial Manager; **Meredith Buchanan**, Sr. Manager, Operations Effectiveness; **Phil Schofield**, Sr. Commercial Specialist; **Alex MacDonald**, Sr. Residential Manager; **Mike Musycsyn**, Sr. Residential Specialist; **Dan McNeil**, Sr. Legal Specialist

The Communications section at PVSC has been diligently working towards engaging and partnering with clients, stakeholders and other organizations in order to live out the organization's vision of being recognized at the best provider of market valuation and property-related services.

Our newly developed communications plan highlights the importance of public events. In January, we held a media conference the day the assessment notices were mailed to unveil the assessment roll values to the public. We received media coverage from a variety of different sources.



Debi Karrel, Sr. Government and PR Consultant explains changes to the assessment notice during a Municipal Council meeting.

Municipal Visits

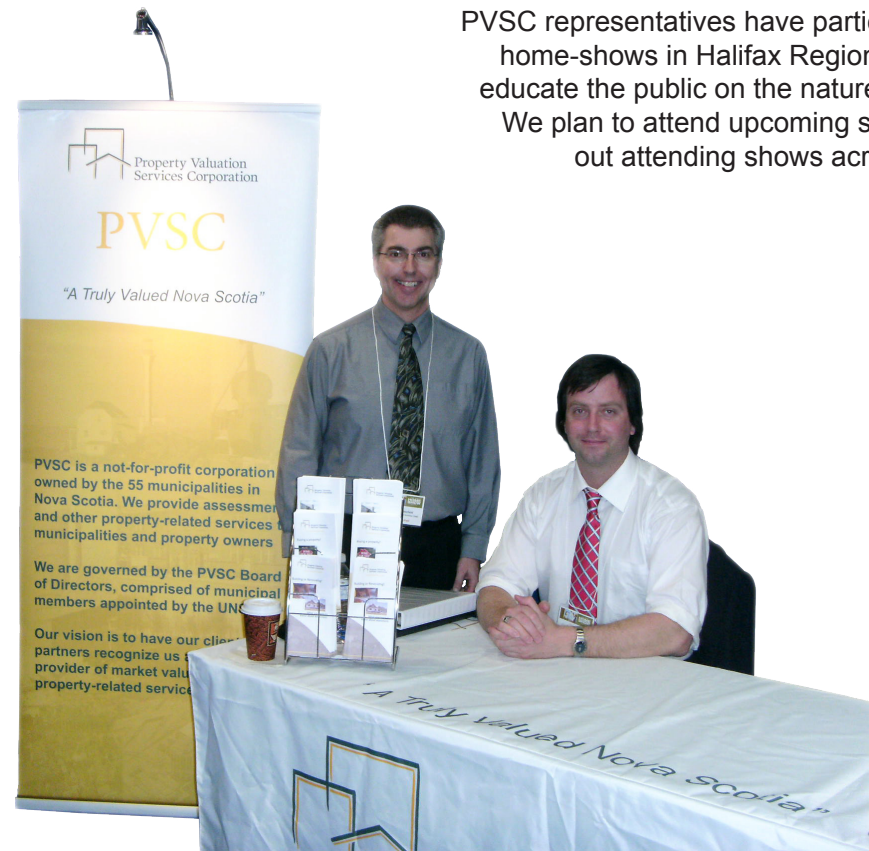
Debi Karrel, Sr. Government and PR Consultant, has been actively visiting municipalities across Nova Scotia, accompanied by the respective area manager. The offer to present at municipal councils was extended during the mailing of the assessment roll and over 40 municipal units took advantage of the opportunity. PVSC has also had a presence at the annual AMA and UNSM conferences and workshops.

Newsletters

In March we released our first public newsletter. We have made the commitment to publish a new edition on a quarterly basis. The newsletter includes organizational updates, new initiatives, changes made to our web site, contact information and important calendar dates. The newsletters are mailed to our clients and stakeholders and can be found on our web site www.pvsc.ca

Home-shows

PVSC representatives have participated in several home-shows in Halifax Regional Municipality to educate the public on the nature of our business. We plan to attend upcoming shows and branch out attending shows across the Province.



Wilson Mansfield, Residential Assessor and Dion Regular, Field Assessor, represent PVSC at the Real Home Show at the Halifax Forum.

Technology Innovation

Pictometry Pilot

Based on the findings of a pilot project completed in 2008, the PVSC undertook a business case review of the Pictometry oblique aerial photography software. The business case looked at the potential benefits of incorporating the Pictometry product and data into a variety of PVSC business processes.

The business case outlined the actual costs for capturing the data and making it accessible to PVSC staff. Potential partnerships with municipalities, the Province and other parties were also explored.

The business case concluded that by incorporating this product in selected business processes that there was a reasonable return based solely on cost savings realized by the PVSC over a five year period. The PVSC is currently engaged in discussions with Pictometry involving the on-going capture of data for populated areas within each of the fifty-five municipalities, and this data is intended to be shared with municipalities.

This project paves the way for business process improvements within the PVSC and potential partnerships with the municipalities and possibly others for future data gathering flights.



Featured above is a screen shot of Halifax waterfront, taken with Pictometry's oblique aerial photography software.

Hand-held Technology

The Information Technology team continued to evaluate the effectiveness of hand held data collection devices. Testing includes durability, battery life, remote connectivity to the network, GPS accuracy and photo quality from the built in camera.

Building sketching software has also been purchased and will be part of the overall testing. An evaluation of the iField Mobile module, part of the iasWorld software will also be included as part of the testing of these devices.

The implementation of handheld technology will improve the overall effectiveness of field staff by allowing information to be captured and updated into iasWorld while they are in the field. In addition, improved data quality will result from data validation edits that will be part of the updated process.

Tele-work Pilot

A pilot project conducted out of the Kentville PVSC office tested the concept of having selected assessment staff work from their homes. The initial phase of the pilot had 11 of the 15 staff in the Kentville office working from home.

The transition was relatively seamless from a client and staff perspective. Productivity of staff working from home compared to staff in other offices around the Province was measured and found that all work requirements were met. The call center survey concluded that the public responded positively and the Kentville staff was very pleased to find that the response in their area was actually slightly higher than the remainder of the Province. Questions and concerns from municipal units were dealt with as they normally would and they did not notice a difference with the level of service received from PVSC.

The majority of the work dealt with during this period was around inquiries and appeals. The pilot has been extended to the end of December, 2010 in order to gain full perspective on working at home through the entire business cycle including reassessment and building permits.

iasWorld Version 6.0 Upgrade

The PVSC has been using the iasWorld Computer Assisted Mass Appraisal (CAMA) software as its main business computing system since 2007. The iasWorld product is an industry leader and is used by many assessment organizations throughout North America.

In 2009 PVSC Information Technology staff began work with representatives from all business units to prepare to implement the newest version of iasWorld, known as "V6". This upgrade will allow PVSC staff to take advantage of the newest functionality available within the iasWorld environment and will serve as the foundation to support the implementation of newer technologies. Some of the new functionality that is supported in the latest version of iasWorld includes the ability to utilize hand-held field data collection devices, improved GIS functionality using the ArcGIS Server product and the ability to use Pictometry oblique aerial photography.

A testing team comprised of representatives from each business unit has been put in place and a formal testing strategy is being developed using the leading edge software testing product, HP Quality Center.

Wade Fenerty, Assistant Manager for Central and **Ross Fenerty**, Residential Assessor, discuss an account on iasWorld



Auditors' Report



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To the Board of Directors of the Property Valuation Services Corporation

We have audited the statement of financial position of the Property Valuation Services Corporation as at March 31, 2010 and the statements of operations and changes in fund balance – operating fund and restricted capital asset fund, changes in net assets and cash flows 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 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 Property Valuation Services Corporation as at March 31, 2010 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with generally accepted accounting principles.

Halifax, Nova Scotia
June 18, 2010

A stylized, handwritten signature of "Grant Thornton LLP" in black ink.

Chartered Accountants

**STATEMENT OF OPERATIONS AND CHANGES IN
FUND BALANCE - OPERATING FUND**

Year ended March 31	Budget 2010	Actual 2010	Actual 2009
Revenues			
Municipal	\$ 16,443,000	\$ 16,443,000	\$ 15,809,990
Interest	-	53,646	116,257
Cost recovery	25,000	85,367	88,088
Investment income	-	66,553	-
Unrealized gain on investments	-	56,278	-
	<u>16,468,000</u>	<u>16,704,844</u>	<u>16,014,335</u>
Expenses			
Employee future benefits	265,744	181,907	265,745
IT operations	1,003,616	898,581	756,592
Meeting expenses	104,998	106,407	87,045
Membership dues and fees	42,707	61,701	45,240
Office relocation expense	-	-	97,180
Other supplies and services	151,725	154,294	139,865
Printing and postage	697,896	697,189	612,481
Professional fees	937,473	1,200,014	675,912
Rentals and leases	1,036,428	1,020,144	1,018,133
Salaries and benefits	10,714,096	10,541,073	10,012,163
Staff training and development	94,789	80,754	78,491
Telecommunications	156,245	216,189	186,019
Travel	912,283	877,619	866,058
	<u>16,118,000</u>	<u>16,035,872</u>	<u>14,840,924</u>
Excess of revenues over expenses	<u>350,000</u>	<u>668,972</u>	<u>1,173,411</u>
Inter-fund transfers			
Special Operating Reserve for 2009/10 transfers	-	332,000	(332,000)
Special Operating Reserve for 2010/11 transfers	(170,000)	(190,000)	-
	<u>(170,000)</u>	<u>142,000</u>	<u>(332,000)</u>
Excess after Operating Reserve transfers	<u>180,000</u>	<u>810,972</u>	<u>841,411</u>
Inter-fund transfer – purchase of capital assets	(180,000)	(201,008)	(339,034)
Transfer for future capital project	-	-	65,017
Transfer to Technology Replacement CAMA Reserve	-	(448,563)	(448,000)
Transfer from (to) Internally Restricted Fund	-	(161,401)	(119,394)
	<u>(180,000)</u>	<u>(810,972)</u>	<u>(841,411)</u>
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

**STATEMENT OF OPERATIONS AND CHANGES IN
FUND BALANCE - RESTRICTED CAPITAL ASSET FUND**

Year ended March 31	Budget 2010	Actual 2010	Actual 2009
Expenses			
Amortization of capital assets	\$ (579,397)	\$ (606,784)	\$ (566,049)
Inter-fund transfer			
Inter-fund transfer – purchase of capital assets	180,000	201,008	339,034
Transfer for future capital project	-	-	(65,017)
Transfer of capital assets from Service Nova Scotia and Municipal Relations	-	-	108,332
Fund balance, beginning of year	<u>4,401,933</u>	<u>4,401,933</u>	<u>4,585,633</u>
Fund balance, end of year	\$ <u>4,002,536</u>	\$ <u>3,996,157</u>	\$ <u>4,401,933</u>

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2010

	Operating Fund	Special Reserves (note 4)	Internally Restricted Fund	Restricted Capital Asset Fund	2010 Total	2009 Total
Balance, beginning of year	\$ -	\$ 780,000	\$ 374,005	\$ 4,401,933	\$ 5,555,938	\$ 4,840,244
Excess of revenues over expenses	668,972	-	-	(606,784)	62,188	607,362
Transfer of capital assets from Service Nova Scotia and Municipal Relations	-	-	-	-	-	108,332
Additions to capital assets	(201,008)	-	-	201,008	-	-
Additions to Internally Restricted Fund	(161,401)	-	161,401	-	-	-
Transfers to Special Reserves (note 4)						
Technology Replacement CAMA Reserve	(448,563)	448,563	-	-	-	-
Operating Reserve	332,000	(332,000)	-	-	-	-
Funding carried forward to 2010/11 budget	<u>(190,000)</u>	<u>190,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 1,086,563</u>	<u>\$ 535,406</u>	<u>\$ 3,996,157</u>	<u>\$ 5,618,126</u>	<u>\$ 5,555,938</u>

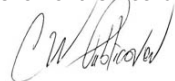
See accompanying notes to the financial statements

STATEMENT OF FINANCIAL POSITION

March 31	2010	2009
Assets		
Current		
Cash and cash equivalents	\$ 2,897,320	\$ 2,269,513
Receivables (note 6)	276,932	403,643
Prepays	<u>60,628</u>	<u>81,562</u>
	3,234,880	2,754,718
Restricted investments		
Employee future benefits (note 5)	3,217,734	2,778,962
Technology Replacement CAMA Reserve	682,968	-
Capital assets (note 8)	<u>3,961,175</u>	<u>4,366,950</u>
	\$ 11,096,757	\$ 9,900,630
Liabilities		
Current		
Payables and accruals (note 7)	\$ 1,251,195	\$ 1,024,215
Deferred revenue (note 2)	<u>1,228,817</u>	<u>301,292</u>
	2,480,012	1,325,507
Employee future benefits (note 5)	<u>2,998,619</u>	<u>3,019,185</u>
	5,478,631	4,344,692
Fund balances		
Restricted Capital Asset Fund	3,996,157	4,401,933
Special reserves		
Technology Replacement CAMA Reserve	896,563	448,000
Special Operating Reserve	190,000	332,000
Internally Restricted Fund	<u>535,406</u>	<u>374,005</u>
Total fund balances	<u>5,618,126</u>	<u>5,555,938</u>
Total liabilities and fund balances	\$ 11,096,757	\$ 9,900,630

Commitments (note 9)

On Behalf of the Board



Director



Director

STATEMENT OF CASH FLOWS

Year ended March 31	2010	2009
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenues over expenses	\$ 62,188	\$ 607,362
Depreciation	606,784	566,049
Employee future benefits	(20,566)	169,485
Unrealized gain on restricted investments	(56,278)	-
Investment income on restricted investments	<u>(97,491)</u>	<u>(23,146)</u>
	494,637	1,319,750
Change in non-cash operating working capital		
Receivables	126,711	(380,957)
Prepays	20,934	402,860
Payables and accruals	226,980	924,867
Payable to Province of Nova Scotia, Service Nova Scotia and Municipal Relations	-	(1,111,177)
Deferred revenue	<u>927,525</u>	<u>(1,242,101)</u>
	1,796,787	(86,758)
Financing		
Funds received from Province of Nova Scotia, Service Nova Scotia and Municipal Relations	-	<u>2,849,700</u>
Investing		
Purchase of restricted investments	(3,900,702)	(2,778,962)
Redemption of investments during the year	2,778,962	-
Unrealized gain on restricted investments	56,278	-
Investment income on restricted investments	97,491	23,146
Purchase of capital assets:		
Computer	-	(65,017)
IT assets	(137,639)	(228,879)
Furniture and equipment	(38,327)	(66,880)
Leasehold improvements	(25,043)	(86,590)
Contribution – capital asset fund	-	108,332
	<u>(1,168,980)</u>	<u>(3,094,850)</u>
Net increase (decrease) in cash and cash equivalents	627,807	(331,908)
Cash and cash equivalents, beginning of year	<u>2,269,513</u>	<u>2,601,421</u>
Cash and cash equivalents, end of year	\$ 2,897,320	\$ 2,269,513

See accompanying notes to the financial statements

Notes to the Financial Statements

1. Nature of operations

Property Valuation Services Corporation was incorporated under the Property Valuation Services Corporation Act as of April 1, 2007. The purpose of the Corporation is to provide assessment and related property information services to Municipalities in the Province of Nova Scotia. All municipalities in Nova Scotia are members of the Corporation.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for Not-for-Profit organizations using fund accounting. Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

Financial statement presentation is on a Restricted Fund basis, the Restricted Capital Asset Fund reports the assets, revenues and expenses relating to the Corporation's assets. The Operating Fund reports the revenues and expenses related to the Corporation's program delivery and administrative activities.

Use of estimates

In preparing the Corporation's financial statements, in conformity with the Canadian generally accepted accounting principles management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Some of these estimates and assumptions include depreciation and employee future benefits. Actual results could differ from those reported.

Revenue recognition

The Corporation follows the deferral method for accounting for municipal revenues. Income from assessment services is recognized as revenue in the year in which the related services are provided.

Capital assets

Capital assets are recorded at cost. The Restricted Capital Asset Fund reports the assets, liabilities, revenues, and expenses relating to these

capital assets. Transfers of capital assets from other government entities are recorded at their fair value at the date of transfer.

Depreciation

Depreciation is recorded as an expense in the restricted capital asset fund. Rates and bases of depreciation applied to write off the capital assets over their estimated life are as follows:

IT hardware	3 years, straight-line
IT software	30%, declining balance
Computerized mass appraisal	10 years, straight-line
Furniture and equipment	20%, declining balance
Leasehold improvements	5 years, straight-line

Deferred revenue

Deferred revenue represents payments received from the Municipalities prior to April 1 that relate to the next fiscal year.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with the bank.

Cost recovery

The Corporation has data sharing agreements with Canada Revenue Agency and Statistics Canada. Cost recovery revenue represents the fees related to data sharing agreements and other cost recoveries from the Province.

Financial instruments

Financial instruments include cash and cash equivalents, investments, receivables, deferred revenue and payables and accruals. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, or currency risks arising from financial instruments and the fair value of these financial instruments are at least equal to their carrying values.

Pension benefit plans

The Province of Nova Scotia ("Province") administers the defined benefit pension plan, and the Corporation reimburses the Province for the pension

costs related to the Corporation's proportionate share of the employees covered under the plan. The Corporation's share of the cost of defined benefit pension plan is accrued based on actuarial valuations, which are determined based on data provided by the Province using the projected benefit method pro-rated on service including the expected long-term rate of return on plan assets, salary, escalation, and retirement age.

The impact of changes in plan amendments is amortized on a straight-line basis over the expected average remaining service life (EARSL) of active members.

The Corporation will contribute on an annual basis the estimated premium requirements under this defined benefit plan. The total 2010 expenses for the Corporation's share of the defined pension plan is \$650,275 (2009 - \$553,431) which is included in salaries and benefits expense.

The Corporation also has a defined contribution plan for specified employees. Contributions for the year total \$84,173 (2009 - \$49,628).

3. Restrictions on net assets

Internally restricted

The Internally Restricted Fund of \$535,406 represents accumulated operating surpluses transferred from Service Nova Scotia and Municipal Relations on March 31, 2008 of \$254,611 and additional surpluses transferred in subsequent years from the Corporation's Operating Fund. The surplus transferred for the fiscal year ended March 31, 2010 is \$161,401. This fund has been internally restricted by the Board of Directors for future programs/expenses to be determined from time to time by the Board of Directors in accordance with the goals and objectives of the Corporation.

4. Special reserves

Special Reserves consist of the CAMA Replacement Fund and the Special Operating Reserve. The CAMA Replacement Fund consists of funds reserved for the long term replacement of the computerized mass appraisal system. The Special Operating Reserve is to be used for operating expenditures in the next fiscal year. Transactions in these funds during the year are as follows:

	<u>2010</u>	<u>2009</u>
Technology Replacement CAMA Fund		
Opening balance April 1	\$ 448,000	\$ -
Transfer from Operating fund	<u>448,563</u>	<u>448,000</u>
Closing balance, March 31	\$ <u>896,563</u>	\$ <u>448,000</u>
Special Operating Reserve		
Operating balance, April 1	\$ 332,000	\$ -
Transfer to Operating Fund	<u>(332,000)</u>	<u>332,000</u>
Transfer from Operating Fund	<u>190,000</u>	<u>-</u>
Closing balance, March 31	\$ <u>190,000</u>	\$ <u>332,000</u>

5. Post-retirement health plans and public service awards

Restricted investments

Restricted investments are held in a professionally managed portfolio, in accordance with the Corporation's investment policy. The investments are Held for Trading and are designated as such by management. At balance-sheet date, the investments Held for Trading are carried at fair value. Any changes in fair value are recognized in income in the period in which these changes occur. The balances held in the investment portfolio as at March 31, 2010 were as follows:

	<u>Health Plans</u>	<u>Service Awards</u>	<u>Total</u>
Balances Funded, March 31, 2009	\$ 1,476,177	\$ 1,302,785	\$ 2,778,962
Interest earned	16,948	13,990	30,938
Net contributions to Benefit Funds	203,796	99,920	303,716
Net investment income	<u>56,745</u>	<u>47,373</u>	<u>104,118</u>
Total Funded, March 31, 2010	\$ <u>1,753,666</u>	\$ <u>1,464,068</u>	\$ <u>3,217,734</u>

Employee future benefits

On April 1, 2008, the Corporation acquired the employee non-pension future benefits as follows:

- (a) Post retirement health plans are to designated employees of the Corporation. The Corporation is responsible for funding the employer portion of the premium payments and any obligations under these health benefit plans.

The Corporation developed a long term investment policy with actuarial consultants. In 2009, the Corporation received an estimate of current liability and amortized over five years the estimated actuarial loss due to timing of receipt of funds and rates of return.

(b) Designated employees transferred to the Corporation who upon retirement and who are eligible to receive a pension under the Public Service Superannuation Act shall be granted a Public Service Award based on years of service. The amount of this award is based on one week's pay for each year of full-time service up to a maximum of 26 full years. The Corporation accrues its obligations related to these awards and has adopted a long term investment plan to fund these obligations.

The Corporation accrues its obligations under employees future benefit plans and the related costs when these benefits are earned through current service. The annual service costs and other actuarial estimates adopted by management were reviewed based on the results of an actuarial valuation for the year ended March 31, 2010 conducted by the Corporation's actuarial consultant. Assumptions for the actuarial valuation reports issued on June 3, 2010 are as follows:

	<u>Health plans</u>	<u>Service awards</u>
Discount rate	4.95%	4.95%
Rate of compensation and inflation	2.5%	2.5%
Heath Care Trend:		
Initial rate: drugs	11%	
Initial rate: other health	6.5%	
Ultimate rate: drugs and other health	4.5%	
Year ultimate reached	2017	

The Corporation recognizes that fluctuations in actuarial valuation of future employee liabilities will occur over time due to changes in actuarial assumptions and other factors such as the level of actual claims relating to these liabilities. Therefore Management has adopted a policy to amortize over three years the actuarial gains and losses in excess of 10% of the projected liabilities in the Corporation's books as at year-end. Where the fluctuations do not exceed 10% of the year-end liability balances they shall not be amortized in the Corporation's books.

There was an actuarial revaluation gain on Post Retirement Health Benefits

reflecting the methodology of valuating the premiums paid by the Corporation rather than claims experience prior to the Corporation becoming independent. The amortization for the actuarial revaluation gain for Post Retirement Health Benefits for the year ended March 31, 2010 is \$83,838. Actuarial valuations of Service awards are within 10% of the of the year-end liability balances.

The balances relating to the Corporation's employee future obligations are as follows:

	<u>Health Plans</u>	<u>Service Awards</u>	<u>Total</u>
Balance, March 31, 2009	\$ 1,601,210	\$ 1,417,975	\$ 3,019,185
Payments	(7,111)	(195,362)	(202,473)
Annual service cost	99,288	85,058	184,346
Amortization of actuarial	<u>(41,941)</u>	<u>39,502</u>	<u>(2,439)</u>
Balance, March 31, 2010	<u>\$ 1,651,446</u>	<u>\$ 1,347,173</u>	<u>\$ 2,998,619</u>

Based on the actuarial valuations dated June 3, 2010 the annual service costs for the year ended March 31, 2011 for the Health Plans is expected to be \$77,492, and the Service Awards plan is expected to be \$85,343.

The liabilities for employee future benefits are fully funded by the Corporation. As of March 31, 2010, there was an excess funded amount of \$219,115 (2009 - funded shortfall of \$240,223).

6. Receivables

The Canada Revenue Agency (CRA) issued a ruling on February 13, 2009 designating the PVSC a municipality pursuant to subsection 259 (1) of the Excise Tax Act. CRA is now reimbursing the Corporation's HST claims as per the terms of this ruling. Included in receivables is \$148,946 (2009 - \$318,515) for an outstanding HST reimbursement claim that is awaiting processing by CRA.

7. Payables and accruals

Below is a summary of payables and accruals as at year end:

	<u>2010</u>	<u>2009</u>
Vacation liability	\$ 350,000	\$ 257,661
Salaries and other benefit accruals	599,830	589,425
Trade payables	<u>301,365</u>	<u>177,129</u>
	\$ 1,251,195	\$ 1,024,215

8. Capital assets

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
IT hardware	\$ 292,579	\$ 183,770	\$ 108,809	\$ 136,382
IT software	73,939	22,182	51,757	-
Computerized mass appraisal	4,550,650	905,054	3,645,596	4,102,087
Furniture and equipment	105,207	31,742	73,465	53,504
Leasehold improvements	<u>111,632</u>	<u>30,084</u>	<u>81,548</u>	<u>74,977</u>
	\$ 5,134,007	\$ 1,172,832	\$ 3,961,175	\$ 4,366,950

9. Commitments

(a) The Corporation has entered lease agreements for rental of its office premises, expiring in 2013. Minimum annual lease payments for the next three years are as follows:

2011	\$ 724,506
2012	\$ 636,499
2013	\$ 57,341

Where required the Corporation will re-negotiate its lease terms and conditions as they expire.

(b) The Corporation has entered into a three year agreement with a service provider for the provision of annual maintenance and support for its

Mass Appraisal Computer System. The minimum annually payments under this agreement are as follows:

2011	\$ 477,320
2012	\$ 518,400
2013	\$ 544,447

The agreement included optional additional consulting and development services which will be performed by the IT service provider when required.

10. Risk management

Credit risk

The Corporation's credit risk arises from the recovery of its expenses from the Nova Scotia Municipal units. The Corporation's credit risk is minimal as a result of its pre-billing and collection policies which are done on a quarterly basis. Also the recoveries are from the Municipal units of the Province who are all stakeholders of the Corporation.

Market risk

The Corporation is exposed to market fluctuations in its restricted investments. The Corporation's restricted investments allocation totalling \$3,900,702 at March 31, 2010 consists of the following:

Equity securities	42.4%
Fixed income securities	54.8%
Cash	2.8%

The audit and finance committee monitors the investment funds in accordance with the Corporation's investment policies.

Currency risk

The Corporation is not exposed to financial risks that arise from the fluctuations in foreign exchange rates and the degree of volatility of these rates.

11. Related party transaction

All revenues are received from the Municipalities throughout the Province of Nova Scotia. These Municipalities are the shareholders of the Corporation.

12. Contract negotiations update

The Corporation reached an agreement with its employee's Union. This Collective Agreement is for a 3 year term from April 1, 2010 to March 31, 2013. The terms of the Agreement include a 2% annual wage increase to be paid to all bargaining unit members as from April 1, 2010.

13. Comparative figures

Certain of the 2009 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2010.



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