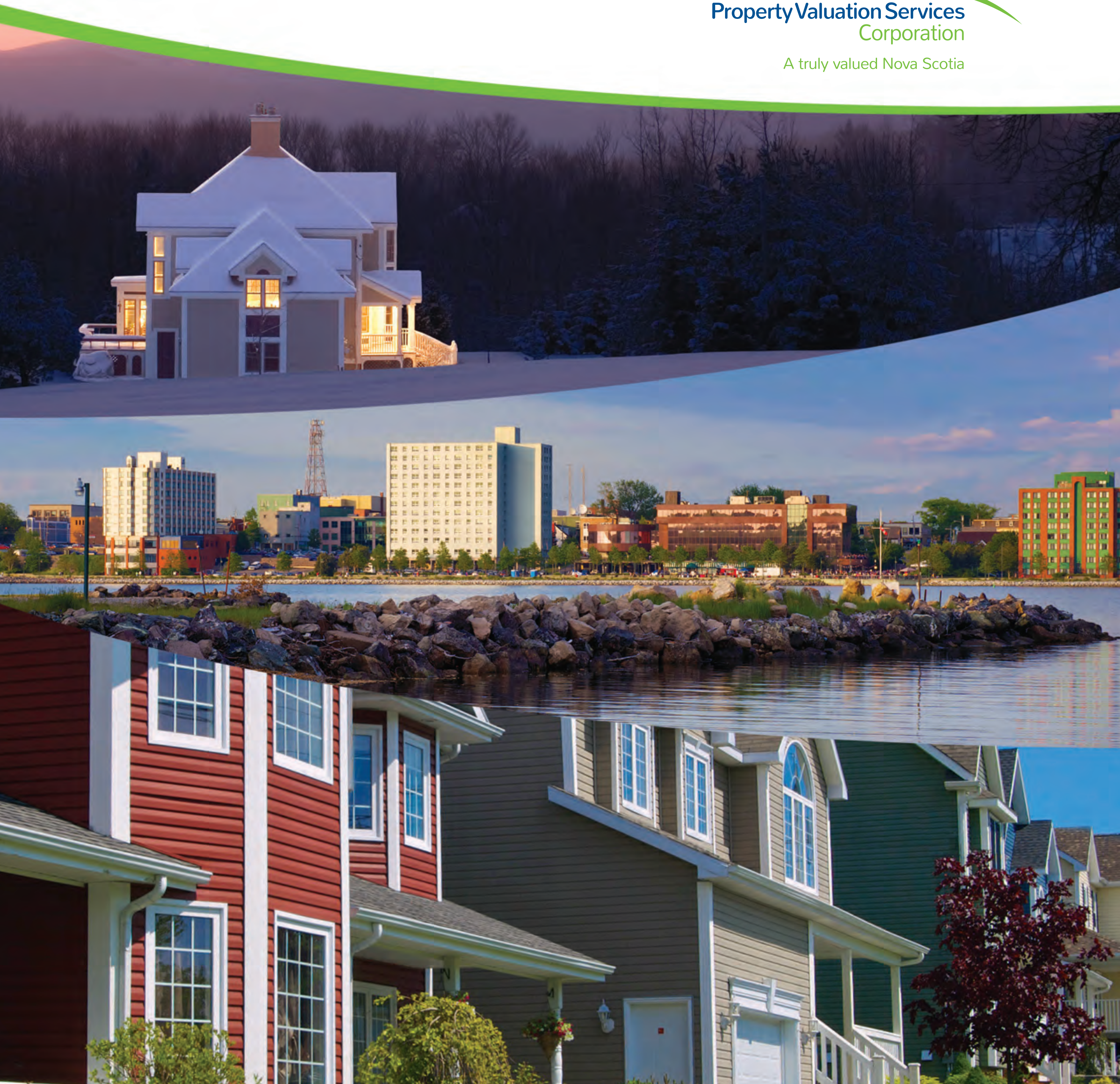
The Transformation Journey

PVSC Annual Report | March 31, 2012

Property Valuation Services Corporation

A truly valued Nova Scotia



Property Valuation Services Corporation

A truly valued Nova Scotia

Photo Credits

Page 3 Compliments of Nova Scotia Tourism

TABLE OF CONTENTS

This annual report reflects the Property Valuation Services Corporation fiscal year ending March 31, 2012.

The information on programs and operations reflect activities that occurred in the calendar year 2011 relating to the filing of the 2012 assessment roll. This includes activity related to appeals filed against the 2011 roll.

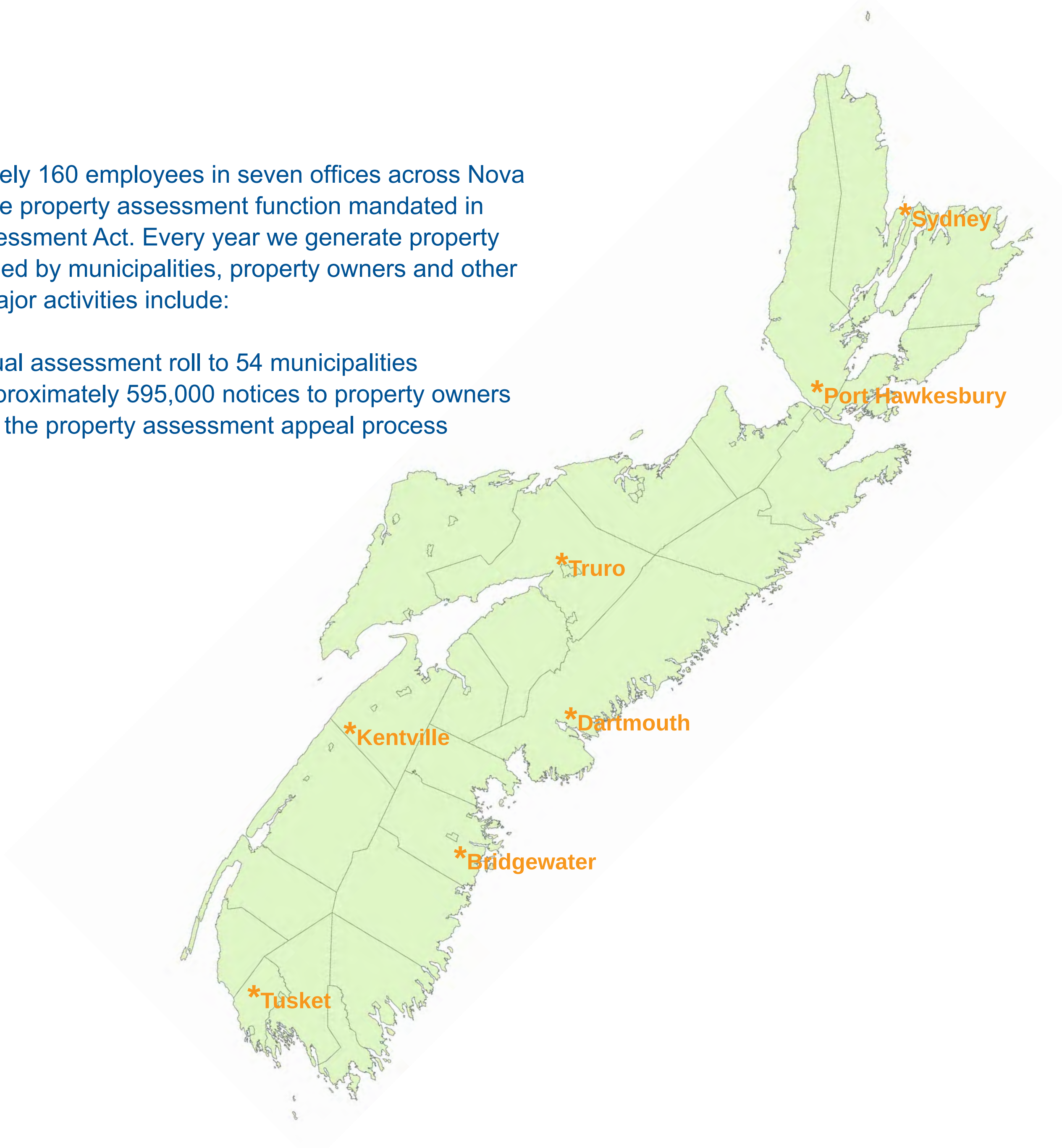
Property Valuation Services Corporation

Property Valuation Services Corporation (PVSC) is the property assessment organization for Nova Scotia. Our core mandate is to serve NS property owners and municipalities by providing accurate and timely property assessments. The PVSC is also taking a leadership role in expanding its services to include other property related initiatives.

Our Role

We have approximately 160 employees in seven offices across Nova Scotia. We deliver the property assessment function mandated in the Nova Scotia Assessment Act. Every year we generate property information that is used by municipalities, property owners and other stakeholders. Our major activities include:

- Provision of annual assessment roll to 54 municipalities
- Production of approximately 595,000 notices to property owners
- Administration of the property assessment appeal process



Mission Vision & Goals

Mission

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

Vision

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

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
The PVSC will enable clients to have convenient choices about where, when and how to conduct business with us.

Build a High Performance Culture
The PVSC will attract and keep the right human, financial and technical resources to do our job effectively and economically.

Improve/Expand Products and Services
The PVSC 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.

Letter from the Board Chair

In the fall of 2011, the PVSC continued its strategic planning process by introducing a new theme – growth and continuous improvement. As you will read throughout this annual report the initiatives designed under the strategic planning framework have a common focus to enhance our client-service mandate.

The Board is fully engaged in overseeing the activities of the PVSC as they explore avenues for expanded services. The participation in the Property Innovation Council and the Single Address Initiative, spearheaded by the Council, are two key initiatives demonstrating the PVSC's innovative and energetic mind set. The Municipal Engagement Program is another positive step being taken by the PVSC that will help strengthen relations with municipalities as well as identify and deliver top quality services.

On behalf of the Board of Directors I extend a sincere thank you to Jimmy MacAlpine, District of the Municipality of Digby for his time served on the PVSC Board.

As well, I offer many thanks to the staff and management of the PVSC on another year of successfully filing the assessment roll and building on the organization's vision for the future.

Russell Walker

Russell Walker
PVSC Board Chair
Councillor, Halifax Regional Municipality

Letter from the CEO

The core mandate of the PVSC is to provide accurate and timely property assessments. In addition to this core mandate over the past four years we have developed our strategic plan, established sound financial systems and built human resources and quality infrastructures. With these systems in place, we are proud to be taking a leadership role in the growth and evolution of our industry.

We are embracing new technologies to make our assessment processes more efficient; our staff are receiving quality training and development opportunities, and we are focusing on servicing the needs of our clients and partners at the highest level. We are also introducing a fresh new logo and brand to support this focus and carry us forward into the future.

Our expertise in property services in Nova Scotia will continue to grow. We are focusing on enhancing our public service mandate by establishing and maintaining relationships with partners and stakeholders, enriching our brand and public identity, improving our client relationships and looking for opportunities to expand our services.

As we move into our fifth year as an independent organization, I thank our Board of Directors for their guidance and direction, and our staff for their continued dedication and support.

Kathy Gillis

Kathy Gillis
Chief Executive Officer

PVSC Board of Directors

The PVSC Board of Directors is comprised of 13 members:

- 6 elected municipal officials
- 3 municipal administrators
- 2 independent members
- the Executive Director of the Union of Nova Scotia Municipalities (UNSM) and the Deputy Minister of Service Nova Scotia and Municipal Relations (SNSMR) (non-voting).

The Board is responsible for:
- 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 completed
- Filing an annual report

The CEO of the PVSC reports to the Board and attends all meetings.

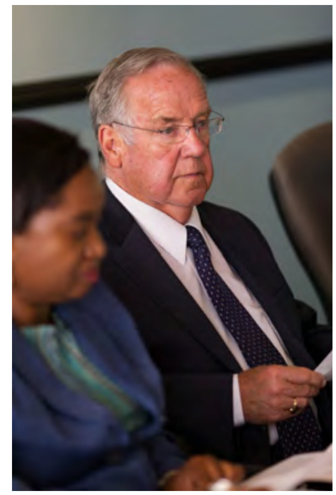
Three standing committees have been established by the Board to oversee the organization's work in each respective area. The committees are: Quality and Client Service; Governance; and Audit and Finance. Each Board member serves on a committee with either the Board Chair or Vice-Chair attending each committee meeting.

Current Board members:

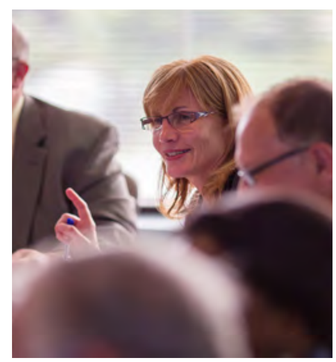
Board Chair: Russell Walker, Councillor, HRM
Vice Chair: Bob McNeil, Director of Technology, CBRM
Amanda Whitewood, VP Sustainability and Chief Financial Officer, Capital Health
Greg Herrett, CAO, Town of Amherst
Doug Sabean, VP Finance and Chief Financial Officer, Medavie EMS
Darren Bruckschwaiger, Councillor, CBRM
Carroll Publicover, Mayor, Town of Bridgewater
Lloyd Hines, Warden, Municipality of Guysborough
Billy Joe MacLean, Mayor, Town of Port Hawkesbury
Sandy Hudson, CAO, Victoria County
Mervin Hartlen, Councillor, Region of Queens Municipality
Betty MacDonald, Executive Director, UNSM.
Kevin Malloy, Deputy Minister, SNSMR










PVSC Awards

The PVSC hosts an annual awards presentation to recognize a selected employee, team and corporate partner. Recognition is given through three awards: the Vision Award, the CEO's Award for Excellence and the Brenda V. Cowie Partnership Award.

From left to right: Julie Frank, Michael Tupper, Mona Robar and Marie Murphy

The Vision Award is an internal award where staff nominate a fellow colleague they feel demonstrates leadership qualities and an outstanding commitment to our mission, vision and values. The nominations are reviewed and voted on by a panel of employees (Staff Advisory Committee).

The 2012 recipient is Mona Robar of our Bridgewater office. In their submission, Julie Frank, Michael Tupper and Marie Murphy noted that

"Mona's customer service is exemplary; she shows empathy, listens to their concerns, will direct them to the best of her ability and always with a calm, friendly demeanor. This is a person that loves and respects people and it shows in her personality."

The CEO's Award for Excellence is chosen by the CEO and given to a team within PVSC for its hard work and dedication towards making the organization the best provider of market valuation and other property related services.

This year the award was given to the Central Operations Team for demonstrating collaboration and team work. They have shown significant commitment in the quality of the 2012 assessment roll. This team includes:

Award Recipients:Terry Bartlett, Andrea Belair, Kathy Bowden, Tim Cadegan, Andrew Clarke, Cindy Collins, Steve Croft, Jeff Cuzner, Margaret Eisan, Ross Fenerty, Wade Fenerty, Sean Fewer, Mark Fielden, Felix Fung, Dan Higgins, Chris Kent, Rae MacDonald, Charlene MacNeil, Greg MacNeil, Wilson Mansfield, So Young Moon, Michael Musycsyn, Terry Naugle, Sheila Orr, Philip Schofield (Area Manager), Rick Proulx, Dion Regular, John Sparling, Glenda Stone, Paula Swim, Donna Wambolt, Darren Whalen

PVSC Board member, Darren Bruckschwaiger, presented the PVSC User Group members the Brenda V. Cowie Partnership Award on behalf of both groups. From left to right: Darren Bruckschwaiger, Darlene Purdy, Clinton Bennett, Bill Levangie, Aseneth McGrath and CEO, Kathy Gillis

The Brenda V. Cowie Partnership Award is awarded to those who commit their talents, wisdom and experience to the success of the Property Valuation Services Corporation. This year it has been awarded to the Single Address Initiative (SAI) Mailing and Civic Address User Groups. This is the first major project sponsored by the Property Innovation Council. The dedication of these two groups from the beginning of the project is a major reason it has been successful. The behind the scenes work and level of effort from each team member has not gone unnoticed. We feel these teams truly define team work and collaboration. This project is a vital component to the operations of the Property Innovation Council's partners including the PVSC, and we wanted to recognize the level of continued dedication from each team member.

Team Members are:
Amanda Bent (Truro), Kevin Blades (SNSMR), Melissa Bonin (MODL), Marlene Clements (Kings County), Linda Fares (Elections Nova Scotia), Adam Gallant (911 Civic Addressing Co-ordinator), Pierre Gareau (Elections Nova Scotia), Brad Hartley (Canada Post), Mark Helm (Halifax), Ed Light (SNSMR), John McKinnon (CBRM), Maggie Pitts (Cumberland County), Nancy Saunders (Geographic Information Services), David Smith (NSCAF coordinator), Clinton Bennett (PVSC), Trudy LeBlanc (PVSC), Bill Levangie (PVSC), Aseneth McGrath (PVSC), Darlene Purdy (PVSC), Eileen Bartlett (SNSMR), Sean Chapman (HRM), Janice McNenly (Deputy Registrar General of Land Titles), Krista McNutt (Colchester County), Jennifer Moore (Amherst), Joanne Sampson (MODL).

At the annual Tyler Technologies annual conference in the spring we were awarded the 2012 Tyler Public Sector Excellence award for its integration of Pictometry technology into our iasWorld assessment technology. Tyler Technologies is the leading supplier of assessment software in North America, which includes the iasWorld system.

"Tyler's Public Sector Excellence Awards program is our chance to publicly recognize clients like Nova Scotia's Property Valuation Services Corporation… who demonstrated leadership, innovation and excellence in developing, deploying and maintaining Tyler solutions in new ways,"

Andrew D. Teed, president of Tyler's Appraisal & Tax Division.

Joe McEvoy accepts the award on behalf of the PVSC at the Tyler Technologies conference in Dallas.

Assessment Activity for 2012 Roll

As mandated under the Nova Scotia Assessment Act, the PVSC provides an annual assessment roll to municipalities and assessment notices to all Nova Scotia property owners.

For the 2012 assessment roll, market assessments are based on market values from 2010. Both residential and commercial sectors have increased approximately 6 per cent from last year.

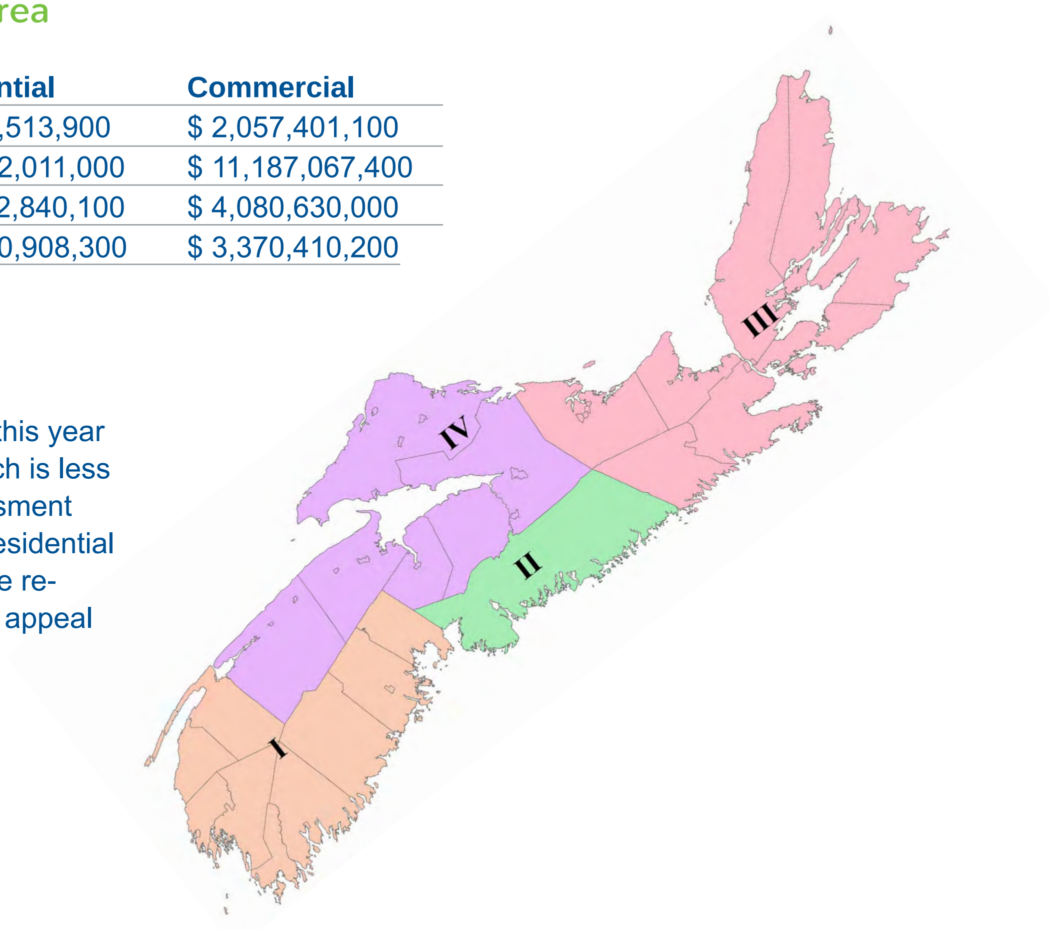
	2012	2011
Residential*	$ 68,893,273,300	$ 65,126,292,300
Commercial	$ 20,695,508,700	$ 19,565,841,600
Provincial Total	$ 89,588,782,000	$ 84,692,133,900
Number of Accounts	596,841	590,878
Business Occupancy Assessment**	$ 217,883,200	$ 213,372,300

*Residential includes apartments and resource properties
**In 2006 the Provincial Government began the process of phasing out business occupancy tax. Of the three classes of business occupancy assessment, the 75 per cent category (financial institutions) will be removed from the assessment roll next year.

For assessment purposes, we divide Nova Scotia into four work areas: South, Central, East and North west. The map below indicates the areas.

Value for 2012 by work area

		Residential	Commercial
I	South	$ 9,747,513,900	$ 2,057,401,100
II	Central	$ 34,202,011,000	$ 11,187,067,400
III	East	$ 11,292,840,100	$ 4,080,630,000
IV	North West	$ 13,650,908,300	$ 3,370,410,200



During the 21-day appeal period this year we received 11,099 appeals, which is less than 2 per cent of the total assessment accounts. Of those, 9,130 were residential and 1,969 commercial. In 2011 we received 11,172 appeals during the appeal period.

Property Assessment Inspection Program

Terry Naugle directs PAIP employees, Jay Matheson, Vica Nguyen and Logan Fletcher.

Our approach to our annual Property Assessment Inspection Program (PAIP) took on a different form for 2011.

Typically a group of trained seasonal student property data assistants would conduct a neighbourhood, door-to-door inspection program.

Last year we initiated a combined approach of targeted physical inspections and training the student data assistants with the Pictometry tool. They conducted neighbourhood reviews, which is to inspect all properties in a given area from their desktop using the Pictometry imagery and directly inputting the changes into our iasWorld assessment system, from which assessors conducted inspections where required.

The desktop review accounted for $11,480,400 added to the 2012 assessment roll. The data assistants reviewed more than triple the accounts that were reviewed in 2010.

Assessment Process in Nova Scotia

Provincial Government:

The Nova Scotia government maintains the following legislation:

- Property Valuation Services Corporation Act
- Nova Scotia Assessment Act

http://nslegislature.ca/legc/statutes/assess.htm

PVSC:

We are responsible for:

- Re-assessing all properties in Nova Scotia every year.
- Reviewing and analyzing approximately 40,000 sales
- Inspecting and reviewing approximately 18,000 properties through permits
- Handling approximately 15,000 inquiries at our internal call centre
- Filing annual assessment rolls with the Province and municipalities
- Administering the property appeal process

Municipalities

The municipalities determine their revenue requirements, set municipal tax rates and collect property taxes.

The assessment roll is the means by which the municipalities distribute their respective municipal property tax, which is the main revenue source to provide municipal services.

A continued focus on Innovation

Property Owner Engagement

Our professional assessors are the face of our organization. Assessors are in the field looking at properties or at the desks reviewing data – either way they have regular contact with the public and municipalities. A major project this year has been to look for ways to enhance the client relationship.

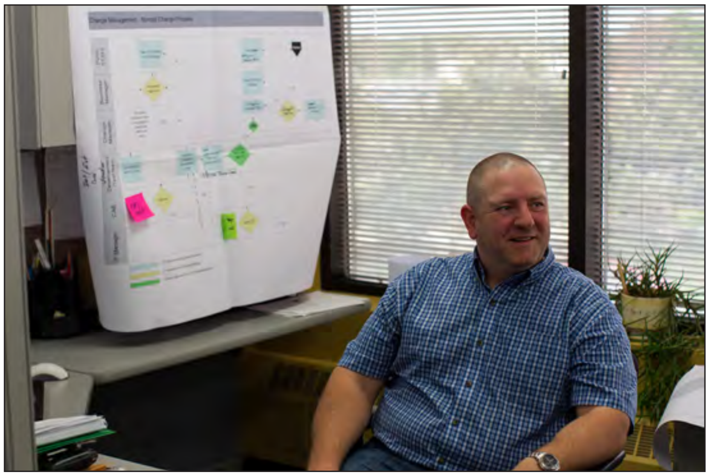
One area of concentration in this initiative is the client contact process. We are currently building an approach to enhance standards and attributes for a consistent quality PVSC client experience. This will include looking at our communication with property owners, response time during the appeal process and training.

We will measure the effectiveness of this project through our annual customer service survey, set benchmarks and move forward in an ongoing effort to continuously improve service to our clients.

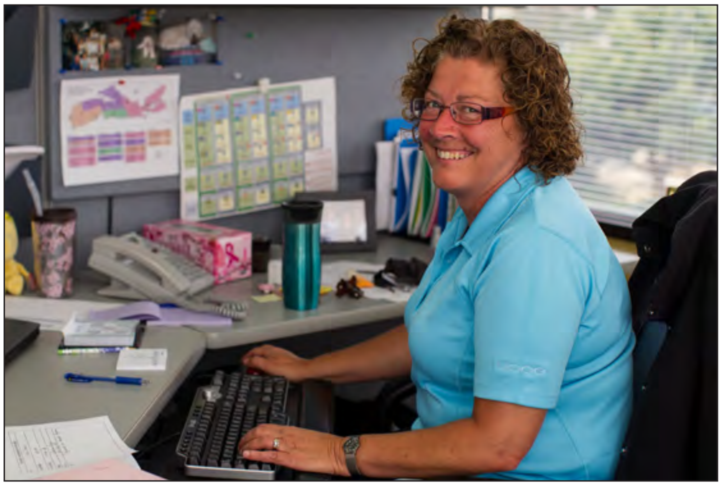
Information Technology (IT) /Operations Business Improvement

As part of our commitment to continuous improvement in efficiency and client services, we review our internal processes on a regular basis. Most recently we have undertaken a review of our IT service delivery procedures which supports the organization's operations.

This review has strengthened our IT and operations support which ultimately improves service to our clients.



IT employees Geoff Churchill and Darlene Purdy



Sheila Orr, Dion Regular and John Sparling analyze property sales data

Training and Development Framework

To help accomplish our organizational goal of building a high performance workforce culture we are refreshing our training and development program.

As part of the creation of a new training and development framework, we conducted a needs assessment to determine the training requirements based on job roles.

From the feedback outlined in the needs assessment, we are building a training framework that will identify required courses and accreditation paths for our employees. We are gathering course curriculum materials and building the new approach to deliver training.

We are very appreciative of the ongoing support and involvement of the Staff Advisory Committee throughout this project. This committee is a cross-organizational make-up of employees who bring many ideas and areas for consideration to the table. Their input and engagement is greatly appreciated. Committee members include: Andrew Clarke, Bryan Friars, Carol Clarke, Jim Carruthers, Julie Frank, Kim Ashizawa, Krista McNair, Linda Richardson, Mary Ellen Hernden, Renee Walker and Sheila Orr.

A Clear Focus on our Clients

Municipal Client Engagement

One of our main groups of clients at the PVSC is our municipal partners. It is important that all levels of municipal government have a clear understanding of our role and the benefits we provide. We are pleased to welcome Trudy LeBlanc, formally from the Municipality of the District of Yarmouth, to the PVSC.

Trudy has joined our organization as Senior Advisor, Municipal Client Relations. She brings a wealth of knowledge of the municipal world which will help us identify our areas for improvement as well as opportunities. She will engage municipalities through an initial survey and then follow up with visits to listen to concerns, offer a clear understanding of the benefits we bring to the table and of the new initiatives we are working on.

Pictometry

The PVSC integrated Pictometry technology into our business processes in 2011 and it has proven to be a successful and useful tool for our organization.

Last year we initiated a Pictometry pilot with seven municipalities (Halifax Regional Municipality, Cape Breton Regional Municipality, Kings County, Municipality of the District of Chester, Kings County, Municipality of the District of Guysborough, Town of Wolfville and Municipality of the District of Shelburne). They were tasked with determining the benefits from using Pictometry in their municipal operations. We used their feedback and are now rolling out the tool to remaining municipalities.

We are holding several training sessions with municipalities across the province and are available for further training if required.

Trudy LeBlanc, Senior Client Municipal Relations instructs a Pictometry training session in Colchester.

From left to right: Amanda Bent and Julie Heron Town of Truro, Trudy LeBlanc, PVSC and Dalas Tufts and Sheldon Dorey, Town of Stewaicke

Some members of the Property Innovation Council:

Bob McNeil, CBRM, Sandy Hudson, Victoria County, Jean Thorburn, PVSC, Trudy LeBlanc, PVSC, Betty MacDonald, UNSM and Marvin MacDonald, SNSMR attend a Property Innovation Council strategic planning session.

Property Innovation Council and Single Address Initiative

The first initiative the Property Innovation Council pursued is in production. The Single Address Initiative (SAI) mailing component went 'live' April, 2012 and the civic address component is set to go 'live' June, 2012.

The new process for adding, updating and retrieving mailing and civic addresses has been designed to create one source for address information. Previously there were risks of incorrect address information because of various complex data systems between the Council partners. All participating groups will have the same information, creating consistency across all parties.

The process a single master repository for address information and a structured method of updating and adding information. A strategy to roll out the SAI service to all selected parties is being developed.

Given the success of the SAI to date, the Property Innovation Council is now looking at other opportunities where the partners' collaborative support can be utilized.

Atlantic Canadian Directors

The Atlantic Canadian provinces have a history of cooperation in relation to assessment. Last year this partnership evolved into the 'Atlantic Canadian Directors,' a group that includes Assessment Directors and staff from the PVSC, Service New Brunswick, Municipal Assessment Agency in Newfoundland and Taxation and Property Records division of Finance, Energy and Municipal Affairs of the Province of Prince Edward Island.

The purpose of this group is to identify potential partnership opportunities. A review has been completed and included policy and procedures; training and development; release of information; and work processes.

We are currently partnering on a Pictometry pilot with PEI's Taxation and Property Records division. PEI has chosen to capture Pictometry data for the city of Charlottetown and utilize our experience with the tool to build a business case and implement an internal inspection program.

Risk Management

As with any organization it is vital to identify the threats, barriers and opportunities that exist or may arise for the organization.

The external environment is constantly changing and with that we must change in order to adapt to our current situation. Today our strategic plan has been designed to build on the trust and confidence our clients have with us and to remain sustainable.

We are continually monitoring the risks to the organization and taking appropriate steps to mitigate those that may prevent us in proceeding with our strategic plan and core business processes.

Performance Measures

Legislative Requirements

As a part of the PVSC's obligation as outlined in its Memorandum of Understanding (MOU) with the Province of Nova Scotia. There are two legislated requirements to report:

1) Quality standards by Municipality,
2) Audited financial statements of the corporation (see page 25)

Financial and Service Delivery Scorecard

In addition to its legislative requirements and as a part of the organization's desire to provide quality performance measurement to its stakeholders, the organization began development of its performance scorecard in 2010-11 to provide a more balanced picture of its operations. Measures for 2011-12 include:

1) Quality Standard Measures
2) Customer Measures
3) Organizational Learning Measures
4) Financial Measures

Measures and targets have been established through a comparison of industry standards and benchmarks for not for profit organizations, other Canadian assessment jurisdictions and international assessment standards.

1) Quality Standard Measures

PVSC reports the Level of Assessment (LA) to measure the extent to which assessments reflect the market value standard for each municipality as per Section 42 of the Nova Scotia Assessment Act. PVSC reports the Level of Assessment using the Median as the measure of central tendency of assessment to sale ratios. The International Association of Assessing Officers (IAAO) standard is that a level of assessment between 90% and 110% is considered acceptable for any class of property.

PVSC Internal Audit & Compliance has conducted a series of statistical and quality testing on the calculation of the 2012 Level of Assessment for each of the 54 municipalities. All calculations were reviewed for accuracy, and completeness.

The audit found the resulting municipal 2012 Level of Assessments to be within the acceptable range of 90% - 110%, as recommended by the IAAO.

Section 3.4 of the IAAO Standards, state that where a ratio study sample produces fewer than five sales, statistical results have exceptionally poor reliability and are not very useful. For municipalities with fewer than five sales for analysis, the Level of Assessment has been reported as 100%.

2012 Level of Assessment by Municipality

Municipality	Residential Level of Assessment	Commercial Level of Assessment	Municipality	Residential Level of Assessment	Commercial Level of Assessment
Cape Breton Regional Municipality	97%	98%	Town of Bridgetown	100%	100%
Halifax Regional Municipality	98%	99%	Town of Bridgewater	99%	100%
Region of Queens Municipality	97%	100%	Town of Canso	96%	100%
Municipality of the County of Annapolis	98%	101%	Town of Clark's Harbour	96%	100%
Municipality of the County of Antigonish	97%	100%	Town of Digby	101%	100%
Municipality of the County of Colchester	95%	99%	Town of Hantsport	96%	100%
Municipality of the County of Cumberland	97%	100%	Town of Kentville	100%	100%
Municipality of the County of Inverness	95%	99%	Town of Lockeport	99%	100%
Municipality of the County of Kings	98%	99%	Town of Lunenburg	99%	100%
Municipality of the County of Pictou	97%	98%	Town of Mahone Bay	99%	100%
Municipality of the County of Richmond	95%	100%	Town of Middleton	99%	100%
Municipality of the County of Victoria	96%	100%	Town of Mulgrave	100%	100%
Municipality of the District of Argyle	98%	100%	Town of New Glasgow	100%	100%
Municipality of the District of Barrington	101%	100%	Town of Oxford	102%	100%
Municipality of the District of Chester	99%	100%	Town of Parrsboro	97%	100%
Municipality of the District of Clare	100%	100%	Town of Pictou	100%	99%
Municipality of the District of Digby	99%	100%	Town of Port Hawkesbury	97%	100%
Municipality of the District of East Hants	98%	100%	Town of Shelburne	100%	100%
Municipality of the District of Guysborough	97%	100%	Town of Springhill	97%	100%
Municipality of the District of Lunenburg	97%	99%	Town of Stellarton	98%	100%
Municipality of the District of Shelburne	101%	100%	Town of Stewiacke	97%	100%
Municipality of the District of St. Mary's	101%	100%	Town of Trenton	98%	100%
Municipality of the District of West Hants	96%	100%	Town of Truro	100%	93%
Municipality of the District of Yarmouth	98%	100%	Town of Westville	98%	100%
Town of Amherst	98%	94%	Town of Windsor	102%	100%
Town of Annapolis Royal	99%	100%	Town of Wolfville	100%	100%
Town of Antigonish	97%	100%	Town of Yarmouth	100%	100%
Town of Berwick	101%	100%			

2) Customer Measures

PVSC conducts an annual customer service survey that measures our clients' experience both with the call centre and assessors during the appeal period. This year we surveyed 400 random property owners who contacted our call centre during the 21-day appeal period.

The most common reason for contacting us was to ask about an increase in an assessment. The survey included questions specifically asking about the client's experience with the call centre and if applicable, experience with the assessor.

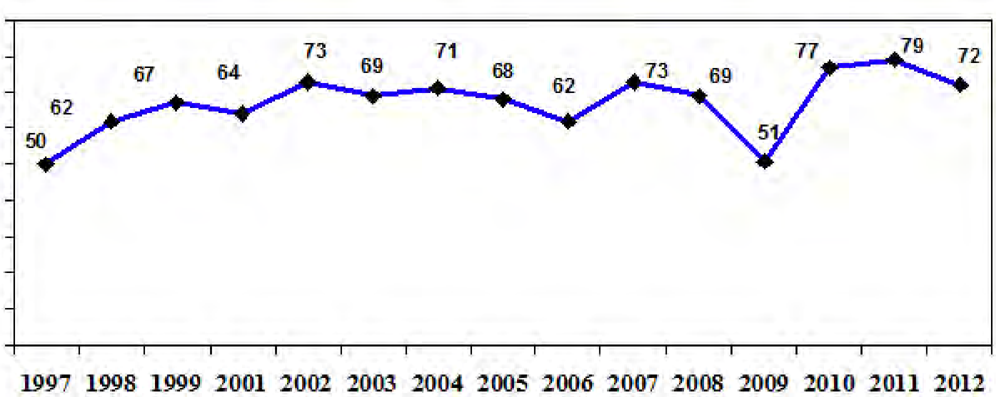
We asked questions such as: Did the call centre representative answer your call promptly? Did they handle themselves in a professional and friendly manner? Did they demonstrate a willingness to listen to your concerns? Did the assessor provide you with answers to your questions? Was the assessor fair and objective in handling your concerns?

Our call centre has a first call resolution rate target of 60 per cent. The 2012 actual rate far surpassed that with an internal measure of 92 per cent. This means that 92 per cent of calls received were resolved at the call centre level and did not have to be forwarded to an assessor. Our call abandon rate has been zero for 2011 and 2012. This year the call centre handled approximately 10,300 inquiries during the appeal period.

The two graphs below represent the overall satisfaction levels for the call centre and assessors beginning with the first survey in 1997.

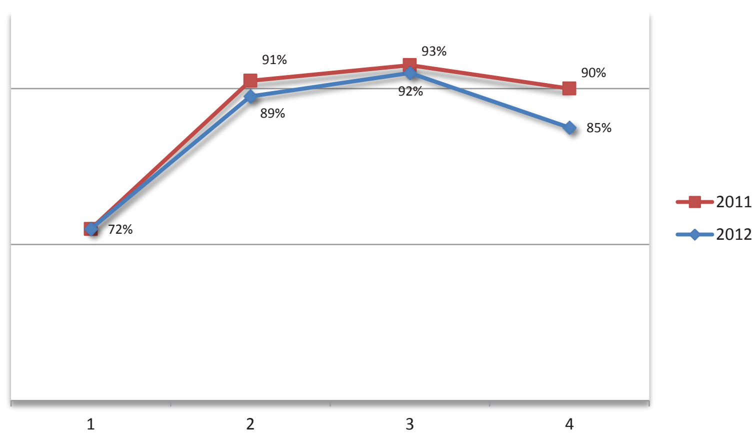
The 2012 overall satisfaction levels are in line with the annual average trend.

Overall Satisfaction – Call Centre



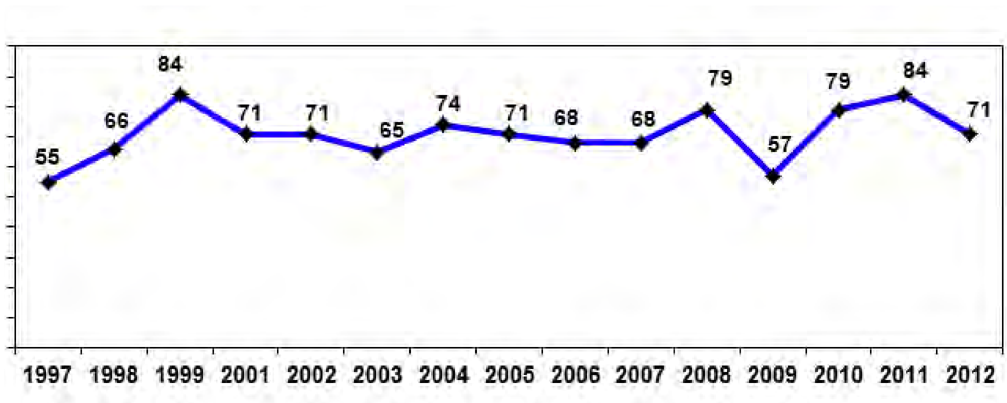
Call Centre Feedback Satisfaction

1. Overall satisfaction with the representative that handles the call.
2. Call was answered promptly.
3. Representative conducted themselves in a professional and friendly manner.
4. Representative demonstrated a willingness to listen to your concerns.



Overall Satisfaction – Assessor

Overall, 71 % of clients who spoke with an assessor were satisfied with the experience. A series of initiatives are underway, including the property owner engagement, communications and branding, and training and development framework, to increase satisfaction levels. A description of these projects can be found throughout this report.



3) Organizational Learning Measures

The PVSC recognizes one of its most important assets is its staff and by investing in the professional growth and development of staff, the organization can learn and grow to meet the needs of its stakeholders and continue to provide competent, professional service. The organization set a target of spending 2%[1] of its payroll budget to provide training and development opportunities to staff.
In the 2011/12 fiscal year the PVSC was able to achieve 2.02% of its total payroll budget on training and development.

4) Financial Measures

In addition to the audited financial statements which provide an overview of the organizations financial management the PVSC also measures additional financial aspects to provide a clearer picture of its operations.
Cost per Account – This measure is a standard measure to provide an average estimate of the cost to assess a single account. It is calculated by dividing the total organizational costs over the total number of accounts in the province. Changes to this number over time can provide the organization insight into changing cost elements and growth in account numbers. This measure is best used as a relative basis of comparison against a comparable standard. For 2011 the PVSC chose to compare itself against the national average for assessment jurisdictions.

The PVSC target is to be below the national average cost per account. For 2010-11 the target was $37.32[2]. PVSC achieved this target with a cost per account of $28.29.

Most recent data depicts the current national average cost per account $38.07[3].In the fiscal year 2011-12, the PVSC cost per account was $28.11.

Defense Interval - Reflects how many months the organization could operate if no additional funds were received.

Liquidity ratio- reflects the organizations current assets compared to its current liabilities. The PVSC has a strong liquidity position with the value of its short term assets exceeding its short term liabilities.

Measure	Target	2012 Actual
Cost per Account	$38.07	$28.11
Defensive Interval	Between 1-3 months	2.89 months
Liquidity Ratio	1	1.61

1. Target set based on the average spending by Canadian Directors of Assessment on Training and Development
2. Based on cost per account information received from the Canadian Directors of Assessment
3. Based on cost per account information received from the Canadian Property Assessment Benchmarking Network

Management Discussion and Analysis

The PVSC was incorporated under the Property Valuation Services Corporation Act as of April 1, 2007 to provide property assessments in accordance with the Assessment Act and related property information services for municipalities and the Province. All the 54 municipalities in the Province of Nova Scotia are members of the Corporation and they fund the PVSC annual budget as per the distribution formula specified in subsection 35(4) of the PVSC Act. The share of PVSC's budget that is paid by each Municipality is proportional to the average of the Municipality's respective share of the Provincial Uniform Assessment and total number of property accounts in the Province. Non-municipal revenue sources for the PVSC include cost recovery revenue for data access services, contracts with First Nations, interest and investment income

PVSC's consolidated financial statements are a consolidation of the Corporation's operating fund and restricted reserve funds established by the Board of Directors. The PVSC develops its plan and budget with the objectives of funding operations to provide assessment services, funding liabilities for non-pension post retirement benefits, growing reserves for future technology development and maintaining a reserve for contingencies. PVSC's funds and restricted reserves comprise of the following:

- The Operating Fund that reports the revenue and expenses relating to property assessment program delivery and administrative activities
- The Technology Advancement Fund for technology enhancements and innovation to meet technology changes, system refurbishment and/or replacement requirements for the computer assisted mass appraisal (CAMA) system and other technologies that are critical for the Corporation to carry out its responsibilities cost effectively and efficiently.
- The Contingency Reserve set aside by the Board in case of unforeseen expenditures and/ or revenue interruptions. This reserve is capped at a level adequate to fund 30 days operating expenses.
- The Unrealized Post Retirement Gains Reserve which relates to unrealized gains on restricted post retirement funds due to fluctuations in the market value of financial instruments held in the post retirement investment portfolio.

The following discussion and analysis should be read in conjunction with the audited financial statements and related notes for the fiscal year ended March 31, 2012. All financial information in Table 1 was prepared based on current Canadian Generally Accepted Accounting Principles.

Accounting Standards in Transition

The Accounting Standards Board (AcSB) of the Canadian Institute of Chartered Accountants (CICA) restructured the CICA Handbook into five parts in 2010. Not-For-Profit Organizations (such as the PVSC) have the free choice of adopting International Financial Reporting Standards which are in Part I of the Handbook or applying the Accounting Standards for Not-For-Profit Organizations which are in Part III of the Handbook.

During the year the Corporation conducted a detailed analysis to support the necessary decisions relating to the appropriate framework, new accounting policies, first time adoption and other considerations. The Corporation adopted the accounting standards under Part III of the Handbook as of April 1, 2010. The Part III standards carry forward from the 4400 series of CICA Handbook sections and relevant material specifically relating to Not-For-Profit Organizations. Prior to adopting the new accounting framework, the Corporation prepared its financial statements in accordance with the 4400 series of CICA's Pre-Changeover Accounting Standards.

Upon adoption of the new accounting framework the Corporation elected to recognize all cumulative actuarial gains and losses for its employee future benefits obligation for health plans and service awards. The Operating Fund opening balance of $44,169 as at April 1, 2011 represents unamortized balances on employee future benefits. Application of the new financial reporting framework requires retrospective application to comparative periods therefore prior year statements reflect the impact of the transition to the new accounting framework.

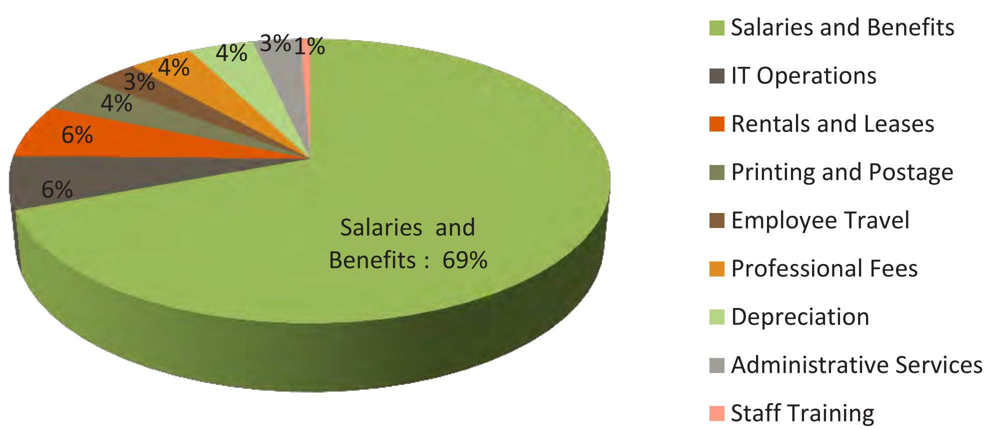
Financial Summary for the Three Years: 2010 to 2012

Table 1 is a summary of the financial results relating to Property Valuation Services Corporation's Consolidated Statement of Operations for the fiscal years 2010-2012.

Analysis of 2012 Actual Results

The Corporation billed $17.1 million to Municipalities in 2012. The billed Budget was developed and approved by the Board on a break-even basis for the Operating Fund. Budgeted expenses that relate to the provision of assessment and related property information services to Municipalities in the Province of Nova Scotia were billed out using the cost recovery formula stated in the Property Valuation Services Corporation Act. The 2012 Billed Budget did not include estimates for investment income and unrealized gains or losses on investments. The main reason for this exclusion is that income that relates to restricted investments for post retirement benefits is reinvested in the investment accounts and is not used for ongoing operations. The Billed Budget includes amounts transferred to the Technology Advancement Reserve and the Capital Asset Fund but does not include depreciation on capital assets. The shortfall of revenue over expenses on the Consolidated Statement of Operations for the 2012 Budget of $220,000 is a result of investment income, unrealized gains on investments and depreciation charges that were not included in the 2012 Billed Budget.

The company's actual total expenses for 2012 are $16,607,004. Below is a summary of the major expense categories:



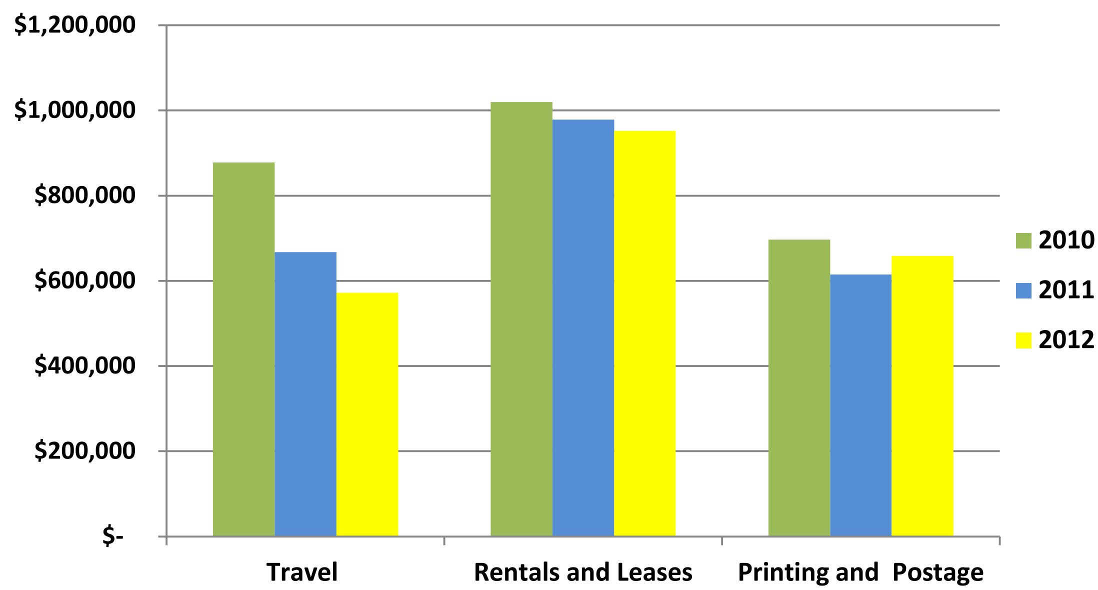
The Operating Fund excess of revenues over expenses for 2012 was $1,290,129 (2011: $1,332,206). This is before purchase of capital assets of $550,755 and before inter-fund transfers. Capital assets include IT acquisitions relating to the single address project which were accommodated within the approved Annual Budget. There was a positive balance on the Operating Fund of $686,699, for the financial year ended March 31, 2012 after meeting the Corporation's requirements for capital purchases and transfers relating to unrealized gains and losses on post retirement funds. This balance was allocated to the following reserves:

- $266,185 transferred to Special Operating Reserve to be used as determined by the Board of Directors for future program / expenses, such as costs associated with Assessment Appeals
- $207,442 transferred to Technology Advancement Fund to provide for technology enhancements and innovation and to match the reserve balance to the accumulated depreciation taken to date on the computerized mass appraisal capital assets.
- $213,072 transferred to the Contingency Reserve to maintain a balance that's adequate to fund 30 days operating expenses

The excess of revenue over expenses in the Operating Fund was due to budget savings in the following main areas:

- PVSC saved $396,305 on salaries and benefits for the year ended March 31, 2012 due to vacancies, staff adjustments and staff retirements.
- The Corporation saved $125,474 on travel in 2012. This reflects the Corporation's efforts to reduce travel related to meetings and associated travel expenses and incorporate Pictometry into its business processes.
- PVSC saved $65,359 on printing and postage for 2012 due to the reduction in the number of appeals and appeal related priority mail and printing, the phasing out of business occupancy accounts and the Electronic File Transfer Site for Municipalities.

Below is a trend analysis on travel, office leases, printing and postage for the past three years:



The expenditure on professional fees for 2012 was $132,316 lower than budgeted mainly due to timing on implementation of projects and related expenses plus greater use of internal resources.

Areas where actual spending was higher than budget include the following:

- The Corporation spent $76,018 more than budgeted amounts for Supplies and Services due to office moves and lease space adjustments. Over the long term, the Corporation is saving on office lease payments due to these adjustments.
- Employee future benefits were $49,153 higher than budget due to changes in accounting framework, the Corporation is no longer amortizing actuarial gains and losses on employee future benefits.

Single Address Project

The purpose of the Single Address Project is to improve collective methods for sharing accurate and timely civic and mailing addressing information between the multiple organizations and stakeholders. The project is under the direction of the Property Innovation Council.

The capital purchases for the year ended March 31, 2012 of $550,755 include project costs of $326,110 relating to the Single Address Project that are co-shared between the Corporation, a Municipal Partner and Service Nova Scotia and Municipal Relations (SNSMR) and $118,320 for direct costs incurred by PVSC for technical design, architecture, IASWorld Adapter services and development of staging sites. The Corporation accommodated the capital portion of expenditures on the Single Address project through its Operating Fund efficiencies previously noted. With these efficiencies, the Corporation managed to meet the funding requirements for the Single Address Project within the approved Annual Budget.

Grant Thornton

Independent auditor’s report

To the Board of Directors of the Property Valuation Services Corporation

We have audited the accompanying consolidated financial statements of Property Valuation Services Corporation, which comprise the consolidated statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010, and the consolidated statements of operations, statements of changes in net assets and cash flows for the years ended March 31, 2012 and March 31, 2011, 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 and fair presentation 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 overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Property Valuation Services Corporation as at March 31, 2012, March 31, 2011 and April 1, 2010, and the results of its operations and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Halifax, Canada
June 22, 2012

Chartered accountants

Property Valuation Services Corporation
Consolidated statement of operations

Year ended March 31	Budget 2012	**Actual 2012**	Actual 2011
Revenues			
Municipal	$ 17,100,152	**$ 17,100,152**	$ 16,983,000
Interest	40,000	**54,039**	38,975
Cost recovery	100,000	**98,988**	35,684
Investment income	-	**184,382**	170,910
Unrealized (loss) gain on investments	-	**(107,228)**	190,370
	17,240,152	**17,330,333**	17,418,939
Expenses			
Employee future benefits	113,700	**162,835**	162,835
IT operations	1,119,543	**1,042,890**	1,063,137
Meeting expenses	132,841	**97,907**	95,019
Membership dues and fees	60,218	**73,804**	69,069
Other supplies and services	147,431	**223,449**	181,237
Printing and postage	723,659	**658,300**	614,859
Professional fees	867,456	**735,140**	950,160
Rentals and leases	986,336	**952,144**	978,520
Salaries and benefits	11,621,252	**11,224,947**	10,948,880
Staff training and development	224,885	**108,408**	81,261
Telecommunications	176,502	**165,931**	187,070
Travel	697,329	**571,855**	667,641
Depreciation	589,000	**589,394**	593,219
	17,460,152	**16,607,004**	16,592,907
Excess of revenues over expenses	$ (220,000)	**$ 723,329**	$ 826,032

See accompanying notes to the consolidated financial statements

Property Valuation Services Corporation
Consolidated statement of financial position

March 31	2012	2011	April 1 2010
Assets			
Current			
Cash and cash equivalents	**$ 2,351,843**	$ 2,310,349	$ 2,897,320
Restricted cash equivalents	**1,211,928**	535,406	-
Receivables (note 7)	**191,757**	423,964	276,932
Prepaids	**107,235**	57,073	60,628
	3,862,763	3,326,792	3,234,880
Restricted investments			
Employee future benefits (note 6)	**3,558,116**	3,507,167	3,217,734
Technology Advancement CAMA Reserve	**1,613,287**	1,443,140	682,968
Capital assets (note 9)	**3,632,541**	3,671,180	3,961,175
	$ 12,666,707	$ 11,948,279	$ 11,096,757
Liabilities			
Current			
Payables and accruals (note 8)	**$ 1,201,897**	$ 1,298,965	$ 1,251,195
Deferred revenue (note 3)	**1,202,006**	1,145,669	1,228,817
	2,403,903	2,444,634	2,480,012
Employee future benefits obligation (note 6)	**3,001,812**	2,965,982	2,905,114
	5,405,715	5,410,616	5,385,126
Fund balances			
Restricted Capital Asset Fund	**3,632,541**	3,671,180	3,996,157
Operating Fund (note 2(b))	**-**	44,169	93,505
Internally restricted reserve funds			
Technology advancement CAMA (note 5)	**1,822,176**	1,443,140	896,563
Special Operating Reserve (note 4)	**266,185**	-	190,000
Contingency reserve (note 4)	**1,425,000**	1,211,928	535,406
Unrealized post retirement gains reserve (note 4)	**115,090**	167,246	-
Total fund balances	**7,260,992**	6,537,663	5,711,631
Total liabilities and fund balances	**$ 12,666,707**	$ 11,948,279	$ 11,096,757

Commitments (note 10)

On Behalf of the Board

Russell Walker _______________ Director   _______________ Director

See accompanying notes to the consolidated financial statements

Property Valuation Services Corporation
Consolidated statement of changes in net assets
Year ended March 31, 2012

	Operating Fund	Technology Advancement CAMA Reserve	Special Operating Reserve	Contingency Reserve	Unrealized Post Retirement Gains Reserve	Capital Asset Fund	**2012 Total**
Balance, beginning of year, April 1, 2011	$ 44,169	$ 1,443,140	$ -	$ 1,211,928	$ 167,246	$ 3,671,180	**$ 6,537,663**
Excess of revenues over expenses	1,290,129	22,594	-	-	-	(589,394)	**723,329**
Transfer for capital project	-	-	-	-	-	-	**-**
Additions from (to) capital assets	(550,755)	-	-	-	-	550,755	**-**
Transfers from (to) Reserves (notes 4 and 5)							
Technology advancement CAMA Reserve	(356,442)	356,442	-	-	-	-	**-**
Special Operating Reserve	(266,185)	-	266,185	-	-	-	**-**
Contingency reserve	(213,072)	-	-	213,072	-	-	**-**
Unrealized post retirement gains reserve	52,156	-	-	-	(52,156)	-	**-**
Balance, end of year, March 31, 2012	$ -	$ 1,822,176	$ 266,185	$ 1,425,000	$ 115,090	$ 3,632,541	**$ 7,260,992**

See accompanying notes to the consolidated financial statements

Property Valuation Services Corporation
Consolidated statement of changes in net assets
Year ended March 31, 2011

	Operating Fund	Technology Advancement CAMA Reserve	Special Operating Reserve	Contingency Reserve	Unrealized Post Retirement Gains Reserve	Capital Asset Fund	**2011 Total**
Balance, beginning of year, April 1, 2010	$ 93,505	$ 896,563	$ 190,000	$ 535,406	$ -	$ 3,996,157	**$ 5,711,631**
Excess of revenues over expenses	1,332,206	87,045	-	-		(593,219)	**826,032**
Transfer for capital project	34,983	-	-	-	-	(34,983)	**-**
Additions from (to) capital assets	(303,225)	-	-	-	-	303,225	**-**
Transfers from (to) Reserves (notes 4 and 5)							
Technology advancement CAMA Reserve	(459,532)	459,532	-	-	-	-	**-**
Special Operating Reserve	190,000	-	(190,000)	-	-	-	**-**
Contingency reserve	(676,522)	-	-	676,522	-	-	**-**
Unrealized post retirement gains reserve	(167,246)	-	-	-	167,246	-	**-**
Balance, end of year, March 31, 2011	$ 44,169	$ 1,443,140	$ -	$ 1,211,928	$ 167,246	$ 3,671,180	**$ 6,537,663**

See accompanying notes to the consolidated financial statements

Property Valuation Services Corporation
Consolidated statement of cash flows

Year ended March 31	2012	2011
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenues over expenses	**$ 723,329**	$ 826,032
Depreciation	**589,394**	593,219
Employee future benefits	**35,830**	60,868
Unrealized gain on restricted investments	**107,228**	(190,370)
Investment income on restricted investments	**(184,382)**	(170,370)
	1,271,399	1,119,379
Change in non-cash operating working capital		
Receivables	**232,207**	(147,032)
Prepaids	**(50,162)**	3,555
Payables and accruals	**(97,068)**	47,770
Deferred revenue	**56,337**	(83,148)
	1,412,713	940,524
Investing		
Purchase of restricted investments	**(221,096)**	(1,049,605)
Unrealized gain on restricted investments	**(107,228)**	190,370
Investment income on restricted investments	**184,382**	170,370
Purchase of capital assets:		
IT assets	**(536,136)**	(233,767)
Leasehold improvements	**-**	(34,474)
Furniture and equipment	**(14,619)**	(34,983)
	(694,697)	(992,089)
Net increase (decrease) in cash and cash equivalents	**718,016**	(51,565)
Cash and cash equivalents, beginning of year	**2,845,755**	2,897,320
Cash and cash equivalents, end of year	**$ 3,563,771**	$ 2,845,755

See accompanying notes to the consolidated 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. Explanation of transition to new accounting standards 4400

Upon adoption at April 1, 2010 of the new accounting standards under Section 4400 the Corporation has elected to recognize all cumulative actuarial gains and losses for its employee future benefits obligation for health plans and service awards at the date of transition.

a) Reconciliation of excess of earnings over revenue for the year ended March 31, 2011

Previous excess of earnings over revenue	$ 875,368
Increase in employee future benefits	49,336
Excess of revenue over expenses	$ 826,032

As a result of the recognition of actuarial gains and losses for employee future benefits at transition date, the 2011 employee future benefits increased by $49,336 resulting in a corresponding decrease in excess of revenues over expenses by the same amount.

b) Reconciliation of consolidated statement of financial position at April 1, 2010

	Previous GAAP	Changes to Opening Financial Position	April 1 2010 Revised
Assets			
Cash and cash equivalents	$ 2,897,320	$ -	$ 2,897,320
Receivables	276,932	-	276,932
Prepaids	60,628	-	60,628
Restricted investments	3,900,702	-	3,900,702
Capital assets	3,961,175	-	3,961,175
	$ 11,096,757	$ -	$ 11,096,757

	Previous GAAP	Changes to Opening Financial Position	April 1 2010 Revised
Liabilities			
Payables and accruals	$ 1,251,195	$ -	$ 1,251,195
Deferred revenue	1,228,817	-	1,228,817
Employee future benefits obligation	2,998,619	(93,505)	2,905,114
	5,478,631	(93,505)	5,385,126
Fund balances			
Restricted capital asset fund	3,996,157	-	3,996,157
Operating fund	-	93,505	93,505
Internally restricted reserve	1,621,969	-	1,621,969
	5,618,126	93,505	5,711,631
	$ 11,096,757	$ -	$ 11,096,757

On transition date, April 1, 2010 the Corporation recognized accumulated unamortized actuarial gains and losses for its employee future benefits obligation of $93,505. This total unamortized balance, less the adjustment of $49,336 for increase in employee benefits for the year ended March 31, 2011, resulted in an operating fund opening balance of $44,169 as at April 1, 2011.

3. 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 Restricted Investment Fund reports the revenues and expenses relating to the investments held for future employee benefits. 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 and any contributions received or receivable from the Province for the Single Address project 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, Statistics Canada and other clients. 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.

Although the Corporation participates in a multi-employer pension plan the plan does determine how the surplus or the deficit to be funded will be distributed to the Corporation. Therefore, the Corporation accounts for the plan as a defined contribution plan.

The total expenses for the Corporation's share of the defined benefit pension plan for the year ended March 31, 2012 is $643,539 (2011 - $644,154) which is included in salaries and benefits expense.

The Corporation also has a defined contribution plan for specified employees. Contributions for the year ended March 31, 2012 total $146,495 (2011 - $125,132).

4. Internally restricted reserve funds

	Special Operating Reserve	Unrealized Post Retirement Gains	Contingency Reserve
Balance, April 1, 2010	$ 190,000	$ -	$ 535,406
Transfer from (to) operating fund	(190,000)	167,246	676,522
Balance, March 31, 2011	$ -	$ 167,246	$ 1,211,928
Transfer from (to) operating fund	266,185	(52,156)	213,072
Balance, March 31, 2012	$ 266,185	$ 115,090	$ 1,425,000

The special operating reserve fund is internally restricted by the Board of Directors to be used for operating expenses in the following fiscal year.

The purpose of the unrealized post retirement gains reserve is to provide for fluctuations in the market value of financial instruments held in the post retirement investment portfolio. The balance in the Unrealized Post Retirement Reserve as of March 31, 2012 is $115,090 (2011 - $167,246; April 1, 2010 - nil). The actual gains or losses that will be realized are subject to market performance on the investment portfolio.

The contingency reserve fund at March 31, 2012 of $1,425,000 (2011 - $1,211,928; April 1, 2010 - $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 since fiscal 2009 from the corporation's operating fund. This reserve fund has been internally restricted by the Board of Directors for future program / expenses as to be determined from time to time by the Board of Directors in accordance with the goals and objectives of the corporation.

---

5. Technology advancement - CAMA reserve fund

Technology advancement CAMA reserve fund is internally restricted by the Board of Directors, and consists of funds reserved for the long term replacement of the Corporation's computerized mass appraisal system and other technologies that would benefit the Corporation.

6. 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, 2012 were as follows:

	Health Plans	Service Awards	**Total**
Balances Funded, April 1, 2010	$ 1,753,666	$ 1,464,068	**$ 3,217,734**
Net contributions to benefit funds	17,083	-	**17,083**
Net investment income	148,431	123,919	**272,350**
Balances Funded, March 31, 2011	$ 1,919,180	$ 1,587,987	**$ 3,507,167**
Net investment income	27,880	23,069	**50,949**
Total Funded, March 31, 2012	$ 1,947,060	$ 1,611,056	**$ 3,558,116**

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.

(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:

	Health plans	Service awards
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	

Management obtained confirmation from the actuarial consultants that the assumptions for the March 31, 2010 actuarial valuation are valid for the year ended March 31, 2012.

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. However, the Corporation recognizes all actuarial gains and losses for its employee future benefits obligation for health plans and service awards through earnings.

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

	Health Plans	Service Awards	**Total**
March 31, 2010	$ 1,651,446	$ 1,347,173	**$ 2,998,619**
Adjustment (note 2(b))	(251,513)	158,008	**(93,505)**
	1,399,933	1,505,181	**2,905,114**
Fiscal 2011			
Payments	(14,682)	(87,285)	**(101,967)**
Annual service cost	77,492	85,343	**162,835**
	62,810	(1,942)	**60,868**
Revised March 31, 2011	1,462,743	1,503,239	**2,965,982**
Fiscal 2012			
Payments	(16,764)	(110,241)	**(127,005)**
Annual service cost	77,492	85,343	**162,835**
March 31, 2012	$ 1,523,471	$ 1,478,341	$ **3,001,812**

Based on the actuarial valuations dated June 3, 2010 the annual service costs for the year ended March 31, 2012 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, 2012, there was an excess funded amount of $556,304 (2011 - funded excess of $541,185).

7. 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 $164,454 (2011 - $146,497, April 1, 2010 - $148,946) for an outstanding HST reimbursement claim that is awaiting processing by CRA.

8. Payables and accruals

	2012	2011	April 1 2010
Vacation liability	**$ 350,000**	$ 271,731	$ 350,000
Salaries and other benefit accruals	**673,545**	833,039	599,830
Trade payables	**178,352**	194,195	301,365
	$ 1,201,897	$ 1,298,965	$ 1,251,195

9. Capital assets

			2012	2011	April 1 2010
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value	Net Book Value
IT hardware	$ 429,748	$ 300,128	**$ 129,620**	$ 129,869	$ 108,809
IT software	706,675	78,959	**627,716**	176,683	51,757
Computerized mass appraisal	4,585,633	1,822,176	**2,763,457**	3,222,017	3,645,596
Furniture and equipment	154,299	73,524	**80,775**	86,351	73,465
Leasehold improvements	111,632	80,659	**30,973**	56,260	81,548
	$ 5,987,987	$ 2,355,446	**$ 3,632,541**	$ 3,671,180	$ 3,961,175

10. Commitments

(a) The Corporation has entered lease agreements for rental of its office premises, expiring in 2017. Minimum annual lease payments for the next five years are as follows:

2013	$ 367,309
2014	$ 97,206
2015	$ 84,370
2016	$ 58,512
2017	$ 39,613

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

(b) The Corporation entered into a three year agreement, expiring March 31, 2013 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:

2013	$544,447

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

---

11. Related party transaction

The majority of revenues are received from the Municipalities throughout the Province of Nova Scotia. These Municipalities are the members of the Corporation.

---

12. Comparative figures

Certain of the 2011 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2012.

Property Valuation Services Corporation
Statement of operations and changes in fund balance - operating fund

Year ended March 31	Budget 2012	**Actual 2012**	Actual 2011
Revenues			
Municipal	$ 17,100,152	**$17,100,152**	$ 16,983,000
Interest	40,000	**54,039**	38,975
Cost recovery	100,000	**98,988**	35,684
Investment income	-	**130,470**	127,426
Unrealized gain / (loss) on investments	-	**(75,910)**	146,809
	17,240,152	**17,307,739**	17,331,894
Expenses			
Employee future benefits	113,700	**162,835**	162,835
IT operations	1,119,543	**1,042,890**	1,063,137
Meeting expenses	132,841	**97,907**	95,019
Membership dues and fees	60,218	**73,804**	69,069
Other supplies and services	147,431	**223,449**	181,237
Printing and postage	723,659	**658,300**	614,859
Professional fees	867,456	**735,140**	950,160
Rentals and leases	986,336	**952,144**	978,520
Salaries and benefits	11,621,252	**11,224,947**	10,948,880
Staff training and development	224,885	**108,408**	81,261
Telecommunications	176,502	**165,931**	187,070
Travel	697,328	**571,855**	667,641
	16,871,152	**16,017,610**	15,999,688
Excess of revenues over expenses	$ 369,000	**$ 1,290,129**	$ 1,332,206
Inter-fund transfers			
Special Operating Reserve for 2010/11 transfers	-	**-**	190,000
Purchase of capital assets	(180,000)	**(550,755)**	(303,225)
Transfer to capital project	-	**-**	34,983
Transfer to Technology Advancement CAMA Reserve	(149,000)	**(356,442)**	(459,532)
Transfer to Special Operating Reserves	-	**(266,185)**	-
Transfer Contingency Reserve	-	**(213,072)**	(676,522)
Unrealized post retirement gains reserve	-	**52,156**	(167,246)
	(329,000)	**(1,334,298)**	(1,381,542)
Increase / (Decrease) in Fund balance	40,000	**(44,169)**	(49,336)
Fund balance, beginning of year (note 2(b))	-	**44,169**	93,505
Fund balance, end of year	$ 40,000	**$ -**	$ 44,169

Property Valuation Services Corporation
Statement of operations and changes in fund balance - restricted capital asset fund

Year ended March 31	Budget 2012	**Actual 2012**	Actual 2011
Expenses			
Amortization of capital assets	$ (589,000)	**$ (589,394)**	$ (593,219)
Inter-fund transfer			
Inter-fund transfer – purchase of capital assets	180,000	**550,755**	303,225
Transfer for future capital project	-	**-**	(34,983)
Fund balance, beginning of year	3,671,180	**3,671,180**	3,996,157
Fund balance, end of year	$ 3,262,180	**$ 3,632,541**	$ 3,671,180

Property Valuation Services Corporation
Statement of operations and changes in fund balance - technology advancement CAMA reserve fund

Year ended March 31	**Actual 2012**	Actual 2011
Revenues		
Investment income	**$ 51,827**	$ 38,540
Realized gains/ (losses) on investments	**11,733**	10,522
Unrealized gain on investments	**(31,318)**	43,561
	32,242	92,623
Expenses		
Investment management fees	**7,746**	4,180
Bank and custodial charges	**1,902**	1,398
	9,648	5,578
Excess of revenues over expenses	**$ 22,594**	$ 87,045
Inter-fund transfers		
Transfer to Technology Advancement CAMA Reserve	**356,442**	459,532
Fund balance, beginning of year	**1,443,140**	896,563
Fund balance, end of year	**$ 1,822,176**	$ 1,443,140

Central Office
Park Place II
238A Brownlow Avenue, Suite 200
Dartmouth, NS B3B 2B4

Regional Office Locations

Bridgewater
Suite 1, 134 North Street,
Bridgewater NS, B4V 2V6

Kentville
87 Cornwallis St
Kentville, NS B4N 2E5

Port Hawkesbury
606 Reeves Street., Unit 3
Port Hawkesbury Civic Centre
Port Hawkesbury, NS B9A 2R7

Sydney
500 George Pl
Sydney, NS B1P 1K6

Truro
128 Esplanade St
Truro, NS B2N 2K3

Tusket
4111 Hwy 308,
Tusket NS B0W 3M0

Property Valuation Services
Corporation