



Property Valuation
Services Corporation



FOUNDATION
FOR SUCCESS **07**
Annual Report

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The Property Valuation Services Corporation (PVSC) became a reality in 2007. Phase II of the *Property Valuation Services Corporation Act* was proclaimed by Cabinet and marked the final stage of evolution.

Effective April 1, 2008 all the material and technology assets were transferred from Service Nova Scotia & Municipal Relations to the PVSC. More importantly, the employees of Assessment Services were designated to become the staff of the PVSC.

As the PVSC solidifies as an organization, its employees will refocus their energies on expanding their technological capability, finding ways to continue to refine their products, and continue with their excellent relationships with clients and stakeholders. For example, the new mass appraisal technology, iasWorld, was used to file the 2008 assessment roll for all 55 municipalities and the First Nation of Millbrook.

The employees working at the local PVSC offices deserve recognition and thanks for their continuing hard work and patience. Thanks also to the charter members as well as the new appointees of the PVSC Board, and the divisional vice-presidents for their unwavering dedication.

This annual report weaves a story of how our new organization is being structured to ensure quality and client service delivery. It also reports on growth in the assessment rolls, the operational efforts involved in completing the mandated tasks, financial information and budgets, and annual client service survey results.

It has been a milestone year for the PVSC. I am pleased to assure our municipal stakeholders that as we assume this responsibility, the enthusiasm and professionalism of our staff will be the sound basis upon which we build. I anticipate continuing solid performance and look forward with confidence to growth and advancement in our inaugural year.

Lloyd P. Hines,

Chair, Property Valuation Services Corporation Board
Warden, Municipality of the District of Guysborough

While discussing the activities and operations of Assessment Services during its final year, April 2007 to March 2008, we at the Property Valuation Services Corporation (PVSC) found ourselves frequently referring to the terms “foundation” and “structure.” Maybe those words come naturally to us because of the property valuation business we operate. More likely because everything we strove for in this fiscal year contributed to strengthening the foundation and structure of the PVSC.

We knew that while structuring the new not-for-profit, municipally-owned entity, our clients and stakeholders would continue to expect a solid, defensible assessment roll. They would expect continued levels of service. Without these we knew the cement of our existing foundation would erode.

This meant an intense, focused year with two leading priorities:

- Commitment to our day-to-day operations related to providing our legislated obligations: a solid, accurate assessment roll, implementing the CAP program, and providing an appeal mechanism.
- Completing the footings for the corporation we were to become on April 1, 2008.

I am pleased to say that with the hard work and enthusiasm of our staff, Board and municipal partners, we have had a successful year. For simplicity, the two sections of this annual report correspond with the priorities noted above and we present them as:

Part One: Our foundation.

Part Two: Our structure.

It is important to keep in mind while reading this annual report that we are referring to activities conducted in fiscal 2007–2008 during which we still operated as Assessment Services, a division of the provincial government’s Service Nova Scotia & Municipal Relations. From April 2008 onward, we open the door to a new identity, a strong foundation and an effective structure to realize new, exciting possibilities in our future as the Property Valuation Services Corporation.



Kathy Gillis

Chief Executive Officer
Property Valuation Services Corporation



PART ONE: OUR FOUNDATION

A brief history of the transition from Assessment Services to the Property Valuation Service Corporation

As Assessment Services, our mandate was to provide an accurate, defensible and equitable market-based property assessment roll to Nova Scotia's 55 municipalities and nearly 600,000 assessment notices to Nova Scotia property owners. We were obliged to provide this on time and within budget.

Advancing this mandate were committed, experienced and highly trained employees who generated extensive, important property information for municipal units, property owners and other stakeholders each year. Major legislated activities included:

- preparation of the annual assessment rolls,
- management of an appeal process,
- implementation of the CAP program, the Business Occupancy Phase Out and the Seasonal Tourist Business Designation.

These formed the foundation of our business then. They form the foundation of our business now.

What has changed, then?

So much, we have devoted an entire section of this report to the changes. But the major change is this: Municipalities now contribute to the strategic direction of a not-for-profit, municipally-owned assessment corporation, separate from government. As owners of the PVSC, municipalities are represented by a board of directors appointed by the Union of Nova Scotia Municipalities (UNSM). The Provincial interests in the administration of the *Assessment Act* by the PVSC are represented by the Deputy Minister of Service Nova Scotia & Municipal Relations as a non-voting member of the Board.

All this has come about for good reason. Since April 2001, Assessment Services operated on a cost-recovery basis, with 100 per cent of its budget paid for by municipalities—and yet, municipalities had no formal input into the products and services they received from Assessment. Now, with the passing of the *PVSC Act* in the Fall of 2006, the ensuing creation of the PVSC in April 2007, and the final assumption of services by the PVSC in April 2008, municipalities do have a say.

THE PVSC BOARD

The role of any board is to represent the owners of the corporation. In our case, the PVSC Board represents the interests of Nova Scotia's 55 municipal units. It provides the governance, framework and structure for the corporation.

The Board:

- establishes a long term strategic plan
- creates multi-year capital and operational budgets
- appoints a CEO
- represents the interests of the PVSC
- approves marketing direction and contracts for products and services
- encourages partnership opportunities with stakeholders and others.

The Board does not create or change assessment related legislation. That continues to be the Province's responsibility. However, the Board may identify legislation issues on behalf of stakeholders and bring them to the attention of the Provincial Government.

In the past year we clarified the PVSC Board's three main areas of responsibility through:

1. An audit and finance committee which ensures external financial audit and regular financial reporting.
2. A governance committee which oversees issues of board structure and management and outlines roles and responsibilities.
3. A quality and client service committee which ensures our products are the best they can be through quality audits and meet strategic obligations of the corporation.

Composition

The board is comprised of elected and administrative representatives from rural, town and regional caucuses who are appointed by the UNSM. In addition, the Board includes the Deputy Minister of Service Nova Scotia & Municipal Relations (non-voting) and the Executive Director of the UNSM. The CEO of the PVSC reports to the Board and attends all meetings.

The *PVSC Act* provides the Board with the flexibility in December 2008 to appoint two additional members beyond the municipal representation. This would help the corporation expand its base of creativity and experience, and will be valuable as we pursue new opportunities.

Transparency

Transparency is a key principle of the Board. To maintain this critical feature, the Board:

- reports to the UNSM at its annual meeting
- posts Board minutes on the PVSC website
- ensures external financial and quality audits are completed.

Board Members (left to right):

Carroll Publicover, Mayor, Town of Bridgewater; **John Prall**, Mayor, Town of Berwick; **Mervin Hartlen**, Councillor, Region of Queens Municipality; **Lloyd Hines**, Board Chair, Warden, District of Guysborough; **Ken Simpson**, Executive Director, UNSM; **Debbie Kampen**, CAO, Town of Trenton; **Darren Bruckschwaiger**, Councillor, Cape Breton Regional Municipality; **Trudy LeBlanc**, Deputy CAO, District of Yarmouth; **Russell Walker**, Vice-Chair, Councillor, Halifax Regional Municipality

Missing from the photo: **Greg Keefe**, Deputy Minister of Service Nova Scotia & Municipal Relations; **Bob McNeil**, Director of Technology, Cape Breton Regional Municipality

We express our appreciation to former directors Amery Boyer, Charles Crosby and Delphis Comeau for their dedication and advice during the establishment of the PVSC.



2007 ACTIVITY RELATED TO THE 2008 ASSESSMENT ROLL

Continued Importance of Market Value

The PVSC continues to be legislated under the *Assessment Act* to provide market value assessments for all properties in Nova Scotia. Much of our activity is centered around having current information on file including information on the land and any improvements to the property as well as investigation and analysis of property sales. We also collect and analyze income and expense information on specific commercial properties. Provincially and federally owned properties are assessed at market value.

Market value is critical as a comparator to evaluate the impact of the Cap Assessment Program (CAP) and for those residential properties which are not eligible for the CAP or have recently sold.

Business Occupancy Assessment Elimination Program

Business Occupancy Assessment Tax is being gradually phased out by 2013. There was a reduction in Business Occupancy assessment from 2007 to 2008 of over \$517 million across the province.

PROVINCIAL ASSESSMENT VALUES

	2008	2007
Residential*	\$ 51,935,693,400	46,702,406,847
Commercial**	18,555,278,500	18,122,751,536
PROVINCIAL TOTAL	70,490,971,900	64,825,158,383
Number of Accounts	591,680	583,333
Business Occupancy Reduction	517,099,900	395,500,000

* Residential Includes Resource

** Commercial Includes Business Occupancy



Executive Committee (left to right):

Russ Adams, VP Corporate Services; **Lloyd MacLellan**, VP Operations; **Kathy Gillis**, CEO; **Meredith Buchanan**, VP Human Resources; **Jean Thorburn**, VP Quality Services

Missing from the photo: Debi Karrell, VP Client Services; **Rick MacLeod**, VP IT/IM

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 make application to the PVSC and demonstrate that they meet specific criteria.

In 2007, 376 tourist businesses were deemed to be eligible across Nova Scotia. We notify the previous year’s participants that they need to re-apply before September 1st and make applications available on-line and through Access Centers and PVSC offices.

Provincial Assessment Inspection Program (PAIP)

We celebrated the tenth anniversary of the Provincial Assessment Inspection Program in 2007.

The PAIP program was initiated:

1. to verify assessment data in sections of municipalities
2. as an additional tool to capture new information to help maintain the quality of our records.

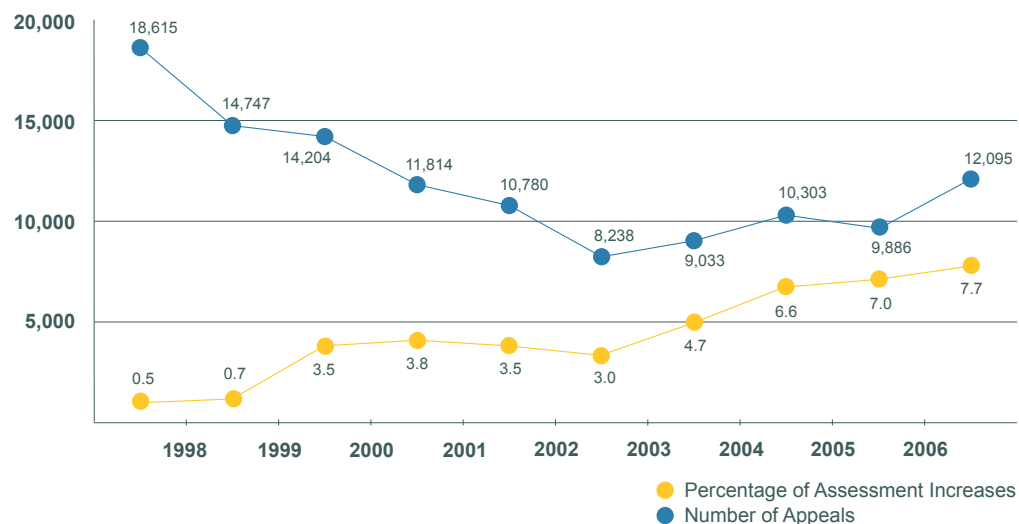
We select PAIP inspection areas based upon municipal consultation and recommendations from sales and assessment analysis. In 2007, a cross section of 37 municipalities was inspected by 23 PAIP employees resulting in confirmation and updating of information on 11,462 properties.

Cap Assessment Program (CAP)

The CAP Assessment Program was initially designed to protect Nova Scotia property owners from sudden and dramatic increases in market value by limiting or “capping” annual taxable assessment increases on eligible properties.

Bill 92 amended the CAP legislation to set the cap rate at the annual increase in the Nova Scotia Consumer Price Index. The cap rate used to limit increases for the 2008 filed assessment roll was 2.3 per cent.

As a result of the reduction in cap rate and the elimination of the application process, over 278,000 property owners were deemed to be eligible for the CAP on the 2008 assessment. The CAP program impacted the residential market value assessment by nearly \$3.07 billion.



ACTIVITY FOR PROVINCE

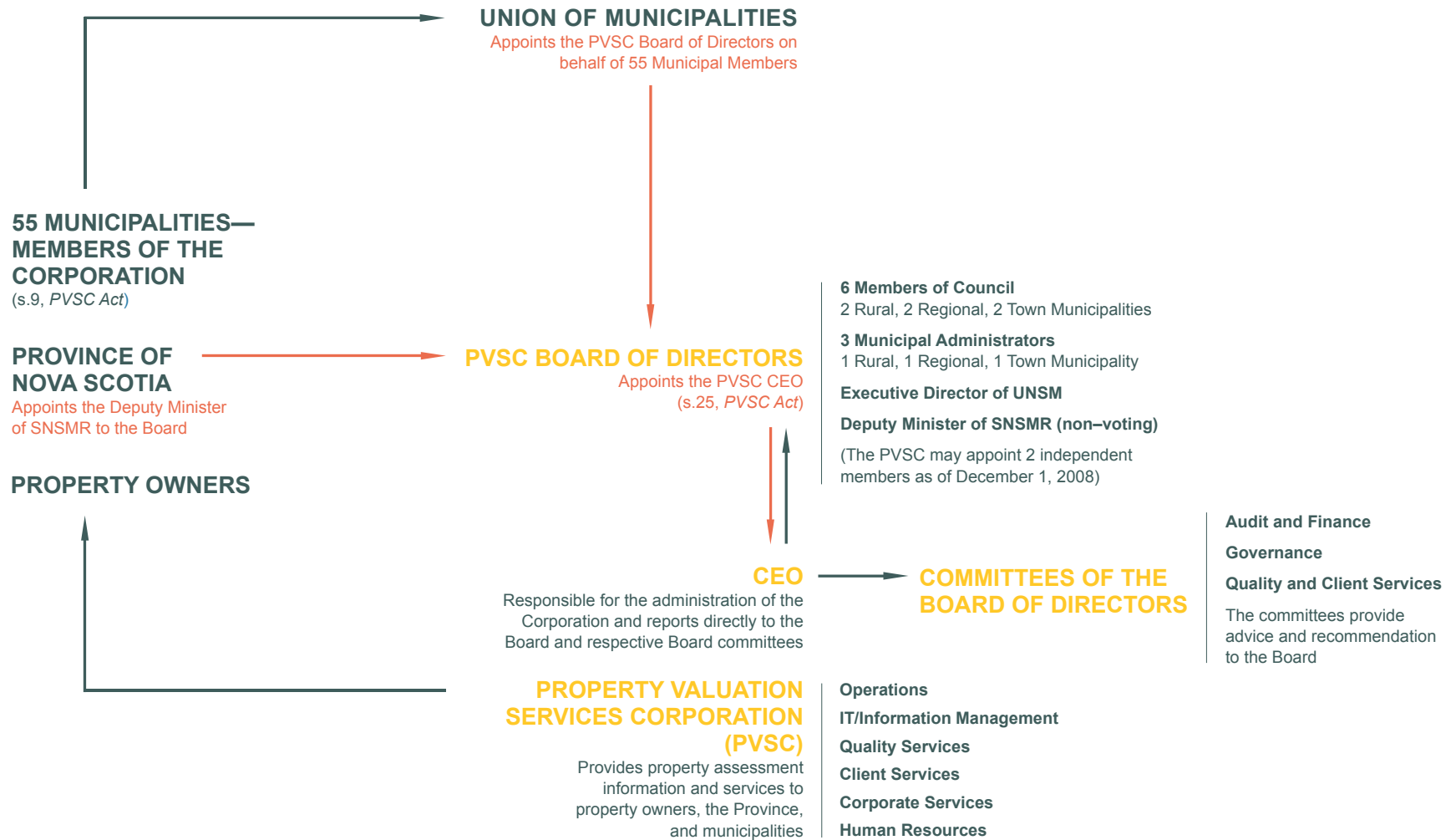
Appeals	12,095
Building Permits/Work Orders	26,566
New Accounts/Sub-Divisions	6,428
PAIP Inspection	11,462
Business Occupancy Closings	1,578
Business Occupancy Openings	1,702
Business Occupancy Adjustments	730

PART TWO: OUR STRUCTURE

During the year, with input from the municipalities and the staff, the PVSC Board established the framework for the new PVSC, including our:



With this direction, the corporate structure was established in order to realize our vision, mission, values and goals to reach a truly valued Nova Scotia.



CLIENT SERVICES

Client services has always been important to us, and, from formal and informal customer service research we have commissioned, our clients tell us they appreciate us for our courteousness, helpfulness and professionalism. That said, we knew we could do more, and the transition to becoming a corporation allowed us to structure ourselves more effectively to respond to our clients' needs.

Thus we created a dedicated Client Services division focused on:

- listening to our clients,
- recording and reporting their feedback,
- responding to their issues and questions often engaging other teams like IT/IM, Quality Services or Operations as required, and
- following up with our clients to ensure we have accommodated their requests.

Our new client service model helps us respond more timely to other issues too, like providing municipalities with notice of business closings and alerting them of filed roll changes. We upgraded the municipal portion of our website <http://municipal.nsassessmentonline.ca/Main/login.aspx> to accommodate municipalities' needs.

In addition, the structure gives us a face-to-face forum to communicate details about the filed roll, CAP, and other assessment issues and opportunities. Our 2008 plan includes:

- visiting all 55 municipalities every quarter in 2008,
- ensuring timely follow up on every enquiry,

- implementing projects like updating district boundary changes where required and managing mailing address changes more efficiently.

We have formally visited all municipalities once, and in some cases, twice, during this fiscal year, and have also made presentations and sought feedback from 10 municipal councils, the Nova Scotia Real Estate Association, the Nova Scotia Law Society, the UNSM, Town Caucus, Rural Caucus, the Tax Collectors' Association and the staff at the Office of the Ombudsman. We have discovered that the more we are "out there" connecting with our clients, the more they are contacting us with ideas,

requests, and feedback. We have fielded hundreds of phone calls from our municipal clients.

Ultimately, by focusing on our customers' needs and providing excellent service, we will achieve our vision of being recognized as the best provider of market valuation and property related services.

Overall Property Owner Satisfaction with Assessors

Assessor scores have increased across all measured variables by five to 10 per cent this past year. Assessors were rated the highest for their professional and friendly conduct followed by listening to customers' concerns.

PROPERTY OWNER SATISFACTION

	2002	2003	2004	2005	2006	2007	2008	GAP
OVERALL SATISFACTION	71%	65%	74%	71%	68%	68%	79%	+11%
Professional/Friendly	88%	85%	87%	92%	88%	88%	93%	+5%
Quick and Efficient	74%	75%	84%	81%	72%	77%	84%	+7%
Answered Questions	74%	65%	75%	72%	74%	72%	81%	+9%
Listened to Concerns	–	–	–	83%	76%	78%	88%	+10%

QUALITY SERVICES

As with client service, adhering to business standards and quality has long been very important to us. In this past year, we have concentrated on these areas with the creation of a Quality Services unit.

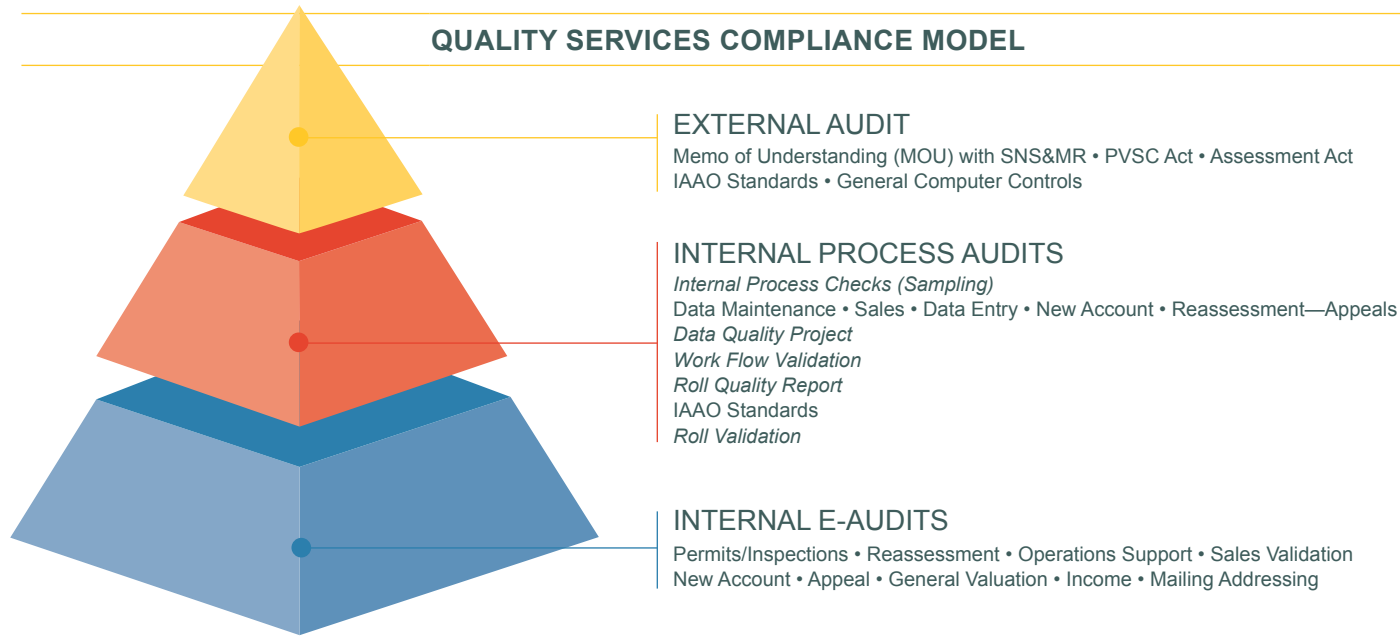
Its objective is to support the corporate vision by establishing and maintaining processes and procedures that will instill stakeholder confidence in the PVSC's products. We will accomplish this through internal audit, training, development of policies, procedures and best practices, providing an independent assessment of operations, and advising on improvements.

In this past year all our energy went to Quality Assurance to update and re-engineer existing procedures impacted by the implementation of our new iasWorld technology system. New procedures necessitated training and we continue to commit to thorough training of all our colleagues. We also put a great deal of energy into developing a Quality Services Charter. For the upcoming year most of our focus will be on Quality Control.

Quality Services in action

In addition to creating the structure for this division, our new technology has enabled us to implement greater internal data checks. This means our data is more accurate and current, our staff is more confident in the job they have done, we identify training that might need to be conducted with staff to help them record information better, and ultimately, our clients are more confident in the data they receive from us.

In this coming year we will continue to expand our data quality checks and to automate the scheduling and running of queries.



OPERATIONS

The significant change in our operational structure relates to creating more efficiency and flexibility. This, in turn allows us to deliver upon at least three of our strategic goals including:

1. **Best Product Quality:**
The PVSC will ensure it has the best quality of products and services in the market valuation industry.
2. **Deliver Best Value for Money:**
The PVSC will structure production and services to deliver the most with the corporate resources at hand.
3. **Improve/Expand Products and Services:**
We will develop the right products to support our clients' property related decisions.

Our new structure takes into consideration the needs of our clients. For example, commercial entities with operations in multiple locations throughout the province much prefer dealing with just one commercial assessor, versus possibly five under the old system. This makes things more efficient for them and ensures more consistency in how they are treated from site to site.

Operations in the future

We are investigating new work flow models and computing technology for use in the field to improve productivity, reduce costs and take advantage of all the possibilities our iasWorld technology and new corporate structure enable.

ASSESSMENT SERVICES OPERATIONS

5 REGIONS

5 RESIDENTIAL VALUATION UNITS

5 Residential Field Units

5 Commercial Valuation Units

Costs Done in 5 Units

PVSC OPERATIONS

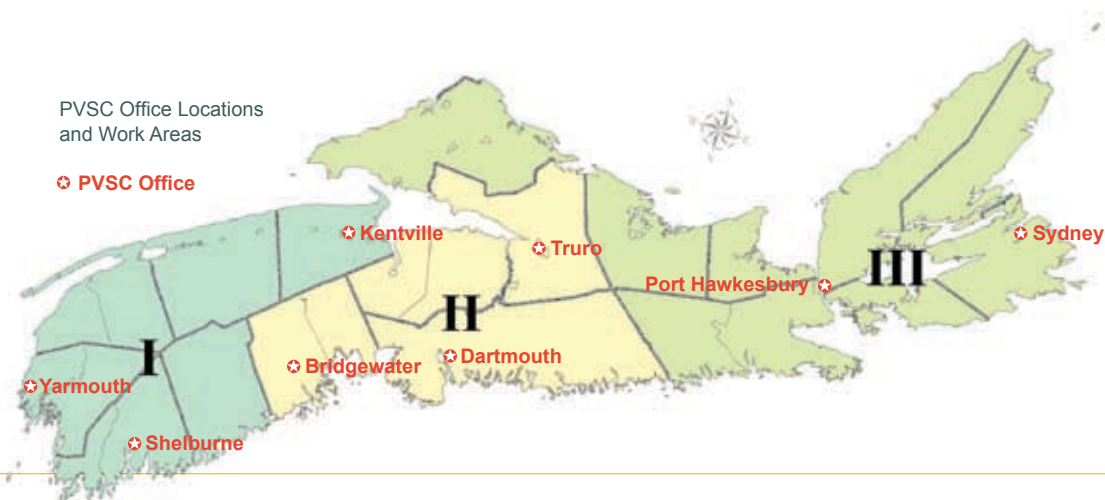
3 WORK AREAS

1 Residential Unit with Supervisors in each Work Area

1 Field Manager with Supervisors in each Work Area

1 Commercial Unit with 2 Managers:

- Heavy Industrial and Special Purposes Properties
- Commercial Cost and Commercial Income Properties



"Our commercial clients appreciate the convenience of working with one assessor who is current with all their accounts across the province."

—Lloyd MacLellan, VP Operations

INFORMATION TECHNOLOGY AND INFORMATION MANAGEMENT (IT/IM)

In February 2007, our iasWorld Mass Appraisal System went live, on time and on budget. This past year our IT/IM division has focused on putting the structure in place to enable all the exciting potential this new technology offers. It is now restructured in two sections:

1. IT/IM Operations which provides technical support for the IT environment, and
2. Information Management to provide analysis, modeling and development

We continue working with our Municipal Interface Committee to provide them with a say in technology as it affects them. This started with the iasWorld integration and continues with representation from six municipalities and three PVSC staff.

PVSC continues to receive network and technical support from the Nova Scotia Department of Community Services and Nova Scotia Corporate Information Technology Operations (CITO) as arranged by a negotiated service level agreement (SLA).

MUNICIPAL INTERFACE COMMITTEE

Bob McNeil	Cape Breton Regional Municipality
Dayalan Pillay	Halifax Regional Municipality
Kathleen Leslie	Kings County
Leonard MacDonald	Cumberland County
Melony Robinson	Annapolis Royal
Steve Goldring	Yarmouth District

Goals

With our system and division structure in place, our focus next year will be on continued training of staff, building system auditing processes and control policies, reporting, and auditing.

The benefit to our clients?

With this structure, IT/IM can fully support all of the PVSC's strategic goals. And, it means we can pursue interesting, valuable opportunities that should make life easier for our clients. Projects like improving municipal access to our mailing address database, piloted in Halifax Regional Municipality and which we are now able to roll out to Cape Breton Regional Municipality and others in the coming year.

There is no other assessment jurisdiction that has more advanced technology...we are "cutting edge." Representatives from Tennessee, New York City, and Los Angeles have contacted us to provide project references as they pursue their own technical enhancements.

Our new IT/IM division, is, quite literally, opening up entire new worlds to us.

Greg Keefe, Deputy Minister of Service Nova Scotia & Municipal Relations; Debi Karrel, VP Client Services; Rick MacLeod, VP Information Technology and Information Management (IT/IM)



CORPORATE SERVICES

Corporate Services is a new division within the PVSC comprised of all the areas required to support the organization as a corporate entity: financial services, policy analysis, communication, government relations and strategic planning.

In the past, Assessment Services utilized finance, administration and legal services contracted through the Province. Now separate from the Province, we are required to manage these services on our own so have spent the year creating the division and filling the positions.

With all services now "in house" we are more efficient and nimble, with virtually the same costs as we paid under our previous configuration.

More importantly, we have a solid support system to help the PVSC pursue its strategic goals. It works for us now, but, as we grow, develop and shape our vision, we have the flexibility to adapt the structure to fit any new strategy.

HUMAN RESOURCES

As directed by the *PVSC Act*, Assessment Services employees became PVSC employees as of April 1, 2008 with the same benefits they received while employees of the Province. PVSC created an HR division to support staff in this transition and to assume HR services such as payroll and recruitment, previously supplied by the Province.

HR also established an Employee Committee to bring ideas, interests and concerns from all levels of staff.

EMPLOYEE COMMITTEE

Meredith Buchanan	Janet MacLeod
Jean Thorburn	Wayne Creelman
Geoff Churchill	Darren Marsh
Aseneth McGrath	Marie Murphy
Charlene MacNeil	Greg Cream
Alfred D'Entremont	Mike Musycsyn

Assessment Receives Communications Award

Throughout the transition, communication with staff has been paramount and this philosophy has paid off in terms of staff retention and satisfaction. In addition, the PVSC was honoured by CLT, the maker of iasWorld mass appraisal software, as the winning entry among CLT clients for addressing communications challenges.

This achievement was also recognized in the International Association of Assessing Officers (IAAO) magazine "Fair and Equitable."

PVSC Chair Lloyd Hines accepts the Award of Excellence in Communications from Andy Teed (left) president of Tyler Technologies—CLT Division.



AUDITORS' REPORT



Grant Thornton LLP
Suite 1100
2000 Barrington Street
Halifax, NS
B3J 3K1

T (902) 421-1734
F (902) 420-1068
www.GrantThornton.ca

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, 2008 and the statements of operations, 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, 2008 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 11, 2008

Grant Thornton LLP
Chartered Accountants

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2008

REVENUES

Municipal	\$ 1,283,029
Interest	6,833
	<u>1,289,862</u>

EXPENSES

Salaries and Benefits	636,017
Travel	14,034
Professional Fees	444,338
Printing and Postage	5,551
Telecommunications	1,386
Rentals and Leases	18,918
IT Operations	43,623
Staff Training and Development	22,750
Membership Dues and Fees	2,879
Other Supplies and Services	100,366
	<u>1,289,862</u>

EXCESS OF REVENUES OVER EXPENSES \$ -

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2008

	Unrestricted	Internally Restricted	Capital Asset Fund	TOTAL
Balance, Beginning of Year	\$ -	-	-	-
Excess of Revenues Over Expenses	-	-	-	-
Contribution for Future Capital Project	-	-	100,000	100,000
Transfer of Accumulated Surplus from Service Nova Scotia and Municipal Relations	-	254,611	-	254,611
Transfer of Capital Assets from Service Nova Scotia and Municipal Relations	-	-	4,485,633	4,485,633
BALANCE, END OF YEAR	\$ -	254,611	4,585,633	4,840,244

See accompanying notes to the financial statements

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2008

ASSETS**Current**

Cash and Cash Equivalents	\$	2,601,421
Receivables		22,686
Prepays		484,422
		3,108,529

Capital Assets (Note 2)		4,485,633
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	\$	<u>7,594,162</u>
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LIABILITIES**Current**

Payables and Accruals	\$	99,348
Due to Province of Nova Scotia, Service Nova Scotia and Municipal Relations		1,111,177
Deferred Revenue (Note 2)		1,543,393
		<u>2,753,918</u>

NET ASSETS

Unrestricted Fund	\$	–
Internally Restricted Fund (Note 3)		254,611
Capital Asset Fund		4,585,633
		4,840,244
	\$	<u>7,594,162</u>

Commitments (Note 4)
Subsequent Events (Note 5)
Contingency (Note 8)

On Behalf of the Board



Director



Director

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2008

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**OPERATING**

Excess of Revenues over Expenses	\$	–
Change in Non-Cash Operating Working Capital		
Receivables		(22,686)
Prepays		(484,422)
Payables and Accruals		99,348
Due to Province of Nova Scotia, Service Nova Scotia and Municipal Relations		1,111,177
Deferred Revenue		1,543,393
		<u>2,246,810</u>

INVESTING AND FINANCING

Deferred Contribution—Capital Asset Fund	\$	100,000
Internally Restricted Fund		254,611
		<u>354,611</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS		2,601,421
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		–
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$	2,601,421
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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. In 2007, the Corporation's activities and expenditures related to establishing the corporate structures and capacity to assume the provision of assessment services from Service Nova Scotia and Municipal Relations as of April 1, 2008.

The supplementary statement of operations for the twelve month period ended March 31, 2008, reports the operations of both the Property Valuation Services Corporation and Assessment Services of Service Nova Scotia and Municipal Relations. The Province of Nova Scotia is responsible for auditing of the statement of operations for Assessment Services of Service Nova Scotia and Municipal Relations. This supplementary information is included in the Corporations 2007/08 annual report.

2 Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian Generally accepted Accounting Principles for non-for-profit organizations using fund accounting.

The Corporation follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the unrestricted operating fund.

The capital asset fund reports the assets, liabilities, revenues and expenses related to the Corporation's capital assets.

Use of estimated

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. 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 expenses are incurred.

Capital assets

Capital assets represent the transferred costs of the mass appraisal computer system from Service Nova Scotia and Municipal Relations. The transfer occurred on March 31, 2008 and accordingly, no provision for depreciation/amortization has been recorded in the accounts. Management intends to review the estimated useful life of this asset and

record the appropriate depreciation in its account for its 2009 and future reporting periods.

Deferred revenue

Deferred revenue represents payments received from the Municipalities prior to April 1, 2008 that relate to the March 31, 2009 fiscal year.

Cash and cash equivalents

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

Financial instruments

The Corporation has adopted the guidance of the CICA Handbook Sections 3855, "Financial Instruments—Recognition and Measurement" and 3862 "Financial Instruments—Disclosure and Presentation."

Section 3855 requires the Corporation to revalue all its financial instruments at fair value on the initial date of implementation and at each subsequent reporting date based on the classification method chosen. Section 3862 establishes standards for the presentation of financial instruments and identifies the information that should be disclosed about them.

In accordance with section 3855, the Corporation has classified all its financial instruments as either held for trading, loans and receivables. Financial instruments classified as held for trading are measured at fair value or held to maturity with changes in fair value recognized in the statement of operations in the period in which they arise. Financial assets classified as loans and receivables and held to maturity are subsequently measured

at amortized cost with a charge to the statement of operations.

The adoption of the new standards does not result in any material changes to the carrying value of the financial instruments for the year ending March 31, 2008.

Financial instruments include cash and cash equivalents, receivables, payables and accruals, payable to the Province of Nova Scotia, and deferred revenue. 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 market value of these financial instruments are at least equal to their carrying values.

3 Restrictions on net assets

Internally restricted

Net assets of \$254,611 have 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. As of March 31, 2008, the restricted amount represents \$254,611 of accumulated operating surpluses transferred from Service Nova Scotia and Municipal Relations.

Externally restricted

Included in cash and cash equivalents is an amount of \$100,000 which represents a contribution received from Service Nova Scotia and Municipal Relations to be used for future capital expenditures

relating to the Corporation's mass appraisal computer system. This contribution has been recorded in the capital asset fund.

4 Commitments

a) The Corporation has entered lease agreements for rental of its office premises. Minimum annual lease payments including tax for the next five years are as follows:

2009	\$ 829,012
2010	\$ 760,037
2011	\$ 709,189
2012	\$ 666,990
2013	\$ 602,936

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

b) The Corporation has entered into an agreement with a service provider for the provision of annual maintenance and support for its Mass Appraisal computer system. The total commitment to March 31, 2010 is \$1,052,040. At March 31, 2008, the Corporation has prepaid \$465,504 of this amount which has been reflected in the accounts of the Corporation as prepaid expenses.

5 Subsequent events

On April 1, 2008, the employees of the Province of Nova Scotia assessment services transferred

to the Corporation. As a result, the Corporation has assumed certain employee future benefits as follows:

a) Post retirement Health Plan—Designated employees who will transfer from the Province to the Corporation on April 1, 2008 are entitled to receive post retirement health benefits. The accrued benefit obligation at March 31, 2008 as calculated by the Mercer actuarial report relating to this benefit is \$1,462,400. The Province of Nova Scotia will provide the Corporation a cash payment of \$1,462,400 to fund this obligation. The Corporation will be responsible for funding the employer portion of the premium payments and any further obligations under this post retirement health plan commencing April 1, 2008. The actuarial report also indicated an annual service cost for such benefits to be \$92,100. It is the intention of the Corporation to pay these premiums on an annual basis and to set aside the use of the \$1,462,400 to fund the accrued benefit obligation of this plan.

b) Public service awards—Designated employees transferred to the Corporation on April 1, 2008 from the Province of Nova Scotia who upon retirement and who are eligible to receive a pension under the Public Service Superannuation plan or who die while in active service shall be granted a Public Service Award. The amount of the award is based on one week's pay for each year of full-time service up to a maximum of 26 full years. The cost of the long term service award

will be shared by the Province of Nova Scotia and the Corporation based on the prorated time the employees were employed with the province and the corporation. At March 31, 2008, the accrued benefit obligation for service awards as calculated under the Mercer Actuarial report is \$1,387,300. The Province will fund this liability at the level established at March 31, 2008 and as established by appropriate actuarial standards. Annual costs for the 2009 fiscal year of \$78,900 will be paid by the Corporation.

c) Vacation pay—Employees transferred from the Province to the Corporation on April 1, 2008 had accrued vacation payable carry-over balances not paid by the Province. The total accumulated vacation liability assumed on April 1, 2008 is estimated to be \$200,000.

d) Effective April 1, 2008, the transferred employees will continue to be covered under the provincial public employee superannuation pension plan. The Corporation will contribute on an annual basis the estimated premium requirements under this defined pension plan.

e) Subsequent to year end, the Province of Nova Scotia, Service Nova Scotia and Municipal Relations will transfer certain office equipment and furniture to the Corporation for Nil consideration. The Corporation will record these capital assets in its 2009 fiscal year at fair market value with a

corresponding charge to the capital asset fund. As at March 31, 2008, the fair market value of these assets has not yet been determined.

6 Risk management

Credit risk

The Corporation 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 not exposed to market risk since its expenses are fully recoverable from the municipal units throughout the Province of Nova Scotia.

Currency risk

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

Interest rate risk

On March 31, 2008, the Corporation is not exposed to fluctuations in interest rates on its financial liabilities. Also, on March 31, 2008, the Corporation holds its cash and cash equivalents as disclosed in these financial statements in a bank account that does not expose the corporation to financial risks arising from changes in interest rates.

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

7 Related party transaction

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

8 Contingency

Prior to April 1, 2008, the Province of Nova Scotia paid certain expenditures on behalf of PVSC and charged the Corporation net of goods and services tax. If subsequently determined, that goods and services tax should be charged on these expenditures, the Corporation would recover these amounts through its regular municipal billings.

SUPPLEMENTARY STATEMENT OF OPERATIONS*

YEAR ENDED MARCH 31, 2008

		Total Budget 2007/2008	Actual Results 2007/2008 Property Valuation Services Corporation	Actual Results 2007/2008 Assessment Services	Total Actuals 2007/2008
REVENUE					
Municipal Revenue	\$	15,396,000	1,283,029	14,112,970	15,396,000
Other Revenue		–	6,833	350	7,182
Total Revenue		15,396,000	1,289,862	14,113,320	15,403,182
EXPENSES					
Salaries and Benefits	\$	9,797,800	636,017	8,789,620	9,425,637
Travel		738,900	14,034	844,561	858,596
Professional Services		797,000	444,338	705,952	1,150,290
Printing and Postage		836,100	5,551	504,508	510,059
Telecommunications		136,000	1,386	171,439	172,825
Rentals and Leases		990,000	18,918	1,055,579	1,074,496
IT Operations		944,000	43,623	825,875	869,499
Staff Training And Development		70,000	22,750	83,421	106,171
Membership Dues and Fees		45,000	2,879	45,522	48,401
Other Supplies and Services		1,041,200	100,366	336,477	436,842
Total Operating Expense		15,396,000	1,289,862	13,362,954	14,652,816
EXCESS OF REVENUE OVER EXPENSES	\$	–	–	750,366	750,366

*Rounded to nearest dollar

NEW CORPORATE IDENTITY

Graphic identity is the sum of all the visual impressions associated with the Property Valuation Services Corporation name. The impact of any logo depends on consistent use resulting in a large number of impressions over a long period of time.

Familiar logos are not “seen” the same way we see words, but processed by the brain visually, evoking a complex set of associations much more powerful than words.

In the case of the PVSC, we commissioned a logo that reflects our foundation work—property valuation—as well as themes of our new corporate structure which is positive, energetic, entrepreneurial, progressive, strong, and supportive.



Property Valuation Services Corporation
Park Place II
238A Brownlow Avenue, Suite 200
Dartmouth, Nova Scotia
B3B 2B4