



# Great Places, People and Partnerships

## 2015-2016 Annual Report





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# About PVSC

## Who We Are



Municipally funded not-for-profit corporation



Approximately 140 employees



7 offices in Nova Scotia

## What We Do



Value more than 600,000 properties in Nova Scotia



Provide an annual assessment roll to the province's 51 municipalities



Deliver assessment notices to all property owners



Administer the property assessment appeal process

**And...** under the governance of the Integrated Property Services Council (IPSC), manage and support shared municipal services.

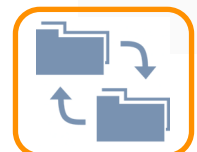
Single Address Service



eDelivery Service



Permit Data Exchange





# 2015-2020 Strategic Direction

PVSC's *Mission* and *Vision* serve to guide our day-to-day, and long term priorities by ensuring that decision making is aligned with our purpose and aspirations as an organization.

## Mission

As Nova Scotia's property assessment authority, we support our many stakeholders by providing market valuation and other property related information and services

## Short Term Vision (by 2020)

To be a provider of quality products and services that is recognized for being open with its data, responsive to its stakeholders' needs, and sound in its business practices

## Long Term Vision (beyond 2020)

To be a world class leader of market valuation and integrated property services, recognized for excellence - in our people, products and our business

## Values

- Engages employees, partners and stakeholders in achieving success
- Encourages openness and transparency
- Demonstrates individual and corporate accountability for results
- Fosters innovation and progressive thinking
- Respects diverse ideas, opinions and people
- Is committed to service excellence
- Nurtures leadership at all levels



# PVSC 2015-16 Business Plan

## Strategic Focus I: Strengthening Our Business



**Five Year Goal:** To institute excellence throughout the business by improving processes and products, and investing in people

## Strategic Focus II: Opening Data to Others

**Five Year Goal:** To create new opportunities by increasing accessibility to property related data



## Strategic Focus III: Broadening Services



**Five Year Goal:** To offer clients a range of personalized products and services by leveraging technology and forging partnerships with key stakeholders



# Letter from the Board Chair

On behalf of the Board of Directors, I am pleased to present the 2015 – 2016 Annual Report for Property Valuation Services Corporation (PVSC).

This past year marks the successful completion of the first year of the organization’s new five year strategic plan, in which the Board of Directors set some ambitious goals, with a focus on three key priorities: strengthening our business, opening data to others and broadening our service offerings.

Recognizing the challenges stemming from the current economic climate in Nova Scotia, in 2015-2016 we worked to support and advance our shared municipal services. The Permit Data Exchange (PDX) – an online portal for sharing permit data and information between municipalities and PVSC was developed and launched. The PDX improves accuracy, timeliness and availability of permit data we all depend on.

This past year, PVSC further explored the development of an Open Data Service and issued a Request for Proposals from open data service providers. The Open Data Service will allow both PVSC and municipalities to provide data sets to the service, accessible by the public, creating opportunities for economic development, innovation, collaboration and entrepreneurship. The Open Data Service will enable a greater degree of transparency and is a key pillar of open government.

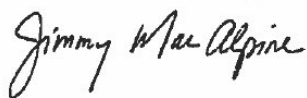
In recognition of the PVSC staff, I would like to thank everyone for their dedication to continuously improving the work that we do and also providing additional value to municipalities and the public. Through team work and creativity, dedication and leadership, new avenues have opened up to benefit a wide range of stakeholders.

To all of my fellow Board members, I express my appreciation for your commitment, insight and sound governance.

In closing, I would like to thank the continued support of our municipal partners, who have embraced this ever changing landscape of technology, and have inspired our motivation to expand and look to the future. I look forward to forging even stronger partnerships in the years ahead, as we continue to go great places together.



*Through team work and creativity, dedication and leadership, new avenues have opened up to benefit a wide range of stakeholders.*



Jimmy MacAlpine  
Board Chair, PVSC  
Deputy Warden, District of Digby



# Letter from the CEO

Our people and our partnerships – the foundations of our organization – continue to be a central focus, and as we wrap up the 2015-16 year, we have much to celebrate.

The dedication, knowledge and creativity our employees bring to work everyday drives our continued growth from a good organization to a great one. A sincere thank you to all the staff for their contributions.

This year we partnered with Great Place to Work (GPTW), Canada, an international consulting, training and research institute to perform a culture audit, including an employee survey, to better understand our strengths and opportunities in regard to our people practices and polices. GPTW rated us in five key areas: credibility, respect, fairness, pride and camaraderie –our scores certified PVSC as a Great Workplace.

We continued to strengthen our partnerships with the municipalities, finding innovative solutions to common challenges, with a focus on collaboration and sharing information. We also explored the concept of open data as a means to extend that information sharing to the public, increasing transparency and accountability.

New partnerships were also formed this year, strengthening our business and creating a foundation in which the organization can grow and realize new opportunities. We engaged the International Property Tax Institute (IPTI) to conduct an audit of our assessment policies, processes, and procedures, and we were awarded certification—recognizing our adherence to international best practices and legislative requirements.

In partnership with Viewpoint.ca, property owners and the public were able to view preliminary assessments on the Viewpoint website during our Advanced Notification and Consultation period, expanding our education and awareness outreach efforts.

Our commitment to nurturing leadership throughout the organization inspired the creation of an Employee Leadership Forum—a place to share and develop leadership capacities. The Forum is open to all employees, and currently more than half the organization's workforce is participating.

Looking forward to the year ahead, I am excited to see what else the future holds for PVSC. After a year of celebrating our partnerships and our people, we have paved the way for our next phase of continued growth.

I would like to thank our Board of Directors and our staff for their continued support and guidance through each new endeavour – with their leadership we will continue on our path to excellence.



GPTW rated us in five key areas: credibility, respect, fairness, pride and camaraderie, and our scores certified PVSC as a Great Workplace.

Kathy Gillis  
Chief Executive Officer, PVSC

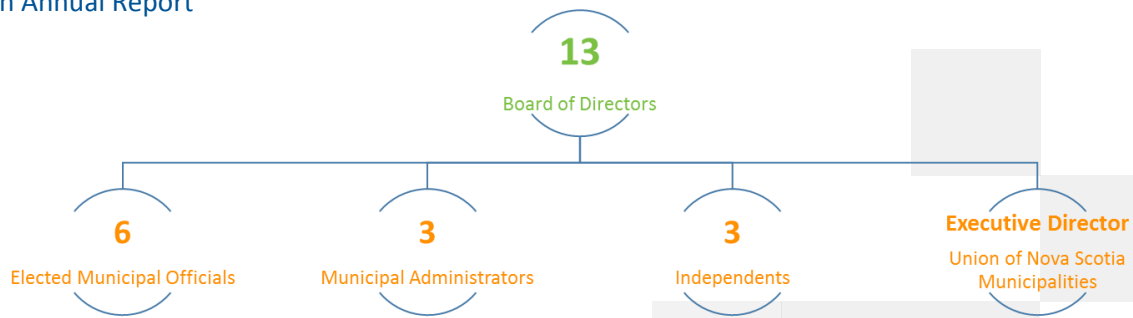
# Board of Directors

## The Board is responsible for:

- Establishing a long term strategic plan
- Creating multi-year operational and capital budgets
- Appointing a Chief Executive Officer
- Encouraging partnership opportunities with stakeholders
- Reporting to the Union of Nova Scotia Municipalities (UNSM) at its annual meeting
- Ensuring external financial and quality audits are completed
- Filing an Annual Report

## Board Committees:

- Governance Committee
- Audit, Risk & Finance Committee
- Quality & Client Service Committee



**Back row (L-R):** Greg Keefe, Independent Director; Jimmy MacAlpine, PVSC Chair, Deputy Warden, Municipality of the District of Digby; Alex Morrison, Councillor, County of Annapolis; Mike Dolter, CAO, Town of Truro; Michele McKenzie, Independent Director; Russell Walker, PVSC Vice-Chair, Councillor, Halifax Regional Municipality. **Front row (L-R):** Madeline Daues, Councillor, Town of Yarmouth; Doug Sebean, Independent Director; Connie Nolan, CAO, Municipality of East Hants; Kevin Saccary, Councillor, Cape Breton Regional Municipality. **Absent:** Amanda Whitewood, Director of Finance/CFO, Halifax Regional Municipality; Robert Bird, Councillor, Town of Amherst; and, Betty MacDonald, Executive Director, Union of Nova Scotia Municipalities.





# PVSC Awards

Each year, PVSC recognizes an individual, a team and an external partner that has demonstrated exceptional commitment to the Corporation’s mission and vision, and which has contributed to the long-term success of the organization.



## Vision Award

Presented to a PVSC employee who has been nominated by his/her colleagues for demonstrating outstanding leadership qualities.

This year, **Charlene MacNeil, Manager, Commercial Valuation** was the recipient.

## CEO Award for Excellence

Chosen by the CEO and awarded to a team for their hard work and dedication to making PVSC the best provider of market valuation and property related services.

For their commitment to the successful implementation of income valuation models for income commercial properties across the province, the **Income Modeling Team** was chosen for this award.



## Brenda V. Cowie Partnership Award

Named after the human resources specialist who played an integral role in PVSC’s transition from the Provincial government to a not-for-profit, independent organization back in 2007, the Brenda V. Cowie Award is given to an external partner who commits their talents, wisdom and experience to the success of PVSC.

A key partner in our promotion of preliminary assessment values to property owners for our advanced notification and consultation period, this award went to **Bill McMullin, Founder & CEO of Viewpoint.ca**.

# Annual Corporate Charity

Each year, a charitable organization is selected by staff to represent PVSC's corporate charity for that fiscal year. Funds are raised through various initiatives such as 50/50 raffles, employee deductions, and employer contributions.

**Habitat for Humanity** provides affordable homeownership opportunities for low income Nova Scotia families. With the help of volunteer builders, sponsor money and donor materials, Habitat for Humanity constructs affordable energy efficient homes.

Funds raised by PVSC in the 2015-16 year:

 **17,390.90**



(L-R): Daniel Higgins, Commercial Assessor; Sean Fewer, Dev. Residential Assessor; Russ Adams, VP, Enterprise Risk & Quality Services; Ross Fenerty, Residential Assessor; Sheila Orr, Area Manager; Renita Wortman, Internal Audit & Compliance Specialist; Carol Clarke, Sr. Advisor, Human Resources.

# 2016 Assessment Roll Activity

**51** The number of municipalities in Nova Scotia

**615,395** The number of properties in Nova Scotia

**581,338** Residential Properties, of which **353,641** are CAP\* Eligible

**34,057** Commercial Properties



## 2016 Assessment Year Activities

**40,157**

Client Inquiries

**35,818**

Sale Transactions

**9,876**

Permit Reviews

**9,370**

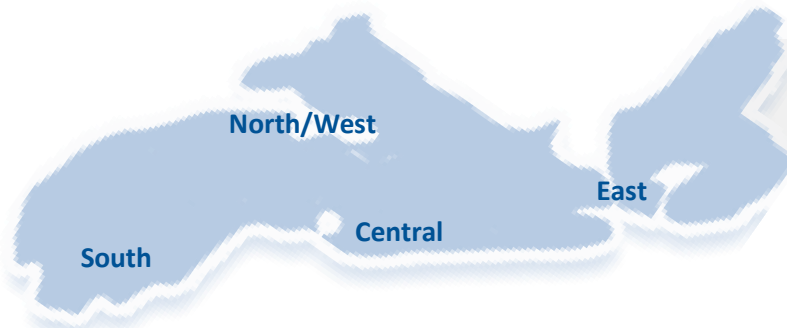
Appeals (2015)

**615,395**

Properties Assessed

## Assessment by Region

Region	Total Residential	Total of Residential Eligible for the CAP	Total Commercial	Total Assessment (Residential and Commercial)
Central	\$40,800,242,100	\$36,312,933,300	\$13,787,834,900	\$54,588,077,000
South	\$10,438,927,100	\$9,437,371,600	\$2,151,154,200	\$12,590,081,300
North/West	\$15,557,014,500	\$13,855,098,700	\$3,546,493,000	\$19,103,507,500
East	\$12,982,101,000	\$11,058,556,600	\$4,090,556,500	\$17,072,657,500



\*CAP refers to the provincially legislated **Capped Assessment Program (CAP)**, which places a "cap" on the amount that eligible residential property assessments can increase year over year.



# Strategic Highlights



## Strategic Focus I: Strengthening Our Business

### Income and Expense

Income modelling is a recognised valuation method and is consistent with International Association of Assessing Officers (IAAO) standards, appraisal theory, and best practices.

After the successful modeling of office buildings for the 2015 assessment roll, this year we continued to enhance our commercial income property valuation methodologies through the creation of models for other property types, such as apartment buildings, hotels, and manufactured home parks.

### One Year Base Date

In accordance with section 42 of the Nova Scotia Assessment Act, all properties valued by PVSC shall be assessed at *market value*. To determine this, a *base date* is assigned, which reflects the point in time upon which the market is evaluated.

To increase transparency and facilitate better understanding of the assessment process, this year we worked to align our valuation cycle to support the transition from a two year base date to a one year base date for the 2017 assessment roll.

### International Property Tax Institute Certification

This year, we were recognized as the first assessment jurisdiction in North America to achieve certification from the International Property Tax Institute (IPTI), which affirms excellence in property assessment.

Conducted by international experts in taxation and assessment, the certification includes in-depth examination and scrutiny of an organization's policies, processes, and procedures, measuring its performance against international best practices, and if applicable, its compliance with governing legislation.

In order to achieve Certification, a score of 75 or higher out of a possible 100 points is required. PVSC achieved 89.5.

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### Enterprise Risk Management

In 2015-16, we instituted a formal Enterprise Risk Management program and identified and assessed both strategic and operational risks. Through this, we were able to determine the organization's principal risks - the areas posing the most significant risk exposures.

In the future, continued effort will be focused on treating the identified principal risks, and instituting risk awareness within the culture of our organization.



# Strategic Highlights

## Great Place to Work Canada

To continue fostering a culture that is people focused, we engaged Great Place to Work (GPTW) Canada to review and measure our corporate culture through a comprehensive employee survey and a culture audit that assessed our corporate culture, values, programs and practices. Once the survey and audit were complete, our results were compared with other participating organizations, providing us with a benchmark for continuous improvement.

Through this process, we achieved scores that certified us as a great workplace by GPTW Canada.



## Workforce Development

Through our commitment to training and development, we have been able to nurture leaders at all levels and across all functions of the organization. This year, a Corporate Leadership Forum was created to foster leadership through the sharing of ideas, skills training and exercises, and group coaching.

We continue to support our assessors as they work towards attaining their professional designations, through the International Association of Assessing Officers (IAAO). By December 31, 2017, all assessors will have a professional designation. We currently have 25 designated assessors.

## Strategic Focus II: Opening Data to Others



### Open Data Service

Open Data is increasingly being embraced by governments, public entities and private business throughout the world. Access to data creates a number of benefits and opportunities, including:

- Increased transparency and accountability
- Research innovation and economic development
- Reduced demand on government services
- More informed decision making

Last year, under the leadership of the Nova Scotia Open Data Council, which has representation from PVSC, the municipalities and the Province, progress was made towards the development of an Open Data Portal service—a single point of access for municipal and assessment data in Nova Scotia. A Request for Proposals for an Open Data Service provider was issued, and Socrata was chosen as the service provider.

The Open Data Portal is scheduled to be launched in the fall of 2016.



# Strategic Highlights

## Advanced Notification and Consultation

The goals of the Advanced Notification and Consultation (ANC) initiative, which is held each fall, is to increase public awareness and understanding of the assessment process, while also providing a mechanism for additional data collection. This year, significant work was completed to integrate ANC processes and procedures into our annual assessment cycle.

To assist in the province-wide promotion and education of preliminary assessment values, we partnered with Viewpont.ca to display each property's preliminary value on its interactive, map-based real estate website. Through this partnership, we were able to reach more clients and provide easy access to assessment information.

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## Strategic Focus III: Broadening Services



### Integrated Property Services Council

As a joint partnership between PVSC, the municipalities, and the Province, the Integrated Property Services Council (IPSC) oversees the operation of existing shared services among stakeholders and supports the development of new services.

Initiatives currently under the leadership of IPSC include:

#### Permit Data Exchange (PDX)

Throughout the 2015-16 fiscal year, considerable work was completed to develop the PDX portal. Phase I of the PDX project is now complete, and permit data from nine municipalities is being received through the portal.

With input from municipal units, we are proceeding to build the PDX mobile app which will allow building officials to upload data to the portal on-sight, including the ability to attach documents and photos.

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#### eDelivery

eDelivery allows municipalities, utilities and PVSC to provide their clients with the option to receive assessment notices, tax bills and utility bills online through Canada Post's epost™ service.

epost™ is a trademark of Canada Post Corporation.



# Strategic Highlights

This year, four more municipalities partnered with us to offer epost, and a group of nine other municipalities will be offering this service in the coming year.

## Single Address Initiative

The Single Address Initiative (SAI) was established to improve the management and sharing of mailing address data across the province. SAI has been live since 2012 and now includes Canada Post verification software.

To date, there are 34 municipalities using the SAI portal, which amounts to 80% of addresses in the province.

# Performance Measures

## Legislative Requirements

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

- I. Quality standards by municipality
- II. 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 measurements 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 the 2015-16 fiscal year include:

- I. Quality Standard Measures
- II. Customer Measures
- III. Organizational Learning Measures
- IV. 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.

## I. 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. The LA is the measure of the extent to which assessments reflect the market value standard for the municipality, for each assessment year. PVSC bases the LA on the Median analysis of assessment to sale ratios (ASRs), a measure of central tendency. 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.

# Performance Measures

PVSC Internal Audit & Compliance has conducted a series of statistical and quality testing on the calculation of the 2016 Level of Assessment for each of the 51 municipalities. All calculations were reviewed for accuracy, and as well, the process used to assemble the data upon which the calculations were based, was reviewed for completeness. The audit found the resulting municipal 2016 Level of Assessments to be within the acceptable range of 90% - 110%, as recommended by the IAAO.

Municipality	Residential Level of Assessment	Commercial Level of Assessment	Municipality	Residential Level of Assessment	Commercial Level of Assessment
Cape Breton Regional Municipality	96%	94%	Town of Antigonish	100%	100%*
Halifax Regional Municipality	98%	96%	Town of Berwick	100%	100%*
Municipality of the Region of Queens	98%	100%*	Town of Bridgewater	101%	100%*
Municipality of the County of Annapolis	99%	100%*	Town of Clark's Harbour	100%*	100%*
Municipality of the County of Antigonish	95%	100%*	Town of Digby	99%	100%*
Municipality of the County of Colchester	95%	100%	Town of Kentville	101%	100%*
Municipality of the County of Cumberland	101%	100%*	Town of Lockeport	100%*	100%*
Municipality of the County of Inverness	96%	100%*	Town of Lunenburg	99%	100%*
Municipality of the County of Kings	98%	95%	Town of Mahone Bay	98%	100%*
Municipality of the County of Pictou	98%	100%*	Town of Middleton	101%	100%*
Municipality of the County of Richmond	96%	100%*	Town of Mulgrave	100%*	100%*
Municipality of the County of Victoria	94%	100%*	Town of New Glasgow	100%	100%*
Municipality of the District of Argyle	101%	100%*	Town of Oxford	100%*	100%*
Municipality of the District of Barrington	99%	100%*	Town of Parrsboro	100%*	100%*
Municipality of the District of Chester	97%	100%*	Town of Pictou	97%	100%*
Municipality of the District of Clare	92%	100%*	Town of Port Hawkesbury	98%	100%*
Municipality of the District of Digby	97%	100%*	Town of Shelburne	97%	100%*
Municipality of the District of East Hants	97%	96%	Town of Stellarton	101%	100%*
Municipality of the District of Guysborough	90%	100%*	Town of Stewiacke	104%	100%*
Municipality of the District of Lunenburg	98%	97%	Town of Trenton	99%	100%*
Municipality of the District of Shelburne	100%	100%*	Town of Truro	101%	100%*
Municipality of the District of St. Mary's	98%	100%*	Town of Westville	100%	100%*
Municipality of the District of West Hants	98%	100%*	Town of Windsor	103%	100%*
Municipality of the District of Yarmouth	100%	100%*	Town of Wolfville	98%	100%*
Town of Amherst	104%	100%*	Town of Yarmouth	101%	100%*
Town of Annapolis Royal	99%	100%*			

\*Municipality contains fewer than 11 sales

The *Nova Scotia Assessment Act* requires PVSC to report the Level of Assessment for each municipality—residential and commercial. The International Property Tax Institute (IPTI) recommends jurisdictions with fewer than 11 sales are considered to have insufficient data to reliably calculate the Level of Assessment. For the purpose of meeting this legislative requirement, municipalities with fewer than 11 sales, the Level of Assessment has been reported as 100%.





# Performance Measures

## 2015 Appeals and Adjustments

In 2015, PVSC received 9,368 appeals during the appeal period, accounting for roughly \$9.3 billion of assessment. After the appeal process had concluded, the assessment roll was adjusted by \$243,063,400 which represents 0.24% of the total assessment roll.

## II. Client Measures

Each year we conduct an annual client satisfaction survey of those who contacted us through our service centre during the 31 day appeal period. This year, we surveyed 407 randomly selected property owners who placed a call to us during the appeal period.

### Service Centre Satisfaction Rating

Area of Measurement	2016 SCORE
Answering your call promptly	87%
Handling the call in a professional and friendly manner	93%
Demonstrated a willingness to listen to your concerns	92%
Provided you with the answers to your questions	79%
Treated call as being important	86%

### Assessor Satisfaction Rating

Area of Measurement	2016 SCORE
Conducting themselves in a professional friendly manner	89%
Demonstrating a willingness to listen to your concerns	83%
Providing you with the answers to your questions	72%
Being fair and objective in handling your assessment inquiry	75%
Treated your concerns as being important	78%

Last year, we also conducted an appeal process survey of those who filed an appeal on their 2015 assessment.

### Assessor Performance Rating

Area of Measurement	2015 SCORE
Professional and friendly conduct	90%
Willingness to listen	87%
Answers to your questions	84%
Fair and objective	79%



# Performance Measures

## III. Organizational Learning Measures

By investing in professional development and growth opportunities for staff, we are able to meet the needs of current stakeholders, while positioning the organization for sustained success.

This year, we set a spending target of 2% of the payroll budget towards staff training and development. In 2015-16, we achieved this target spending exactly 2%.

## IV. Financial Measures

In addition to the audited financial statements, which provide an overview of the organization's financial management, we also measure additional financial aspects to provide a clearer picture of our operations.

**Cost per Account:** This is a standard measure to provide an average estimate of the cost to assess a single account. It is calculated by dividing total organizational costs by the total number of accounts in the province.

Changes to this number over time can provide the organization with 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. PVSC chooses to compare itself against the national average for assessment jurisdictions.

Our target is to be below the national average cost per account, which is \$38.23<sup>1</sup>. In the fiscal year 2015-16, PVSC's cost per account was \$27.41.

**Defensive Interval:** Reflects how many months the organization could operate if no additional funds were received.

**Liquidity Ratio:** Reflects the organization's current assets compared to its current liabilities. PVSC has a strong liquidity position with the value of its short term assets exceeding its short term liabilities.

Measure	Target	2015 Actual
Cost per Account	\$38.23	\$29.20
Defensive Interval	Between 1-3 Months	3.78 months
Liquidity Ratio	1	1.73

1. Based on cost per account information received from the Canadian Directors of Assessment



# Management Discussion and Analysis

The following Management Discussion and Analysis (MD&A) provides a narrative description through the eyes of management of how Property Valuation Services Corporation (PVSC) performed during the financial year ended March 31, 2016 – its financial condition and future prospects. This MD&A complements and supplements the financial statements and should be read in conjunction with the audited financial statements and accompanying notes for the financial year ended March 31, 2016. The financial information that is provided in this discussion and analysis was prepared in accordance with current Canadian Generally Accepted Accounting Principles as recommended by the Chartered Professional Accountants of Canada (CPA Canada).

PVSC is an independent, not-for-profit organization governed by a shareholder representative Board of Directors. Members of the Board are appointed by the Union of Nova Scotia Municipalities (UNSM). The Board elects a Chair and Vice Chair from its municipal council and municipal employee members. The Board also appoints three independent members. The Corporation was established effective April 1, 2007 in accordance with the *Property Valuation Services Corporation Act Chapter 19, Bill No.94 of 2006*.

PVSC has a legislated mandate to provide assessment and related property information services for Municipalities and the Province, as required by the *Assessment Act* and the *Municipal Government Act*. The Corporation has no direct role in property taxation; it plays an impartial role in valuation of properties and producing an accurate assessment roll each year. Property values on the assessment roll form the basis of property tax calculations by taxing authorities. The Corporation's assessment roll provides the foundation for a stable tax base.

The Provincial Government passes legislation, regulations and policies that govern the property assessment and property taxation system. PVSC administers the *Assessment Act* and provides an annual assessment roll to municipalities. Municipalities provide municipal services and determine the property tax revenue required to provide these services.

## Financial Reporting Framework

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 Corporation's financial reporting framework is in accordance with the Accounting Standards for Not-For Profit Organizations which are in Part III of the Chartered Professional Accountants of Canada Handbook. The Corporation adopted the accounting standards under Part III of the Handbook as of April 1, 2010. Prior to this adoption date, the Corporation prepared its financial statements in accordance with the 4400 series of Canadian Institute of Chartered Accountants CICA's Pre-Changeover Accounting Standards.

Not-For-profit organizations who report under Part III of the CPA Canada Handbook are also required to follow Part II of the CPA Handbook – Accounting Standards for Private Enterprises, for those areas that are not addressed



# Management Discussion and Analysis

in Part III of the Handbook.

## Financial Summary

### Municipal Funding

All the municipalities in the Province of Nova Scotia are members of the Corporation. During the financial year ended March 31, 2016 three municipalities – Springhill, Bridgetown and Hantsport – dissolved and joined neighbouring municipalities, leaving membership of the Corporation at 51 Municipalities as of March 31, 2016. It is possible some municipalities may consider dissolving and amalgamating with neighbouring municipalities in the future.

Municipalities fund the Corporation's 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 Corporation include cost recovery for contracts with First Nations, data exchange agreements, interest and investment income.

PVSC is aware of the difficult current operating environments faced by Municipal Units and therefore the Corporation has maintained a budget strategy of no annual increase in municipal funding for six consecutive years. It has maintained the budget for municipal billing of approximately \$17.1 million by leveraging operational efficiencies in areas such as utilizing better technologies and implementing continuous quality and other process improvements.

### Fund Balances

PVSC develops its plan and budget with the objectives of funding operations to provide assessment services, maintaining its capital infrastructure, growing reserves for future technology development, funding liabilities for non-pension post-retirement benefits, and maintaining a reserve for contingencies. The unrestricted Operating Fund reports the revenues and expenses relating to property assessment program delivery and administrative activities. PVSC's restricted reserves comprise of the following:

- The internally restricted 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 Technology Advancement Reserve is internally restricted by the Board of Directors to fund technology enhancements and innovation and system refurbishment and large-scale renewal of the Corporation's existing IT infrastructure that is critical for the Corporation to carry out its responsibilities cost effectively and efficiently;



# Management Discussion and Analysis

- The Special Operating Reserve which is internally restricted by the Board of Directors to be used for operating expenses or specific financial requirements in future years; and
- The internally restricted 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.

PVSC’s net assets include its Restricted Capital Asset Fund which reports the acquisitions, revenues and expenses relating to assets. The Corporation’s main capital asset is the Computer Assisted Mass Appraisal (CAMA) system which has an original capital investment of approximately \$4.5 million and is being amortized over 10 years. As of March 31, 2016, the net book value of capital assets was \$2.738 million (2015: \$2.852 million).

Below is a summary of the Corporations’ fund and reserve balances:

	2016	2015
Restricted Capital Asset Fund	2,738,329	2,888,201
Contingency Reserve	1,425,000	1,425,000
Technology Advancement Reserve	2,455,718	2,890,902
Special Operating Reserve	983,536	653,213
Unrealized Post Retirement Gains Reserve	98,088	418,944
<b>Total Fund Balances</b>	<b>\$ 7,700,671</b>	<b>\$ 8,276,260</b>

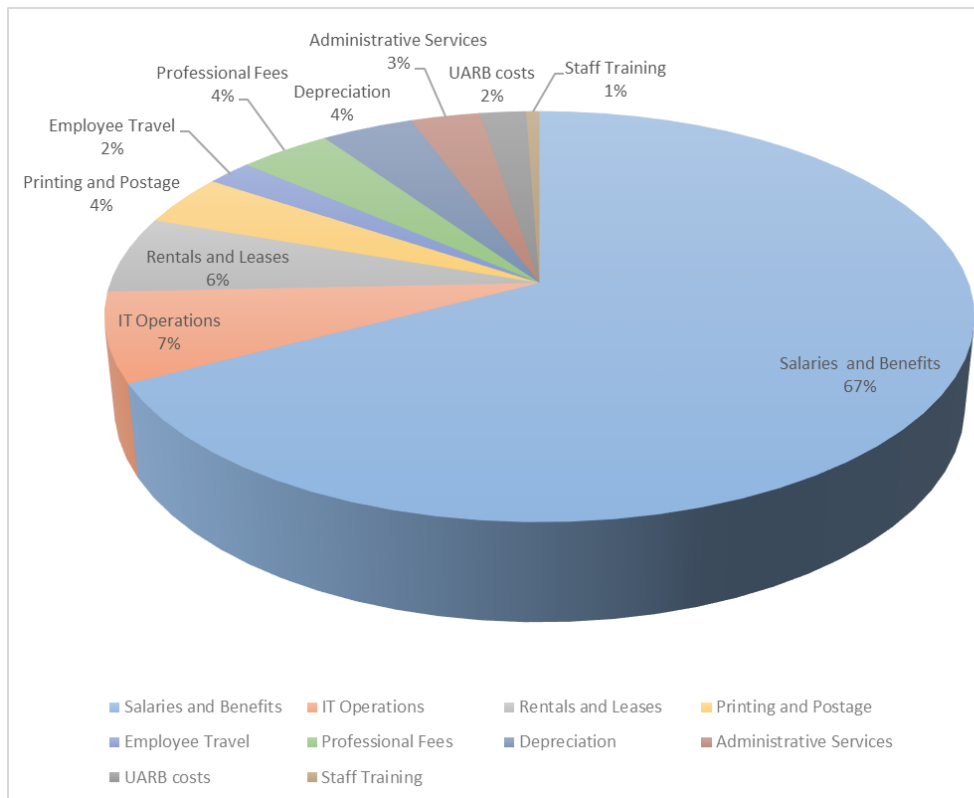
## Analysis of the Operating Fund

The Corporation billed \$17,090,000 to municipalities for the financial year ended March 31, 2016. The budget, as billed to the municipalities, 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 were billed out using the cost recovery formula stated in the *PVSC Act*.

The 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 restricted investment accounts. The budget includes amounts transferred to the Capital Asset Fund for acquisition of new assets but does not include amortization on capital assets.

The Corporation’s actual total expenses for 2016 are \$17,883,557 (2015: \$17,507,614). Below is a summary of the major expense categories:

# Management Discussion and Analysis



The Corporation had a positive balance on the Operating Fund which resulted in a net increase of \$330,323 in the Special Operating Reserve. The main contributors to the positive balance on the Operating Fund are as follows:

**Salaries and Benefits \$11,304,578 (2015: \$11,128,430):** The budgeted salaries and benefits for 2015-16 were \$11,988,276. The Corporation had transitional savings on salaries and benefits due to staff retirements and staff movements.

On June 1, 2014, the Corporation’s specified employees who were covered under the defined contribution plan stopped paying into the Standard Life Defined Contribution Pension plan and joined the Nova Scotia Public Service Superannuation Plan (PSSP). The Province of Nova Scotia 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.

During the financial year ended March 31, 2016, the Nova Scotia Pension Services Corporation’s Board of Directors granted PVSC employees the ability to transfer their contributions made to Standard Life Pension Plan prior



# Management Discussion and Analysis

to June 1, 2014 to the Public Service Superannuation Plan (PSSP), in order gain credit with the Nova Scotia Pension Services Corporation's plan for their PVSC service time prior to June 1, 2014.

**Employee Travel \$380,772 (2015: \$429,877):** The expenditure trend on employee travel continued to decline due to a combination of several cost reduction efforts. These include leveraging technology such as Pictometry and video conferencing to reduce travel and annual reviews on employee entitlement to monthly travel allowances.

During the financial year, the Corporation also met various financial pressures including the following significant areas of operations:

The Corporation conducted a full actuarial valuation of the liabilities for employee future benefits as of March 31, 2016. These benefits relate to service awards payable upon retirement to eligible employees and post-retirement health benefits. Full actuarial valuations are completed every three years with annual reviews in the years between valuations to confirm if actuarial assumptions are still valid.

The Nova Scotia Utility and Review Board Costs associated with assessment appeals incurred in 2016 were \$307,195 (2015: \$308,672).

## Permit Data Exchange (PDX)

The PDX initiative is a major technological development implemented by PVSC in collaboration with municipal partners.

The PDX offers significant qualitative and quantitative benefits to the Corporation and its municipal partners through access to a shared high-quality and current data repository of building permits and inspections. This is a significant achievement of the Corporation's major budgeting strategy to create future value and future operational efficiencies by allocating resources, planning and executing strategic initiatives developed in collaboration with municipal partners.

PDX is being funded through the Technology Advancement Fund. During the year ended March 31, 2016, \$436,564 was spent on the PDX initiatives.

## Risk Management and Future Prospects

The Corporation's capability to deliver results rests on the following three core elements:

- Being equipped with the financial resources and human resources required to achieve short-term and long-term organizational goals;



# Management Discussion and Analysis

- Maintaining significant relationships that affect execution of strategy and achievement of planned results; and,
- Managing risks or exposure to uncertain negative consequences and/or possibilities that positive consequences may be missed.

The Corporation introduced an Enterprise Risk Management (ERM) program with a commitment to develop, implement and continuously improve a formalized, enterprise-wide approach to proactively identifying, managing, monitoring and communicating risks to the Corporation's strategic objectives and business processes, in accordance with best practices. During the year, PVSC adopted a formal ERM policy and defined the program's vision, goals and guiding principles.

The Corporation has a reporting process in place to identify principal risks, develop the key strategies to manage and mitigate principal business risks, and track and monitor the status of significant risks. The integration of ERM into decision-making processes, to enable the Corporation to reach its targeted ERM maturity, is a key focus.

The Corporation addresses the core elements that affect its capability to deliver results in its ERM program. This broad ERM program addresses organizational growth, key stakeholder partnerships, and strategies to progress on the ERM maturity model.





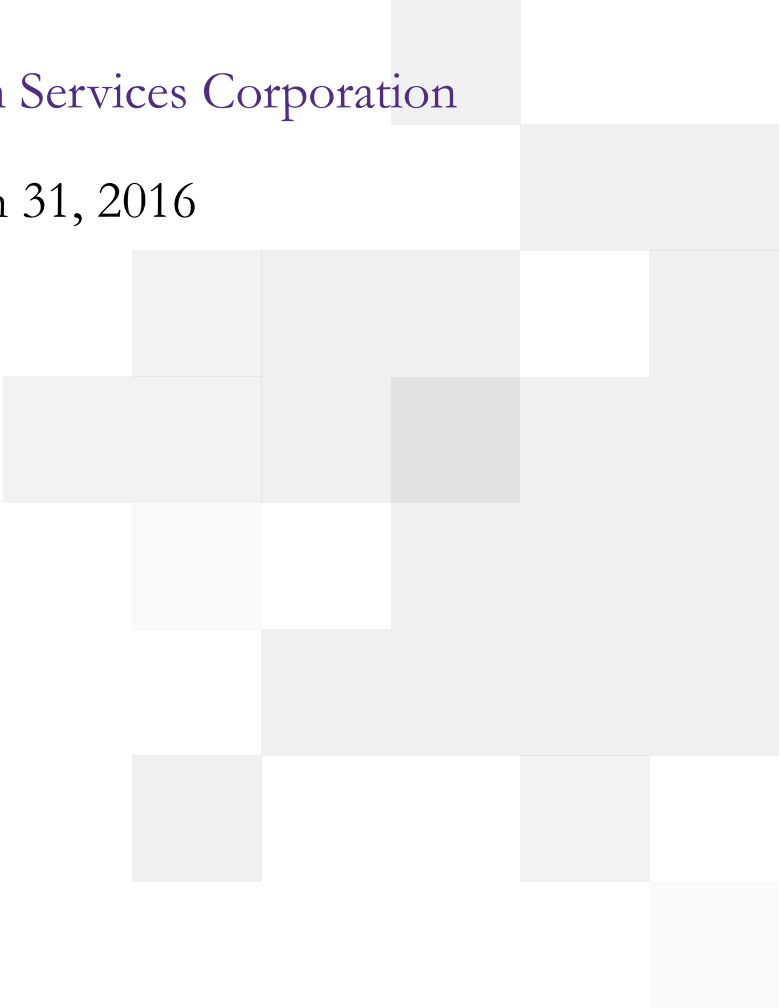
# Independent Auditors Report



Consolidated Financial Statements

Property Valuation Services Corporation

March 31, 2016



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Technology Advancement Reserve Fund	16

# Independent auditor's report

Grant Thornton LLP  
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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, 2016, and the consolidated statements of operations, statements of changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Property Valuation Services Corporation as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Halifax, Canada  
June 23, 2016



Chartered accountants

# Property Valuation Services Corporation

## Consolidated statement of operations

Year ended March 31	Budget 2016	Actual 2016	Actual 2015
<b>Revenues</b>			
Municipal	\$ 17,090,000	\$ 17,090,000	\$ 17,090,000
Interest	40,000	63,980	78,769
Cost recovery	30,000	41,070	93,354
Investment income	-	431,577	329,989
Unrealized (loss) gain on investments	-	(422,731)	391,647
Amortization of deferred capital contributions	-	104,072	36,434
	<u>17,160,000</u>	<u>17,307,968</u>	<u>18,020,193</u>
<b>Expenses</b>			
Salaries and benefits	11,988,276	11,304,578	11,128,430
IT operations	1,076,375	1,072,543	1,058,989
Rentals and leases	973,524	996,967	977,624
Professional fees	568,854	760,964	709,802
Printing and postage	642,524	726,569	686,593
Amortization	671,000	786,402	726,781
Travel	456,673	380,772	429,877
Employee future benefits	295,500	710,139	686,822
NS Utility and Review Board costs	325,000	307,195	308,672
Telecommunications	158,656	139,650	153,489
Staff training and development	168,393	168,910	127,538
Office expenses and general services	152,607	196,595	168,619
Technology projects	52,623	103,541	61,353
Board meeting expenses	41,311	40,358	39,508
Office meeting expenses	61,043	85,800	69,139
eDelivery service (operating)	-	-	88,380
Membership dues and fees	73,641	102,572	85,998
	<u>17,706,000</u>	<u>17,883,557</u>	<u>17,507,614</u>
Excess of (expenses over revenues) revenues over expenses	\$ (546,000)	\$ (575,589)	\$ 512,579

See accompanying notes to the consolidated financial statements.

# Property Valuation Services Corporation

## Consolidated statement of financial position

March 31

2016

2015

### Assets

#### Current

Cash and cash equivalents (note 3)	\$ 4,916,229	\$ 4,773,090
Receivables (note 6)	338,334	213,626
Prepays	<u>131,381</u>	<u>102,343</u>
	<b>5,385,944</b>	5,089,059

#### Restricted investments

Employee future benefits (note 5)	376,606	706,299
Technology Advancement Reserve	<b>2,313,184</b>	2,313,766

#### Capital assets (note 8)

Intangibles (note 9)	<u>270,183</u>	217,185
	<b>2,468,146</b>	<u>2,634,582</u>

	<b><u>\$ 10,814,063</u></b>	<b><u>\$ 10,960,891</u></b>
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### Liabilities

#### Current

Payables and accruals (note 7)	\$ 1,134,823	\$ 921,133
Deferred revenue (note 12)	<u>1,978,569</u>	<u>1,763,498</u>
	<b>3,113,392</b>	2,684,631

#### Fund balances

Restricted Capital Asset Fund	2,738,329	2,888,201
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#### Internally restricted reserve funds

Technology Advancement Reserve (note 4)	2,455,718	2,890,902
Special Operating Reserve (note 4)	983,536	653,213
Contingency Reserve (note 4)	1,425,000	1,425,000
Unrealized Post Retirement Gains Reserve (note 4)	<u>98,088</u>	<u>418,944</u>
	<b>7,700,671</b>	8,276,260

	<b><u>\$ 10,814,063</u></b>	<b><u>\$ 10,960,891</u></b>
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Commitments (note 10)

On Behalf of the Board

 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, 2016

	Operating Fund	Technology Advancement Reserve	Special Operating Reserve	Contingency Reserve	Unrealized Post Retirement Gains Reserve	Restricted Capital Asset Fund	2016 Total
Balance, beginning of year, April 1, 2015	\$ -	\$ 2,890,902	\$ 653,213	\$ 1,425,000	\$ 418,944	\$ 2,888,201	\$ 8,276,260
Excess of revenues over expenses (expenses over revenues)	105,361	1,380	-	-	-	(682,330)	(575,589)
Inter-fund transfers (note 4) Investment in capital assets	(532,458)	-	-	-	-	532,458	-
Technology Advancement Reserve (Permit Data Exchange)	436,564	(436,564)	-	-	-	-	-
Special Operating Reserve	(330,323)	-	330,323	-	-	-	-
Unrealized Post Retirement Gains Reserve	<u>320,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(320,856)</u>	<u>-</u>	<u>-</u>
Balance, end of year, March 31, 2016	<u>\$ -</u>	<u>\$ 2,455,718</u>	<u>\$ 983,536</u>	<u>\$ 1,425,000</u>	<u>\$ 98,088</u>	<u>\$ 2,738,329</u>	<u>\$ 7,700,671</u>

See accompanying notes to the consolidated financial statements.

# Property Valuation Services Corporation

## Consolidated statement of cash flows

Year ended March 31

2016

2015

Increase (decrease) in cash and cash equivalents

### Operating

Excess of (expenses over revenues) revenues over expenses	\$ (575,589)	\$ 512,579
Items not affecting cash		
Amortization	786,402	726,781
Employee future benefits	320,088	367,907
Unrealized change in market value on on restricted investments	422,731	(391,647)
Realized investment income on restricted investments	<u>(418,496)</u>	<u>(322,543)</u>
	535,136	893,077
Change in non-cash operating working capital		
Receivables	(124,709)	104,678
Prepays	(29,038)	(55,492)
Payables and accruals	213,690	(610,413)
Deferred revenue	<u>215,071</u>	<u>(30,123)</u>
	<u>810,150</u>	<u>301,727</u>

### Investing

Proceeds (purchase) of restricted investments, net	5,953	(114,089)
Purchase of capital assets and intangibles:		
IT assets	(583,200)	(325,128)
Leasehold improvements	(48,110)	-
Furniture and equipment	<u>(41,654)</u>	<u>(2,138)</u>
	<u>(667,011)</u>	<u>(441,355)</u>
Net increase (decrease) in cash and cash equivalents	143,139	(139,628)
Cash and cash equivalents, beginning of year	<u>4,773,090</u>	<u>4,912,718</u>
Cash and cash equivalents, end of year	<u>\$ 4,916,229</u>	<u>\$ 4,773,090</u>

See accompanying notes to the consolidated financial statements.

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# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2016

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### 1. Nature of operations

Property Valuation Services Corporation (the "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 (the "Province"). All municipalities in Nova Scotia are members of the Corporation.

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### 2. Summary of significant accounting policies

#### Basis of presentation

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations ("ASNPO") using fund accounting.

The unrestricted Operating Fund accounts for revenues and expenses related to program delivery and administrative activities.

The internally restricted Technology Advancement Reserve is the Corporation's estimate for a reserve to meet major technology system developments and special projects that involve large-scale renewal of existing IT infrastructure.

The Special Operating Reserve is internally restricted by the Board of Directors to offset future budget increases in operating expenses.

The Contingency Reserve is internally restricted by the Board of Directors should there be an interruption in funding or unforeseen expenditures in the future.

The internally restricted Unrealized Post Retirement Gains Reserve reports fluctuations in the market value of financial instruments relating to the investments held for future employee benefits, and the cumulative gain/loss on investments to date.

The restricted Capital Asset Fund accounts for the acquisition and amortization of the Corporation's capital assets.

#### Use of estimates

In preparing the Corporation's consolidated financial statements in conformity with ASNPO, 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Some of these estimates and assumptions include the rates used for depreciation and the valuation of the employee future benefits obligation. Actual results could differ from those reported.

#### Revenue recognition

Income from assessment services is recognized as Municipal revenues in the year in which the related services are provided. Deferred Municipal revenues represent payments received from the Municipalities prior to April 1 that relate to the next fiscal year.

Investment income is recognized as it is earned and collection is reasonably assured.



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# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2016

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### 2. Summary of significant accounting policies (continued)

#### Revenue recognition (continued)

The Corporation follows the deferral method for accounting for contributions, which includes contributions received or receivable from the Province and Municipal partners for major technology advancement projects, such as the Single Address project, eDelivery and the Permit Data Exchange Project. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related acquired capital assets. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets in the Restricted Capital Asset Fund. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### 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 and is recognized when earned and collection is reasonably assured.

#### Capital assets and intangibles

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization 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:

Computerized mass appraisal	10 years, straight-line
Furniture and equipment	20%, declining balance
IT hardware	3 years, straight-line
IT software other	30%, declining balance
Leasehold improvements	5 years, straight-line
Software internally developed	7 years, straight line

#### Financial instruments

Financial instruments include cash and cash equivalents, investments, receivables, payables and accruals, and employee future benefit obligations.

The Corporation's financial instruments are initially measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

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# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2016

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

At each reporting date, the Corporation subsequently measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Corporation has also irrevocably elected to measure its investments in bonds at fair value. All changes in fair value for the equities quoted in an active market and bonds are recorded in the consolidated statement of operations. The Corporation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the consolidated statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals.

For financial assets measured at cost or amortized cost, the Corporation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Corporation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the consolidated statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Corporation is mainly exposed to interest rate risk and price risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk on its fixed and floating interest rate financial instruments.

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation is exposed to other price risk through its investments quoted in an active market.

#### Pension benefit plans

The 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. Due to the nature of the plan, the Corporation does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multi-employer defined benefit plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period when the Corporation is obligated to make contributions for services rendered by the employee.

The total expenses for the Corporation's share of the defined benefit pension plan for the year ended March 31, 2016 is \$815,779 (2015 - \$772,831) which is included in salaries and benefits expense.

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# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2016

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### 2. Summary of significant accounting policies (continued)

#### Pension benefit plans (continued)

The Corporation also has a defined contribution plan for specified employees. Contributions for the year ended March 31, 2016 total \$10,142 (2015 - \$39,367).

On June 1, 2014, the Corporation's specified employees who were covered under the defined contribution plan stopped paying into the Standard Life Defined Contribution Pension plan and joined the Nova Scotia Public Service Superannuation Plan ("PSSP"). The Nova Scotia Pension Services Corporation's ("NSPSC") Board of Directors granted Corporation employees the ability to transfer their contributions made to Standard Life Pension Plan prior to June 1, 2014 to the PSSP, in order gain credit with the NSPSC's plan for their Corporation service time prior to June 1, 2014.

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### 3. Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with the bank, including guaranteed investment certificates.

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 3,491,229	\$ 3,348,090
Internally restricted cash equivalents	<u>1,425,000</u>	<u>1,425,000</u>
	<u>\$ 4,916,229</u>	<u>\$ 4,773,090</u>

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### 4. Inter-fund transfers

The Corporation made the following inter-fund transfers through motion and approval by the Board of Directors:

The Technology Advancement Reserve transferred \$436,564 to the Operating Fund to finance the Permit Data Exchange Project.

The Operating Fund transferred a net amount of \$330,323 to the Special Operating Reserve to be applied to offset future budget increases in operating expenses.

The Unrealized Post Retirement Gains Reserve made a non-cash transfer of \$320,856 to the Operating Fund. This transfer represents the unrealized losses due to the change in market value of the post retirement investment portfolio. The balance in the Unrealized Post Retirement Gains Reserve as at March 31, 2016 of \$98,088 represents the cumulative unrealized market gains on post retirement funds to date.

The Operating Fund transferred \$532,458 to the Restricted Capital Asset Fund relating to the acquisition of capital assets, net of the amortization of deferred capital contributions earned during the year.

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# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2016

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### 5. Employee future benefits

#### Restricted investments

Restricted investments are held in a professionally managed portfolio, in accordance with the Corporation's investment policy. At the consolidated balance sheet date, the investments 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, 2016 were as follows:

	<u>Health plans</u>	<u>Service awards</u>	<u>Total</u>
Balances funded, March 31, 2015	2,571,382	2,127,638	<b>4,699,020</b>
Net investment loss	<u>(5,256)</u>	<u>(4,349)</u>	<u><b>(9,605)</b></u>
Total funded, March 31, 2016	<u>\$ 2,566,126</u>	<u>\$ 2,123,289</u>	<u><b>\$ 4,689,415</b></u>

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, 2016 conducted by the Corporation's actuarial consultant. The actuarial valuation was prepared for funding purposes and actuarial calculations were prepared in accordance with the Canadian Institute of Actuaries Standards of Practice - Section 6000 and Section 3462 – Employee Future Benefits – of the CPA Canada Handbook. The Actuaries Standards of Practice for a funding valuation require sensitivity testing for certain scenarios. The actuaries report includes a sensitivity analysis on the two most significant assumptions i.e. the discount rate and salary increase assumption. The discount rate assumption of 4.0% used in the actuarial valuations allows a provision of 0.5% for adverse deviation.

Full actuarial valuations are completed once every three years, in the years between full valuations, actuarial annual reviews and roll-forward techniques are completed to estimate annual obligation balances. The Corporation does not amortize actuarial gains and losses on employee future benefits.

# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2016

### 5. Employee future benefits (continued)

Assumptions for the actuarial valuation reports issued in May, 2016 are as follows:

	<u>Health plans</u>	<u>Service awards</u>
Discount rate	4%	4%
Rate of compensation and inflation	2%	2%
		(+3% promotional increase)

#### Health care trend

Initial rate: drugs	11%
Initial rate: other health	6.5%
Ultimate rate: drugs and other health	4.5%
Year ultimate reached	2025

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:

	<u>Health plans</u>	<u>Service awards</u>	<u>Total</u>
March 31, 2015	\$ 2,186,811	\$ 1,805,910	\$ 3,992,721
Fiscal 2016			
Payments	(37,328)	(352,723)	(390,051)
Annual service cost	109,649	97,252	206,901
Actuarial revaluations	<u>23,975</u>	<u>479,263</u>	<u>503,238</u>
March 31, 2016	<u>\$ 2,283,107</u>	<u>\$ 2,029,702</u>	<u>\$ 4,312,809</u>
Employee future benefits, net	<u>\$ 283,020</u>	<u>\$ 93,587</u>	<u>\$ 376,606</u>

Based on the actuarial valuations dated March 31, 2016, the annual service costs for the year ended March 31, 2017 for the Health Plans is expected to be \$113,401 and the Service Awards plan is expected to be \$128,744.

The Corporation has internally set aside \$4,689,415 in investments to pay for the employee future benefit obligations. As of March 31, 2016, there was an excess funded amount of \$376,606 (2015 - \$706,299).

The Corporation records the employee future benefits on a net basis equal to the fair value of the plan assets less the defined benefit obligation.

# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2016

### 6. Receivables

The Canada Revenue Agency (CRA) reimburses the Corporation's HST claims as per the ruling issued on February 13, 2009 designating the Corporation a municipality pursuant to subsection 259 (1) of the Excise Tax Act. Included in receivables is \$196,565 (2015 - \$154,099) for an outstanding HST reimbursement claim that is awaiting processing by CRA.

7. Payables and accruals	<u>2016</u>	<u>2015</u>
Vacation liability	\$ 342,600	\$ 304,700
Salaries and other benefit accruals	480,180	390,338
Trade payables	<u>312,043</u>	<u>226,095</u>
	<u>\$ 1,134,823</u>	<u>\$ 921,133</u>

8. Capital assets			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
IT hardware	\$ 626,495	\$ 510,929	\$ 115,566	\$ 116,785
Furniture and equipment	265,646	167,070	98,576	81,566
Leasehold improvements	<u>188,025</u>	<u>131,984</u>	<u>56,041</u>	<u>18,834</u>
	<u>\$ 1,080,166</u>	<u>\$ 809,983</u>	<u>\$ 270,183</u>	<u>\$ 217,185</u>

9. Intangibles			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computerized mass appraisal	\$ 4,585,633	\$ 3,656,428	\$ 929,205	\$ 1,387,768
Software internally developed				
Single address	711,175	203,193	507,982	609,578
eDelivery	505,910	72,273	433,637	426,010
Permit Data Exchange	436,564	-	436,564	-
IT software other	<u>554,239</u>	<u>393,481</u>	<u>160,758</u>	<u>211,226</u>
	<u>\$ 6,793,521</u>	<u>\$ 4,325,375</u>	<u>\$ 2,468,146</u>	<u>\$ 2,634,582</u>

The Permit Data Exchange was not available for use during the year and therefore, has not been amortized.

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# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2016

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### 10. Commitments

- (a) The Corporation has entered into lease agreements for rental of its office premises, expiring in 2018. Minimum annual lease payments for the next two years are as follows:

2017	\$	876,878
2018		861,955

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

- (b) The Corporation has three year agreement, expiring March 31, 2017 with a service provider for the provision of IT Hosting and related managed services. The remaining minimum annually payment under this agreement is as follows:

2017	\$	248,028
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### 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. Transactions with Municipalities are recorded at the exchange amount.

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### 12. Deferred revenue

	<u>2016</u>	<u>2015</u>
Municipal revenues	\$ 814,260	\$ 988,928
Single address project capital contributions	182,169	218,604
Single address project operating contributions	53,680	82,500
eDelivery project capital contributions	405,828	473,466
Permit Data Exchange	<u>522,632</u>	<u>-</u>
	<u>\$ 1,978,569</u>	<u>\$ 1,763,498</u>

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### 13. Comparative figures

Certain 2015 comparative information has been reclassified to conform to the 2016 consolidated financial statement presentation.

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## Property Valuation Services Corporation

### Statement of operations and changes in fund balance - Operating Fund

Year ended March 31	Budget 2016	Actual 2016	Actual 2015
<b>Revenues</b>			
Municipal	\$ 17,090,000	\$ 17,090,000	\$ 17,090,000
Interest	40,000	63,980	78,769
Cost recovery	30,000	41,070	93,354
Investment income	-	301,000	221,690
Unrealized (loss) gain on investments	-	(306,615)	272,538
	<u>17,160,000</u>	<u>17,189,435</u>	<u>17,756,351</u>
<b>Expenses</b>			
Salaries and benefits	11,988,276	11,304,578	11,128,430
IT operations	1,076,375	1,072,543	1,058,989
Rentals and leases	973,524	996,967	977,624
Professional fees	568,854	760,964	709,802
Printing and postage	642,524	726,569	686,593
Travel	456,673	380,772	429,877
Employee future benefits	295,500	710,139	686,822
NS Utility and Review Board costs	325,000	307,195	308,672
Telecommunications	158,656	139,650	153,489
Staff training and development	168,393	168,910	127,538
Office expenses and general services	152,607	183,516	161,173
Technology projects	52,623	103,541	61,353
Board meeting expenses	41,311	40,358	39,508
Office meeting expenses	61,043	85,800	69,139
eDelivery service (operating)	-	-	88,380
Membership dues and fees	73,641	102,572	85,998
	<u>17,035,000</u>	<u>17,084,074</u>	<u>16,773,387</u>
Excess of revenues over expenses	<u>125,000</u>	<u>105,361</u>	<u>982,964</u>
<b>Inter-fund transfers</b>			
Investment in capital assets	(250,000)	(532,458)	(327,266)
Transfer from (to) Technology Advancement Reserve (Permit Data Exchange)	-	436,564	(422,316)
Replenishments to Technology Advancement Reserve	-	-	(160,000)
Transfer (to) from Special Operating Reserve	125,000	(330,323)	186,483
Unrealized Post Retirement Gains Reserve	-	320,856	(259,865)
	<u>(125,000)</u>	<u>(105,361)</u>	<u>(982,964)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**Property Valuation Services Corporation**  
**Statement of operations and changes in fund balance -**  
**Restricted Capital Asset Fund**

Year ended March 31	Budget 2016	Actual 2016	Actual 2015
Revenues			
Amortization of deferred capital contributions	\$ -	\$ 104,072	\$ 36,434
Expenses			
Amortization of capital assets and intangibles	<u>589,000</u>	<u>786,402</u>	<u>726,781</u>
Excess of expenses over revenues	<u>(589,000)</u>	<u>(682,330)</u>	<u>(690,347)</u>
Fund balance, beginning of year	3,251,282	2,888,201	3,251,282
<b>Inter-fund transfers</b>			
Amortization of deferred capital contributions	-	(140,506)	-
Capital asset and intangible purchases	<u>250,000</u> <u>3,501,282</u>	<u>672,964</u> <u>3,420,659</u>	<u>327,266</u> <u>3,578,548</u>
Fund balance, end of year	<u>\$ 2,912,282</u>	<u>\$ 2,738,329</u>	<u>\$ 2,888,201</u>

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**Property Valuation Services Corporation**  
**Statement of operations and changes in fund balance -**  
**Technology Advancement Reserve Fund**

Year ended March 31	Actual 2016	Actual 2015
Revenues		
Investment income	\$ 71,699	\$ 67,918
Realized gains on investments	58,878	40,381
Unrealized (loss) gain on investments	<u>(116,116)</u>	<u>119,109</u>
	14,461	227,408
Expenses		
Management and custodial fees	<u>13,081</u>	<u>7,446</u>
Excess of revenues over expenses	<u>1,380</u>	<u>219,962</u>
Fund balance, beginning of year	2,890,902	2,088,624
<b>Inter-fund transfers</b>		
Transfer (from) to Technology Advancement Reserve	(436,564)	422,316
Replenishments to Technology Advancement Reserve	<u>-</u>	<u>160,000</u>
	<u>2,454,338</u>	<u>2,670,940</u>
Fund balance, end of year	<u>\$ 2,455,718</u>	<u>\$ 2,890,902</u>

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