



**A Gold Standard**  
2016-2017 Annual Report



**Property Valuation Services**  
Corporation



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# About PVSC

## Who We Are



Municipally funded not-for-profit corporation



Approximately 140 employees



Six 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 50 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.

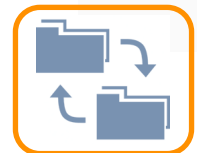
Single Address Service



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 2016-17 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 2016-17 Annual Report for Property Valuation Services Corporation (PVSC).

This year we remained focused on our three strategic areas: strengthening our business, opening data to others, and broadening services; which have resulted in the creation and launch of an open data portal and the achievement of gold in Excellence Canada's *Excellence, Innovation and Wellness* standard. Part of our long-term vision is to be recognized for excellence – in our people, products and our business, and this year, we achieved that objective.

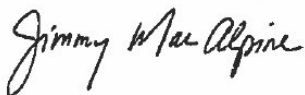
Excellence Canada works to promote and enable excellence in every organization in Canada. Their *Excellence Innovation and Wellness* Standard for organizational performance is based upon the most effective practices and proven management strategies from around the world. The standard takes into consideration six key business areas: leadership and governance, strategy and planning, customer experience, people engagement, process and project management, and partners and suppliers. PVSC was one of only six organizations to achieve the gold standard in 2016, validating our strong corporate desire for and commitment to excellence, quality and continuous improvement. We are an organization with a passion for making positive impressions and have a determination to be better, every day.

This year, we launched datazONE, an open data portal for municipalities and PVSC to share data and information that can be accessed by anyone for anything. By working together to share assessment and municipal data, we are supporting transparency, accountability, research and economic development. We hope that over time, as more municipalities join this service, datazONE will become the access point for data in Nova Scotia.

On behalf of the board of directors, I would like to recognize the PVSC staff for their dedication and commitment to moving our business forward and aiming for a gold standard in everything they do.

The continued support and partnership of municipalities is central to achieving our mission and vision. As municipalities continue to navigate the challenges of today's economic and political climates, we are inspired and motivated to keep moving forward and providing quality services.

In closing, I would like to express appreciation to my fellow board members for their dedication, contributions, and leadership over the past year.



Jimmy MacAlpine  
Board Chair, PVSC  
Warden, District of Digby



PVSC was **one of only six organizations in Canada** to achieve gold in Excellence Canada's *Excellence, Innovation and Wellness* standard in 2016.



# Letter from the CEO

This year we celebrated 10 years as an independent, not-for-profit corporation. Our journey to this milestone has included some very big accomplishments: we successfully transitioned out of government, worked with our municipal partners to create shared services that create efficiency, transparency and reduce duplication, and we achieved national and international awards for organizational excellence, quality and industry best practices. None of this could have been realized without the dedication and determination of PVSC staff. Their commitment to quality, client service, and excellence is world-class – a gold standard.

At PVSC, we believe that leadership is a choice, not a position. Through the sharing of ideas, skills training and exercises, along with individual and group coaching and mentoring, we have nurtured leaders at all levels and across all functions of the organization.

Our partnerships with municipalities strengthen our business and create space for collaboration and innovation. Last year at this time, under the support and sponsorship of the Integrated Property Services Council, phase I of the Permit Data Exchange (PDX) was completed and nine municipalities started using the service to share and access permit and inspection data. What a difference a year makes! There are now 42 municipalities using the service and benefiting from operational and administrative efficiencies. Phase II of PDX includes real-time uploading of permit and inspection data and pictures to the exchange via hand-held devices used by municipal building officials and PVSC assessors.

Looking to the year ahead, I am excited to build on our achievements and desire for excellence in all aspects of the business.

I would like to thank our board of directors and our staff for their dedication, continued support and guidance – with their leadership we will continue to move our business forward.



Kathy Gillis  
Chief Executive Officer, PVSC



We believe that **leadership is a choice**, not a position. We have nurtured leaders at all levels and across all functions of the organization.

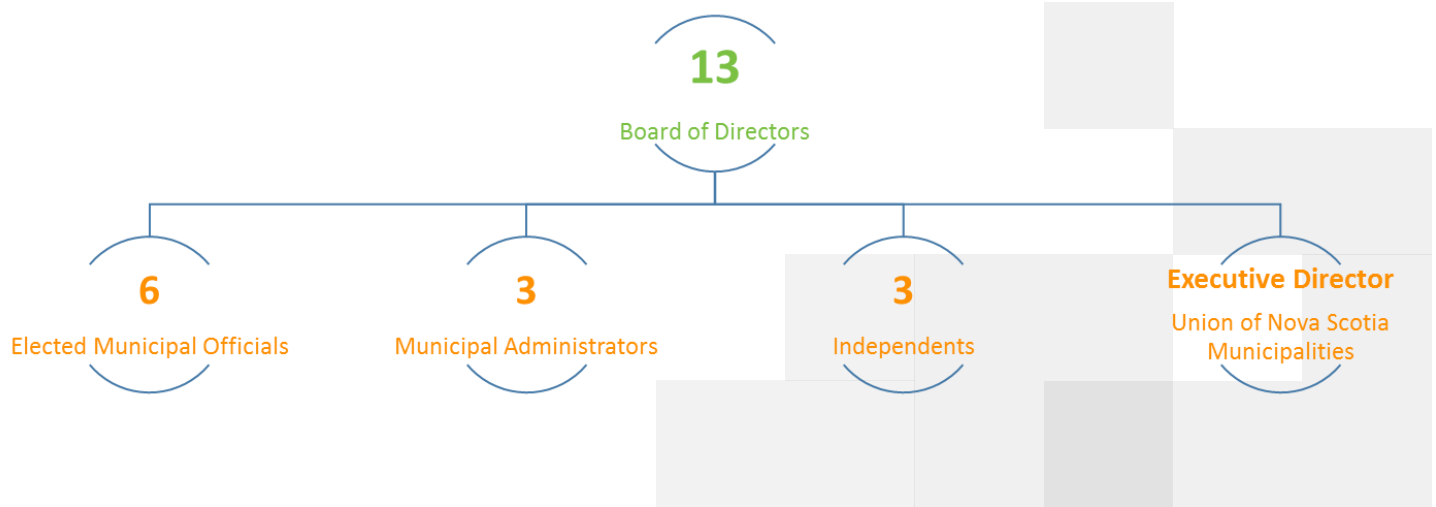
# Board of Directors

## 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



(L-R): **Jimmy MacAlpine**, Board Chair, Warden, District of Digby; **Alex Morrison**, Councillor, Municipality of the County of Annapolis; **Michele McKenzie**, Independent Director; **James (Jim) Spurr**, Independent Director; **Betty MacDonald**, Executive Director, Union of Nova Scotia Municipalities; **Clifford Hood**, Councillor, Town of Yarmouth; **Darren Bruckschwaiger**, Councillor, Cape Breton Regional Municipality; **Greg Keefe**, Independent Director.

Absent from photo: **Connie Nolan**, Chief Administrative Officer, Municipality of East Hants; **Mike Dolter**, Chief Administrative Officer, Town of Truro; **Jane Fraser**, Director of Corporate and Customer Services, Halifax Regional Municipality.





# PVSC Awards

Each year, PVSC recognizes an individual, a team or an external partner who 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, **Mary Kelly, Corporate Services Assistant**, was the recipient.

## CEO Award for Excellence

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

This year, two teams were chosen to receive this award, the **Mobile Device Policy and Rollout Team** (Russ Adams, Clinton Bennett, Geoff Churchill, Melanie Deal and Cheryl Fenerty) and the **Corporate Charity 50/50 Team** (Serena Bell, Melanie Deal, Mary Kelly, Anne MacKinnon-Parks, Donna Marie MacLean, Mona Robar, Lena Rodrigues, Rob Semple, Donna Wambolt and Emily Wroblewski).



## 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.

This year, the award went to the **Nova Scotia Government Employees Union (NSGEU)**, and was presented to Jason MacLean, President; Grant Vaughn, Director of Negotiations and Servicing; and Elizabeth Kanyikwa, Employee Relations Officer.



# Annual Corporate Charity

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

**Make-a-Wish® Atlantic Provinces** grants the wishes of children with life-threatening medical conditions to enrich the human experience with hope, strength and joy.

This year, PVSC raised

 **14,070.80**



(L-R): Joram Benham, Junior Oracle Developer, PVSC; Tracy Durkee-Jones, Chief Executive Officer, Make-A-Wish; Elaine Himmelman, Assessor, PVSC; Michelle Boylan, Coordinator of Development and Communication, Make-A-Wish.

# 2017 Assessment Roll Activity

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

**619,798** The number of properties in Nova Scotia

**585,684** Residential Properties, of which **335,790** are CAP\* Eligible. And **34,114** Commercial Properties.



## 2017 Assessment Year Activities

**34,880**

Client Inquiries

**39,723**

Sale Transactions

**10,043**

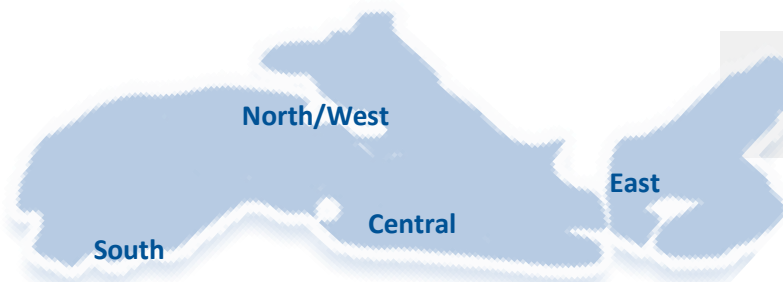
Permit Reviews

**8,265**

Appeals (2016)

## Assessed Value By Region

	Residential	Residential with CAP	Commercial	Total
Central	\$41,766,747,400	\$37,825,634,700	\$13,967,589,100	\$55,734,336,500
South	\$10,635,724,000	\$9,688,918,500	\$2,142,832,400	\$12,778,556,400
North/West	\$15,846,129,700	\$14,260,831,800	\$3,576,951,100	\$19,423,080,800
East	\$13,238,038,500	\$11,390,113,200	\$4,113,581,400	\$17,351,619,900
<b>Provincial Total</b>	<b>\$81,486,639,600</b>	<b>\$73,165,498,200</b>	<b>\$23,800,954,000</b>	<b>\$105,287,593,600</b>



\*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



### Excellence Canada

#### Winning Gold in *Excellence, Innovation and Wellness*

We are delighted to be recognized for operating at high performance levels and to have the objective third-party verification and national recognition that accompanies the *Canada Awards for Excellence* Program.

In November 2016, Excellence Canada awarded us Gold in the *Excellence, Innovation and Wellness* standard. Meeting this standard involved an over-arching assessment of the organization from every perspective, including employees, customers, leadership, governance, planning, processes, social responsibility, suppliers, partners, and results.

#### It all starts with our people

Our people are fundamental in achieving excellence across our business. We strive to attract, develop and retain highly motivated leaders, at all levels of the organization, with a passion for learning and continuous improvement, and who:

- Engage employees, partners and stakeholders in achieving success
- Encourage openness and transparency
- Demonstrate individual and corporate accountability for results
- Foster innovation and progressive thinking
- Respect diverse ideas, opinions and people
- Commit to service excellence
- Nurture leadership at all levels

#### Our Journey to Excellence

In 2008, as a newly established corporation, we set out a vision to create a people and client-focused culture and assessment business that would be recognized worldwide for excellence. The first step was to establish the building blocks of core values, systems, processes and technologies to enable best practices in our industry.

With that strong foundation in place, we were able to identify opportunities to improve and innovate through employee engagement, relationship building, process improvement and leveraging leading edge technologies. In an effort to assess and continuously improve our core business, we partnered with the International Property Tax Institute (IPTI), international experts in the field of property assessment and taxation, to undertake a comprehensive review of our assessment practices. The review included in-depth examination and scrutiny of our policies, processes, and procedures, and measuring our performance against international best practices. It was a great accomplishment to be the first property valuation jurisdiction in North America to achieve IPTI Certification for excellence in property valuation. At the same time, we completed the survey about strengths and opportunities related to our people and culture. This resulted in our Great Place to Work® certification.

Through our commitment to excellence, we have a highly-engaged workforce, have improved the quality of our



## Strategic Focus I: Strengthening Our Business

products, and have expanded our value-added services to municipalities –all while maintaining no increase in municipal funding. Our focus is now on continuing to integrate excellence into all aspects of our business while further expanding our services.

The timing was right to engage Excellence Canada to conduct an enterprise-wide review through an *Excellence, Innovation and Wellness* lens. This assisted us in creating an excellence road map and framework to guide our continued efforts toward achieving our long-term vision: to be a world class leader of market valuation and integrated property services, recognized for excellence – in our people, products and our business.

**Property Valuation Services Corporation**  
A truly valued Nova Scotia

**Every impression counts at PVSC.  
We think Gold leaves a pretty good impression.**

But gold is a demanding standard to maintain. That's why we commit to continuous improvement in the delivery of high-quality property assessment services to Nova Scotia's municipalities and property owners. It's their trust and confidence that drives us and challenges us to achieve more. Every day.

PVSC is an independent, not-for-profit assessment corporation.

CANADA AWARDS FOR EXCELLENCE  
GOLD RECIPIENT 2016  
EXCELLENCE, INNOVATION & WELLNESS

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# Strategic Highlights



## Strategic Focus II: Opening Data to Others

### Open Data Portal—datazONE

The *One Nova Scotia Report* was an urgent call to action for citizens, communities, businesses and governments to work together to build and strengthen the province. DatazONE is rooted in partnership and innovation, and can play a part in contributing to this strengthened Nova Scotia.

#### How?

Launched in the Fall of 2016, datazONE is the open data portal for PVSC and municipalities that allows the sharing of data and information such as:

- Property data: assessed values, sales history, dwelling characteristics and land sizes.
- Finances: expenses, operating budget, salaries, tax and utility rates, grants and funding.
- Services: police and fire statistics, street sweep routes, solid waste metrics, LED street lights, fire hydrant locations, snow removal, waste collection, water quality, water usage, water shortages
- Economic Development: planning, zoning, wind farms, feed in tariff program, tidal industry.
- Culture: population, demographics, heritage, parks and recreation, tree inventory, points of interest

As more municipalities join the service and share open data through datazONE, it is our goal that it will become an access point for data in Nova Scotia – a service that supports transparency and accountability; research, innovation and economic development; reduced demand for government services; and problem solving and informed decision making.



# Strategic Highlights



## 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)

The Permit Data eXchange (PDX) is an online repository where municipalities and PVSC share permit and inspection data, including documents and photos. There are currently 42 municipalities using the portal, accounting for 66% of permits.

Sharing permit data creates operational and administrative efficiencies and ensures the most up-to-date and accurate information is accessible to municipalities and PVSC.

A PDX mobile app is in development which will allow building inspectors the option to update permit and inspection information onsite in real time.

#### 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. The benefits of offering epost include:

- **Reduced costs** – the cost of sending electronic mail is less expensive than sending regular mail.
- **Improved customer service** – a simple and effective *single location* for customers to receive their assessment notices, municipal tax and water bills, and pay bills online through their bank.
- **Flexibility** – paper bill designs are easily incorporated into the electronic template and bilingual bills are also available.

This year, nine more municipalities joined to offer this service.

epost™ is a trademark of Canada Post Corporation.

#### 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 85% 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:

- **Quality Standards by Municipality (see page 17)**
- **Audited Financial Statements of the Corporation (see page 26)**

## 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 2016-17 fiscal year include:

- |                                     |                                              |
|-------------------------------------|----------------------------------------------|
| <b>I. Quality Standard Measures</b> | <b>III. Organizational Learning Measures</b> |
| <b>II. Customer Measures</b>        | <b>IV. Financial Measures</b>                |

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

The Level of Assessment measures the extent to which assessments reflect market value. As required under Section 42 of the *Nova Scotia Assessment Act*, PVSC reports the Level of Assessment per municipality every year. This is based on the median assessment-to-sales ratio, as recommended by the International Association of Assessing Officers (IAAO). The IAAO standard states that a level of assessment between 90% and 110% is considered acceptable.



# Performance Measures

## Quality Standards by Municipality

PVSC Internal Audit and Compliance has conducted a series of statistical and quality testing on the calculation of the 2017 Level of Assessment for each of the 50 municipalities. All calculations were reviewed for accuracy, and the process used to assemble the data upon which the calculations were based was reviewed for completeness. The audit found the resulting municipal 2017 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	97%	97%	Town of Annapolis Royal	100%*	100%*
Halifax Regional Municipality	99%	97%	Town of Antigonish	103%	100%*
Municipality of the Region of Queens	100%	100%*	Town of Berwick	100%	100%*
Municipality of the County of Annapolis	99%	100%*	Town of Bridgewater	101%	100%*
Municipality of the County of Antigonish	96%	100%*	Town of Clark's Harbour	99%	100%*
Municipality of the County of Colchester	97%	98%	Town of Digby	101%	100%*
Municipality of the County of Cumberland	103%	100%*	Town of Kentville	99%	100%*
Municipality of the County of Inverness	95%	100%*	Town of Lockeport	100%*	100%*
Municipality of the County of Kings	99%	95%	Town of Lunenburg	97%	100%*
Municipality of the County of Pictou	98%	100%*	Town of Mahone Bay	97%	100%*
Municipality of the County of Richmond	97%	100%*	Town of Middleton	100%	100%*
Municipality of the County of Victoria	96%	100%*	Town of Mulgrave	100%*	100%*
Municipality of the District of Argyle	96%	100%*	Town of New Glasgow	102%	100%*
Municipality of the District of Barrington	99%	100%*	Town of Oxford	105%	100%*
Municipality of the District of Chester	98%	100%*	Town of Pictou	104%	100%*
Municipality of the District of Clare	98%	100%*	Town of Port Hawkesbury	99%	100%*
Municipality of the District of Digby	97%	100%*	Town of Shelburne	98%	100%*
Municipality of the District of East Hants	99%	100%*	Town of Stellarton	100%	100%*
Municipality of the District of Guysborough	91%	100%*	Town of Stewiacke	100%	100%*
Municipality of the District of Lunenburg	100%	100%*	Town of Trenton	110%	100%*
Municipality of the District of Shelburne	99%	100%*	Town of Truro	100%	100%*
Municipality of the District of St. Mary's	99%	100%*	Town of Westville	101%	100%*
Municipality of the District of West Hants	99%	100%*	Town of Windsor	99%	100%*
Municipality of the District of Yarmouth	97%	100%*	Town of Wolfville	96%	100%*
Town of Amherst	102%	100%*	Town of Yarmouth	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

## 2016 Appeals and Adjustments

In 2016, PVSC received 8,265 appeals during the appeal period, accounting for approximately \$8 billion of assessment. After the appeal process had concluded, the assessment roll was adjusted downward by \$374,485,200 which represents 0.36% of the total assessment roll. The 2016 national average of Overall Appeal Losses / Assessed Value was 0.31%.

## II. Customer 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 400 randomly selected property owners who placed a call to us during the appeal period. Through research, consultation and review of industry standards, PVSC has set a client satisfaction target of 80%.

### Service Centre Satisfaction Rating

Area of Measurement	2016 SCORE
Answering your call promptly	85%
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	76%
Treated call as being important	92%

### Assessor Satisfaction Rating

Area of Measurement	2016 SCORE
Conducting themselves in a professional friendly manner	90%
Demonstrating a willingness to listen to your concerns	85%
Providing you with the answers to your questions	76%
Being fair and objective in handling your assessment inquiry	77%
Treated your concerns as being important	78%

Last year, we also conducted an appeal process survey of those who filed an appeal on their 2016 assessment.

### Assessor Performance Rating

Area of Measurement	2016 SCORE
Professional and friendly conduct	90%
Willingness to listen	85%
Answers to your questions	76%
Fair and objective	77%



# 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 2016-17, we achieved this target spending 2.3%.

## 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 \$42.96<sup>1</sup>. In the fiscal year 2016-17, PVSC's cost per account was \$29.66.

**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	2016 Actual
Cost per Account	\$42.96	\$29.66
Defensive Interval	Between 1-3 Months	3.47 months
Liquidity Ratio	1	1.65

1. Based on cost per account information received from the Canadian Property Assessment Network for 2015.



# Management Discussion and Analysis

The following *Management Discussion and Analysis* should be read in conjunction with the audited financial statements and accompanying notes for the financial year ended March 31, 2017. The financial information 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). The financial statements have received an unqualified opinion from Property Valuation Services Corporation's external auditors.

Property Valuation Services Corporation (PVSC) is an independent not-for-profit organization responsible for assessing all property in Nova Scotia as mandated under the *Nova Scotia Assessment Act*. The corporation was established effective April 1, 2007 in accordance with the *Property Valuation Services Corporation Act Chapter 19 of the Acts of 2006*. All municipalities are members of the corporation and it is governed by a member representative board of directors. Municipal board members are appointed by the Union of Nova Scotia Municipalities (UNSM). The board elects a chair and vice chair, and the board itself appoints the independent members.

There are several main stakeholders in Nova Scotia's property assessment and property taxation system and each plays an important role. The corporation has a legislated mandate to provide assessment and related property information services for municipalities and the province, as required by the *Nova Scotia Assessment Act*, the *Municipal Government Act*, and applicable regulations. The corporation has no direct role in property taxation; it plays an impartial role in valuation of all properties in Nova Scotia and producing an accurate uniform assessment roll each year. Property values on the assessment roll produced by the corporation form the basis of property tax calculations by taxing authorities.

The provincial government passes legislation, regulations and policies that govern the property assessment and property taxation system. The province appoints an independent assessment appeal tribunal – the Nova Scotia Assessment Appeal Tribunal (NSAAT). This third-party tribunal has the authority to consider and make a ruling on items such as the property assessment value, classification and the name of person assessed. PVSC administers the *Assessment Act* and provides the annual assessment roll to municipalities. Municipalities provide municipal services and determine the property tax revenue required to provide these services. Municipal units set municipal tax rates and allocate municipal tax revenue to pay for services such as waste management, public transit, policing, construction and fire protection.

## Financial Reporting Framework

The corporation's financial reporting framework is in accordance with the Accounting Standards for Not-For Profit Organizations (ASNPO) which are in Part III of the CPA Canada Handbook. Not-for-profit organizations which 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 in Part III of the Handbook.

PVSC's consolidated financial statements are a consolidation of the corporation's operating fund and restricted reserve funds established by the board of directors.



# Management Discussion and Analysis

## Financial Summary

### Municipal Funding

The *Property Valuation Services Corporation Act* (Section 35(4)) specifies the funding formula for calculating the contribution by each municipality towards the financial requirements for provision of assessment services by the corporation. The formula reflects the proportionate relationship of an individual municipality's total uniform assessment and total property counts as compared to all of Nova Scotia. These two key indicators are averaged to reflect a 50 per cent weighting for total uniform assessment and a 50 per cent weighting for total number of property accounts.

The corporation is committed to minimizing annual budget increases to the municipal funding required to finance its operations. The organization's strategies for continuous quality and process improvements and seeking opportunities for operational efficiencies generate cost reductions that are passed on to municipalities. The corporation also has non-municipal revenue sources that include cost recovery for contracts with First Nations, data exchange agreements, interest and investment income. The budget for 2016/17 is the seventh budget with no increase in municipal funding.

### Fund Balances

The corporation's five-year strategic plan determines the priorities that are set in the annual operational plans and budgets. PVSC develops its operational plans and budgets with the objective of achieving the strategic objectives of maintaining excellence in its provision of property assessments and related services, and being innovative to create new opportunities for added-value services for its partners and stakeholders, while being prudent and fiscally responsible in managing its resources. The main financial commitments for PVSC relate to funding on-going operations to provide assessment services, funding liabilities for non-pension and post-retirement benefits, maintaining capital infrastructure and maintaining reserves for technology advancement and contingencies.

The corporation has the following restricted reserves:

- The Technology Advancement Reserve which was established to finance technology enhancements, innovation, large-scale renewal of the corporation's existing IT infrastructure and organizational development in support of the strategic plan objectives that are critical for the corporation to carry out its responsibilities cost effectively and efficiently.
- 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 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.
- 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.



# Management Discussion and Analysis

PVSC's net assets include its restricted capital asset fund which accounts for the acquisitions, revenues and amortizations 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, 2017 the total net book value of capital assets was \$2.669 million (2016: \$2.738 million).

Below is a summary of the corporation's fund and reserve balances:

	2017	2016
Restricted Capital Asset Fund	2,668,573	2,738,329
Contingency Reserve	1,425,000	1,425,000
Technology Advancement Reserve	2,033,561	2,455,718
Operating Fund	-	-
Special Operating Reserve	695,988	766,070
Unrealized Post Retirement Gains Reserve	264,858	98,088
Total Fund Balances	\$ 7,087,980	\$7,483,205

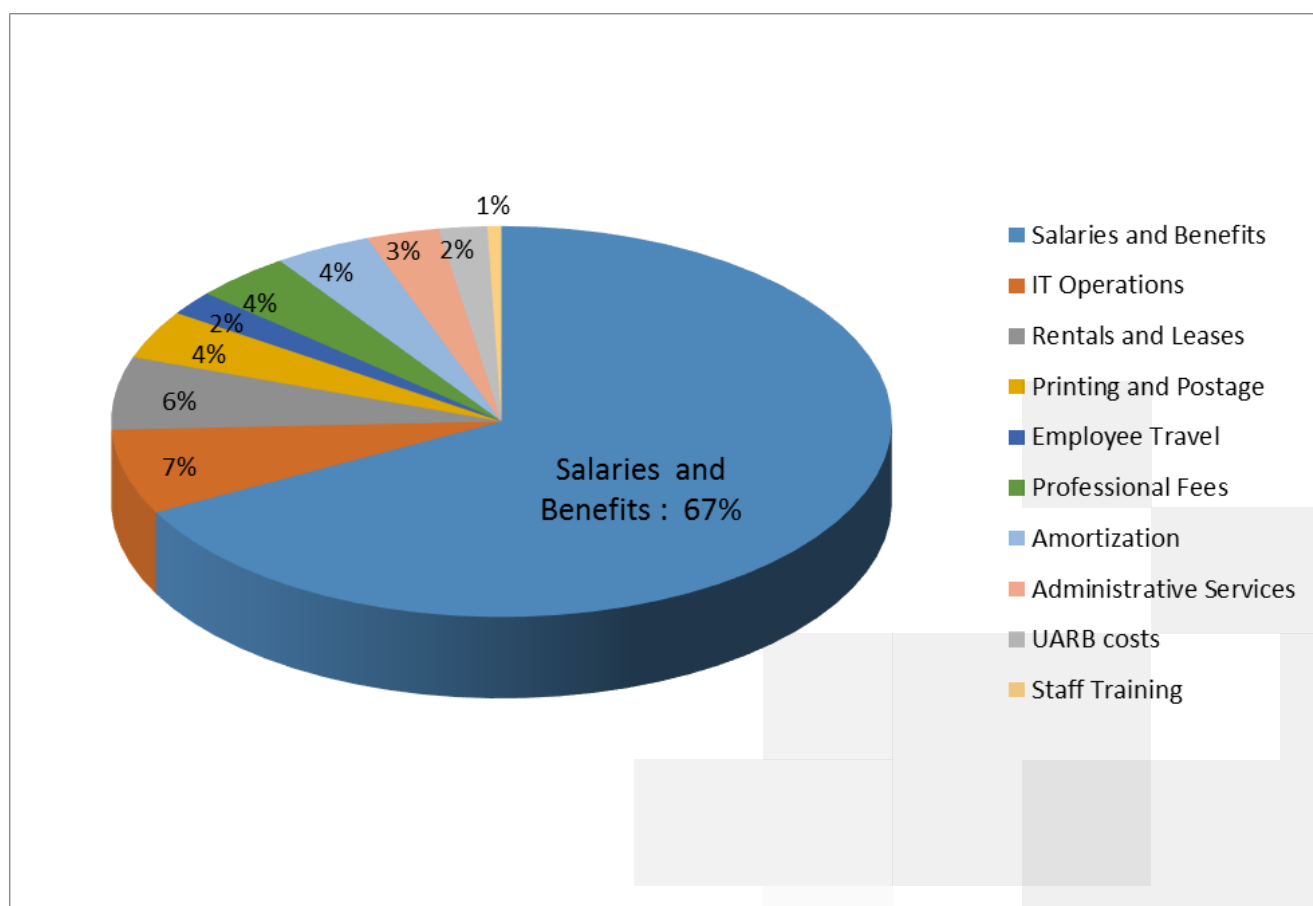
## Analysis of the Operating Fund

Municipal revenues of \$17,090,000 are the cost-recoveries from municipal units for the provision of assessment and related services. The corporation has maintained a budget strategy of minimizing the municipal funding required to finance its operations by leveraging operational efficiencies in areas such as utilizing better technologies and implementing continuous quality and other process improvements.

The billed budget was developed and approved by the board on a break-even basis for the operating fund. Budgeted expenses that relate to the provision of assessment and related property information services to municipalities in the Province of Nova Scotia were billed out using the cost recovery formula stated in the *Property Valuation Services Corporation Act*. The billed budget includes amounts transferred to the capital asset fund for acquisition of new assets but does not include amortization on capital assets.

The company's actual total expenses for 2017 are \$17,431,270 (2016: \$16,611,041). A summary of the major expense categories is on the page to follow.

# Management Discussion and Analysis



The corporation had a positive balance on the operating fund which resulted in a net increase of \$70,082 in the special operating reserve. This positive balance was after accommodating the following major financial impacts:

- Actuarial adjustments relating to valuations of the defined obligations on future employee benefits. There was a change in the accounting standards for Future Employee Benefits under Section 3462 of the CPA Canada Handbook. In compliance with the new standard the corporation changed its actuarial methodology from a funding valuation to an accounting valuation. Under the new standard, entities may use the funding valuation to measure the benefit obligation only if there is a legislative, contractual or regulatory requirement. There was a transfer of \$217,467 from the operating fund during the year to offset an opening adjustment in the liability balance for future employee benefits.
- Nova Scotia Utility and Review Board Costs associated with assessment appeals incurred in 2017 were \$221,367 (2016: \$307,195).



# Management Discussion and Analysis

## Salaries and Benefits \$11,597,261 (2016: \$11,304,578)

The corporation signed a three-year collective agreement with the employees covering the period April 1, 2016 to March 31, 2019. The year-over-year change in salaries and benefits reflect the annual increases under the collective agreement and the increments under the approved pay scales. The budgeted salaries and benefits for 2016-17 were \$12,052,639. The corporation had transitional savings on salaries and benefits due to staff retirements and staff movements.

Salaries and benefits include employee pensions - the corporation's employees are covered under the defined benefit 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. PVSC accounts for pension expenses in the period when the corporation is obligated to make payments for services rendered by employees.

## Permit Data Exchange (PDX)

Investment in capital assets includes \$407,873 spent on the Permit Data Exchange (PDX) project. The PDX initiative is a major technological advancement implemented by PVSC in collaboration with municipal partners. Substantial work was completed to design and develop the PDX portal and now permit data from municipal partners is being received through the portal.

This project offers significant qualitative and quantitative benefits to the corporation and its municipal partners through access to a shared high quality and current data repository on building permits and inspections. This is a significant achievement of one of PVSC's major strategic goals to allocate resources, and to plan and execute strategic initiatives developed in collaboration with municipal partners to create future value. This initiative is being funded through the technology advancement fund.

## Enterprise Risk Management

The corporation has an Enterprise Risk Management Program (ERM) program which defines the strategies to identify, monitor, assess and manage its risks, and seize opportunities with the goal of increasing value and achieving the corporation's strategic objectives. The corporation also has an ERM policy that describes the program's vision, goals and guiding principles and demonstrates the organization's commitment to an enterprise-wide approach to proactively manage risks.

PVSC has a reporting process in place for communicating risks to the corporation's strategic objectives and business processes and tracking the status of significant risks to ensure that mitigation activities are progressing as planned.





# Management Discussion and Analysis

The ERM program seeks to build a culture of risk awareness and integration of ERM into key decision-making processes to enable PVSC to reach its targeted ERM maturity and realize the corporation’s ERM vision.

The corporation focuses on continuously strengthening ERM and internal control frameworks as key drivers on the corporation’s capability to deliver results and achieve its strategic priorities.

PVSC closed the 2016-17 financial year with a strong financial performance having delivered on the strategic priorities set in the corporation’s five-year strategic plan while keeping its commitment to municipal partners by holding increases to municipal funding required for PVSC’s operations at a minimal level. The organization met the funding obligations to deliver on its core assessment services, to fund future employee obligations, and maintain restricted reserve funds. The corporation achieved its strong financial performance by focusing on finding efficiencies, implementing cost reduction measures, being innovative in implementing strategic technology projects, while increasing organizational effectiveness and passing on the benefits to municipalities.





# Independent Auditors Report



Consolidated Financial Statements

Property Valuation Services Corporation

March 31, 2017





Consolidated Financial Statements

Property Valuation Services Corporation

March 31, 2017

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# Independent auditor's report

Grant Thornton LLP  
Suite 1100, Cogswell Tower  
2000 Barrington Street  
Halifax, NS  
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T (902) 421-1734  
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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, 2017, 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, 2017, 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, 2017

Chartered Professional Accountants  
Licensed Public Accountants

# Property Valuation Services Corporation

## Consolidated statement of operations

Year ended March 31	Budget 2017	Actual 2017	Actual 2016
			(As restated) (Note 3)
<b>Revenues</b>			
Municipal	\$ 17,090,000	<b>\$ 17,090,000</b>	\$ 17,090,000
Interest	41,200	<b>87,170</b>	63,980
Cost recovery	50,000	<b>63,774</b>	41,070
Investment income	-	<b>291,698</b>	431,577
Unrealized gain (loss) on investments	-	<b>222,205</b>	(422,731)
Amortization of deferred capital contributions	-	<b>104,072</b>	104,072
	<u>17,181,200</u>	<u><b>17,858,919</b></u>	<u>17,307,968</u>
<b>Expenses</b>			
Salaries and benefits	12,052,639	<b>11,597,261</b>	11,304,578
IT operations	1,103,278	<b>987,122</b>	1,072,543
Rentals and leases	983,454	<b>980,498</b>	996,967
Professional fees	673,692	<b>841,016</b>	760,964
Printing and postage	662,648	<b>756,455</b>	726,569
Amortization	725,000	<b>809,352</b>	786,402
Travel	456,471	<b>437,126</b>	380,774
Employee future benefits	295,500	<b>768,825</b>	237,106
NS Utility and Review Board costs	325,000	<b>221,367</b>	307,195
Telecommunications	157,773	<b>152,552</b>	139,650
Staff training and development	168,292	<b>154,803</b>	168,910
Office expenses and general services	152,514	<b>207,812</b>	196,595
Technology projects	52,591	<b>79,577</b>	103,541
Board meeting expenses	41,296	<b>39,029</b>	40,358
Office meeting expenses	61,006	<b>104,728</b>	85,800
Membership dues and fees	89,405	<b>116,621</b>	102,572
	<u>18,000,559</u>	<u><b>18,254,144</b></u>	<u>17,410,524</u>
<b>Excess of expenses over revenues</b>	<b>\$ (819,359)</b>	<b>\$ (395,225)</b>	<b>\$ (102,556)</b>

See accompanying notes to the consolidated financial statements.

# Property Valuation Services Corporation

## Consolidated statement of financial position

March 31	2017	2016
		(As restated) (Note 3)
<b>Assets</b>		
Current		
Cash and cash equivalents (Note 4)	\$ 4,576,664	\$ 4,916,229
Receivables (Note 7)	266,003	338,334
Prepays	<u>208,875</u>	<u>131,381</u>
	5,051,542	5,385,944
Restricted investments		
Employee future benefits (Note 6)	-	159,140
Technology Advancement Reserve	2,434,180	2,313,184
Capital assets (Note 9)	307,304	270,183
Intangibles (Note 10)	<u>2,361,268</u>	<u>2,468,146</u>
	<u>\$ 10,154,294</u>	<u>\$ 10,596,597</u>
<b>Liabilities</b>		
Current		
Payables and accruals (Note 8)	\$ 1,100,362	\$ 1,134,823
Deferred revenue (Note 13)	1,901,122	1,978,569
Employee future benefits (Note 6)	<u>64,830</u>	<u>-</u>
	<u>3,066,314</u>	<u>3,113,392</u>
<b>Net assets (Page 4)</b>		
Restricted Capital Asset Fund	2,668,573	2,738,329
<b>Internally restricted reserve funds</b>		
Technology Advancement Reserve (Note 5)	2,033,561	2,455,718
Special Operating Reserve (Note 5)	695,988	766,070
Contingency Reserve	1,425,000	1,425,000
Unrealized Post Retirement Gains Reserve (Note 5)	<u>264,858</u>	<u>98,088</u>
	<u>4,419,407</u>	<u>4,744,876</u>
	<u>7,087,980</u>	<u>7,483,205</u>
	<u>\$ 10,154,294</u>	<u>\$ 10,596,597</u>

Commitments (Note 11)

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, 2017

	Operating Fund	Technology Advancement Reserve	Special Operating Reserve	Contingency Reserve	Unrealized Post Retirement Gains Reserve	Restricted Capital Asset Fund	2017 Total
Balance, beginning of year, April 1, 2016	\$ -	\$ 2,455,718	\$ 766,070	\$ 1,425,000	\$ 98,088	\$ 2,738,329	\$ 7,483,205
Excess of revenues over expenses (expenses over revenues)	187,034	123,021	-	-	-	(705,280)	(395,225)
Inter-fund transfers (Note 5) Investment in capital assets	(635,524)	-	-	-	-	635,524	-
Technology Advancement Reserve (Permit Data Exchange)	407,873	(407,873)	-	-	-	-	-
(Open Data)	137,305	(137,305)	-	-	-	-	-
Special Operating Reserve	70,082	-	(70,082)	-	-	-	-
Unrealized Post Retirement Gains Reserve	(166,770)	-	-	-	166,770	-	-
Balance, end of year, March 31, 2017	\$ -	\$ 2,033,561	\$ 695,988	\$ 1,425,000	\$ 264,858	\$ 2,668,573	\$ 7,087,980

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
Change in accounting policy for valuation of employee future benefits (Note 3)	-	-	(690,499)	-	-	-	(690,499)
Balance at April 1, 2015, as restated	-	2,890,902	(37,286)	1,425,000	418,944	2,888,201	7,585,761
Excess of revenues over expenses (expenses over revenues)	105,361	1,380	473,033	-	-	(682,330)	(102,556)
Inter-fund transfers (Note 5) 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	320,856	-	-	-	(320,856)	-	-
Balance, end of year, March 31, 2016	\$ -	\$ 2,455,718	\$ 766,070	\$ 1,425,000	\$ 98,088	\$ 2,738,329	\$ 7,483,205

# Property Valuation Services Corporation

## Consolidated statement of cash flows

Year ended March 31	2017	2016
		(As restated)
		(Note 3)
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of expenses over revenues	\$ (395,225)	\$ (102,556)
Items not affecting cash		
Amortization	809,352	786,402
Employee future benefits	597,206	(152,945)
Unrealized change in market value on on restricted investments	(222,205)	422,731
Realized investment income on restricted investments	<u>(278,177)</u>	<u>(418,496)</u>
	510,951	535,136
Change in non-cash operating working capital		
Receivables	72,331	(124,709)
Prepays	(77,494)	(29,038)
Payables and accruals	(34,461)	213,690
Deferred revenue	<u>(77,447)</u>	<u>215,071</u>
	<u>393,880</u>	<u>810,150</u>
<b>Investing</b>		
Proceeds of restricted investments, net	6,151	5,953
Purchase of capital assets and intangibles:		
IT assets	(682,286)	(583,200)
Leasehold improvements	(12,262)	(48,110)
Furniture and equipment	<u>(45,048)</u>	<u>(41,654)</u>
	<u>(733,445)</u>	<u>(667,011)</u>
Net (decrease) increase in cash and cash equivalents	(339,565)	143,139
Cash and cash equivalents, beginning of year	<u>4,916,229</u>	<u>4,773,090</u>
Cash and cash equivalents, end of year	<u>\$ 4,576,664</u>	<u>\$ 4,916,229</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, 2017

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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 relate 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, 2017

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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
Internally developed software	7 years, straight line
IT hardware	3 years, straight-line
IT software other	30%, declining balance
Leasehold improvements	5 years, straight-line

#### Financial instruments

Financial instruments include cash and cash equivalents, restricted investments, receivables, payables and accruals, and employee future benefits.

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, 2017

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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, 2017 is \$843,055 (2016 - \$815,779) which is included in salaries and benefits expense.

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# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2017

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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, 2017 total \$3,281 (2016 - \$10,142).

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### 3. Prior period adjustment

During the year, the Corporation changed its accounting policy in respect to employee future benefits as a result of amendments to the CPA Canada Handbook Section 3462 - Employee Future Benefits. Under the standard, entities may no longer use the funding valuation to measure their defined benefit obligations, unless there is legislative, regulatory or a contractual requirement.

Therefore, in compliance with the amended accounting standard, the Corporation measured its defined benefit obligations using an accounting valuation. The Corporation requested the actuarial consultants reissue the Actuarial Reports for the financial year-ended March 31, 2016 on an accounting basis. The actuary prepared extrapolations to determine the measurement of the obligation as at April 1, 2015, the earliest prior period presented in the consolidated financial statements.

As a result of the change in accounting policy, the following financial statement items as at March 31, 2016, have been increased (decreased):

	Previously reported	Adjustments	Restated
Consolidated statement of operations			
Employee future benefits expense	\$ 710,139	\$ (473,033)	\$ 237,106
Consolidated statement of financial position			
Employee future benefits	376,606	(217,466)	159,140
Special operating reserve	983,536	(217,466)	766,070
Consolidated statement of changes in net assets			
Special operating reserve	983,536	(217,466)	766,070
Excess of revenues over expenses, special operating reserve	-	473,033	473,033
Consolidated statement of cash flow			
Excess of expenses over revenues	(575,589)	473,033	(102,556)
Change in employee future benefits	320,088	(176,748)	143,340

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# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2017

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#### 4. Cash and cash equivalents

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

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 3,151,664	\$ 3,491,229
Internally restricted cash and cash equivalents	<u>1,425,000</u>	<u>1,425,000</u>
	<u>\$ 4,576,664</u>	<u>\$ 4,916,229</u>

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#### 5. 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 \$407,873 to the Operating Fund to finance the Permit Data Exchange Project.

The Operating Fund transferred a net amount of \$70,082 to the Special Operating Reserve made up of the following:

- \$287,549 transferred to the Special Operating Reserve to be applied to offset budget increases in operating expenses.
- \$217,467 transferred from the Operating Fund to be applied to offset an Actuarial Adjustment on the opening liability balance for employee future benefits.

The Operating Fund made a non-cash transfer of \$166,770 to the Unrealized Post Retirement Gains Reserve. This transfer represents the unrealized gains 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, 2017 of \$264,858 represents the cumulative unrealized market gains on post retirement funds to date.

The Operating Fund transferred \$635,524 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.

# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2017

### 6. 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, 2017 were as follows:

	Health Plans	Service Awards	SERP	Total
Balances funded, March 31, 2016	\$ 2,566,126	\$ 2,123,289	\$ -	\$ 4,689,415
Net Investment Income	204,240	168,995	-	373,235
Reallocation of Benefit Funds	(289,836)	47,666	242,170	-
Total funded, March 31, 2017	\$ 2,480,530	\$ 2,339,950	\$ 242,170	\$ 5,062,650

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

- 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.
- 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.

In 2017, the Board confirmed Property Valuation Services Corporation participates in the Supplementary Employee Retirement Plan (SERP). Eligible employees receive the benefit upon retirement. The SERP benefit is administered by the Nova Scotia Pension Services Corporation and funded by employer and employee contributions. As the Corporation has an obligation to fund future benefits to eligible employees in respect of the SERP, an actuarial valuation was carried out in 2017 to determine the Corporation's liabilities.

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

	Health Plans	Service Awards	SERP	Total
March 31, 2016	\$ 2,283,107	\$ 2,247,169	\$ -	\$ 4,530,276
Payments	(53,139)	(118,482)	-	(171,621)
Annual service cost	113,401	147,930	-	261,331
Actuarial revaluations	137,161	63,333	307,000	507,494
Balance March 31, 2017	\$ 2,480,530	\$ 2,339,950	\$ 307,000	\$ 5,127,480
Employee future benefits, net	-	-	\$ (64,830)	\$ (64,830)



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# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2017

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### 6. Employee future benefits (continued)

#### Restricted investments (continued)

The Corporation completes full actuarial valuations 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. A full actuarial valuation for the year ended March 31, 2016 was conducted by the Corporation's actuarial consultant. The net scheduled actuarial valuation will occur in March 2019.

As a result of the change in accounting policy, as described in Note 3, the employee future benefits have been adjusted for the change in the discount rate. There was no change in all other actuarial assumptions specified in the actuarial valuation reports used to calculate the employee future benefits obligation.

The updated actuarial assumptions for the full actuarial valuation reports for the financial year ended March 31, 2016 that were reissued on an accounting basis are as follows:

#### Health service

	<u>Plans</u>	<u>Awards</u>
Discount rate	4%	2.8% (Previously 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. The annual service costs and other actuarial estimates adopted by management are reviewed based on the results of the most recent actuarial valuation. However, the Corporation recognizes all actuarial gains and losses for its employee future benefits obligation for health plans and service awards through earnings.

The Corporation accrues its obligations under employees future benefit plans and the related costs when these benefits are earned through current service.

#### Benefit Fund balance allocation

The Corporation has internally set aside \$5,062,650 in investments to pay for the employee future benefit obligations. The balance in the employee post-retirement benefits investment account as of March 31, 2017, was allocated to fully fund the obligations for Service Awards and future health benefits. As of March 31, 2017, there was a shortfall funded amount relating to SERP of \$64,830 (2016 – total excess funded amount for future benefits was \$376,606).

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, 2017

### 7. 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 \$181,282 (2016 - \$196,565) for an outstanding HST reimbursement claim that is awaiting processing by CRA.

<b>8. Payables and accruals</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Vacation liability	\$ 306,240	\$ 342,600
Salaries and other benefit accruals	695,791	480,180
Trade payables	<u>98,331</u>	<u>312,043</u>
	<b><u>\$ 1,100,362</u></b>	<b><u>\$ 1,134,823</u></b>

<b>9. Capital assets</b>			<b><u>2017</u></b>	<b><u>2016</u></b>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 310,695	\$ 195,602	\$ 115,093	\$ 98,576
IT hardware	719,076	568,122	150,954	115,566
Leasehold improvements	<u>200,288</u>	<u>159,031</u>	<u>41,257</u>	<u>56,041</u>
	<b><u>\$ 1,230,059</u></b>	<b><u>\$ 922,755</u></b>	<b><u>\$ 307,304</u></b>	<b><u>\$ 270,183</u></b>

<b>10. Intangibles</b>			<b><u>2017</u></b>	<b><u>2016</u></b>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computerized mass appraisal	\$ 4,585,633	\$ 4,114,991	\$ 470,642	\$ 929,205
Internally developed software				
Single address	711,175	304,789	406,386	507,982
eDelivery	505,910	149,450	356,460	433,637
Permit Data Exchange	844,437	-	844,437	436,564
Open Data	137,305	-	137,305	-
IT software other	<u>598,765</u>	<u>452,727</u>	<u>146,038</u>	<u>160,758</u>
	<b><u>\$ 7,383,225</u></b>	<b><u>\$ 5,021,957</u></b>	<b><u>\$ 2,361,268</u></b>	<b><u>\$ 2,468,146</u></b>

The Permit Data Exchange and Open Data were not available for use during the year and therefore, have not been amortized.

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# Property Valuation Services Corporation

## Notes to the consolidated financial statements

March 31, 2017

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### 11. 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 year is as follows:

2018	\$	898,950
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Where required the Corporation will re-negotiate its lease terms and conditions as they expire.

- (b) The Corporation negotiated a two-year extension on its agreement, 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:

2018	\$	248,028
2019	\$	248,028
2020	\$	248,028

- (c) The Corporation has a three-year agreement, expiring March 31, 2019 with a service provider for the provision of annual maintenance and support for its Mass Appraisal Computer System. The remaining minimum annually payments under this agreement are as follows:

2018	\$	305,760 USD
	\$	119,481 CAD
2019	\$	317,990 USD
	\$	124,260 CAD

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

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### 12. Related party transaction

The majority of revenues are received from the Municipalities throughout the Province. These Municipalities are the members of the Corporation. Transactions with Municipalities are recorded at the exchange amount.

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### 13. Deferred revenue

	<u>2017</u>	<u>2016</u>
Municipal revenues	\$ 867,642	\$ 814,260
Single address project capital contributions	145,736	182,169
Single address project operating contributions	26,922	53,680
eDelivery project capital contributions	338,190	405,828
Permit Data Exchange	<u>522,632</u>	<u>522,632</u>
	<u>\$ 1,901,122</u>	<u>\$ 1,978,569</u>

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### 14. Comparative figures

Certain 2016 comparative information has been reclassified to conform to the 2017 consolidated financial statement presentation.

# Property Valuation Services Corporation

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

Year ended March 31	Budget 2017	Actual 2017	Actual 2016 <small>(As restated) (Note 3)</small>
<b>Revenues</b>			
Municipal	\$ 17,090,000	\$ 17,090,000	\$ 17,090,000
Interest	41,200	87,170	63,980
Cost recovery	50,000	63,774	41,070
Investment income	-	187,949	301,000
Unrealized gain (loss) on investments	-	189,411	(306,615)
	<u>17,181,200</u>	<u>17,618,304</u>	<u>17,189,435</u>
<b>Expenses</b>			
Salaries and benefits	12,052,639	11,597,261	11,304,578
IT operations	1,103,278	987,122	1,072,543
Rentals and leases	983,454	980,498	996,967
Professional fees	673,692	841,016	760,964
Printing and postage	662,648	756,455	726,569
Travel	456,471	437,126	380,772
Employee future benefits	295,500	768,825	237,106
NS Utility and Review Board costs	325,000	221,367	307,195
Telecommunications	157,773	152,552	139,650
Staff training and development	168,292	154,803	168,910
Office expenses and general services	152,514	194,290	183,516
Technology projects	52,591	79,577	103,541
Board meeting expenses	41,296	39,029	40,358
Office meeting expenses	61,006	104,728	85,800
Membership dues and fees	89,405	116,621	102,572
	<u>17,275,559</u>	<u>17,431,270</u>	<u>16,611,041</u>
Excess of revenues over expenses	<u>(94,359)</u>	<u>187,034</u>	<u>578,394</u>
<b>Inter-fund transfers</b>			
Investment in capital assets	(250,000)	(635,524)	(532,458)
Transfer from Technology Advancement Reserve (Permit Data Exchange)	-	407,873	436,564
Transfer from Technology Advancement Reserve (Open Data)	-	137,305	-
Transfer from (to) Special Operating Reserve -Budget offset	344,359	344,359	(330,323)
Transfer to Special Operating Reserve – Year End Fund	-	(56,810)	-
Transfer to Special Operating Reserve – Actuarial adjustments (Note 3)	-	(217,467)	(473,033)
Unrealized Post Retirement Gains Reserve	-	(166,770)	320,856
	<u>-</u>	<u>(187,034)</u>	<u>(578,394)</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 2017	Actual 2017	Actual 2016
			(As restated) (Note 3)
Revenues			
Amortization of deferred capital contributions	\$ -	\$ 104,072	\$ 104,072
Expenses			
Amortization of capital assets and intangibles	<u>725,000</u>	<u>809,352</u>	<u>786,402</u>
Excess of expenses over revenues	<u>(725,000)</u>	<u>(705,280)</u>	<u>(682,330)</u>
Fund balance, beginning of year	2,738,329	2,738,329	2,888,201
<b>Inter-fund transfers</b>			
Amortization of deferred capital contributions	-	(104,072)	(140,506)
Capital asset and intangible purchases	<u>250,000</u>	<u>739,596</u>	<u>672,964</u>
	<u>2,988,329</u>	<u>3,373,853</u>	<u>3,420,659</u>
Fund balance, end of year	<u>\$ 2,263,329</u>	<u>\$ 2,668,573</u>	<u>\$ 2,738,329</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 2017	Actual 2016
		(As restated) (Note 3)
Revenues		
Investment income	\$ 65,278	\$ 71,699
Realized gains on investments	38,471	58,878
Unrealized gain (loss) on investments	<u>32,794</u>	<u>(116,116)</u>
	<u>136,543</u>	14,461
Expenses		
Management and custodial fees	<u>13,522</u>	<u>13,081</u>
Excess of revenues over expenses	<u>123,021</u>	<u>1,380</u>
Fund balance, beginning of year	2,455,718	2,890,902
<b>Inter-fund transfers</b>		
Transfer to Technology Advancement Reserve Permit Data Exchange	(407,873)	(436,564)
Transfer to Technology Advancement Reserve Open Data	(137,305)	-
Replenishments to Technology Advancement Reserve	<u>-</u>	<u>-</u>
	<u>1,910,540</u>	<u>2,454,338</u>
Fund balance, end of year	<u>\$ 2,033,561</u>	<u>\$ 2,455,718</u>

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