



Core & Explore

ANNUAL REPORT

APRIL 1, 2018 - MARCH 31, 2019



Property Valuation Services
Corporation

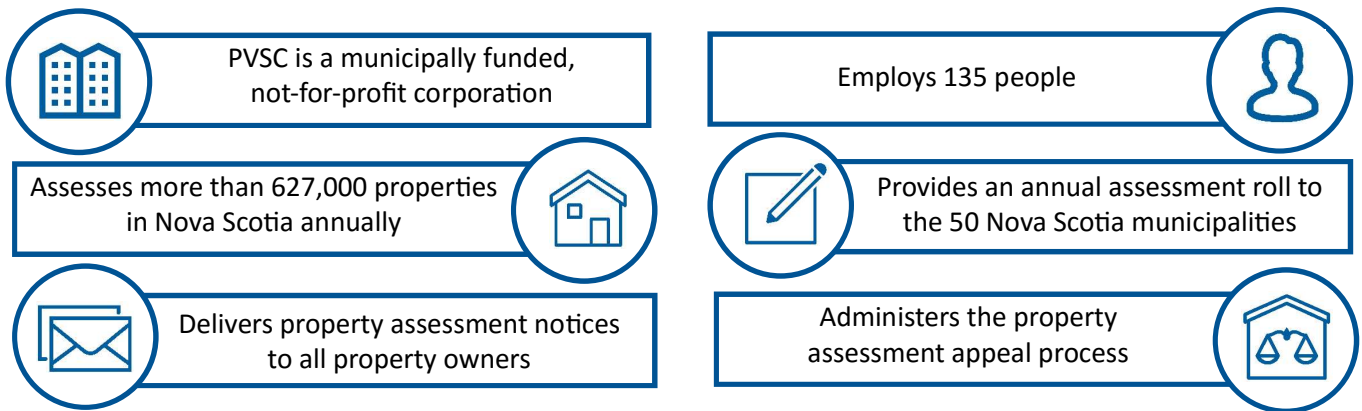
A truly valued Nova Scotia



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ABOUT PROPERTY VALUATION SERVICES CORPORATION (PVSC)

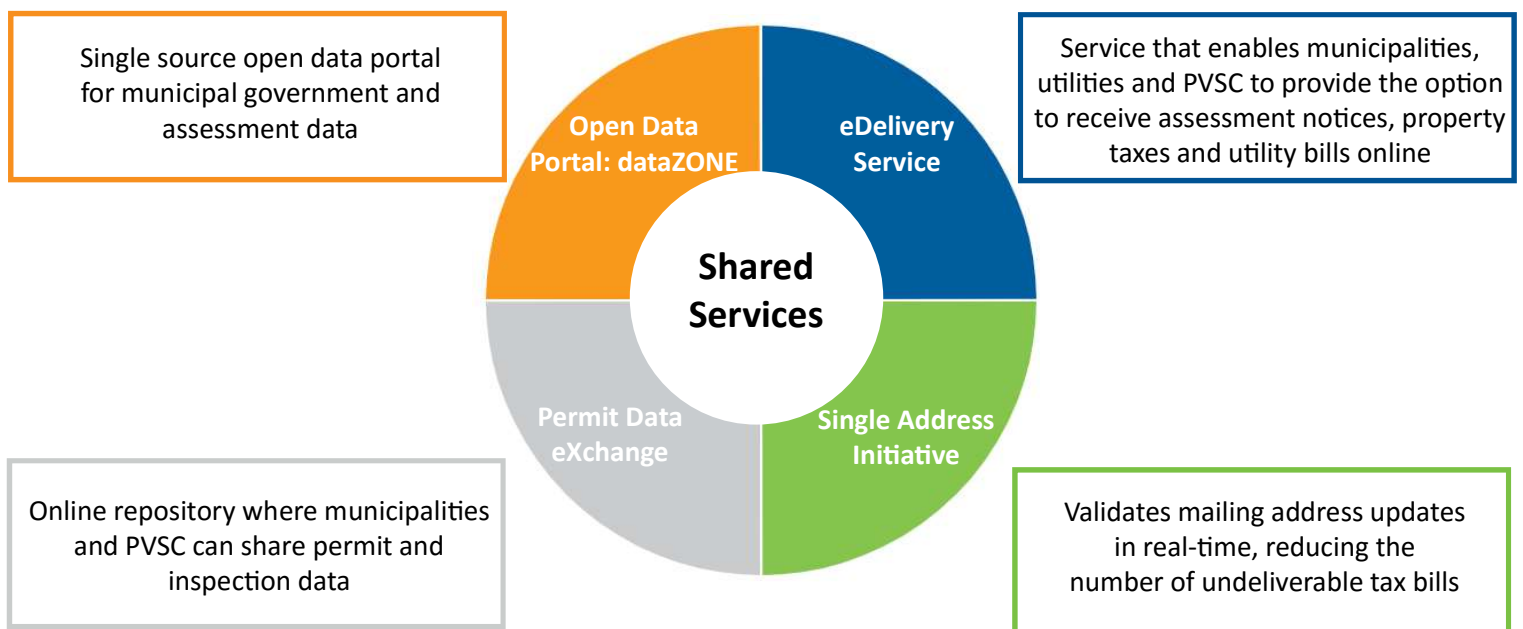
Property Valuation Services Corporation (PVSC) is the independent, not-for-profit, municipally funded assessment authority for Nova Scotia. Created in 2007, PVSC is responsible for providing valuation and related property and information services to Nova Scotia municipalities, property owners and the Province of Nova Scotia.



In 2015, PVSC became the first assessment jurisdiction in North America to be certified by the International Property Tax Institute (IPTI), confirming PVSC’s compliance with its legislative mandate and with the International Association of Assessing Officers (IAAO) best practice and quality standards for mass appraisal.

PVSC-MUNICIPAL SHARED SERVICES

PVSC-Municipal shared services are valued-added property related services with a purpose of increasing operational and administrative efficiencies for municipalities.



See page 26 for more information on PVSC-municipal shared services.



ABOUT PROPERTY VALUATION SERVICES CORPORATION (PVSC)

VISION

To be a leading provider of property assessment services, delivering trusted information and expertise that helps strengthen local governments and communities worldwide.

MISSION

PVSC provides essential, world-class property assessment services that enable our clients to make sound decisions.

VIRTUES

Working With You - We Understand It's A Privilege. That means we have an unwavering commitment of service to our clients. We listen to and act on their needs and we take nothing for granted. We are not entitled to our clients' trust; we earn it.

There Is Only One Chance. Every impression counts at PVSC. We are proven experts in the field of mass appraisal, and we're confident in the quality of our product, our people and our methods. We are focused on results and getting the job done right the first time. We are the best at what we do.

We All Move Our Business Forward. We are talented and we are doing the work we love. PVSC supports us and we support each other by engaging, challenging and inspiring. We never stop learning and we are passionate about improving ourselves, and our product, every day.

Proud To Do Our Part. We are aware that we're all part of something bigger. And with gratitude, we look for opportunities to give back to the neighbourhoods and communities we live in and those we don't, because the world is full of neighbours we just haven't met yet.

The Power Of One. Leadership is not a position; it is about one life influencing another. At PVSC, we believe in discovering the finest in ourselves and sharing it with others, using our influence to inspire, regardless of the title we hold in the company. We enjoy working with great people, who happen to share a passion for this business.



On behalf of the Board of Directors, I am pleased to present the 2018-19 Annual Report for Property Valuation Services Corporation (PVSC).

Another year has passed, one of which I am proud to say has been very successful – stabilizing the core of PVSC and introducing the corporation, and its expertise, to the world.

Nova Scotia is our home. The needs of our primary clients, the 50 municipalities, continue to be the corporation's top priority.

The institution of Service Level Agreements with municipalities showcases that the production and delivery of a quality assessment roll is the core mandate of PVSC. As an organization committed to adopting new ways of working and taking advantage of new technology, a new real-time data collection tool was implemented, allowing PVSC to enhance and strengthen the process of data collection while in the field. This device, combined with Permit Data eXchange (PDX), represents a powerful combination in the collection of property data, which is a critical input to a quality assessment roll.



As a Board, we are actively involved in furthering the strategic direction of the corporation; last year, a new PVSC Board committee, Strategy & Stakeholder Relations, was created to help develop the strategies required to ensure successful core services and products are delivered to support the Corporation in offering services outside of Nova Scotia.

I am proud to be a part of an innovative and supportive Board and congratulate PVSC on another successful year of exploring and seizing new opportunities that move the business forward.

Sincerely,

A handwritten signature in black ink that reads "Jimmy MacAlpine". The signature is written in a cursive, slightly slanted style.

Jimmy MacAlpine
Board Chair, PVSC
Warden, Municipality of the District of Digby



M

ESSAGE FROM THE CEO

Born and raised in Nova Scotia, I am proud to call Nova Scotia home. This Province offers a lot to be grateful for, and at PVSC we are proud to do our part to ensure that Nova Scotia continues to be an amazing place to live, work, and raise future generations.

Core & Explore is this year's annual report theme – two factors critical to the strength of Nova Scotia. As local governments and residents encounter political, environmental, social and economical realities, we recognize our core service, determining and delivering property assessments, must be dependable and accurate so municipalities can focus on strengthening their communities.

Being forward thinking and innovative, finding new ways to bring new value to Nova Scotia, is not an option, but a part of how we work at PVSC.



Whether it be through a municipal shared service like the Permit Data Exchange (PDX) or a new technology to enable real-time mobile data collection, we are committed to finding efficiencies and exploring new ways of working that strengthen our business and benefit municipalities.

Achieving sustainability in this fast-moving world requires organizations to be looking for and seizing opportunities. In line with our vision, we are motivated to establish an enterprise to provide mass appraisal services outside of Nova Scotia, an arrangement that would generate a dividend return to offset PVSC's budget requirements funded by Nova Scotian municipalities. This past year, we generated significant momentum within the industry and jurisdictions, both nationally and internationally, have indicated interest in our services.

Now or Never: An Urgent Call to Action for Nova Scotians asked us to come together with a shared vision of mutual advancement – to use our courage, imagination and determination to do better. PVSC is proud to do our part within this shared vision, not only moving our business forward, but creating a stable and sustainable Nova Scotia.

Sincerely,

Kathy Gillis
Chief Executive Officer, PVSC



BOARD COMPOSITION

The PVSC Board is made up of nine - 11 members, consisting of...

MUNICIPAL COUNCILLORS



3 members

MUNICIPAL EXPERIENCE



2 minimum, 3 maximum

INDEPENDENT



4 minimum, 5 maximum

NOVA SCOTIA FEDERATION OF MUNICIPALITIES CEO



non-voting member

BOARD COMMITTEES



Governance & Human Resources Committee

Audit, Risk & Finance Committee



Strategy & Stakeholder Relations Committee

BOARD RESPONSIBILITIES



Establishes a long-term strategic plan, while having oversight for risk

Reports to the Nova Scotia Federation of Municipalities at its annual meeting



Creates multi-year operational and capital budgets



Ensures external financial and quality audits are completed



Appoints a Chief Executive Officer

Files an annual report



Maintains relationships and encourages partnership opportunities



Establishes a Memorandum of Understanding with municipal clients



BOARD OF DIRECTORS



Jimmy MacAlpine, Board Chair
Warden, District of Digby



Clifford Hood, Board Member
Councillor, Town of Yarmouth



Mike Dolter, Board Member
CAO, Town of Truro



Doug Boyd, Board Member
Independent Director



Greg Keefe, Board Vice Chair
Independent Director



Joseph Feeney, Board Member
Councillor, Town of Mahone Bay



Chuck Faulkner, Board Member
Independent Director
Efficiency Nova Scotia



Bobby McNeil, Board Member
Independent Director



Darren Bruckschwaiger,
Board Member
Councillor, Cape Breton
Regional Municipality

Missing: Connie Nolan, CAO, Municipality of East Hants
Jane Fraser, CFO, Halifax Regional Municipality
Juanita Spencer, CEO, Nova Scotia Federation of Municipalities



PVSC believes in giving back to the communities we serve. This year, staff selected Hope For Wildlife to be the recipient of our corporate giving.

HOPE FOR WILDLIFE

Rescue, rehabilitate, and release back into the wild injured and orphaned wildlife

Educate others about the importance of conserving wild animals and the ecosystems that sustain them

Research and develop the knowledge and understanding necessary for the conservation and management of wildlife



**PVSC RAISED
\$13,300
FOR HOPE FOR WILDLIFE**



Hope, Hope for Wildlife; Gretel the marten (endangered species); Linda, PVSC; Emily, PVSC; Mary, PVSC

The American marten (or pine marten) is a member of the weasel family and is one of Nova Scotia's rarest mammals. Currently, marten are only found in a few places on mainland Nova Scotia and Cape Breton. Hope's dream is to someday repopulate Nova Scotia.



For more information, please visit www.hopeforwildlife.net



PVSC awards recognize and celebrate the traits and attributes of staff that make the corporation stronger. These awards recognize the kind of performance that exemplifies the spirit of our virtues.

2018 AWARD RECIPIENTS



THE POWER OF ONE AWARD

Regardless of role or position, leadership is the ability to influence others. This award is for individuals at PVSC who display genuine intentions, active mindfulness and understand their impact.

Recipient: Joram Benham, Senior Oracle Developer
Chosen By Staff



PROUD TO OUR PART AWARD

Awarded to an individual or team who exhibit leadership in global awareness and build capacity to create understanding within PVSC, through strong leadership. This award recognizes collaborative efforts with individuals/groups of diverse cultures, religions, lifestyles and economic and social realities in a spirit of mutual respect and open dialogue.

Recipient: Serena Bell, Client Service Representative
Chosen by Board of Directors



PRIVILEGE AWARD

Awarded to an individual who builds purposeful and strategic relationships to create opportunities that further our business. This individual understands how important our clients are and looks for ways to improve that relationship, every day.

Recipient: Ashley Wu, Chief Data Scientist
Chosen by the Corporate Executive Team

BUSINESS FORWARD AWARD

The recipient of this award is talented and love the work they do. They actively seek opportunities to develop themselves and they support others by engaging, challenging and inspiring. They never stop learning and are passionate about improving themselves, and the product, every day.

Recipient: Ashley Wu, Chief Data Scientist
Chosen by Managers



ONE CHANCE AWARD

Awarded to an individual, team, division, project, or committee for exhibiting exemplary commitment to quality in our product, people and methods. This award celebrates performance that moves the business forward by problem solving, productivity, communication, innovation, sustainability, and collaboration.

Recipients: The Newfoundland Team
Jeff Caddell, Sandy Lemmon, Shannon Peterson, Dewi Saptura,
Charlene MacNeil, Abigail Payne, Philip Craig, Cheryl Fenerty
Chosen by Kathy Gillis, CEO



JOINT OCCUPATIONAL HEALTH, SAFETY & WELLNESS COMMITTEE

PVSC’s Joint Occupational Health, Safety and Wellness Committee (JOHSWC) is committed to moving our business forward through action, engagement and advocacy to lead and influence a culture that is committed to health, safety and wellness in the workplace.

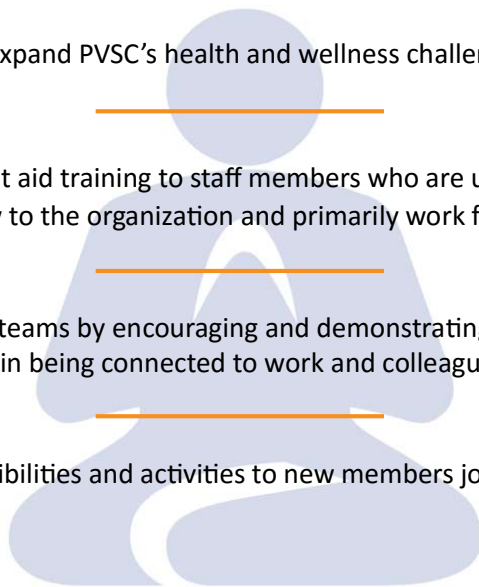
2018-19 GOALS

To expand PVSC’s health and wellness challenges

To provide first aid training to staff members who are up for renewal or are new to the organization and primarily work from home

To support the building of strong teams by encouraging and demonstrating the use of technology, creativity and personal responsibility in being connected to work and colleagues in a virtual environment

Positive transition of roles, responsibilities and activities to new members joining the committee in September



WELLNESS CHALLENGES

The JOHSWC launched six new wellness challenges in 2018-19. Challenges were created and hosted by one or more PVSC staff.



Healthy Choice Program

28-Day Walking Challenge



30-Day Spring Bootcamp



Hydration Challenge



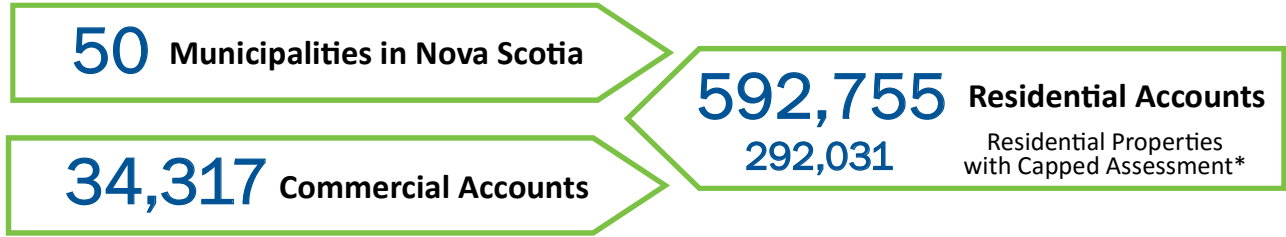
Sleep Challenge

Mindfulness Challenge





2019 ASSESSMENT ROLL

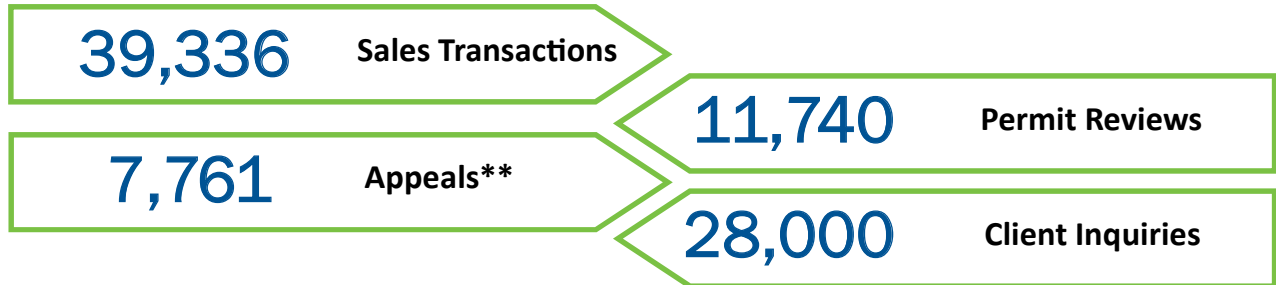


**\$108.6 BILLION
IN ASSESSMENT**



**627,072
NOVA SCOTIA PROPERTIES**

ACTIVITY FOR THE FILING OF THE 2019 ASSESSMENT ROLL



*The provincially legislated Capped Assessment Program (CAP), places a 'cap' on the amount that eligible residential property assessments can increase year over year.

** Received during 31 day appeal period in 2019.

Appendix A: Business Plan 2018-19

CLIENT

CLIENT SERVICE DELIVERY MODEL

Objective: To define PVSC’s future client service delivery model by determining the expectations of existing and future clients, and how PVSC is positioned to meet those expectations.

Defining our future client service delivery model required understanding our clients – who are they and what are their needs and wants? To design a model that will guide our client service activities, we reviewed our client interactions, researched the Nova Scotia demographic and housing market, explored trending service technologies and platforms, and examined other client service organizations. From that, five client service principles have been adopted:

1. We are available to answer questions and address concerns
2. Assessment information is clear, simple, understandable, and easy to access
3. Clients can perform routine tasks on their own e.g. report an error, change address, appeal online, etc.
4. We are leveraging technology to enable efficient operations
5. We are always professional

Our client service delivery model consists of short and long-term goals, grounded in the agreed upon principles.

PEOPLE FOCUS

As the world becomes more connected, technology advances and new generations enter the workforce, organizations are required to anticipate and rethink even the most basic assumptions about how their organization functions.

One area of focus in our people strategy is discovering new ways of working – examining new approaches to organizing, performing, developing, recruiting, and retaining. Leveraging technology in ways we have never done before, this year, we successfully created virtual work arrangements that engage and motivate teams and employees. Effective virtual work started with debunking common assumptions and myths and establishing and promoting virtual-friendly behaviours, processes and guides based on three core principals: communication, collaboration and culture.

At PVSC, we are committed to never stop learning and improving ourselves and our product, everyday. We are proud to support and strengthen a provincial-wide workforce, where employees live and work in the communities they serve.

Successfully transitioning and operating as a majority virtual workforce is one more way we are demonstrating that we are a transformative industry leader.

INTERNAL BUSINESS PROCESS

COMMERCIAL REVIEW

Objective: To further strengthen PVSC's commercial valuation business by reviewing and enhancing key processes, tools and reports.

Commercial property assessment is vital to municipalities, as it represents approximately 20% of the total assessment roll value. PVSC is committed to providing a quality commercial assessment roll that is accurate, timely and stable.

Commercial assessment is complex, regardless of the geographic location. Contributing factors can vary depending on the property type, location and economical factors. What started as a project, has since transformed into a continuous practice of ensuring our commercial processes are reflective of the current landscape of Nova Scotia, while adhering to industry best practice and standards.

In addition, our focus on documentation this year will feed into the newly established Canadian Assessment Centre for Excellence (CACE) – a national group of senior valuation experts, representing assessment jurisdictions from across the country. The objective of CACE is to further strengthen commercial valuation through a shared and collaborative national approach for valuation of heavy industrial, special purpose and complex properties.

ARTIFICIAL INTELLIGENCE - MACHINE LEARNING

Objective: To develop and implement an Artificial Intelligence Strategy to define the role that predictive analysis and machine learning could play in automating, streamlining, and improving the quality of PVSC's services.

In a data driven industry, it is inevitable that the adoption of artificial intelligence and machine learning will make its debut – the question is when. Understanding the opportunity in front of us, PVSC engaged the expertise of Dalhousie's Statistics department to assist us in determining how we can take the concept of machine learning and turn it into a real application for property assessments. Our focus over the last year has been to test our data to determine the best model and approach to integrate the technology into our business.

ORGANIZATIONAL GROWTH AND TECHNOLOGY

MOBILE DATA COLLECTION

Objective: To pilot a solution for collecting data electronically from the field and investigate workflow opportunities created by this technology.

In June 2018, PVSC partnered with Data Cloud Solutions to implement Mobile Assessor, a field data collection tool. This technology eliminates the need for printing and post-scanning of information, and provides a quality assurance component to focus inspections, optimize workflow and reporting. A pilot launch was conducted in October 2018 and full implementation took place in April 2019. PVSC is proud to have each assessor equipped with the tools and training to take advantage of this new technology. We continue to monitor and evaluate the use of this technology and identify further enhancements.

Appendix B: Performance

SERVICE LEVEL AGREEMENTS (SLA) WITH MUNICIPALITIES

In 2018, PVSC developed a service level agreement that provides clarity regarding the services administered and delivered by PVSC. The SLAs demonstrate the Corporation's commitment to quality and service and forms a foundation for open channels of communication and sharing of information.

The agreement outlines six service areas.

1. DELIVERY OF THE ANNUAL ASSESSMENT ROLL

Objective: To provide an electronic copy of the annual assessment roll and addendum file, capturing assessment information for all property types within the municipality, every year.

Measurement and Reporting: The successful delivery of the assessment roll, as required by the *Nova Scotia Assessment Act*, is acknowledged by the municipality returning the signed Certificate of Director.

Response: The assessment roll was posted on the secure .FTP site on December 31, 2018, with an accompanying email to Chief Administrative Officers (CAOs) and municipal staff. PVSC sends an electronic copy of the Certificate of Director to be returned within 60 days of receiving the assessment roll. If a Certificate of Director has not been received within the timeline, PVSC follows up with the municipality. PVSC has received all 50 Certificates of Director.

2. ASSESSMENT ROLL QUALITY

Objective: To provide a quality assessment roll in accordance with the standards established by the International Association of Assessing Officers (IAAO).

Measurement and Reporting: Findings from the PVSC audit are included in the corporation's annual report per individual municipality.

Response: Results of the 2019 assessment roll quality have been included in the annual report (see 'Quality Standard Measures', page 20 for results).

3. DELIVERY OF THE ANNUAL REPORT

Objective: To deliver an annual report that provides an understanding of PVSC's performance, highlights activity measured against the service commitment outlined in this agreement, reports the findings from the audit of the assessment roll quality, and includes the audited financial statements of the corporation.

Measurement and Reporting: Annual report is successfully sent to the municipality and is available on the public website.

Response: The annual report is distributed to all municipalities following approval by the Board of Directors in July of every year.

4. ASSESSMENT APPEAL MANAGEMENT

Objective: To provide an appeal mechanism for property owners and the municipality for matters respecting wrongful insertion on the roll, omission from the roll, valuation or classification, and to keep all parties informed throughout the appeal process as required by the *Nova Scotia Assessment Act*.

Measurement and Reporting: Appeal reports available to municipalities on the secure FTP site include all changes to assessment accounts:

- Filed roll changes and confirmations – daily
- Appeal inventory reports (including outstanding appeals) – monthly
- Previous year appeal reports – quarterly
- Provincial appeal totals – annually

Response: PVSC's automated process of generating and posting reports is monitored to determine that scheduled reports are posted as per the required timelines. PVSC understands the importance of the timely processing of appeals and is committed to efficiently managing the appeal file to provide stability and predictability in the assessment roll for municipal taxation purposes. Through open channels of communication, PVSC will continue to advise municipalities on the progress of the appeal files.

5. NOTIFICATION OF CHANGES TO ASSESSMENT ACCOUNTS

Objective: To inform the municipality of changes to assessment accounts that affect property owners.

Measurement and Reporting: PVSC's internal audit of compliance with the *Nova Scotia Assessment Act* includes reviewing notification to the municipality regarding changes to assessment accounts.

Response: Internal audit testing of compliance with the *Nova Scotia Assessment Act* reviews if PVSC met its requirement of notifying municipalities of changes to accounts via the secure .FTP site. The 2018 audit concluded reports were made available to the correct municipality as per the required timelines.

6. FINANCIAL NOTIFICATION AND PROCESSING OF PAYMENT

Objective: To provide the municipality with accurate and timely invoicing and processing of payments.

Measurement and Reporting: An annual financial audit is conducted by external auditors and results are published in the annual report.

Outcome: PVSC has received payment for the 2018-19 fiscal year from all municipalities. Starting in 2019-20, Chief Administrative Officers will be advised via email when invoices are in the mail.

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
 - Included in the service delivery scorecard (page 18)
- Audited Financial Statements of the Corporation (Page 28)

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, PVSC began development of a performance scorecard in 2010-11 to provide a more balanced picture of its operations. Measures for the 2018-19 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

The General Level of Assessment (GLA) measures the extent to which assessments reflect market value. As required under Section 42 of the *Nova Scotia Assessment Act*, PVSC reports the GLA 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 GLA between 90% and 110% is considered acceptable.

APPENDIX B: PERFORMANCE

The GLA is one of the most important measures of assessment performance, as it indicates whether the market value standard as described in Section 42 (1) of the *Nova Scotia Assessment Act* has been met. It indicates the municipality’s overall ‘level’ of assessment value to market value. A residential GLA of 98% in a municipal unit indicates that on average, assessment values for all residential and resource properties are at 98% of market value, as of a specified date.

All property shall be assessed at its market value, such value being the amount which in the opinion of the assessor would be paid if it were sold on a date prescribed by the Director in the open market by a willing seller to a willing buyer, but in forming his opinion the assessor shall have regard to the assessment of other properties in the municipality so as to ensure that, subject to Section 45A, taxation falls in a uniform manner upon all residential and resource property and in a uniform manner upon all commercial property in the municipality.

Section 42 (1), Nova Scotia Assessment Act

QUALITY MEASURE	METHOD TO EVALUATE
Market Value Assessment Accuracy	<ul style="list-style-type: none"> • Mean Assessment to Sale Ratio (ASR) • Weighted Mean Assessment to Sale Ratio • Median Assessment to Sale Ratio
Market Value Assessment Uniformity	<ul style="list-style-type: none"> • Coefficient of Dispersion (COD) • Price Related Bias (PRB)

As part of this audit, the mean, median and weighted mean assessment to sale ratios (ASR) (all measures of central tendency) were calculated. Following the standards set out by the IAAO, the median assessment to sales ratio (which is the middle ratio in the data array) was used to report the GLA for each municipality.

Uniformity: Uniformity of assessment values are described as either horizontal or vertical. Horizontal uniformity is measured by calculating the Coefficient of Dispersion (COD). The COD measures the quality of assessments by calculating the dispersion, or spread, of all ASRs around the median ASR. The COD is a measure of appraisal uniformity. The lower the COD percentage, the more accurate the assessment portfolio.

Equity: The Price Related Bias (PRB) measures the percentage relationship between property values and assessment ratios and indicates by what percentage assessment levels change whenever property values are doubled (or halved).

2019 RESIDENTIAL GENERAL LEVEL OF ASSESSMENT AND UNIFORMITY STATISTICS

Municipality	Sales for Analysis	General Level of Assessment	COD	PRB	Municipality	Sales for Analysis	General Level of Assessment	COD	PRB
CBRM	1,006	98%	7%	-1.2%	Town of Annapolis Royal	14	96%	13%	5.1%
County of Annapolis	378	99%	13%	-0.4%	Town of Antigonish	53	97%	5%	-0.3%
County of Antigonish	237	96%	12%	-1.0%	Town of Berwick	31	99%	4%	0.0%
County of Colchester	520	98%	11%	1.0%	Town of Bridgewater	156	100%	4%	-0.6%
County of Cumberland	344	100%	18%	-2.3%	Town of Clark's Harbour	11	99%	2%	-0.1%
County of Inverness	262	95%	10%	-1.3%	Town of Digby	29	100%	11%	5.9%
County of Kings	707	98%	7%	0.5%	Town of Kentville	111	96%	5%	0.0%
County of Pictou	307	99%	9%	0.0%	Town of Lockeport	12	97%	12%	-3.7%
County of Richmond	158	99%	8%	-0.5%	Town of Lunenburg	56	98%	6%	-1.3%
County of Victoria	109	97%	12%	-2.8%	Town of Mahone Bay	28	98%	7%	-0.5%
District of Argyle	109	99%	6%	0.4%	Town of Middleton	35	100%	6%	-2.6%
District of Barrington	110	97%	11%	-1.9%	Town of Mulgrave*	10	102%	12%	3.1%
District of Chester	214	98%	9%	0.7%	Town of New Glasgow	103	100%	9%	-4.2%
District of Clare	154	100%	10%	-0.3%	Town of Oxford	11	101%	12%	-3.7%
District of Digby	134	97%	11%	-2.9%	Town of Pictou	33	99%	4%	-2.5%
District of East Hants	375	99%	11%	-0.3%	Town of Port Hawkesbury	26	99%	5%	1.0%
District of Guysborough	78	98%	9%	0.1%	Town of Shelburne	24	96%	14%	-12.6%
District of Lunenburg	583	100%	8%	-1.1%	Town of Stellarton	36	99%	4%	-1.2%
District of Shelburne	106	99%	11%	0.7%	Town of Stewiacke	16	102%	16%	16.4%
District of St. Mary's	51	99%	15%	-0.8%	Town of Trenton	23	102%	12%	-0.5%
District of West Hants	264	99%	10%	1.2%	Town of Truro	153	100%	9%	-2.8%
District of Yarmouth	169	99%	9%	-0.5%	Town of Westville	48	100%	11%	-1.9%
Halifax Regional	5,992	99%	5%	-0.5%	Town of Windsor	50	100%	10%	-6.3%
Region of Queens	224	98%	14%	-0.4%	Town of Wolfville	85	97%	4%	-1.6%
Town of Amherst	146	104%	14%	-4.1%	Town of Yarmouth	79	98%	7%	-0.9%

See page 20-21 for General Level of Assessment (GLA), Coefficient of Dispersion (COD), and Price Related Bias (PRB) definitions.

Note: The Nova Scotia Assessment Act requires PVSC to report the General Level Statistics for each municipality—Residential and Commercial. The International Property Tax Institute (IPTI) recommends that Municipalities with fewer than 11 sales are to be considered to have insufficient data to reliably calculate the General Level Statistics. For the purpose of meeting this legislative requirement, for municipalities with fewer than 11 sales the General Level Statistics are reported as compliant (GLA of 100%).

*The Town of Mulgrave is included, even though it has only 10 sales, as the sample appears to adequately represent the population.

2019 COMMERCIAL GENERAL LEVEL OF ASSESSMENT

Due to the limited number of sales by property type within the commercial portfolio, the PRB and COD have not been calculated at the municipal level. Alternatively, PVSC conducts a series of procedural audits to review the mass appraisal techniques for commercial valuation against acceptable IAAO procedures.

The shared collaboration of the Canadian Assessment Centre for Excellence (CACE), a national group of valuation experts, will provide insight and additional examination into the assessment practices for commercial properties, including heavy industrial and special purpose.

Municipality	Sales for Analysis	General Level of Assessment	Municipality	Sales for Analysis	General Level of Assessment
CBRM	34	99%	Town of Annapolis Royal*	3	100%
County of Annapolis*	7	100%	Town of Antigonish*	4	100%
County of Antigonish*	10	100%	Town of Berwick*	2	100%
County of Colchester	16	95%	Town of Bridgewater*	10	100%
County of Cumberland*	6	100%	Town of Clark's Harbour*	0	100%
County of Inverness*	7	100%	Town of Digby*	2	100%
County of Kings	15	99%	Town of Kentville*	5	100%
County of Pictou*	10	100%	Town of Lockeport*	0	100%
County of Richmond*	4	100%	Town of Lunenburg*	6	100%
County of Victoria*	2	100%	Town of Mahone Bay*	3	100%
District of Argyle*	3	100%	Town of Middleton*	5	100%
District of Barrington*	1	100%	Town of Mulgrave*	1	100%
District of Chester*	4	100%	Town of New Glasgow*	8	100%
District of Clare*	5	100%	Town of Oxford*	0	100%
District of Digby*	4	100%	Town of Pictou*	6	100%
District of East Hants	13	100%	Town of Port Hawkesbury*	2	100%
District of Guysborough*	3	100%	Town of Shelburne*	3	100%
District of Lunenburg*	9	100%	Town of Stellarton*	1	100%
District of Shelburne*	1	100%	Town of Stewiacke*	1	100%
District of St. Mary's*	0	100%	Town of Trenton*	0	100%
District of West Hants*	5	100%	Town of Truro*	10	100%
District of Yarmouth*	3	100%	Town of Westville*	0	100%
Halifax Regional Municipality	97	92%	Town of Windsor*	3	100%
Region of Queens*	6	100%	Town of Wolfville*	5	100%
Town of Amherst*	10	100%	Town of Yarmouth	12	94%

*Note: The Nova Scotia Assessment Act requires PVSC to report the General Level Statistics for each municipality—Residential and Commercial. IPTI recommends that Municipalities with fewer than 11 sales are to be considered to have insufficient data to reliably calculate the General Level Statistics. For the purpose of meeting this legislative requirement, for municipalities with fewer than 11 sales the General Level Statistics are reported as compliant (GLA of 100%).

2018 APPEALS AND ADJUSTMENTS

In 2018, PVSC received 8,089 appeals (including late appeals), resulting from filed roll changes., etc., and accounted for approximately \$6.4 billion of assessment. After the appeal process concluded, the assessment roll was adjusted downward by \$341,574,000 which represents 0.35% of the total assessment roll.

II. CUSTOMER MEASURES

Each year, we survey callers who contacted us during the 31-day appeal period. Four hundred property owners are randomly selected to participate in this survey. Through research, consultation and review of industry standards, PVSC has set a client satisfaction target of 80%.

The purpose of conducting these surveys is to apprise PVSC of the current state of client satisfaction to make informed strategic decisions regarding client service activities and communications.

SERVICE CENTRE SATISFACTION RATING

Answering Your Call Promptly	82%
Handling the call in a professional and friendly manner	92%
Demonstrated a willingness to listen to your concerns	88%
Provided you with the answers to your questions	81%
Treated call as being important	87%

ASSESSOR SATISFACTION RATING

Conducting themselves in a professional, friendly manner	90%
Demonstrating a willing to listen to your concerns	86%
Providing you with the answers to your questions	77%
Being fair and objective in handling your assessment inquiry	78%
Treated call as being important	78%

In the fall of last year, we conducted a survey of those who filed an appeal on their 2018 assessment.

ASSESSOR PERFORMANCE RATING

Professional and friendly conduct	87%
Willingness to listen	81%
Answers your questions	79%
Fair and objective	74%

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. In 2018-19, PVSC spent 1.4% of the payroll budget on training and development.

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 \$40.59¹. In the fiscal year 2018-19, PVSC's cost per account was \$27.80.

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.

	TARGET	2018-19 ACTUAL	2017-18 ACTUAL
COST PER ACCOUNT	Below \$40.59	\$27.80	\$30.07
DEFENSIVE INTERVAL	1 TO 3 MONTHS	3.55 MONTHS	3.46 MONTHS
LIQUIDITY RATIO	1:1	1.57	1.48

1. Based on cost per account information received from the Canadian Property Assessment Network for 2016.

Appendix C: Municipal Value-Added Shared Services

PERMIT DATA EXCHANGE (PDX)

Objective: The permit data eXchange is an online repository where municipalities and PVSC can share permit and inspection data, including documents and photos. This service also provides a permit tracking system to municipalities that did not exist before. A PDX mobile application has been developed that allows building officials to capture permit and inspection data in real-time, using hand held devices.

Measure and Reporting: PVSC extracts building permits and inspection data from the PDX service at a minimum of every 24 hours from Monday to Friday.

Response: PVSC regularly reviews the information uploaded into the PDX portal to inform more focused inspections. As of April 1, 2019, the PDX portal contains permit data for all 50 municipalities.

eDELIVERY

Objective: eDelivery enables municipalities, utilities and PVSC to provide customers with the option to receive assessment notices, tax bills and utility bills online through Canada Post's epost™ service.

Measurement and Reporting: PVSC, in partnership with Canada Post, supports property owners with subscribes and unsubscribes to the epost service. Once data is validated, it is provided to the municipalities within 24 hours to ensure they have the most up to date information for bill mailing.

Response: A weekly summary report is sent to each municipality using the eDelivery service showing a week to week comparison on number of subscribers.

SINGLE ADDRESS INITIATIVE

Objective: The Single Address Initiative (SAI) improves the management and sharing of mailing address information for property services. The service uses the Canada Post verification software to validate mailing address updates in real-time, reducing the number of undeliverable tax bills.

Measurement and Reporting: Using Canada Post verification software, PVSC obtains data every 24 hours, Monday to Friday, with updated mailing addresses. Mailing address updates are sent to municipalities on a weekly basis.

Response: SAI reduces the amount of undeliverable tax bills for municipalities by having timely and accurate mailing addresses.

OPEN DATA

Objective: A single source open data portal for municipal government and assessment data, datazONE has a wide-range of datasets and tools that allow users to organize and analyze data to inform decision making and planning. Canadian Mortgage and Housing Corporation and STATCAN can use this service to collect required permit information, eliminating the need for municipalities to manually compile reports.

Measurement and Reporting: Datasets are submitted on a quarterly basis by all who provide data to the service.

Response: Open Data is a beneficial tool that provides insight for government agencies to make informed decisions to better serve their municipality, as well as provide the public access to assessment and municipal information.

PERMIT DATA EXCHANGE (PDX)

48/50

municipalities directly connect to the PDX service
(remaining still contribute to the service)

12,100

permits sent to PVSC through PDX

3 Ways

to share permits

1. Direct through permit tracking system
2. File transfer
3. Adapter

EDELIVERY

19

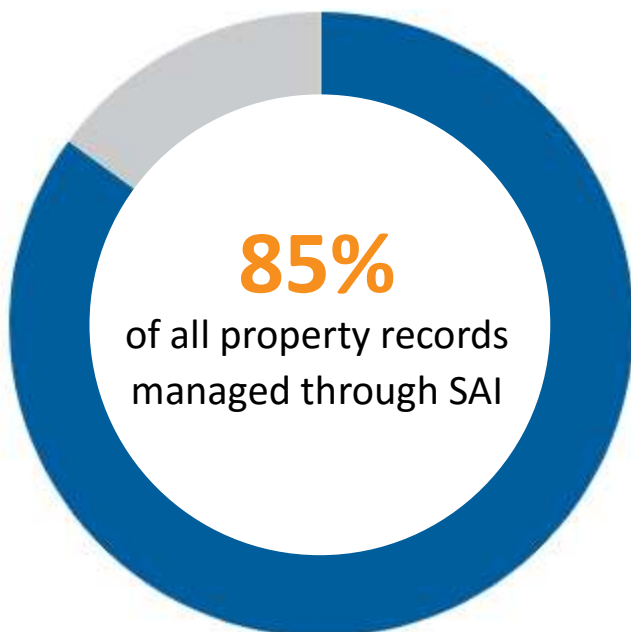
Users



21,618

Subscribers

SINGLE ADDRESS INITIATIVE (SAI)



OPEN DATA

5 municipalities + PVSC
providing data

2,392 Times

Most popular data set accessed

Service Vision

Generate economic and operational efficiencies
for both private industry and governments

Increase citizen engagement by promoting modern,
transparent channels of communication

Enable a culture of open government

Appendix D: Management Discussion & Analysis and Audited Financial Statements



A PPENDIX D: MANAGEMENT DISCUSSION & ANALYSIS AND AUDITED FINANCIAL STATEMENTS

The following Management Discussion and Analysis should be read in conjunction with PVSC's audited financial statements and accompanying notes for the financial year that ended March 31, 2019. The financial statements have received an unqualified opinion from PVSC's external auditors. 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).

FINANCIAL REPORTING FRAMEWORK

PVSC's financial reporting framework is in accordance with the Accounting Standards for not-for profit organizations (ASNPO) which are in Part III of the Chartered Professional Accountants of Canada (CPA Canada) Handbook. 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 in Part III of the Handbook.

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

FINANCIAL SUMMARY

FUNDING REQUIREMENTS

The Corporation's funding requirements for the provision of assessment services are apportioned to each municipality using a funding formula specified by the *Property Valuation Services Corporation Act* (Section 35(4)). The formula reflects the proportionate relationship of the average of an individual municipality's total uniform assessment and total property counts as compared to all of Nova Scotia.

The municipal funding requirement for the financial year-ended March 31, 2019 was one and half a percent (1.5%) higher than the previous year. Previously, the Corporation spent seven consecutive years with no increase in municipal funding, keeping in line with PVSC's budget strategy and commitment to minimize annual increases to municipal funding.

The Corporation also has non-municipal revenue sources that include cost recovery on data exchange agreements, interest, and investment income.



A PPENDIX D: MANAGEMENT DISCUSSION & ANALYSIS AND AUDITED FINANCIAL STATEMENTS

RESTRICTED RESERVES AND FUND BALANCES

The Corporation's strategic plan determines the priorities that are set in the annual operational plans and budgets. The financial budgets, operational plans and capital plans are focused on equipping the Corporation with the people, resources and productive capacity needed to achieve the organization's strategy, and on being responsive and flexible to changes in the operating environment. PVSC develops its operational plans and budgets with the objective of achieving key strategic objectives, while being financially prudent and fiscally responsible in managing its resources.

PVSC's main financial commitments relate to the following:

- Funding ongoing operations to meet PVSC's legislated mandate: to provide assessment and related property information services for municipalities and the province
- Funding liabilities for future employee benefits for non-pension and post-retirement plans
- Funding technology advancement requirements and maintaining existing capital infrastructure
- Maintaining an adequate contingency reserve to meet unforeseen budgetary requirements

The corporation maintains the following restricted reserved funds to meet the above financial commitments.

THE TECHNOLOGY ADVANCEMENT RESERVE

The Technology Advancement Reserve 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.

As at March 31, 2019 the balance of the Technology Advancement Reserve was \$2 million.

THE CONTINGENCY RESERVE

The internally restricted Contingency Reserve was set aside by the Board in the event 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

The Special Operating Reserve accumulates operating surpluses or budget savings that have been internally restricted by the Board of Directors to be used for budget cost stabilization and to meet specific financial requirements in accordance with the Corporation's strategic priorities, operating expenses or specific financial requirements in future years.

THE UNREALIZED POST RETIREMENT GAINS RESERVE

The internally restricted Unrealized Post Retirement Gains Reserve relates to unrealized gains on restricted post retirement funds due to fluctuations in the market value of financial instruments held in the post retirement investment portfolio.

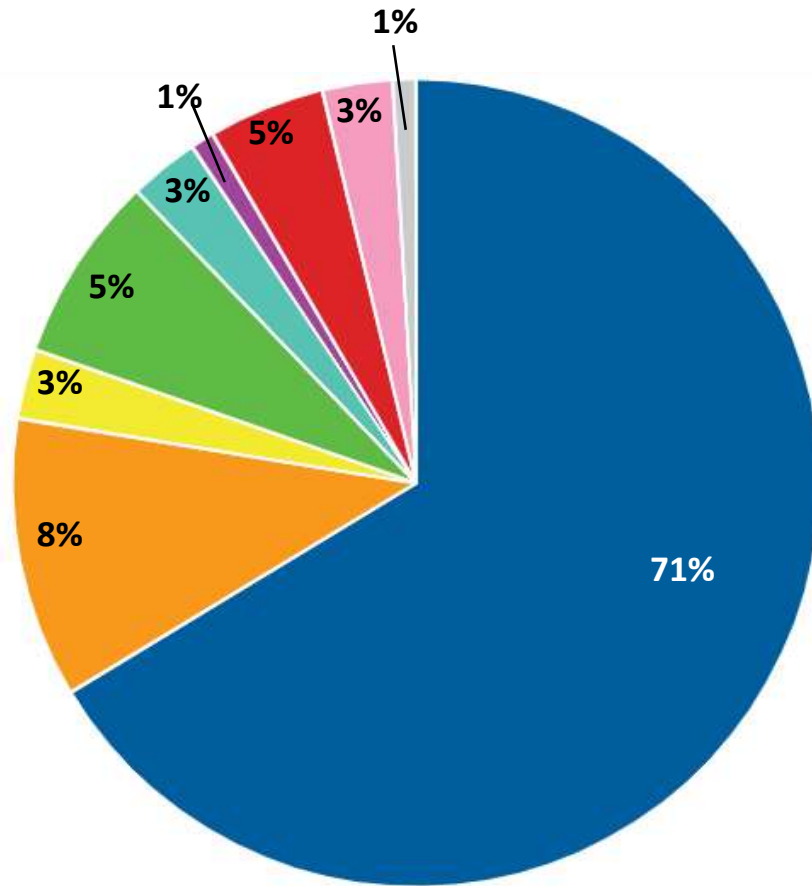
The Corporation's net assets include its Restricted Capital Asset Fund which accounts for the acquisitions, revenues and amortization related to capital assets. The Corporation's main capital assets include the Computer Assisted Mass Appraisal (CAMA) system, internally developed capitalized strategic projects such as the Permit Data Exchange, IT hardware, and other tangible assets. As of March 31, 2019, the net book value of capital assets was \$2.119 million (2018: \$2.654 million).

ANALYSIS OF THE OPERATING FUND

The municipal revenues for the financial year ended March 31, 2019 of \$17,433,884 represent the budget approved for billing to municipal members for their respective portion of costs for the provision of assessment and related services. 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 were billed 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 Operating Fund includes cost recovery revenues and expenses relating to contracts outside delivery of assessment services to the municipalities of Nova Scotia. During the financial year, PVSC realized higher cost recovery revenues than budgeted, due to the provision of assessment-related services to clients who are not members of the Corporation. The Corporation has maintained an ongoing budget strategy of minimizing the municipal funding required to finance its operations by leveraging operational efficiencies, technology, and other process improvements.

PVSC's actual total expenses on the Operating Fund for 2019 were \$16,068,074 (2018: \$17,872,808). A summary of the major expense categories is as follows (next page).



- Salary and Benefits
- IT Operations
- Administrative Services
- Printing and Postage
- Employee Travel
- UARB Costs
- Rentals and Leases
- Professional Fees
- Staff Training

The Corporation had a net transfer of \$946,551 from the Operating Fund to the Special Operating Reserve. This positive balance was after accommodating the following major financial impacts:

- There were net actuarial revaluation adjustments of \$413,825, mainly to reflect reductions in liability projections for post-retirement employee health benefit plans. Actuarial valuations are completed on an accounting valuation basis in compliance with Section 3462 of the CPA Canada Handbook. 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 full actuarial valuation for the financial year-ended March 31, 2019 resulted in significant reductions in projected obligations on health plans and service awards.
- Nova Scotia Utility and Review Board costs associated with assessment appeals incurred in 2019 were \$137,665 (2018: \$179,663).

SALARIES AND BENEFITS \$11,630,222 (2018: \$11,760,384)

The Corporation renegotiated its three-year collective agreement with the employees' union, expiring March 31, 2022. The year over year change in salaries and benefits includes the annual increases under the collective agreement and the increments under the approved pay scales.

The budgeted salaries and benefits for the financial year ended March 31, 2019 were \$11,948,085. The Corporation had expenditures less than budgeted due to staff retirements, vacancies and ongoing management of vacation balances.

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 it is obligated to make payments for services rendered by employees.

ANALYSIS OF THE OPERATING FUND

PVSC closed the financial year-ended March 31, 2019 with a strong financial performance and a positive transfer of \$946,551 to the Special Operating Reserve, which accounts for accumulated operating surpluses and budget savings. The Corporation met the funding obligations to deliver its core assessment services, fund future employee obligations, and maintain restricted reserve funds.



Consolidated Financial Statements

Property Valuation Services Corporation

March 31, 2019

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Independent auditor's report

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To the Board of Directors of the Property Valuation Services Corporation

Opinion

We have audited the consolidated financial statements of Property Valuation Services Corporation (the "Corporation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Property Valuation Services Corporation as at March 31, 2019, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit Corporations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the consolidated 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 Corporations, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Halifax, Canada
June 26, 2019

Chartered Professional Accountants
Licensed Public Accountants

Property Valuation Services Corporation

Consolidated statement of operations

Year ended March 31	Budget 2019	Actual 2019	Actual 2018
Revenues			
Municipal	\$ 17,433,884	\$ 17,433,884	\$ 17,176,240
Interest	43,709	107,210	36,418
Cost recovery	50,000	55,100	231,779
Investment income	-	298,831	235,989
Unrealized gain (loss) on investments	-	196,531	(1,924)
Amortization of deferred capital contributions	-	104,072	104,072
	<u>17,527,593</u>	<u>18,195,628</u>	<u>17,782,574</u>
Expenses			
Salaries and benefits	11,948,085	11,630,222	11,760,384
IT operations	1,351,195	1,270,108	1,241,163
Rentals and leases	923,005	765,013	964,188
Amortization	786,000	865,428	783,582
Printing and postage	794,564	775,634	780,985
External administrative services	331,754	269,501	356,598
Professional fees	74,895	152,020	94,374
Consulting services	325,953	132,284	203,778
Employee future benefits (recovery)	295,500	(101,572)	564,385
Travel	361,746	441,766	414,897
NS Utility and Review Board costs	230,000	137,665	179,663
Staff training and development	221,521	74,982	289,565
Telecommunications	110,761	164,615	167,966
Office expenses and general services	232,070	208,462	211,462
Membership dues and fees	105,486	86,507	104,790
Office meeting expenses	21,097	27,324	68,403
Board meeting expenses	41,372	43,930	49,531
New service development	-	-	435,647
	<u>18,155,004</u>	<u>16,943,889</u>	<u>18,671,361</u>
Excess (shortfall) of revenues over expenses	\$ (627,411)	\$ 1,251,739	\$ (888,787)

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Consolidated statement of financial position

March 31

2019

2018

Assets

Current

Cash and cash equivalents (Note 3)	\$ 7,553,867	\$ 4,638,352
Receivables (Note 6)	282,105	372,071
Prepays	<u>200,617</u>	<u>132,321</u>
	8,036,589	5,142,744
Internally restricted investments	1,967,516	2,070,733
Employee future benefits (Note 5)	453,818	-
Capital assets (Note 8)	100,480	229,092
Intangibles (Note 9)	<u>2,018,592</u>	<u>2,425,214</u>
	<u>\$ 12,576,995</u>	<u>\$ 9,867,783</u>

Liabilities

Current

Payables and accruals (Note 7)	\$ 1,143,578	\$ 1,227,130
Deferred revenue (Note 12)	3,982,485	2,249,006
Employee future benefits (Note 5)	<u>-</u>	<u>192,454</u>
	<u>5,126,063</u>	<u>3,668,590</u>
Net assets (Page 5)		
Restricted Capital Asset Fund	2,119,072	2,654,306
Internally restricted reserve funds		
Technology Advancement Reserve (Note 4)	2,000,000	1,277,845
Special Operating Reserve (Note 4)	1,540,154	593,603
Contingency Reserve	1,425,000	1,425,000
Unrealized Post Retirement Gains Reserve (Note 4)	<u>366,706</u>	<u>248,439</u>
	<u>7,450,932</u>	<u>6,199,193</u>
	<u>\$ 12,576,995</u>	<u>\$ 9,867,783</u>

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, 2019

	Operating Fund	Technology Advancement Reserve	Special Operating Reserve	Contingency Reserve	Unrealized Post Retirement Gains Reserve	Restricted Capital Asset Fund	2019 Total
Balance, beginning of year, April 1, 2018	\$ -	\$ 1,277,845	\$ 593,603	\$ 1,425,000	\$ 248,439	\$ 2,654,306	\$ 6,199,193
Excess (shortfall) of revenues over expenses	1,903,664	109,431	-	-	-	(761,356)	1,251,739
Inter-fund transfers (Note 4)							
Investment in capital assets	(226,122)	-	-	-	-	226,122	-
Technology Advancement Reserve (Permit Data Exchange)	(612,724)	612,724	-	-	-	-	-
Special Operating Reserve	(946,551)	-	946,551	-	-	-	-
Unrealized Post Retirement Gains Reserve	<u>(118,267)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,267</u>	<u>-</u>	<u>-</u>
Balance, end of year, March 31, 2019	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 1,540,154</u>	<u>\$ 1,425,000</u>	<u>\$ 366,706</u>	<u>\$ 2,119,072</u>	<u>\$ 7,450,932</u>

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Consolidated statement of cash flows

Year ended March 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating

Excess (shortfall) of revenues over expenses	\$ 1,251,739	\$ (888,787)
Items not affecting cash		
Amortization	865,428	783,582
Employee future benefits	(298,647)	323,912
Unrealized change in market value on internally restricted investments	(196,531)	1,924
Realized investment income on internally restricted investments	(262,190)	(204,501)
	<u>1,359,799</u>	<u>16,130</u>
Change in non-cash operating working capital		
Receivables	89,966	(106,068)
Prepays	(68,296)	76,553
Payables and accruals	(83,552)	126,768
Deferred revenue	1,733,479	347,884
	<u>3,031,396</u>	<u>461,267</u>

Investing

Proceeds of restricted investments, net	214,313	369,736
Purchase of capital assets and intangibles:		
IT assets	(328,994)	(726,673)
Leasehold improvements	-	(25,753)
Furniture and equipment	(1,200)	(16,889)
	<u>(115,881)</u>	<u>(399,579)</u>

Net increase in cash and cash equivalents	2,915,515	61,688
Cash and cash equivalents, beginning of year	<u>4,638,352</u>	<u>4,576,664</u>
Cash and cash equivalents, end of year	<u>\$ 7,553,867</u>	<u>\$ 4,638,352</u>

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2019

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.

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 represents accumulated operating surpluses that have been internally restricted by the Board of Directors to offset future budget increases in operating expenses. The Special Operating Reserve is allocated by the Board for cost stabilization and to meet specific financial requirements in accordance with the Corporation's Strategic priorities.

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.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2019

2. Summary of significant accounting policies (continued)

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.

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	5 years, straight-line
Internally developed software	7 years, straight line
IT hardware	3 years, straight-line
IT software other	3 years, straight-line
Leasehold improvements	Term of Lease, straight-line

Financial instruments

Financial instruments include cash and cash equivalents, internally restricted investments, receivables, payables and accruals, and employee future benefits. Internally restricted investments include equity, bond and money market funds.

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.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2019

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 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, 2019 is \$856,495 (2018 - \$858,873) which is included in salaries and benefits expense.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2019

3. Cash and cash equivalents

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 6,128,867	\$ 3,213,352
Internally restricted cash and cash equivalents	<u>1,425,000</u>	<u>1,425,000</u>
	<u>\$ 7,553,867</u>	<u>\$ 4,638,352</u>

4. Inter-fund transfers

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

The Special Operating Reserve represents accumulated budget cost savings and operating surpluses that have been internally restricted by the Board of Directors for budget stabilization and future programs and expenses to be determined from time to time by the Board in accordance with the goals and objectives of the Corporation. The Operating Fund transferred a net amount of \$946,551 to the Special Operating Reserve during the financial year ended March 31, 2019. Details of the substance of the transfers are as follows:

The balance in the Special Operating Reserve as at March 31, 2019 of \$1,540,154 has been internally restricted by the Board of Directors as follows:

- \$140,000 reserved for operating loan for new wholly owned subsidiary creation.
- \$320,136 transferred from the Special Operating Reserve and applied as a budget offset for the 2019/20 approved budget.
- \$1,080,018 reserved to be applied to offset future budget increases in operating expenses and strategic initiatives as required.

There was a non-cash transfer of \$118,267 from the Operating Fund to the Unrealized Post Retirement Gains Reserve. 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, 2019 of \$366,706 represents the cumulative unrealized market gains on post retirement funds to date.

The Operating Fund transferred \$615,717 to the Technology Advancement Reserve for major technology developments and strategic projects. This was offset by current year additions to the permit data exchange in the amount of \$2,993.

The Operating Fund transferred \$226,121 to the Restricted Capital Asset Fund relating to the acquisition of capital assets, net of \$104,072 related to the amortization of deferred contributions relating to the capital assets.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2019

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, 2019 were as follows:

	Health Plans	Service Awards	SERP	Total
Fair value plan assets, March 31, 2018	\$2,548,111	\$2,403,701	\$ 307,126	\$5,258,938
Contributions to Benefit Funds	-	-	-	-
Net Investment Income	168,435	158,889	20,301	347,625
Fair value plan assets, March 31, 2019	\$2,716,546	\$2,562,590	\$ 327,427	\$5,606,563

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.

A full actuarial valuation was carried out by the Corporation's actuary consultant to determine the following liabilities as at March 31, 2019:

	Health Plans	Service Awards	SERP	Total
Defined benefit obligation March 31, 2018	\$2,800,889	\$2,312,403	\$ 338,100	\$5,451,392
Payments	(47,738)	(149,337)	-	(197,075)
Annual service cost	149,899	151,754	10,600	312,253
Actuarial revaluations	(147,204)	(245,795)	(20,826)	(413,825)
Defined benefit obligation March 31, 2019	\$2,755,846	\$2,069,025	\$ 327,874	\$5,152,745
Employee future benefits, net	\$ (39,300)	\$ 493,565	\$ (447)	\$ 453,818

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2019

5. Employee future benefits (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.

The updated actuarial assumptions for the full actuarial valuation reports for the financial year ended March 31, 2019 are as follows:

	Health <u>Plans</u>	Service <u>Awards</u>
Discount rate	3.4%	2.9%
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	2027

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. The actuarial estimated annual service costs for the financial year ending March 31, 2020 is \$91,742 for Health Plans, \$133,105 for Service Awards and \$9,936 for SERP.

Benefit Fund balance allocation

The Corporation has internally set aside \$5,606,563 in investments to pay for the employee future benefit obligations. As of March 31, 2019, the total liabilities were over-funded by \$453,818 (2018 - total shortfall \$192,454).

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.

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 \$173,836 (2018 - \$152,248) for an outstanding HST reimbursement claim that is awaiting processing by CRA.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2019

7. Payables and accruals	<u>2019</u>	<u>2018</u>
Vacation liability	\$ 375,743	\$ 334,795
Salaries and other benefit accruals	569,877	646,132
Trade payables	<u>197,958</u>	<u>246,203</u>
	<u>\$ 1,143,578</u>	<u>\$ 1,227,130</u>

8. Capital assets			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 328,784	\$ 286,225	\$ 42,559	\$ 105,586
IT hardware	792,137	734,216	57,921	98,854
Leasehold improvements	<u>226,042</u>	<u>226,042</u>	<u>-</u>	<u>24,652</u>
	<u>\$ 1,346,963</u>	<u>\$ 1,246,483</u>	<u>\$ 100,480</u>	<u>\$ 229,092</u>

9. Intangibles			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computerized mass appraisal	\$ 4,585,633	\$ 4,585,633	\$ -	\$ 12,073
Internally developed software				
Single address	711,175	507,982	203,193	304,789
eDelivery	505,910	289,091	216,819	289,091
Permit Data Exchange	1,148,754	164,108	984,646	1,145,761
Open Data	137,305	44,134	93,171	112,786
Multiple Regression Analysis	374,662	124,887	249,775	349,535
Mobile Assessor	198,017	-	198,017	-
IT software other	<u>704,373</u>	<u>631,402</u>	<u>72,971</u>	<u>211,179</u>
	<u>\$ 8,365,829</u>	<u>\$ 6,347,237</u>	<u>\$ 2,018,592</u>	<u>\$ 2,425,214</u>

10. Commitments

- (a) The Corporation has entered into lease agreements for rental of its office premises. The minimum annual lease payments for the next five years are as follows:

2020	\$ 529,728
2021	510,473
2022	498,354
2023	472,081
2024	344,059

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

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2019

10. Commitments (continued)

- (b) The Corporation negotiated a two-year extension on its agreement with a service provider for the provision of IT Hosting and related services. The remaining minimum annual payment under this agreement is as follows:

2020	\$ 248,028
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- (c) The Corporation has a three-year agreement, expiring March 31, 2022 with a service provider for the provision of annual maintenance and support for its Mass Appraisal Computer System and licensing fees. The remaining payments under this agreement require payment in USD and CAD as follows:

2020	\$ 317,990 USD	and	\$ 124,260 CAD
2021	328,325 USD	and	142,899 CAD
2022	350,000 USD	and	152,338 CAD

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

11. Related party transactions

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.

12. Deferred revenue

	<u>2019</u>	<u>2018</u>
Municipal revenues	\$ 3,175,149	\$ 1,337,598
Single address project capital contributions	72,867	109,301
Single address project operating contributions	8,923	8,923
eDelivery project capital contributions	202,914	270,552
Permit Data Exchange	<u>522,632</u>	<u>522,632</u>
	<u>\$ 3,982,485</u>	<u>\$ 2,249,006</u>

13. Comparative figures

Certain 2018 comparative information has been reclassified to conform to the 2019 consolidated financial statement presentation.

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

Year ended March 31	Budget 2019	Actual 2019	Actual 2018
Revenues			
Municipal	\$ 17,433,884	\$ 17,433,884	\$ 17,176,240
Interest	43,709	107,210	36,418
Cost recovery	50,000	55,100	231,779
Investment income	-	223,440	165,795
Unrealized gain on investments	-	152,104	7,691
	<u>17,527,593</u>	<u>17,971,738</u>	<u>17,617,923</u>
Expenses			
Salaries and benefits	11,948,085	11,630,222	11,760,384
IT operations	1,351,195	1,270,108	1,241,163
Rentals and leases	923,005	765,013	964,188
Printing and postage	794,564	775,634	780,985
External Administrative services	331,754	269,501	356,598
Professional fees	74,895	152,020	94,374
Consulting Services	325,953	132,284	203,778
Employee future benefits (recovery)	295,500	(101,572)	564,385
Travel	361,746	441,766	414,897
NS Utility and Review Board costs	230,000	137,665	179,663
Staff training and development	221,521	74,982	289,565
Telecommunications	110,761	164,615	167,966
Office expenses and general services	232,070	198,075	196,491
Membership dues and fees	105,486	86,507	104,790
Office meeting expenses	21,097	27,324	68,403
Board meeting expenses	41,373	43,930	49,531
New Service Development	-	-	435,647
	<u>17,369,005</u>	<u>16,068,074</u>	<u>17,872,808</u>
Excess (shortfall) of revenue over expenses	<u>158,588</u>	<u>1,903,664</u>	<u>(254,885)</u>
Inter-fund transfers			
Investment in capital assets	(205,000)	(226,122)	(665,243)
Transfer from Technology Advancement Reserve			
Permit Data Exchange	-	2,993	301,324
New Service Development	-	-	414,332
Technology Fund replenishment	-	(615,717)	-
Transfer (to) from Special Operating Reserve			
	46,412	(946,551)	188,053
Unrealized Post Retirement Gains Reserve			
	-	(118,267)	16,419
	-	(1,903,664)	254,885
Fund balance, end of year	\$ -	\$ -	\$ -

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

Year ended March 31	Budget 2019	Actual 2019	Actual 2018
Revenues			
Amortization of deferred capital contributions	\$ -	\$ 104,072	\$ 104,072
Expenses			
Amortization of capital assets and intangibles	<u>786,000</u>	<u>865,428</u>	<u>783,582</u>
Excess of expenses over revenues	<u>(786,000)</u>	<u>(761,356)</u>	<u>(679,510)</u>
Fund balance, beginning of year	2,654,306	2,654,306	2,668,573
Inter-fund transfers			
Amortization of deferred capital contributions	-	(104,072)	(104,072)
Capital asset and intangible purchases	<u>205,000</u>	<u>330,194</u>	<u>769,315</u>
	<u>2,859,306</u>	<u>2,880,428</u>	<u>3,333,816</u>
Fund balance, end of year	<u>\$ 2,073,306</u>	<u>\$ 2,119,072</u>	<u>\$ 2,654,306</u>

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

Year ended March 31	Actual 2019	Actual 2018
Revenues		
Investment income	\$ 54,044	\$ 59,249
Realized gains on investments	21,347	10,945
Unrealized gain (loss) on investments	<u>44,427</u>	<u>(9,615)</u>
	<u>119,818</u>	60,579
Expenses		
Management and custodial fees	<u>10,387</u>	<u>14,971</u>
Excess of revenues over expenses	<u>109,431</u>	<u>45,608</u>
Fund balance, beginning of year	1,277,845	2,033,561
Inter-fund transfers		
Transfer to Technology Advancement Reserve Permit Data Exchange, net	612,724	(301,324)
Transfer to Technology Advancement Reserve Open Data	-	-
Transfer to Technology Advancement Reserve New Service Development	-	(414,332)
Transfer to Technology Advancement Reserve Mobile Assessor	<u>-</u>	<u>(85,668)</u>
	<u>1,890,569</u>	<u>1,232,237</u>
Fund balance, end of year	<u>\$ 2,000,000</u>	<u>\$ 1,277,845</u>
