



TURNING POINTS

Annual Report

April 1, 2019 - March 31, 2020

TURNING POINTS

Property Valuation Services Corporation (PVSC) is an award-winning, independent, not-for-profit organization that provides annual property assessment services and information to Nova Scotia's municipalities and property owners.

Local governments use those property values to establish their municipal tax rates which fund important local services, infrastructure and build communities.

Our work makes a difference.





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OUR LEADERSHIP

PVSC was created by the *Property Valuation Services Corporation Act* on April 1, 2007.

We are governed by a Board of Directors and led by CEO Kathy Gillis.

On behalf of the Board of Directors, I am pleased to present the 2019-20 Annual Report for Property Valuation Services Corporation (PVSC).

This has been a year of significant change and challenge, for us and for everyone - provincially, nationally and across our international community.

I am proud to say that PVSC met those challenges with perseverance, dedication and innovation. We continued to seek new ways to better serve our stakeholders and the property owners of Nova Scotia, through the introduction of machine learning and other technologies, and by exploring partnerships and business opportunities with other assessment jurisdictions to offset costs for our municipalities here at home.

When the COVID-19 pandemic hit our province in the last days of March 2020, the PVSC team supported each other, our stakeholders, and our communities. Despite uncertainty and challenge in the coming year, PVSC will continue to distinguish itself as it always has, providing essential, high quality services to our stakeholders across the province.

I would like to thank our Board members for their commitment and leadership and recognize our municipal partners for their ongoing dedication to our communities. The events of the past several months have, without doubt, caused hardships and heartaches for our province, but the collective leadership centered on tenacity, empathy and innovation have shepherded Nova Scotia through this tumultuous time and will reposition this province for success in the years ahead.

Greg Keefe



Message from Greg Keefe,
PVSC Board Chair



Message from Kathy Gillis
PVSC Chief Executive Officer

This year has underscored the importance of community: our own PVSC community and the hard work and mutual support that sees us through our day; our provincial community, including Nova Scotia's municipalities, the Province of Nova Scotia, and community members across the province; and the wider community, including our counterparts in assessment, around the globe.

We all rely on each other for support and inspiration, particularly when we face turning points. Some turning points are of our own making, such as the introduction of machine learning into our organization, the development of training guides for assessors across the country, and a renewed focus on the needs of our clients. And some are brought to us by external circumstances, such as the COVID-19 pandemic that struck the world in the last quarter of this fiscal year.

I am proud of our staff, who banded together to support each other and our communities in a myriad of ways through these challenges. We truly showed that we are better together, even when we're apart.

Although we could never have foreseen it, our previous decisions to embrace working from home and invest in virtual technologies served us well in different, surprising ways. When the pandemic hit and we closed our offices in mid-March, we shifted almost seamlessly to a full work-from-home model and quickly began analyzing and seeking best practices to address the potential market impacts of the pandemic.

On behalf of the executive team, I thank our municipal partners, staff and Board of Directors for confirming what we had long planned and hoped for: we will continue to thrive and find new paths in the face of every change and challenge.

Kathy Gillis

PVSC Board of Directors



Greg Keefe, Board Chair
Independent Director



Joseph Feeney, Vice Chair
Councillor, Town of Mahone Bay



Doug Boyd
Independent Director



Darren Bruckschwaiger
Councillor, CBRM



Mike Dolter
CAO, Town of Truro



Chuck Faulkner
Independent Director, EfficiencyOne



Jane Fraser, CFO, Director of Finance, Asset
Management & ICT, HRM



Clifford Hood
Councillor, Town of Yarmouth



Jimmy McAlpine
Warden, District of Digby



Bobby McNeil
Independent Director



Connie Nolan, Independent Director,
(Past) CAO, Municipality of East Hants



Juanita Spencer
CEO, NSFM

PVSC Board of Directors

Board Composition

- Three municipal councillors;
- At least two, not more than three members with municipal experience;
- At least four, not more than five independent members; and
- The CEO of the Nova Scotia Federation of Municipalities (NSFM) as a non-voting member.

Board Committees

- Governance and Human Resources;
- Audit, Risk and Finance; and
- Strategy and Stakeholder Relations.

Board Responsibilities

- Establish a long-term strategic plan;
- Create multi-year operational and capital budgets;
- Appoint a CEO;
- Maintain relationship and encourage partnership opportunities;
- Report to the NSFM at its annual meeting;
- Ensure the completion of external financial and quality audits;
- File an annual report; and
- Establish a memorandum of understanding with municipal clients.





OUR YEAR IN REVIEW

2019 - 20 was a pivotal year for PVSC.

We invested in relationships with our stakeholders, forged new partnerships, began integrating machine learning into our operations and worked to better serve our clients, our partners and the assessment industry as a whole.

2019-20 Highlights

PVSC cares about connecting with its clients.

We held at least one face-to-face meeting with each of our 50 municipal clients to connect and better understand their challenges, needs and expectations.

We are leading a diagnostic review of the transfer of property identification and ownership data in partnership with Association of Municipal Administrators of Nova Scotia (AMANS) and Land Programs. We will strike a joint Advisory Committee to address and take action on the review's recommendations in the 2020-21 fiscal year.

We reviewed 630 properties worth \$3.2 billion on the assessment roll in consultation with commercial property owners and agents during our seven week advanced notification and consultation period.

We are updating our Municipal Client Care Framework in alignment with our client care principles: being available to our clients, providing easily understood and accessed information, allowing clients to perform routine tasks on their own, leveraging technology to enable efficient operations, and always being professional.



2019-20 Highlights

PVSC believes in the power of partnerships.

We undertook a project with BC Assessment (BCA) to evaluate whether machine learning was a viable valuation method for condominiums in British Columbia. BCA uses direct sales comparisons to maintain and update over 1,000 models to value approximately 500,000 condominiums across the province. PVSC was able to use a machine learning algorithm to build a single direct sales comparison model for the valuation of all condominiums. A comprehensive ratio study determined the predicted values met the International Association of Assessing Officers (IAAO) mass appraisal standards for accuracy and uniformity and a review by Dalhousie University's Dr. Hong Gu showed the model's average prediction accuracy was within 6.2% of the sales price.

We established and led the Canadian Assessment Center of Excellence (CACE) National Collaboration to share best practices and transfer specialized knowledge between assessment jurisdictions. CACE appointed a team of experienced commercial assessors and, with the cooperation of the International Property Tax Institute (IPTI), created 11 guides for the valuation of heavy industrial, special purpose and complex properties. These guides will form the basis of training for assessors across Canada.

2019-20 Highlights

PVSC continues to be a leader in the assessment industry.

We're the first assessment jurisdiction in Canada to use values derived with the assistance of machine learning on an official assessment roll.

We've been invited to share our expertise as participants in the Massachusetts-based Lincoln Institute of Land Policy think tank and the International Association of Assessing Officers (IAAO) Artificial Intelligence (AI) Task Force.

We've been featured in case studies by the University of British Columbia's Sauder School of Business and the University of Toronto's Rotman School of Management.

We've modernized and streamlined our data collection and analysis processes by equipping all of our assessors with the MobileAssessor tool.

90% of our staff work from home offices, reducing commute times and overhead costs and keeping our employees in the communities that they serve.





2019-20 Highlights

PVSC is committed to sharing information and advancing the assessment industry.

This year we hosted the Canadian Property Assessment Network (CPAN) conference in Halifax. Representatives from 14 assessment jurisdictions and cities attended the conference to network, share best practices, and collaborate to solve shared challenges.

We also shared our knowledge and expanded our network by presenting at four other industry conferences:

- International Association of Assessing Officers (IAAO) 2019 GIS/CAMA Technologies Conference;
- International Property Tax Institute (IPTI) 2019 Mass Appraisal Valuation Symposium (MAVS);
- Canadian Property Tax Association (CPTA) 2019 National Workshop; and
- IAAO 2019 Conference & Exposition.



OUR STRATEGY

From 2017 - 2020, PVSC focused on continuing to improve core functions while exploring new opportunities to provide high quality property assessment and information services.

We continually look forward, plan for the future and set our sights on excellence.

2017 - 2020 Strategic Direction

Vision

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

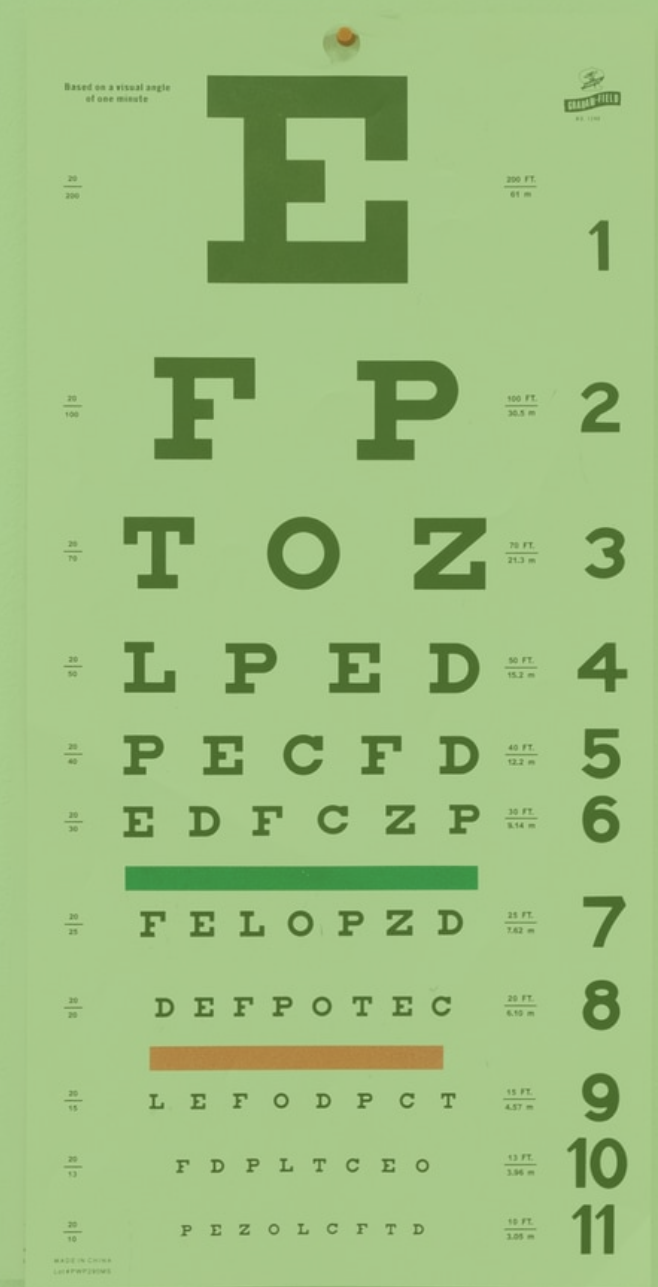
Mission

We provide 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.



2017 - 2020 Strategic Direction

Virtues

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.

2019 - 20 Business Plan

Internal Business Process

Machine Learning Implementation: To use machine learning to value residential properties and determine how machine learning can be applied to increase accuracy and efficiency across our business.

Commercial Valuation Process Improvement: To roll-out policies, procedures, tools and training to continue to support commercial valuation best practices.

Canadian Assessment Centre of Excellence: To establish a Canadian Assessment Centre of Excellence (CACE) that will collaborate on a national approach for the valuation of heavy industrial, special purpose and complex properties.

Client

Municipal Stakeholder Relations: To proactively engage with our municipal stakeholders to strengthen relationships and continue to uphold our service commitments.





2019 - 20 Business Plan

Organizational Growth and Technology

Mobile Data Collection: To increase the efficiency and accuracy of data collection in the field through full implementation of the *MobileAssessor* application.

People Focus: To engage in workforce development, succession planning and organizational design activities to support current and future organization priorities and impacts.

Technology Strategy: To develop a strategy that will position us to adopt emerging valuation methodologies and provide the technical foundation for future growth.

Financial

Business Development: To deliver revenue-generating property assessment services to a client outside of Nova Scotia.

Marketing Strategy: To develop a marketing strategy for our external assessment services that directs and position us for market entry.



PASSION
LED US
HERE

OUR SERVICES

Each year PVSC delivers an assessment roll to every municipality in Nova Scotia and 630,000 assessment notices to property owners across the province.

We fulfill our legislative mandate and our service level agreements, while seeking opportunities to consistently add value for our clients.

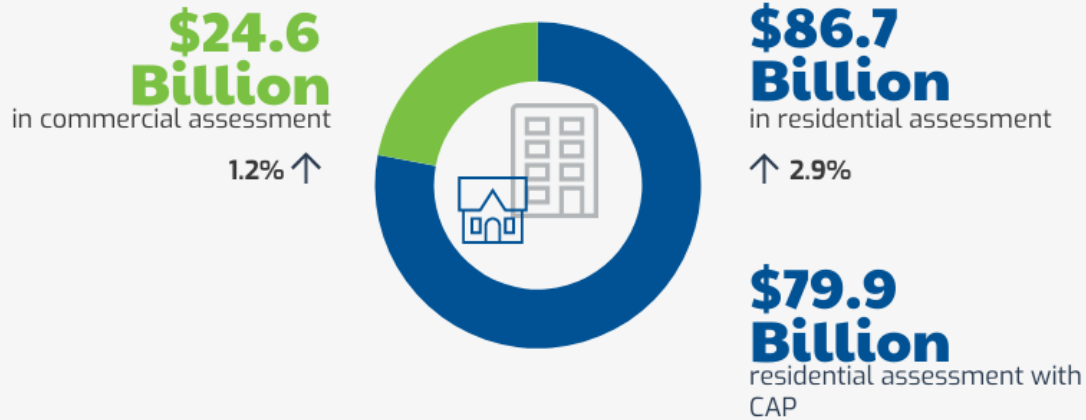


2020 Assessment Roll

\$111 Billion Total Assessment (↑ 2.5%)

630,637 Total Accounts

Assessment Breakdown



Activity for the 2020 Assessment Roll



PDX | Permit Data Exchange

Online permit and inspection data repository and permit tracking system for municipalities and PVSC, with a mobile app allowing building officials to capture permit and inspection data in real time on handheld devices.

SAI | Single Address Initiative

Address validation and sharing service using Canada Post verification software to validate mailing addresses in real time and reduce undeliverable assessments and tax bills.

datazONE | Open Data Portal

Single source open data portal for municipal government and assessment data to inform planning and decision-making and reduce the need for manually compiled reports.

eDelivery | Canada Post Service

Service providing PVSC, municipal and utility customers the option to receive assessment notices, tax bills and utility bills online through Canada Post's epost(TM) services.



2020 Shared Services

PDX

13,999

permits sent through PDX



48/49 municipalities connected

SAI



86%

of accounts managed through SAI

5 municipalities + PVSC provide data



Most popular dataset accessed

2,959

times

datazONE

21 users



23,697

subscribers

eDelivery



OUR PERFORMANCE

In 2019, PVSC became the first assessment jurisdiction in Canada to use property values derived with the assistance of machine learning on an official assessment roll.

We intend to continue exceeding our clients' expectations and leading our industry.

Reporting

Legislative Requirements

PVSC's memorandum of understanding (MOU) with the Province of Nova Scotia requires that we annually report:

- Quality Standards by Municipality; and
- Audited Financial Statements of the Corporation.

Financial and Service Delivery Scorecard

In addition to legislative requirements, and as part of our desire to provide meaningful performance measurements to our stakeholders, our internal performance scorecard also includes **customer measures, organizational learning measures** and **financial measures**. These measures and targets, which we have reported each year since 2010, were established through a comparison of industry benchmarks for non-profits, other Canadian assessment jurisdictions and international assessment standards.

Appeals and Adjustments

In 2019, PVSC received **8,001 appeals** (including late appeals), resulting from filed roll changes, etc., and accounting for approximately **\$5.6 billion of assessment**. After the appeal process concluded, the assessment roll was adjusted downward by **\$220,236,500** which represents **0.20%** of the total assessment roll.



Quality Standard Measures

Roll Quality Report

Each year, PVSC conducts a comprehensive ratio study to statistically measure market value assessment accuracy, uniformity and fairness in compliance with Section 42 of the *Nova Scotia Assessment Act* and International Association of Assessing Officers (IAAO) standards. Ratio study results are published in PVSC's Roll Quality Report.

The uniformity measure within the valuation standard set out in the *Nova Scotia Assessment Act* is established, pursuant to the Act and case law from Nova Scotia courts, to be the **General Level of Assessment (GLA)**.

Market value assessment accuracy is the extent to which assessments reflect real market value. Market value assessment uniformity is the consistency and fairness of values between property groups or among neighbourhoods, construction classes, or age and size groups.

Based on the results of the ratio study, it is PVSC's opinion that the 2020 assessment values comply with market value accuracy and uniformity requirements in the *Nova Scotia Assessment Act* and IAAO standards.

Nova Scotia Assessment Act

42(1) 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.

Quality Standard Measures

Market Value Accuracy

Market value accuracy is measured using these statistical tests:

- Mean assessment to sale ratio (Mean ASR);
- Weighted mean assessment to sale ratio (W. Mean ASR); and
- Median assessment to sale ratio (Median ASR).

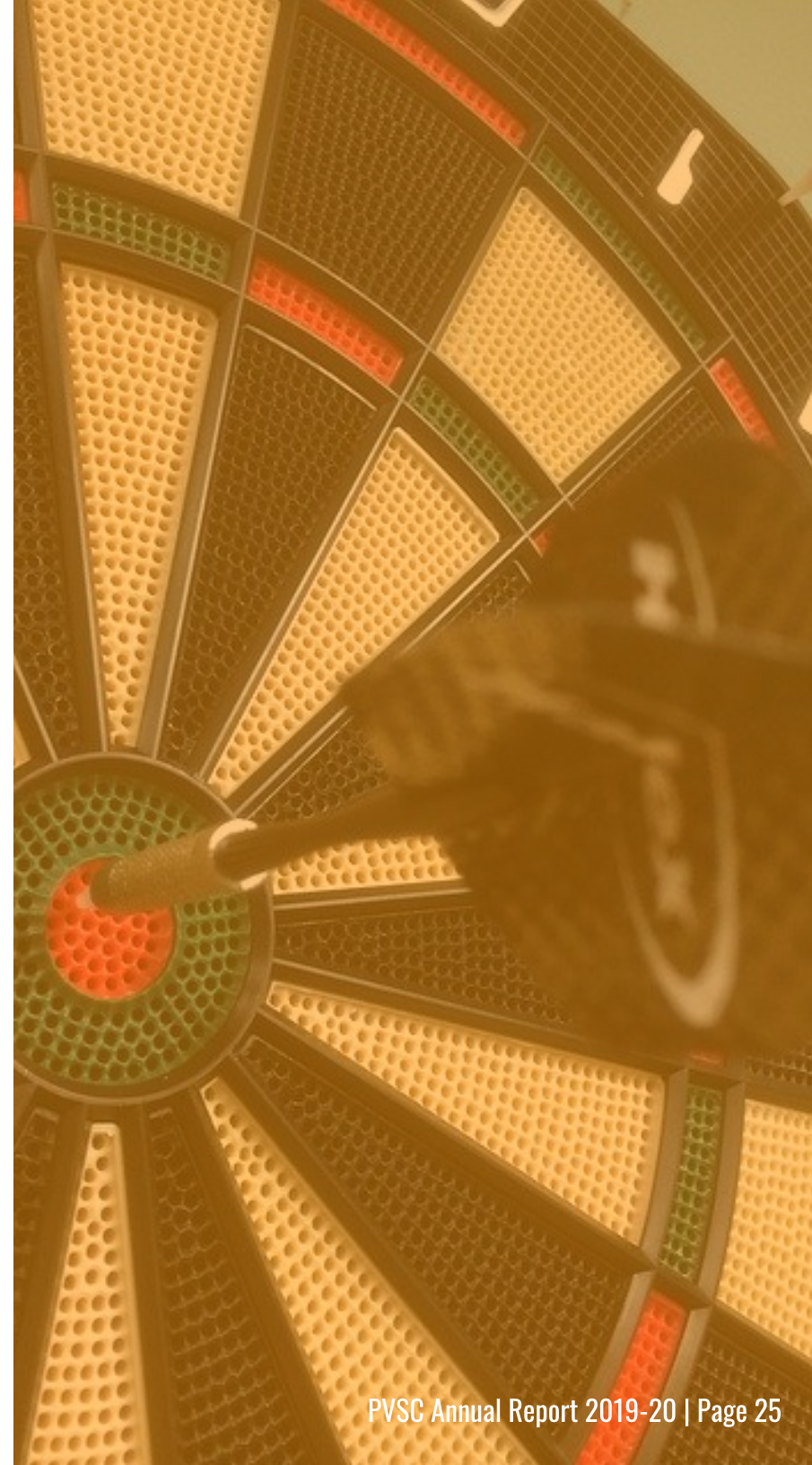
The IAAO standard acceptance criteria for median ASR is between 90% and 110%. **Our 2019-20 assessment roll achieved an overall residential GLA of 98%.**

Market Value Uniformity

Market value uniformity is measured using these statistical tests:

- Coefficient of dispersion (COD);
- Price related differential (PRD); and
- Price related bias (PRB).

The IAAO standard acceptance criteria is less than 20% for COD, between 98% and 103% for PRD, and between -10% and 10% for PRB. **Our 2019-20 assessment roll achieved an overall residential COD of 7.0%, an overall residential PRD of 101% and an overall residential PRB of -0.4%.** Due to the limited number of commercial sales by property type, 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 IAAO procedures.



Residential GLA by Municipality

Municipality	# of Sales	GLA	COD	PRB	Municipality	# of Sales	GLA	COD	PRB
CBRM	991	98%	6.7%	-0.8%	Town of Annapolis Royal	48	100%	1.9%	-3.0%
County of Annapolis	445	96%	9.6%	0.8%	Town of Antigonish	57	98%	4.5%	-1.0%
County of Antigonish	232	97%	8.4%	-0.2%	Town of Berwick	58	96%	5.8%	-0.3%
County of Colchester	515	99%	8.5%	0.2%	Town of Bridgewater	142	100%	2.7%	0.3%
County of Cumberland	360	97%	13.9%	-0.5%	Town of Clark's Harbour*	10	100%	- **	- **
County of Inverness	250	96%	8.5%	-0.8%	Town of Digby	31	97%	6.1%	-1.0%
County of Kings	818	97%	6.4%	0.3%	Town of Kentville	104	98%	4.5%	-1.4%
County of Pictou	298	98%	9.3%	0.5%	Town of Lockeport*	8	100%	- **	- **
County of Richmond	154	99%	7.3%	0.0%	Town of Lunenburg	57	97%	8.3%	-4.0%
County of Victoria	142	98%	12.3%	-1.0%	Town of Mahone Bay	45	96%	6.0%	-0.5%
District of Argyle	100	97%	9.8%	0.5%	Town of Middleton	29	96%	5.9%	2.1%
District of Barrington	73	97%	8.5%	0.0%	Town of Mulgrave*	3	100%	- **	- **
District of Chester	249	98%	11.8%	-1.4%	Town of New Glasgow	119	100%	7.7%	-2.9%
District of Clare	195	97%	16.8%	-2.2%	Town of Oxford	16	97%	9.4%	-0.4%
District of Digby	151	97%	10.5%	-0.3%	Town of Pictou	43	97%	7.3%	-0.2%
District of East Hants	352	99%	8.4%	-1.1%	Town of Port Hawkesbury	20	97%	3.2%	-0.1%
District of Guysborough	79	98%	7.9%	-2.3%	Town of Shelburne	26	100%	8.7%	-3.4%
District of Lunenburg	533	99%	7.2%	-0.5%	Town of Stellarton	40	98%	7.1%	3.2%
District of Shelburne	101	99%	15.2%	-2.3%	Town of Stewiacke	21	97%	6.2%	-2.2%
District of St. Mary's	68	97%	10.1%	-1.5%	Town of Trenton	24	98%	5.0%	-0.6%
District of West Hants	241	98%	8.7%	-1.0%	Town of Truro	139	99%	5.7%	-0.7%
District of Yarmouth	185	99%	5.4%	-0.6%	Town of Westville	37	99%	7.5%	-2.0%
HRM	6,092	98%	4.5%	-0.4%	Town of Windsor	39	98%	11.0%	-1.7%
Region of Queens	253	100%	13.9%	-1.0%	Town of Wolfville	62	97%	5.1%	-0.1%
Town of Amherst	125	100%	10.7%	-0.8%	Town of Yarmouth	93	98%	4.7%	-1.3%

** PRB and COD are not calculated at the municipal level in areas where there is not a statistically sufficient number of sales.

Commercial GLA by Municipality

Municipality	# of Sales	GLA	Municipality	# of Sales	GLA
CBRM	42	97%	Town of Annapolis Royal*	3	100%
County of Annapolis*	10	100%	Town of Antigonish*	3	100%
County of Antigonish*	6	100%	Town of Berwick*	2	100%
County of Colchester*	10	100%	Town of Bridgewater*	7	100%
County of Cumberland*	8	100%	Town of Clark's Harbour*	1	100%
County of Inverness*	6	100%	Town of Digby	3	100%
County of Kings	29	98%	Town of Kentville*	9	100%
County of Pictou*	2	100%	Town of Lockeport*	1	100%
County of Richmond*	4	100%	Town of Lunenburg*	5	100%
County of Victoria*	3	100%	Town of Mahone Bay*	4	100%
District of Argyle*	3	100%	Town of Middleton*	2	100%
District of Barrington*	10	100%	Town of Mulgrave*	0	100%
District of Chester*	7	100%	Town of New Glasgow*	4	100%
District of Clare*	4	100%	Town of Oxford*	0	100%
District of Digby*	3	100%	Town of Pictou*	5	100%
District of East Hants*	9	100%	Town of Port Hawkesbury*	2	100%
District of Guysborough*	0	100%	Town of Shelburne*	2	100%
District of Lunenburg*	10	100%	Town of Stellarton*	0	100%
District of Shelburne*	4	100%	Town of Stewiacke*	2	100%
District of St. Mary's*	1	100%	Town of Trenton*	0	100%
District of West Hants*	7	100%	Town of Truro	11	93%
District of Yarmouth*	2	100%	Town of Westville*	0	100%
HRM	124	92%	Town of Windsor*	3	100%
Region of Queens*	4	100%	Town of Wolfville*	0	100%
Town of Amherst*	5	100%	Town of Yarmouth*	6	100%

*The uniformity measure within the valuation standard set out in the *Nova Scotia Assessment Act* is established, pursuant to the Act and case law from Nova Scotia courts, to be the General Level of Assessment (GLA). Accordingly, PVSC reports annually in this report the GLA for each municipality, for both Residential/Resource and Commercial assessment rolls.

The International Property Tax Institute (IPTI) recommends that in cases where there are fewer than 11 qualified sales for use in analysis for either the residential/resource or commercial assessment roll in a municipality for a given year, there is insufficient data to reliably calculate General Level Statistics. For the purpose of GLA reporting herein, for municipalities with fewer than 11 qualified sales respecting either the Residential/Resource or Commercial assessment rolls, the General Level Statistics are reported as deemed 100%.



Service Level Agreements

In 2018, PVSC developed a Service Level Agreement (SLA) with Nova Scotia municipalities to clarify the services we administer and deliver. The SLA's demonstrate our commitment to quality and service, and form a foundation for open channels of communication and information sharing.

Delivery of Annual Assessment Roll

Commitment: To provide a copy of the annual assessment roll and addendum file to each municipality every year, and to receive acknowledgement of delivery via signed Certificates of Director.

2019-20 Performance: We posted the annual assessment roll on our secure FTP site on December 31, 2019.

Assessment Roll Quality

Commitment: To complete a comprehensive ratio study to assess the quality of the assessment roll in accordance with standards established by the International Association of Assessing Officers (IAAO).

2019-20 Performance: Key statistics from our 2019-20 Roll Quality Report are included on pages 23 to 25 of this Report.

Service Level Agreements

Annual Report Delivery

Commitment: To publish an Annual Report outlining our performance, highlighting our activities and reporting on the findings of our Roll Quality Report and audited financial statements.

2019-20 Performance: This Annual Report will be sent to Nova Scotia municipalities in July, following approval by our Board of Directors, and posted on our website at www.pvsc.ca.

Assessment Appeal Management

Commitment: To provide a mechanism for property owners and municipalities to appeal for wrongful insertion on the roll, omission from the roll, valuation or classification, and to keep all parties informed through the appeal process.

2019-20 Performance: We posted appeal reports on our secure FTP site, including all changes to assessment accounts:

- Daily (for filed roll changes and confirmation);
- Monthly (for appeal inventory reports, including outstanding appeals);
- Quarterly (for previous year appeal reports); and
- Annually (for provincial appeal totals).



Service Level Agreements

Notification of Assessment Account Changes

Commitment: To inform municipalities of assessment account changes that affect property owners.

2019-20 Performance: We posted appeal reports on our secure FTP site, including all changes to assessment accounts:

- Daily (for filed roll changes and confirmation);
- Monthly (for appeal inventory reports, including outstanding appeals);
- Quarterly (for previous year appeal reports); and
- Annually (for provincial appeal totals).

Our Service Centre is open Monday to Friday from 8:30 am to 4:30 pm to answer questions about account changes.

Financial Notification and Payment Processing

Commitment: To provide municipalities with accurate and timely invoicing and payment processing.

2019-20 Performance: We distributed invoices, accompanied by an email to advise Chief Administrative Officers (CAO) when invoices have been mailed, and received payment for the 2019-20 fiscal year from all municipalities.

Customer Measures

2019 Inquiry and Appeal Period Survey

Each spring, we randomly select 400 property owners who contacted PVSC during the 31-day inquiry and appeal period and ask them to participate in a customer satisfaction survey. This survey gives us insight into our customer's experiences and helps us make informed, strategic client service and communications decisions.

Service Centre Satisfaction Rating

- 82%** said we answered their call promptly.
- 92%** said the call was handled in a professional, friendly manner.
- 88%** said we demonstrated a willingness to listen to their concerns.
- 81%** said we provided them with the answer to their questions.
- 87%** said we treated their call as being important.

Assessor Satisfaction Rating

- 90%** said we conducted ourselves in a professional, friendly manner.
- 86%** said we demonstrated a willingness to listen to their concerns.
- 77%** said we provided them with the answer to their questions.
- 78%** said we treated their call as being important.
- 78%** said we were fair and objective in handling their assessment inquiry.





Customer Measures

2019 Appeal Process Survey

Each fall, we also survey property owners who appealed their assessment.

In 2019 we surveyed 441 appellants, representing 382 residential appeals, 32 commercial appeals, and 27 mixed residential/commercial appeals.

78% said this was their first time filing an appeal on their current property.
55% said they contacted us to discuss their assessment before appealing.
95% said the instructions for filing an appeal were clear and easy to follow.

79% said they viewed their "My Property Report" on our website.
66% said their "My Property Report" contained useful information.

82% said we conducted ourselves in a professional, friendly manner.
73% said we demonstrated a willingness to listen to our concerns.
70% said we provided answers to their questions.
66% said we were fair and objective in conducting their appeal review.

Organizational Learning Measures

Staff Training and Certification

Investing in employee professional development and growth enables our team to meet and exceed our stakeholders' needs and positions PVSC for ongoing success.

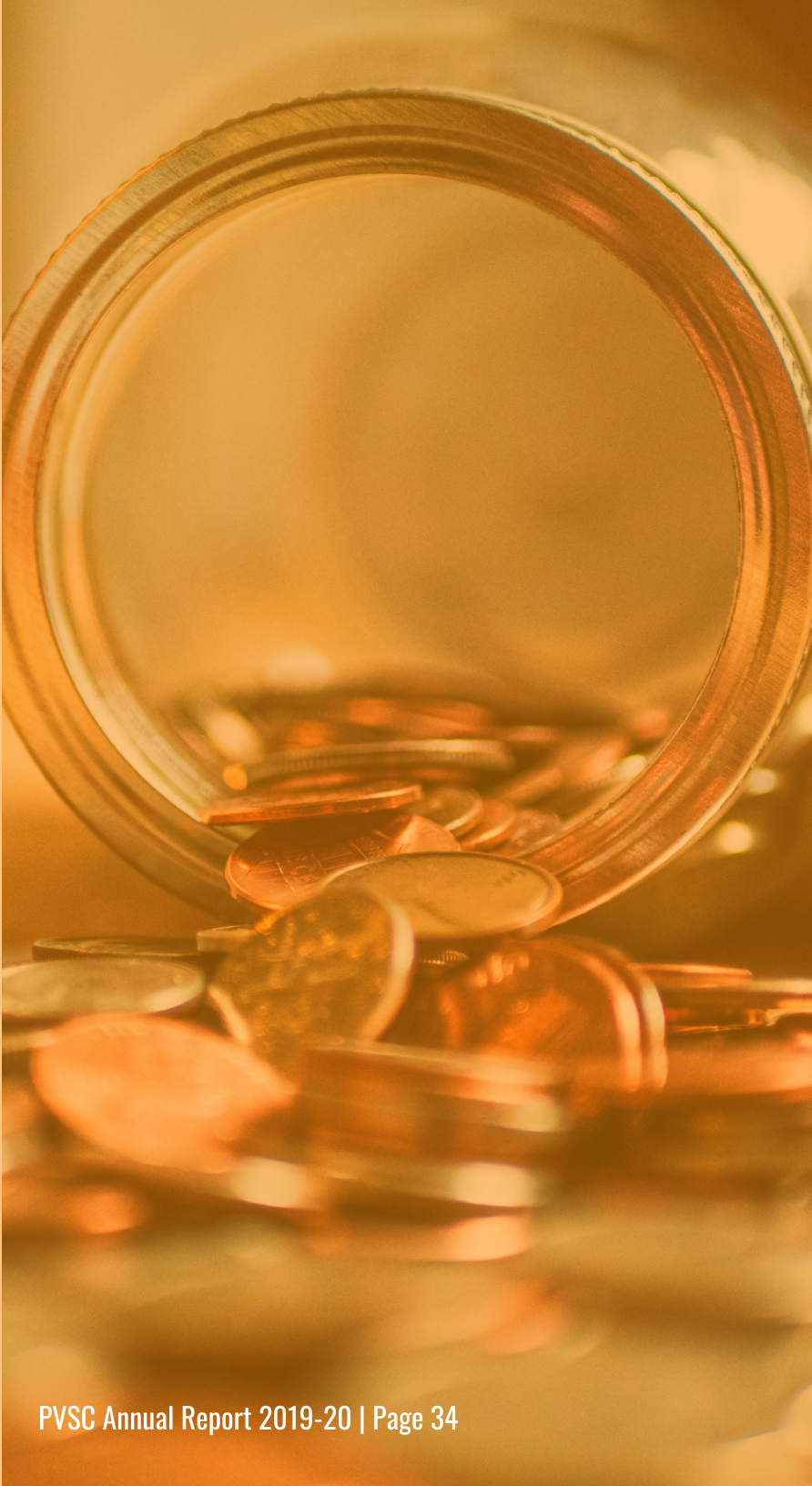
In 2019-20, we spent the equivalent of **1.8%** of salary and benefit expenditures on employee training and development.

Assessor Designations

We are proud to support the professional certification of our employees. Their achievements are a testament to years of hard work, dedication and professionalism, and the reason that PVSC is a leader in our industry.

Congratulations to **Charlene MacPhail** (RES), **Rury Skinner** (RES), **Mathieu Chaput** (CRA) and **Jamie Brown** (MIMA) for achieving their designations this year!





Financial Measures

In addition to our audited financial statements, we also evaluate other financial indicators for a clearer understanding of our operations.

Cost per Account

This standard measure, calculated by dividing our total organizational costs by the total number of accounts in Nova Scotia, provides an average estimated cost to assess a single property account. We compare our cost per account to the national average for assessment jurisdictions and we always strive to be below the national average. The national average, as reported at the 2019 CPAN Conference, was **\$38.84** per account and our cost was **\$27.16** per account.

Defensive Interval

Our defensive interval reflects how long PVSC could operate if no additional funds were received. Our target is to be able to operate for 1 - 3 months, and in 2019-20 we had a defensive interval of **3.97 months**.

Liquidity Ratio

Our liquidity ratio reflects PVSC's current assets compared to its current liabilities. Our 2019-20 liquidity ratio is **2.62**, with the value of our short term assets exceeding our short term liabilities.

Community Involvement

Corporate Giving

We believe that supporting, engaging with and giving back to our communities is essential, during both good times and bad. Each year, we select a local non-profit and gather donations through payroll deductions, casual dress days, fundraising events and corporate contributions.

Shelter Nova Scotia supports people in times of crisis and transition through residential, trustee and outreach programs.

They operate six facilities in HRM providing a night of rest to 134 people each night. They also provide client and housing support, in tandem with mental health and addiction services, to support 1,300 people annually.

Shelter Nova oversees:

- Two emergency shelters;
- A supportive housing program;
- An apartment complex for men;
- An affordable, supportive living environment;
- A Community Trustee Program; and
- Two Community Residential Facilities that help men and women make the change from correctional facilities to community living.



This year, we are happy to
donate **\$12,560.80** to
Shelter Nova Scotia.



OUR TEAM

PVSC is staffed by 124 employees, governed by a Board of Directors and led by CEO Kathy Gillis and a corporate executive team.

We are proud to work with passionate, dedicated teammates who bring creativity and caring to all aspects of our business.

PVSC Staff

We employ 124 people across the province of Nova Scotia, and operate year-round offices in **Truro, Dartmouth, Sydney, Tuskent** and **Wolfville**, as well as seasonal "pop-up" offices in **Bridgewater** and **Port Hawkesbury**.

During the difficult times we encountered in the last quarter of this fiscal year, we are proud that our team banded together to support each other and our communities. We received regular updates from our CEO, Kathy Gillis, with guidance, support and a healthy dose of humour to lift our spirits and keep us on track personally and professionally.

We shared our strategies for staying positive, productive and healthy while dealing with physical distancing and our stories of hope, grief and support during local tragedies through a regular "PVSC Together, Apart" newsletter.

And we volunteered our time and services to help each other, creating a "PVSC Cares" network of staff willing to deliver groceries, medication, or meet other needs for staff, family and friends in isolation across the province.





Rebecca Vorstermans

Our Privilege Award Winner

Mobile Assessor Project Team:

Cheryl Fenerty, Sandy Lemmon, Clinton Bennett, Dion Regular, Adam Hanna, Rob Semple, Wade Fenerty, Julie Frank, Charlene MacNeil, Emily Wroblewski, Rae MacDonald, Rury Skinner, Elaine Himmelman, Rod Tremblay, Jason Brown, Dan Belliveau, and Josh Smith

One Chance Award Winners

PVSC Awards

PVSC Awards recognize and celebrate the employees who make our corporation stronger by exemplifying our virtues each and every day. Nominations are submitted each year by staff and managers, and winners are selected by staff, managers, the corporate executive team, our CEO and/or our Board of Directors.

Our 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.

One Chance Award

Awarded to an individual, team, division, project or committee for an exemplary commitment to quality. This award celebrates problem-solving, productivity, communication, innovation, sustainability and collaboration.

PVSC Awards

Proud To Do 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.

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.

Business Forward Award

The recipients of this award are talented and love the work they do. They actively seek opportunities to develop themselves and support others by engaging, challenging and inspiring. They never stop learning and are passionate about continuously improving themselves and our products.

Congratulations to our winners and thank you for everything you do to make PVSC a better organization, each and every day!

Linda Wilson

Proud To Do Our Part Award Winner

Kathy Rann

Power of One Award Winner

Ross Fenerty

Business Forward Award Winner



JOHSW Committee

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

Committee Goals

Continue to build a culture committed to health and wellness; engage our Employee Family Assistance Program (EFAP) and promote their services to staff; and ensure the Dartmouth office is properly set up for fire safety.

Committee Achievements

- Published a quarterly wellness newsletter;
- Ran the Witness the Fitness Take 2 step challenge with 60 participants and seven teams;
- Sent two members to Aware NS Safety Leadership Symposium;
- Trained two Dartmouth staff members as fire marshals;
- Established and posted fire routes, an evacuation plan and muster stations for the Dartmouth office;
- Invited an EAP representative to speak at the 2019 All Staff Event;
- Developed a wellness calendar for the upcoming year; and
- Achieved ~100% fire extinguisher and office inspection compliance each month and quarter.



OUR FINANCIALS

PVSC is a not-for-profit corporation funded by Nova Scotia's municipalities.

We take our legislated mandate and our commitment to fiscal prudence and financial responsibility seriously, and we work to deliver the highest possible value to our clients.

Management Discussion and Analysis

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, 2020.

The financial statements have received an unqualified opinion from PVSC's external auditors. 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).

Financial Reporting Framework

PVSC's financial reporting framework is in accordance with the Accounting Standards for Not-for-Profit organizations (ASNPO) 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 assessed values and total property counts as compared to all of Nova Scotia.

The municipal funding requirement for the financial year ending March 31, 2020 was one and a half percent higher than the previous year consistent with the previous fiscal year. Prior to this, the corporation spent seven consecutive years with no increase in municipal funding, 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, other service agreements, interest, and investment income.

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.

Financial Summary

Restricted Reserves and Fund Balances

PVSC develops its operational plans and budgets to achieve 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; and
- 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** 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 of March 31, 2020 the balance of the Technology Advancement Reserve was **\$2.03 million**.



Financial Summary

Restricted Reserves and Fund Balances

- 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 of operating expenses.
- The **Special Operating Reserve** accumulates operating surpluses or budget savings that have been internally restricted by the Board 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 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, 2020, the net book value of capital assets was **\$1.68 million** (2019: \$2.12 million).



Financial Summary

Analysis of the Operating Fund

The municipal revenues for the financial year ending March 31, 2020 of **\$17,695,392** 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.

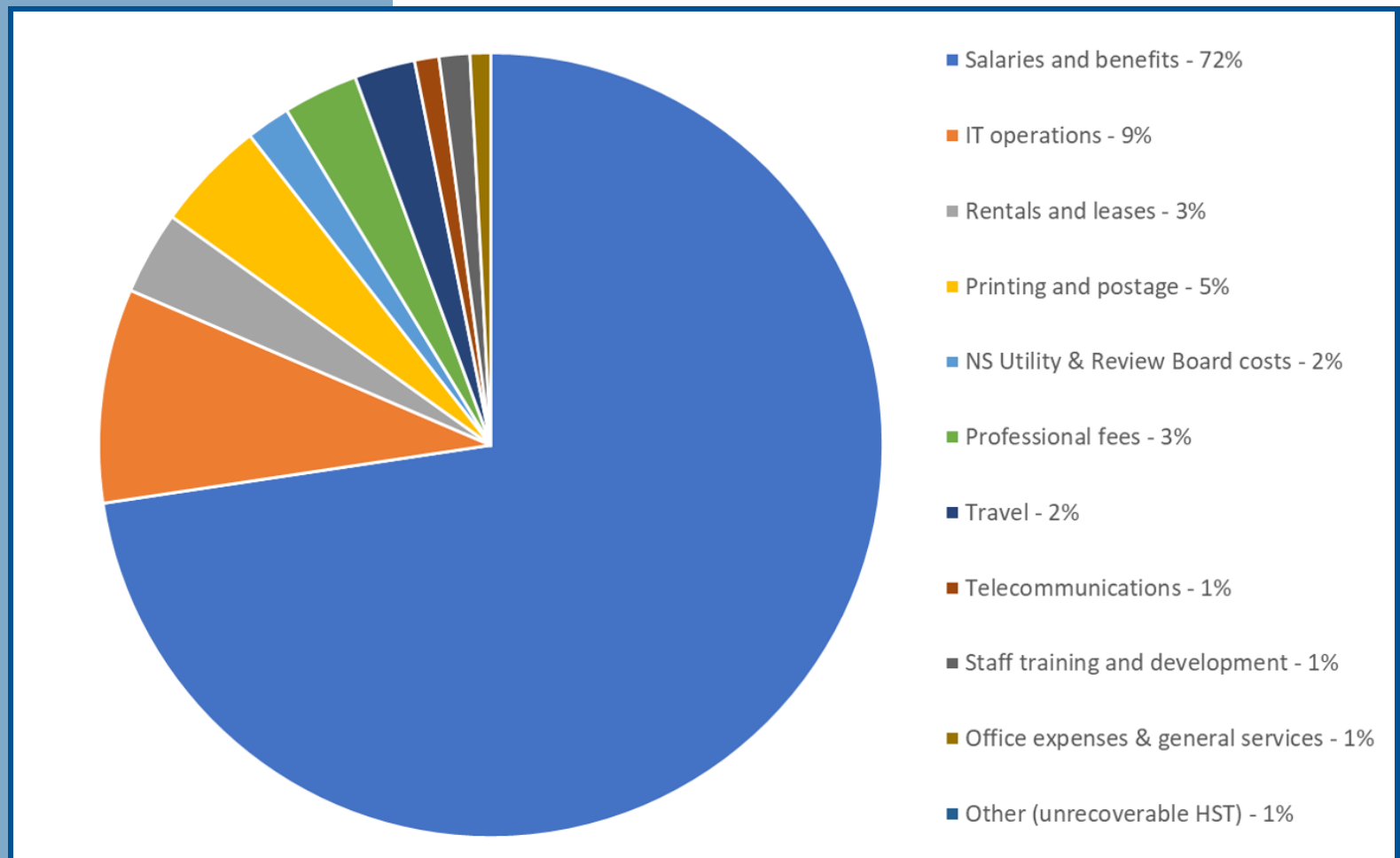
The **Operating Fund** includes cost recovery revenues and expenses relating to contracts outside delivery of assessment services to the municipalities of Nova Scotia. During the financial year, PVSC realized higher cost recovery revenues than budgeted, due to the provision of assessment-related services 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.



Financial Summary

Analysis of the Operating Fund

PVSC's actual total expenses on the **Operating Fund** for 2020 were **\$16,527,269** (2019: \$16,041,820). A summary of the major expense categories is as follows:



Financial Summary

The corporation had a net transfer of **\$2.1 million** from the **Operating Fund** to the **Special Operating Reserve**. This transfer will be utilized to reduce and stabilize future municipal billings as per PVSC's budget practices. This positive balance was after accommodating the following major financial impacts:

- There were net actuarial revaluation adjustments of **\$285,516**, mainly to reflect reductions in liability projections changes for the Health Benefits and the Service Awards which were due to an increase in financial markets and corporate bonds. These changes drove up corporate bond yields, causing an increase in the discount rates used in the valuation of PVSC's funds and resulting in a decrease in the calculated defined benefit obligations for the organization's future liabilities, resulting in a positive impact to PVSC's financial statements of **\$567,000**. 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; 2020 was not a full valuation year but did involve a full revaluation for the SERP valuation, triggered by changes in assumptions. In the years between full valuations, actuarial annual reviews and roll-forward techniques are completed to estimate annual obligation balances. The annual review of actuarial valuation for the financial year ending March 31, 2020 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 2020 were **\$296,319** (2019: \$137,665).



Financial Summary

Salaries and Benefits \$11,861,662 (2019: \$11,630,222)

The year over year change in salaries and benefits includes the required annual increases under PVSC's Collective Agreement and the negotiated adjustments under the approved pay scales.

The budgeted salaries and benefits for the financial year ending March 31, 2020 were **\$12,295,029**. 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 the corporation is obligated to make payments for services rendered by employees.

Conclusion

It has been a unique but positive year for the corporation.

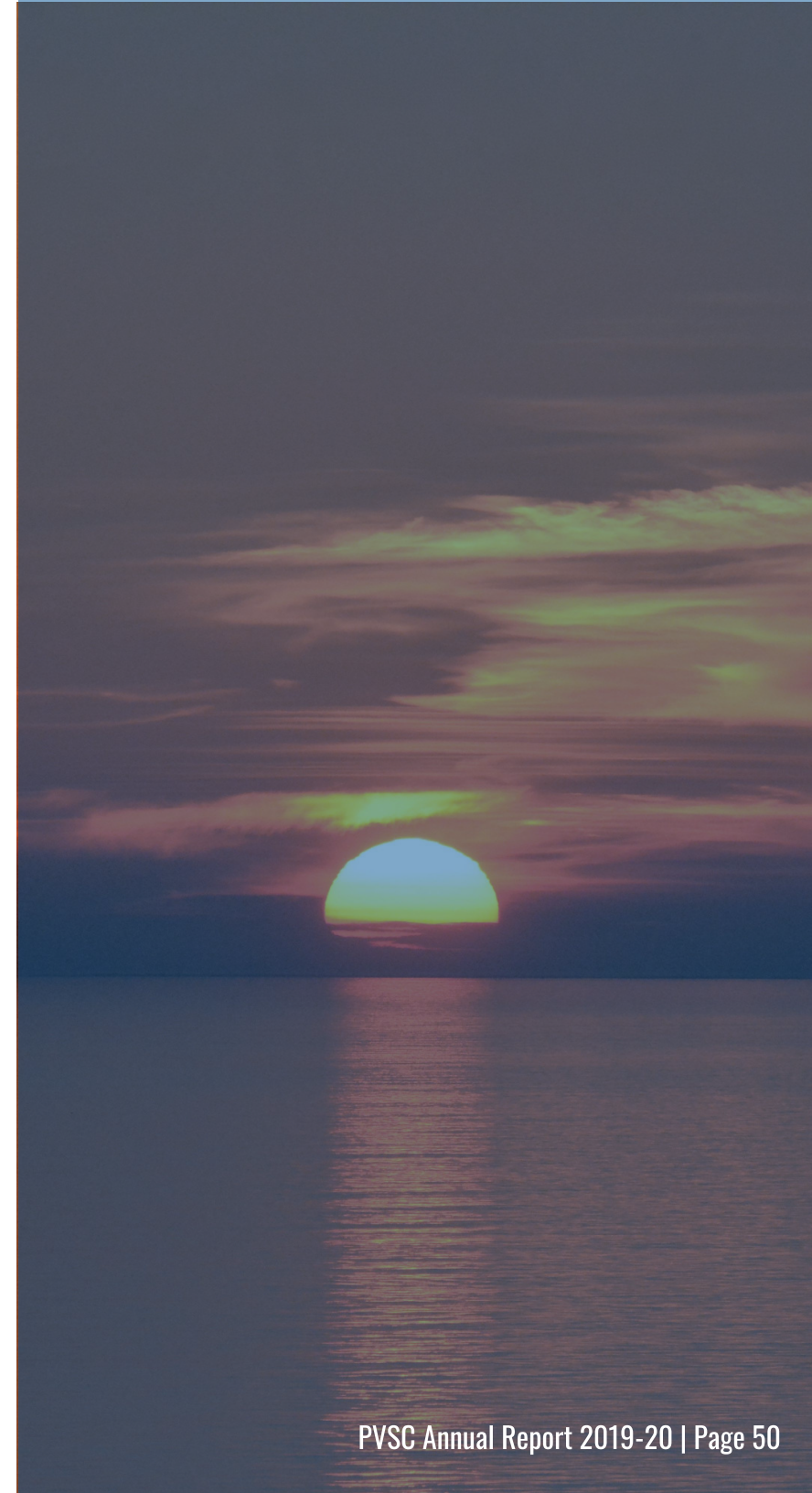
The 2019-2020 fiscal year saw minor impacts of COVID-19 in quarter four, as well as several other larger initiatives that have impacted the organization's operations such as the first full year of PVSC's work from home model, and new technology impacts (*MobileAssessor* and Machine Learning) leading to cost savings.

PVSC closed the financial year ending March 31, 2020 with a strong financial performance and a positive transfer of **\$2.1 million** 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.

PVSC is expecting a more significant impact of COVID-19 on its operations in 2021 and 2022; as part of PVSC's regular budgeting process the corporation will review its reserves to help stabilize future budgets and minimize the funding requirements of municipalities.

Attached:

Grant Thornton Consolidated Financial Statements
Property Valuation Services Corporation
March 31, 2020





Consolidated Financial Statements

Property Valuation Services Corporation

March 31, 2020

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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, 2020, 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, 2020, 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, 2020



Chartered Professional Accountants

Property Valuation Services Corporation

Consolidated statement of operations

Year ended March 31	Budget 2020	Actual 2020	Actual 2019
Revenues			
Municipal	\$ 17,695,392	\$ 17,695,392	\$ 17,433,884
Interest	45,020	137,070	107,210
Cost recovery	50,000	148,161	55,100
Investment income	-	298,711	262,190
Unrealized (loss) gain on investments	-	(279,774)	196,531
Amortization of deferred capital contributions	-	253,395	104,072
	<u>17,790,412</u>	<u>18,252,955</u>	<u>18,158,987</u>
Expenses			
Salaries and benefits	12,295,029	11,861,662	11,630,222
IT operations	1,617,957	1,505,095	1,270,108
Rentals and leases	689,492	586,132	765,013
Amortization	786,000	643,554	865,428
Printing and postage	823,175	781,164	775,634
External administrative services	273,691	182,989	269,501
Professional fees	100,003	207,900	152,020
Consulting services	431,064	136,326	118,319
Employee future benefits (recovery)	412,000	(59,013)	(101,572)
Travel	413,907	421,672	448,898
NS Utility and Review Board costs	160,000	296,319	137,665
Staff training and development	242,112	119,816	67,849
Telecommunications	130,529	171,599	164,615
Office expenses and general services	238,954	145,842	171,822
Membership dues and fees	105,266	95,838	100,472
Office meeting expenses	21,053	30,224	27,324
Board meeting expenses	41,316	43,704	43,930
	<u>18,781,548</u>	<u>17,170,823</u>	<u>16,907,248</u>
Excess (shortfall) of revenues over expenses	\$ (991,136)	\$ 1,082,132	\$ 1,251,739

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Consolidated statement of financial position

March 31

2020

2019

Assets

Current

Cash and cash equivalents (Note 3)	\$ 6,228,849	\$ 7,553,867
Receivables (Note 6)	227,772	282,105
Prepays	<u>288,387</u>	<u>200,617</u>
	6,745,008	8,036,589
Internally restricted investments	1,999,537	1,967,516
Employee future benefits (Note 5)	684,005	453,818
Capital assets (Note 8)	60,222	100,480
Intangibles (Note 9)	<u>1,621,163</u>	<u>2,018,592</u>
	\$ 11,109,935	\$ 12,576,995

Liabilities

Current

Payables and accruals (Note 7)	\$ 1,299,845	\$ 1,143,578
Deferred revenue (Note 12)	<u>1,277,026</u>	<u>3,982,485</u>
	2,576,871	5,126,063

Net assets (Page 5)

Restricted Capital Asset Fund (Note 4)	1,681,385	2,119,072
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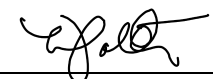
Internally restricted reserve funds

Technology Advancement Reserve (Note 4)	2,033,393	2,000,000
Special Operating Reserve (Note 4)	3,271,039	1,540,154
Contingency Reserve	1,425,000	1,425,000
Unrealized Post Retirement Gains Reserve (Note 4)	<u>122,247</u>	<u>366,706</u>
	8,533,064	7,450,932
	\$ 11,109,935	\$ 12,576,995

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, 2020

	Operating Fund	Technology Advancement Reserve	Special Operating Reserve	Contingency Reserve	Unrealized Post Retirement Gains Reserve	Restricted Capital Asset Fund	2020 Total
Balance, beginning of year, April 1, 2019	\$ -	\$ 2,000,000	\$ 1,540,154	\$ 1,425,000	\$ 366,706	\$ 2,119,072	\$ 7,450,932
Excess (shortfall) of revenues over expenses	1,438,898	33,393	-	-	-	(390,159)	1,082,132
Inter-fund transfers (Note 4)							
Investment in capital assets	47,528	-	-	-	-	(47,528)	-
Special Operating Reserve	(1,730,885)	-	1,730,885	-	-	-	-
Unrealized Post Retirement Gains Reserve	<u>244,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(244,459)</u>	<u>-</u>	<u>-</u>
Balance, end of year, March 31, 2020	<u>\$ -</u>	<u>\$ 2,033,393</u>	<u>\$ 3,271,039</u>	<u>\$ 1,425,000</u>	<u>\$ 122,247</u>	<u>\$ 1,681,385</u>	<u>\$ 8,533,064</u>

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Consolidated statement of cash flows

Year ended March 31

2020

2019

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenues over expenses	\$ 1,082,132	\$ 1,251,739
Items not affecting cash		
Amortization	643,554	865,428
Employee future benefits	(248,566)	(298,647)
Unrealized change in market value on internally restricted investments	279,774	(196,531)
Realized investment income on internally restricted investments	(298,711)	(262,190)
	<u>1,458,183</u>	<u>1,359,799</u>
Change in non-cash operating working capital		
Receivables	54,333	89,966
Prepays	(87,770)	(68,296)
Payables and accruals	156,267	(83,552)
Deferred revenue	(2,705,459)	1,733,479
	<u>(1,124,446)</u>	<u>3,031,396</u>

Investing

Proceeds of restricted investments, net	5,295	214,313
Purchase of capital assets and intangibles:		
IT assets	(202,188)	(328,994)
Leasehold improvements	(3,079)	-
Furniture and equipment	(600)	(1,200)
	<u>(200,572)</u>	<u>(115,881)</u>

Net (decrease) increase in cash and cash equivalents	(1,325,018)	2,915,515
Cash and cash equivalents, beginning of year	<u>7,553,867</u>	<u>4,638,352</u>
Cash and cash equivalents, end of year	<u>\$ 6,228,849</u>	<u>\$ 7,553,867</u>

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2020

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, 2020

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	3-7 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, 2020

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, 2020 is \$853,393 (2019 - \$856,495) which is included in salaries and benefits expense.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2020

3. Cash and cash equivalents

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,803,849	\$ 6,128,867
Internally restricted cash and cash equivalents	<u>1,425,000</u>	<u>1,425,000</u>
	<u>\$ 6,228,849</u>	<u>\$ 7,553,867</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 \$1,730,885 to the Special Operating Fund during the financial year ended March 31, 2020. Details of the substance of the transfers are as follows:

- \$320,136 transferred from the Special Operating Reserve and applied as a budget offset for the 2019/20 approved budget.
- \$2,051,021 transferred from the Operating Fund to be applied to offset future budget increases.

The balance in the Special Operating Reserve as at March 31, 2020 of \$3,271,039 has been internally restricted by the Board of Directors as follows

- \$140,000 reserved for operating loan for new wholly subsidiary creation.
- \$3,131,039 reserved to be applied to offset future budget increases in operating expenses and strategic initiatives as required.

There was a non-cash transfer of \$244,459 to the Operating Fund from 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, 2020 of 122,247 represents the cumulative unrealized market gains on post retirement funds to date.

The Restricted Capital Asset Fund transferred \$47,528 to the Operating Fund relating to income earned from amortization of deferred capital contributions, net of \$205,867 relating to the acquisition of capital assets.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2020

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, 2020 were as follows:

	Health Plans	Service Awards	SERP	Total
Fair value plan assets, March 31, 2019	\$2,716,546	\$2,562,590	\$ 327,427	\$5,606,563
Net Investment (loss)	(8,905)	(8,401)	(1,073)	(18,379)
Fair value plan assets, March 31, 2020	\$2,707,641	\$2,554,189	\$ 326,354	\$5,588,184

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 of the SERP liability and an extrapolation of actuarial valuations for the other plans was carried out by the Corporation's actuary consultant to determine the following liabilities as at March 31, 2020:

	Health Plans	Service Awards	SERP	Total
Defined benefit obligation March 31, 2019	\$2,755,846	\$2,069,025	\$ 327,874	\$5,152,745
Payments	(54,875)	(126,205)	(8,473)	(189,553)
Actuarial Revaluations + Interest	(170,730)	(45,996)	(68,790)	(285,516)
Annual service cost	91,742	133,105	1,656	226,503
Defined benefit obligation March 31, 2020	\$2,621,983	\$2,029,929	\$ 252,267	\$4,904,179
Employee future benefits, net	\$ 85,658	\$ 524,260	\$ 74,087	\$ 684,005

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2020

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, 2020 are as follows:

	Health <u>Plans</u>	Service <u>Awards</u>
Discount rate	3.9%	3.5%
Rate of compensation and inflation	4.5%	2.5%

Health care trend

Initial rate: drugs	11%
Initial rate: other health	6.5%
Ultimate rate: drugs and other health	4.5%
Year ultimate reached	(Drugs – 2026, Other health – 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 \$1,656 for SERP.

Benefit Fund balance allocation

The Corporation has internally set aside \$5,588,184 in investments to pay for the employee future benefit obligations. As of March 31, 2020, the total liabilities were over-funded by \$684,005 (2019 - \$453,818).

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 \$151,217 (2019 - \$173,836) for an outstanding HST reimbursement claim that is awaiting processing by CRA.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2020

7. Payables and accruals	<u>2020</u>	<u>2019</u>
Vacation liability	\$ 337,167	\$ 375,743
Salaries and other benefit accruals	778,084	569,877
Trade payables	<u>184,594</u>	<u>197,958</u>
	<u>\$ 1,299,845</u>	<u>\$ 1,143,578</u>

8. Capital assets	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 329,384	\$ 308,810	\$ 20,574	\$ 42,559
IT hardware	806,640	769,370	37,270	57,921
Leasehold improvements	<u>229,121</u>	<u>226,743</u>	<u>2,378</u>	<u>-</u>
	<u>\$ 1,365,145</u>	<u>\$ 1,304,923</u>	<u>\$ 60,222</u>	<u>\$ 100,480</u>

9. Intangibles	<u>2020</u>		<u>2019</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	\$ -	\$ -
Internally developed software				
Single address	711,175	609,579	101,596	203,193
eDelivery	505,910	361,364	144,546	216,819
Permit Data Exchange	1,148,754	328,216	820,538	984,646
Open Data	137,305	63,749	73,556	93,171
Multiple Regression Analysis	374,662	249,774	124,888	249,775
Mobile Assessor	384,186	64,031	320,155	198,017
IT software other	<u>705,890</u>	<u>670,006</u>	<u>35,884</u>	<u>72,971</u>
	<u>\$ 8,553,515</u>	<u>\$ 6,932,352</u>	<u>\$ 1,621,163</u>	<u>\$ 2,018,592</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 four years are as follows:

2021	\$ 579,488
2022	573,062
2023	534,893
2024	215,318

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, 2020

10. Commitments (continued)

- (b) The Corporation has a two-year agreement, expiring March 31, 2021 with a service provider for the provision of IT Hosting and related services. The remaining minimum annual payment under this agreement is as follows:

2021	\$ 297,884
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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:

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>2020</u>	<u>2019</u>
Municipal revenues	\$ 723,084	\$ 3,175,149
Single address project capital contributions	36,433	72,867
Single address project operating contributions	8,923	8,923
eDelivery project capital contributions	135,276	202,914
Permit Data Exchange	<u>373,310</u>	<u>522,632</u>
	<u>\$ 1,277,026</u>	<u>\$ 3,982,485</u>

13. Comparative figures

Certain 2019 comparative information has been reclassified to conform to the 2020 consolidated financial statement presentation.

14. Impact of COVID-19

On March 11, 2020, the World Health Organization declared the global outbreak of COVID-19 a pandemic and the spread of the disease has severely impacted many local economies around the globe. The Corporation however, due to the nature of its business, has not yet realized a significant impact on its operations as a result of the outbreak. The Corporation does hold significant investments that have been set aside to pay for employee benefit obligations. While markets are expected to remain volatile for some time to come, the Corporation is not significantly invested in equity instruments, limiting their overall exposure to market risk.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2020

14. Impact of COVID-19 (continued)

The Corporation's exposure may also be further mitigated given the time horizon of expected employee benefit payouts.

The Corporation has determined that no events have occurred that would impact the consolidated statement of financial position or operations for the year ended March 31, 2020, and accordingly have not made any adjustments to reflect the impact of these events. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of the impact the pandemic will have on the financial position and results of the Company for future periods

Property Valuation Services Corporation

Statement of operations and changes in fund balance - Operating Fund

Year ended March 31	Budget 2020	Actual 2020	Actual 2019
Revenues			
Municipal	\$ 17,695,392	\$ 17,695,392	\$ 17,433,884
Interest	45,020	137,070	107,210
Cost recovery	50,000	148,161	55,100
Investment income	-	229,772	197,186
Unrealized (loss) gain on investments	-	(244,228)	152,104
	<u>17,790,412</u>	<u>17,966,167</u>	<u>17,945,484</u>
Expenses			
Salaries and benefits	12,295,029	11,861,662	11,630,222
IT operations	1,617,957	1,505,095	1,270,108
Rentals and leases	689,492	586,132	765,013
Printing and postage	823,175	781,164	775,634
External Administrative services	273,691	182,989	269,501
Professional fees	100,003	207,900	152,020
Consulting Services	431,064	136,326	118,319
Employee future benefits (recovery)	412,000	(59,013)	(101,572)
Travel	413,907	421,672	448,898
NS Utility and Review Board costs	160,000	296,319	137,665
Staff training and development	242,112	119,816	67,849
Telecommunications	130,529	171,599	164,615
Office expenses and general services	238,954	145,842	171,822
Membership dues and fees	105,266	95,838	100,472
Office meeting expenses	21,053	30,224	27,324
Board meeting expenses	41,316	43,704	43,930
	<u>17,995,548</u>	<u>16,527,269</u>	<u>16,041,820</u>
Excess (shortfall) of revenue over expenses	<u>(205,136)</u>	<u>1,438,898</u>	<u>1,903,664</u>
Fund balance, beginning of year	-	-	-
Inter-fund transfers			
Investment in capital assets	(115,000)	47,528	(226,122)
Transfer from Technology Advancement Reserve			
Permit Data Exchange	-	-	2,993
Technology Fund replenishment	-	-	(615,717)
Transfer from (to) Special Operating Reserve	320,136	(1,730,885)	(946,551)
Unrealized Post Retirement Gains Reserve	-	244,459	(118,267)
	<u>205,136</u>	<u>(1,438,898)</u>	<u>(1,903,664)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Year ended March 31	Budget 2020	Actual 2020	Actual 2019
Revenues			
Amortization of deferred capital contributions	\$ -	\$ 253,395	\$ 104,072
Expenses			
Amortization of capital assets and intangibles	<u>786,000</u>	<u>643,554</u>	<u>865,428</u>
Excess of expenses over revenues	<u>(786,000)</u>	<u>(390,159)</u>	<u>(761,356)</u>
Fund balance, beginning of year	2,119,072	2,119,072	2,654,306
Inter-fund transfers			
Amortization of deferred capital contributions	-	(253,395)	(104,072)
Capital asset and intangible purchases	<u>115,000</u> <u>2,234,072</u>	<u>205,867</u> <u>2,071,544</u>	<u>330,194</u> <u>2,880,428</u>
Fund balance, end of year	<u>\$ 1,448,072</u>	<u>\$ 1,681,385</u>	<u>\$ 2,119,072</u>

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

Year ended March 31	Actual 2020	Actual 2019
Revenues		
Investment income	\$ 53,244	\$ 54,044
Realized gains on investments	31,719	21,347
Unrealized (loss) gain on investments	<u>(35,546)</u>	<u>44,427</u>
	49,417	119,818
Expenses		
Management and custodial fees	<u>16,024</u>	<u>10,387</u>
Excess of revenues over expenses	<u>33,393</u>	<u>109,431</u>
Fund balance, beginning of year	2,000,000	1,277,845
Inter-fund transfers		
Transfer to Technology Advancement Reserve		
Permit Data Exchange, net	<u>-</u>	<u>612,724</u>
	<u>2,000,000</u>	<u>1,890,569</u>
Fund balance, end of year	<u>\$ 2,033,393</u>	<u>\$ 2,000,000</u>
