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Property Valuation Services Corporation

A truly valued Nova Scotia

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This annual report reflects Property Valuation Services Corporation’s fiscal year ending March 31, 2013. The information in this annual report relating to the 2013 assessment roll reflects activity that occurred in 2012.

Property Valuation Services Corporation

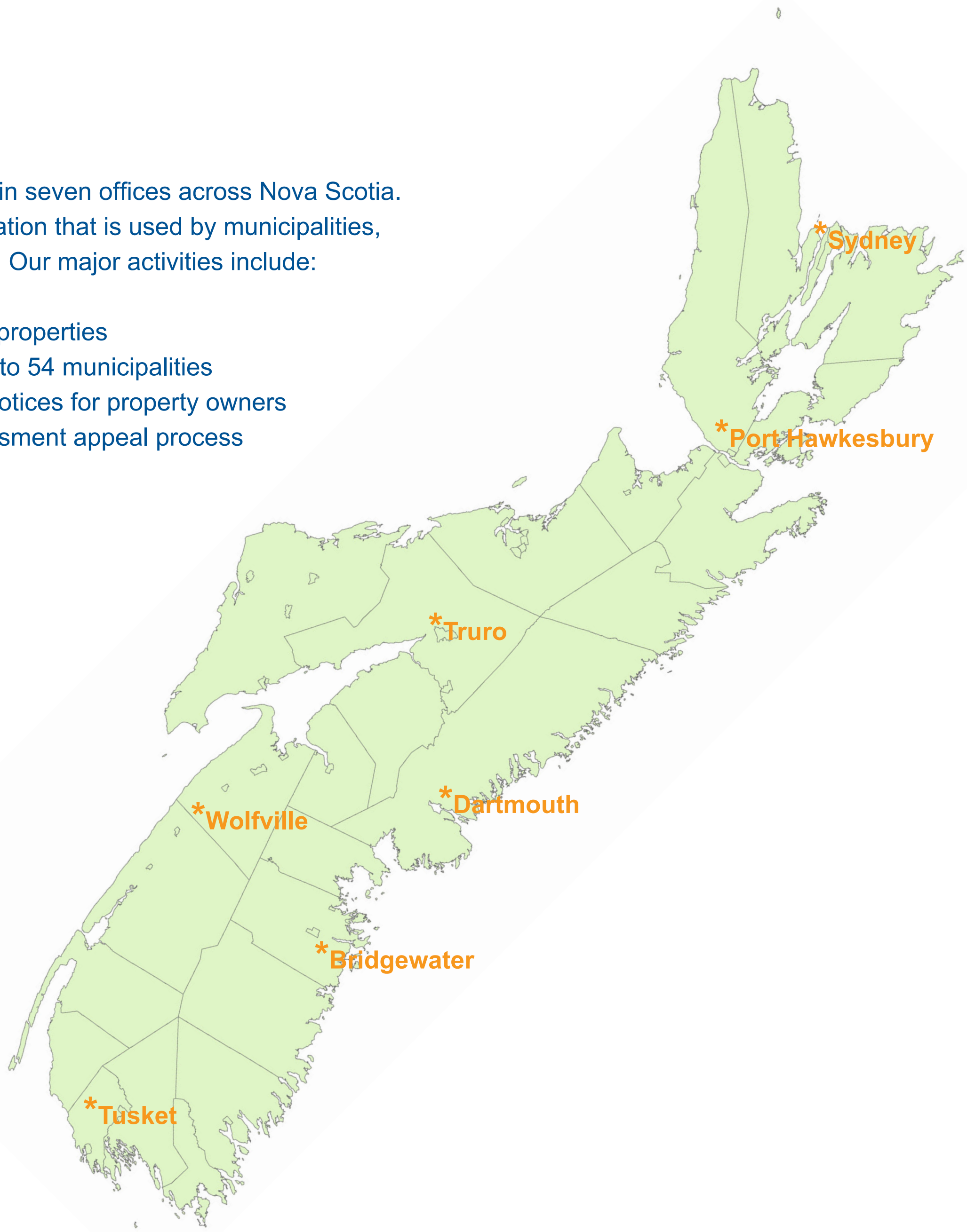
A truly valued Nova Scotia

Property Valuation Services Corporation (PVSC) is the property assessment organization for Nova Scotia. Our core mandate is to serve Nova Scotia property owners and municipalities by providing accurate and timely property assessments. PVSC is also taking a leadership role in expanding its services to include other property related initiatives.

Our Role

We have approximately 145 employees in seven offices across Nova Scotia. Every year we generate property information that is used by municipalities, property owners and other stakeholders. Our major activities include:

- Valuation of approximately 600,000 properties
- Provision of annual assessment roll to 54 municipalities
- Delivery of approximately 600,000 notices for property owners
- Administration of the property assessment appeal process



Mission, Vision & Goals

Mission

We provide market valuation and other property related services to municipalities, clients and the Province of Nova Scotia.

Vision

Our clients recognize us as the best provider of market valuation and property related services.

Goals

Best Product Quality
PVSC will ensure it has the best quality of products and service in the market valuation industry.

Deliver Best Value for Money
PVSC will structure production and services to deliver the most with the corporate resources.

Improve Access to Information
PVSC will enable clients to have convenient choices about where, when and how to conduct business with us.

Build a High Performance Culture
PVSC will attract and keep the right human, financial and technical resources to do our job effectively and economically.

Improve/Expand Products and Services
PVSC will develop the right products to support clients' property related decisions.

Implement Best Practice Governance
PVSC Board will follow best practice governance on behalf of stakeholders.

Letter from the Board Chair

Russell Walker

Russell Walker
PVSC Board Chair
Councillor, Halifax Regional Municipality

On behalf of the Board of Directors I am pleased to present Property Valuation Services Corporation's annual report.

As Chair of PVSC and past member of the Board of Directors, I have had the opportunity to support the organization from its inception five years ago to where we stand today. In addition to fulfilling its mandate of providing a quality assessment roll to the 54 municipalities, PVSC should be recognized for its success in bringing leading edge technology such as Pictometry to Nova Scotia and facilitating important partnerships like the single address initiative, which is advancing property related services across the province.

Property assessment is a fundamental component of municipal government as it provides the basis upon which municipal taxes are allocated. Therefore, the quality of work produced by this organization is paramount both to municipalities and to property owners. Over the past year, PVSC made engaging the municipalities a primary focus, reaching out to each one to better understand current and emerging needs. I believe this will be foundational as we all work together to increase efficiencies and improve service delivery to the public.

The organization also took great strides toward helping clients understand property assessment and making property information more accessible to the public. The new PVSC website provides an excellent foundation for greater transparency, accountability, and information exchange with property owners.

In an ever changing environment with financial pressure across the Province, PVSC has managed to maintain its budget without an increase for the past three years. This has required a combination of sound management, much discipline, and a focus on creativity and continuous improvement. I thank my fellow Board members and PVSC staff for their contributions to PVSC's many accomplishments thus far and look forward to the exciting opportunities that lie ahead.

On behalf of the Board I thank Mervin Hartlen, Carroll Publicover and Sandy Hudson for their time spent on the PVSC Board. The Board also welcomes its new members Raymond Tynes, Brian Cullen and Alex Morrison.

Letter from the CEO

It has been five years since we became an independent organization and this past year was one of the most fulfilling in terms of connecting with our clients and forging meaningful partnerships.

In order to strengthen our relationships with property owners, municipalities, and other key stakeholder groups, we became more open and accessible. We focused on engaging our clients in order to understand and anticipate their needs and to better explain how our business works.

We developed a new website that is more client friendly, features additional property search tools and a “My Property Report” for owners. In order to roll this out, we consulted widely, speaking with municipalities, key business groups, taxpayer associations, government representatives and other assessment organizations.

This year we also took our municipal engagement to a new level by reaching out to each municipality in person to really understand how we are doing and by creating a Municipal Advisory Committee to provide ongoing input and advice. This Committee helped us to prioritize our efforts to improve service to municipalities and will continue to be an important sounding board for us as we move forward.

We have continued to deepen our market valuation expertise and quality practices by investing in internationally accredited assessor training. We have also continued to expand and enhance our internal quality program, which monitors our adherence to international assessment standards. We are committed to realizing efficiencies without compromising the quality of the product we deliver.

I want to thank the Board of Directors for their continued guidance, our municipal partners for their input and advice, and especially our staff whose commitment to our clients will continue to open up opportunities for collaboration and value-added services.

Kathy Gillis
Chief Executive Officer

PVSC Board of Directors

PVSC's Board of Directors is comprised of 13 members:

- 6 elected municipal officials
- 3 municipal administrators
- 2 independent members
- The Executive Director of the Union of Nova Scotia Municipalities (UNSM)
- The Deputy Minister of Service Nova Scotia and Municipal Relations (SNSMR) (non-voting)

The Board is responsible for:

- Establishing a long term strategic plan
- Creating multi-year and capital budgets
- Appointing a Chief Executive Officer
- Encouraging partnership opportunities with stakeholders and others
- Reporting to the UNSM at its annual meeting
- Ensuring external financial and quality audits completed
- Filing an annual report

The CEO of PVSC reports to the Board and attends all meetings.

Three standing committees have been established by the Board to oversee the organization's work in each respective area. The committees are: Quality and Client Service, Governance, and Audit and Finance. Each Board member serves on a committee with either the Board Chair or Vice-Chair attending each committee meeting.

Chair, Russell Walker, Councillor, HRM
Vice-Chair, Bob McNeil, Director of Technology, CBRM
Alex Morrison, Councillor, County of Annapolis
Amanda Whitewood, VP Sustainability and CFO, Capital Health
Betty MacDonald, Executive Director, UNSM
Billy Joe MacLean, Mayor, Town of Port Hawkesbury
Brian Cullen, CAO, County of Pictou
Dan McDougall, Associate Deputy Minister, SNSMR
Darren Bruckschwaiger, Councillor, CBRM
Doug Sabean, VP Finance & CFO, Medavie EMS
Greg Herrett, CAO, Town of Amherst
Lloyd Hines, Warden, Municipality of the District of Guysborough
Raymond Tynes, Councillor, Town of Truro


Brian Cullen


Darren Bruckschwaiger and Bob McNeil


Russell Walker


Raymond Tynes

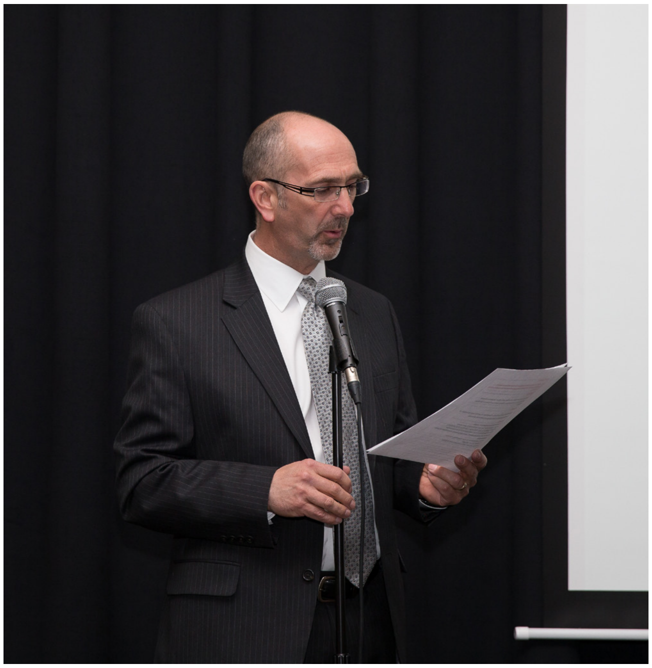

Billy Joe MacLean


Dan McDougall and Betty MacDonald

From left to right: Back row: Doug Sabean, Alex Morrison, Russell Walker, Lloyd Hines and Darren Bruckschwsiger
Front row: Greg Herrett, Amanda Whitewood, Betty MacDonald and Dan McDougall
Missing from photo: Billy Joe MacLean, Raymond Tynes, Brian Cullen and Bob McNeil

PVSC Awards

PVSC hosts an annual awards presentation to recognize a selected employee, team and corporate partner through three awards: the Vision Award, the CEO's Award for Excellence and the Brenda V. Cowie Partnership Award.



The Vision Award is an internal award where staff nominate a fellow colleague they feel demonstrates leadership qualities and an outstanding commitment to our mission, vision and values. The nominations are reviewed and voted on by our Staff Advisory Committee.

This year Bill Levangie nominated Jean Thorburn, VP Operations for her leadership and continuous dedication to the quality of assessment and PVSC.

"She is a conscientious leader for many years providing quality customer service. She should be recognized for outstanding performance in various positions throughout the history of assessment and PVSC."

From left to right: Bill Levangie, Jean Thorburn and PVSC Board member, Darren Bruckschwaiger, Chair: Quality and Client Service Committee.

Darlene Purdy receiving her CEO's Award for Excellence

The CEO's Award for Excellence is chosen by the CEO and given to a team within PVSC for its hard work and dedication towards making the organization the best provider of market valuation and other property related services.

This year the award was presented to the PVSC Bargaining Team both from the 2013 and 2010 contract negotiations. The teams received this award for leadership and commitment to corporate stability in order to ensure a quality assessment service.

2010: The Local 46 Bargaining Committee included: Terry Naugle, Darlene Purdy, Donna Wambolt and Renee Walker. The PVSC Bargaining Committee included: Russ Adams, Dwayne Phillips and Alex MacDonald.

2013: The Local 46 Bargaining Committee included: Jim Carruthers, Kimberly Croft, Darlene Purdy and Renee Walker. The PVSC Bargaining Committee included: Dwayne Phillips, Lloyd MacLeod, Aseneth McGrath and Carol Clarke.


From left to right: Kathy Gillis, Darlene Purdy, Darren Bruckschwaiger (PVSC Board member and Chair, Quality and Client Service Committee), Jim Carruthers, Donna Wambolt, Kimberly Croft, Lloyd MacLeod, Aseneth McGrath and Carol Clarke


Shingai Nyajeka receiving the Brenda V. Cowie Partnership Award

The Brenda V. Cowie Partnership Award is awarded to those who commit their talents, wisdom and experience to the success of Property Valuation Services Corporation.

This year the award was given to Shingai Nyajeka for his dedication, loyalty and friendship to PVSC.

Assessment Activity for 2013 Assessment Roll

As mandated under the Nova Scotia Assessment Act, PVSC provides an annual assessment roll to the 54 municipalities and assessment notices to all Nova Scotia property owners.

For the 2013 assessment roll, assessments are based on market values as of January 1, 2011.

	2013	2012
Residential*	$ 73,604,692,100	$ 68,893,273,300
Commercial	$ 21,348,394,200	$ 20,695,508,700
Provincial Total	$ 94,953,086,300	$ 89,588,782,000
Number of Accounts	602,214	596,841
Business Occupancy Assessment**	---	$ 217,883,200

*Residential includes apartments and resource properties.
**Business Occupancy Assessment was phased out for 2013.

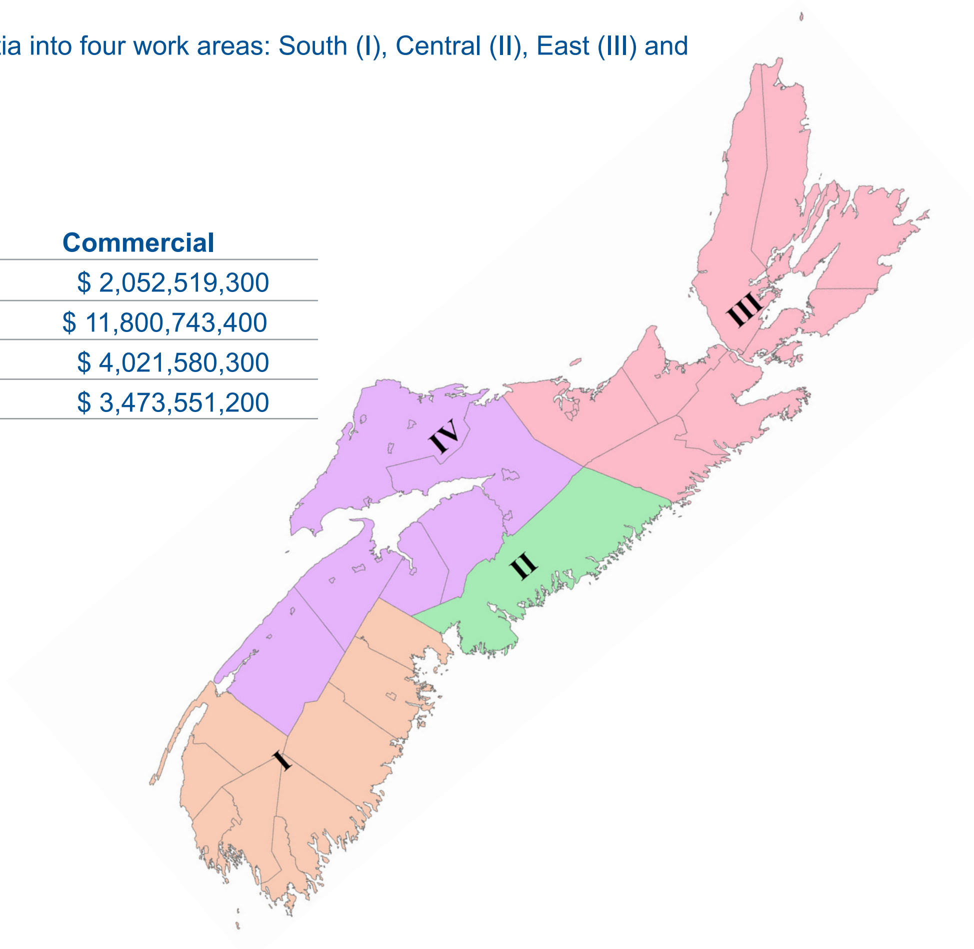
For assessment purposes, we divide Nova Scotia into four work areas: South (I), Central (II), East (III) and North West (IV).

Value for 2013 by work area

		Residential	Commercial
I	South	$ 10,119,275,500	$ 2,052,519,300
II	Central	$ 36,660,694,800	$ 11,800,743,400
III	East	$ 12,055,326,900	$ 4,021,580,300
IV	North West	$ 14,769,394,900	$ 3,473,551,200

Amendments were made to the Nova Scotia Assessment Act in 2012, which included extending the appeal period from 21 days to 31 days.

During the 2013 appeal period, we received 11,481 appeals. Of those, 2,200 were commercial and 9,281 were residential. During the 2012 appeal period we received 11,099 appeals.



Contract Negotiations

PVSC and the NSGEU (Local 46) held five days of collective bargaining in February of 2013. The bargaining teams were able to reach a three year term (April 1, 2013 to March 31, 2016) tentative collective agreement prior to the expiry of the previous collective agreement (March 31, 2013) for the second time since the Corporation's inception in 2008.

The Local 46 Bargaining Committee included: Jim Carruthers, Kimberly Croft, Darlene Purdy, Renee Walker and Dave Moore. The PVSC Bargaining Committee included: Dwayne Phillips, Lloyd MacLeod, Aseneth McGrath, Carol Clarke and Dane Percy.

Reaching a fair and reasonable agreement in a timely manner without labour disruption was a key objective for PVSC and ensures our continued focus on core business activities serving the municipalities and property owners of Nova Scotia.

Property Assessment Inspection Program

For the second year, the Property Assessment Inspection Program (PAIP) was implemented using our Pictometry imagery. Pictometry is oblique aerial photography our assessors use while reviewing property characteristics.

The student data assistants reviewed the following areas: Cape Breton Regional Municipality (Sydney River and Dominion), portion of the Town of Truro, Cumberland County (Tignish), Halifax Regional Municipality (Cole Harbour), Kings County (Greenwood), Town of Berwick and a portion of the Municipality of Clare.

The review captured garages, sheds, decks, pavement, property additions and pools. For 2012, 14,500 accounts were reviewed which was 6,000 more than in 2011. The review added $24,700,000 to the assessment roll for 2013.

Assessment Process in Nova Scotia

Provincial Government:

The Nova Scotia government maintains the following legislation:

- Property Valuation Services Corporation Act
- Nova Scotia Assessment Act

http://nslegislature.ca/legc/statutes/assess.htm

PVSC:

We are responsible for:

- Reassessing all properties in Nova Scotia every year.
- Reviewing and analyzing approximately 40,000 sales
- Inspecting and reviewing approximately 18,000 properties through permits
- Responding to approximately 15,000 inquiries
- Filing annual assessment rolls with the Province and municipalities
- Administering the property assessment appeal process

Municipalities

- Municipalities determine their revenue requirements, set municipal tax rates and collect property taxes.
- The assessment roll is the means by which municipalities distribute property taxes among residents.

In order to achieve our vision of being recognized as the best provider of market value and other property related services, we have established three areas of strategic focus and undertook initiatives within each area.

Process Improvement – *“Doing what we do better”*

Engagement, Partnership & Integration – *“Coming together to work with others for the common good”*

Technology Innovation – *“Utilizing the most efficient tools to get the job done”*

Process Improvement – "Doing what we do better"

Training and Development

One of our strategic goals is to build a high performance culture. We recognize the importance of providing our staff with the training and development necessary to succeed in their career with PVSC.

Bill Levangie, Chief Information Officer coaching Ashley Wu, Manager Information Management Services

This year we expanded our training and development program to include internationally recognized assessor training offered through the International Association of Assessing Officers (IAAO). This training was well received by staff and will continue to form the foundation for professional accreditation for those who are in the process of achieving their designation.

We also continued our focus on strengthening our leadership capacity by rolling out individual leadership assessments to all staff and teams to better understand individual work and communication styles. These assessments then provide the foundation for our leadership program. This year 20 managers completed this program, which included 12 facilitated sessions and follow-up work between each session.

Internal Quality Program

The objective of PVSC's Internal Audit & Compliance program is to work cooperatively with management, staff, clients, and stakeholders to improve the economy, efficiency, effectiveness, accountability of operations, and to foster and support PVSC's continuous improvement environment.

Internal Audit & Compliance provides an array of services ranging from compliance and assurance services to comprehensive assessments of program performance. The program is also designed to monitor and report compliance levels to management and provides ongoing support and advice through the conduct of special investigations and consulting activities.

Through the program the following initiatives were completed over past year:

- Administration of PVSC Data Quality Monitoring program.
- Coordinated external audit of land data sharing between Nova Scotia Barrister's Society, Province of Nova Scotia, PVSC and municipalities. Audit conducted by Deloitte.
- Produced Municipal Roll Quality Report, in consultation with the Municipal Advisory Committee and distributed to municipal clients.
- Conducted internal process review of PVSC's building permit process.
- Conducted internal audit of PVSC's Client Budget Distribution.
- Completed internal compliance audit, measuring PVSC's compliance with Assessment Act and International Association of Assessing Officers (IAAO) Standards.
- Facilitated risk assessment for PVSC business areas with management team, including risk identification, risk prioritization, gap analysis, documentation of current mitigation initiatives as well as required mitigation initiatives.

Engagement, Partnership & Integration – "Coming together to work with others for the common good"

Property Innovation Council

The Property Innovation Council was established in late 2009 with the mandate of looking for opportunities relating to the delivery of property services that would benefit the municipalities, Service Nova Scotia and Municipal Relations and PVSC.

Over the past year the Council has been focusing on two major initiatives: Single Address Initiative and eDelivery.

The Single Address Initiative is the first project the Council undertook, focusing on having one source of truth for civic and mailing addresses. This project is now in operational mode, with municipalities starting to utilize the service.

In November 2012, the Council initiated the development of a business case to outline the potential benefits and costs of developing and operating common billing, payment and/or mailing service(s).

The eDelivery initiative was introduced this year based on the positive business case for savings among municipalities and PVSC. PVSC is funding the initial investment to develop a technology that will provide property owners with the option to receive their assessment notices, tax bills and potentially water bills electronically. It will also allow the user to pay their taxes and view their tax account online.

The Council continues to look for opportunities where property services can be enhanced to ultimately provide a better service to the residents of Nova Scotia.

Outreach

One of our key areas of focus this year was leveraging opportunities to engage our stakeholders in order to increase awareness of the property assessment process. We delivered presentations to various organizations and associations including: a variety of business groups across the Province, municipal councils and the Office of the Ombudsman. The presentation topics included the basics of property assessment, explanation of the 2013 assessment roll, highlights of our new website, legislation overview, and key initiatives underway.

We received very positive feedback as a result of these sessions and anticipate building this form of outreach into our activities for next year.

Municipal Engagement Strategy

In order to improve our service delivery to municipalities, we identified the need for a municipal engagement strategy. In preparation of building the strategy, our Senior Advisor of Municipal Client Relations visited every municipality and interviewed the CAO or designate regarding the current level of service provided by PVSC. Three areas of focus were identified: improved communications, enhanced existing products and services, and standardized service delivery. The consultation results were presented at the Union of Nova Scotia Municipalities (UNSM) annual conference in fall of 2012.

To assist us in executing the strategy, we established a Municipal Advisory Committee. The committee validates and provides advice on PVSC's municipal relations approach and activities, including the continuous improvement of communications and service delivery to stakeholders. The committee composition is as follows:

Jerry Blackwood, Manager of Revenue, HRM
Alan Bond, Municipal Clerk Treasurer, County of Antigonish
Lisa MacDonald, CAO, Town of New Glasgow
Ken Moses, CAO, Municipality of the District of Yarmouth
Holly Orde, Director of Finance, County of Annapolis
Kim Ramsay, Director of Finance, Municipality of East Hants
Tammy Wilson, CAO, Municipality of the District of Lunenburg
John MacKinnon, GIS Coordinator, CBRM
Nancy Dove, Director of Finance, CBRM
Meredith Buchanan, Sr. Manager, Operational Effectiveness, PVSC
Trudy LeBlanc, Sr. Advisor, Municipal Client Relations, PVSC
Shannon Peterson, Communications Advisor, PVSC
Mike Musycsyn, Sr. Residential Manager, PVSC
Ashley Wu, Manager Information Management Services, PVSC

The committee meets quarterly and reports back to the municipalities through PVSC's quarterly municipal newsflash.

(back row from left to right): Mike Musycsyn, Meredith Buchanan, John MacKinnon, Kim Ramsay, Jerry Blackwood, Alan Bond and Ken Moses. (front row from left to right): Shannon Peterson, Nancy Dove, Trudy LeBlanc and Ashley Wu. Missing from photo: Tammy Wilson, Holly Orde and Lisa MacDonald

Technology Innovation – "Utilizing the most efficient tools to get the job done"

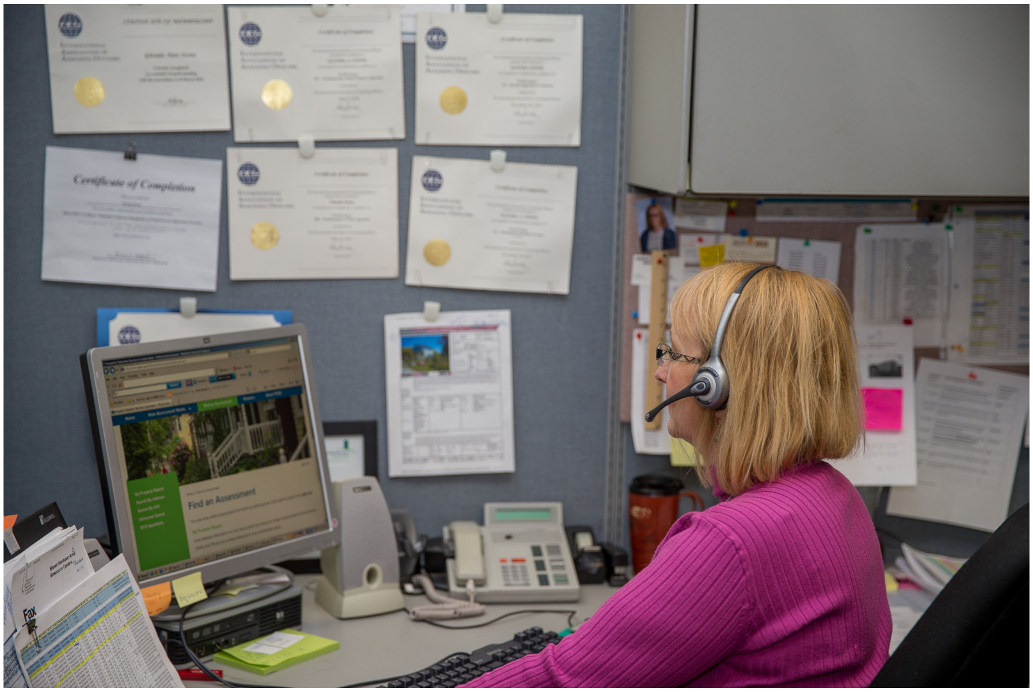
www.PVSC.ca

One of the key opportunities for improvement identified through our annual client satisfaction surveys was our website. Therefore, as part of our commitment to improving client service and increasing transparency, we developed a new website. The goals of the website included: being more user friendly and providing access to additional information to assist property owners with understanding their assessments. The publication of sales data as per Bill 73 in spring 2012, also enabled us to publish property sales on our website.

As part of this website renewal, we enhanced the online property search tools. This included designing a number of new search options so properties can be searched by Assessment Account Number (AAN), address, and an advanced search that includes a sale price range. We also designed a "My Property Report" that is unique to each property owner. This report includes detailed information on the property from land characteristics, dwelling characteristics, sales information, permit information and if applicable, appeal information.

Prior to the launch of the website we held a variety of consultations and briefings with key stakeholders. We presented the website to the Office of the Ombudsman, the Nova Scotia Utility and Review Board, several municipal Councils, Nova Scotia Association of Realtors and Service Nova Scotia & Municipal Relations. We also held two public focus groups with property owners who appealed their 2012 assessment.

We will continue to consult our clients on how to keep our website relevant and tailored to the needs of property owners.



Glenda Stone, Developmental Residential Assessor, reviewing a 'My Property Report' online.

Information Technology and Operations Business Improvements

Our IT team provides services to both internal clients (staff) and external clients (municipalities and property owners). Therefore, as part of our commitment to improving client service, we reviewed the current state of IT service delivery and identified several key areas for improvement.

Two substantial milestones were achieved through this project: we adopted Information Technology Infrastructure Library (ITIL) standards and we launched new IT management software called FootPrints.

ITIL is the most widely accepted approach for IT service management and is based on practices of successful organizations today. Becoming ITIL certified and implementing ITIL practices has improved our ability to provide quality service to internal and external clients. In addition, the Footprints system is aligned with these standards and assists in managing, monitoring and streamlining IT service delivery.

Geoff Churchill, Technical Analyst and Holly Cassibo, Manager Operations Planning and Support, building a process map

Performance Measures

Legislative Requirements

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

1) Quality standards by Municipality
2) Audited financial statements of the corporation (see page 26)

Financial and Service Delivery Scorecard

In addition to its legislative requirements and as a part of the organization's desire to provide quality performance measurements to its stakeholders, the organization began development of its performance scorecard in 2010-11 to provide a more balanced picture of its operations. Measures for 2012-13 include:

1) Quality Standard Measures
2) Customer Measures
3) Organizational Learning Measures
4) 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.

1) Quality Standard Measures

PVSC reports the Level of Assessment (LA) to measure the extent to which assessments reflect the market value standard for each municipality as per Section 42 of the Nova Scotia Assessment Act. The Level of Assessment is the measure of the extent to which assessments reflect the market value standard for the municipality, for each assessment year. PVSC bases the LA on the Median analysis of assessment to sale ratios (ASRs), a measure of central tendency. The International Association of Assessing Officers (IAAO) standard is that a level of assessment between 90% and 110% is considered acceptable for any class of property.

PVSC Internal Audit & Compliance has conducted a series of statistical and quality testing on the calculation of the 2013 Level of Assessment for each of the 54 municipalities. All calculations were reviewed for accuracy, and as well, the process used to assemble the data upon which the calculations were based, was reviewed for completeness.
The audit found the resulting municipal 2013 Level of Assessments to be within the acceptable range of 90% - 110%, as recommended by the IAAO.

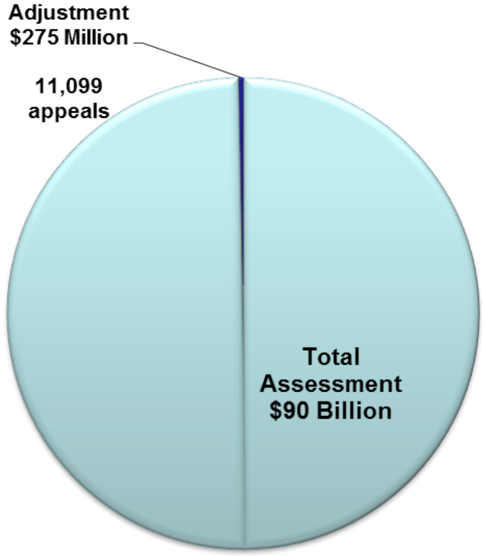
Section 3.4 of the IAAO Standards state that where a ratio study sample produces fewer than five sales, statistical results have exceptionally poor reliability and are not very useful. For municipalities with fewer than five sales for analysis, the Level of Assessment has been reported as 100%.

2013 Level of Assessment by Municipality

Municipality	Residential Level of Assessment	Commercial Level of Assessment	Municipality	Residential Level of Assessment	Commercial Level of Assessment
Cape Breton Regional Municipality	97%	100%	Town of Berwick	99%	100%
Halifax Regional Municipality	99%	98%	Town of Bridgetown	103%	100%
Region of Queens Municipality	99%	100%	Town of Bridgewater	98%	99%
Municipality of the County of Annapolis	98%	98%	Town of Clark's Harbour	102%	100%
Municipality of the County of Antigonish	98%	100%	Town of Digby	99%	100%
Municipality of the County of Colchester	97%	96%	Town of Hantsport	100%	100%
Municipality of the County of Cumberland	96%	100%	Town of Kentville	99%	100%
Municipality of the County of Inverness	97%	104%	Town of Lockeport	100%	100%
Municipality of the County of Kings	100%	100%	Town of Lunenburg	100%	100%
Municipality of the County of Pictou	98%	100%	Town of Mahone Bay	97%	100%
Municipality of the County of Richmond	99%	93%	Town of Middleton	101%	100%
Municipality of the County of Victoria	98%	100%	Town of Mulgrave	99%	100%
Municipality of the District of Argyle	101%	100%	Town of New Glasgow	98%	98%
Municipality of the District of Barrington	102%	102%	Town of Oxford	102%	100%
Municipality of the District of Chester	100%	100%	Town of Parrsboro	97%	100%
Municipality of the District of Clare	99%	100%	Town of Pictou	99%	100%
Municipality of the District of Digby	99%	100%	Town of Port Hawkesbury	99%	100%
Municipality of the District of East Hants	100%	90%	Town of Shelburne	98%	100%
Municipality of the District of Guysborough	96%	100%	Town of Springhill	105%	100%
Municipality of the District of Lunenburg	99%	100%	Town of Stellarton	99%	99%
Municipality of the District of Shelburne	100%	100%	Town of Stewiacke	98%	100%
Municipality of the District of St. Mary's	100%	100%	Town of Trenton	100%	100%
Municipality of the District of West Hants	99%	100%	Town of Truro	99%	95%
Municipality of the District of Yarmouth	101%	100%	Town of Westville	97%	100%
Town of Amherst	100%	100%	Town of Windsor	101%	101%
Town of Annapolis Royal	100%	100%	Town of Wolfville	101%	100%
Town of Antigonish	98%	100%	Town of Yarmouth	101%	100%

Appeals:

Last year PVSC received 11,099 appeals, approximately $6 Billion of assessment, during the appeal period. After the appeal process was complete for 2012, the assessment roll was adjusted by approximately $275 Million, 0.3%.



2) Customer Measures

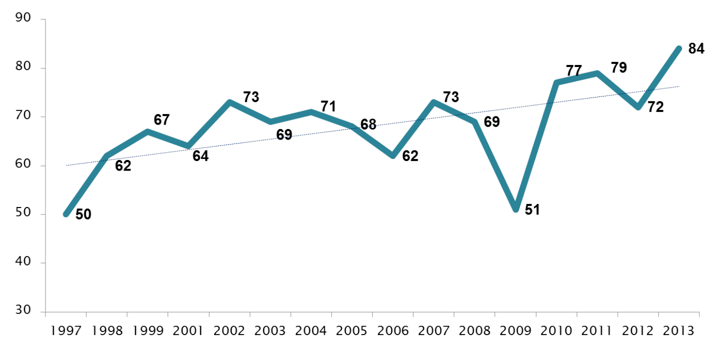
PVSC conducts an annual survey to measure our clients' satisfaction with their experience interacting with PVSC. We surveyed 400 random property owners who made contact with us during the 31-day appeal period.

The most common reason for contacting us was to ask about an increase in an assessment. The survey included questions specifically asking about the client's experience with the call centre and if applicable, experience with the assessor.

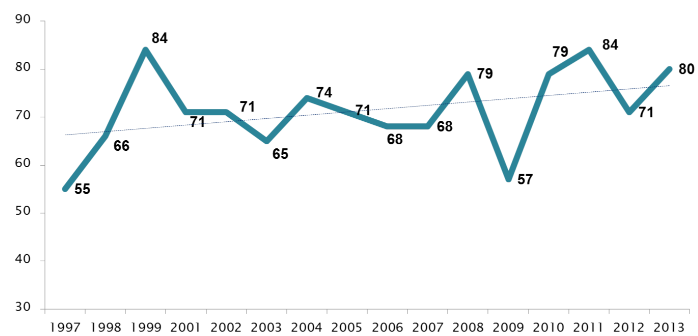
We asked questions such as: Did the call centre representative answer your call promptly? Did they handle themselves in a professional and friendly manner? Did they demonstrate a willingness to listen to your concerns? Did the assessor provide you with answers to your questions? Was the assessor fair and objective in handling your concerns?

We have measured our call centre satisfaction from 1997. This year we received our highest overall satisfaction score with our call centre at 84%.

Answering your call promptly	90%
Handling the call in a professional and friendly manner	92%
Demonstrated a willingness to listen to your concerns	91%
Provided you with the answers to your questions	74%
Treated call as being important	86%



We also measured the satisfaction of those who were transferred to an assessor. This year we received a score of 80% for overall satisfaction.



The assessors also scored very well in the same categories as the call centre:

Conducting themselves in a professional friendly manner	91%
Demonstrating a willingness to listen to your concerns	87%
Providing you with the answers to your questions	75%
Being fair and objective in handling your assessment inquiry	80%

Treated your concerns as being important	81%

In the summer of 2012, we surveyed and visited each municipality in order to measure the level of service provided at the time. Areas of improvement included: improved communications, enhanced existing products and services and standardized service delivery. The feedback received created the foundation for the municipal engagement strategy. More can be read about the strategy on page 15 of this annual report.

3) Organizational Learning Measures

PVSC recognizes its most important asset is its staff. By investing in the professional growth and development of staff, the organization can learn and grow to meet the needs of its stakeholders and continue to provide competent, professional service. The organization set a target of spending 2%[1] of its payroll budget to provide training and development opportunities to staff.

In the 2012/13 fiscal year the PVSC was able to achieve 1.92% of its total payroll budget on training and development.

PVSC requires valuation staff to pursue appropriate professional designations from external sources to add to the overall knowledge base of the organization.

All PVSC valuation staff hold or are currently working towards an external professional designation. In December 2012, we held our first IAAO designation course: IAAO 101: Introduction to Real Property Appraisal. This course had a 100% success rate. We will be hosting two IAAO courses this coming fiscal year: IAAO 102: Introduction to Income Valuation and IAAO 300: Fundamentals of Mass Appraisal. We currently have 18 designated assessors.

4) Financial Measures

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

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

Changes to this number over time can provide the organization 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.

PVSC's target is to be below the national average cost per account which is $35.26[2]. In the fiscal year 2012-13, PVSC's cost per account was $29.32.

Defense Interval - Reflects how many months the organization could operate if no additional funds were received.

Liquidity ratio - reflects the organizations current assets compared to its current liabilities. PVSC has a strong liquidity position with the value of its short term assets exceeding its short term liabilities.

Measure	Target	2012 Actual
Cost per Account	$35.26	$29.32
Defensive Interval	Between 1-3 months	3.27 months
Liquidity Ratio	1	1.52

[1] Target set based on the average spending by Canadian Directors of Assessment on Training and Development

[2] Based on cost per account information received from the Canadian Directors of Assessment

Management Discussion and Analysis

The Corporation was established effective April 1, 2007 in accordance with the Property Valuation Services Corporation Act Chapter 19, Bill No.94 of 2006.

The Corporation is not a government unit, department or government business enterprise within the meaning of the Provincial Finance Act. It is also not a Crown Corporation or an agency of a Crown Corporation. It is an independent body corporate whose management and control is vested in a separate Board of Directors.

The Corporation's mandate is to provide property assessments in accordance with the Assessment Act and related property information services for municipalities and the Province. The Corporation has no direct role in property taxation; it plays an impartial role in property assessments by producing an accurate and uniform assessment roll each year. Property values on the assessment roll produced by the Corporation form the basis of property tax calculations by taxing authorities. The Corporation's accurate uniform assessment roll provides the foundation for a stable tax base.

The following management discussion and analysis should be read in conjunction with the audited financial statements and accompanying notes for the financial year ended March 31, 2013.

Financial Reporting Framework

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

Financial Summary

Municipal Funding

All the 54 municipalities in the Province of Nova Scotia are members of the Corporation and they fund the PVSC's annual budget as per the distribution formula specified in subsection 35(4) of the PVSC Act. The share of PVSC's budget that is paid by each Municipality is proportional to the average of the Municipality's respective share of the Provincial Uniform Assessment and total number of property accounts in the Province. Non-municipal revenue sources for PVSC include cost recovery for contracts with First Nations, interest and investment income.

For the past three financial years, the Corporation has maintained a relatively flat budget approved for Municipal billing, of approximately $17 million. The Corporation is aware of the difficult current operating environments faced by Municipal Units which cause them to be under financial pressure. The rural Municipal Units are the most affected by economic, demographic and political pressures. The factors affecting them include increasing operating costs, rising population migrations to urban areas, companies closing down, declining levels of employment and aging populations. The Corporation's main budgeting strategy is to minimize annual budget increases by leveraging operational efficiencies in areas such as utilizing better technologies (such as Pictometry aerial photography) and implementing continuous quality and other process improvements.

Fund Balances

Property Valuation Services Corporation's net assets consist mainly of its Restricted Capital Asset Fund which reports the acquisitions, revenues and expenses relating to assets. The Corporation's main capital asset is the computer assisted mass appraisal (CAMA) system which has an original capital investment of approximately $4.5 million. As of March 31, 2013 the net book value of capital assets was $3.539 million.

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

- The Contingency Reserve set aside by the Board in case of unforeseen expenditures and/ or revenue interruptions. This reserve is capped at a level adequate to fund 30 days operating expenses.
- The Technology Advancement Reserve is internally restricted by the Board of Directors to fund technology enhancements and innovation, system refurbishment and large-scale renewal of the Corporation's existing IT infrastructure that is critical for the Corporation to carry out its responsibilities cost effectively and efficiently.
- The Unrealized Post Retirement Gains Reserve which relates to unrealized gains on restricted post retirement funds due to fluctuations in the market value of financial instruments held in the post retirement investment portfolio.

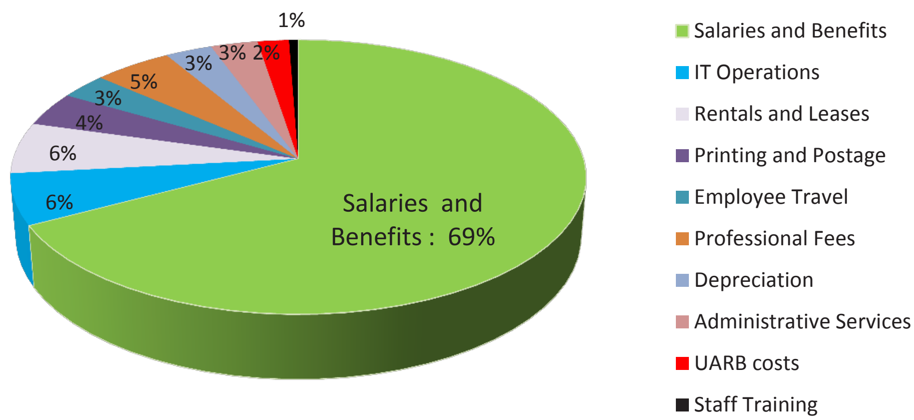
Below is a summary of the Corporation's fund and reserve balances:

	2011	2012	2013
Restricted Capital Asset Fund	3,671,180	3,632,541	3,539,820
Contingency Reserve	1,211,928	1,425,000	1,425,000
Technology Advancement Reserve	1,443,140	1,822,176	2,072,066
Operating Fund	44,169	-	-
Special Operating Reserve	-	266,185	286,483
Unrealized Post Retirement Gains Reserve	167,246	115,090	136,821
Total Fund Balances	**$ 6,537,663**	**$ 7,260,992**	**$ 7,460,190**

Analysis of 2013 Actual Results

Municipal revenue relates to the $17.1 million billed by the Corporation to Municipalities in 2013. The billed Budget was developed and approved by the Board on a break-even basis for the Operating Fund. Budgeted expenses that relate to the provision of assessment and related property information services to Municipalities in the Province of Nova Scotia were billed out using the cost recovery formula stated in the Property Valuation Services Corporation Act. The 2013 Billed Budget did not include estimates for investment income and unrealized gains or losses on investments. The main reason for this exclusion is that income that relates to restricted investments for post-retirement benefits is reinvested in the investment accounts and is not used for ongoing operations. The Billed Budget includes amounts transferred to the Technology Advancement Reserve and the Capital Asset Fund but does not include depreciation on capital assets. The shortfall of revenue over expenses on the Consolidated Statement of Operations for the 2013 Budget of $202,000 is a result of investment income, unrealized gains on investments and depreciation charges that were not included in the 2013 Billed Budget.

The company's actual total expenses for 2013 are $17,496,001. Below is a summary of the major expense categories:



Total expenses were $16,607,004 in 2012, the increase of $888,997 was mainly due to the following factors:

- Utility and Review Board Costs
  The Province notified the Union of Nova Scotia Municipalities that it will fully recover UARB costs associated with PVSC starting fiscal year 2012-13. The Province billed the Corporation $256,875 in 2013 for cost allocations relating to UARB costs associated with assessment appeals. The Province estimated the cost recoveries for assessment appeals based on a three-year average of UARB hours associated with the assessment mandate.

- Employee future benefits
  The Corporation's actuarial consultant conducted a full actuarial valuation of the Corporation's liabilities for service awards and post-retirement health benefits for the year ended March 31, 2013.   Full actuarial valuations are done every three years and actuarial assumptions are reviewed on an annual basis to check for any significant changes and to confirm if assumptions are still valid. The liabilities for employee future benefits were adjusted by $368,386 from $3,001,812 in 2012 to $3,370,198 in 2013, based on the actuarial valuation. Employee future benefits are significantly higher than 2012 because of the actuarial adjustments.

Purchase of Capital Assets

Included in the purchase of capital assets of $502,871 is $250,000 relating to purchase of iasWorld (the computer assisted mass appraisal system) software modules for workflow, document and correspondence management and analytics. The Corporation entered into a three year agreement, expiring March 31, 2016 with its IT service provider. The acquisition of the software modules is part of an IT restructuring exercise designed to save on the overall cost of Information and Technology operations by reducing external contract support fees and building internal IT resource capacity.

Grant Thornton

Independent auditor's report

To the Board of Directors of the Property Valuation Services Corporation

We have audited the accompanying consolidated financial statements of Property Valuation Services Corporation, which comprise the consolidated statements of financial position as at March 31, 2013, and the consolidated statement of operations, statement of changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Property Valuation Services Corporation as at March 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Halifax, Canada
June 21, 2013

Chartered accountants

Property Valuation Services Corporation
Consolidated statement of operations

Year ended March 31	Budget 2013 (Unaudited)	**Actual 2013**	Actual 2012
Revenues			
Municipal	$ 17,100,063	**$ 17,100,063**	$ 17,100,152
Interest	40,000	**64,922**	54,039
Cost recovery	94,400	**91,733**	98,988
Investment income	-	**411,105**	184,382
Unrealized gain (loss) on investments	-	**27,376**	(107,228)
	17,234,463	**17,695,199**	17,330,333
Expenses			
Employee future benefits	113,700	**531,650**	162,835
IT operations	1,328,633	**1,105,839**	1,042,890
Meeting expenses	101,589	**129,660**	97,907
Membership dues and fees	70,958	**57,709**	73,804
Other supplies and services	151,307	**202,643**	223,449
Printing and postage	646,970	**619,835**	658,300
Professional fees	687,667	**905,527**	735,140
Utility and Review Board costs	-	**256,875**	-
Rentals and leases	949,585	**974,463**	952,144
Salaries and benefits	11,814,516	**11,207,249**	11,224,947
Staff training and development	168,004	**157,413**	108,408
Telecommunications	172,177	**152,896**	165,931
Travel	642,357	**598,650**	571,855
Amortization	589,000	**595,592**	589,394
	17,436,463	**17,496,001**	16,607,004
Excess of revenues over expenses	$ (202,000)	**$ 199,198**	$ 723,329

See accompanying notes to the consolidated financial statements

Property Valuation Services Corporation
Consolidated statement of financial position

March 31	**2013**	2012
Assets		
Current		
Cash and cash equivalents (note 3)	**$ 4,293,090**	$ 3,563,771
Receivables (note 6)	**226,766**	191,757
Prepaids	**89,246**	107,235
	4,609,102	3,862,763
Restricted investments		
Employee future benefits (note 5)	**3,855,851**	3,558,116
Technology Advancement CAMA Reserve	**1,861,919**	1,613,287
Capital assets (note 8)	**3,539,820**	3,632,541
	$ 13,866,692	$ 12,666,707
Liabilities		
Current		
Payables and accruals (note 7)	**$ 1,703,612**	$ 1,201,897
Deferred revenue (note 2)	**1,332,692**	1,202,006
	3,036,304	2,403,903
Employee future benefits obligation (note 5)	**3,370,198**	3,001,812
	6,406,502	5,405,715
Fund balances (page 5)		
Restricted Capital Asset Fund	**3,539,820**	3,632,541
Operating Fund	**-**	-
Internally restricted reserve funds (page 5 and note 4)		
Technology advancement CAMA	**2,072,066**	1,822,176
Special Operating Reserve	**286,483**	266,185
Contingency reserve	**1,425,000**	1,425,000
Unrealized post retirement gains reserve	**136,821**	115,090
Total fund balances	**7,460,190**	7,260,992
Total liabilities and fund balances	**$ 13,866,692**	$ 12,666,707

Commitments (note 9)

On Behalf of the Board

Russell Walker ____________________ 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, 2013

	Operating Fund	Technology Advancement CAMA Reserve	Special Operating Reserve	Contingency Reserve	Unrealized Post Retirement Gains Reserve	Restricted Capital Asset Fund	**Total**
Balance, beginning of year, April 1, 2012	$ -	$ 1,822,176	$ 266,185	$ 1,425,000	$ 115,090	$ 3,632,541	**$ 7,260,992**
Excess of revenues over expenses	656,900	137,890	-	-	-	(595,592)	**199,198**
Additions from (to) capital assets	(502,871)	-	-	-	-	502,871	**-**
Transfers from (to)							
Reserves (note 4)							
Technology advancement CAMA Reserve	(112,000)	112,000	-	-	-	-	**-**
Special Operating Reserve	(20,298)	-	20,298	-	-	-	**-**
Unrealized post retirement gains reserve	(21,731)	-	-	-	21,731	-	**-**
Balance, end of year, March 31, 2013	$ -	$ 2,072,066	$ 286,483	$ 1,425,000	$ 136,821	$ 3,539,820	**$ 7,460,190**

See accompanying notes to the consolidated financial statements

Property Valuation Services Corporation
Consolidated statement of changes in net assets
Year ended March 31, 2012

	Operating Fund	Technology Advancement CAMA Reserve	Special Operating Reserve	Contingency Reserve	Unrealized Post Retirement Gains Reserve	Capital Asset Fund	**Total**
Balance, beginning of year, April 1, 2011	$ 44,169	$ 1,443,140	$ -	$ 1,211,928	$ 167,246	$ 3,671,180	**$ 6,537,663**
Excess of revenues over expenses	1,290,129	22,594	-	-	-	(589,394)	**723,329**
Transfer for capital project	-	-	-	-	-	-	**-**
Additions from (to) capital assets	(550,755)	-	-	-	-	550,755	**-**
Transfers from (to) Reserves (notes 4 and 5)							
Technology advancement				-	-	-	-
CAMA Reserve	(356,442)	356,442	-	-	-	-	**-**
Special Operating Reserve	(266,185)	-	266,185	-	-	-	**-**
Contingency reserve	(213,072)	-	-	213,072	-	-	**-**
Unrealized post retirement gains reserve	52,156	-	-	-	(52,156)	-	**-**
Balance, end of year, March 31, 2012	$ -	$ 1,822,176	$ 266,185	$ 1,425,000	$ 115,090	$ 3,632,541	**$ 7,260,992**

See accompanying notes to the consolidated financial statements

Property Valuation Services Corporation
Consolidated statement of cash flows

Year ended March 31	**2013**	2012
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenues over expenses	**$ 199,198**	$ 723,329
Amortization	**595,592**	589,394
Employee future benefits	**368,386**	35,830
Unrealized (gain) loss on restricted investments	**(27,376)**	107,228
Investment income on restricted investments	**(411,105)**	(184,382)
	724,695	1,271,399
Change in non-cash operating working capital		
Receivables	**(35,009)**	232,207
Prepaids	**17,990**	(50,162)
Payables and accruals	**501,714**	(97,068)
Deferred revenue	**130,686**	56,337
	1,340,076	1,412,713
Investing		
Purchase of restricted investments	**(546,367)**	(221,096)
Unrealized gain (loss) on restricted investments	**27,376**	(107,228)
Investment income on restricted investments	**411,105**	184,382
Purchase of capital assets:		
IT assets	**(465,864)**	(536,136)
Furniture and equipment	**(37,007)**	(14,619)
	610,757	(694,697)
Net increase in cash and cash equivalents	**729,319**	718,016
Cash and cash equivalents, beginning of year	**3,563,771**	2,845,755
Cash and cash equivalents, end of year	**$ 4,293,090**	$ 3,563,771

See accompanying notes to the consolidated financial statements

1. Nature of operations

Property Valuation Services Corporation was incorporated under the Property Valuation Services Corporation Act as of April 1, 2007. The purpose of the Corporation is to provide assessment and related property information services to Municipalities in the Province of Nova Scotia. All municipalities in Nova Scotia are members of the Corporation.

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2. Summary of significant accounting policies

Basis of presentation

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for Not-for-Profit organizations using fund accounting. The consolidated financial statements include the various operating and restricted reserve funds as noted below.

Financial statement presentation is on a Restricted Fund basis, the Restricted Capital Asset Fund reports the assets, revenues and expenses relating to the Corporation's capital assets. The Unrealized Post Retirement Gains Reserve reports the unrealized gains or losses relating to the investments held for future employee benefits at period end. The Operating Fund reports the revenues and expenses related to the Corporation's program delivery and administrative activities. The Technology Advancement CAMA Reserve is the organization's estimate for a reserve to meet major technology system developments and special projects that involve large-scale renewal of existing IT infrastructure. The Contingency Reserve is an internally restricted reserve to assist in the support of the entity should there be an interruption in funding or unforeseen expenditures in the future. The special operating reserve fund is internally restricted by the Board of Directors to be used for operating expenses in future years.

Use of estimates

In preparing the Corporation's financial statements, in conformity with the Canadian generally accepted accounting principles management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Some of these estimates and assumptions include depreciation and employee future benefits. Actual results could differ from those reported.

Revenue recognition

The Corporation follows the deferral method for accounting for municipal revenues. Income from assessment services is recognized as revenue in the year in which the related services are provided. Investment income is recognized as it is earned and collection is reasonably assured.

Deferred revenue represents payments received from the Municipalities prior to April 1 that relate to the next fiscal year and any contributions received or receivable from the Province for the Single Address project that relate to future period expenditures.

Deferred revenue relating to operations are recognized in income when the related operating expenses are incurred. Contributions restricted for the purchase of capital assets is deferred and recognized as revenue on the same basis as the amortization expense related to the acquired assets.

2. Summary of significant accounting policies (continued)

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
Capital assets are recorded at cost. The Restricted Capital Asset Fund reports the assets, liabilities, revenues, and expenses relating to these capital assets. Transfers of capital assets from other government entities are recorded at their fair value at the date of transfer.

Amortization
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:

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

Financial instruments
Financial instruments include cash and cash equivalents, investments, receivables, and payables.

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.

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 equity investments 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 statement of operations. The Corporation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and deferred revenue.

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 statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

2. Summary of significant accounting policies (continued)

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.

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

Pension benefit plans
The Province of Nova Scotia ("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; therefore, the multiemployer 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, 2013 is $697,341 (2012 - $643,539) which is included in salaries and benefits expense.

The Corporation also has a defined contribution plan for specified employees. Contributions for the year ended March 31, 2013 total $168,337 (2012 - $146,495).

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3. Cash and cash equivalents

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

	2013	2012
Cash and cash equivalents	**$ 2,868,090**	$ 2,351,843
Internally restricted cash equivalents	**1,425,000**	1,211,928
	$ 4,293,090	$ 3,563,771

4. Internally restricted reserve funds

	Special Operating Reserve	Unrealized Post Retirement Gains	Contingency Reserve
Balance, March 31, 2012	$ 266,185	$ 115,090	$ 1,425,000
Transfer from (to) operating fund	20,298	21,731	-
Balance, March 31, 2013	**$ 286,483**	**$ 136,821**	**$ 1,425,000**

The special operating reserve fund is internally restricted by the Board of Directors to be used for operating expenses in future fiscal years.

The purpose of the unrealized post retirement gains reserve is to provide for fluctuations in the market value of financial instruments held in the post retirement investment portfolio. The balance in the Unrealized Post Retirement Reserve as of March 31, 2013 is $136,821 (2012 - $115,090). The actual gains or losses that will be realized are subject to market performance on the investment portfolio.

The contingency reserve fund at March 31, 2013 of $1,425,000 (2012 - $1,425,000) represents accumulated operating surpluses transferred from Service Nova Scotia and Municipal Relations on March 31, 2008 of $254,611 and additional surpluses transferred since fiscal 2009 from the corporation's operating fund. This reserve fund has been internally restricted by the Board of Directors for future program / expenses as to be determined from time to time by the Board of Directors in accordance with the goals and objectives of the corporation.

The Technology Advancement CAMA reserve fund is internally restricted by the Board of Directors, and consists of funds reserved for the large-scale renewal of the Corporation's existing IT infrastructure and acquisition of new technologies that would benefit the Corporation (see page 17).

5. Post-retirement health plans and public service awards

Restricted investments

Restricted investments are held in a professionally managed portfolio, in accordance with the Corporation's investment policy. At 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, 2013 were as follows:

	Health Plans	Service Awards	Total
Balances Funded, March 31, 2012	1,947,060	1,611,056	**3,558,116**
Net investment income	162,926	134,809	**297,735**
Total Funded, March 31, 2013	$ 2,109,986	$ 1,745,865	**$ 3,855,851**

Employee future benefits

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

(a) Post retirement health plans are to designated employees of the Corporation. The Corporation is responsible for funding the employer portion of the premium payments and any obligations under these health benefit plans. The Corporation developed a long term investment policy with actuarial consultants.

(b) Designated employees transferred to the Corporation who upon retirement and who are eligible to receive a pension under the Public Service Superannuation Act shall be granted a Public Service Award based on years of service. The amount of this award is based on one week's pay for each year of full-time service up to a maximum of 26 full years. The Corporation accrues its obligations related to these awards and has adopted a long term investment plan to fund these obligations.

The Corporation accrues its obligations under employees future benefit plans and the related costs when these benefits are earned through current service. The annual service costs and other actuarial estimates adopted by management were reviewed based on the results of an actuarial valuation for the year ended March 31, 2013 conducted by the Corporation's actuarial consultant. Assumptions for the actuarial valuation reports issued in May, 2013 are as follows:

	Health Plans	Service awards
Discount rate	4.95%	4.95%
Rate of compensation and inflation	2.5%	2.5%
Heath Care Trend:		
Initial rate: drugs	11%	
Initial rate: other health	6.5%	
Ultimate rate: drugs and other health	4.5%	
Year ultimate reached	2020	

5. Post-retirement health plans and public service awards (continued)

The Corporation recognizes that fluctuations in actuarial valuation of future employee liabilities will occur over time due to changes in actuarial assumptions and other factors such as the level of actual claims relating to these liabilities. However, the Corporation recognizes all actuarial gains and losses for its employee future benefits obligation for health plans and service awards through earnings.

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

	Health Plans	Service Awards	**Total**
March 31, 2012	$ 1,523,471	$ 1,478,341	**$ 3,001,812**
Fiscal 2013			
Payments	(21,013)	(142,252)	**(163,265)**
Annual service cost	77,492	85,343	**162,835**
Actuarial Revaluations	79,907	288,909	**368,816**
March 31, 2013	$ 1,659,857	$ 1,710,341	**$ 3,370,198**

Based on the actuarial valuations dated May 14, 2013 the annual service costs for the year ended March 31, 2014 for the Health Plans is expected to be $91,848 and the Service Awards plan is expected to be $91,669.

The Corporation has internally set aside $3,855,851 in investments to pay for the employee future benefit obligations. As of March 31, 2013, there was an excess funded amount of $485,653 (2012 - $556,304).

6. Receivables

Included in receivables is $175,299 (2012 - $164,454) for outstanding HST rebates due to the Corporation.

7. Payables and accruals

	2013	2012
Vacation liability	**$ 350,000**	$ 350,000
Salaries and other benefit accruals	**706,554**	673,545
Trade payables	**647,058**	178,352
	$ 1,703,612	$ 1,201,897

8. Capital assets

	Cost	Accumulated Amortization	**2013** Net Book Value	2012 Net Book Value
IT hardware	$ 496,916	$ 359,166	**$ 137,750**	$ 129,620
IT software	1,105,370	108,130	**997,240**	627,716
Computerized mass appraisal	4,585,633	2,280,739	**2,304,894**	2,763,457
Furniture and equipment	191,307	97,080	**94,227**	80,775
Leasehold improvements	111,632	105,923	**5,709**	30,973
	$ 6,490,858	$ 2,951,038	**$ 3,539,820**	$ 3,632,541

9. Commitments

(a) The Corporation has entered lease agreements for rental of its office premises, expiring in 2017. Minimum annual lease payments for the next five years are as follows:

2014	$ 877,562
2015	$ 895,280
2016	$ 879,894
2017	$ 853,294
2018	$ 483,090

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

(b) The Corporation entered into a three year agreement, expiring March 31, 2016 with a service provider for the provision of annual maintenance and support for its Mass Appraisal Computer System. The minimum annually payments under this agreement are as follows:

2014	$321,507
2015	$350,010
2016	$381,239

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

10. Related party transaction

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

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

Year ended March 31	Budget 2013 (unaudited)	**Actual 2013**	Actual 2012
Revenues			
Municipal	$ 17,100,063	**$ 17,100,063**	$ 17,100,152
Interest	40,000	**64,923**	54,039
Cost recovery	94,400	**91,733**	98,988
Investment income	-	**282,138**	130,470
Unrealized gain (loss) on investments		**18,452**	(75,910)
	17,234,463	**17,557,309**	17,307,739
Expenses			
Employee future benefits	113,700	**531,650**	162,835
IT operations	1,328,633	**1,105,839**	1,042,890
Meeting expenses	101,589	**129,660**	97,907
Membership dues and fees	70,958	**57,709**	73,804
Other supplies and services	151,307	**202,643**	223,449
Printing and postage	646,970	**619,835**	658,300
Professional fees	687,667	**905,527**	735,140
Utility and review Board costs	-	**256,875**	-
Rentals and leases	949,585	**974,463**	952,144
Salaries and benefits	11,814,516	**11,207,249**	11,224,947
Staff training and development	168,004	**157,413**	108,408
Telecommunications	172,177	**152,896**	165,931
Travel	642,357	**598,650**	571,855
	16,847,463	**16,900,409**	16,017,610
Excess of revenues over expenses	$ 387,000	**$ 656,900**	$ 1,290,129
Inter-fund transfers			
Purchase of capital assets	(275,000)	**(502,871)**	(550,755)
Transfer to Technology Advancement CAMA Reserve	(112,000)	**(112,000)**	(356,442)
Transfer to Special Operating Reserves	-	**(20,298)**	(266,185)
Transfer Contingency Reserve	-	**-**	(213,072)
Unrealized post retirement gains reserve	-	**(21,731)**	52,156
	(387,000)	**(656,900)**	(1,334,298)
Increase / (Decrease) in Fund balance	-	**-**	(44,169)
Fund balance, beginning of year	-	-	44,169
Fund balance, end of year	$ -	**$ -**	$ -

Property Valuation Services Corporation
Statement of operations and changes in fund balance - technology advancement CAMA reserve fund

Year ended March 31	Actual 2013	Actual 2012
Revenues		
Investment income	$ 60,035	$ 51,827
Realized gains on investments	77,322	11,733
Unrealized gain (loss) on investments	8,923	(31,318)
	146,280	32,242
Expenses		
Investment management fees	6,465	7,746
Bank and custodial charges	1,925	1,902
	8,390	9,648
Excess of revenues over expenses	137,890	22,594
Fund balance, beginning of year	1,822,176	1,443,140
Inter-fund transfers		
Transfer to Technology Advancement CAMA Reserve	112,000	356,442
Fund balance, end of year	$ 2,072,066	$ 1,822,176

Central Office
Park Place II
238A Brownlow Avenue, Suite 200
Dartmouth

Regional Office Locations

Bridgewater
134 North Street, Suite 1
Bridgewater

Port Hawkesbury
606 Reeves Street, Unit 3
Port Hawkesbury Civic Centre
Port Hawkesbury

Sydney
500 George Pl
Sydney

Truro
15 Arlington Place, Suite 6
Truro

Tusket
4111 Hwy 308
Tusket

Wolfville
24 Harbourside Drive, Suite 107
Wolfville

Property Valuation Services Corporation

A truly valued Nova Scotia