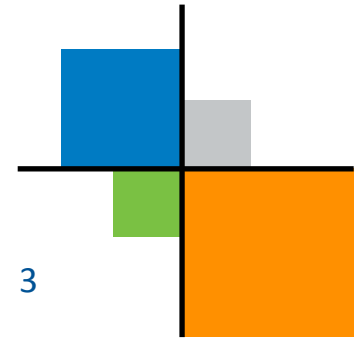

Innovate. Integrate. Motivate.
2017-2018 Annual Report



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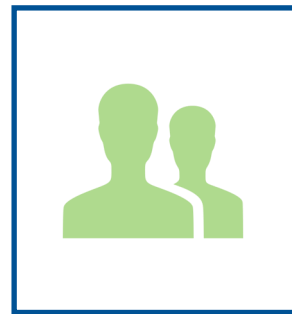
About PVSC



Who We Are



Municipally funded not-for-profit corporation



Approximately 140 employees

What We Do



Assess more than 620,000 properties in Nova Scotia



Provide an annual assessment roll to the 50 NS municipalities



Deliver assessment notices to all property owners



Administer the property assessment appeal process

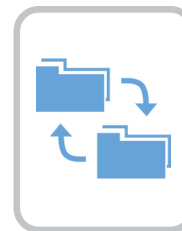
In collaboration with municipalities, establish and administer municipal value-added shared services.



Single Address Initiative



eDelivery Service



Permit Data eXchange



Open Data Portal:
datazONE

Letter from the Board Chair

On behalf of the board of directors, I am pleased to present the 2017-18 Annual Report for Property Valuation Services Corporation (PVSC).

The focus of PVSC over the past year has been about strength and sustainability - strengthening our core services that we provide to Nova Scotia's municipalities and property owners, and sustainability when setting the course for our future.

The pace of change in the world today is incredible and PVSC has been laying the groundwork to stay "ahead of the curve." In April 2017, in partnership with the Nova Scotia Federation of Municipalities (NSFM), formerly the Union of Nova Scotia Municipalities (UNSM), and the Association of Municipal Administrators (AMANS) we embarked on a governance review with the ultimate goal of a new governance structure that would enable PVSC to serve municipalities now and in the future. As stakeholders of PVSC, we sought municipal feedback during the review process to help us develop recommendations that would result in a modern, best practice governance structure.



I am proud to say this review has resulted in a Memorandum of Understanding with the NSFM and the AMANS, and the development of Service Level Agreements with Nova Scotia's 50 municipalities. These agreements articulate our service commitment to municipalities. The support we have received from our municipal clients as well as the Department of Municipal Affairs helped move the legislation forward successfully.

As PVSC explores the possibility of revenue generation by serving markets outside of Nova Scotia, the upcoming year should be an exciting one. On behalf of the board, I congratulate the corporation on a successful year and look forward to what is ahead.

To my fellow board members, thank you for your continued commitment to the evolution of PVSC.

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

Letter from the CEO

A big part of being successful is paying attention and focusing on the right things. For 10 years, PVSC has laid a solid foundation by paying attention to what made us a strong and professional organization. We have paid attention to the struggles that Nova Scotia's 50 municipalities have endured, keeping our annual budget stable for 10 years and offering products and services to our municipal partners in the areas of permits, mailing addresses and open data. We have paid attention to our quality. The third party audit commissioned by the Department of Municipal Affairs (conducted by the International Association of Assessing Officers), demonstrated our compliance with the *Nova Scotia Assessment Act* and industry standards.

In 2017-18, we turned our focus to building our business. We broadened an enterprise-wide continuous improvement program that identifies, prioritizes, plans, executes and evaluates internal improvement initiatives.

We created a people strategy that builds the right mix of skills with experience in the workplace, which enables us to achieve the ambitious goals we set for our organization. Our staff continue to develop skills to excel in their roles, such as the recent group of assessors who received their designations this year (pg. 12).

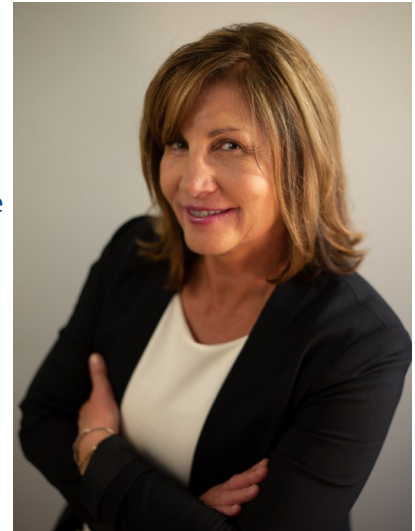
With the help of our partners, the Nova Scotia Federation of Municipalities and the Association of Municipal Administrators, we have strengthened our governance model. As we set our sights on the future, we understand that the speed of technological development in artificial intelligence and machine learning is forcing organizations to rethink how they work. As an organization founded in data and committed to continuous improvement and client satisfaction, it is important that we explore the opportunities and risks associated with this evolving technology. Our goal is to be a leading provider of property assessment services. We cannot wait to be disrupted. We must be an industry disruptor by improving our processes and seeking innovative partnerships and technology.

As we look to 2020 and beyond, business development and technology will continue to play a strong role for PVSC.

To the staff of PVSC: thank you for your willingness to embrace change with enthusiasm and professionalism.

On behalf of PVSC I thank our Board of Directors for their leadership and support.

Kathy Gillis
Chief Executive Officer, PVSC



Board of Directors



New PVSC Board Composition

Members: at least 9 and no more than 11

Independent members: at least 4 and no more than 5

Municipal experience: at least 2 and no more than 3

3 elected municipal councillors

The Executive Director of the NSFM is a non-voting member



In accordance with the by-laws, there will be a Board recruitment and appointment committee comprised of the NSFM, AMANS and PVSC.

Corporate Governance Review

After 10 years in operation the time was right to conduct a review of the governance policies and directives that were established when the corporation was created in 2007. With an overall objective of establishing a modern, best practice governance framework, the review focused on aligning governance practices that position the corporation to most effectively deliver on its legislative requirements and strategic objectives.

In consultation with the Nova Scotia Federation of Municipalities, a review of the structure, processes, roles and responsibilities and policies was completed. Key policy areas reviewed included: enterprise risk management, media relations, expense management, use and replenishment of special funds, procurement, compensation disclosure, and disclosure of wrongdoing.

As part of this process the *PVSC Act* was reviewed. A resolution was put forward by the Nova Scotia Federation of Municipalities and in spring 2018, the legislature approved the revisions changing the composition of the PVSC Board.

Board of Directors



The Board is responsible for:

- Establishing a long-term strategic plan
- Creating multi-year operational and capital budgets
- Appointing a Chief Executive Officer
- Reporting to the Nova Scotia Federation of Municipalities (NSFM) at its annual meeting
- Ensuring external financial audits are completed
- Filing an annual report
- Establishing an MOU with municipal clients

Board Committees:

- Governance and Human Resources Committee
- Audit, Risk & Finance Committee



First Row (L-R): Jane Fraser, Director of Corporate and Customer Services, Halifax Regional Municipality; Alex Morrison, Councillor, Municipality of the County of Annapolis; Darren Bruckschwaiger, Councillor, Cape Breton Regional Municipality; Greg Keefe, Independent Director; Jimmy MacAlpine, Board Chair, Warden, District of Digby; Mike Dolter, Chief Administrative Officer, Town of Truro. **Second Row (L-R):** Connie Nolan, Chief Administrative Officer, Municipality of East Hants; James (Jim) Spurr, Independent Director; Clifford Hood, Councillor, Town of Yarmouth; Betty MacDonald, Executive Director, Nova Scotia Federation of Municipalities. **Absent:** Michele McKenzie, Independent Director.

Strategic Direction

To become a leading provider of property assessment services, PVSC created a mission and vision to guide the day-to-day and long-term priorities of the organization. A significant change to PVSC's strategic direction is the adoption of virtues, which serve as the organization's cultural advantage. This is the first shift toward an entrepreneurial mindset that will promote collective and individual greatness while ensuring we maintain our commitment to quality and deliver on our legislative mandate.



Long Term Vision

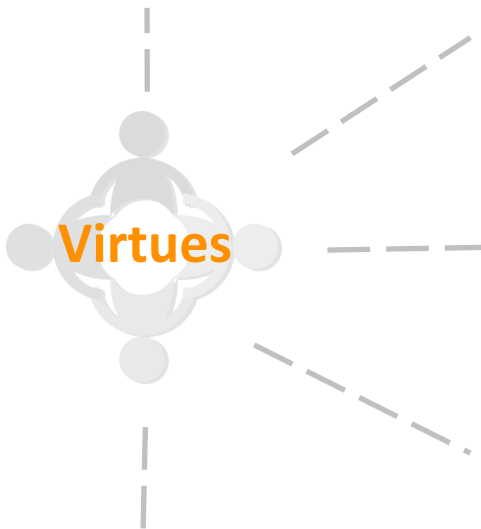
To be a leading provider of property assessment services, delivering trusted information and expertise that helps strengthen local governments and communities worldwide.

Mission

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

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.



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.

There is only one chance

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

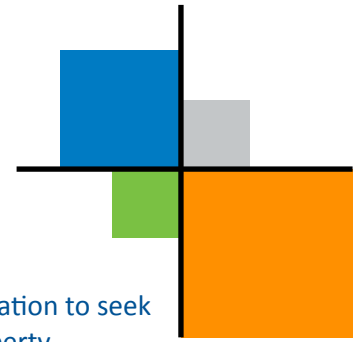
We all move our business forward

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

Proud to do our part

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

PVSC 2017-18 Business Plan



Strategic Objective

To position PVSC to better serve the municipalities of Nova Scotia and allow the organization to seek new opportunities to capitalize on its expertise and experience in providing quality property assessment services.



Internal Business Process

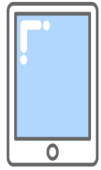
Direct Sales Comparison (MRA): This year we initiated a project to explore how to best incorporate the direct sales comparison approach to value residential properties. A multi-year project was developed which includes piloting small geographic and property-specific areas. This year we focused on researching the processes and determining how this approach would be applied to all residential properties in the province. The next step will be using this approach to determine the property values for condominiums.

Commercial Review: To further strengthen PVSC's commercial valuation business, we initiated a review of our processes and procedures, models, data collection and analysis tools, and reporting mechanisms. Based on feedback from staff and an external review by the International Property Tax Institute (IPTI) there were three focus areas this year:

- **Documentation**
- **Data Quality**
- **Consultation**

We made several enhancements to our commercial processes to assist in assessment activity and appeals, one of which was our consultation approach. We enhanced our preliminary assessment period in the fall by making assessment information available earlier in the year. This program provides valuable information to property owners and representatives, thus reducing requirement to file a formal appeal.

PVSC 2017-18 Business Plan



Learning, Growth and Technology



Mass Appraisal System Review: This year we initiated a review of our computer-assisted mass appraisal (CAMA) system to determine if it is meeting our needs today and will continue to in the future. Through a jurisdictional scan and consultations with staff and other stakeholders, we concluded that iasWorld is still among the top CAMA software systems on the market. Additional features within the system were identified and will be considered if future enhancements are required.

Permit Data eXchange: The Permit Data eXchange (PDX) is an online permit system that captures, organizes and sends municipal permit information to PVSC nightly, eliminating the need to scan, fax or mail paper copies. Municipalities and PVSC have completed significant work over the past number of years to develop this service. The most recent accomplishment, with the assistance of municipal building officials, is the development of a mobile application to capture inspection data, real time in the field, which is entered directly into the PDX system. PVSC has supplied the interested municipalities with iPads along with a tutorial and training materials to enable the best use of this new feature.

People Strategy: People are PVSC's greatest asset and we're serious about the choices that need to be made about hiring, managing and developing the talent that works for, or will work for, PVSC. With the right mix of skills and experience in the workplace, we can achieve the ambitious goals we've set for our organization. In collaboration with management and staff, we finalized our people strategy, identifying key drivers and considerations, and four main areas of focus.

Building our team— Finding the right balance of people expertise with technology automation to support PVSC now and into the future.

Run it like you own it—A collective understanding of operating like a business—decisions are based on growth and customer service. Everyone has a responsibility to make our business a success.

New ways of working— Exploring new ways of working through the adoption of technology: devices, systems and virtual workplace tools.

Leading change— As a team, we are working through the many layers of changing our business, recognizing the role performance, productivity and future potential plays.

Over the next two years, we will work to implement this strategy, ensuring we build strong teams with self-directed individuals, leverage technology, seek out new ways of working, lead and adapt to change, and act in the best interest of the company.

PVSC 2017-18 Business Plan



Client



Enterprise Continuous Improvement: Fundamental to transformation is the practice of continuously reviewing and improving performance to move the organization forward. This year we instituted a formalized enterprise-wide continuous improvement program, with a team dedicated to prioritizing, planning, executing, evaluating and supporting business improvement initiatives. The team provides the organization and its divisions with key services - planning, project management, process improvement, data analysis, performance evaluation, decision support and business intelligence – to advance continuous improvement within PVSC. Over the last year, this team has provided support to the Direct Sales Comparison project, the Commercial Review project, the Newfoundland collaboration, Advanced Notification, the Mass Appraisal System Review project, and various other internal initiatives.

Communications and Stakeholder Relations: In line with our renewed strategic direction, we spent time this year concentrating on understanding the needs of our clients and identifying who has the greatest impact on our business. Our strategy for communications and stakeholder relations emphasizes the importance of who and how to focus our efforts to strengthen and maintain key relationships. One of the initiatives planned for the upcoming fiscal year is developing an overall client service delivery model. This model will take all client interactions into consideration and identify current and future practices, behaviours and demographics, and recommend the best service delivery mechanism for our clients now and in the future.

Memorandum of Understanding Development: To provide assurance to the municipalities of PVSC's commitment to quality, a Memorandum of Understanding was prepared in consultation with the NSFM and AMANS as part of an accountability framework between PVSC and municipalities. In addition to the MOU, a service level agreement has been created that articulates the services provided to municipalities as outlined in the *Assessment Act* and the *PVSC Act*. This SLA will serve as the foundation to demonstrate PVSC's commitment to its municipal stakeholders as we continue to explore business opportunities outside of Nova Scotia.



Financial

Mass Appraisal Service Offering: We recognize and appreciate the importance of effective fiscal management. That is why we are using the expertise and knowledge we have gained over the past 10 years to explore options for revenue generation outside of Nova Scotia. As we move forward we will be seeking opportunities to provide services to other assessment jurisdictions while continuing to serve Nova Scotia municipalities.

Joint Partnership Initiative—PVSC and Municipal Assessment Agency (Newfoundland and Labrador): Canadian assessment jurisdictions meet annually to discuss issues, trends and share best practices. This year we were pleased to enter into a more formal collaborative arrangement with Municipal Assessment Agency (MAA). With active involvement of MAA staff, we identified several areas where PVSC was able to provide expertise related to market analytics, review MAA's assessment roll quality, pilot advanced valuation techniques and explore opportunities for new technology.

Through this initiative we gained valuable experience that will be beneficial as we continue to refine and expand our service offering.

PVSC Act

19 (3) The Corporation may perform such additional duties consistent with this Act as are considered by the Board to be advantageous to the Corporation.

(4) The Corporation may undertake valuation of properties for purposes other than that of the delivery of assessment services to Nova Scotia municipalities, provide expertise, technology, instruction, information and other assistance to municipalities and other persons, within and without the Province, and may levy fees related to the rendering of such services

Assessor Designations



We are proud to support the education and certification of our staff. Their achievement is a testament to years of hard work and dedication that positions PVSC as a leader in the industry with a commitment to the professionalism of its workforce.

Assessors who obtained their designations this year are:

International Association of Assessing Officers: Residential Evaluation Specialist (RES) Designation

Ross Fenerty

Carla Moulaison-Hurlburt

Cindy Collins

Dan Higgins

Kim Croft

Marie Murphy

Andrew Willsey

Darren Marsh

Rae MacDonald

Ken McKinnon

Julie Frank

Appraisal Institute of Canada: Canadian Residential Appraiser (CRA) Designation

Daniel Belliveau

Institute of Municipal Assessors: Accredited Membership (MIMA)

Tracey Vickers



Some of the assessors who received designations are (L-R): Darren Marsh, Marie Murphy, Ross Fenerty, Ken McKinnon, Tracey Vickers, Julie Frank.

PVSC Awards

This year, PVSC created new awards to recognize and celebrate the traits and attributes of staff that make the corporation stronger. These awards recognize the kind of performance that exemplifies the spirit of our new virtues.



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.

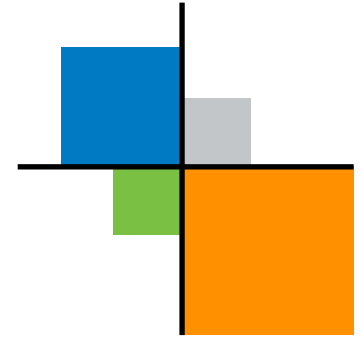
Proud To Do Our Part Award

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.

The Power of One Award

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

PVSC Awards



Business Forward Award

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

One Chance Award

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



The first award recipients will be chosen in June, 2018 and featured in the 2018-19 annual report.

Annual Corporate Charity



Each year our staff select a charitable organization as our corporate charity for the fiscal year. Funds are raised through various initiatives such as 50/50 raffles, casual dress days, employee deductions, and employer contributions.

Brigadoon Village helps Atlantic Canadian children and youth living with health conditions and other life challenges reach their full potential by providing them a fun and memorable camp experience.



This year, we raised the largest donation in our fundraising history

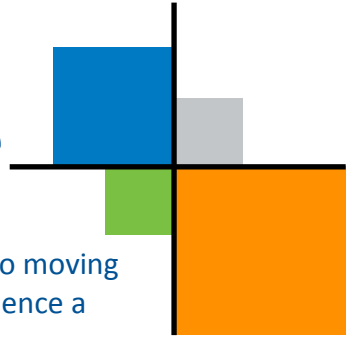
\$17,800

Additionally, camp supplies collected through staff donations were Brigadoon's largest supply donation in its history.



(L-R): Linda Richardson, PVSC; Vanessa Nasrallah, Brigadoon Village; Ross Fenerty, PVSC

Joint Occupational Health, Safety and Wellness Committee



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

A big success for the committee this year was building and leading "*Witness the Fitness,*" an employee fitness challenge. Over 135 staff members signed up for the challenge and tracked their steps over a six month period. At the end of the challenge, over 190 million steps were recorded – the equivalent of walking around Nova Scotia more than 158 times!

The committee met six times during the fiscal year and provided leadership and support to many initiatives. Some of the committee accomplishments include:

- Maintaining health, safety and wellness boards in each office
- Instituting meeting-free days—every other Thursday—across the organization
- Providing staff with road safety kits
- Ensuring all offices, including work from home employees, have first aid kits and fire extinguishers
- Encouraging wellness breaks at meetings that are longer than one hour
- Supporting the rollout of corporate policies related to health, safety and wellness



One of the *Witness the Fitness* team: **Fitness Valuation Model**

L-R: Rod Tremblay, Donna MacLeod, Daniel Belliveau, Tracey Vickers, Greg Cream, Holly Miller, Ross Fenerty

Municipal Value-Added Shared Services



There are currently four shared services in operation between PVSC and municipalities (and some municipal utilities):



Permit Data eXchange (PDX) An online repository where municipalities and PVSC can share permit and inspection data including documents and photos. This service also provides a permit tracking system to municipalities that did not have one before. A PDX mobile application has been developed that allows building officials to capture permit and inspection data in real-time, using hand held devices.

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

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

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

Municipal Value-Added Shared Services



Permit Data eXchange

10,500 permits sent to PVSC through the PDX system

42/50

municipalities connect to the PDX service
(with the remaining 8 in the process of connecting)

3 ways to share permits:

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



eDelivery

19 users



Municipalities



PVSC

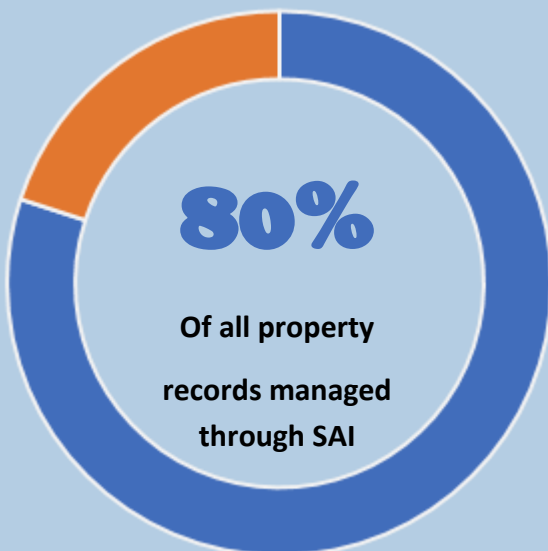


Utility Services

With **20,234** Subscribers
(as of April 9, 2018)



Single Address Initiative



Open Data Portal

4 Municipalities + PVSC providing data

Most popular data set accessed **1,411** times

Service Vision

- **Generate** economic and operational efficiencies for both private industry and governments
- **Increase** citizen engagement by promoting modern, transparent channels of communication
- **Enable** a culture of open government

www.thedatazone.ca

2018 Assessment Roll Activity



2018 ASSESSMENT YEAR ACTIVITIES

- **40,238** sale transactions
- **14,418** permit reviews
- **28,729** client inquiries
- **9,401** appeals

\$106.6B

In Assessment

50 Municipalities in Nova Scotia

623,799 Properties in Nova Scotia

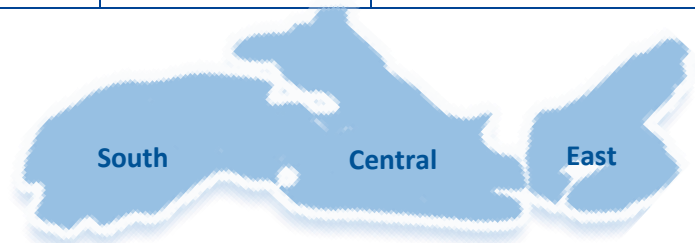
589,664 Residential Properties

328,463 Residential Properties with a Capped Assessment*

34,135 Commercial Properties

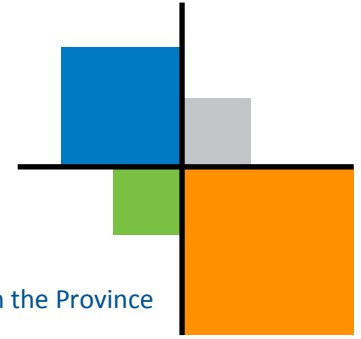
Assessed Value By Region

Region	Residential	Residential with CAP	Commercial	Total
South (I)	\$11,626,651,700	\$10,723,268,600	\$2,708,655,700	\$14,335,307,400
Central (II)	\$57,655,058,400	\$52,487,468,900	\$17,093,889,100	\$74,748,947,500
East (III)	\$13,441,744,100	\$11,609,090,200	\$4,115,494,300	\$17,557,238,400
Provincial Total	\$82,723,454,200	\$74,819,827,700	\$23,918,039,100	\$106,641,493,300



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

Performance Measures



Legislative Requirements

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

- **Quality Standards by Municipality (see page 20)**
- **Audited Financial Statements of the Corporation (see page 29)**

Financial and Service Delivery Scorecard

In addition to its legislative requirements and as a part of the organization's desire to provide quality performance measurements to its stakeholders, the organization began development of its performance scorecard in 2010-11 to provide a more balanced picture of its operations. Measures for the 2017-18 fiscal year include:

I. Quality Standard Measures

II. Customer Measures

III. Organizational Learning Measures

IV. Financial Measures

Measures and targets have been established through a comparison of industry standards and benchmarks for not-for-profit organizations, other Canadian assessment jurisdictions and international assessment standards.

I. Quality Standard Measures

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

Performance Measures



Quality Standards by Municipality

PVSC Internal Audit and Compliance conducted a series of statistical and quality testing on the calculation of the 2018 Level of Assessment for each of the 50 municipalities. All calculations were reviewed for accuracy, and the process used to assemble the data upon which the calculations were based was reviewed for completeness. The audit found the resulting municipal 2018 Level of Assessments to be within the acceptable range of 90% - 110%, as recommended by the IAAO.

Municipality	Residential Level of Assessment	Commercial Level of Assessment	Municipality	Residential Level of Assessment	Commercial Level of Assessment
Cape Breton Regional Municipality	98%	99%	Town of Annapolis Royal	99%	100%*
Halifax Regional Municipality	100%	95%	Town of Antigonish	99%	100%*
Municipality of the Region of Queens	103%	100%*	Town of Berwick	100%	100%*
Municipality of East Hants	100%	93%	Town of Bridgewater	101%	100%*
Municipality of the County of Annapolis	98%	100%*	Town of Clark's Harbour	98%	100%*
Municipality of the County of Antigonish	97%	100%*	Town of Digby	101%	100%*
Municipality of the County of Colchester	99%	95%	Town of Kentville	100%	100%*
Municipality of the County of Cumberland	101%	100%*	Town of Lockeport	93%	100%*
Municipality of the County of Inverness	94%	100%*	Town of Lunenburg	99%	100%*
Municipality of the County of Kings	99%	95%	Town of Mahone Bay	98%	100%*
Municipality of the County of Pictou	100%	100%*	Town of Middleton	99%	100%*
Municipality of the County of Richmond	98%	100%*	Town of Mulgrave	100%*	100%*
Municipality of the County of Victoria	95%	100%*	Town of New Glasgow	102%	100%*
Municipality of the District of Argyle	101%	100%*	Town of Oxford	100%	100%*
Municipality of the District of Barrington	98%	100%*	Town of Pictou	100%	100%*
Municipality of the District of Chester	97%	100%*	Town of Port Hawkesbury	99%	100%*
Municipality of the District of Clare	100%	100%*	Town of Shelburne	100%	100%*
Municipality of the District of Digby	100%	100%*	Town of Stellarton	102%	100%*
Municipality of the District of Guysborough	98%	100%*	Town of Stewiacke	96%	100%*
Municipality of the District of Lunenburg	100%	100%*	Town of Trenton	103%	100%*
Municipality of the District of Shelburne	99%	100%*	Town of Truro	100%	100%*
Municipality of the District of St. Mary's	99%	100%*	Town of Westville	100%	100%*
Municipality of the District of West Hants	100%	100%*	Town of Windsor	103%	100%*
Municipality of the District of Yarmouth	99%	100%*	Town of Wolfville	98%	100%*
Town of Amherst	107%	100%*	Town of Yarmouth	103%	100%*

*Municipality contains fewer than 11 sales

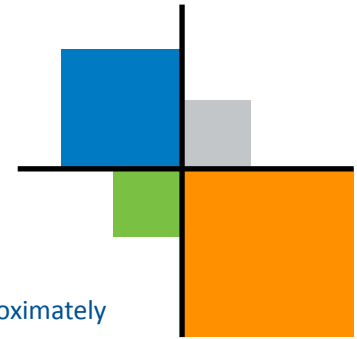
The *Nova Scotia Assessment Act* requires PVSC to assess properties at market value.

As per best practice assessment standards put forward by the International Association of Assessing Officers (IAAO) and International Property Tax Institute (IPTI), the Level of Assessment for each residential jurisdiction has been calculated using sales which have been time-adjusted¹ to the base date of the 2018 assessment roll.

Further, IPTI recommends jurisdictions with fewer than 11 sales are considered to have insufficient data to reliably calculate the Level of Assessment. For the purposes of meeting this legislative requirement for municipalities with fewer than 11 sales, the Level of Assessment has been reported as 100% (case law states that in the absence of sales data, the assumption is a level of 100%).

¹ Removing the influence time has on the sale of the property to determine the sold price as of the base date. This increases the reliability of the statistic for analysis and quality measures.

Performance Measures



2017 Appeals and Adjustments

In 2017, PVSC received 9,591 appeals during the 31-day appeal period, accounting for approximately \$8.5 billion of assessment. After the appeal process had concluded, the assessment roll was adjusted downward by \$383,818,500 which represents 0.36% of the total assessment roll.

II. Customer Measures

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

Service Centre Satisfaction Rating

Area of Measurement	2018 SCORE
Answering your call promptly	82%
Handling the call in a professional and friendly manner	92%
Demonstrated a willingness to listen to your concerns	90%
Provided you with the answers to your questions	82%
Treated call as being important	87%

Assessor Satisfaction Rating

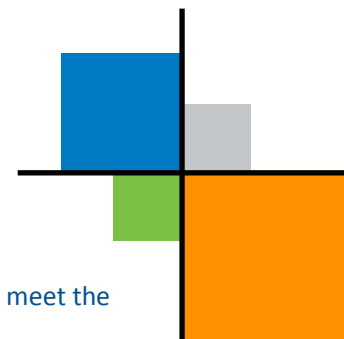
Area of Measurement	2018 SCORE
Conducting themselves in a professional friendly manner	88%
Demonstrating a willingness to listen to your concerns	84%
Providing you with the answers to your questions	78%
Being fair and objective in handling your assessment inquiry	77%
Treated your concerns as being important	81%

In the fall of last year, we conducted a survey of those who filed an appeal on their 2017 assessment.

Assessor Performance Rating

Area of Measurement	2017 SCORE
Professional and friendly conduct	87%
Willingness to listen	81%
Answers to your questions	76%
Fair and objective	76%

Performance Measures



III. Organizational Learning Measures

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

Our target has always been to spend at least 2% of the payroll budget towards staff training and development. In 2017-18, we were well above this threshold, spending 3%. This was due to our concerted effort to supporting learning and development initiatives and to increase the number of accredited valuation professionals within the organization.

IV. Financial Measures

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

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

Changes to this number over time can provide the organization with insight into changing cost elements and growth in account numbers. This measure is best used as a relative basis of comparison against a comparable standard. PVSC chooses to compare itself against the national average for assessment jurisdictions.

Our target is to be below the national average cost per account, which is \$40.59¹. In the fiscal year 2017-18, PVSC's cost per account was \$30.07.

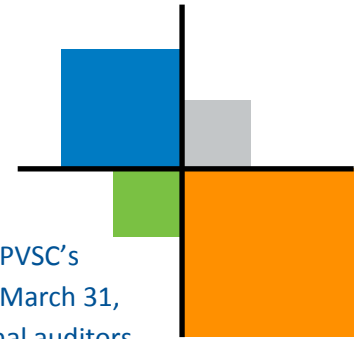
Defensive Interval: Reflects how many months the organization could operate if no additional funds were received.

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

Measure	Target	2017 Actual
Cost per Account	\$40.59	\$30.07
Defensive Interval	Between 1-3 Months	3.46 months
Liquidity Ratio	1	1.48

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

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, 2018. The financial statements have received an unqualified opinion from PVSC’s external auditors. The financial information that is provided in this discussion and analysis was prepared in accordance with current Canadian Generally Accepted Accounting Principles as recommended by the Chartered Professional Accountants of Canada (CPA Canada).

Financial Reporting Framework

PVSC’s financial reporting framework is in accordance with the Accounting Standards for not-for profit organizations (ASNPO) which are in Part III of the Chartered Professional Accountants of Canada (CPA Canada) Handbook. The corporation adopted the accounting standards under Part III of the Handbook as of April 1, 2010. Prior to this adoption date, the corporation prepared its financial statements in accordance with the 4400 series of Canadian Institute of Chartered Accountants CICA’s Pre-Changeover Accounting Standards.

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

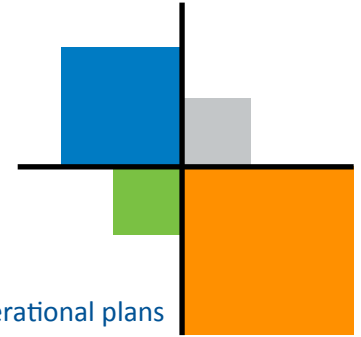
Funding Requirements

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-ended March 31, 2018 was half a percent higher than the previous year. Previously, the corporation spent seven consecutive years with no increase in municipal funding, keeping in line with PVSC’s budget strategy and commitment to minimize annual increases to municipal funding.

The corporation also has non-municipal revenue sources that include cost recovery on data exchange agreements, interest and investment income. PVSC continuously seeks budgetary control strategies that create operational efficiencies and generate cost reductions.

Management Discussion and Analysis



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 resources and productive capacity needed to achieve the organization's strategy and being responsive and flexible to changes in the operating environment. PVSC develops its operational plans and budgets with the objective of achieving key strategic objectives, which include being innovative in creating new service opportunities that add value for its partners and stakeholders, while being financially prudent and fiscally responsible in managing its resources.

PVSC's main financial commitments relate to the following:

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

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

The Technology Advancement Reserve

- The Technology Advancement Reserve was established to finance technology enhancements, innovation, large-scale renewal of the corporation's existing IT infrastructure and organizational development in support of the strategic plan objectives that are critical for the Corporation to carry out its responsibilities cost effectively and efficiently.
- As at March 31, 2018 the balance on the Technology Advancement Reserve was \$1,277,845.

The Contingency Reserve

- The internally restricted Contingency Reserve was set aside by the Board in case of unforeseen expenditures and/ or revenue interruptions. This reserve is capped at a level adequate to fund 30 days operating expenses.

The Special Operating Reserve

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

Management Discussion and Analysis



The Unrealized Post Retirement Gains Reserve

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

The corporation's net assets include its Restricted Capital Asset Fund which accounts for the acquisitions, revenues and amortizations relating 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, 2018, the total net book value of capital assets was \$2.654 million (2017: \$2.669 million).

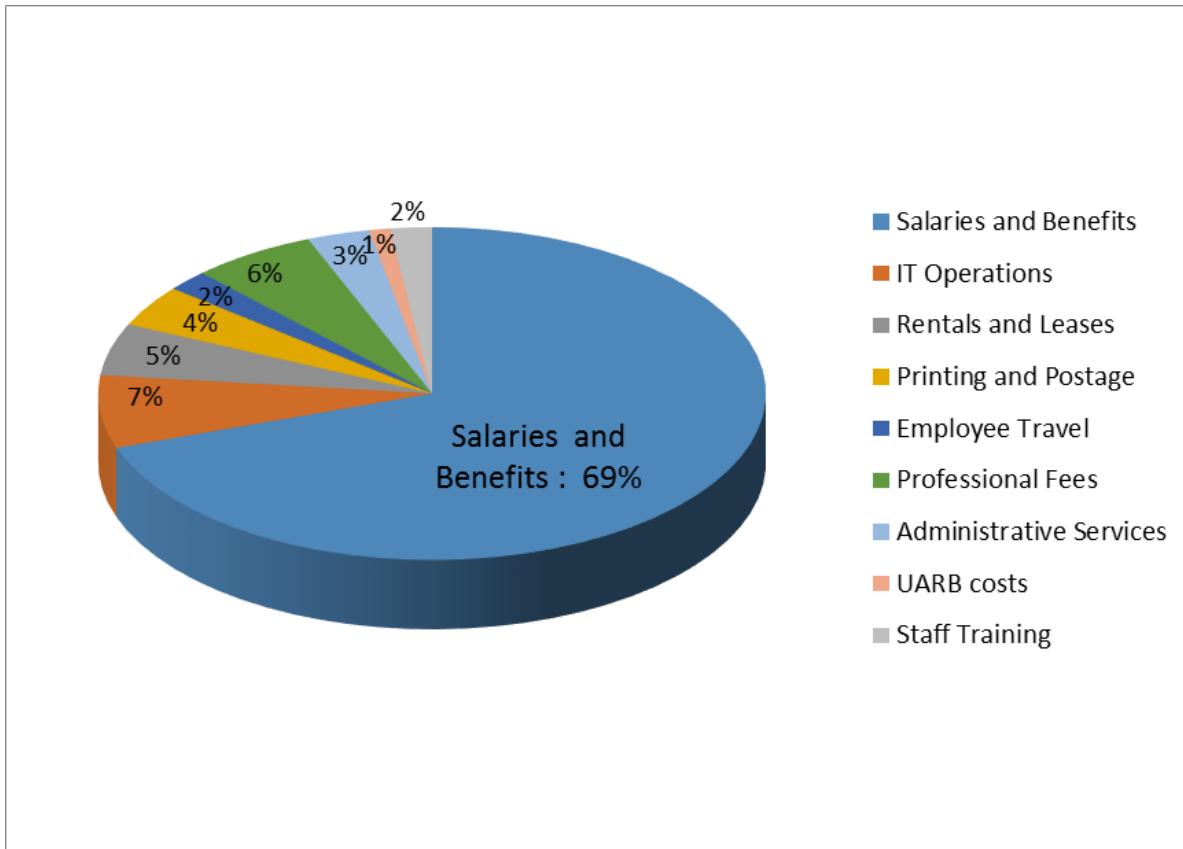
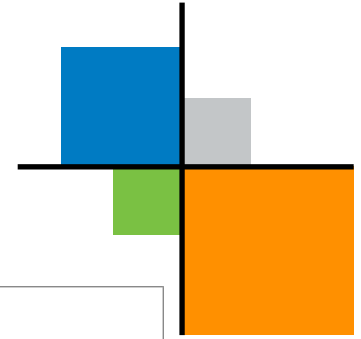
Analysis of the Operating Fund

The municipal revenues for the financial year ended March 31, 2018 of \$17,176,240 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 the strategic priority to develop the new service offering. 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 in areas such as utilizing better technologies and implementing continuous quality and other process improvements. A successful business development strategy creates new service offerings that could have a long-term positive impact on the municipal funding requirement.

The Operating Fund accounts for revenues and expenses associated with program delivery and administrative activities relating to providing assessment and property information services to municipalities. The company's actual total expenses on the Operating Fund for 2018 are \$17,872,808 (2017: \$17,458,771). A summary of the major expense categories is on the page to follow.

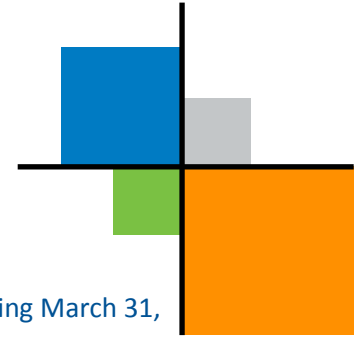
Management Discussion and Analysis



The corporation had a net transfer of \$188,053 from the Operating Fund to the Special Operating Reserve. This positive balance was after accommodating the following major financial impacts:

- There were actuarial revaluation adjustments of \$274,924, mainly to reflect escalations in liability projections for post-retirement employee health benefit plans. Actuarial valuations are completed on an accounting valuation basis in compliance with Section 3462 of the CPA Canada Handbook. The corporation completes full actuarial valuations once every three years. In the years between full valuations, actuarial annual reviews and roll-forward techniques are completed to estimate annual obligation balances. The actuarial annual review for the financial year-ended March 31, 2018 resulted in increases in projected obligations on health plans.
- Nova Scotia Utility and Review Board costs associated with assessment appeals incurred in 2018 were \$179,663 (2017: \$221,367).

Management Discussion and Analysis



Salaries and Benefits \$11,760,384 (2017: \$11,597,261)

The corporation has a three year collective agreement with the employees' union expiring March 31, 2019. The year over year change in salaries and benefits reflect the annual increases under the collective agreement and the increments under the approved pay scales.

The budgeted salaries and benefits for the financial year ended March 31, 2018 were \$12,058,170. The corporation had expenditures less than budget for salaries and benefits due to staff retirements, staff movements 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.

Enterprise Risk Management

The corporation's Enterprise Risk Management (ERM) policy describes the ERM program's vision, goals and guiding principles and demonstrates PVSC's commitment to an enterprise-wide approach to proactively manage risks to achieving organizational objectives. The ERM vision is for the Corporation to be committed to continuously improving a formalized, enterprise-wide approach to proactively identifying, managing, monitoring and communicating risks to the corporation's strategic objectives and business processes, in accordance with best practices.

Risk encompasses exposure to negative consequences. The program defines the strategies to identify, monitor, assess and manage risks, and seize opportunities with the goal of increasing value and achieving the corporation's strategic objectives. PVSC has a reporting process in place for monitoring risks associated with the corporation's strategic objectives and business processes, and tracking the status of significant risks to ensure that mitigation activities are proceeding as planned. The ERM program seeks to build a culture of risk awareness and integration into key decision-making processes.

Conclusion

PVSC closed the financial year-ended March 31, 2018 with a strong financial performance and a positive transfer of \$188,053 to the Special Operating Reserve which accounts for accumulated operating surpluses and budget savings. This reflects prudent stewardship and fiscal management of PVSC financial resources, other intangible resources and physical assets and honoring of PVSC's commitment to municipal partners by holding increases to funding required for PVSC operations at a minimal level. The corporation met the funding obligations to deliver its core assessment services, fund future employee obligations and maintain restricted reserve funds .

Independent Auditors Report



Consolidated Financial Statements

Property Valuation Services Corporation

March 31, 2018



Consolidated Financial Statements

Property Valuation Services Corporation

March 31, 2018

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Independent Auditor's Report

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To the Board of Directors of the Property Valuation Services Corporation

We have audited the accompanying consolidated financial statements of Property Valuation Services Corporation, which comprise the consolidated statements of financial position as at March 31, 2018, and the consolidated statements of operations, statements of changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Property Valuation Services Corporation as at March 31, 2018, 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 22, 2018

Chartered Professional Accountants
Licensed Public Accountant

Property Valuation Services Corporation

Consolidated statement of operations

Year ended March 31	Budget 2018	Actual 2018	Actual 2017
Revenues			
Municipal	\$ 17,176,240	\$ 17,176,240	\$ 17,090,000
Interest	42,436	36,418	87,170
Cost recovery	50,000	231,779	63,774
Investment income	-	235,989	319,199
Unrealized (loss) gain on investments	-	(1,924)	222,205
Amortization of deferred capital contributions	-	104,072	104,072
	<u>17,268,676</u>	<u>17,782,574</u>	<u>17,886,420</u>
Expenses			
Salaries and benefits	12,058,170	11,760,384	11,597,261
IT operations	1,293,421	1,241,163	1,066,699
Rentals and leases	961,461	964,188	980,498
Amortization	786,000	783,582	809,352
Printing and postage	691,989	780,985	756,455
Professional fees	694,038	654,750	841,016
Employee future benefits	295,500	564,385	768,825
Travel	403,876	414,897	437,126
NS Utility and Review Board costs	270,000	179,663	221,367
Staff training and development	188,124	289,565	154,803
Telecommunications	112,617	167,966	152,552
Office expenses and general services	194,363	211,462	235,313
Membership dues and fees	104,316	104,790	116,621
Office meeting expenses	60,945	68,403	104,728
Board meeting expenses	41,269	49,531	39,029
New Service Development	-	435,647	-
	<u>18,156,089</u>	<u>18,671,361</u>	<u>18,281,645</u>
Excess of expenses over revenues	\$ (887,413)	\$ (888,787)	\$ (395,225)

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Consolidated statement of financial position

March 31

2018

2017

Assets

Current

Cash and cash equivalents (Note 3)	\$ 4,638,352	\$ 4,576,664
Receivables (Note 6)	372,071	266,003
Prepays	<u>132,321</u>	<u>208,875</u>
	5,142,744	5,051,542

Internally restricted investments 2,070,733 2,434,180

Capital assets (Note 8) 313,653 307,304
Intangibles (Note 9) 2,340,653 2,361,268

\$ 9,867,783 \$ 10,154,294

Liabilities

Current

Payables and accruals (Note 7)	\$ 1,227,130	\$ 1,100,362
Deferred revenue (Note 12)	2,249,006	1,901,122

Employee future benefits (Note 5) 192,454 64,830
3,668,590 3,066,314

Net assets (Page 4)

Restricted Capital Asset Fund 2,654,306 2,668,573

Internally restricted reserve funds

Technology Advancement Reserve (Note 4)	1,277,845	2,033,561
Special Operating Reserve (Note 4)	593,603	695,988
Contingency Reserve	1,425,000	1,425,000
Unrealized Post Retirement Gains Reserve (Note 4)	<u>248,439</u>	<u>264,858</u>
	<u>6,199,193</u>	<u>7,087,980</u>

\$ 9,867,783 \$ 10,154,294

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, 2018

	Operating Fund	Technology Advancement Reserve	Special Operating Reserve	Contingency Reserve	Unrealized Post Retirement Gains Reserve	Restricted Capital Asset Fund	2018 Total
Balance, beginning of year, April 1, 2017	\$ -	\$ 2,033,561	\$ 695,988	\$ 1,425,000	\$ 264,858	\$ 2,668,573	\$ 7,087,980
Excess of revenues over expenses (expenses over revenues)	(254,885)	45,608	-	-	-	(679,510)	(888,787)
Inter-fund transfers (Note 4)							
Investment in capital assets	(665,243)	-	-	-	-	665,243	-
Technology Advancement Reserve (Permit Data Exchange)	301,324	(301,324)	-	-	-	-	-
(New Service Development)	414,332	(414,332)	-	-	-	-	-
(Mobile Assessor)	-	(85,668)	85,668	-	-	-	-
Special Operating Reserve	188,053	-	(188,053)	-	-	-	-
Unrealized Post Retirement Gains Reserve	16,419	-	-	-	(16,419)	-	-
Balance, end of year, March 31, 2018	\$ -	\$ 1,277,845	\$ 593,603	\$ 1,425,000	\$ 248,439	\$ 2,654,306	\$ 6,199,193

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Consolidated statement of cash flows

Year ended March 31

2018

2017

Increase (decrease) in cash and cash equivalents

Operating

Excess of expenses over revenues	\$ (888,787)	\$ (395,225)
Items not affecting cash		
Amortization	783,582	809,352
Employee future benefits	323,912	597,206
Unrealized change in market value on internally restricted investments	1,924	(222,205)
Realized investment income on internally restricted investments	<u>(204,501)</u>	<u>(278,177)</u>
	16,130	510,951
Change in non-cash operating working capital		
Receivables	(106,068)	72,331
Prepays	76,553	(77,494)
Payables and accruals	126,768	(34,461)
Deferred revenue	<u>347,884</u>	<u>(77,447)</u>
	<u>461,267</u>	<u>393,880</u>

Investing

Proceeds of restricted investments, net	369,736	6,151
Purchase of capital assets and intangibles:		
IT assets	(726,673)	(682,286)
Leasehold improvements	(25,753)	(12,262)
Furniture and equipment	<u>(16,889)</u>	<u>(45,048)</u>
	<u>(399,579)</u>	<u>(733,445)</u>

Net increase (decrease) in cash and cash equivalents	61,688	(339,565)
Cash and cash equivalents, beginning of year	<u>4,576,664</u>	<u>4,916,229</u>
Cash and cash equivalents, end of year	<u>\$ 4,638,352</u>	<u>\$ 4,576,664</u>

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2018

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 relate to program delivery and administrative activities.

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

The Special Operating Reserve 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, 2018

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	20%, declining balance
Internally developed software	7 years, straight line
IT hardware	3 years, straight-line
IT software other	30%, declining balance
Leasehold improvements	5 years, straight-line

Financial instruments

Financial instruments include cash and cash equivalents, internally restricted investments, receivables, payables and accruals, and employee future obligation. 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, 2018

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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

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

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

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

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

Pension benefit plans

The Province administers the defined benefit pension plan, and the Corporation reimburses the Province for the pension costs related to the Corporation's proportionate share of the employees covered under the plan. Due to the nature of the plan, the Corporation does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multi-employer defined benefit plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period when the Corporation is obligated to make contributions for services rendered by the employee.

The total expenses for the Corporation's share of the defined benefit pension plan for the year ended March 31, 2018 is \$858,873 (2017 - \$843,055) which is included in salaries and benefits expense.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2018

3. Cash and cash equivalents

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

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 3,213,352	\$ 3,151,664
Internally restricted cash and cash equivalents	<u>1,425,000</u>	<u>1,425,000</u>
	<u>\$ 4,638,352</u>	<u>\$ 4,576,664</u>

4. Inter-fund transfers

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

The Technology Advancement Reserve transferred \$301,324 to the Operating Fund to finance the Permit Data Exchange Project and \$414,332 to finance New Service Development strategic initiatives.

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 / expenses to be determined from time to time by the Board in accordance with the goals and objectives of the Corporation. The Special Operating Reserve transferred a net amount of \$188,053 to the Operating Fund during the financial year ended March 31, 2018.

The balance in the Special Operating Reserve as at March 31, 2018 of \$593,603 has been internally restricted by the Board of Directors as follows:

- \$140,000 reserved for Operating Loan for new wholly owned Subsidiary creation.
- \$46,412 transferred from the Special Operating Reserve and applied as a budget offset for the 2018/19 approved budget.
- \$407,191 reserved to be applied to offset future budget increases in operating expenses and strategic initiatives as required.

The Operating Fund received a non-cash transfer of \$16,419 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, 2018 of \$248,439 represents the cumulative unrealized market gains on post retirement funds to date.

The Operating Fund transferred \$665,243 to the Restricted Capital Asset Fund relating to the acquisition of capital assets, net of the amortization of deferred capital contributions earned during the year.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2018

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, 2018 were as follows:

	Health Plans	Service Awards	SERP	Total
Fair value plan assets, March 31, 2017	\$ 2,480,530	\$ 2,339,950	\$ 242,170	\$ 5,062,650
Contributions to Benefit Funds	-	-	56,810	56,810
Net Investment Income	67,581	63,751	8,146	139,478
Fair value plan assets, March 31, 2018	\$ 2,548,111	\$ 2,403,701	\$ 307,126	\$ 5,258,938

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

- Post-retirement health plans are to designated employees of the Corporation. The Corporation is responsible for funding the employer portion of the premium payments and any obligations under these health benefit plans. The Corporation developed a long-term investment policy with actuarial consultants.
- Designated employees transferred to the Corporation who upon retirement and who are eligible to receive a pension under the Public Service Superannuation Act shall be granted a Public Service Award based on years of service. The amount of this award is based on one week's pay for each year of full-time service up to a maximum of 26 full years. The Corporation accrues its obligations related to these awards and has adopted a long-term investment plan to fund these obligations.

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

An extrapolation of actuarial valuations was carried out by the Corporation's actuary consultant in 2018 to determine the following liabilities as at March 31, 2018:

	Health Plans	Service Awards	SERP	Total
Defined benefit obligation March 31, 2017	\$ 2,480,530	\$ 2,339,950	\$ 307,000	\$ 5,127,480
Payments	(53,668)	(186,605)	-	(240,273)
Annual service cost	127,289	152,072	9,900	289,261
Actuarial revaluations	246,738	6,986	21,200	274,924
Defined benefit obligation March 31, 2018	\$ 2,800,889	\$ 2,312,403	\$ 338,100	\$ 5,451,392
Employee future benefits, net	\$ (252,778)	\$ 91,298	\$ (30,974)	\$ (192,454)

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2018

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

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

Health service

	<u>Plans</u>	<u>Awards</u>
Discount rate	4%	2.8% (Previously 4%)
Rate of compensation and inflation	2%	2% (+3% promotional increase)

Health care trend

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

The Corporation recognizes that fluctuations in actuarial valuation of future employee liabilities will occur over time due to changes in actuarial assumptions and other factors such as the level of actual claims relating to these liabilities. The annual service costs and other actuarial estimates adopted by management are reviewed based on the results of the most recent actuarial valuation. However, the Corporation recognizes all actuarial gains and losses for its employee future benefits obligation for health plans and service awards through earnings.

The Corporation accrues its obligations under employees future benefit plans and the related costs when these benefits are earned through current service. The actuarial estimated annual service costs for the financial year ending March 31, 2019 is \$149,899 for Health Plans, \$151,754 for Service Awards and \$10,000 for SERP.

Benefit Fund balance allocation

The Corporation has internally set aside \$5,258,938 in investments to pay for the employee future benefit obligations. The balance in the employee post-retirement benefits investment account as of March 31, 2018, was allocated to fully fund the obligations for Service Awards but there was a shortfall on future health benefits and SERP due to actuarial revaluation adjustments. The overall shortfall on employee future benefits as of March 31, 2018 was \$192,454 (2017 - total shortfall \$64,830).

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

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2018

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 \$152,248 (2017 - \$181,282) for an outstanding HST reimbursement claim that is awaiting processing by CRA.

7. Payables and accruals	<u>2018</u>	<u>2017</u>
Vacation liability	\$ 334,795	\$ 306,240
Salaries and other benefit accruals	646,132	695,791
Trade payables	<u>246,203</u>	<u>98,331</u>
	<u>\$ 1,227,130</u>	<u>\$ 1,100,362</u>

8. Capital assets			<u>2018</u>	<u>2017</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 327,584	\$ 221,998	\$ 105,586	\$ 115,093
IT hardware	793,900	610,485	183,415	150,954
Leasehold improvements	<u>226,042</u>	<u>201,390</u>	<u>24,652</u>	<u>41,257</u>
	<u>\$ 1,347,526</u>	<u>\$ 1,033,873</u>	<u>\$ 313,653</u>	<u>\$ 307,304</u>

9. Intangibles			<u>2018</u>	<u>2017</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computerized mass appraisal	\$ 4,585,633	\$ 4,573,560	\$ 12,073	\$ 470,642
Internally developed software				
Single address	711,175	406,386	304,789	406,386
eDelivery	505,910	216,819	289,091	356,460
Permit Data Exchange	1,145,761	-	1,145,761	844,437
Open Data	137,305	24,519	112,786	137,305
Multiple Regression Analysis	349,535	-	349,535	-
IT software other	<u>599,755</u>	<u>473,137</u>	<u>126,618</u>	<u>146,038</u>
	<u>\$ 8,035,074</u>	<u>\$ 5,694,421</u>	<u>\$ 2,340,653</u>	<u>\$ 2,361,268</u>

Amortization of the Permit Data Exchange will commence during the fiscal year ending March 31, 2019. The asset is currently under development and was not available for use during the fiscal year ending March 31, 2018.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2018

10. Commitments

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

2019	\$	819,582
2020	\$	479,030
2021	\$	134,276
2022	\$	115,146
2025	\$	80,484

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

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

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

- (c) The Corporation has a three-year agreement, expiring March 31, 2019 with a service provider for the provision of annual maintenance and support for its Mass Appraisal Computer System and licensing fees. The remaining payments under these agreements for 2019 are \$317,990 USD and \$124,260 CAD, respectively.

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>2018</u>	<u>2017</u>
Municipal revenues	\$ 1,337,598	\$ 867,642
Single address project capital contributions	109,301	145,736
Single address project operating contributions	8,923	26,922
eDelivery project capital contributions	270,552	338,190
Permit Data Exchange	<u>522,632</u>	<u>522,632</u>
	<u>\$ 2,249,006</u>	<u>\$ 1,901,122</u>

13. Comparative figures

Certain 2017 comparative information has been reclassified to conform to the 2018 consolidated financial statement presentation.

Property Valuation Services Corporation

Statement of operations and changes in fund balance - Operating Fund

Year ended March 31	Budget 2018	Actual 2018	Actual 2017
Revenues			
Municipal	\$ 17,176,240	\$ 17,176,240	\$ 17,090,000
Interest	42,436	36,418	87,170
Cost recovery	50,000	231,779	63,774
Investment income	-	165,795	215,450
Unrealized gain on investments	-	7,691	189,411
	<u>17,268,676</u>	<u>17,617,923</u>	<u>17,645,805</u>
Expenses			
Salaries and benefits	12,058,170	11,760,384	11,597,261
IT operations	1,293,421	1,241,163	1,066,699
Rentals and leases	961,461	964,188	980,498
Professional fees	694,038	654,750	841,016
New Service Development	-	435,647	-
Printing and postage	691,989	780,985	756,455
Travel	403,876	414,897	437,126
Employee future benefits	295,500	564,385	768,825
NS Utility and Review Board costs	270,000	179,663	221,367
Telecommunications	112,617	167,966	152,552
Staff training and development	188,124	289,565	154,803
Office expenses and general services	194,363	196,491	221,791
Board meeting expenses	41,269	49,531	39,029
Office meeting expenses	60,945	68,403	104,728
Membership dues and fees	104,316	104,790	116,621
	<u>17,370,089</u>	<u>17,872,808</u>	<u>17,458,771</u>
Excess of (expenses over revenue) revenue over expenses	<u>(101,413)</u>	<u>(254,885)</u>	<u>187,034</u>
Inter-fund transfers			
Investment in capital assets	(175,000)	(665,243)	(635,524)
Transfer from Technology Advancement Reserve			
Permit Data Exchange	-	301,324	407,873
Open Data	-	-	137,305
New Service Development	-	414,332	-
Transfer to Special Operating Reserve			
Actuarial adjustments	-	-	(217,467)
Transfer to Special Operating Reserve			
Year End Fund balance	-	-	(56,810)
Transfer from Special Operating Reserve			
Budget offset	276,413	188,053	344,359
Unrealized Post Retirement Gains Reserve			
	-	16,419	(166,770)
	<u>101,413</u>	<u>254,885</u>	<u>(187,034)</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 2018	Actual 2018	Actual 2017
Revenues			
Amortization of deferred capital contributions	\$ -	\$ 104,072	\$ 104,072
Expenses			
Amortization of capital assets and intangibles	<u>786,000</u>	<u>783,582</u>	<u>809,352</u>
Excess of expenses over revenues	<u>(786,000)</u>	<u>(679,510)</u>	<u>(705,280)</u>
Fund balance, beginning of year	2,668,573	2,668,573	2,738,329
Inter-fund transfers			
Amortization of deferred capital contributions	-	(104,072)	(104,072)
Capital asset and intangible purchases	<u>175,000</u> <u>2,843,573</u>	<u>769,315</u> <u>3,333,816</u>	<u>739,596</u> <u>3,373,853</u>
Fund balance, end of year	<u>\$ 2,057,573</u>	<u>\$ 2,654,306</u>	<u>\$ 2,668,573</u>

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

Year ended March 31	Actual 2018	Actual 2017
Revenues		
Investment income	\$ 59,249	\$ 65,278
Realized gains on investments	10,945	38,471
Unrealized (loss) gain on investments	<u>(9,615)</u>	<u>32,794</u>
	60,579	136,543
Expenses		
Management and custodial fees	<u>14,971</u>	<u>13,522</u>
Excess of revenues over expenses	<u>45,608</u>	<u>123,021</u>
Fund balance, beginning of year	2,033,561	2,455,718
Inter-fund transfers		
Transfer to Technology Advancement Reserve Permit Data Exchange	(301,324)	(407,873)
Transfer to Technology Advancement Reserve Open Data	-	(137,305)
Transfer to Technology Advancement Reserve New Service Development	(414,332)	-
Transfer to Technology Advancement Reserve Mobile Assessor	<u>(85,668)</u>	-
	<u>1,232,237</u>	<u>1,910,540</u>
Fund balance, end of year	<u>\$ 1,277,845</u>	<u>\$ 2,033,561</u>



Property Valuation Services
Corporation

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