Building Partnerships

NEW HORIZONS FOR 2014

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, 2014. The information in this annual report relating to the 2014 assessment roll reflects activity that occurred in 2013.

Property Valuation Services Corporation

A truly valued Nova Scotia

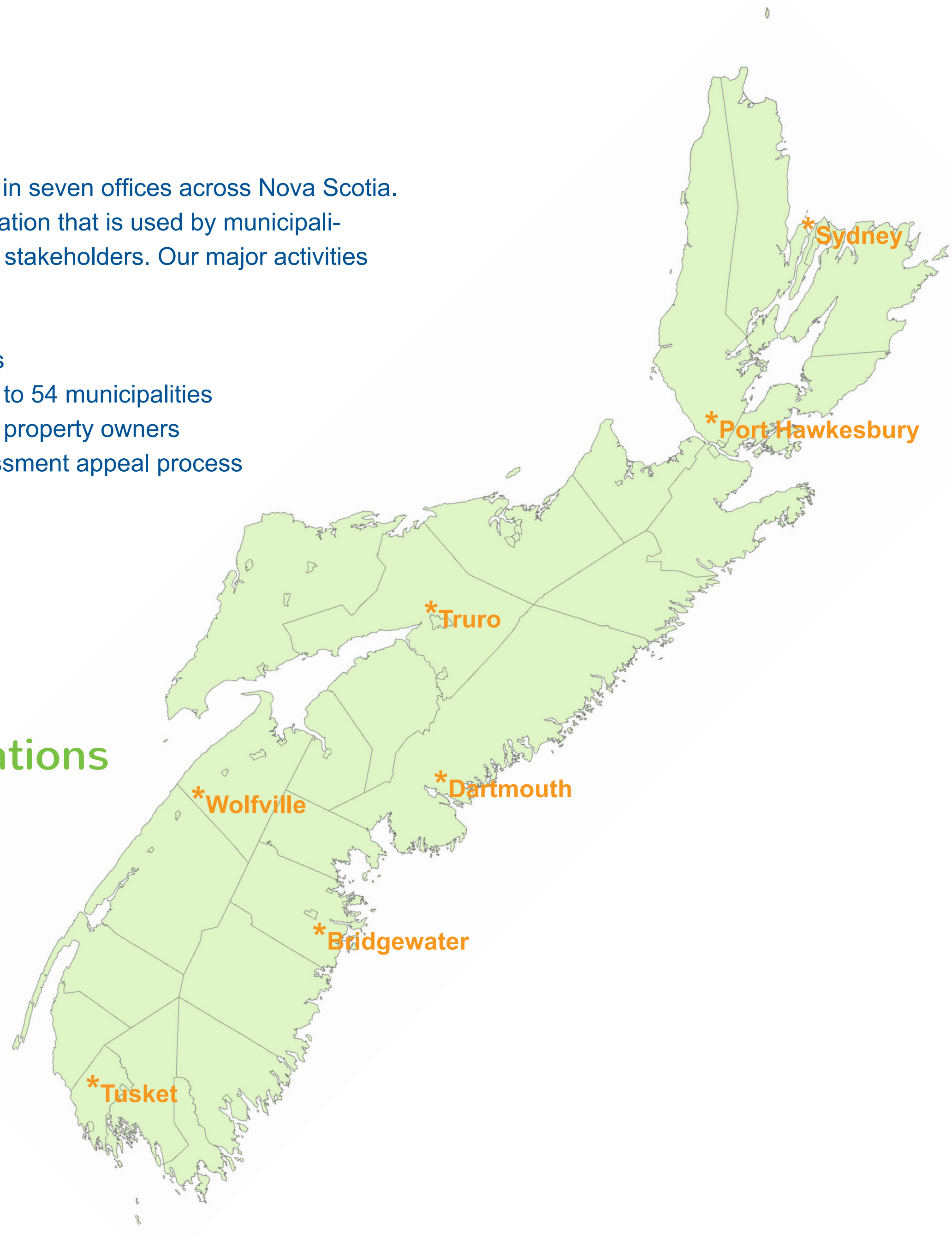
Property Valuation Services Corporation (PVSC) is the property assessment organization for Nova Scotia. Our core mandate is to serve Nova Scotia property owners and municipalities by providing accurate and timely property assessments. PVSC is also taking a leadership role in expanding its property related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

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 several other stakeholders. Our major activities include:

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

PVSC Office Locations



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

I am pleased to present the Property Valuation Services Corporation's 2014/15 annual report.

The past year has been very exciting and rewarding. It has been a year of significant growth – in our products, people, and partnerships.

This year we enhanced our service offerings by expanding the adoption of the Single Address Initiative, conducted a business case on eDelivery Service, and initiated a project for permit data exchange. The upcoming year is the fifth and final year of our current strategic plan. We will continue our focus on quality, partnerships and people development, while exploiting our state of the art technology.

The Board of Directors recognizes that municipalities are facing challenging economic times. To that end, I am pleased to report that the past year, for the fourth consecutive year, we have delivered our services while maintaining a flat budget – this meant continuing our commitment to quality while capitalizing on operational effectiveness.

In closing, I thank all Board members for their support and leadership. I want to acknowledge the parting of Darren Bruckschwaiger, Dan McDougall, and Lloyd Hines and extend my sincere appreciation for their commitment.

I welcome our newest members Kevin Saccary and note the return of Jimmy MacAlpine to the Board.

Last, but certainly not least, I want to recognize our municipal partners. We could not have achieved our success without your support.

Russell Walker
PVSC Board Chair
Councillor, Halifax Regional Municipality

Letter from the CEO

Partnerships are vital to the success of the Property Valuation Services Corporation. This year, more than ever, we have seen our partnerships flourish. As our partnerships expanded, so did our services.

Our Municipal Advisory Committee has and continues to be critical to this growth. The Committee has provided guidance, support, administrative expertise, and most importantly has identified many opportunities.

Our staff engagement over the past year has also proven to be a powerful partnership; both in terms of completing our day to day business, as well as participating on the plethora of strategic initiatives. Staff have been vital in realizing our goals.

The PVSC team also has a tremendous "partnership" with the Board of Directors. We have been so fortunate to have their leadership, support and business acumen – all necessary for moving our organization forward.

On behalf of the Executive Team, I thank our municipal partners, staff and Board.

It has been a year of great achievements, and these partnerships were the "game changers" that made the difference.

Kathy Gillis

Kathy Gillis
Chief Executive Officer

PVSC Board of Directors

The PVSC Board of Directors is composed of 13 members:

- 6 elected municipal officials
- 3 municipal administrators
- 2 independent members*
- Executive Director, Union of Nova Scotia Municipalities

*A change to the *PVSC Act* was introduced in March, 2014 removing the Deputy Minister, Service Nova Scotia and Municipal Relations from the PVSC Board of Directors. The bill received royal assent on May 1, 2014. The Board of Directors will now have the opportunity to appoint a third independent member.

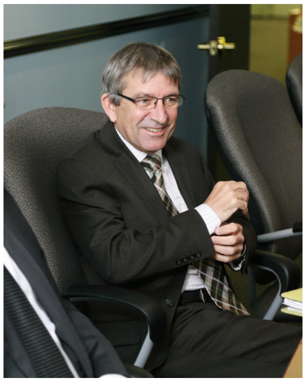
The Board is responsible for:

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

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.

PVSC Board Members

Chair, Russell Walker, Councillor, Halifax Regional Municipality
Vice-Chair, Bob McNeil, Director of Technology, Cape Breton Regional Municipality
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
Doug Sabean, VP Corporate Services & CFO, Medavie EMS
Greg Herrett, CAO, Town of Amherst
Jimmy MacAlpine, Deputy Warden, Municipality of the District of Digby
Kevin Saccary, Councillor, Cape Breton Regional Municipality
Raymond Tynes, Councillor, Town of Truro



From left to right: Back row: Doug Sabean, Alex Morrison, Raymond Tynes, Greg Herrett, Billy Joe MacLean and Brian Cullen
Front row: Betty MacDonald, Bob McNeil, Russell Walker (Chair), Amanda Whitewood and Kevin Saccary
Missing from photo:Jimmy MacAlpine

Assessment Activity for 2014 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 2014 assessment roll, assessments are based on market values as of January 1, 2012.

	2014	2013
Residential*	$ 76,399,603,000	$ 73,604,692,100
Commercial	$ 22,149,157,500	$ 21,348,394,200
Provincial Total	$ 98,548,760,500	$ 94,953,086,300
Number of Accounts	607,714	602,279

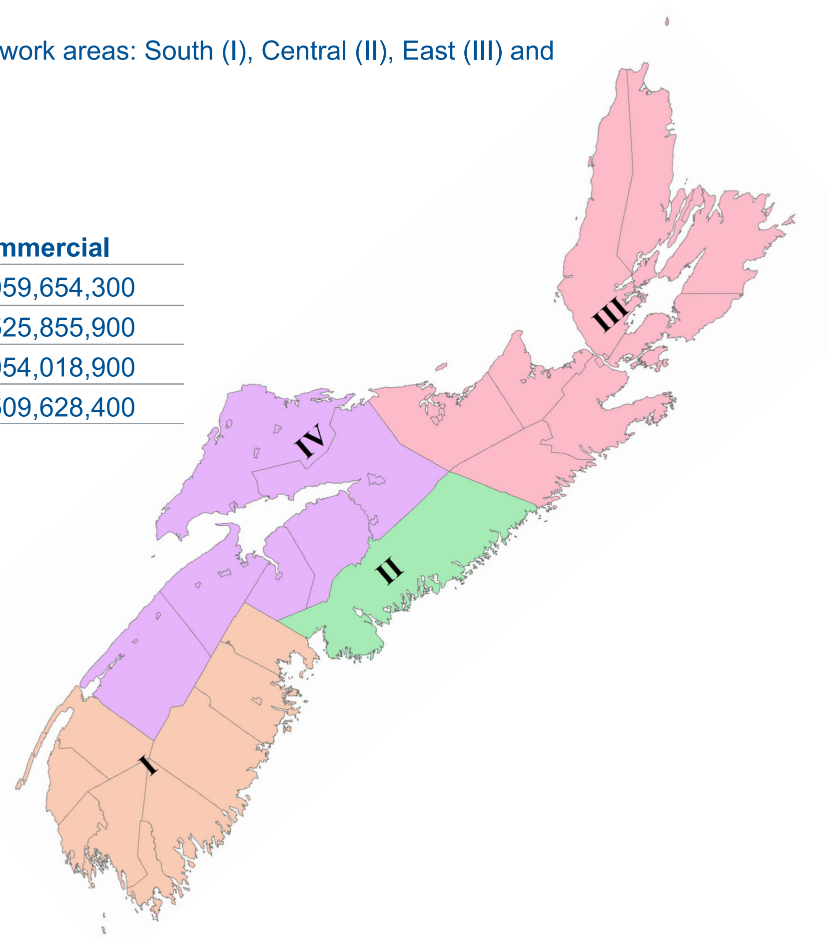
*Residential includes apartments and resource properties.

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

Value for 2014 by work area

		Residential	Commercial
I	South	$ 10,349,533,600	$ 2,059,654,300
II	Central	$ 38,358,383,000	$ 12,525,855,900
III	East	$ 12,496,552,800	$ 4,054,018,900
IV	North West	$ 15,195,133,600	$ 3,509,628,400

During the 2014 appeal period we received 10,814 appeals. Of those, 1,988 were commercial and 7,786 were residential. During the 2013 appeal period we received 11,481 appeals.



Annual Corporate Charity

From left to right: Donna Wambolt (PVSC), Liz Hallett (IWK Foundation), Darlene Purdy (PVSC) and Lissa Mallais (IWK Foundation)

Each year, our employees select an annual corporate charity. Our charity of choice this year was the IWK Health Centre.

Our fundraising efforts raised $10,248 for the IWK through a variety of efforts such as: 50/50 raffle, employee led fundraising initiatives, employee deductions and employer contribution.

Assessment Process in Nova Scotia

Provincial Government

PVSC is governed by the following Provincial legislation:

- Property Valuation Services Corporation Act
  http://nslegislature.ca/legc/statutes/propvals.htm

- Nova Scotia Assessment Act
  http://nslegislature.ca/legc/statutes/assessment.pdf

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

The four strategic areas of focus build on PVSC's strengths and link to the achievement of the organization's six strategic goals:

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"*

Workforce Development – *"Supporting the corporation now and into the future"*

Process Improvement – "Doing what we do better"

Call Management

As a public organization, we are focused on continuously improving the service we provide to our clients. In 2013, we conducted a review of our current practice of responding to client inquiries to identify opportunities and areas for improvement.

We identified several opportunities through this review, including: incorporating quality contact key performance indicators into our daily business, optimizing our reporting, providing training for all staff, creating efficiencies in scheduling, and designing a model to directly transfer client inquiries to an assessor.

We implemented many of the recommended improvements for the 2014 inquiry period. During the 31 day period, we received over 11,100 calls. Of those calls, 3,800 requested to be transferred to an assessor and 91 per cent were successfully transferred. The remaining 9 per cent were logged for call back within 48 business hours.

In February, we conducted a survey of those who contacted us through our call centre during the 31 day appeal period. Client satisfaction scores aligned with the improvements, providing increased satisfaction levels over last year. More information on the client satisfaction scores can be found on page 20.

Income and Expense

Income producing properties in Nova Scotia account for over 11 per cent of the total assessment roll, and over half of the commercial assessed value in Nova Scotia. This year we undertook a review of our valuation process for these properties in order to identify opportunities for improvement and to ensure that we are following industry best practices.

With the support of the International Property Tax Institute (IPTI) we are currently exploring the best practice for income valuation - income modeling. Over the next year we will look at ways to incorporate this approach into our valuation process.

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

Municipal Engagement Strategy

Our municipal engagement efforts over the past year have been focused on advancing the priorities of our municipal engagement strategy, defined in collaboration with our Municipal Advisory Committee. These priorities are as follows:

- Improved communication
- Enhanced existing products and services
- Standardized service delivery

We have focused on improving our communications with municipalities through a variety of channels. We produced a quarterly news update, presented to over 20 Councils, reviewed and streamlined our year end communications, and we continue to provide training as requested.

Under the direction of the Municipal Advisory Committee, we developed a new report for municipalities to assist in their budgeting process. The "Market and New Growth Indicators Report" is available to all municipalities and provides a breakdown of permit activity, inspection activity and information about new account creation/deletion.

The most recent initiative we have undertaken is the development of a Permit Data Exchange Working Group. This working group is a subset of our Municipal Advisory Committee, with representation from building official and planning departments within the municipalities. This group is focused on identifying opportunities related to the exchange of permit information between PVSC and municipalities.

Municipal representation on the working group includes:

Albert Dunphy – Annapolis County
Alix d'Entremont – Argyle/District of Yarmouth
Jan Oakley – Halifax Regional Municipality
Jeff Merrill – District of Lunenburg
Jerry Blackwood – Halifax Regional Municipality
Jim Donovan – Halifax Regional Municipality
John Woodford –Municipality of East Hants
Linda Bent – Annapolis County
Rick Fraser – Cape Breton Regional Municipality

Over the coming year, this group will be working together to explore partnership opportunities related to permits and information sharing.

Municipal Property Taxation in Nova Scotia - Study

This year, in partnership with the Union of Nova Scotia Municipalities (UNSM) and the Association of Municipal Administrators of Nova Scotia (AMANS), we undertook a study to assess the effectiveness of the current property tax system with the goal of identifying opportunities for improvement.

The research took place over the winter and a final report was completed in the spring. The research was conducted by two experts in the field of property taxation – Dr. Enid Slack and Harry Kitchen. The research included a consultation process with municipalities, businesses, taxpayer associations, provincial departments, and research and policy groups.

The report proposed seven recommendations:

1. The Province should retain market value property assessment as the municipal tax base.
2. The Province should re-examine the list of exempt properties to ensure that there is a strong public policy rationale for their continuation. At the same time, payments in lieu of taxes should be examined to ensure that the province is paying its fair share.
3. The PVSC should move to a one year assessment lag in setting annual assessed property values.
4. To minimize spikes in assessed values the PVSC should ensure that the assessment system captures changes to property values from additions and renovations in a timely manner.
5. The Province should implement fiscal disclosure rules which require municipalities to put the revenue-neutral municipal tax rate on the tax bill following a reassessment and record any tax rate above that amount as a tax levy increase for that year.
6. In conjunction with the recommendations for a one year assessment lag, timely assessment additions and renovations, and fiscal disclosure, the province should phase out the capping program by increasing the capping rate.
7. The Province should index the agriculture and forest acreage tax annually to reflect the rate of inflation. The lower tax rates that are levied on these properties should only apply to lands currently used for agriculture and forestry properties.

The completed report and recommendations have been shared with the public, and we look forward to working with the UNSM, the AMANS and the Province on the next steps with respect to the recommendations.

eDelivery

We are pleased that we will soon be offering a new service to Nova Scotia property owners. We have partnered with municipalities and municipal water utility services on the development of a process that will allow property owners to receive their assessment notices, municipal property tax bills and municipal utility bills online.

We developed a business case in collaboration with municipalities to determine the benefits of undertaking this initiative. With participation from municipalities and property owners, the eDelivery service will ultimately reduce costs for PVSC and municipalities, while providing improved service to property owners. After a successful RFP process, Canada Post's epost service was chosen as the service provider.

In preparation for the launch of this service, we have partnered with municipalities across the province to understand the business and technical requirements. We have also created an Adoption Working Group that will be instrumental in marketing the service to stakeholders. To date, 20 municipalities have been involved in this initiative and many more have expressed interest in offering eDelivery to property owners in the future.

Single Address Initiative

The single address initiative (SAI) has been running successfully for over two years now. In 2012, PVSC, Service Nova Scotia and Municipal Relations, and municipalities came together to look for partnership opportunities related to property services. All three parties agreed that property address information was an area with many opportunities.

Since this time we have built, managed and maintained a new process for creating, updating and storing mailing address information. Over 70 per cent of the mailing addresses in Nova Scotia are managed using this new process, meaning that more than two-thirds of addresses are consistently updated, maintained and shared between PVSC and the municipalities. A key benefit to participating in the service has been a reduction in returned mail, which means that a greater percentage of mail is being successfully delivered to property owners across Nova Scotia.

Currently 24 municipalities are using the service and others have expressed interest. We will continue to work with municipalities to reach our goal of having all Nova Scotia mailing addresses maintained using SAI.

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

We are striving to be a leader of assessment technology. Over the past five years we have made many improvements to our technological infrastructure. One of our biggest accomplishments has been the integration of Pictometry into our iasWorld Computer Assisted Mass Appraisal (CAMA) system. We have been using this tool over the past number of years and have achieved many process improvements and efficiencies as a result.

Over the next year we will be focusing our efforts on maintaining and advancing our technology. We are moving our entire IT infrastructure to a new hosting provider and will be upgrading our iasWorld CAMA system to the most recent version.

Our IT team currently provides additional services to municipalities outside of the delivery of the annual assessment roll. We administer the single address initiative portal and will be managing the eDelivery service once it is launched. We are committed to leveraging our existing technology while exploring opportunities to invest in new technology. In turn, we aim to expand our service offerings to clients and partners in the years to come.

Workforce Development – "Supporting the corporation now and into the future"

Our people are our strongest asset and take great pride in the work that we do. Over the past number of years we have remained committed to providing training and development opportunities for all staff.

This past year we continued our process of offering internationally recognized assessor training for staff. We held two International Association of Assessing Officers (IAAO) courses; one on income valuation and the other on mass appraisal. We are pleased to congratulate two of our assessors who received their designations this year.

Andrew Clarke – Accredited Appraiser Canadian Institute (AACI) designation from the Appraisal Institute of Canada
Glenda Stone – Residential Evaluation Specialist (RES) designation from the International Association of Assessing Officers

In addition to technical expertise, we are committed to building leadership capacity at all levels in the organization. This year we provided 19 employees with Results Centered Leadership (RCL) training, a program that teaches the fundamentals of leadership development.

We continue to work closely with employees to identify developmental goals through our annual coaching for success program. We also provide staff with an opportunity to attend various industry conferences where we share best practices and learn from other jurisdictions.

From left to right: Andrew Clarke and Glenda Stone

We would also like to congratulate Carol Clarke on the completion of her Bachelor of Commerce with a certificate in Human Resources Management from Saint Mary's University.

Performance Measures

Legislative Requirements

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

1) Quality standards by municipality
2) Audited financial statements of the corporation (see page 25)

Financial and Service Delivery Scorecard

In addition to our legislative requirements and as a part of our desire to provide quality performance measurement to stakeholders, we use a performance scorecard to provide a balanced picture of our operations. Measures breakdown into four key areas:

- Quality Standard Measures
- Customer Measures
- Organizational Learning Measures
- Financial Measures

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

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. We base 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 calculated the 2014 Level of Assessment for each of the 54 municipalities. As well, Internal Audit conducted statistical and quality testing of the process used to assemble the data upon which the calculations were based.

The audit found the resulting municipal 2014 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%.

2014 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	100%	100%
Halifax Regional Municipality	99%	97%	Town of Bridgetown	105%	100%
Region of Queens Municipality	100%	100%	Town of Bridgewater	98%	99%
Municipality of the County of Annapolis	99%	100%	Town of Clark's Harbour	98%	100%
Municipality of the County of Antigonish	97%	100%	Town of Digby	99%	100%
Municipality of the County of Colchester	98%	98%	Town of Hantsport	101%	100%
Municipality of the County of Cumberland	98%	100%	Town of Kentville	100%	100%
Municipality of the County of Inverness	96%	100%	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	98%	100%
Municipality of the County of Richmond	98%	100%	Town of Middleton	100%	100%
Municipality of the County of Victoria	99%	100%	Town of Mulgrave	100%	100%
Municipality of the District of Argyle	102%	100%	Town of New Glasgow	97%	100%
Municipality of the District of Barrington	97%	100%	Town of Oxford	96%	100%
Municipality of the District of Chester	97%	100%	Town of Parrsboro	103%	100%
Municipality of the District of Clare	97%	100%	Town of Pictou	100%	100%
Municipality of the District of Digby	98%	100%	Town of Port Hawkesbury	98%	100%
Municipality of the District of East Hants	97%	100%	Town of Shelburne	98%	100%
Municipality of the District of Guysborough	98%	100%	Town of Springhill	103%	100%
Municipality of the District of Lunenburg	99%	97%	Town of Stellarton	101%	100%
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%	100%
Municipality of the District of Yarmouth	98%	100%	Town of Westville	95%	100%
Town of Amherst	97%	99%	Town of Windsor	103%	100%
Town of Annapolis Royal	97%	100%	Town of Wolfville	100%	100%
Town of Antigonish	98%	100%	Town of Yarmouth	102%	101%

Appeals:

As of February 14, 2013, PVSC received 11,481 appeals on just over $6.5 Billion of assessment. After the appeal process was complete, including appeals received after February 14, 2013, the assessment roll was adjusted by $271 Million (rounded), which represents 0.3% of the total assessment roll.

Customer Measures

PVSC conducts an annual client satisfaction survey of those who contacted us through our service centre during the 31-day appeal period. The survey, conducted via telephone, asks a variety of questions: satisfaction with the service centre representative, satisfaction with the assessor, evaluation of the PVSC website, and other questions related to the service they were provided during their interaction with us.

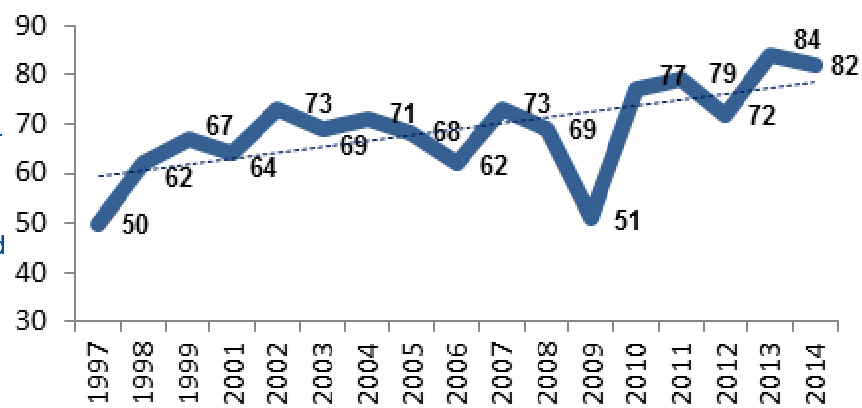
This year we surveyed 400 people over a one week period. We found that for the majority of survey respondents, this was their first time contacting us and their questions were similar to those received in previous years. Questions included: calling to inquire about the change in their assessment, requesting to speak with an assessor and calling to report a change on their property.

This year we were able to differentiate between callers who spoke with a call centre representative and were then transferred to an assessor, and callers who requested to speak to an assessor and their call was logged for call back.

The satisfaction levels of those surveyed who were directly transferred to an assessor were higher than those who were logged for call back. The survey categories included: overall satisfaction, assessor professionalism, demonstrating a willingness to listen to concerns, answering the client's questions, being fair and objective, and treating the client's concerns as important. Given the increased satisfaction results for those who were directly transferred, we will be looking at optimizing this model for the 2015 appeal period.

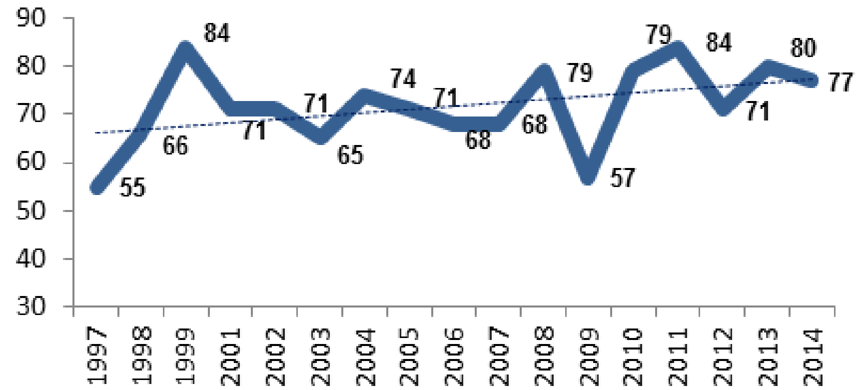
Call Centre Trending

As represented in this graph, we received scores similar to past years for our service centre operations. We are continuously looking for opportunities to improve and maintain our satisfaction levels and we will build on the feedback we received this year.



Assessor Trending

Our assessor trending remains fairly consistent with past years. We will continue to provide training and development opportunities for staff with the goal of providing the best client service possible.



Organizational Learning Measures

PVSC recognizes that by investing in the professional growth and development of staff, we can learn and grow to meet the needs of stakeholders and continue to provide competent, professional service. We set a target of spending 2%[1] of our payroll budget to provide training and development opportunities to staff.

In the 2013/14 fiscal year we devoted 2.21% of our total payroll budget to training and development. We require valuation staff to pursue appropriate professional designations from external sources to add to the overall knowledge base of the organization.

All PVSC assessors hold or are currently working towards an external professional designation. We held two International Association of Assessing Officers (IAAO) courses this year, Introduction to Income Valuation and Fundamentals of Mass Appraisal. We plan on holding the final IAAO courses for the Residential Evaluation Specialist (RES) designation next year. We currently have 19 designated assessors.

Financial Measures

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

The PVSC target is to be below the national average cost per account of $35.00[2].

In the fiscal year 2013/14, the PVSC cost per account was $28.65.

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	2013/14 Actual
Cost per Account	$35.00	$28.65
Defensive Interval	Between 1-3 months	3.78 months
Liquidity Ratio	1	1.59

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 Property Assessment Benchmarking Network

Management Discussion and Analysis

The following management discussion and analysis should be read in conjunction with the audited financial statements and accompanying notes for the financial year ended March 31, 2014.

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'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.

Financial Reporting Framework

The Corporation's financial reporting framework is in accordance with Canadian Generally Accepted Accounting Principles for Not-for-Profit organizations using fund accounting. Property Valuation Services Corporation's consolidated financial statements are a consolidation of the Corporation's operating fund and restricted reserve funds established by the Board of Directors. 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.

Significant changes in accounting standards that are applicable to the Corporation relate to Section 3463 of the Standards issued by CPA Canada, Reporting Employee Future Benefits by Not-For Profit Organizations. This accounting standard deals with the recognition, measurement and disclosures of obligations. The standard requires that for financial years beginning on or after January 1, 2014, an actuarial valuation be prepared every 3 years, and in the years between valuations, roll forward techniques be used to measure the obligation at year-end.

Financial Summary

Annual Budget

All the 54 municipalities in the Province of Nova Scotia are members of the Corporation and they fund Property Valuation Services Corporation's annual budget as per the distribution formula specified in subsection 35(4) of the Property Valuation Services Corporation Act. The share of the Corporation'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.

For the past four financial years, the Corporation has maintained a relatively flat budget approved for Municipal billing, of approximately $17 million. Municipalities are faced with a great need for continued stability of Municipal population base and innovative strategies to improve macroeconomic conditions. In addressing these challenges, some Municipalities are considering dissolving and amalgamating with neighbouring Municipalities The Corporation recognizes the difficult operating environments faced by Municipalities, particularly rural Municipalities and small towns, and is committed to a budget strategy that minimizes the budget impact to Municipalities.

Property Valuation Services Corporation 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 Budget balances the need to deliver on the Corporation's core valuation services mandate to Municipal Units and to implement strategic initiatives that focus on value-add activities and continuous improvements. The Corporation minimizes increases in its annual budget for billing to Municipalities by leveraging operational efficiencies in areas such as utilizing better technologies and implementing continuous quality and other process improvements. Major technological improvements made by Property Valuation Services Corporation include Pictometry (aerial photography) and the eDelivery project that is currently underway.

The eDelivery project is a major initiative that the Corporation is developing in collaboration with Municipal partners. The eDelivery service will provide property owners with the option to receive their assessment notices electronically. Through this service, customers will also be able to receive municipal utility bills and tax bills and have online access to the current status of their accounts.

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 and is being amortized over 10 years. As of March 31, 2014 the net book value of capital assets was $3.251 million (2013:$3.539 million). Notes 8 and 9 of the audited financial statements provide the detailed listing of the Corporation's capital assets. Capital expenditures of $153,853 for the development of the eDelivery service were incurred during the fiscal year ended March 31, 2014.

The Operating Fund reports the revenue and expenses relating to property assessment program delivery and administrative activities. Property Valuation Services Corporation'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 set aside 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 Special Operating Reserve which is internally restricted by the Board of Directors to meet operating expense in future years. The balance in the Special Operating Reserve as at March 31, 2014 of $839,696 includes $286,483 allocated by the Board for cost stabilization in 2014/15 and $160,000 transferred into operations as of April 1, 2014 to meet specific financial requirements.
- 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.

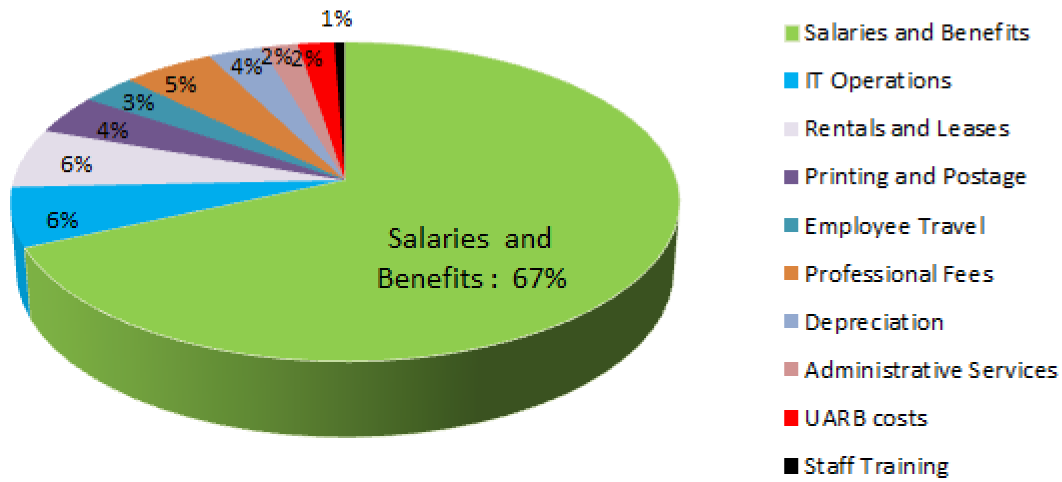
The table to the right is a summary of the Corporations' fund and reserve balances:

	2014	2013
Restricted Capital Asset Fund	3,251,282	3,539,820
Contingency Reserve	1,425,000	1,425,000
Technology Advancement Reserve	2,088,624	2,072,066
Special Operating Reserve	839,696	286,483
Unrealized Post Retirement Gains Reserve	159,079	136,821
Operating Fund	-	-
Total Fund Balances	**$ 7,763,681**	**$ 7,460,190**

Analysis of the Operating Fund

Municipal revenue relates to the $17,090,000 billed by the Corporation to Municipalities in 2014. 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 2014 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 Capital Asset Fund but does not include amortization on capital assets. The shortfall of revenue over expenses on the Consolidated Statement of Operations for the 2014 Budget of $339,000 is a result of investment income, unrealized gains on investments and amortizations that were not included in the 2014 Billed Budget.

The company's actual total expenses for 2014 are $17,410,570 (2013:$17,496,001). Below is a summary of the major expense categories:



The major budget variances on the operating Fund relate to the following:

- **Restricted Investments**
  Restricted investments had a strong market performance and prudent investment strategies that resulted in returns that were above benchmarks. Changes in interest rates had a positive effect on the investment income stream but a negative impact on the interest accrued on liabilities and valuations for future benefits. The Corporation used actuarial roll forward techniques to estimate the benefit obligation at year-end. Actuarial adjustments were made to future employee benefit liabilities to reflect expected future commitments per actuarial extrapolations of liabilities as at March 31, 2014. 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.

- **Salaries and Benefits $11,227,909 (2013: $11,207,249)**
  The budgeted Salaries and Benefits for 2013/14 were $11,579,253. Savings on salaries and benefits were due to vacancies relating to staff retirements, other staff movements and reductions in vacation balances.

- **eDelivery Service Operating $207,262 (2013: Nil)**
  During the year ended March 31, 2014, $207,262 operating expenses were incurred on the eDelivery project and were funded through access to the Technology Advancement Reserve. This is a major project with a very strong business case that indicates substantial cost savings especially on printing and postage due to offering property owners the option for electronic delivery. In addition the eDelivery project offers opportunities to improve customer service and creates capability for future shared service integration with Municipal partners.

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, 2014 and the consolidated statements of operations, statements of changes in net assets and cash flows for the year ended March 31, 2014 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 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 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 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 audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Property Valuation Services Corporation as at March 31, 2014, and the results of its operations and its cash flows for the year ended March 31, 2014 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 2014	**Actual 2014**	Actual 2013
Revenues			
Municipal	$ 17,090,000	**$ 17,090,000**	$ 17,100,063
Interest	40,000	**71,785**	64,922
Cost recovery	30,000	**76,030**	91,733
Investment income	-	**350,361**	411,105
Unrealized gain on investments	-	**125,885**	27,376
	17,160,000	**17,714,061**	17,695,199
Expenses			
Employee future benefits	202,500	**433,064**	531,650
IT operations	1,224,795	**930,253**	1,105,839
Meeting expenses	101,647	**105,461**	129,660
Membership dues and fees	70,988	**50,227**	57,709
Other supplies and services	151,370	**234,343**	202,643
Printing and postage	647,240	**647,326**	619,835
Professional fees	692,130	**715,767**	905,527
Utility and Review Board costs	265,000	**281,283**	256,875
E-Delivery Service (Operating)	-	**207,262**	-
Technology Projects	104,394	**27,627**	-
Rentals and leases	965,641	**968,021**	974,463
Salaries and benefits	11,579,253	**11,227,909**	11,207,249
Staff training and development	168,074	**197,513**	157,413
Telecommunications	172,249	**153,979**	152,896
Travel	564,719	**559,397**	598,650
Amortization	589,000	**671,138**	595,592
	17,499,000	**17,410,570**	17,496,001
Excess of revenues over expenses	$ (339,000)	**$ 303,491**	$ 199,198

See accompanying notes to the consolidated financial statements

Property Valuation Services Corporation
Consolidated statement of financial position

March 31	2014	2013
Assets		
Current		
Cash and cash equivalents (note 3)	$ 4,912,718	$ 4,293,090
Receivables (note 6)	318,303	226,766
Prepaids	46,851	89,246
	5,277,872	4,609,102
Restricted investments		
Employee future benefits (note 5)	4,212,517	3,855,851
Technology Advancement CAMA Reserve	1,971,991	1,861,919
Capital assets (note 8)	246,084	237,686
Intangibles (note 9)	3,005,198	3,302,134
	$ 14,713,662	$ 13,866,692
Liabilities		
Current		
Payables and accruals (note 7)	$ 1,531,547	$ 1,703,612
Deferred revenue (note 12)	1,793,620	1,332,692
	3,325,167	3,036,304
Employee future benefits obligation (note 5)	3,624,814	3,370,198
	6,949,981	6,406,502
Fund balances		
Restricted Capital Asset Fund	3,251,282	3,539,820
Internally restricted reserve funds		
Technology advancement CAMA (note 4)	2,088,624	2,072,066
Special Operating Reserve (note 4)	839,696	286,483
Contingency reserve (note 4)	1,425,000	1,425,000
Unrealized post retirement gains reserve (note 4)	159,079	136,821
Total fund balances	7,763,681	7,460,190
Total liabilities and fund balances	$ 14,713,662	$ 13,866,692

Commitments (note 10)

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, 2014

	Operating Fund	Technology Advancement Reserve	Special Operating Reserve	Contingency Reserve	Unrealized Post Retirement Gains Reserve	Restricted Capital Asset Fund	**2014 Total**
Balance, beginning of year, April 1, 2013	$ -	$ 2,072,066	$ 286,483	$ 1,425,000	$ 136,821	$ 3,539,820	**$ 7,460,190**
Excess of revenues over expenses	863,537	111,092	-	-	-	(671,138)	**303,491**
Additions from (to) capital assets	(382,600)	-	-	-	-	382,600	**-**
Transfers from (to) Reserves (note 4)							
Technology Advancement Reserve (E-Delivery operating)	210,000	(210,000)	-	-	-	-	**-**
Technology Advancement Reserve (E-Delivery Phase III)	4,534	(4,534)	-	-	-	-	**-**
Replenishments to Technology Advancement Fund	(120,000)	120,000	-	-	-	-	**-**
Special Operating Reserve	(553,213)	-	553,213	-	-	-	**-**
Unrealized post retirement gains reserve	(22,258)	-	-	-	22,258	-	**-**
Balance, end of year, March 31, 2014	$ -	$ 2,088,624	$ 839,696	$ 1,425,000	$ 159,079	$ 3,251,282	**$ 7,763,681**

See accompanying notes to the consolidated financial statements

Property Valuation Services Corporation
Consolidated statement of cash flows

Year ended March 31	2014	2013
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenues over expenses	**$ 303,491**	$ 199,198
Amortization	**671,138**	595,592
Employee future benefits	**254,616**	368,386
Unrealized gain on restricted investments	**(125,885)**	(27,376)
Investment income on restricted investments	**(350,361)**	(411,105)
	752,999	724,695
Change in non-cash operating working capital		
Receivables	**(91,537)**	(35,009)
Prepaids	**42,395**	17,990
Payables and accruals	**(172,065)**	501,714
Deferred revenue	**460,928**	130,686
	992,720	1,340,076
Investing		
Purchase of restricted investments	**(466,738)**	(546,367)
Unrealized gain on restricted investments	**125,885**	27,376
Investment income on restricted investments	**350,362**	411,105
Purchase of capital assets:		
Intangibles	**(323,770)**	(465,864)
Leasehold improvements	**(30,549)**	-
Furniture and equipment	**(28,282)**	(37,007)
	(373,092)	(610,757)
Net increase in cash and cash equivalents	**619,628**	729,319
Cash and cash equivalents, beginning of year	**4,293,090**	3,563,771
Cash and cash equivalents, end of year	**$ 4,912,718**	$ 4,293,090

See accompanying notes to the consolidated financial statements

Property Valuation Services Corporation
Notes to the consolidated financial statements
March 31, 2014

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.

2. Summary of significant accounting policies

Basis of presentation
The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for Not-for-Profit organizations using fund accounting. Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

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 revenues and expenses relating to the investments held for future employee benefits. The Operating Fund reports the revenues and expenses related to the Corporation's program delivery and administrative activities. The Technology Advancement 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.

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.

Restricted contributions for the purchase of capital assets or intangibles that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related acquired assets. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in the net assets in the Capital Asset Fund.

Deferred revenue represents unrestricted payments received from the Municipalities prior to April 1 that relate to the next fiscal year, and restricted contributions received or receivable from the partners for the single address project, land program integration, and eDelivery project (see note 12).

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 and intangibles

Capital assets and intangibles are recorded at cost. Intangible asset costs incurred during the development phase are capitalized. 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 amortization applied to write off the capital assets and intangibles over their estimated life are as follows:

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

The amortization method and estimated useful lives are reviewed annually.

Expenditure during the research phase of a project is recognized as an expense when incurred. Development costs are capitalized provided their technical feasibility structure clearly demonstrates that the project will be completed, deliver future economic benefits and these benefits can be measured reliably. Software under development will be amortized over its useful life when the software is developed, installed and ready for use.

An intangible asset not subject to amortization is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may exceed its fair value.

Financial instruments

Financial instruments include cash and cash equivalents, investments, receivables, deferred revenue and payables and accruals.

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.

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 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, accounts receivable, accounts payable and long-term debt.

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.

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, 2014 is $642,724 (2013 - $697,341) 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, 2014 total $188,070 (2013 - $168,337).

3. Cash and cash equivalents

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

Cash and cash equivalents	2014	2013
Cash and cash equivalents	$ 3,487,718	$ 2,868,090
Internally restricted cash equivalents	1,425,000	1,425,000
	$ 4,912,718	$ 4,293,090

4. Internally restricted reserve funds

	Special Operating Reserve	Unrealized Post Retirement Gains	Contingency Reserve
Balance, March 31, 2013	$ 286,483	$ 136,821	$ 1,425,000
Transfer from (to) operating fund	553,213	22,258	-
Balance, March 31, 2014	$ 839,656	$ 159,079	$ 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 opening balance in the special operating reserve fund of $286,483 was set aside by the Board for cost stabilization in 2014/15 budget. An additional $160,000 was transferred into operations as of April 1, 2014 to address specific financial requirements in 2014/15.

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, 2014 is $159,079 (2013 - $136,821). 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, 2014 of $1,425,000 (2013 - $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 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.

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, 2014 were as follows:

	Health Plans	Service Awards	Total
Balances Funded, March 31, 2013	2,109,986	1,745,866	3,855,851
Net investment income	195,174	161,492	356,666
Total Funded, March 31, 2014	**$ 2,305,160**	**$ 1,907,358**	**$ 4,212,517**

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, 2013	$ 1,659,857	$ 1,710,341	**$ 3,370,198**
Fiscal 2014			
Payments	(30,576)	(147,873)	**(178,449)**
Annual service cost	93,820	95,994	**189,814**
Actuarial Revaluations	111,887	131,364	**243,251**
March 31, 2014	$ 1,834,988	$ 1,789,826	**$ 3,624,814**

Based on the actuarial valuations dated May 14, 2013 the annual service costs for the year ended March 31, 2015 for the Health Plans is expected to be $100,711 and the Service Awards plan is expected to be $94,419.

The Corporation has internally set aside $4,212,517 in investments to pay for the employee future benefit obligations. As of March 31, 2014, there was an excess funded amount of $587,703 (2013 - $485,653).

6. Receivables

The Canada Revenue Agency (CRA) reimburses the Corporation's HST claims as per the ruling issued on February 13, 2009 designating the PVSC a municipality pursuant to subsection 259 (1) of the Excise Tax Act. Included in receivables is $163,659 (2013 - $175,299 for an outstanding HST reimbursement claim that is awaiting processing by CRA.

7. Payables and accruals

	2014	2013
Vacation liability	**$ 300,000**	$ 350,000
Salaries and other benefit accruals	**785,064**	706,554
Trade payables	**446,483**	647,058
	$ 1,531,547	$ 1,703,612

8. Capital assets

			2014	2013
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
IT hardware	$ 533,129	$ 411,355	**$ 121,774**	$ 137,750
Furniture and equipment	221,854	122,035	**99,819**	94,227
Leasehold improvements	139,914	115,423	**24,491**	5,709
	$ 894,897	$ 648,813	**$ 246,084**	$ 237,686

9. Intangibles

			2014	2013
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Computerized mass appraisal	$ 4,585,633	$ 2,739,304	**$ 1,846,329**	$ 2,304,894
Software under development				
Single address	711,174	-	**711,174**	679,174
eDelivery	153,853	-	**153,853**	-
IT software other	527,900	234,058	**293,842**	318,066
	$ 5,978,560	$ 2,973,362	**$ 3,005,198**	$ 3,302,134

10. 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:

2015	$ 888,047
2016	$ 907,407
2017	$ 926,125
2018	$ 909,188

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 remaining minimum annually payments under this agreement are as follows:

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.

11. 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.

12. Deferred revenue

	2014	2013
Contributions from municipal units relating to next year's revenues	**$ 968,880**	$ 721,128
Single address project operating contributions	**3,236**	263,526
Single address project capital contributions	**255,038**	255,038
Land program integration	**93,000**	93,000
eDelivery project capital contributions	**473,466**	-
	$ 1,793,620	$ 1,332,692

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

Year ended March 31	Budget 2014	**Actual 2014**	Actual 2013
Revenues			
Municipal	$ 17,090,000	**$ 17,090,000**	$ 17,100,063
Interest	40,000	**71,785**	64,923
Cost recovery	30,000	**76,030**	91,733
Investment income	-	**242,663**	282,138
Unrealized (loss) gain on investments	-	**122,491**	18,452
	17,160,000	**17,602,969**	17,557,309
Expenses			
Employee future benefits	202,500	**433,064**	531,650
IT operations	1,224,795	**930,253**	1,105,839
Meeting expenses	101,647	**105,461**	129,660
Membership dues and fees	70,988	**50,227**	57,709
Other supplies and services	151,371	**234,343**	202,643
Printing and postage	647,240	**647,326**	619,835
Professional fees	692,130	**715,767**	905,527
Utility and Review Board costs	265,000	**281,283**	256,875
E-Delivery Service (Operating)	-	**207,262**	-
Technology Projects	104,394	**27,627**	-
Rentals and leases	965,641	**968,021**	974,463
Salaries and benefits	11,579,253	**11,227,909**	11,207,249
Staff training and development	168,074	**197,513**	157,413
Telecommunications	172,249	**153,979**	152,896
Travel	564,719	**559,397**	598,650
	16,910,000	**16,739,432**	16,900,409
Excess of revenues over expenses	$ 250,000	**$ 863,537**	$ 656,900
Inter-fund transfers			
Purchase of capital assets	(250,000)	**(382,600)**	(502,871)
Transfer from Technology Advancement Reserve (E-Delivery Operating)	-	**210,000**	-
Transfer from Technology Advancement Reserve (E-Delivery Phase III)	-	**4,534**	-
Replenishments to Technology Advancement Reserve	-	**(120,000)**	(112,000)
Transfer to Special Operating Reserves	-	**(553,213)**	(20,298)
Unrealized post retirement gains reserve	-	**(22,258)**	(21,731)
	(250,000)	**(863,537)**	(656,900)
Increase / (Decrease) in Fund balance	-	**-**	-
Fund balance, end of year	$ -	**$ -**	$ -

Property Valuation Services Corporation
Statement of operations and changes in fund balance - restricted capital asset fund

Year ended March 31	Budget 2014	**Actual 2014**	Actual 2013
Expenses			
Amortization of capital assets	$ 589,000	**$ 671,138**	$ 595,592
Fund balance, beginning of year	3,539,820	**3,539,820**	3,632,541
Inter-fund transfer			
Inter-fund transfer – purchase of capital assets	250,000	**382,600**	502,871
Fund balance, end of year	$ 3,200,820	**$ 3,251,282**	$ 3,539,820

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

Year ended March 31	**Actual 2014**	Actual 2013
Revenues		
Investment income	**$ 62,930**	$ 60,035
Realized gains/ (losses) on investments	**51,568**	77,322
Unrealized gain on investments	**3,393**	8,923
	117,891	146,280
Expenses		
Investment management fees	**4,864**	6,465
Bank and custodial charges	**1,935**	1,925
	6,799	8,390
Excess of revenues over expenses	**111,092**	137,890
Fund balance, beginning of year	**2,072,066**	1,822,176
Inter-fund transfers		
Transfer from Technology Advancement Reserve (E-Delivery Operating)	**(210,000)**	-
Transfer from Technology Advancement Reserve (E-Delivery Phase III)	**(4,534)**	-
Replenishments to Technology Advancement Reserve	**120,000**	112,000
Fund balance, end of year	**$ 2,088,624**	$ 2,072,066

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