

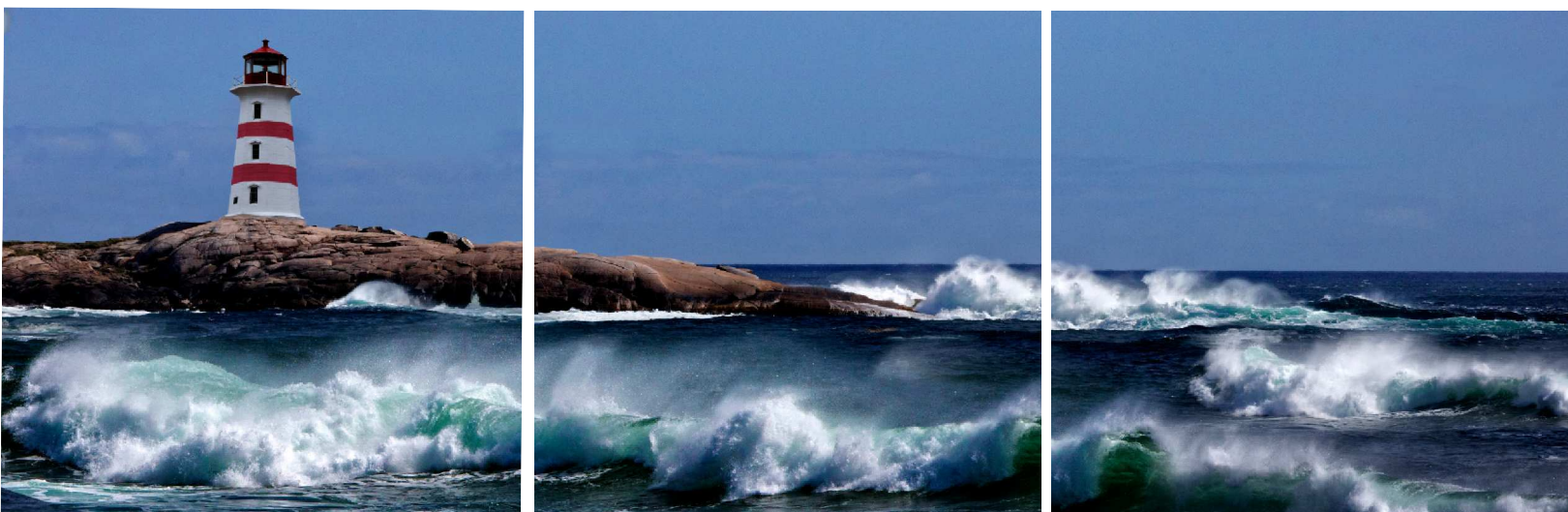


AGILITY IN ACTION

2022-23
ANNUAL REPORT

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ABOUT PVSC

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

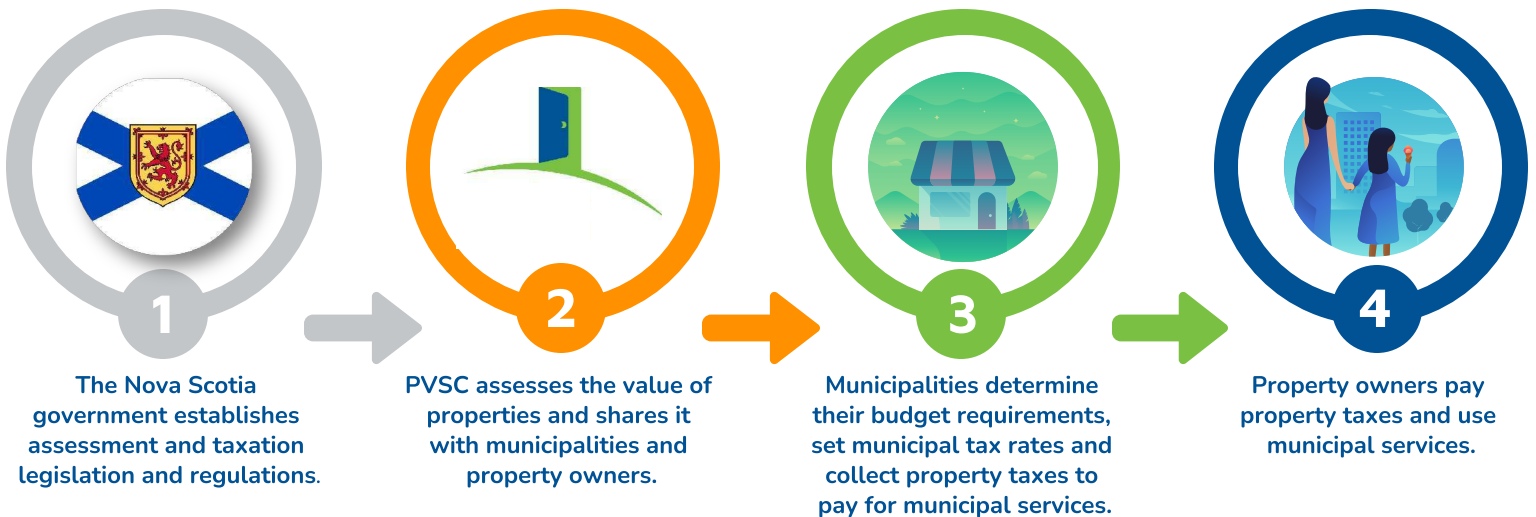
Local governments use our property assessments to establish their municipal tax rates, which fund important local services and infrastructure, and build communities.

Our team of assessment experts and support staff live and work in communities across Nova Scotia. We use mass appraisal approaches that meet international appraisal standards for accuracy and uniformity.

Our work is funded by Nova Scotia's 49 municipalities. Each municipality pays a proportional share of the budget according to the funding formula in the Property Valuation Services Corporation Act.

We assess over 640,000 residential, commercial, industrial, and resource properties each year in Nova Scotia, representing over \$147.5 billion in property value.

NOVA SCOTIA'S PROPERTY ASSESSMENT AND TAXATION SYSTEM



MESSAGE FROM THE BOARD CHAIR



Joe Feeney

Board Chair

Property Valuation Services Corporation

On behalf of the Board of Directors, it gives me great pleasure to present the 2022-23 Annual Report.

As I reflect on the past year, I want to acknowledge and honour the investment of time and talent of my fellow Board members and express my gratitude to the PVSC team for how they rose and responded to the challenges of the year. **Together, they truly embody agility in action** - being ready to pivot, re-prioritize, and re-distribute resources to ensure our commitments to Nova Scotia municipalities are met.

With increased market activity and the devastating impacts of Hurricane Fiona, staff delivered an accurate, stable, and defensible assessment roll for 2023.

We continue to plan for and adapt to an ever-changing landscape through meaningful stakeholder engagement, new approaches to recruitment and training, utilizing business intelligence to inform decision-making, and seeking efficiencies through automation.

Additionally, PVSC and the Board are committed to prudent fiscal management and appreciate the unique challenges facing our municipal clients, especially in these uncertain times. The approved 2023-24 corporate budget kept the municipal funding level flat from the prior year.

I thank our Board members – new, returning, and those whose term ended this year – for their leadership, and share my appreciation for our municipal

clients who are devoted to building and growing Nova Scotia's communities.

“An agile approach to oversight and operations will serve PVSC and its stakeholders extremely well, now and into the future.”

I look forward to seeing the Corporation's continued innovation and success.

A portrait of Kathy Gillis, Chief Executive Officer of Property Valuation Services Corporation. She is a woman with long brown hair, wearing glasses, a black blazer, and a pearl necklace. She is smiling slightly and looking towards the camera. The background is a blurred office setting.

MESSAGE FROM THE CEO

Kathy Gillis

Chief Executive Officer

Property Valuation Services Corporation

This past year, staff demonstrated an ability to quickly adapt and a willingness to participate in solutions that allowed us to meet unique operational challenges while delivering on key deadlines and commitments to our municipal clients. We call this our “One Team” approach.

One Team is a corporate-wide initiative founded on collaborating, aligning resources, communicating frequently, and adjusting as necessary.

“One Team is about challenging the norms and seeking new solutions with the input of staff.”

The continued use of business intelligence for data-driven decision-making provided us with predictive insights to proactively prepare for different scenarios and seek opportunities for automation in our workflows.

We also met with our municipal clients post-pandemic to gather insights into their current needs, challenges, and interests to inform how we shape future priorities and engagements. I am grateful for their openness and support as we work to deliver fair and accurate property valuations to Nova Scotia’s property owners.

I would like to thank the Board of Directors – key members of our One Team – for their commitment, perspectives, and support.

“Through agility in our people, processes, and technology we are finding efficiencies, broadening accountability, co-creating tools, and building work environments for success.”



GOVERNANCE

PVSC was created by the *Property Valuation Services Corporation Act* on April 1, 2007, and is governed by a Board of Directors. A strong, strategic board is critical to achieving our goals and guiding the direction of our organization.



Joseph Feeney, Chair
Councillor, Town of Mahone Bay



Bobby McNeil, Vice Chair
Independent Director



Darren Bruckschwaiger
*Councillor, Cape Breton
Regional Municipality*



Laurie Murley
*Councillor, West Hants
Regional Municipality*



Connie Nolan
*CAO (Retired), Municipality
of East Hants*



Tara Magurie
CAO, Municipality of Chester



Rachel Jones
CAO (Retired), Town of Oxford



Juanita Spencer
*CEO, Nova Scotia Federation
of Municipalities*



Doug Boyd
Independent Director



Chuck Faulkner
Independent Director

We would also like to thank
Mike Dolter and Greg Keefe,
whose terms ended in 2022.

GOVERNANCE

BOARD RESPONSIBILITIES

The PVSC Board of Directors and its committees are responsible for:

- Establishing a long-term strategic plan.
- Creating multi-year operating and capital budgets.
- Appointing a CEO.
- Maintaining relationships and encouraging partnership opportunities.
- Filing an annual report.
- Establishing a memorandum of understanding with municipal clients.
- Reporting to the Nova Scotia Federation of Municipalities at its annual meeting.
- Ensuring the completion of external financial and quality audits.

VISION, MISSION AND VIRTUES

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

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

Virtues:

Working with you – we understand it's a privilege. We have an unwavering commitment of service to our clients. We listen to and act on their needs and we take nothing for granted. We are not entitled to our clients' trust; we earn it.

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

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

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

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



2021-24 STRATEGIC PLAN

PVSC's 2021-24 strategic plan was approved by the Board of Directors in January of 2021. The plan outlines three strategic areas of focus:

- 1** Delivering our core mandate of providing an accurate and defensible assessment roll to our municipal clients.
- 2** Using business intelligence to support data-driven decision-making to expand services that support the needs and priorities of Nova Scotia's municipalities.
- 3** Building on our existing product development foundation to pursue new revenue-generation initiatives when resources and opportunity permit.

In the second year of the 2021-24 strategic plan, we are proud to highlight our achievements in business intelligence through market trends, people and culture, and our approach to stakeholder relationships.

PREDICTION AND ANALYSIS

We continue to expand our use of business intelligence for decision-making, scenario planning, market analysis, and quality assurance.

Our predictive modeling assisted in planning assessment activities related to the 2023 Assessment Roll, allowing us to understand potential impacts and appropriately realign resources. Capturing the impacts of Hurricane Fiona in time for the

close of roll was imperative, and the use of Pictometry and data analysis meant we could focus our reviews on high-impact areas. We also used historical data and recent market trends to predict higher volumes of inquiries and appeals during the 31-day appeal period, which we were prepared and equipped to manage.

We developed tools to assist operations staff with organizing

and analyzing large data sets, visualizing market trends and initiating database searches.

The use of business intelligence has been indispensable in enabling our new, agile ways of working.

STRATEGIC PLAN

PEOPLE & CULTURE

In 2022, we underwent a company-wide exploration of our culture and employee satisfaction. Staff were engaged in interviews to share their thoughts and feedback on topics relating to working at PVSC.

The interviews identified three areas as being core to our culture and working at PVSC:



Trust

Our employees want to feel rewarded, appreciated and better understand the decision-making process at PVSC.



Connection

Our employees want to feel connected to one another, their career goals and understand the impact of their role on the business.



Communication

Our employees want to feel like they are getting the information they need and feel a sense of belonging at work.

Areas of success included PVSC's work-from-home model, prioritization of well-being, manager/employee relationships, corporate communications, and the introduction of a two-week onboarding program for all new staff.

Guided by the insights gained through the staff interviews, we continue to prioritize strengthening our culture and people experience, for today and in the future.

ONE TEAM

To keep pace with today's work challenges, PVSC recognized the need to work differently. Traditional approaches were set aside to embrace more collaborative and aligned strategies. We named this our "One Team" approach.

The One Team approach means operating as a highly integrated organization, involving cooperation, resource sharing, innovating, and adjusting as necessary. Cross-sectional teams were mobilized to brainstorm solutions and support implementation.

The One Team method will continue to be our mantra as we reimagine how we complete the work while ensuring adherence to our legislative mandate and industry best practices, service to municipalities, and delivering accurate and defensible values.

STRATEGIC PLAN

BUILDING RELATIONSHIPS

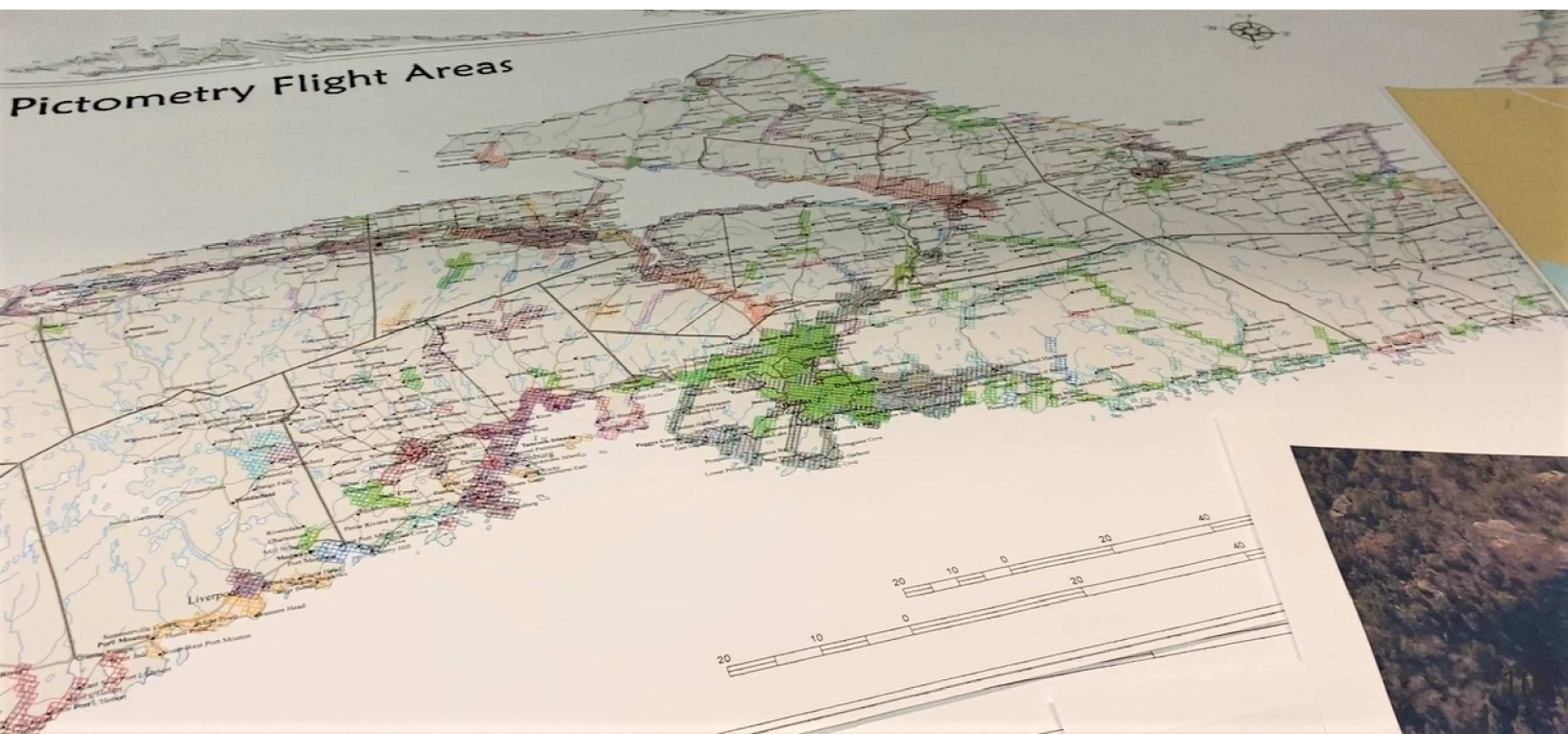
PVSC placed a strong focus on **relationship building** and engagement with municipal clients in 2022-23. With a rapidly changing environment, including the lingering effects of the pandemic across the province, the importance of clear communication and collaboration with municipalities was evident.

PVSC conducted a province-wide tour, visiting senior elected and administrative municipal leaders in their communities to discuss PVSC's service and municipal priorities and challenges.

Our employees attended **21 public council meetings** to present the 2023 Assessment Roll in addition to providing municipal staff with training and lunch and learns on PVSC and property assessment in Nova Scotia.

An unexpected event that impacted Nova Scotians was Hurricane Fiona in the fall of 2022. The widespread damage resulting from the storm required fast action and sensitivity. PVSC ensured its service centre staff were equipped to answer questions from property owners and worked directly with the municipalities most impacted.

Additional aerial photography over affected areas via our Pictometry service aided in the review process of land and properties that sustained significant damage from Fiona. The information and images from this flyover were shared with nine municipalities and the Province.



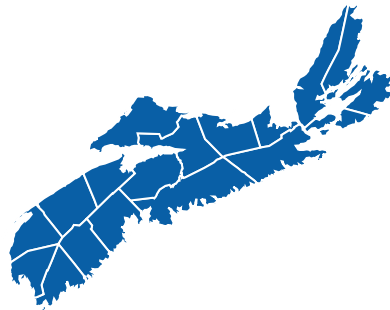
OPERATIONS



2023 ASSESSMENT ROLL

Each year, we deliver an assessment roll to every municipality in Nova Scotia, and over 640,000 property assessment notices to Nova Scotia property owners.

2023 property assessments are based on sales and financial data from the 2021 calendar year, along with the physical state of properties as of December 1, 2022, including new construction, renovations, demolitions, and impacts from Hurricane Fiona.



643,058

property accounts in NS

\$147.5 Billion

total assessment value

Residential Assessment

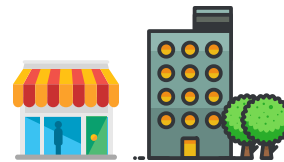


\$120.6 Billion

608,717 accounts

\$100 Billion with CAP

381,898 capped accounts



\$26.9 Billion

34,341 accounts

Commercial Assessment

14,154

Permits

53,641

Property Transactions

7,475

Appeals in 2022

16,404

Inquiries in 2022



2023 Assessment Roll Activity

INDICATORS OF ASSESSMENT QUALITY

APPEALS AND ADJUSTMENTS

In 2022, we received **7,475 appeals** with a total account value of **\$7.0 billion**. After the appeal process concluded, the 2022 Assessment Roll was adjusted downward by **\$188.7 million**, which represents **0.15%** of the total Assessment Roll.

QUALITY STANDARD MEASURES

PVSC reports the General Level of Assessment (GLA) 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*.

PVSC calculates and reports the GLA on the median analysis of assessment-to-sale ratios (ASRs), a measure of central tendency. The International Association of Assessing Officers standard sets out that a GLA between 90% and 110% is considered acceptable for any class of property.

It is PVSC's opinion, based on a series of statistical tests, that the 2023 Assessment Roll values meet and comply with our legislative mandate and industry standards.

** The International Property Tax Institute recommends that jurisdictions (i.e.: municipal units) with fewer than 11 sales for an assessment roll are considered to have insufficient data to reliably calculate a GLA. For the purpose of meeting this legislative requirement for municipalities with fewer than 11 sales, the GLA has been reported as a presumed 100% level.*

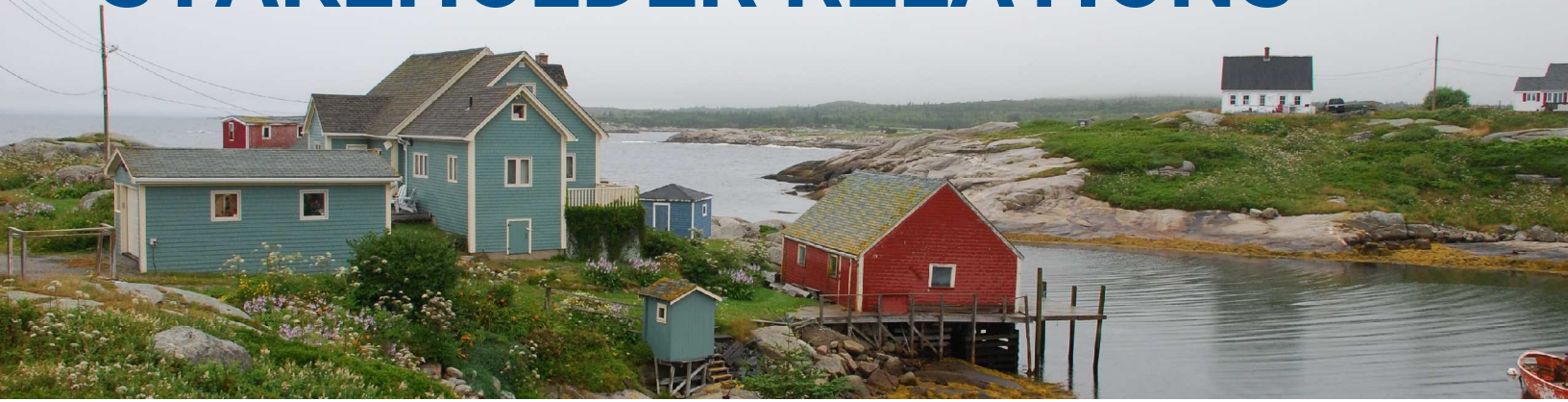
RESIDENTIAL GLA BY MUNICIPALITY

Municipality	Sales	GLA		Municipality	Sales	GLA
County of Annapolis	850	95%		Town of Berwick	72	95%
Town of Annapolis Royal	24	101%		Town of Kentville	177	95%
District of Digby	349	96%		Town of Wolfville	100	98%
Town of Digby	62	97%		District of Chester	497	96%
Town of Middleton	47	99%		District of Lunenburg	1,063	95%
County of Antigonish	380	96%		Town of Bridgewater	260	97%
Town of Antigonish	75	98%		Town of Lunenburg	86	97%
District of Guysborough	159	95%		Town of Mahone Bay	46	96%
Town of Mulgrave	11	98%		County of Pictou	691	96%
District of St. Mary's	135	98%		Town of New Glasgow	285	97%
Cape Breton Regional Municipality	1,741	96%		Town of Pictou	113	97%
County of Colchester	1,072	96%		Town of Stellarton	111	99%
Town of Truro	309	97%		Town of Trenton	74	96%
Town of Stewiacke	53	96%		Town of Westville	75	98%
County of Cumberland	908	95%		District of Barrington	207	95%
Town of Amherst	240	100%		Town of Clark's Harbour	23	97%
Town of Oxford	38	97%		Region of Queens	657	99%
Halifax Regional Municipality	9,902	99%		Town of Lockeport	16	95%
District of East Hants	736	95%		District of Shelburne	289	98%
West Hants Regional Municipality	650	97%		Town of Shelburne	61	97%
County of Inverness	528	95%		District of Argyle	243	95%
Town of Port Hawkesbury	69	94%		District of Clare	336	98%
County of Richmond	407	96%		District of Yarmouth	346	96%
County of Victoria	244	95%		Town of Yarmouth	162	96%
County of Kings	1,378	95%				

COMMERCIAL GLA BY MUNICIPALITY

Municipality	Sales	GLA	Municipality	Sales	GLA
County of Annapolis	11	97%	Town of Berwick	1	100%
Town of Annapolis Royal	2	100%	Town of Kentville	17	100%
District of Digby	10	100%	Town of Wolfville	6	100%
Town of Digby	5	100%	District of Chester	10	100%
Town of Middleton	1	100%	District of Lunenburg	13	92%
County of Antigonish	12	102%	Town of Bridgewater	14	97%
Town of Antigonish	4	100%	Town of Lunenburg	5	100%
District of Guysborough	3	100%	Town of Mahone Bay	8	100%
Town of Mulgrave	1	100%	County of Pictou	4	100%
District of St. Mary's	0	100%	Town of New Glasgow	10	100%
Cape Breton Regional Municipality	48	98%	Town of Pictou	5	100%
County of Colchester	32	98%	Town of Stellarton	6	100%
Town of Truro	21	99%	Town of Trenton	1	100%
Town of Stewiacke	1	100%	Town of Westville	4	100%
County of Cumberland	9	100%	District of Barrington	6	100%
Town of Amherst	15	99%	Town of Clark's Harbour	1	100%
Town of Oxford	3	100%	Region of Queens	13	105%
Halifax Regional Municipality	156	97%	Town of Lockeport	1	100%
District of East Hants	25	93%	District of Shelburne	10	100%
West Hants Regional Municipality	23	95%	Town of Shelburne	4	100%
County of Inverness	13	96%	District of Argyle	3	100%
Town of Port Hawkesbury	3	100%	District of Clare	10	100%
County of Richmond	5	100%	District of Yarmouth	7	100%
County of Victoria	6	100%	Town of Yarmouth	10	100%
County of Kings	34	97%			

STAKEHOLDER RELATIONS



SERVICE COMMITMENTS

We are committed to delivering quality service and an accurate, stable assessment roll for the municipalities and residents of Nova Scotia.

OUR COMMITMENT

Deliver an annual assessment roll to each Nova Scotia municipality every year by December 31st.

Complete a comprehensive ratio study to assess the quality of the assessment roll in accordance with standards established by the International Association of Assessment Officers.

Publish an annual report outlining our performance and activities, the findings of the roll quality report, and audited financial statements.

Keep all parties informed throughout the appeal process and inform municipalities of assessment account changes that affect property owners.

Provide municipalities with accurate and timely invoicing and payment processing.

2022-23 PERFORMANCE

We posted the 2023 Assessment Roll on our secure site on December 28, 2022.

We submitted the 2023 Roll Quality Report to the Department of Municipal Affairs and Housing on December 30, 2021.

In accordance with the *PVSC Act*, our annual report is published in July of each year, following approval of our Board of Directors.

We posted the following reports, including all changes to assessment accounts, on the secure FTP site:

- Filed Roll changes and confirmations (daily).
- Name and address changes and inactive accounts (weekly).
- SAI reconciliation reports (bi-weekly).
- Appeal reports (monthly).
- Roll summary with in-year changes (quarterly).
- Provincial appeal totals (annually).

We distributed quarterly invoices with notification emails to each municipality's Chief Administrative Officer and financial administrators.

STAKEHOLDER OUTREACH

A year full of real estate market changes and a natural disaster meant that agile communication with our municipal clients and stakeholders was key. We continued to focus on our relationships with and accountability to those we serve and increased our number of touch points.

Over fiscal year 2022-23 we:

- Contacted all 49 municipalities prior to the distribution of the 2023 Assessment Roll, providing a presentation of their assessment roll data and key background information. PVSC staff followed up on all questions and concerns that were raised.
- Hosted 19 information sessions for municipal staff on property assessment in Nova Scotia, PVSC reports, iasWorld and Pictometry, the Permit Data Exchange, Single Address Initiative, and dataZONE shared services, and the Nova Scotia Assessment Appeal Tribunal.
- Continued regular outreach to the Department of Municipal Affairs and Housing, Land Registry, Nova Scotia Federation of Municipalities and Association of Municipal Administrators of Nova Scotia.
- Met with members of the Tourism Industry Association of Nova Scotia to increase awareness of and answer questions about the provincial government's Seasonal Tourist Business Designation program.
- Met with all 49 municipalities for engagement and/or business meetings.
- Emailed relevant and timely quarterly updates to municipalities.
- Attended the following conferences where a variety of touchpoints were used including presentations, speeches, panels, information booths, and networking:
 - Association of Municipal Administrators Nova Scotia.
 - Association of Municipal Tax Collectors.
 - Canadian Property Tax Association.
 - Nova Scotia Federation of Municipalities.
 - Atlantic Real Estate Forum.
 - Coalition of Valuation Agencies.
- Hosted a media briefing with key media contacts in advance of the 2023 Assessment Roll release.
- Sent an informational media kit to provincial media, and responded to all inquiries, following the release of 2023 Property Assessment Notices to property owners.
- Met regularly with assessment peers in the Canadian Directors of Assessment and Canadian Assessment Centre of Excellence to discuss assessment issues and pandemic impacts on our industry.



SHARED SERVICES



PVSC has established, administers, and maintains value-added shared services for municipalities, each with its own service level agreement.

Permit Data eXchange (PDX): An online repository where municipalities and PVSC 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. An optional PDX mobile application allows building officials to capture permit and inspection data in real-time, using handheld devices.

All 49 municipalities are connected.

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

39 out of 49 municipalities are connected, representing 86% of all property accounts.

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

Website: thedatazone.ca

ADDITIONAL PERFORMANCE INDICATORS

NEW WEBSITE

In the summer 2022, PVSC launched a new website with the goal of helping users navigate and find information more easily, featuring a refreshed, modern look.

For the 2023 31-day appeal period (January 9 to February 9) an exit survey was run on the website to track user satisfaction. Within that month we had 20,000 visitors with about 12,500 participating in the survey. Results showed that:

80%

Of users found the website easy to navigate.

60%

Were able to find all of the information they were looking for.

87%

Agreed they would visit the website again for informational purposes.

The survey results show a good level of satisfaction with the new website and its usability. It also provides us with the basis to plan for further improvements to meet future needs.

ORGANIZATIONAL LEARNING

Investing in staff learning and development enables our team to meet the expectations of today and positions us for ongoing success in the future.

In the 2022-23 fiscal year, we spent **2.04%** of our budget on staff training and development.

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

Congratulations to:

Luke Feetham for achieving an AACI designation from the Appraisal Institute of Canada
-October 13, 2022.

Ann Smith-Macquarrie for achieving an AACI designation from the Appraisal Institute of Canada
-October 4, 2022.

ADDITIONAL PERFORMANCE INDICATORS

PVSC'S SCHOLARSHIP PROGRAM

In collaboration with Nova Scotia Community College (NSCC), PVSC introduced the new PVSC Memorial Community Award.

The annual award provides two students who demonstrate financial need and leadership through community involvement each with a \$2,500 bursary. The award is in memory of our colleagues who have passed while working at PVSC. The award officially launched in January 2023.

COMMUNITY INVOLVEMENT

We believe that supporting and giving back to our communities is essential.

Each year, our staff selects a non-profit organization and gathers donations through payroll deductions and corporate contributions.

This year, employees selected the Alzheimer Society of NS to support. Additionally, PVSC staff raised funds for two other charities. We are proud to have made the following contributions to causes in our communities:

- Alzheimer Society of NS- **\$8,517**
- Feed Nova Scotia- **\$475**
- Shelter NS- **\$100**



ADDITIONAL PERFORMANCE INDICATORS

FINANCIAL INDICATORS

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

Cost per Account: The average estimated cost to assess a single property account, calculated by dividing our total organizational costs by the total number of property accounts in Nova Scotia. We aim to keep our costs below the national average for assessment jurisdictions.

2022 national average cost
per account: **\$37.33**

2022 PVSC cost per account:
\$27.33

2023 PVSC cost per account:
\$28.12

Defensive Interval: How long PVSC could continue to operate if no additional funds were received. We aim to be able to operate for one to three months.

2022 defensive interval:
5.67 months

2023 defensive interval:
5.44 months

Liquidity Ratio: Comparison of our current assets to our current liabilities. We aim for our short-term assets to exceed our short-term liabilities, as indicated by a positive (+) liquidity ratio.

2022 liquidity ratio: **4.78**

2023 liquidity ratio: **6.26**

MANAGEMENT DISCUSSION AND ANALYSIS

PVSC is a not-for-profit corporation funded by Nova Scotia's municipalities. We take our legislative mandate and our commitment to fiscal prudence and financial responsibility seriously, and we work hard to deliver the highest possible value to our clients.

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, 2023**.

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

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

FUNDING REQUIREMENTS

The Corporation's funding requirements for the provision of assessment services are apportioned to each municipality using a funding formula specified by section 35(4) of the *Property Valuation Services Corporation Act*. 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 that ended March 31, 2023, was one per cent lower than the previous year, 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, other service agreements, interest, and investment income.

RESTRICTED RESERVES AND FUND BALANCES

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

PVSC's main financial commitments relate to the following:

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

The Corporation maintains the Technology Advancement Reserve, Contingency Reserve, Special Operating Reserve, and Unrealized Post Retirement Gains Reserve to meet the above financial commitments.

The Corporation's net assets include its Restricted Capital Asset Fund, which accounts for the acquisitions, revenues and amortization related to capital assets. The Corporation's main capital assets include the Computer Assisted Mass Appraisal system, internally developed capitalized strategic projects such as the Permit Data Exchange, IT hardware, and other tangible assets. As of March 31, 2023, the net book value of capital assets was **\$792 thousand** (2022: \$967 thousand).

Technology Advancement Reserve:

- 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.
- Balance of **\$2.21 million** as at March 31, 2023.

Contingency Reserve:

- Internally restricted reserve set aside by the Board of Directors in the event of unforeseen expenditures and/or revenue interruptions.
- Capped at a level adequate to fund 30 days operating expenses.
- Balance of **\$1.43 million** as at March 31, 2023.

Special Operating Reserve:

- Accumulates operating surpluses or budget savings that have been internally restricted by the Board of Directors to be used for budget cost stabilization and to meet specific financial requirements in accordance with the Corporation's strategic priorities, operating expenses, or specific financial requirements in future years.
- Balance of **\$7.24 million** as at March 31, 2023.

Unrealized Post Retirement Gains Reserve:

- Internally restricted reserve relating 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.
- Balance of **\$341 thousand** as at March 31, 2023.

ANALYSIS OF THE OPERATING FUND

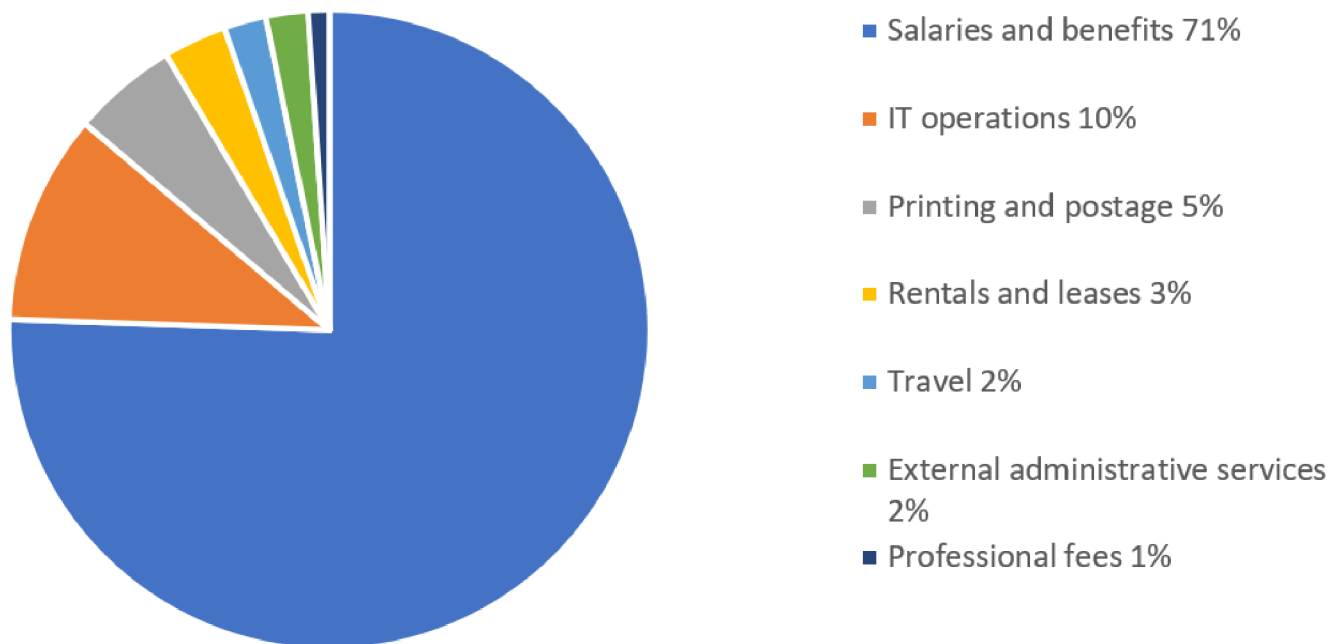
The municipal revenues for the financial year ended March 31, 2023, of \$17,531,955 represent the budget approved for billing to municipal members for their respective portion of costs for the provision of assessment and related services. The billed budget was developed and approved by the Board of Directors on a breakeven basis for the Operating Fund.

Budgeted expenses that relate to the provision of assessment and related property information services to municipalities were billed using the cost recovery formula stated in the *Property Valuation Services Corporation Act*. The billed budget includes amounts transferred to the Capital Asset Fund for acquisition of new assets but does not include amortization on capital assets.

The Operating Fund includes cost recovery revenues and expenses relating to contracts outside delivery of assessment services to the municipalities of Nova Scotia. During the financial year, PVSC realized higher revenues for aerial Pictometry contracts on a cost recovery basis (direct expenses were recouped at 100 per cent). The Corporation has maintained an ongoing budget strategy of minimizing the municipal funding required to finance its operations despite inflationary pressures on some operating costs by leveraging operational efficiencies, technology, and other process improvements.

PVSC's actual total expenses on the Operating Fund for 2023 were **\$17,787,134** (2022: \$16,655,682).

A summary of the major expense categories is as follows:



The Corporation had a net transfer of \$740 thousand from the Operating Fund to the Special Operating Reserve. This transfer will be utilized to reduce and stabilize future municipal billings as per the PVSC budget practices. This positive balance was driven by the following major financial impacts:

- An actuarial valuation review resulted in an adjustment of \$354,768 (decrease in benefit liability). Year-over-year volatility was driven mainly by changes in interest rate actuarial assumptions. In calculating the present value of the Corporation's future financial obligations under this plan, the actuary uses interest rates based on underlying market bond yields. As these interest rates increased, the value of the financial obligation decreased. 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 review and extrapolation techniques are used to estimate and update the obligation balances on an annual basis.
- The Corporation saw higher than budgeted non-municipal revenue including interest (\$226,891), cost recoveries (\$195,356) and investment income (\$263,402), largely due to higher interest rates and cost recoveries for additional municipal Pictometry coverage.

SALARIES AND BENEFITS

\$12,545,784 (2022: \$11,325,763)

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

Budgeted salaries and benefits for the financial year that ended March 31, 2023, were \$12,314,361. Expenditures for the year were higher than budget due to the combined impact of accelerated recruitment of new staff and placements within defined pay bands.

Salaries and benefits include employee pensions. The Corporation's employees are covered under the defined benefit Nova Scotia Public Service Superannuation Plan.

The Nova Scotia Pension Services Corporation administers the defined benefit pension plan, and the Corporation reimburses the province for the pension costs related to the Corporation's proportionate share of the employees covered under the plan.

PVSC accounts for pension expenses in the period when the Corporation is obligated to make payments for services rendered by employees.

CONCLUSION

PVSC closed the financial year ending March 31, 2023, with **a positive transfer of \$740 thousand to the Special Operating Reserve**, owing to reductions in employee future benefits liabilities, as well as increased investment income and cost recovery revenues. In addition, PVSC was able to realize operating cost reductions by downsizing office premises, as well as as well as reduced travel and training costs.

The Corporation met the funding obligations to deliver its core assessment services, fund future employee obligations, and maintain restricted reserve funds. As part of PVSC's regular budgeting process the Corporation will review its reserves to help stabilize future budgets and minimize the funding requirements of municipalities.



Consolidated Financial Statements

Property Valuation Services Corporation

March 31, 2023

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Independent auditor's report

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To the Board of Directors of the Property Valuation Services Corporation

Opinion

We have audited the consolidated financial statements of Property Valuation Services Corporation (the "Corporation"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Property Valuation Services Corporation as at March 31, 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit Corporations.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Halifax, Canada
June 28, 2023

Chartered Professional Accountants

Property Valuation Services Corporation
Consolidated statement of operations

Year ended March 31	Budget 2023	Actual 2023	Actual 2022
Revenues			
Municipal	\$ 17,532,046	\$ 17,531,955	\$ 17,694,302
Interest	-	226,891	75,852
Cost recovery	156,090	195,356	46,302
Investment income	-	325,003	403,595
Unrealized loss on investments	-	(260,971)	(519,011)
Amortization of deferred capital contributions	-	74,662	142,300
	<u>17,688,136</u>	<u>18,092,896</u>	<u>17,843,340</u>
Expenses			
Salaries and benefits	12,314,361	12,545,784	11,325,763
IT operations	1,659,811	1,699,434	1,640,059
Rentals and leases	536,013	454,386	535,168
Amortization	-	295,032	413,272
Printing and postage	855,706	970,337	920,063
External administrative services	100,076	296,484	255,305
Professional fees	487,022	228,972	239,492
Consulting services	104,354	221,886	370,796
Employee future benefits	250,000	193,159	238,154
Travel	444,014	342,666	234,412
NS Utility and Review Board costs	234,000	178,988	275,018
Staff training and development	130,443	89,732	148,253
Telecommunications	260,886	228,032	222,554
Office and general services	127,313	197,596	128,345
Membership dues and fees	99,137	92,871	93,342
Office meeting	-	12,247	11,689
Board meeting	15,000	34,560	17,269
	<u>17,618,136</u>	<u>18,082,166</u>	<u>17,068,954</u>
Excess of revenues over expenses	\$ 70,000	\$ 10,730	\$ 774,386

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation
Consolidated statement of financial position

March 31 2023 2022

Assets

Current

Cash and cash equivalents (Note 3)	\$ 7,909,869	\$ 7,946,174
Receivables (Note 6)	307,260	275,038
Prepays	<u>156,190</u>	<u>271,194</u>
	8,373,319	8,492,406

Internally restricted investments	2,172,111	2,175,188
Employee future benefits (Note 5)	2,018,594	1,797,214
Capital assets (Note 8)	33,518	8,396
Intangibles (Note 9)	<u>759,461</u>	<u>959,225</u>
	\$ 13,357,003	\$ 13,432,429

Liabilities

Current

Payables and accruals (Note 7)	\$ 1,187,328	\$ 1,542,988
Deferred revenue (Note 12)	<u>149,323</u>	<u>234,587</u>
	1,336,651	1,777,575

Net assets (Page 5)

Restricted Capital Asset Fund (Note 4)	792,141	967,621
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Internally restricted reserve funds

Technology Advancement Reserve (Note 4)	2,211,519	2,212,783
Special Operating Reserve (Note 4)	7,249,938	6,509,589
Contingency Reserve	1,425,000	1,425,000
Unrealized Post Retirement Gains Reserve (Note 4)	<u>341,754</u>	<u>539,861</u>
	12,020,352	11,654,854
	\$ 13,357,003	\$ 13,432,429

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, 2023

	Operating Fund	Technology Advancement Reserve	Special Operating Reserve	Contingency Reserve	Unrealized Post Retirement Gains Reserve	Restricted Capital Asset Fund	2023 Total
Balance, beginning of year, April 1, 2022	\$ -	\$ 2,212,783	\$ 6,509,589	\$ 1,425,000	\$ 539,861	\$ 967,621	\$ 11,654,854
Excess (shortfall) of revenues over expenses	232,364	(1,264)	-	-	-	(220,370)	10,730
Actuarial valuation adjustments	354,768	-	-	-	-	-	354,768
Inter-fund transfers (Note 4)							
Investment in capital assets and intangibles, net of deferred capital contributions	(44,890)	-	-	-	-	44,890	-
Special Operating Reserve	(740,349)	-	740,349	-	-	-	-
Unrealized Post Retirement-Gains Reserve	198,107	-	-	-	(198,107)	-	-
Balance, end of year, March 31, 2023	\$ -	\$ 2,211,519	\$ 7,249,938	\$ 1,425,000	\$ 341,754	\$ 792,141	\$ 12,020,352

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Consolidated statement of cash flows

Year ended March 31	2023	2022
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenues over expenses	\$ 10,730	\$ 774,386
Items not affecting cash and cash equivalents		
Amortization	295,032	413,272
Employee future benefits valuation adjustment	193,301	(31,526)
Unrealized change in market value on internally restricted investments	260,971	519,011
Realized investment income on internally restricted investments	(318,646)	(394,359)
	441,388	1,280,784
Change in non-cash operating working capital		
Receivables	(32,222)	1,869
Prepays	115,004	256,298
Payables and accruals	(355,660)	65,376
Deferred revenue	(85,264)	(275,879)
	83,246	1,328,448
Investing		
Purchase of capital assets and intangibles		
Furniture & equipment	(1,681)	-
IT assets	(43,027)	(6,622)
Intangible assets	(74,843)	(272,258)
	(119,552)	(278,880)
Net (decrease) increase in cash and cash equivalents	(36,305)	1,049,568
Cash and cash equivalents, beginning of year	7,946,174	6,896,606
Cash and cash equivalents, end of year	\$ 7,909,869	\$ 7,946,174

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Statement of operations and changes in fund balance - Operating Fund

March 31, 2023

1. Nature of operations

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

2. Summary of significant accounting policies

Basis of presentation

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations ("ASNPO") using fund accounting.

The unrestricted Operating Fund accounts for revenues and expenses related to program delivery and administrative activities.

The 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, special projects that advance the Corporation's Strategic goals and/ or acquisition of new technologies that would benefit the Corporation.

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 represents the maximum cap adequate to fund approximately 30 days operating expenses. This reserve fund has been internally restricted by the Board of Directors for any interruption in funding or unforeseen expenditures and other requirements to be determined from time to time by the Board of Directors.

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 and intangibles.

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

Statement of operations and changes in fund balance - Operating Fund

March 31, 2023

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 and intangibles 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 and intangibles 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 and intangibles over their estimated life are as follows:

Computerized mass appraisal	10 years, straight-line
Furniture and equipment	5 years, straight-line
Internally developed software	3-7 years, straight line
IT hardware	3 years, straight-line
IT software other	3 years, straight-line
Leasehold improvements	Term of Lease, straight-line

Financial instruments

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

The Corporation's financial instruments are initially measured at fair value when issued or acquired in arm's length transactions. 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

Statement of operations and changes in fund balance - Operating Fund

March 31, 2023

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities obtained in non-arm's length transactions are initially measured at cost, with the exception of certain instruments such as those quoted in active markets which are initially measured at fair value. Gains and losses arising on initial measurement differences are generally recognized in the consolidated statement of operations when the transactions are in the normal course of operations and directly in net assets when the transaction is not in the normal course of operations, subject to certain exceptions.

At each reporting date, the Corporation subsequently measures its financial assets and liabilities obtained in arm's length transactions 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.

Financial assets and financial liabilities obtained on non-arm's length transactions are subsequently measured based on how the Corporation initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets.

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

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

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

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

Employee benefit plans

The Corporation's defined benefit employee plans are measured using an accounting valuation, with the obligation being determined based on the last actuarial valuation and extrapolated to the fiscal year end date.

Property Valuation Services Corporation

Statement of operations and changes in fund balance - Operating Fund

March 31, 2023

2. Summary of significant accounting policies (continued)

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, 2023 is \$881,369 (2022 - \$826,359) which is included in salaries and benefits expense.

3. Cash and cash equivalents

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 6,484,869	\$ 6,521,174
Internally restricted cash and cash equivalents	<u>1,425,000</u>	<u>1,425,000</u>
	<u>\$ 7,909,869</u>	<u>\$ 7,946,174</u>

4. Inter-fund transfers

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

The Restricted Capital Asset Fund received \$44,890 (2022 - \$136,580) from the Operating Fund relating to income earned from the amortization of deferred capital contributions, net of \$119,552 (2022 - \$278,880) relating to the acquisition of capital assets and intangibles.

The Operating Fund transferred \$740,349 (2022 - \$2,152,901) to the Special Operating Fund. The balance in the Special Operating Reserve as at March 31, 2023 consists of amounts internally restricted by the Board of Directors as follows:

- \$140,000 was reserved for an operating loan relating to the creation of a wholly owned subsidiary; and
- \$7,109,938 reserved to be applied to offset future budget increases in operating expenses and strategic initiatives as required.

The Unrealized Post Retirement Gains Reserve transferred \$198,107 to the Operating Fund. 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 represents the cumulative unrealized market gains on post retirement funds to date.

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

March 31, 2023

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, 2023 were as follows:

	Health Plans	Service Awards	SERP	Total
Fair value plan assets, March 31, 2022	\$3,164,065	\$2,985,127	\$ 381,386	\$6,530,578
Net investment income	29,026	27,386	3,499	59,911
Plan withdrawals	(48,597)	(225,159)	(14,566)	(288,322)
Fair value plan assets, March 31, 2023	\$3,144,494	\$2,787,354	\$370,319	\$6,302,167

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.

In 2017, the Board confirmed Property Valuation Services Corporation participates in the Supplementary Employee Retirement Plan ("SERP"). Eligible employees receive the benefit upon retirement. The SERP benefit is administered by the Nova Scotia Pension Services Corporation and funded by employer and employee contributions.

A full actuarial valuation was carried out by the Corporation's actuarial consultant to determine the following liabilities as at March 31, 2023:

	Health Plans	Service Awards	SERP	Total
Defined benefit obligation March 31, 2022	\$2,433,381	\$2,064,344	\$ 235,639	\$4,733,364
Payments	(48,554)	(225,059)	(14,567)	(288,180)
Actuarial Revaluations + Interest	(290,853)	(52,877)	(11,039)	(354,768)
Annual service cost	75,233	117,926	0	193,159
Defined benefit obligation March 31, 2023	\$2,169,207	\$1,904,334	\$210,033	\$4,283,574
Employee future benefits, net	\$975,288	\$883,020	\$160,286	\$2,018,594

Property Valuation Services Corporation

Statement of operations and changes in fund balance - Operating Fund

March 31, 2023

5. Employee future benefits (continued)

Restricted investments (continued)

The Corporation completes full actuarial valuations once every three years. In the years between full valuations, actuarial annual reviews and roll-forward techniques are completed to estimate annual obligation balances. The Corporation does not amortize actuarial gains and losses on employee future benefits.

The updated actuarial assumptions for the full actuarial valuation reports for the financial year ended March 31, 2023 are as follows:

	<u>Health Plans</u>	<u>Service Awards</u>	<u>SERP</u>
Discount rate	4.9%	4.8%	4.8%
Rate of compensation and inflation	2.5%	2.5%	Nil

Health care trend

Initial rate: drugs and other health	6.5%	
Ultimate rate: drugs and other health	4.5%	
Year ultimate reached		(Drugs and Other Health – 2030)

The results for 2021-22 fiscal year incorporates Plan B (Retiree Health) to reflect the impact of growth in registration in this plan through staff turnover through time. Previous valuations, when the number of Plan B registrants was low, had valued all individuals eligible for Post Retirement Health Benefits based on Plan A Benefits.

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.

Benefit Fund balance allocation

The Corporation has internally set aside \$6,302,167 (2022 - \$6,530,578) in investments to pay for the employee future benefit obligations. As of March 31, 2023, the total liabilities were overfunded by \$2,018,594 (2022 - \$1,797,214).

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

6. Receivables

The Canada Revenue Agency ("CRA") reimburses the Corporation's HST claims as per the ruling issued on February 13, 2009 designating the Corporation a municipality pursuant to subsection 259 (1) of the Excise Tax Act. Included in receivables is \$190,107 (2022 - \$194,272) for an outstanding HST reimbursement claim that is awaiting processing by CRA.

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

March 31, 2023

7. Payables and accruals	<u>2023</u>	<u>2022</u>
Vacation liability	\$ 334,565	\$ 249,293
Salaries and other benefit accruals	712,382	626,455
Trade payables	<u>140,381</u>	<u>667,240</u>
	<u>\$ 1,187,328</u>	<u>\$ 1,542,988</u>

8. Capital assets	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 307,913	\$ 305,776	\$ 2,137	\$ 480
IT hardware	863,858	832,965	30,893	6,940
Leasehold improvements	<u>229,121</u>	<u>228,633</u>	<u>488</u>	<u>976</u>
	<u>\$ 1,400,792</u>	<u>\$ 1,370,374</u>	<u>\$ 33,518</u>	<u>\$ 8,396</u>

9. Intangibles	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computerized mass appraisal*	\$ 4,937,851	\$ 4,529,317	\$ 408,534	\$ 356,351
Internally developed software				
Single address	711,175	711,175	-	-
eDelivery	505,910	505,910	-	-
Permit Data Exchange	1,162,755	826,539	336,216	502,324
Open Data	137,305	122,594	14,711	34,326
Multiple Regression Analysis	374,662	374,662	-	-
Mobile Assessor	384,186	384,186	-	64,031
IT software other*	<u>812,470</u>	<u>812,470</u>	<u>-</u>	<u>2,193</u>
*356,351 2022 NBV reclassified from IT software to Computerized mass appraisal	<u>\$ 9,026,314</u>	<u>\$8,266,853</u>	<u>\$ 759,461</u>	<u>\$ 959,225</u>

10. Commitments

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

2024	\$	264,646
2025	\$	151,360

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

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

March 31, 2023

10. Commitments (continued)

- (b) The Corporation has a one-year extension agreement, expiring March 31, 2024, with a service provider for the provision of annual maintenance and support for its Mass Appraisal Computer System and licensing fees. The remaining payments under this agreement require payment in USD and CAD as follows:

2024 \$385,875 USD and \$167,955 CAD

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

- (c) The Corporation has entered into an agreement for data capture flights (Pictometry). The remaining minimum annual payment under this agreement is as follows:

2024 \$100,055

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>2023</u>	<u>2022</u>
Municipal revenues	\$ -	\$ 10,602
Permit Data Exchange	<u>149,323</u>	<u>223,985</u>
	<u>\$ 149,323</u>	<u>\$ 234,587</u>

13. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

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

Year ended March 31	Budget 2023	Actual 2023	Actual 2022
Revenues			
Municipal	\$ 17,532,046	\$ 17,531,955	\$ 17,694,302
Interest	-	226,891	75,852
Cost recovery	156,090	195,356	46,302
Investment income	-	263,402	319,374
Unrealized loss on investments	-	(198,107)	(374,864)
	<u>17,688,136</u>	<u>18,019,497</u>	<u>17,760,966</u>
Expenses			
Salaries and benefits	12,314,361	12,545,784	11,325,763
IT operations	1,659,811	1,699,434	1,640,059
Rentals and leases	536,013	454,386	535,168
Printing and postage	855,706	970,337	920,063
External administrative services	100,076	296,484	255,305
Professional fees	487,022	228,972	239,492
Consulting services	104,354	221,886	370,796
Employee future benefits	250,000	193,159	238,154
Travel	444,014	342,666	234,412
NS Utility and Review Board costs	234,000	178,988	275,018
Staff training and development	130,443	89,732	148,253
Telecommunications	260,886	228,032	222,554
Office and general services	127,313	197,596	128,345
Membership dues and fees	99,137	92,871	93,342
Office meeting	-	12,247	11,689
Board meeting	15,000	34,560	17,269
	<u>17,618,136</u>	<u>17,787,134</u>	<u>16,655,682</u>
Excess of revenue over expenses	<u>70,000</u>	<u>232,363</u>	<u>1,105,284</u>
Fund balance, beginning of year	-	-	-
Actuarial valuation adjustments	-	354,768	809,332
Inter-fund transfers			
Investment in capital assets and intangibles	(70,000)	(119,552)	(278,880)
Amortization of Deferred Capital Contributions	-	74,662	142,300
Transfer to Special Operating Reserve	-	(740,349)	(2,152,901)
Unrealized Post Retirement Gains Reserve	-	198,107	374,865
	<u>(70,000)</u>	<u>(587,132)</u>	<u>(1,914,616)</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 2023	Actual 2023	Actual 2022
Revenues			
Amortization of deferred capital contributions	\$ -	\$ 74,662	\$ 142,300
Expenses			
Amortization of capital assets and intangibles	-	<u>295,032</u>	<u>413,272</u>
Excess of expenses over revenues	-	<u>(220,370)</u>	<u>(270,972)</u>
Fund balance, beginning of year	967,621	967,621	1,102,013
Inter-fund transfers			
Amortization of deferred capital contributions	-	(74,662)	(142,300)
Capital asset and intangible purchases	<u>75,000</u>	<u>119,552</u>	<u>278,880</u>
	<u>1,042,621</u>	<u>1,012,511</u>	<u>1,238,593</u>
Fund balance, end of year	<u>\$ 1,042,621</u>	<u>\$ 792,141</u>	<u>\$ 967,621</u>

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

Year ended March 31	Actual 2023	Actual 2022
Revenues		
Investment income	\$ 55,600	\$ 49,391
Realized gains on investments	18,021	50,387
Unrealized loss on investments	<u>(62,865)</u>	<u>(144,147)</u>
	10,756	(44,369)
Expenses		
Management and custodial fees	<u>12,020</u>	<u>15,557</u>
Shortfall of revenues over expenses	<u>(1,264)</u>	<u>(59,926)</u>
Fund balance, beginning of year	<u>2,212,783</u>	<u>2,272,709</u>
Fund balance, end of year	<u>\$ 2,211,519</u>	<u>\$ 2,212,783</u>

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