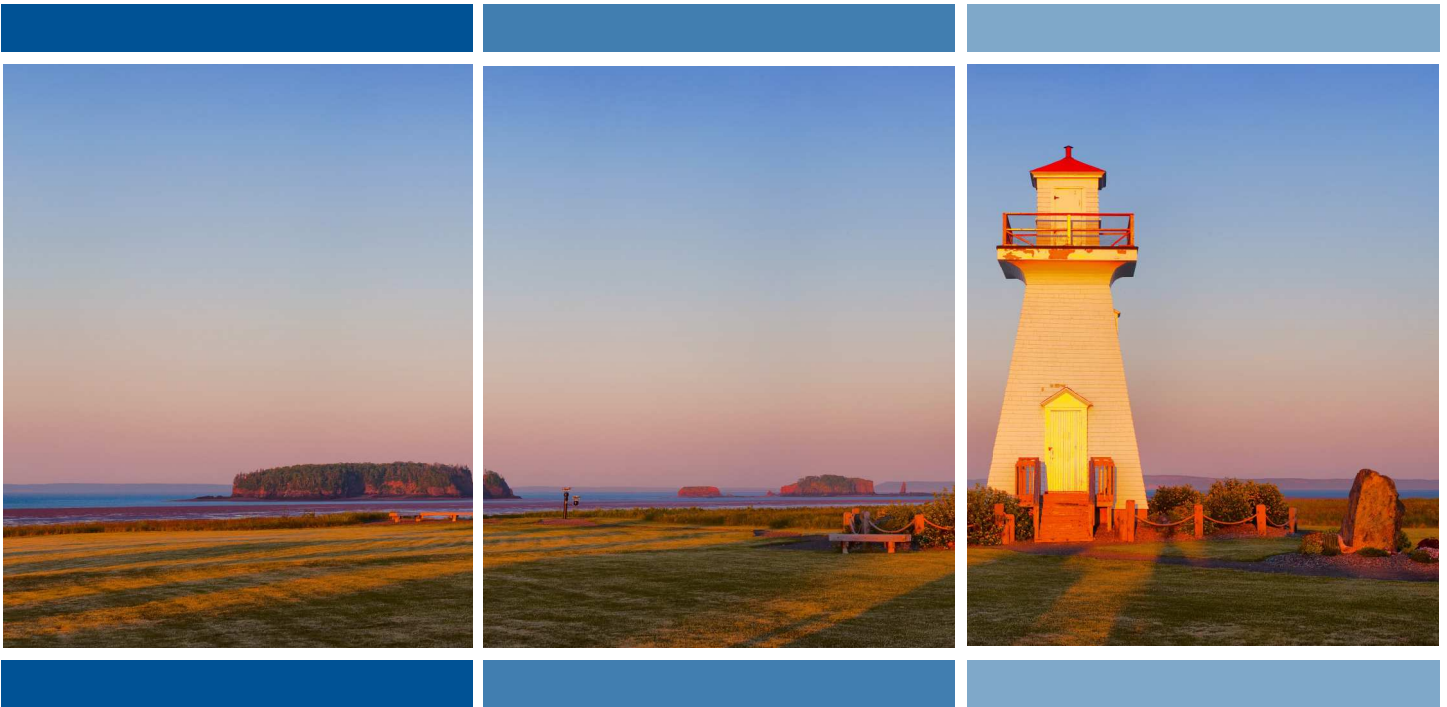


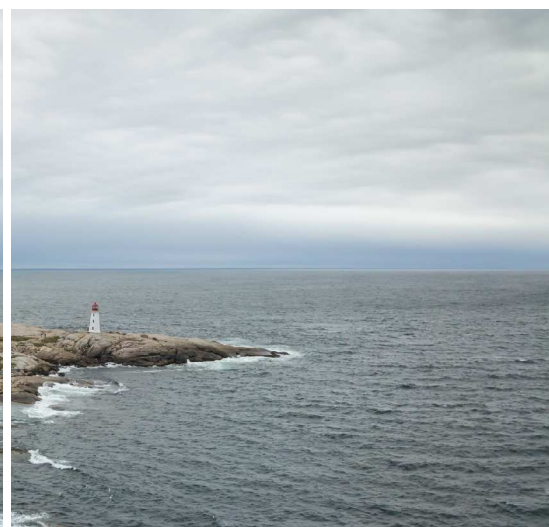
Annual Report 2021-22



Taking the Long View

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ABOUT PVSC

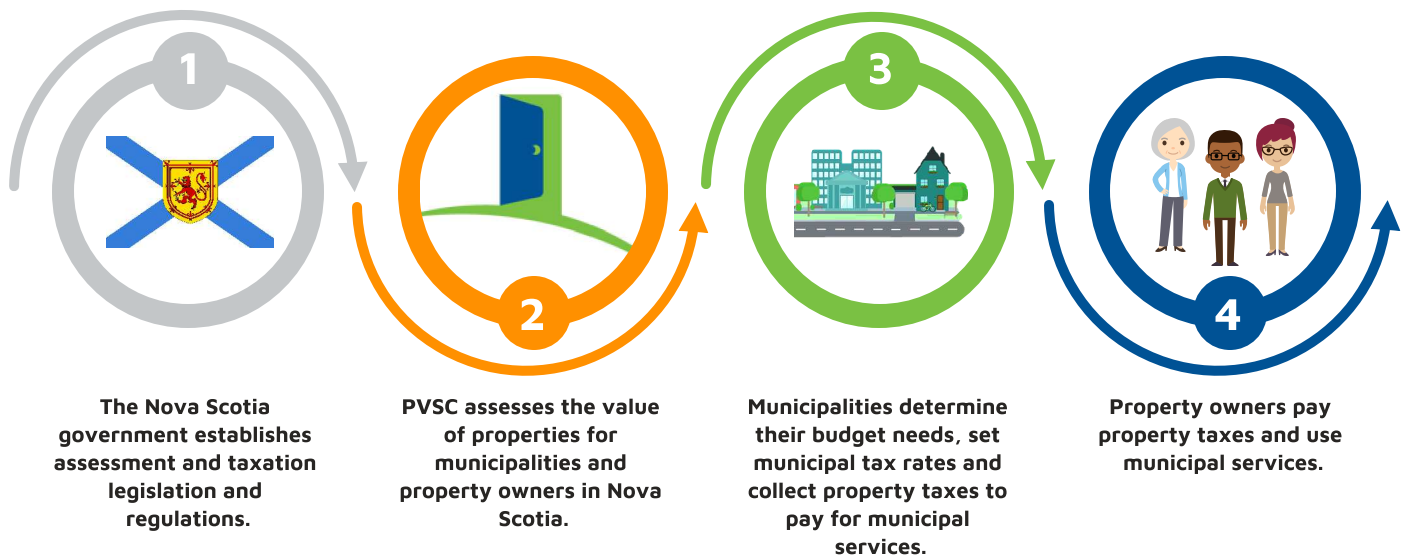
Property Valuation Services Corporation (PVSC) is an award-winning, independent, not-for-profit organization that provides property assessment services to Nova Scotia municipalities and property owners.

Local governments use our assessed values to establish their municipal tax rates, which fund important municipal services and infrastructure and build communities. Our team of assessment experts and support staff live and work in over 60 communities across the province.

We assess over 638,000 residential, commercial, industrial, and resource properties each year, representing over \$124 billion in property value. We use mass appraisal approaches that meet international appraisal standards for accuracy and uniformity, and are in compliance with the *Nova Scotia Assessment Act*.

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*.

Nova Scotia's Property Assessment and Taxation System



MESSAGE FROM THE BOARD CHAIR

On behalf of the Board of Directors, I am pleased to present the 2021-22 Annual Report for Property Valuation Services Corporation (PVSC).

As I reflect on 2021 and the first few months of 2022, I want to again acknowledge the resilience of my fellow Board members, the PVSC team, the municipalities we serve, and all Nova Scotians as we adjust to an ever-changing environment.

I am proud to say that our core assessment business has remained stable despite pandemic-related challenges, and we have built the mechanisms to ensure that stability going forward.

Our investments in data-driven decision support tools and technology, and our expertise in both assessment and data science, have increased the efficiency of our operations and will serve as the foundation to provide additional value to Nova Scotia's municipalities.

We have carefully evaluated the strengths and opportunities of our core business, our staff, and our infrastructure, so as to chart a strategic path for current and long-term success.

I would like to thank our Board Members – new, returning, and those whose term ended this year – for their commitment and leadership, and recognize our municipal partners and stakeholders for their dedication to Nova Scotia communities and residents.

Greg Keefe

Board Chair

Property Valuation Services Corporation



MESSAGE FROM THE CEO

The past year has taught us many difficult, but worthwhile lessons. At PVSC, we have embraced the importance of taking the long view, not only in assessment but in life.

At the outset of the pandemic there were dire predictions about plummeting real estate markets. Rather than making drastic short-term adjustments that could have unintended consequences, we carefully considered longer term impacts – analyzing expected and actual market conditions, and consulting with industry experts – to help support the provision of an accurate and fair Assessment Roll in this new market.



The way we did our work may have changed with COVID-19 public health guidance, but the commitment and value we deliver to our clients is constant. That has been and will remain our focus in the years to come.

We also used the long view to evaluate and build our capacity for the future to ensure that our workforce, technology, and products and services have the resilience to withstand whatever challenges and opportunities may arise.

Thanks to the hard work and collaboration of our Board and staff, we are prepared and looking ahead with gratitude and optimism.

On behalf of everyone at PVSC, I want to thank our municipal partners who continually demonstrate support and commitment to helping us deliver fair and accurate property valuations to Nova Scotia's property owners.

Kathy Gillis

Chief Executive Officer

Property Valuation Services Corporation

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 achieve our goals and guide the direction of our organization.

Board Chairs & Municipal Councillors



Greg Keefe, Chair
Independent Director



Joseph Feeney, Vice Chair
Councillor, Town of Mahone Bay



Darren Bruckschwaiger
Councillor, Cape Breton Regional Municipality



Laurie Murley
Councillor, West Hants Regional Municipality

Members with Municipal Experience & NSFM CEO



Mike Dolter
CAO, Town of Truro



Connie Nolan
CAO (Retired), Municipality of East Hants



Rachel Jones
CAO (Retired), Town of Oxford



Juanita Spencer
CEO, Nova Scotia Federation of Municipalities

Independent Directors



Doug Boyd
Independent Director



Chuck Faulkner
Independent Director



Bobby McNeil
Independent Director

We would also like to thank Jane Fraser, whose term ended in 2021.

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.
- 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.
- Filing an annual report.

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 Business Plan was approved by our Board of Directors in January of 2021 following extensive consultation with the Board throughout the fall of 2020.

The plan outlines three strategic areas of focus:

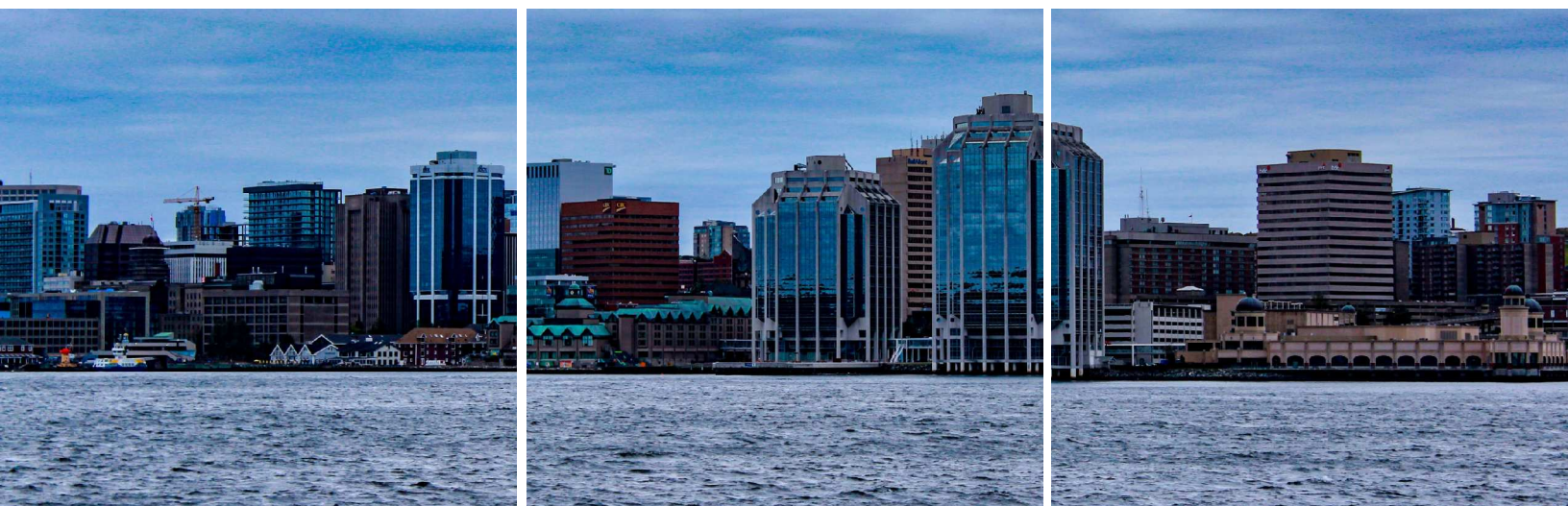
1. Delivering our core mandate of providing an accurate and defensible Assessment Roll to our municipal clients.
2. Using business intelligence to support data-driven decision making to expand services that support the needs and priorities of Nova Scotia's municipalities.
3. Building on our existing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

In the first year of the 2021-24 Strategic Plan, we are proud to highlight our achievements in business intelligence, staff recruitment and training, and technology improvements.

Business Intelligence

This year, we continued to use our investment and expertise in data science and machine learning to improve the Assessment Roll, our operations, decision-making, and our business intelligence portfolio.

Our assessment and data science teams worked together to build a robust, defensible Assessment Roll that features the best of both machine learning insights and efficiencies, and assessors' experience, judgement, and expertise for residential improved and condominium property types. We continued to use machine learning to evaluate the market impacts of the recent real estate boom in real time.



We explored other uses for machine learning and data analysis to increase the efficiency of our operations. We developed an analysis tool to test the impact of various factors on a property's assessed value, analyzed our permit inventory to streamline property inspections, improved the consistency of comparable sales evidence presented to Nova Scotia Assessment Appeal Tribunal, and strategized our approach to processing appeals.

We shared our data science with other stakeholders, offering support to the Regional Entrepreneurship Acceleration Program and partnering with the Dalhousie Economics Department to analyze affordable housing issues.

Assessor Candidate Training Program

As we evaluated our workforce with a long view to the future, we recognized a need to build capacity, especially within our assessment function.

Launched this year, the Assessor Candidate Training (ACT) Program is designed to introduce new assessors to the fundamentals of mass appraisal and provide training on assessment activities and valuation tools that ensure participants can perform the duties of an entry-level assessor.

The ACT Program provides a consistent onboarding and learning and development experience. It sets participants up for success in an environment that aligns with our mandate and culture.

In 2021-22, 11 new PVSC staff members participated in the ACT Program.

PVSC is currently working with the International Property Tax Institute (IPTI) to have the ACT Program certified.

Technology Roadmap

To ensure that our technological tools continue to meet our needs and improve our operations and the services we provide, we set out a Technology Roadmap to guide several concurrent technology projects.

We upgraded our Computer Assisted Mass Appraisal software, iasWorld, to reduce security risks, standardize browser access, and facilitate the implementation of advanced workflow features. We designed a new module to improve address changes, parcel and non-parcel inquiries, manufactured home transfers, and Land Registry related inquiries.

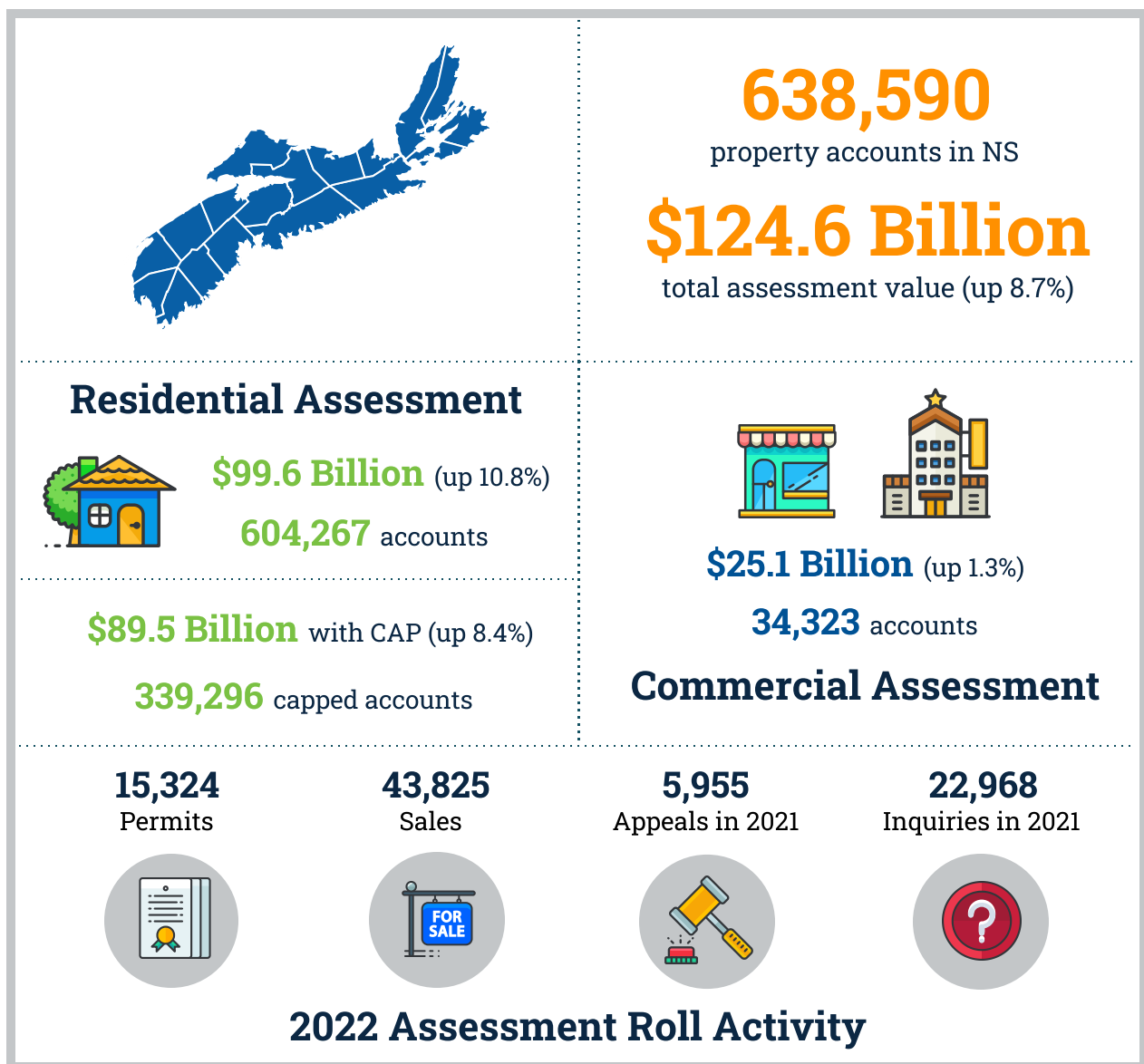
We have notified property owners that assessment notices will no longer be sent via Canada Post's discontinued epost™ service, and are helping our municipal partners to offboard from the service as well.

We also spent this year designing a new www.pvsc.ca website with an improved layout, and enhanced functionality and user experience. The new website is expected to launch in the summer of 2022.

OPERATIONS

2022 Assessment Roll

Each year, we deliver an Assessment Roll to every municipality in Nova Scotia, and over 638,000 Property Assessment Notices to Nova Scotia property owners. We fulfill our legislative mandate and seek opportunities to consistently add value for our clients.



Indicators of Assessment Quality

Appeals and Adjustments

In 2021, we received 5,964 assessment appeals, representing a total account value of \$7.03 billion of assessment. After the appeal process concluded, the Assessment Roll was adjusted downward by \$184.35 million, which represents 0.16% of the total Assessment Roll value.

Quality Standard Measures

Our annual Ratio Study statistically measures market value assessment accuracy and uniformity in compliance with Section 42 of the *Nova Scotia Assessment Act* and mass appraisal acceptance criteria set by the International Association of Assessing Officers (IAAO). Ratio Study results are published in the PVSC Roll Quality Report prepared for the Nova Scotia Department of Municipal Affairs and Housing.

Market value **accuracy** is measured by Mean Assessment to Sale Ratio (ASR), Weighted Mean ASR, and Median ASR.

The IAAO standard acceptance criteria for Median ASR is between 90% and 110%.

The 2022 Assessment Roll achieved a Median ASR of 99%.

Market value **uniformity** is measured by Coefficient of Dispersion (COD), Price Related Differential (PRD), and Price Related Bias (PRB).

The IAAO standard acceptance criteria is less than 20% for COD, between 98% and 103% for PRD and between -10% and 10% for PRB.

The 2022 Assessment Roll achieved a COD of 10%, a PRD of 102% and a PRB of -0.4%.

The IAAO recommends the Median ASR be used to report the General Level of Assessment (GLA), and in the appeal setting, the uniformity measure within the valuation standard set out in the *Nova Scotia Assessment Act* is established, pursuant to the *Act* and case law from Nova Scotia courts, to be the GLA. PVSC reports GLA by municipality for both residential/resource and commercial properties. PRB and COD are not calculated at the municipal level where there is not a statistically significant number of sales.

Commercial GLA has been calculated for ten municipalities with more than 11 sales. As recommended by the IAAO and IPTI, the GLA for municipalities with fewer than 11 sales is deemed to be 100% as there is insufficient sales information to reliably calculate a GLA*.

Based on the results of the Ratio Study, it is PVSC's opinion that the 2022 Assessment Roll values meet and comply with our legislative mandate and industry standards.

* The International Property Tax Institute (IPTI) recommends that in cases where there are fewer than 11 qualified sales for use in analysis for either the residential/resource or commercial assessment roll in a municipality for a given year, there is insufficient data to reliably calculate General Level Statistics. For GLA reporting herein, for municipalities with fewer than 11 qualified sales respecting either the Residential/Resource or Commercial assessment rolls, the General Level Statistics are reported as deemed 100%, the practice of which has previously been accepted before the Nova Scotia Utility and Review Board in the appeal setting.

Residential GLA by Municipality

Municipality	Sales	COD	PRB	GLA	Municipality	Sales	COD	PRB	GLA
County of Annapolis	571	14%	0.3%	96%	Town of Berwick	42	8%	-2.9%	99%
Town of Annapolis Royal	15	4%	-5.3%	99%	Town of Kentville	145	8%	-1.6%	98%
District of Digby	213	12%	0.2%	100%	Town of Wolfville	81	8%	-0.3%	96%
Town of Digby	40	9%	2.5%	97%	District of Chester	379	12%	0.5%	100%
Town of Middleton	39	9%	0.3%	98%	District of Lunenburg	759	10%	-0.6%	99%
County of Antigonish	245	11%	-1.1%	97%	Town of Bridgewater	202	7%	-0.3%	99%
Town of Antigonish	63	8%	0.1%	99%	Town of Lunenburg	64	13%	-2.0%	99%
District of Guysborough	96	10%	-1.6%	100%	Town of Mahone Bay	31	14%	-1.6%	98%
Town of Mulgrave	13	8%	-5.0%	99%	County of Pictou	424	11%	0.6%	98%
District of St. Mary's	85	11%	-2.2%	99%	Town of New Glasgow	210	9%	-1.9%	99%
CBRM	1211	9%	-0.4%	99%	Town of Pictou	73	5%	-0.6%	99%
County of Colchester	787	12%	0.6%	97%	Town of Stellarton	51	4%	-0.7%	99%
Town of Truro	216	10%	-0.2%	98%	Town of Trenton	53	4%	-0.3%	99%
Town of Stewiacke	46	10%	-0.6%	95%	Town of Westville	68	13%	-1.2%	99%
County of Cumberland	603	15%	-0.8%	98%	District of Barrington	145	11%	-0.7%	100%
Town of Amherst	155	10%	-0.6%	100%	Town of Clark's Harbour	10			100%
Town of Oxford	22	12%	-4.7%	100%	Region of Queens	373	15%	-1.4%	100%
HRM	8556	8%	0.1%	99%	Town of Lockeport	17	8%	-3.5%	102%
District of East Hants	525	10%	-1.6%	98%	District of Shelburne	144	12%	-0.2%	101%
West Hants Regional Municipality	494	12%	-2.4%	99%	Town of Shelburne	29	8%	-1.2%	99%
County of Inverness	353	14%	-1.0%	95%	District of Argyle	160	14%	-1.6%	100%
Town of Port Hawkesbury	43	3%	-0.6%	100%	District of Clare	265	16%	-0.9%	99%
County of Richmond	291	15%	0.2%	99%	District of Yarmouth	249	13%	-2.2%	98%
County of Victoria	162	13%	-1.9%	99%	Town of Yarmouth	96	6%	-2.2%	101%
County of Kings	986	10%	-0.6%	96%					

Commercial GLA by Municipality

Municipality	Sales	COD	PRB	GLA	Municipality	Sales	COD	PRB	GLA
County of Annapolis	14	7%	-1.4%	98%	Town of Berwick	1			100%
Town of Annapolis Royal	3			100%	Town of Kentville	4			100%
District of Digby	6			100%	Town of Wolfville	4			100%
Town of Digby	5			100%	District of Chester	6			100%
Town of Middleton	2			100%	District of Lunenburg	10			100%
County of Antigonish	6			100%	Town of Bridgewater	12	7%	-1.8%	99%
Town of Antigonish	2			100%	Town of Lunenburg	3			100%
District of Guysborough	0			100%	Town of Mahone Bay	0			100%
Town of Mulgrave	1			100%	County of Pictou	3			100%
District of St. Mary's	1			100%	Town of New Glasgow	12	11%	-0.7%	95%
CBRM	43	15%	-2.3%	99%	Town of Pictou	6			100%
County of Colchester	17	8%	-0.8%	95%	Town of Stellarton	3			100%
Town of Truro	9			100%	Town of Trenton	0			100%
Town of Stewiacke	0			100%	Town of Westville	2			100%
County of Cumberland	7			100%	District of Barrington	8			100%
Town of Amherst	13	13%	-2.0%	101%	Town of Clark's Harbour	2			100%
Town of Oxford	1			100%	Region of Queens	9			100%
HRM	96	13%	-3.3%	94%	Town of Lockeport	3			100%
District of East Hants	11	12%	2.0%	98%	District of Shelburne	3			100%
West Hants Regional Municipality	12	5%	-5.6%	99%	Town of Shelburne	0			100%
County of Inverness	4			100%	District of Argyle	3			100%
Town of Port Hawkesbury	1			100%	District of Clare	5			100%
County of Richmond	5			100%	District of Yarmouth	1			100%
County of Victoria	3			100%	Town of Yarmouth	5			100%
County of Kings	13	25%	5.6%	91%					

STAKEHOLDER RELATIONS

PVSC 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

2021-22 Performance

Deliver an annual Assessment Roll to each Nova Scotia municipality every year by December 31st.

We posted the 2022 Assessment Roll on our secure site on December 30, 2021.

Complete a comprehensive Ratio Study to assess the quality of the Assessment Roll in accordance with standards established by the IAAO.

We submitted the 2022 Roll Quality Report to the Department of Municipal Affairs and Housing on December 21, 2021.

Publish an Annual Report outlining our performance and activities, the findings of the Roll Quality Report, and audited financial statements.

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

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

We posted the following reports, including all changes to assessment accounts, on our secure 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).

Provide municipalities with accurate and timely invoicing and payment processing.

We distributed quarterly invoices with notification emails to each municipality's Chief Administrative Officer (CAO).








Stakeholder Outreach

Throughout this fiscal year, we continued to focus on our relationships with, and accountability to, our stakeholders. We are committed to connecting and collaborating to build and deliver a 'no surprises' approach to assessment. This year we:

- Hosted 20 information sessions for municipal staff on iasWorld and Pictometry, Permit Data Exchange, Single Address Initiative, datazONE, Nova Scotia Assessment Appeal Tribunal, and PVSC Reports.
- Continued regular outreach to the Department of Municipal Affairs and Housing, Land Registry, Nova Scotia Federation of Municipalities, and Nova Scotia Association of Municipal Administrators.
- 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.
- Offered data science expertise and support to the Regional Entrepreneurship Acceleration Program.
- Delivered a virtual presentation on working from home to 90 members of the Association of Municipal Administrators from across the province.
- Participated in pandemic briefings with key business, labour, and government stakeholders.
- Met regularly with assessment peers in the Canadian Directors of Assessment and Canadian Assessment Centre of Excellence to discuss assessment issues and pandemic impacts for our industry.
- Presented our experience with machine learning in assessment at a virtual international conference hosted by International Property Tax Institute.
- Contacted all 49 municipalities prior to the distribution of the 2022 Assessment Roll.
- Sent a comprehensive media kit to 77 provincial media contacts to announce the mailing of 638,590 Property Assessment Notices to Nova Scotia property owners.
- Presented to six municipal Councils after the Assessment Roll release.
- Reminded property owners to check their Assessment Notices through a social media kit shared by 29 municipalities in 54 social media posts.

Shared Services

To provide added value and enhanced workflow for our staff and municipal clients, we also administer four shared services.

<h3>Permit Data Exchange</h3> <p>14,383  Permits sent</p> <p>47 of 49  Municipalities connected</p> <p>Permit Data Exchange is an online permit and inspection data repository and tracking system with a mobile app that lets building officials capture permit and inspection data in real time on handheld devices.</p>	<h3>Single Address Initiative</h3> <p>86% of accounts  managed by SAI</p> <p>Single Address Initiative is an address validation and sharing service that uses Canada Post verification software to validate mailing addresses in real time and reduce undeliverable assessments and tax bills.</p>
<h3>datazONE</h3> <p>PVSC + 5  Municipalities contribute data</p> <p>4,398 times  Most popular dataset accessed</p> <p>datazONE is a single source open data portal for municipal and assessment data. The shared data is used to inform planning and decision-making and reduce the need for manually compiled reports.</p>	<h3>epost™</h3> <p>11  Users in 2021</p> <p>13,643  Subscribers in 2021</p> <p>epost™ lets customers receive assessment notices and municipal bills online. Canada Post is discontinuing epost™ by the end of 2022.</p>

ADDITIONAL PERFORMANCE INDICATORS

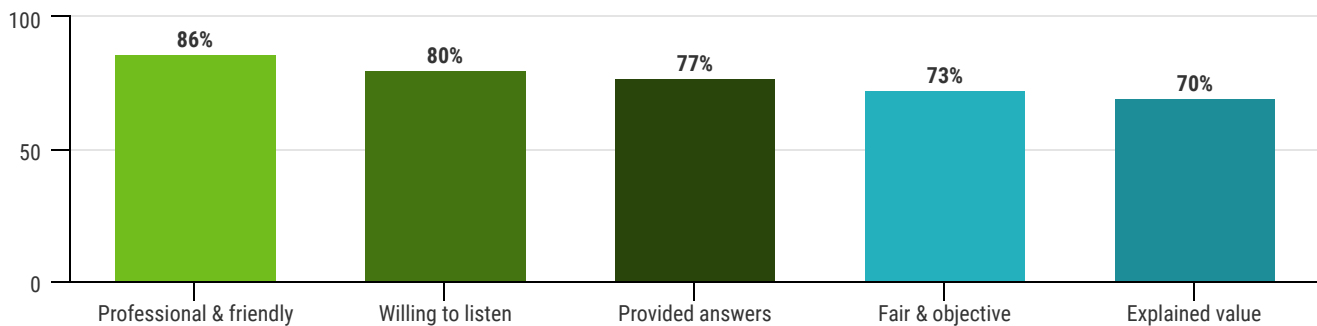
In addition to our legislative requirements, and as part of our desire to provide meaningful performance measurements to our stakeholders, we measure property owner satisfaction, organizational learning and development, and key financial indicators.

Property Owner Satisfaction

We conducted two surveys this year to give us insight into property owner experiences and inform our service and communications decisions.

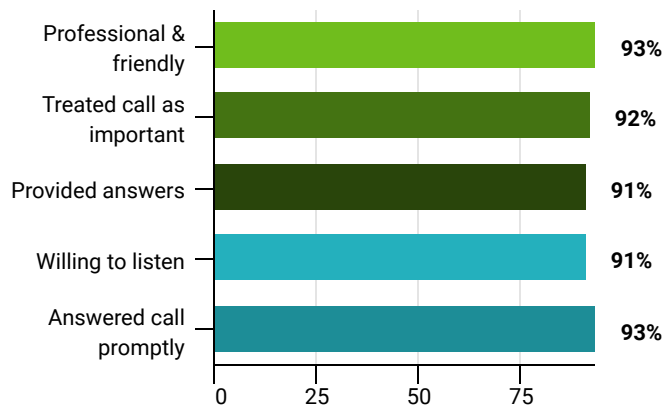
In the fall of 2021, we surveyed 478 appellants, representing 386 residential appeals, 45 commercial appeals and 44 appeals involving both a residential and commercial property.

2021 Appeal Process - Assessor Ratings

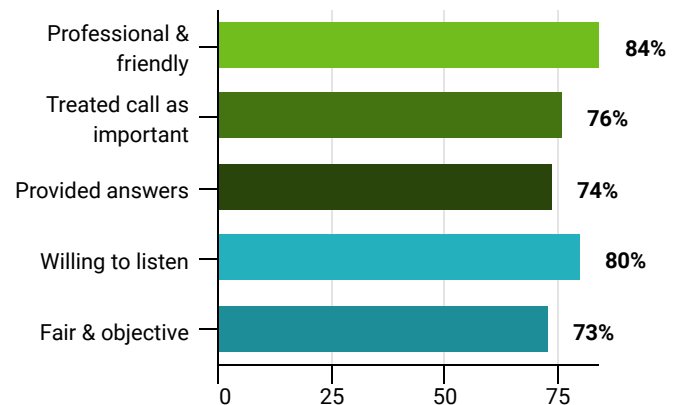


In the spring of 2022, we surveyed 222 property owners that contacted PVSC during our 31-day Inquiry and Appeal Period between January 10 and February 10, 2022*.

2022 Inquiry Period - Service Centre Ratings



2022 Inquiry Period - Assessor Ratings



*The results reported in this study do not reflect the general population and are not statistically significant.

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 2021-22 fiscal year, we spent 2.13% 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 Dion Regular for achieving the Accredited Appraiser Canadian Institute (AACI) designation.

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.

2021 National average cost per account: **\$37.49**

2021 PVSC cost per account: **\$27.57**
2022 PVSC cost per account: **\$27.83**

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.

2021 Defensive Interval: 5.18 months

2022 Defensive Interval: 5.67 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.

2021 Liquidity Ratio: 3.87

2022 Liquidity Ratio: 4.78

Community Involvement

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

Each year, our staff select a non-profit organization and gather donations through payroll deductions, fundraising events, and corporate contributions. This year, we are happy to give \$10,000 to the Mental Health Foundation of Nova Scotia and donate surplus office furniture to Shelter Nova Scotia.

In addition to supporting our corporate charity, PVSC staff find numerous ways to give back to the communities they live and work in.



Greg Cream volunteered as Head Coach of the Truro U15 AA Bearcats hockey team and led them all the way to league champions and provincial bronze medalists. Go Bearcats!



On a very cold November day, Amanda Dominix volunteered as a Youth Run Race Marshal for BlueNose Marathon.



Rod Tremblay is a member of the Mahone Islands Conservation Association and acts as Steward for Sheep Island.



Debbie Doucet is a board member of the Centre Communautaire Francophone de Truro, an organization that offers educational, social, and cultural activities in French for the French-speaking community.



Sandy Lemmon is the Chair of the Upper Stewiacke Community Association, which just finalized a new park plan.



Paul Beazley is the Museum Coordinator for the Windsor Hockey Heritage Society which promotes and preserves Windsor and Nova Scotia as the birthplace of hockey.

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, 2022.

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

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

Funding Requirements

The corporation's funding requirements for the provision of assessment services are apportioned to each municipality using a funding formula specified by the *Property Valuation Services Corporation Act* (Section 35(4)). The formula reflects the proportionate relationship of the average of an individual municipality's total assessed values and total property counts as compared to all of Nova Scotia.

The municipal funding requirement for the financial year-ended March 31, 2022 was one percent 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 the organization'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 (CAMA) system, internally developed capitalized strategic projects such as the Permit Data Exchange, IT hardware, and other tangible assets. As of March 31, 2022, the net book value of capital assets was \$967 thousand (2021: \$1.10 million).

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, 2022.

Contingency Reserve:

- Internally restricted reserve set aside by the Board in the event of unforeseen expenditures and/or revenue interruptions.
- Capped at a level adequate to fund 30 days operating expenses.

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.

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.

Analysis of the Operating Fund

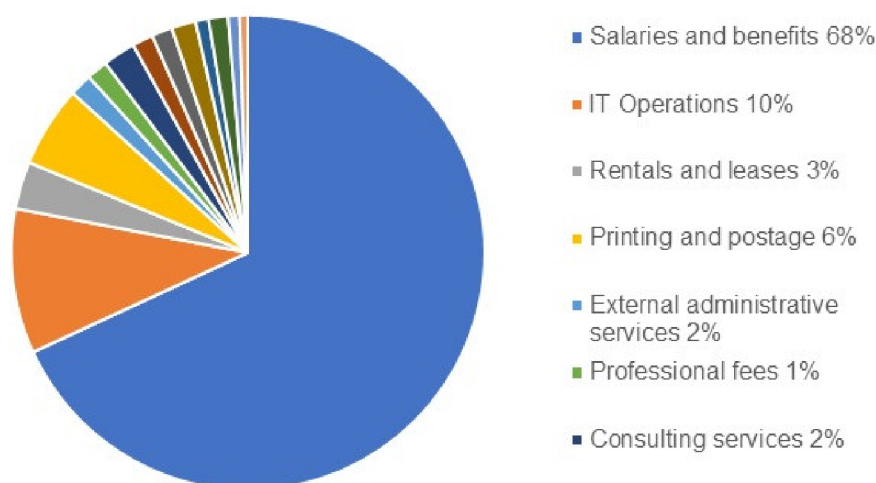
The municipal revenues for the financial year ended March 31, 2022, of \$17,694,302 represent the budget approved for billing to municipal members for their respective portion of costs for the provision of assessment and related services. The billed budget was developed and approved by the Board on a 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 cost recovery revenues than budgeted due to the provision of assessment-related services to clients who are not members of the corporation. The corporation has maintained an ongoing budget strategy of minimizing the municipal funding required to finance its operations by leveraging operational efficiencies, technology, and other process improvements.

The company's actual total expenses on the Operating Fund for 2022 were \$16,655,682 (2021: \$16,669,916).

A summary of the major expense categories is as follows:



The corporation had a net transfer of \$2.15 million 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:

- Continued impacts from the COVID-19 pandemic. PVSC saw continued impacts to operational categories such as travel, training, office and general expenses and meeting expenses due largely to lockdowns and office closures over the year. Due to uncertainty of market reaction to the Covid crisis, the organization budgeted for potential additional support work to defend the assessment roll valuations. However, it was not required during the period.
- PVSC also saw further savings in the year due to the combined impact of in-year departures and leave due to retirements and illness.
- The annual service cost of maintaining Post Employment Benefits for retirees was just slightly under budget at \$238,154. A full actuarial valuation was conducted this year resulting in an actuarial revaluation adjustment of \$809,332 (gain stemming from a reduction in the future 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.

Salaries and Benefits

\$11,325,763 (2021: \$11,599,660)

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 ended March 31, 2022, were \$12,098,393. Expenditures for the year were notably less than budget due to the combined impact of unfilled staff vacancies, staff retirements, and ongoing management of staff leaves.

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

The 2021-2022 fiscal year saw the continuation of COVID-19 and while challenges of lock downs and other measures continued, PVSC successfully delivered on its mandate while maintaining fiscal responsibility and flexibility.

PVSC closed the financial year-ended March 31, 2022, with a strong financial performance and a positive transfer of \$2.15 million to the Special Operating Reserve, which accounts for accumulated operating surpluses and budget savings.

The corporation met the funding obligations to deliver its core assessment services, fund future employee obligations, and maintain restricted reserve funds. 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, 2022

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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, 2022, 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, 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit Corporations.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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



Halifax, Canada
June 15, 2022

Chartered Professional Accountants

Property Valuation Services Corporation

Consolidated statement of operations

Year ended March 31	Budget 2022	Actual 2022	Actual 2021
			(Note 14)
Revenues			
Municipal	\$ 17,694,302	\$ 17,694,302	\$ 17,872,335
Interest	103,000	75,852	73,284
Cost recovery	50,000	46,302	137,382
Investment income	-	403,595	299,719
Unrealized (loss) gain on investments	-	(519,011)	948,377
Amortization of deferred capital contributions	-	142,300	178,733
	<u>17,847,302</u>	<u>17,843,340</u>	<u>19,509,830</u>
Expenses			
Salaries and benefits	12,098,393	11,325,763	11,599,660
IT operations	1,536,146	1,640,059	1,529,329
Rentals and leases	606,833	535,168	581,623
Amortization	-	413,272	712,639
Printing and postage	845,813	920,063	810,715
External administrative services	150,482	255,305	266,284
Professional fees	833,360	239,492	269,424
Consulting services	207,562	370,796	469,468
Employee future benefits	241,000	238,154	209,138
Travel	457,524	234,412	228,927
NS Utility and Review Board costs	226,000	275,018	219,110
Staff training and development	77,836	148,253	44,876
Telecommunications	259,452	222,554	260,425
Office and general services	123,498	128,345	92,271
Membership dues and fees	93,403	93,342	69,529
Office meeting	-	11,689	2,074
Board meeting	15,000	17,269	17,064
	<u>17,772,302</u>	<u>17,068,954</u>	<u>17,382,556</u>
Excess of revenues over expenses	\$ 75,000	\$ 774,386	\$ 2,127,274

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Consolidated statement of financial position

March 31

2022

2021

Assets

Current

Cash and cash equivalents (Note 3)	\$ 7,946,174	\$ 6,896,606
Receivables (Note 6)	275,038	276,907
Prepays	<u>271,194</u>	<u>527,492</u>
	8,492,406	7,701,005
Internally restricted investments	2,175,188	2,237,447
Employee future benefits (Note 5)	1,797,214	1,018,749
Capital assets (Note 8)	8,396	15,778
Intangibles (Note 9)	<u>959,225</u>	<u>1,086,235</u>
	<u>\$ 13,432,429</u>	<u>\$ 12,059,214</u>

Liabilities

Current

Payables and accruals (Note 7)	\$ 1,542,988	\$ 1,477,612
Deferred revenue (Note 12)	<u>234,587</u>	<u>510,466</u>
	<u>1,777,575</u>	<u>1,988,078</u>

Net assets (Page 5)

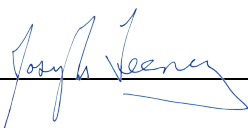
Restricted Capital Asset Fund (Note 4)	967,621	1,102,013
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Internally restricted reserve funds

Technology Advancement Reserve (Note 4)	2,212,783	2,272,709
Special Operating Reserve (Note 4)	6,509,589	4,356,688
Contingency Reserve	1,425,000	1,425,000
Unrealized Post Retirement Gains Reserve (Note 4)	<u>539,861</u>	<u>914,726</u>
	<u>11,654,854</u>	<u>10,071,136</u>
	<u>\$ 13,432,429</u>	<u>\$ 12,059,214</u>

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, 2022

	Operating Fund	Technology Advancement Reserve	Special Operating Reserve	Contingency Reserve	Unrealized Post Retirement Gains Reserve	Restricted Capital Asset Fund	2022 Total
Balance, beginning of year, April 1, 2021	\$ -	\$ 2,272,709	\$ 4,356,688	\$ 1,425,000	\$ 914,726	\$ 1,102,013	\$ 10,071,136
Excess (shortfall) of revenues over expenses	1,105,284	(59,926)	-	-	-	(270,972)	774,386
Actuarial valuation adjustments	809,332	-	-	-	-	-	809,332
Inter-fund transfers (Note 4)							
Investment in capital assets and intangibles, net of deferred capital contributions	(136,580)	-	-	-	-	136,580	-
Special Operating Reserve	(2,152,901)	-	2,152,901	-	-	-	-
Unrealized Post Retirement- Gains Reserve	374,865	-	-	-	(374,865)	-	-
Balance, end of year, March 31, 2022	<u>\$ -</u>	<u>\$ 2,212,783</u>	<u>\$ 6,509,589</u>	<u>\$ 1,425,000</u>	<u>\$ 539,861</u>	<u>\$ 967,621</u>	<u>\$ 11,654,854</u>

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Consolidated statement of cash flows

Year ended March 31

2022

2021

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenues over expenses	\$ 774,386	\$ 2,127,274
Items not affecting cash		
Amortization	413,272	712,639
Employee future benefits valuation adjustment	(31,526)	80,840
Unrealized change in market value on internally restricted investments	519,011	(948,377)
Realized investment income on internally restricted investments	(394,359)	(294,319)
	<u>1,280,784</u>	<u>1,678,057</u>

Change in non-cash operating working capital

Receivables	1,869	(49,135)
Prepays	256,298	(239,105)
Payables and accruals	65,376	177,767
Deferred revenue	(275,879)	(766,560)
	<u>1,328,448</u>	<u>801,024</u>

Investing

Proceeds of restricted investments, net	-	-
Purchase of capital assets and intangibles		
IT assets	(6,622)	(7,570)
Intangible assets	(272,258)	(125,697)
	<u>(278,880)</u>	<u>(133,267)</u>

Net increase in cash and cash equivalents	1,049,568	667,757
Cash and cash equivalents, beginning of year	<u>6,896,606</u>	<u>6,228,849</u>
Cash and cash equivalents, end of year	<u>\$ 7,946,174</u>	<u>\$ 6,896,606</u>

See accompanying notes to the consolidated financial statements.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2022

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

Notes to the consolidated financial statements

March 31, 2022

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

Notes to the consolidated financial statements

March 31, 2022

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

Notes to the consolidated financial statements

March 31, 2022

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, 2022 is \$826,359 (2021 - \$831,748) 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 6,521,174	\$ 5,471,606
Internally restricted cash and cash equivalents	<u>1,425,000</u>	<u>1,425,000</u>
	<u>\$ 7,946,174</u>	<u>\$ 6,896,606</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 \$136,580 (2021 - transferred \$45,466) from the Operating Fund relating to income earned from the amortization of deferred capital contributions, net of \$278,880 (2021 - \$133,267) relating to the acquisition of capital assets and intangibles.

The Operating Fund transferred \$2,152,901 (2021 - \$1,085,649) to the Special Operating Fund. The balance in the Special Operating Reserve as at March 31, 2022 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;
- \$6,369,588 reserved to be applied to offset future budget increases in operating expenses and strategic initiatives as required

The Unrealized Post Retirement Gains Reserve transferred \$374,865 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

Notes to the consolidated financial statements

March 31, 2022

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, 2022 were as follows:

	Health Plans	Service Awards	SERP	Total
Fair value plan assets, March 31, 2021	\$3,194,294	\$3,013,647	\$ 385,029	\$6,592,970
Net investment income	(30,229)	(28,520)	(3,643)	(62,392)
Fair value plan assets, March 31, 2022	\$3,164,065	2,985,127	381,386	6,530,578

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, 2022:

	Health Plans	Service Awards	SERP	Total
Defined benefit obligation March 31, 2021	\$2,984,821	\$2,325,052	\$ 264,349	\$5,574,222
Payments	(54,252)	(200,862)	(14,566)	(269,680)
Actuarial Revaluations + Interest	(591,837)	(203,351)	(14,144)	(809,332)
Annual service cost	94,649	143,505	-	238,154
Defined benefit obligation March 31, 2022	\$2,433,381	\$2,064,344	\$235,639	\$4,733,364
Employee future benefits, net	\$730,684	\$920,783	\$145,747	\$1,797,214

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2022

5. Employee future benefits (continued)

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

The updated actuarial assumptions for the full actuarial valuation reports for the financial year ended March 31, 2022 are as follows:

	Health <u>Plans</u>	Service <u>Awards</u>	<u>SERP</u>
Discount rate	3.5%	2.7%	3.9%
Rate of compensation and inflation	2%	2%	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 \$6,530,578 (2021 - \$6,592,970) in investments to pay for the employee future benefit obligations. As of March 31, 2022, the total liabilities were overfunded by \$1,797,214 (2021 - \$1,018,749).

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 \$194,272 (2021 - \$190,697) for an outstanding HST reimbursement claim that is awaiting processing by CRA.

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2022

7. Payables and accruals	<u>2022</u>	<u>2021</u>
Vacation liability	\$ 249,293	\$ 352,791
Salaries and other benefit accruals	626,455	727,713
Trade payables	<u>667,240</u>	<u>397,108</u>
	<u>\$ 1,542,988</u>	<u>\$ 1,477,612</u>

8. Capital assets	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 329,384	\$ 328,904	\$ 480	\$ 4,218
IT hardware	820,832	813,892	6,940	9,883
Leasehold improvements	<u>229,121</u>	<u>228,145</u>	<u>976</u>	<u>1,677</u>
	<u>\$ 1,379,337</u>	<u>\$ 1,370,941</u>	<u>\$ 8,396</u>	<u>\$ 15,778</u>

9. Intangibles	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computerized mass appraisal	\$ 4,485,633	\$ 4,485,633	\$ -	\$ 94,605
Internally developed software				
Single address	711,175	711,175	-	-
eDelivery	505,910	505,910	-	72,273
Permit Data Exchange	1,162,755	660,431	502,324	668,431
Open Data	137,305	102,979	34,326	53,941
Multiple Regression Analysis	374,662	374,662	-	-
Mobile Assessor	384,186	320,155	64,031	192,093
IT software other	<u>1,189,844</u>	<u>831,300</u>	<u>358,544</u>	<u>4,892</u>
	<u>\$ 8,951,470</u>	<u>\$ 7,992,245</u>	<u>\$ 959,225</u>	<u>\$ 1,086,235</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:

2023	\$	474,059
2024		226,655

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

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2022

10. Commitments (continued)

- (b) The Corporation has negotiated a two-year extension agreement, expiring March 31, 2023 with a service provider for the provision of IT Hosting and related services. The minimum lease payment includes a variable component based on consumption, which management estimates to be \$96,993 per annum. The remaining minimum annual payment under this agreement is as follows:

2023	\$ 297,884
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- (c) The Corporation has a one-year renewal agreement, expiring March 31, 2023 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:

2023	367,500 USD and 159,955 CAD
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The agreement includes optional additional consulting and development services which will be performed by the IT service provider when required.

11. Related party transactions

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

12. Deferred revenue	<u>2022</u>	<u>2021</u>
Municipal revenues	\$ 10,602	\$ 135,257
Single address project operating contributions	-	8,923
eDelivery project capital contributions	-	67,638
Permit Data Exchange	<u>223,985</u>	<u>298,648</u>
	<u>\$ 234,587</u>	<u>\$ 510,466</u>

13. Impact of COVID-19

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

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

Property Valuation Services Corporation

Notes to the consolidated financial statements

March 31, 2022

13. Impact of COVID-19 (continued)

The Corporation has determined that no events have occurred that would materially impact the consolidated statement of financial position or operations for the year ended March 31, 2022, and accordingly have not made any adjustments to reflect the impact of these events. By the end of fiscal 2022 operations have mainly returned to a semblance of normalcy. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of the impact the pandemic will have on the financial position and results of the Corporation for future periods.

14. Comparative figures

During the year, the Corporation adjusted the presentation of changes in defined benefit obligation liabilities resulting from actuarial valuation adjustments. Previously these changes were recorded on the statement of operations however now are presented as direct changes in net assets. As a result, certain 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 2022	Actual 2022	Actual 2021
Revenues			
Municipal	\$ 17,694,302	\$ 17,694,302	\$ 17,872,335
Interest	103,000	75,852	73,284
Cost recovery	50,000	46,302	137,382
Investment income	-	319,374	216,300
Unrealized (loss) gain on investments	-	(374,864)	792,479
	<u>17,847,302</u>	<u>17,760,966</u>	<u>19,091,780</u>
Expenses			
Salaries and benefits	12,098,393	11,325,763	11,599,660
IT operations	1,536,146	1,640,059	1,529,329
Rentals and leases	606,833	535,168	581,623
Printing and postage	845,813	920,063	810,715
External administrative services	150,482	255,305	266,284
Professional fees	833,360	239,492	269,424
Consulting services	207,562	370,796	469,468
Employee future benefits	241,000	238,154	209,138
Travel	457,524	234,412	228,927
NS Utility and Review Board costs	226,000	275,018	219,110
Staff training and development	77,836	148,253	44,876
Telecommunications	259,452	222,554	260,425
Office and general services	123,498	128,345	92,270
Membership dues and fees	93,403	93,342	69,529
Office meeting	-	11,689	2,074
Board meeting	15,000	17,269	17,064
	<u>17,772,302</u>	<u>16,655,682</u>	<u>16,669,916</u>
Excess of revenue over expenses	<u>75,000</u>	<u>1,105,284</u>	<u>2,421,864</u>
Fund balance, beginning of year	-	-	-
Actuarial valuation adjustments	-	809,332	(589,202)
Inter-fund transfers			
Investment in capital assets and intangibles	(75,000)	(278,880)	(133,267)
Amortization of Deferred Capital Contributions	-	142,300	178,733
Transfer to Special Operating Reserve	-	(2,152,901)	(1,085,649)
Unrealized Post Retirement Gains Reserve	-	374,865	(792,479)
	<u>(75,000)</u>	<u>(1,914,616)</u>	<u>(1,832,662)</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 2022	Actual 2022	Actual 2021
Revenues			
Amortization of deferred capital contributions	\$ -	\$ 142,300	\$ 178,733
Expenses			
Amortization of capital assets and intangibles	-	<u>413,272</u>	<u>712,639</u>
Excess of expenses over revenues	-	<u>(270,972)</u>	<u>(533,906)</u>
Fund balance, beginning of year	1,102,013	1,102,013	1,681,385
Inter-fund transfers			
Amortization of deferred capital contributions	-	(142,300)	(178,733)
Capital asset and intangible purchases	<u>75,000</u>	<u>278,880</u>	<u>133,267</u>
	<u>1,177,013</u>	<u>1,238,593</u>	<u>1,635,919</u>
Fund balance, end of year	<u>\$ 1,177,013</u>	<u>\$ 967,621</u>	<u>\$ 1,102,013</u>

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

Year ended March 31	Actual 2022	Actual 2021
Revenues		
Investment income	\$ 49,391	\$ 49,416
Realized gains on investments	50,387	43,370
Unrealized (loss) gain on investments	<u>(144,147)</u>	<u>155,898</u>
	(44,369)	248,684
Expenses		
Management and custodial fees	<u>15,557</u>	<u>9,368</u>
(Shortfall) excess of revenues over expenses	<u>(59,926)</u>	<u>239,316</u>
Fund balance, beginning of year	<u>2,272,709</u>	<u>2,033,393</u>
Fund balance, end of year	<u>\$ 2,212,783</u>	<u>\$ 2,272,709</u>

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