



BC Assessment



2013 ANNUAL SERVICE PLAN REPORT

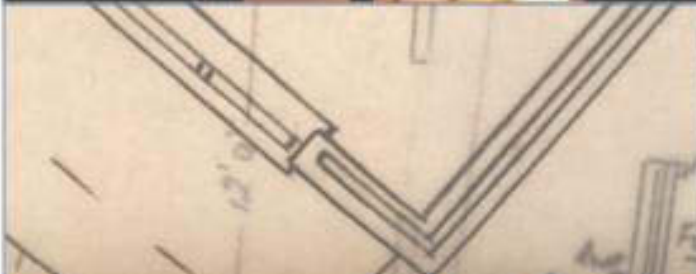


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MESSAGE FROM THE BOARD CHAIR TO THE MINISTER RESPONSIBLE

The Honourable Coralee Oakes
Minister of Community, Sport and Cultural Development
Government of British Columbia

Dear Minister,

BC Assessment continuously strives to be trusted to value B.C.

When established in 1974, we had 879,125 folios on the assessment roll, with a value of \$42.2 billion, and was supported by 704 staff. In 2013, approximately 660 full-time staff managed a portfolio that had more than doubled to 1.94 million folios, with a value of over \$1.1 trillion. To meet this challenge and to achieve our vision we focus on our people at work, customer service, and how the work gets done.

In 2013, we implemented flexible hours of work and the ability for employees to work from home for part of their work schedules. These changes provide the foundation to attract new employees and retain our highly committed workforce, who is the backbone of our organization, while meeting the ever changing needs of our customers.

An impartial, stable, and dependable assessment roll is vital to taxing authorities. In 2013, more than \$6.8 billion in general property tax revenue was generated which enables

communities to sustain services that provide broad public benefits to British Columbians. This was achieved, in part, through our continued investment in Desktop Review, which uses imagery technology to reassess properties without the need for on-site inspections. Over 135,000 properties were reviewed in 2013, representing a 216% increase over 2012.

We supported property owners by implementing a new customer telephone service to better connect them with BC Assessment. We also developed the province wide Major Industrial Property team to increase customer service to commercial property owners.

The emphasis on customer service did not compromise the quality of the assessment roll. In 2013, we exceeded our roll quality performance measures and associated benchmarks, highlighted by the fact that 99.1% of assessments were accepted without appeal. The fewer appeals coupled with fewer inquires were a result of a stable real estate market combined with our enhanced communications efforts. This in turn freed up resources which enabled us to focus on and complete a record number of 321,000 property re-inspections to improve the currency of our property data.

In 2013, BC Assessment maintained a sound financial position ending the year with a modest surplus of \$2.3 million or 2.6% of gross revenues. We also achieved lower than budgeted expenditures with respect to assessment appeal costs. As part of our commitment to our customers, we were able to reallocate those funds to the ParcelMapBC Grant Program, which supports local governments to adopt ParcelMap BC as the single, complete, trusted and sustainable source of digital boundaries in British Columbia.

Looking forward, BC Assessment will continue to address the challenges of maintaining quality assessments while absorbing continuous growth by investing in technology, innovating the way we do business and developing long term partnerships throughout the public sector that promote efficiencies while enhancing services.

The Board of Directors are very proud of that hard work and dedication of every employee at BC Assessment who always demonstrate their commitment to improving our service to the citizens of B.C.

ACCOUNTABILITY STATEMENT

BC Assessment's 2013 Annual Service Plan Report was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Board of Directors, through its direction to the President and CEO and its review of this annual service plan report, is responsible for what has been included in the document and how it has been reported.

The information presented reflects the actual performance of BC Assessment for the twelve months ended December 31, 2013 in relation to the *Revised 2013–2015 Service Plan* published in June 2013.

The Board is responsible for ensuring internal controls are in place to make sure that information is measured and reported accurately and in a timely fashion.

All significant assumptions, policy decisions, events and identified risks, as of May 2014, were considered in preparing the 2013 Annual Service Plan Report. The report contains estimates and interpretive information that represent the best judgement of management. Any changes in mandate, direction, goals, strategies, measures or targets since the *Revised 2013–2015 Service Plan* was released and any significant limitations on the reliability of the data are identified in the report.



Sincerely,

A handwritten signature in blue ink that reads "Judy Rogers".

Judy Rogers

Chair, Board of Directors

2013 HIGHLIGHTS

BC Assessment's *2013–2015 Service Plan* set out an ambitious framework of strategies, initiatives and projects that would ensure our people, technology and processes are fully aligned with our strategic direction. Below are some of the highlights of what we accomplished in 2013.

- Recognized by the International Association of Assessing Officers for having the world's best public information program for a property assessment jurisdiction for the second consecutive year.
- Implemented Flex Hours and Telework programs to allow employees to tailor work schedules to deliver our services to customers and better meet individual and family needs. Telework enables employees to work from home for part of their work schedule.
- Developed an overall customer strategy, including service standards and performance measures for all key customer groups.
- Implemented a new customer telephone service to better connect property owners with BC Assessment service staff.
- Furthered the efficiency and customer service benefits of specialization through creation of a province wide Major Industrial Property team.
- Made significant progress on the work to replace our core software system (valueBC) which is reaching the end of its useful life. The major work completed is the release of the Request for Proposals in late 2013. Our new system will improve customer service by providing self-serve options to make information more accessible, improve relationships with our partners through direct system to system connectivity, and deliver more efficient and updated tools to staff to help us to work more effectively.
- Continued to provide value for municipalities and increase efficiency of BC Assessment with Desktop Review, a process to reassess properties without the need for on-site inspections by using imagery technology. Over 135,000 properties were reviewed in 2013, representing a 216% increase over 2012.
- Established and implemented a multi-year Current Inventory Program to ensure that property inventory is verified accurate within the last five years. Approximately 321,000 properties have been verified to date.
- Continued a multi-year project (2012-2016) to revise significant financial policies to strengthen and standardize processes that will help BC Assessment ensure a stable financial outlook. Completed the Tax Levy, Tangible Capital Asset Management, and Surplus and Reserves Policies during 2013.
- Relocated the Okanagan Regional office into a new energy efficient building resulting in significant savings and a more collaborative workspace.

ORGANIZATIONAL OVERVIEW

MANDATE AND ROLE

BC Assessment is a provincial Crown corporation with the legislated mandate to establish and maintain assessments that are uniform in the whole of British Columbia, in accordance with the *Assessment Act*.

While BC Assessment has no direct role in property taxation, it plays an integral and impartial role in the provincial property taxation system by producing an accurate and uniform assessment roll each year. Property values on the assessment roll form the basis of distributing property tax, providing the foundation for a stable tax base for taxing authorities.

In 2013, more than \$6.8 billion in general property tax revenue was generated. This funding allows communities to sustain the community services, transportation and utility infrastructure, schools, police and fire services, parks, and recreational and cultural services that provide broad public benefits to British Columbians.

STRATEGIC DIRECTION

BC Assessment's strategic direction is developed by the Board of Directors and Executive Management Team in consideration of direction from the Provincial Government (see Government's Letter of Expectations section) and information gathered from all levels of BC Assessment staff.

The vision, mission and values are integral to our day-to-day work. They form the strategic foundation that guides how we interact with our fellow employees, the Provincial Government and other stakeholders by providing the common ground on which to build and achieve our goals. BC Assessment's customer service commitment is a key part of our promise to our customers, and reflects what our customers have told us they value most.

BC Assessment refined our strategic direction for 2013 by affirming three areas of change: people at work, customer service, and how the work gets done. Several initiatives to support these areas of change are in place, and are supported by the newly created Business Innovation Division.

HISTORY

Prior to the formation of BC Assessment, local governments depended on their own separate assessment organizations. Assessment criteria and valuation methods varied, and assessments were frequently challenged and often difficult to defend. By 1973, with 140 independent assessment organizations in B.C., the situation had grown into a serious provincial crisis of trust. Alarmed with the rising incidence of equity grievances, and pressured by property owners and the public sector, the Provincial Government created the BC Assessment Authority. Six months later, the Authority created B.C.'s first impartial and independent assessment roll.

When established in 1974, BC Assessment had 879,125 folios on the assessment roll, with a value of \$42.2 billion, and was supported by 704 staff. In 2013, approximately 660 full-time staff managed a portfolio that had more than doubled to 1.94 million folios, with a value of over \$1.1 trillion.

For more information, see BC Assessment's [history](#) online.

VISION – We are trusted to value B.C.

MISSION – To create uniform assessments which are relied upon to build sustainable communities throughout B.C.

VALUES

Integrity: We act in an ethical manner and we honour our commitments.

Transparency: We are fair and open in how we conduct our business.

Impartiality: We are objective and unbiased. We do our work and make our decisions without favour or prejudice.

Innovation: We provide creative business solutions and support a culture of continuous improvement.

CUSTOMER SERVICE COMMITMENT

Reliable: We offer accurate products and services.

Accessible: We provide timely access to staff and information.

Uniform: We are consistent and fair in the way we treat you.

Respectful: We maintain positive relationships both internally and externally.

CORE PRODUCTS AND SERVICES

The provision of an annual assessment roll is central to BC Assessment's work (*Table 1*). The assessment roll contains the legal description, ownership information, assessed value, use classification, tax exemption status and other details for every property in B.C. Each year, BC Assessment determines the market value of properties as of July 1. On December 31, an annual assessment roll is provided to each taxing jurisdiction. For the 2013 roll, BC Assessment sent over 2.1 million assessment notices to about 1.94 million B.C. property owners.

For more information on property classifications and the appraisal process, please see BC Assessment's [fact sheets](#).

ENSURING FAIR AND ACCURATE ASSESSMENTS

BC Assessment must deliver property assessments that are fair and accurate. Property owners have access to a range of options to ensure the accuracy and impartiality of their assessment. Local BC Assessment appraisers can often resolve issues with a property owner early in the year, following delivery of assessment notices. In cases where informal resolution is not possible, the matter can be forwarded by January 31 to a local Property Assessment Review Panel (PARP), held from February to mid-March.

Prior to April 30, property owners may appeal panel decisions to the Property Assessment Appeal Board (PAAB), which is independent from the PARP process, the Provincial Government and BC Assessment. PAAB decisions may be further appealed to higher courts based only on points of law.

For more information on appeal processes and timelines, please visit the Provincial Government's [Property Assessment Review Panel](#) and [Property Assessment Appeal Board](#) websites.

TABLE 1: BC ASSESSMENT'S CORE PRODUCTS	
Product	Detail
Assessment Roll	Completed Roll – Annual assessment roll completed, approved by regional assessors by December 31 and used by taxing authorities to calculate taxation in the following year
	Revised Roll – Includes amendments made by a Property Assessment Review Panel during February and March
	Supplementary Roll – Contains changes and corrections, including decisions from the Property Assessment Appeal Board; supplementary rolls are issued between April and December
	Grant Roll – Contains the assessed value of properties that are exempt from property taxation, such as government properties, schools and hospitals; a total of 10 grant rolls (e.g., BC Hydro, BC Rail) are issued by March 31 and serve as the foundation for payments in lieu of property taxes
First Nations Assessment Roll	BC Assessment completes an assessment roll for First Nations that have authority to establish independent real property taxation systems
Assessment Notice	An assessment notice details the assessed value of the land and any improvements on the property; assessment notices are mailed to every person designated on the assessment roll to receive one
Statutory Report	A statutory report gives value summaries for specific taxation purposes, such as funding for school districts, regional districts, local areas, and hospital and transit services

CUSTOMERS, PARTNERS AND STAKEHOLDERS

Taxing authorities are one of our principal customer groups, and they include local and provincial (B.C.) governments. We also provide assessment services to First Nations that have taxing authority. Other key customer groups include residential homeowners, non-residential businesses and government property owners (*Table 2*). Customers can access our products and services through a range of service channels, including assistance at one of our 15 local area offices in person, by phone or online.

BC Assessment works closely with the Provincial Government to assist in the development of assessment policy and to ensure that the Provincial Government is aware of emerging property assessment issues.

Local government taxing jurisdictions are among our primary stakeholders, and are represented by organizations such as the Union of British Columbia Municipalities, the Local Government Management Association, the Municipal Information Systems Association of British Columbia, the First Nations Tax Commission and the Government Finance Officers Association of British Columbia.

BC Assessment has enhanced consultation with taxing jurisdictions through the establishment of a [Taxing Jurisdiction Advisory Committee](#).

BC Assessment also consults with a variety of property owner groups. We work directly with a number of partner organizations such as the Appraisal Institute of Canada, the Real Estate Institute of British Columbia, the Sauder School of Business, the University of British Columbia, the Integrated Cadastral Information Society (ICIS) and the International Association of Assessing Officers to continually improve the assessment system in B.C.

BC Assessment has evolved the use of geographic information system and mapping technologies to enhance business performance. We have achieved complete electronic assessment-mapping coverage of the province, improving the consistency and uniformity of our valuation processes.

Through ICIS, BC Assessment has contributed to building strong partnerships with local governments and utilities to establish a base cadastre (mapping fabric) for the province that a variety of organizations use in their operations. With the emerging use of a wider range of geospatial technologies, BC Assessment, along with ICIS, is playing a leadership role in the evolution of partnerships to support broader application of geospatial technologies and imagery for greater public benefit.

TABLE 2: BC ASSESSMENT'S CUSTOMERS	
Residential Folios 339,252 rural 1,401,951 urban	Local Government 28 regional districts 161 municipalities 231 improvement districts
Non-Residential Folios 168,538 market 27,776 non-market	First Nations 72 First Nations

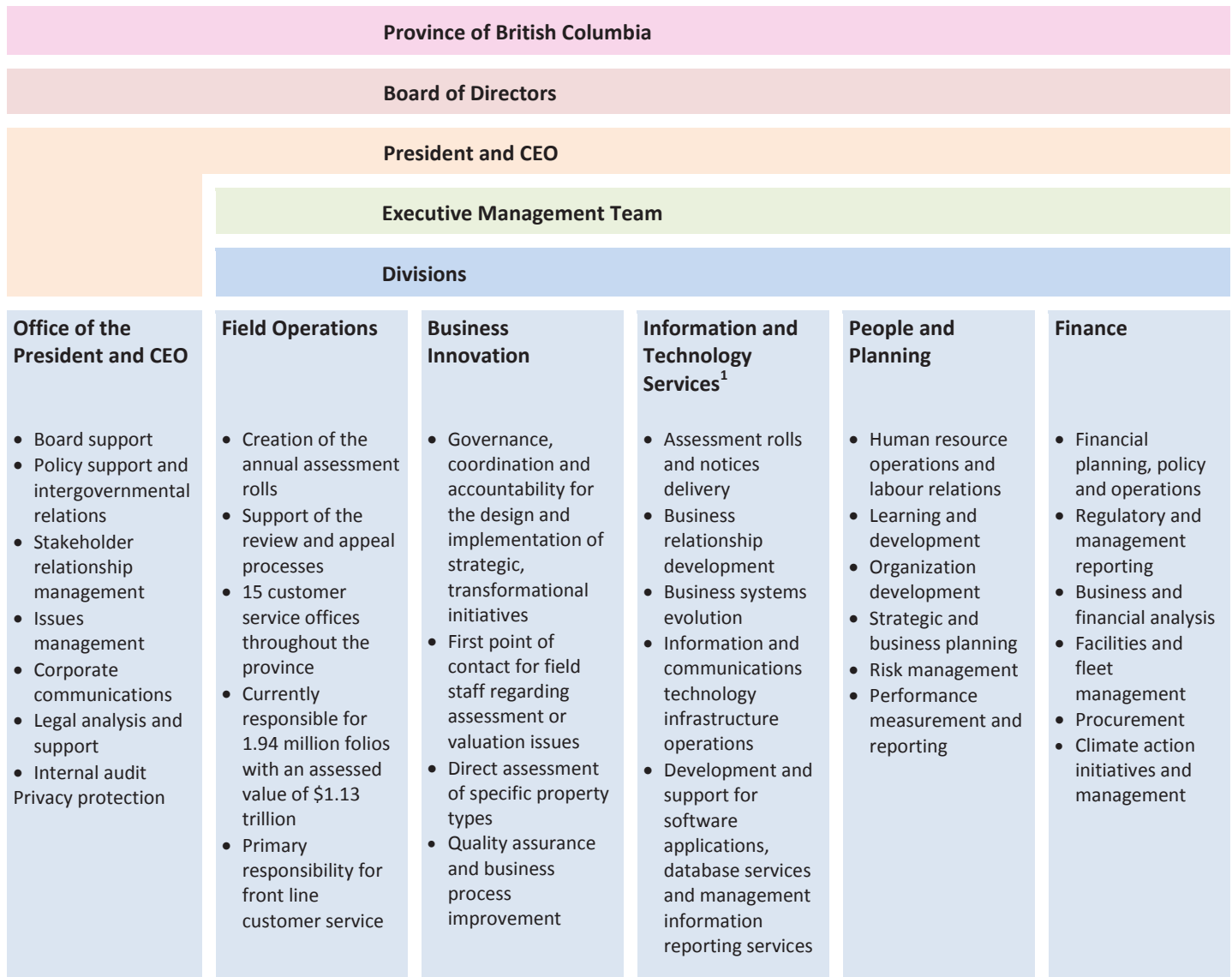
ORGANIZATIONAL STRUCTURE

BC Assessment currently employs approximately 660 full-time staff in the head office and the 15 area offices. The primary points of customer service are the area offices, which are geographically dispersed across B.C.

Additional information on the [location of our assessment regions and area offices](#) can be found online.

Figure 1 summarizes our governance and organizational structure, including roles and responsibilities.

FIGURE 1: BC ASSESSMENT’S GOVERNANCE AND ORGANIZATIONAL STRUCTURE



¹ In 2013, as a result of corporate reorganization to streamline operations, our Business and Customer Services Division changed their name to the Information and Technology Services Division.

CORPORATE GOVERNANCE

ACCOUNTABILITY

BC Assessment's governance is defined in legislation applicable to all Crown corporations, as well as in the *Assessment Authority Act* and the *Assessment Act*.

The corporate governance framework is also defined in the [2013 Government's Letter of Expectations](#). This letter is an agreement between the Minister responsible for BC Assessment acting as a representative of the Provincial Government and the Board Chair. It specifies a common understanding between the Provincial Government and the Board of Directors on responsibilities, accountabilities, key governance issues, core services, public policy issues, strategic priorities and performance expectations for BC Assessment.

Accountability to the Provincial Government and the public is demonstrated through both the three-year service plan and the annual service plan report, which includes critical components of the annual *Government's Letter of Expectations* and identifies BC Assessment's responses to the Provincial Government's direction.

BOARD OF DIRECTORS

The Board of Directors occupies a central role in the governance of BC Assessment. The Board has the general duty to guide the strategic direction of BC Assessment and oversee management in the conduct of the organization's business. In carrying out these duties, the Board has a role in policy-making, strategic planning processes and performance monitoring.

The Board also has exclusive jurisdiction to regulate the valuation rates of certain properties in the province. *Figure 2* shows the committee structures and membership for the Board of Directors. The operations of the Board of Directors complies with the principles included in the Provincial Government's [Best Practice Guidelines: BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations](#) published by the Board Resourcing and Development Office.

Further information regarding [BC Assessment's governance](#) can be found on our website.

FIGURE 2: BOARD OF DIRECTORS MEMBERSHIP AND COMMITTEE STRUCTURE

Board of Directors	<p>Mandate: The Board has the general duty to guide the organization's strategic direction and oversee management in the conduct of its business; the Board sets the standards for BC Assessment's organizational conduct and acts as the guardian of corporate values.</p> <p>Chair: Judy Rogers; Members: Richard Taylor (Vice Chair), Sheila Eddin, Philip Foucher, Shelley Gilberg, Ernest Jack, Ron Miles, Charlotte Salomon, Josh Smienk, Johann Starke², Ben Vanderhorst, Deborah Nelson³ and David MacKeigan⁴</p>
Audit and Risk Management Committee	<p>Purpose: The operations of BC Assessment are primarily funded by British Columbians through an annual tax levy; the Board of Directors has delegated to the Audit and Risk Management Committee the responsibility to provide assurance that those public funds have been expended in accordance with carefully considered plans that support the organization's mandate, have been accurately accounted for, and are reported in a timely and transparent way.</p> <p>Chair: Richard Taylor; Members: Philip Foucher, Ben Vanderhorst and Shelley Gilberg</p>
Governance Committee	<p>Purpose: The Governance Committee is responsible for ensuring that BC Assessment and its Board develop and implement an effective approach to corporate governance; this approach will enable the business and affairs of the organization to be carried out, directed and managed with the objective of ensuring compliance with governance practices and sound ethical principles.</p> <p>Chair: Josh Smienk; Members: Ernest Jack, Judy Rogers and Ron Miles</p>
Human Resources and Compensation Committee	<p>Purpose: The Human Resources and Compensation Committee assists the Board in fulfilling its obligations relating to human resource and compensation issues; the committee maintains a focus on the performance development of the President and CEO and on the key strategic human resource priorities.</p> <p>Chair: Ben Vanderhorst; Members: Sheila Eddin, Charlotte Salomon and Deborah Nelson</p>

² Resigned August 21, 2013

³ Appointed March 31, 2013

⁴ Appointed December 11, 2013

Strategic CONTEXT

STRATEGIC RISKS AND OPPORTUNITIES

BC Assessment assesses risks and opportunities through our annual strategic and business planning process to strengthen organizational performance. We are enhancing our enterprise risk management program to ensure our focus and resources are directed toward the matters that are important to our success. Our key risks and opportunities and the associated actions that we have taken in 2013 are summarized in *Table 3*.

TABLE 3: SUMMARY OF KEY RISKS AND OPPORTUNITIES	
RISK	RESPONSE
Insufficient knowledge transfer and succession planning for critical and skilled employees may impact BC Assessment's ability to carry out its mandate	<ul style="list-style-type: none"> Continued work on effective and timely recruitment of skilled staff. Developed and implemented training resources targeting specific skills and positions. Strengthened succession planning for executive, critical and specialist positions to ensure skilled staff is ready when vacancies occur.
Job market competition may result in difficulty recruiting staff in specific positions and locations	<ul style="list-style-type: none"> Continued to build BC Assessment brand awareness in the labour market through enhanced use of YouTube career videos, recruitment blogs and social media. Commenced the project to create a long-term Strategic Workforce Plan that will serve as a road map for our priorities and investments in our people over the next five years.
BC Assessment's property valuation system (valueBC) may not meet changing business needs	<ul style="list-style-type: none"> Continue enhancements to v and supporting customer services (e-valueBC and Assessment LinkBC) through regular releases. Progress multi-year program to replace core valueBC system by 2018. Redevelop the next generation of property valuation system software and related technologies.
Aging property assessment inventory may result in a loss of confidence in our assessments	<ul style="list-style-type: none"> Established a multi-year Current Inventory Program to enable BC Assessment to achieve updated property data. Continued reassessment of properties without the need for on-site inspections by using imagery technology. Established a risk mitigation program to advance the quality of our assessment products.
OPPORTUNITY	RESPONSE
Leverage technology to create efficiencies and to enhance productivity, communication and collaboration	<ul style="list-style-type: none"> Continue research and analysis of how new technologies, both hardware and software, present opportunities for BC Assessment. Implemented the Enterprise Resource Planning system to streamline internal processes and track resources. Implemented a suite of collaboration tools to improve real-time communication and teamwork while reducing travel time and costs. Rolled out a field data collection tool to field staff to allow electronic servicing for increase efficiency. Provided enhanced call management technology for better customer service focus to customer inquiries.
Build customer, stakeholder and Provincial Government relationships to improve service delivery and customer satisfaction	<ul style="list-style-type: none"> Developed an Overall Customer Strategy. Established customer service standards for all customer groups. Completed review of customer survey methodology and leading practices. Increased level of customer service consultations.
Increase emphasis on project management and change management disciplines for implementation and management of corporate initiatives	<ul style="list-style-type: none"> Introduced a consistent corporate methodology and governance process for the selection, prioritization and management of projects. Continuously improved and refined planning and project management processes by providing project managers with a standard methodology, templates and coaching to support the application of the new processes. Introduced a Change Management Toolkit for use in all corporate projects.
Leverage and enhance partnerships for information exchange and cost sharing	<ul style="list-style-type: none"> Strengthened partnerships with local governments for streamlined data exchange, and with mapping partners for enhanced data and cost sharing. Implemented sharing of building permits electronically and developed requirements for improved data delivery. Explored partnerships with other BC Public Sector organizations and universities for enhanced data sharing opportunities.

REPORT ON PERFORMANCE

The service plan and the *Government's Letter of Expectations* establish the public reporting performance expectations for BC Assessment as determined by the Board of Directors. The *2013–2015 Service Plan* is our plan of action, and clearly sets the conditions that define our success. It identifies our five goals, the supporting strategies and our performance measures (*Tables 4 and 5*).

SHIFTS IN 2013

In the *Revised 2013–2015 Service Plan*, BC Assessment's vision, mission, values, goals and strategies are the same as those in the previous *2012–2014 Service Plan*. While the performance measures reported have not changed from the previous service plan, we have realigned the assessment roll stability performance measure from supporting the goal of effectiveness to supporting the goal of products and services to better reflect the benefits of the work for this measure.

The other significant change that occurred in 2013 was the corporate reorganization to streamline operations, embrace innovation and open lines of communications to put the business on a path of long-term sustainability. As a result, our Business and Customer Services Division has changed their name to the Information and Technology Services Division. The responsibilities for each division are listed previously on page 8.

Table 4: BC Assessment's Goals, Strategies and Performance Measures






Goals		Strategies	Performance Measures
	1. People and Culture Our people are skilled and inspired and committed to our vision	Retain, attract and develop highly skilled and engaged people	PM.1: Level of employee engagement
	2. Customers Our customers have trust and confidence that their needs will be anticipated and met with care and professionalism	Consistently deliver services that anticipate and meet the needs of our customers	PM.2: Percentage of customers satisfied or very satisfied with service: · Residential/non-residential · Local government/First Nations
	3. Relationships The Government, stakeholders and partners are actively engaged and collaborating with us to provide effective assessments	Continue the trusted business relationship with the Provincial Government to support our mutual goal of excellence in delivering assessment services Develop and enhance strong partnerships and alliances with our stakeholders and partners that promote trust and mutual benefits	PM.3: Percentage of customers satisfied or very satisfied with service: · Provincial Government
	4. Products and Services Our customers, stakeholders and partners receive timely, accurate and reliable products and services	Ensure uniformity and quality in assessment information Provide convenient, innovative ways to access and exchange information	PM.4: Percentage of assessments accepted without appeal
			PM.5: Assessment to sales ratio (ASR): · Residential · Non-residential
			PM.6: Coefficient of dispersion (COD): · Urban · Rural
			PM.7: Assessment roll stability
	5. Effectiveness Our business is conducted in an effective, efficient and financially sustainable manner	Develop innovative, risk-based practices to deliver efficient and effective business operations	PM.8: Cost per property for assessment services – net PM.9: Greenhouse gas emissions (tonnes of CO ₂ equivalent)

Table 5: Summary of Performance Measures, Results and Targets - 2011 to 2016							
Performance Measures	2011 Actual	2012 Actual	2013 Actual	2013 Target	2014 Target	2015 Actual	2016 Target
PM.1: Level of employee engagement	60	Biennial Survey	61	62	Biennial Survey	Previous Result +2	Biennial Survey
PM.2: Percentage of customers satisfied or very satisfied with service ⁵ : · Residential/non-residential · Local government/First Nations	80.9% 97.0%	83.6% Biennial Survey	No Survey No Survey	≥ 83.0% ≥ 95.0%	≥ 83.0% Biennial Survey	≥ 83.0% ≥ 95.0%	≥ 83.0% Biennial Survey
PM.3: Percentage of customers satisfied or very satisfied with service ¹ : · Provincial Government	98.5%	Biennial Survey	No Survey	≥ 95.0%	Biennial Survey	≥ 95.0%	Biennial Survey
PM.4: Percentage of assessments accepted without appeal	98.8%	98.8%	99.1%	≥ 98.0%	≥ 98.0%	≥ 98.0%	≥ 98.0%
PM.5: Assessment to sales ratio (ASR): · Residential · Non-residential	98.0% 96.5%	97.7% 96.3%	98.0% 96.2%	97.0-100% 95.0-100%	97.0-100% 95.0-100%	97.0-100% 95.0-100%	97.0-100% 95.0-100%
PM.6: Coefficient of dispersion (COD): · Urban · Rural	5.9% 7.7%	5.7% 7.6%	5.6% 7.8%	5.0%-10.0% 5.0%-15.0%	5.0%-10.0% 5.0%-15.0%	5.0%-10.0% 5.0%-15.0%	5.0%-10.0% 5.0%-15.0%
PM.7: Assessment roll stability	0.36%	0.36%	0.37%	≤ 0.37%	≤ 0.37%	≤ 0.37%	≤ 0.37%
PM.8: Cost per property for assessment services – net ⁶	\$40.25	\$41.28	\$41.62	\$42.26	\$42.98	\$43.63	\$44.32
PM.9: Greenhouse gas (GHG) emissions (tonnes of CO ₂ equivalent)	538	537	440	533	525	517	510

⁵An initial review of our Survey methodology was undertaken 2013 and survey activity was deferred due to the anticipated impact of development of the Overall Customer Strategy and Customer Service Standards, and plans to update our processes for customer intelligence and feedback including how and when survey activity will occur. Surveying of all customer groups allows us to measure progress against Customer Performance Measures resumes in 2014.

⁶The calculation reflects the cost to the taxpayer (expenses - miscellaneous revenue). Cost per property target adjustments are made each year as new information becomes available and our forecasts are refined. The Revised 2013-2015 Service Plan had targets of \$42.26 for 2013, \$43.15 for 2014 and \$43.34 for 2015.

SETTING PERFORMANCE TARGETS

BC Assessment establishes performance targets in consideration of historical performance, industry standards, desired levels of service and operational constraints. The targets are reviewed annually by the Board to ensure they are meaningful for evaluating our performance on behalf of our customers, stakeholders and the Provincial Government. Internal planning processes and management decision-making throughout the year are designed to align resources with the achievement of our corporate goals and performance targets. While the targets challenge and, in some cases, stretch the organization, we have every expectation that they can be achieved. BC Assessment also uses an extensive system of internal measures to help monitor performance throughout the organization.

BENCHMARKING

We use benchmarks to improve the comparability and quality of our performance measures. Benchmarking permits comparisons with other jurisdictions that give us confidence that our property assessment process provides high-quality, uniform assessments. In support of our benchmarking objectives, we are a founding member of and continue to support the Canadian Property Assessment Benchmarking Network. This benchmarking network shares assessment and other management information between assessment jurisdictions across the country. Results from some of our benchmarking activities are reflected in our appraisal practice and policy development. The results also support our key performance indicators, customer service standards and surveys, staff training and development opportunities, competencies for staff and legislative framework.

The most comparable performance measures between assessment jurisdictions are the assessment to sales ratio (ASR) and the coefficient of dispersion (COD), which relate to roll quality and uniformity. These measures are used by most assessment jurisdictions, and as a result, international standards are in place to gauge performance.

Table 6 reflects the most recent benchmarking information for single-family residential properties. The challenge in comparisons with other jurisdictions is that most are not on an annual assessment cycle like BC Assessment. The benchmarking therefore lacks consistency year-to-year, depending on how many jurisdictions produce an assessment roll. Furthermore, BC Assessment is the only jurisdiction that calculates separate CODs for urban and rural properties; other jurisdictions report a single combined COD value.

For the residential ASR target, BC Assessment has selected a much more stringent range of 97–100%, instead of the International Association of Assessing Officers (IAAO) target range of 90–110%. BC Assessment was successful in meeting the residential ASR performance measure target for 2012 with a result of 97.7%. As with the target for ASRs, BC Assessment has selected more difficult COD targets than those recommended by the IAAO. We have set our COD target for urban properties at less than 10% rather than the IAAO's standard of less than 15%; for rural properties, our COD target is set at less than 15% rather than the IAAO's standard of less than 20%.

Information on the [standards set by the IAAO](#) is published on its website.

Table 6: Benchmarks

Performance Measure	International Association of Assessing Officers Standards	BC Assessment Target (2013 Assessment Roll)	BC Assessment Actual (2013 Assessment Roll)	Average Result of Participating Canadian Jurisdictions ⁷
Assessment to sales ratio (Roll quality)	90–110% for residential properties	97–100%	97.7%	96.6%
Coefficient of dispersion (Uniformity) ⁸	< 15% for urban properties	< 10%	5.7%	n/a
	< 20% for rural properties	< 15%	7.6%	n/a
	Combined urban and rural	n/a	5.87%	8.8%

⁷ The number of jurisdictions providing results to be averaged for the assessment to sales ratio performance measure was seven, and for the coefficient of dispersion performance measure was six.

⁸ Other Canadian jurisdictions combine urban and rural coefficient of dispersions into a blended measure; BC Assessment has refined this measure to differentiate between urban and rural coefficient of dispersions. While BC Assessment does not have a combined target, the actual combined result can be calculated for comparison purposes.

DATA SOURCE RELIABILITY AND LIMITATIONS

BC Assessment's public reporting is guided by the eight [BC Reporting Principles](#) endorsed by the Legislative Assembly's Select Standing Committee on Public Accounts that outline the characteristics of good performance reporting by public sector organizations.

Much of the information used in our performance measures is collected by professional appraisal staff. BC Assessment also relies on outside sources of data, including municipalities, regional districts, real estate boards, the Land Title and Survey Authority of British Columbia and individual property owners. BC Assessment conducts regular and extensive surveys with our customer groups, using third-party commercial survey companies with established professional standards. We undertake periodic reviews to improve the comparability and quality of our performance measures.

Data source reliability and limitations are discussed in more detail for each performance measure later in this document. In addition, our internal audit program undertakes audits of our internal controls on the systems that produce the key performance indicator measures and results.

STRATEGIC RISK MANAGEMENT

BC Assessment has been updating the enterprise risk management framework (ERM) to achieve the desired level of maturity set by the Board. The result is a framework that builds upon the existing ERM and is better integrated with our planning and reporting processes.

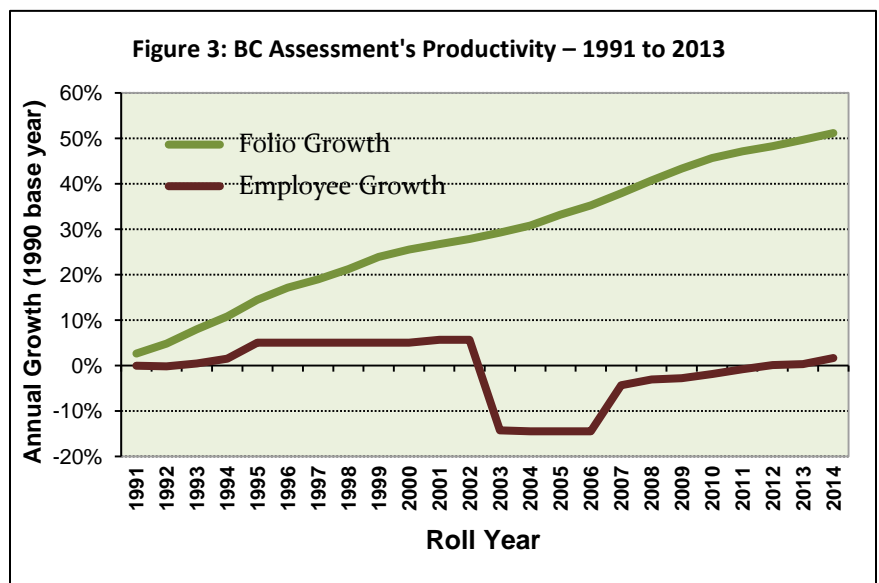
ECONOMIC AND INDUSTRY FACTORS

A stable real estate market in 2012 to 2013 combined with our enhanced communications efforts has resulted in fewer inquiries and appeals. This has freed up resources to focus on and complete a record number of property re-inspections to improve the currency of our property data.

ORGANIZATIONAL CAPACITY

Over the past few years, management has become increasingly concerned about the sufficiency of the available resources and technology to ensure our property data is current to produce an accurate assessment roll. Over the last two decades, the number of properties in B.C. has increased by 50% while the number of employees remains at the same level as in 1991 (*Figure 3*).

BC Assessment's ability to absorb the growth in properties without increasing staff has been made possible by significant investments in technology and through process improvements that result in more efficient property data collection. However, each year a number of data quality related projects are not included in the business plan because of insufficient resources. Our predictive performance indicators indicate that the quality of our property data is degrading. In order to address the challenges of maintaining quality assessments while absorbing continuous growth, BC Assessment is currently undertaking a review of all current major processes with a view to identifying greater efficiencies. In anticipation of finding efficiencies, BC Assessment will develop a multi-year property data currency plan to ensure that all of our property data for market value properties is current. A risk assessment process will be implemented in order to prioritize and address the highest risk property types needing review.



GOAL 1: PEOPLE AND CULTURE

Performance Measure 1: Level of Employee Engagement

Goal Statement

Our people are skilled and inspired and committed to our vision.

Strategy

Retain, attract and develop highly skilled and engaged people.

Risks

BC Assessment continues to face the following risks in relation to our people:

- Knowledge transfer and succession planning: Critical roles at BC Assessment are filled by specific, knowledgeable staff who acquired expertise and skills during their careers. Insufficient knowledge transfer and succession planning processes for retirements and resignations of staff in specialized positions could result in lost business knowledge and operational inefficiencies.
- Job market competition: BC Assessment may have difficulty recruiting staff in specific positions and locations, which could result in critical services not being provided effectively.

Performance Measure	2011 Actual	2012 Actual	2013 Actual	2013 Target	2014 Target	2015 Actual	2016 Target
PM.1: Level of employee engagement	60	Biennial Survey	61	62	Biennial Survey	Previous Result +2	Biennial Survey

Importance

Employee engagement is the foundation for a workplace that enhances satisfaction and commitment and inspires people to want to come to work. Engaged employees contribute to higher levels of customer satisfaction, performance, trust and confidence in what an organization does. The employee engagement survey results not only tell us what our level of engagement is, but also show us how well we are doing on key drivers such as pay and benefits, hiring practices, leadership and teamwork.

Targets

BC Assessment has set targets that push the organization to achieve increases in employee engagement. The employee engagement performance measure is a biennial survey which produces an engagement score.

The employee engagement score represents the combined responses of all participating BC Assessment employees, and the results may be affected by a variety of internal and external factors, such as economic stability, organizational change, negotiated union agreements and individual work relationships.

Data Sources and Reliability

BC Assessment has a contract with BC Stats, part of the Ministry of Labour, Citizens' Services and Open Government, to act as an independent third party to conduct our employee engagement survey. The survey gauges employee perceptions on motivation, work capacity and capability, leadership, and alignment with the vision, mission and goals. BC Assessment uses the same workplace environment survey as the Provincial Government. Using this same measurement tool gives us confidence that it is well tested and reliable and also enables future benchmarking with other public sector organizations.

Discussion

The employee engagement survey was administered in 2013, with a response rate of 90% and a score of 61, an increase of 1 over the previous survey in 2011.

Major Programs and Initiatives

In 2013, BC Assessment identified four areas of focus that will continue into future years:

- **Autonomy** – Autonomy continues to be a targeted initiative. The Corporate Engagement Committee (CEC) believes it is important to continue the work of creating a workplace where our competent staff has significant autonomy to carry out their work while being accountable for the results. Accordingly, two regions (South Fraser Region and Vancouver Island Region) are piloting a more autonomous workplace, to share lessons learned with other work teams.
- **Communication** – this was identified as an area that could be enhanced, not necessarily the “quantity” but the quality. This was seen as an area of opportunity for improvement specifically with building on the communication between executive and staff, and communication between staff and executive.
- **Individual Engagement** – while it is critical for BC Assessment and management to create an environment for employee engagement, each individual makes choices about their own engagement. This initiative recognizes each of us has a role to play in our own engagement. Resources are being created to assist individuals in having a clear understanding of their own engagement and actions they can take to build on this.
- **Strengthening and Connecting with the Local Action Teams** – the majority of offices have a Local Action Team that addresses engagement issues within their specific office. Communities of Practice for Local Action Teams are being proposed to enable a sharing of ideas and results, current challenges, and ideas for how the Corporate Engagement Committee can assist with these challenges.

GOAL 2: CUSTOMERS

Performance Measure 2: Percentage of Customers Satisfied with Service Residential/Non-Residential and Local Government/First Nations

Goal Statement

Our customers have trust and confidence that their needs will be anticipated and met with care and professionalism.

Strategy

Consistently deliver services that anticipate and meet the needs of our customers.

Risks

BC Assessment faces a number of risks that impact our ability to meet customer satisfaction targets:

- **Customer and stakeholder information technology integration** – External stakeholders and customers may lack the capacity or desire to shift technologies with BC Assessment, resulting in an inability to maintain services and relationships, or to leverage new opportunities.
- **External service commitments** – External service commitments to a wide range of customer and stakeholder groups might not align with BC Assessment’s capacity to deliver, resulting in a reduced ability to be efficient and effective and meet service expectations.

Performance Measure	2011 Actual	2012 Actual	2013 Actual	2013 Target	2014 Target	2015 Actual	2016 Target
PM.2: Percentage of customers satisfied or very satisfied with service ⁹ :							
· Residential/non-residential	80.9%	83.6%	No Survey	≥ 83.0%	≥ 83.0%	≥ 83.0%	≥ 83.0%
· Local government/First Nations	97.0%	Biennial Survey	No Survey	≥ 95.0%	Biennial Survey	≥ 95.0%	Biennial Survey

⁹An initial review of our Survey methodology was undertaken 2013 and survey activity was deferred due to the anticipated impact of development of the Overall Customer Strategy and Customer Service Standards, and plans to update our processes for customer intelligence and feedback including how and when survey activity will occur. Surveying of all customer groups allows us to measure progress against Customer Performance Measures resumes in 2014.

Importance

As a Crown corporation, BC Assessment serves the citizens of B.C. and demonstrates value through professional delivery of products and services. Customer satisfaction with our performance is a critical indication of how well we are fulfilling our mandate and customer service commitments. We conduct regular surveys to obtain customer feedback from property owners and taxing jurisdictions, and use the feedback to improve BC Assessment products and services.

Targets

We base our targets on past performance, an assessment of customer needs, and our proposed improvement strategies. We have typically set targets high to encourage our staff to continually seek ways to further improve customer service. The professional survey firm responsible for our customer market research recommended a target of 80% for residential/non-residential customer satisfaction, based on our past performance in this area and an average statistical result for similar government agencies. However, given the importance of customer satisfaction to our organization, the Board of Directors has continued to set “stretch” targets for these two customer groups. The target for residential/non-residential customer satisfaction is set at $\geq 83.0\%$ in consideration of prior BC Assessment results and comparable benchmarking figures from other organizations. The target reflects an ambitious but achievable level of customer satisfaction for these groups.

Similarly, the target for local government and First Nations customers is $\geq 95.0\%$, to reflect the Board’s desire for a precise and ambitious customer satisfaction measure.

Data Sources and Reliability

BC Assessment conducts regular customer surveys with our five key customer groups (residential property owners, non-residential property owners, local government, First Nations customers and the Provincial Government), using an independent market research firm hired through a competitive process. We evaluate the qualifications and experience of the selected firm through a request for proposal process, and are confident that the services received are reliable and that the market research firm conforms to industry standards in the performance of the survey work.

BC Assessment provides the firm with customer group contact lists. For the large residential and non-residential customer groups (*Table 2*), these lists are a randomly generated sample based on property owners who had direct contact with BC Assessment in the calendar year, whether for an inspection, an appeal or an inquiry. We continued to use the same customer survey method and set of questions to ensure that composite results were compiled on a consistent basis for year-over-year comparison. For the much smaller local government and First Nations customer groups, BC Assessment provides complete client lists to support full and unbiased data collection and analysis.

BC Assessment uses two performance measures aligned to our customer groups of residential/non-residential property owners and local government/First Nations. For ease of presentation, we blend the results into one number for each of the two groupings, but for the purpose of internal performance reporting, we continue to track the performance measures separately for the four individual customer groups.

Details on the methodology and results for all of BC Assessment’s customer surveys may be found in the final [reports online](#).

Discussion

BC Assessment has worked with each of its customer groups to establish new service standards which will be implemented commencing in 2014. Surveys were not conducted in 2013 as the customer survey tools were being reviewed for alignment with these new standards and performance measures and targets. Surveying of all customer groups resumes in 2014. Year-over-year comparability of survey data will be impacted and will be noted in subsequent service plans and annual service plan reports.

Major Programs and Initiatives

BC Assessment conducts regular customer surveys to identify what we are doing well and where we can make improvements. We also strive to strengthen customer relationships through a number of consultation forums with a range of property owner representatives, and continue to work with the Taxing Jurisdiction Advisory Committee (TJAC), both to improve the quality and timeliness of the data we provide and to streamline and enhance data access. Our commitment to implement recommendations to improve the current Property Assessment Review Panel (PARP) process in collaboration with the Ministry of Community, Sport and Cultural Development, was realized in 2012 with a pilot project in preparation for the 2013 PARP period. Other customer-focused initiatives are summarized in the 2012 Highlights section.

GOAL 3: RELATIONSHIPS

Performance Measure 3: Percentage of Customers Satisfied with Services – Provincial Government

Goal Statement

The Provincial Government, stakeholders and partners are actively engaged and collaborating with us to provide effective assessments.

Strategies

- Continue the trusted business relationship with the Provincial Government to support our mutual goal of excellence in delivering assessment services.
- Develop and enhance strong partnerships and alliances with our stakeholders and partners that promote trust and mutual benefits.

Risk

Clear and timely communication – BC Assessment must maintain a trusting and positive relationship with the Provincial Government and be proactive in addressing emerging issues to avoid potential political and reputational impacts. To adhere to our “no surprises” approach, BC Assessment maintains regular two-way communication with government contacts.

Performance Measure	2011 Actual	2012 Actual	2013 Actual	2013 Target	2014 Target	2015 Actual	2016 Target
PM.3: Percentage of customers satisfied or very satisfied with service ¹ : · Provincial Government	98.5%	Biennial Survey	No Survey	≥ 95.0%	Biennial Survey	≥ 95.0%	Biennial Survey

Importance

The Provincial Government is BC Assessment’s sole Shareholder, and depends on our products and services to meet a range of needs. As part of this unique business relationship, we are required to implement the government’s assessment policy, follow its strategic direction and provide proactive assessment solutions that support government objectives. Monitoring the quality of our service enables us to identify where we are doing well, and where we need to improve our performance and strengthen this relationship.

Targets

Beginning in 2006, BC Assessment surveyed Provincial Government customers about their satisfaction with available products and services. We review the feedback and identify areas where we can make improvements. We base our targets on past performance, an assessment of customer needs and our proposed improvement strategies. We typically set targets high, to focus our staff on customer service. For 2011- 2013, the target for the Provincial Government survey was set at ≥ 95.0%.

Data Sources and Reliability

The data sources and reliability are the same as for the previous performance measure for the local government/First Nations surveys. We use the assistance of an independent market research firm selected through a request for proposal process, and are confident that the services received are reliable. The market research firm conforms to industry standards in the performance of the survey work with BC Assessment. BC Assessment provides the firm with a list of clients from the Provincial Government, Crown corporations, and other agencies that regularly use BC Assessment services and information. Conducted biennially, we used the same customer survey method and set of questions to ensure the results were compiled on a consistent basis. Details of the methodology and results for our latest Provincial Government Client Survey may be found in the final report online.

Discussion

BC Assessment has worked with each of its customer groups to establish new service standards which will be implemented commencing in 2014. Surveys were not conducted in 2013 as the customer survey tools were being reviewed for alignment with these new standards and performance measures and targets. Surveying of all customer groups resumes in 2014. Year-over-year comparability of survey data will be impacted and will be noted in subsequent service plans and annual service plan reports.

Major Programs and Initiatives

In support of Provincial Government initiatives, BC Assessment collaborated with the Ministry of Community, Sport and Cultural Development (the Ministry with the legislative responsibility for the property assessment function) on the following:

- Implemented the government's decisions resulting from Farm Assessment Review Panel (FARP).
- Implemented the government's decisions resulting from Farm Assessment Review Panel recommendations; completed drafting FARP legislation and accompanying regulations.
- Provided policy advice and analysis as requested on Ministry priorities related to assessment, and ensured that the Ministry was advised of any emerging issues.
- Participated on an as-needed basis to develop strategies to address the concerns of industrial and business property taxpayers.
- Implemented a pilot project for holding Property Assessment Review Panel hearings by teleconference in the Capital and Northwest (Terrace and Prince Rupert) regions.

BC Assessment has also collaborated with the province, in particular:

- Providing support and advice to the Ministry of Finance with respect to property tax policy issues, and to the Ministry of Aboriginal Relations and Reconciliation in relation to the First Nations tax treaty implementation process.

GOAL 4: PRODUCTS AND SERVICES

Goal Statement

Our customers, stakeholders and partners receive timely, accurate and reliable products and services.

Strategies

- Ensure uniformity and quality in assessment information.
- Provide convenient, innovative ways to access and exchange information.

Risks

- **Outdated property assessment inventory** – Outdated property assessment inventory may result in a loss of confidence in our assessments. BC Assessment must find effective ways to maintain a timely reassessment schedule for all property types.
- **Continuous growth** – There are over 1.9 million properties that require assessment services on the 2014 Assessment Roll, and more are added each year. Combined with a fairly stable staff complement within BC Assessment, this growth challenges us to find new and more efficient ways of delivering our products and services.

Table 10: Goal 4 Performance Measures

Performance Measures	2011 Actual	2012 Actual	2013 Actual	2013 Target	2014 Target	2015 Actual	2016 Target
PM.4: Percentage of assessments accepted without appeal	98.8%	98.8%	99.1%	≥ 98.0%	≥ 98.0%	≥ 98.0%	≥ 98.0%
PM.5: Assessment to sales ratio (ASR):							
· Residential	98.0%	97.7%	98.0%	97.0-100%	97.0-100%	97.0-100%	97.0-100%
· Non-residential	96.5%	96.3%	96.2%	95.0-100%	95.0-100%	95.0-100%	95.0-100%
PM.6: Coefficient of dispersion (COD):							
· Urban	5.9%	5.7%	5.6%	5.0%-10.0%	5.0%-10.0%	5.0%-10.0%	5.0%-10.0%
· Rural	7.7%	7.6%	7.8%	5.0%-15.0%	5.0%-15.0%	5.0%-15.0%	5.0%-15.0%
PM.7: Assessment roll stability	0.36%	0.36%	0.37%	≤ 0.37%	≤ 0.37%	≤ 0.37%	≤ 0.37%

Performance Measure 4: Percentage of Assessments Accepted without Appeal

Importance

BC Assessment interprets high acceptance of assessments by residential and non-residential property owners as a validation of the quality, accuracy and acceptance of our work. Property owners who do not agree with the estimate of their property’s market value or exemption status, or who believe that their property was improperly classified, can challenge the assessment. If a change or correction is warranted, BC Assessment recommends changes to a local Property Assessment Review Panel (PARP), a three-member independent panel appointed by the government. Property owners who continue to disagree with the assessment can request an independent review by a PARP. For this reason, an important measure of public acceptance of the annual assessment roll is the number of complaints (appeals) to PARPs. For more information on appeal processes and timelines, please visit the Provincial Government’s [Property Assessment Review Panel](#) and [Property Assessment Appeal Board](#) websites.

BC Assessment tracks annual statistics to determine the number of residential and non-residential property owners who apply in writing or online for an independent review of their assessment by a PARP (see *Figure 4*). Property Assessment Appeal Board (PAAB) appeal rates are not included in this measure, as these hearings can take a number of years to resolve and may skew the results for the annual performance measure program.

Targets

Targets were chosen that reflect historical trends. For residential property owners, formal complaints (appeals) each year are usually submitted by fewer than 2% of all residential owners. For non-residential property owners, this number is usually below 5%. We believe consistently low rates of appeal suggest that property owners largely accept the assessed values and that the assessment roll is of high quality. In our internal analysis, 98% assessments accepted without appeal represent a good balance between efficiency and accuracy in the assessment process under normal circumstances.

Data Sources and Reliability

Property owners are requested to submit their complaints about their assessment in January of each year following receipt of their assessment notice. These submissions lead to hearings that are held by independent panels in communities throughout the province. Following the hearings and prior to April 7 each year, BC Assessment is required to send a Notice of Decision to the property owners, indicating what the panel’s decision was and whether the complaint was successful or unsuccessful. Data quality is maintained throughout this process by internal controls, including a review of the complaint data and comparison with historical trends and current market movement, to ensure completeness and accuracy. Data integrity is a vital component of any information system. BC Assessment relies on the data not only in carrying out its mandate of producing accurate annual property assessments, but also in satisfying many customers’ property-related information needs. Both the Quality Assurance and Business Processes

Department and the Internal Audit Department regularly review the quality and accuracy of data. The annual internal audit plan includes reviews of critical systems and processes that impact data integrity.

Discussion

For the 2014 Assessment Roll, produced during the 2013 calendar year, BC Assessment received 17,874 complaints to PARP, compared to 23,847 complaints on the 2013 Assessment Roll. This correlates to a 99.1% acceptance rate.

The activities based on our “No Surprises” principle were contributors to the continued low number of inquiries and complaints on the 2014 Assessment Roll. These include proactive communication with property owner groups and taxing jurisdictions, combined with enhanced customer service mechanisms.

Also, real estate market conditions across B.C. were relatively stable in 2013, which often correlates with a reduced number of appeals. As any complaint to PARP requires BC Assessment effort to resolve, fewer appeals reduces the impact on our limited staff capacity and allows those resources to be redirected towards enhancing quality and service levels in other areas. The 99.1% acceptance of the 2014 Assessment Roll indicates that our work in 2013 resulted in a high quality, well received and accepted roll.

Major Programs and Initiatives

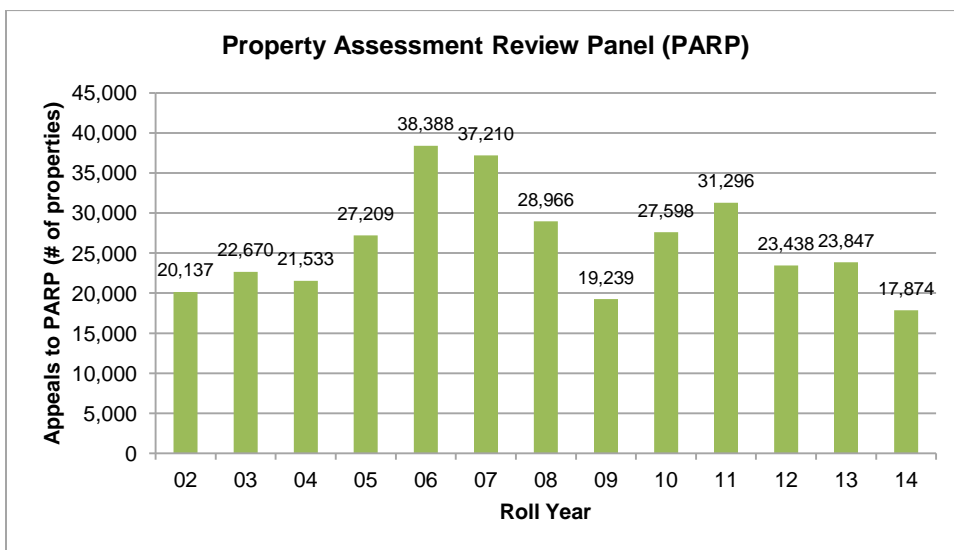
The key to improving property owner acceptance of an assessment is to listen and respond to customer concerns, to improve customer service and access to information about how their assessment was determined, and to provide education on and increase awareness of the assessment system.

BC Assessment meets every year with the Ministry of Community, Sport and Cultural Development to discuss improvements to the appeal process and ensure that those wanting to appeal their assessments have the information and the opportunity to fully participate.

Other supporting programs and strategies include the following:

- Access to information: We continue to enhance the functionality of e-valueBC, our popular online tool for comparing assessments.
- Customer connection system: We implemented a new central toll free number for clients to contact us, one organization one phone number. This has also helped distribute the load of inquiries evenly to all our offices across B.C.
- Monitoring of market trends: On an ongoing basis, we analyze and communicate market trends internally to our staff and externally to our customers.
- Transparency of the appeal/complaint process: the annual Property Assessment Communications Campaign aims to raise public awareness of the process in various ways, including inserts mailed with all assessment notices, news releases and media information, select print and radio advertising in B.C. communities, and the public website.

Figure 4: Number of Appeals – 2002 to 2014



Performance Measure 5: Assessment to Sales Ratio – Residential and Non-Residential

Importance

The assessment to sales ratio (ASR) measures how closely assessments mirror a property's actual selling price. BC Assessment measures the ASR for properties in accordance with internationally recognized standards set by the International Association of Assessing Officers (IAAO). The ASR is calculated by dividing the actual value (as determined by BC Assessment) of a property that has sold by its selling price, and expressing the result as a percentage.

Targets

BC Assessment measures the ASR for properties according to internationally recognized standards. The IAAO has set the median ASR standard between 90% and 110%. However, BC Assessment has set more challenging targets: between 97% and 100% for the residential assessment roll and between 95% and 100% for the non-residential assessment roll.

Data Sources and Reliability

The reliability of this roll quality performance measure is dependent on the records provided by the Land Title and Survey Authority of British Columbia (LTSA), the agency responsible for managing, operating and maintaining the province's land title and land survey systems. The LTSA was established in January 2005 under the *Land Title and Survey Authority Act* as an independent organization and must meet obligations and targets that the Provincial Government has established for it in legislation and in an operating agreement between the LTSA and the Province of British Columbia.

The LTSA is responsible for the continued integrity of the province's modified Torrens land title system for registering land titles. The system involves examining and registering applications for land transfers and establishing and releasing charges on titles. The land title registration system provides conclusive evidence of title, as mandated in the *Land Title Act*.

BC Assessment obtains an automated data feed of relevant LTSA information, which is reconfigured for our internal assessment systems and flagged for any inconsistencies. A variety of controls, both internal and external, allow BC Assessment to verify the accuracy of the information drawn from the LTSA.

The results for this performance measure compare the market value transactions as registered against the actual value as determined by BC Assessment's appraisal staff, so the completeness and accuracy of the ASR depend on consistent and rigorous review of property sales. The Internal Audit Department regularly evaluates internal controls, and we have completed several projects over the past few years to analyze our performance in verifying and processing property sales.

Discussion

The median ASR is one of BC Assessment's two primary roll quality measures. The ASRs in this annual report are based on the 2014 Revised Roll, are generated in our performance management information system and reported annually in an Assessment Roll Quality Report, which is a summary of statistical analysis on the accuracy and uniformity of the assessment roll. BC Assessment's Internal Audit Department also conducts periodic audits on the key performance indicator information as part of the three-year audit plan that is approved by the Board.

The ASR is calculated by dividing the actual value (as determined by BC Assessment) of a property that has sold, by its selling price, and expressing the result as a percentage. For example, if a property is assessed with a value of \$243,000 and it sold for \$250,000, the ASR would be 97.2%. In short, the ASR measures how accurately BC Assessment appraises property at market value. Our statistics reflect all available single-family residential arm's-length sales for the two quarters surrounding our valuation date of July 1 (i.e., April 1, 2013 to September 30, 2013). For non-residential sales, the data are based on sales occurring throughout the year. For the 2014 Assessment Roll, completed by December 31, 2013 and revised through PARP in early 2014, BC Assessment's residential ASR result is 98.0%, and non-residential ASR is 96.2%. Both these figures fall within the target ranges, representing improvement over previous years and indicating a trend towards increased accuracy in matching market value in our assessments.

Major Programs and Initiatives

Key corporate strategies include measuring and ensuring the uniformity and quality of the assessment rolls, and developing assessment practices and procedures for improved efficiency. BC Assessment's Quality Assurance and Business Processes Department regularly reviews the quality and accuracy of assessment information. Each year, BC Assessment produces an annual Assessment Roll Quality Report that compares each roll quality measure against international standards. The report is reviewed by staff, the Executive Management Team and the Board of Directors to determine if there are opportunities to improve data quality.

Sales are the basis of the assessment roll, and this area needs to be well executed and documented to provide auditable assurance of integrity in the performance measures such as ASRs and CODs that support roll quality. The Internal Audit Department continues to undertake audits in high-priority areas to provide further assurance that the organization has established sufficient processes and controls to help produce a high-quality assessment roll. As an example of our commitment to a verifiable and uniform assessment roll, we completed a two-year audit project to analyze our performance in undertaking sales editing and potentially inappropriate sales reassessment practices as part of the development of the assessment roll, and are working to implement the recommendations of this audit to enhance sales validation.

Performance Measure 6: Coefficient of Dispersion – Urban and Rural

Importance

The coefficient of dispersion (COD) measures the quality of assessments by calculating the dispersion, or spread, of all the ASRs around the median ASR. Less dispersion indicates higher quality assessment information, and is reflected by a lower COD. The COD is a measure of appraisal uniformity. This measure is important in public reporting on roll quality and is complementary to the ASR measures.

Targets

The target for rural properties is higher than for residential properties in urban areas because rural areas are typically less comparable to each other. The COD standard set by the IAAO for single-family residential properties is under 15% for urban regions and under 20% for rural regions. BC Assessment has set ongoing targets of under 10% and under 15%, respectively. Our statistics for the COD are based on all available single-family residential arm's-length sales for the two quarters surrounding our valuation date of July 1 (i.e., April 1, 2013 to September 30, 2013). For non-residential sales, the data are based on sales occurring throughout the year.

Data Sources and Reliability

The coefficient of dispersion is the second of BC Assessment's two primary roll quality measures. The COD in the annual report is based on the 2014 Revised Roll, and the data are generated by the performance management information system and reported annually in an Assessment Roll Quality Report. As with the ASR, the reliability of this roll-quality performance measure is founded on the title records from the Land Title and Survey Authority of British Columbia.

BC Assessment measures the COD for properties located in both urban and rural areas, according to internationally recognized standards. To calculate the COD, the differences between each ASR in a group and the median ASR are added together. The average deviation is the sum of these numbers, divided by the number of properties in the group. The COD is the average deviation divided by the median, and is expressed as a percentage. An example of calculating a COD is provided in *Table 11*.

Table 11: Example Calculation of Coefficient of Dispersion	
Using 97.5% as the median:	
Assessment to Sales Ratio	Deviation from Median
95.5%	2.0
96.7%	0.8
97.5%	0.0
98.7%	1.2
99.2%	1.7
Total Deviation	5.7
Average Deviation	1.14
COD = 1.14/97.5 or 1.17%	

Discussion

For the 2014 Assessment Roll, completed by December 31, 2013 and revised through the PARP process in early 2014, BC Assessment's residential urban COD is 5.6% and rural COD result is 7.8%. Both of these results fall well within the target ranges and represent an improvement over previous years.

Major Programs and Initiatives

BC Assessment's Quality Assurance and Business Processes Department regularly reviews the quality and accuracy of assessment information. Each year, an annual Assessment Roll Quality Report compares each roll quality measure against international standards (IAAO). The Internal Audit Department and the Quality Assurance and Business Processes Department regularly perform reviews in high-priority areas to provide further assurance that BC Assessment is focused on establishing sufficient and appropriate processes and internal controls for us to consistently produce a high-quality assessment roll.

Performance Measure 7: Roll Stability

Importance

A stable, dependable assessment roll is vital to taxing authorities and is a key element in our mission. In any given year, property status can change and new properties may be created while others are deleted. Just over 19,000 new properties were identified in the 2014 Assessment Roll. BC Assessment provides taxing jurisdictions with a complete roll that is used to determine tax rates and apply them to all property owners. Since the taxing jurisdictions use our assessments to provide the tax base that ultimately funds their public services, the performance measure of roll stability is accepted by all taxing jurisdictions as a critical measure of performance for BC Assessment.

Targets

This performance measure examines taxes refunded as a result of a number of supplementary rolls over a defined period of time. Annually, senior assessment and quality assurance staff consider past performance and new business processes and quality improvements underway when they set targets for future years, and have currently set our target at less than or equal to 0.37%. Targets are reviewed annually, but the prescribed three-year targets represent our historical roll stability levels.

Data Sources and Reliability

BC Assessment annually measures the stability of the assessment roll by analyzing the number of additions or deletions made to the roll. The objective of this measure is to minimize tax losses to the taxing jurisdictions by creating a stable, dependable assessment roll. This performance measure examines taxes refunded as a result of a number of supplementary rolls, which are changes to the roll after the official close of the annual assessment roll. Supplementary changes are made to correct property information or to account for revised property values resulting from PAAB decisions. It may take up to 10 years to resolve individual cases. Although value changes to the roll can be negative or positive, only the refunds are considered in this measure, because refunds reduce the amount of money that municipalities have available to them. The measure considers 19 months of information for one year in arrears. For example, the 2013 target year measures roll stability for the 2012 Assessment Roll by examining taxes refunded owing to supplementary rolls issued between May 1, 2012 and December 31, 2013.

Discussion

BC Assessment met the 2013 target (2012 Assessment Roll) of $\leq 0.37\%$, with refunds amounting to 0.37% of general-purpose tax revenues. This result is slightly higher than the previous result of 0.36% but still indicates an acceptable level of stability for taxing jurisdictions. Our efforts to improve roll quality are directly linked to our activities supporting the three performance measures for Goal 4: percentage of assessments accepted without appeal, assessment to sales ratio (ASR) and coefficient of dispersion (COD). Our work on these three performance measures improves roll quality by enhancing transparency of the assessment process and improving data quality.

Major Programs and Initiatives

The programs and strategies that contribute to roll stability encompass the process of assessment, the collection of data, the management of information and even the distribution of information. Each year, a range of projects is undertaken to improve the overall quality of the roll, which in turn contributes to roll stability. Improvement projects are also undertaken each year for specific property types. Processes such as the production of the annual assessment roll are being further automated, and regular reviews conducted within the quality assurance and internal audit programs assist us in our efforts to establish sound business processes and a high level of data quality.

GOAL 5: EFFECTIVENESS

Goal Statement

Our business is conducted in an effective, efficient and financially sustainable manner.

Strategy

Develop innovative, risk-based practices to deliver efficient and effective business operations.

Risks

- **Project management for multiple initiatives** – BC Assessment is undertaking a number of large-scale, transformative projects. These must be carefully planned, communicated and managed throughout their respective implementation phases, to ensure that we limit any adverse impacts on delivery of our core products and services.
- **Information technology resources** – While many benefits can be drawn from the use of new technologies, including increased effectiveness and efficiency in business processes, transitions and upgrades in information technology often require additional financial and human resources, training, and ongoing maintenance and technical support for effective implementation.

Table 12: Goal 5 Performance Measures

Performance Measures	2011 Actual	2012 Actual	2013 Actual	2013 Target	2014 Target	2015 Actual	2016 Target
PM.8: Cost per property for assessment services – net ¹⁰	\$40.25	\$41.28	\$41.62	\$42.26	\$42.98	\$43.63	\$44.32
PM.9: Greenhouse gas (GHG) emissions (tonnes of CO ₂ equivalent)	538	537	440	533	525	517	510

Performance Measure 8: Cost per Property for Assessment Services

Importance

This performance measure reflects BC Assessment’s commitment to keeping assessment service costs for property owners as low as possible while continuing to meet growing service demands in an increasingly complex business environment. BC Assessment relies almost exclusively on property tax levies for the largest part of its revenues, so efficiency and cost-effectiveness are required to minimize any potential increases to levies.

Targets

The targets for 2013 to 2015 are based on service plan forecasts, which take into consideration projected new property construction and development, as well as assumptions regarding changes in revenues and expenditures. The Board of Directors is committed to keeping the cost per property as low as possible while responding to the demands of BC Assessment’s various stakeholders for improved services and information.

Data Sources and Reliability

The cost per property for assessment services funded from tax levies has been calculated by taking total expenditures for the year (less revenues that are not categorized as “tax levies,” “payments in lieu of taxes” or “First Nations revenue”), and dividing this total by the number of properties for the revised roll produced in the following year.

BC Assessment strives to maintain appropriate internal controls and reports regularly to the Audit and Risk Management Committee and the Board of Directors, and quarterly to the Office of the Comptroller General. We are subject to an annual external audit of our financial statements, currently performed by Grant Thornton LLP. These controls contribute to data quality and reliability.

¹⁰ The calculation reflects the cost to the taxpayer (expenses - miscellaneous revenue). Cost per property target adjustments are made each year as new information becomes available and our forecasts are refined. The *Revised 2013-2015 Service Plan* had targets of \$42.26 for 2013, \$43.15 for 2014 and \$43.34 for 2015.

The number of properties used in calculating this measure is drawn primarily from the title records of the Land Title and Survey Authority of British Columbia. In addition, BC Assessment undertakes its own data quality assurance reviews of all incoming data feeds prior to entry into our valueBC system.

Discussion

BC Assessment met the cost per property target for 2013, coming in below our target of \$42.26 with an average actual cost per property of \$41.62. Details on our financial performance for 2013 are outlined in the Financial Review and Statement's section.

The cost of doing business continues to go up, as evidenced by the increase in the cost per property. The principal drivers of increased costs are wages and benefits, external professional services, office premises costs, and investments in information and communications technology. Investments in technology and business processes have been essential in allowing BC Assessment to improve service levels while at the same time holding the line steady on employee growth, as compared to folio growth over the past two decades (*Figure 3*).

Major Programs and Initiatives

BC Assessment is committed to its goal of fiscal responsibility and maintaining the cost of assessment services. This is supported by the corporate strategy of developing innovative methods to increase efficiencies while absorbing folio growth.

In 2013, BC Assessment undertook a number of initiatives to drive operational excellence and continuous improvement throughout the organization. This included providing training to staff on process improvement principles and methodologies and evaluating a number of processes for efficiency and quality gains. Areas of focus in 2013 included reviewing and identifying leading practices in our core assessment processes through the Field Operational Excellence project, as well as conducting process improvement workshops in the Finance, Human Resources, Strata Assessment and Customer Connections areas. Implementation of the identified improvements is still ongoing.

Performance Measure 9: Greenhouse Gas Emissions Importance

Importance

Climate Action is an ongoing initiative within BC Assessment to reduce our impact on the climate and to help the province meet its greenhouse gas (GHG) emission targets and its sustainability objectives. As a public sector organization, BC Assessment is required by the Provincial Government to define, measure, report and verify GHG emissions, plan and implement internal actions to reduce GHG emissions and offset any remaining annual emissions by purchasing carbon offset credits from the Pacific Carbon Trust. The performance measures for GHGs have been defined by the Provincial Government in the Carbon Neutral Government Regulation, part of the *Greenhouse Gas Reduction Targets Act*. GHGs are measured through the use of the "SMARTTool," a web-based GHG measurement and reporting tool administered by the Climate Action Secretariat for participating public sector organizations in B.C.

Targets

The GHG performance targets were initially set in 2010 based on the 2008 and 2009 consumption data. Further adjustments have been made to GHG emissions targets as analysis of 2010 through 2012 data provided increased understanding of our consumption trends. These shifts are reflected in the 2013-2016 targets.

Data Sources and Reliability

BC Assessment has worked with Shared Services BC to implement SMARTTool, which provides standardized methods for measuring and reporting on the production of GHGs for Provincial Government and public sector organizations. BC Assessment places reliance on third-party reports and tools to provide complete and accurate consumption data; any issues have been addressed and information restated, as mentioned above. We have tracked and measured the 2008 to -2013 consumption data for facilities, fleet and paper usage as required by legislation.

Discussion

BC Assessment was able to reduce its GHG emissions from 537 tonnes of CO₂ equivalent (tCO₂e) in 2012 to 440 tCO₂e in 2013, which is below the 2013 reduction target of 533 tCO₂e emissions. BC Assessment anticipates additional reductions in natural gas and electricity consumption for facilities to be reflected in the 2014 report, resulting from the December 2013 Okanagan Regional office move to a more energy efficient facility.

For more details, please see the BC Assessment Carbon Neutral Action Report on the [LiveSmart BC website](#).

Major Programs and Initiatives

Key initiatives during 2013 include:

- Reduced travel by holding web-conferencing meetings and training for staff.
- Reduced older vehicles in the fleet.
- Continued to reduce our reliance on printed pages as we increase the use of electronic documents.
- Completed an energy efficiency lighting upgrade in the Fraser Valley Regional office.
- Installation of LCD lighting in the relocated Okanagan Regional office.
- Continued to support the Green Teams located in each office.
- Continued to communicate environmental success stories and green tips through the use of our SharePoint intranet site.

GOVERNMENT’S LETTER OF EXPECTATIONS

The corporate governance framework is also defined in the [2013 Government’s Letter of Expectations](#) between the Minister responsible for BC Assessment – the Honourable Bill Bennett, Minister of Community, Sport and Cultural Development – acting as a representative of the Provincial Government, and the Board Chair. The letter ensures common understanding of responsibilities, accountabilities, key governance issues, core services, public policy issues, strategic priorities and performance expectations for BC Assessment. Excerpts are given in *Table 13*.

TABLE 13: 2013 GOVERNMENT’S LETTER OF EXPECTATIONS AND BC ASSESSMENT’S RELEVANT ACTIONS	
Specific Government Directions	BC Assessment Actions
Work closely with the Ministry of Community, Sport and Cultural Development on legislative and regulatory initiatives and future projects as required by the Minister.	<p>BC Assessment is currently supporting:</p> <ul style="list-style-type: none"> • The development of legislative options to address valuation issues for certain special use properties. • Reviewing amendments to support assessment related information/open data including options to allow information sharing between BC Hydro and BC Assessment. • Participating on the LNG working group reviewing potential property assessment methodology options.
Participate in any continuing review undertaken of municipal government property taxation as it relates to property assessment (including data and information support as required for the Auditor General for Local Government).	<ul style="list-style-type: none"> • BC Assessment provided assessment related information to the expert panel on Business taxation as requested. • There is currently no review underway of the municipal property taxation that includes BC assessment.
Continue to work with the Ministry to improve the Property Assessment Review Panel (PARP) operations through business improvements, incorporation of customer feedback and improved communications.	<ul style="list-style-type: none"> • BC Assessment and the Ministry of Community, Sport and Cultural Development, implemented a new PARP Online Evidence collection System on a pilot basis for 2013. • BC Assessment is working closely with the Ministry on options to expand the use of teleconferencing for PARP sessions and improving the online submission tool for 2014.
Continue to evolve e-valueBC to provide property owners with a broader range of data to assist them in determining that their assessments are fair and equitable.	<p>e-valueBC is the main tool that BC Assessment customers use to review and compare their property assessment values; the capabilities of e-valueBC continue to evolve to enhance our customer service and demonstrate our support for the Provincial Government’s open data initiative.</p> <p>For 2013, improvements included an increase in the information available about each property (such as the inclusion of land and improvement values, in addition to the total assessed value), a new layout that displays property information in an easy-to-read format, and for the first time, provides thumbnail images of the selected properties (if available); to improve the user experience, a new “Quick Search” screen has been implemented.</p>
<p>Comply with Government’s requirements to be carbon neutral under the <i>Greenhouse Gas Reduction Targets Act</i>, including:</p> <ul style="list-style-type: none"> • Accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the corporation’s operations. • Implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans. • Offsetting any remaining emissions through investments in the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the corporation’s scope of operations. 	<p>BC Assessment will report its annual emissions, take action to reduce emissions and purchase offsets to neutralize any remaining emissions that are not reduced.</p> <p>Activities in 2013 included:</p> <ul style="list-style-type: none"> • Worked with Shared Services BC to implement “SMARTool,” which provides standardized tools for measuring and reporting on the production of GHG emissions for the Provincial Government and broader public sector organizations. • Entered consumption data for facilities, fleet, and paper usage into SMARTool and set GHG reduction targets for 2013–2017.

FINANCIAL REVIEW AND STATEMENTS

SUMMARY FINANCIAL RESULTS FOR 2009-2013 AND FINANCIAL PLAN FOR 2014-2016

The following financial statement and discussion and analysis provides Management's perspective of the financial condition and the year-end financial results to December 31, 2013 of the operations for BC Assessment. This analysis should be read in conjunction with the audited financial statements and related notes for the fiscal year. The financial information provided in this analysis is presented in accordance with the Canadian public sector accounting (PSA) standards as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. *Table 14* summarizes BC Assessment's financial results for the fiscal years 2009-2013 and the financial plan for the next three years as set out in BC Assessment's *2014-2016 Service Plan*. The table also compares the 2013 actual results to the 2013 budget and 2012 actual results.

Table 14: Summary Financial Results for 2009-2013 and Financial Plan for 2014-2016

IN \$000s	2009 Actual	2010 Actual (Restated)	2011 Actual	2012 Actual	2013 Actual	2013 Budget	More/(Less) than 2013 Budget	More/(Less) than 2012 Actual	2014 Plan	2015 Plan	2016 Plan
STATEMENT OF OPERATIONS											
Revenues:											
Tax levies	72,845	75,785	76,927	79,102	82,085	81,464	621	2,982	83,482	85,627	87,896
Other	5,346	5,407	5,381	5,300	5,838	5,521	317	538	5,105	5,122	5,137
Total Revenues	\$ 78,191	\$ 81,192	\$ 82,308	\$ 84,402	\$ 87,923	\$ 86,985	\$ 938	\$ 3,520	\$ 88,587	\$ 90,749	\$ 93,033
Expenses:											
Employee expenses	53,169	53,965	55,098	56,007	56,303	57,309	(1,006)	296	58,983	60,405	62,294
Office premises	5,461	7,392	6,185	6,211	6,463	6,401	61	252	6,427	6,291	6,452
Information and communications technology	6,076	5,486	5,601	7,139	9,119	7,434	1,686	1,980	7,914	8,636	8,995
Amortization	3,991	4,376	4,489	5,207	3,962	5,214	(1,253)	(1,245)	3,890	3,904	3,917
Appeal costs	3,500	3,508	3,882	3,924	3,046	4,141	(1,096)	(878)	1,657	1,682	1,707
Corporate and office	2,381	2,135	2,727	2,449	3,364	2,665	700	915	3,728	3,641	2,928
Assessment notice printing and postage	1,522	1,635	1,618	1,573	1,678	1,608	71	105	2,151	2,092	2,102
Travel	1,231	1,442	1,563	1,409	1,698	2,213	(515)	289	3,837	4,098	4,638
Total Expenses	\$ 77,331	\$ 79,939	\$ 81,163	\$ 83,919	\$ 85,633	\$ 86,985	\$ (1,352)	\$ 1,714	\$ 88,587	\$ 90,749	\$ 93,033
Annual surplus	\$ 860	\$ 1,253	\$ 1,145	\$ 483	\$ 2,290	\$ 0	\$ 2,290	\$ 1,806	\$ 0	\$ 0	\$ 0
TOTAL DEBT											
Total Debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
ACCUMULATED SURPLUS, END OF YEAR											
Accumulated Surplus:											
Equity invested in tangible capital	13,311	15,208	14,493	14,018	12,573	12,960	(387)	(1,445)	12,573	12,573	12,573
Unappropriated	3,803	6,217	8,077	9,035	2,270	9,914	(7,644)	(6,765)	2,270	2,270	2,270
Reserves:											
Future tangible capital asset acquisitions	10,000	5,500	5,500	5,500	13,000	5,500	7,500	7,500	13,000	13,000	13,000
Operating	-	-	-	-	3,000	-	3,000	3,000	3,000	3,000	3,000
Total Accumulated surplus	\$ 27,114	\$ 26,925	\$ 28,070	\$ 28,553	\$ 30,843	\$ 28,374	\$ 2,469	\$ 2,290	\$ 30,843	\$ 30,843	\$ 30,843
CAPITAL INVESTMENT											
Net Capital Investment	\$ 2,998	\$ 6,775	\$ 4,255	\$ 4,739	\$ 2,372	\$ 3,328	\$ (956)	\$ (2,367)	\$ 6,336	\$ 8,231	\$ 8,631

COMPARISON OF 2013 ACTUAL RESULTS AND 2012 ACTUAL RESULTS

BC Assessment's primary source of revenue is from a tax levy collected from each taxable property. This tax levy is a component of the property taxes paid by property owners to the taxing jurisdictions, which in turn remit the tax levy collected to BC Assessment. Other sources of revenue include payments in lieu of taxes, contracts with First Nations, investment income and revenue from data access services.

Net income for 2013 was \$2.3 million compared with \$483,000 in 2012.

Gross revenues were \$87.9 million in 2013 (\$84.4 million in 2012). Tax levy revenues of \$82.1 million represent 93.4% of the total 2013 revenues. The increase in tax levy revenue of \$3.0 million over 2012 is caused by a combination of growth in the number of new properties in the province and a levy rate change. Non-tax levy revenues were \$5.8 million in 2013 (\$5.3 million in 2012). Data access revenues of \$3.6 million in 2013 continue to contribute the bulk of non-levy revenues (\$3.5 million in 2012).

Total operating expenses were \$85.6 million in 2013, a 2% or \$1.7 million increase over the \$83.9 million reported in 2012.

Two-thirds of BC Assessment's total expenses consist of salaries, benefits, and employee development costs. These costs increased by \$296,000 (0.5%) to \$56.3 million in 2013 compared to \$56.0 million in 2012. This increase was primarily from higher employer pension contribution rates and health benefits premiums. Overall, employee expenses decreased to 65.7% of total expenses from 66.7% in 2012.

BC Assessment's other operating costs (total operating costs excluding employee expenses) increased by \$1.4 million or 5% to \$29.3 million in 2013 compared to \$27.9 million in 2012. Major changes by expenditure category are as follows and are summarized in *Table 14*.

- \$252,000 increase in office premises costs due to increased costs required for the repairs and maintenance program.
- \$2.0 million increase in information and communications technology costs to support the following initiatives undertaken in 2013:
 - Recognition of a \$1.25 million transfer to the Integrated Cadastral Information Society (ICIS) to establish BC Assessment's ParcelMap BC Grant Program in 2013. The objective of the grant program is to assist local governments in transitioning from their current land information systems to the Land Title Survey Authority's consolidated parcel fabric system;
 - \$456,000 increase for geospatial services to support reassessment initiatives;
 - \$543,000 higher external information and technology consulting costs needed to offset resource capacity issues caused by staff turnover and difficulty in recruiting;
 - \$240,000 higher telecom services charges primarily due to the implementation of the Cisco Unified Contact Center system;
 - \$477,000 reduction in software support requirements;
 - \$159,000 reduction in service bureau hosting charges because of lower capacity and usage in 2013 compared to 2012; and
 - \$97,000 other net increases.
- \$878,000 decrease in assessment appeal costs due to a lower number of appeals in 2013. Assessment appeal costs include requisitions from Ministry of Community, Sport and Cultural Development for administering the Property Assessment Review Panel and Property Assessment Appeal Board, external legal costs, and expert witness costs.
- \$915,000 increase corporate and office expenses mostly related to additional consulting and professional services acquired in 2013. This additional investment allowed BC Assessment to address resource capacity issues so work could continue on key strategic initiatives.
- \$105,000 increase in printing and postage costs to support additional mail outs.
- \$289,000 increase in travel to support essential business and reassessment activities.
- \$1.2 million decrease in amortization expense. The useful life of the existing core assessment system (valueBC) was extended from 2014 to 2018 resulting in a reduction in 2013 amortization expense of \$760,000 compared to 2012. The remaining amortization change of \$485,000 was caused a lower level of capital investment in 2013 compared to 2012.

Investment in capital assets was \$2.4 million lower in 2013 compared to 2012. All tangible asset categories saw spending reductions from the previous year.

COMPARISON OF 2013 ACTUAL RESULTS WITH 2013 BUDGET

BC Assessment ended the 2013 year with a moderate surplus of \$2.3 million compared to a break-even budget.

Revenues of \$87.9 million were higher than the budget by \$939,000 (1.1%) due to higher tax levies, payments in lieu of taxes, investment income and other miscellaneous items.

Total operating expenditures of \$85.6 million were 1.5% or \$1.4 million below the budget of \$87.0 million.

Employee expenses were \$56.3 million in 2013 and consisted of salaries, benefits, staff development and other miscellaneous costs. This was approximately 2% or \$1.0 million below budget because of savings from the loss of experienced staff combined with the inability to recruit skilled staff in timely manner. Some of these savings were used to acquire additional external consulting and professional services to fill the necessary resource capacity to advance BC Assessment's strategic initiatives.

Office premises costs were \$6.5 million, approximately \$61,000 or 1% over budget due to higher than anticipated operating costs.

Information and communications technology costs were \$9.1 million, approximately \$1.7 million, or 23%, over the budget of \$7.4 million. Significant changes from budget include:

- Recognition of a \$1.25 million transfer to the Integrated Cadastral Information Society to establish BC Assessment's ParcelMap BC Grant Program in 2013.
- \$514,000 higher external information technology consulting services to offset capacity shortage caused by staff turnover and difficulty in recruiting.
- \$111,000 higher than budgeted telecom service charges.
- \$255,000 lower than budgeted service bureau hosting costs due to lower than planned capacity requirements and actual usage charges.
- \$66,000 other net changes.

Assessment appeal costs were \$3.0 million, \$1.1 million or 26.5% below budget due to a continued downward trend in appeal rates.

Corporate and office costs were \$3.4 million, \$700,000 or 26% higher than budget. Approximately 65% of costs in this category relate to general administrative expenses such as office supplies, copying, and advertising, publications, equipment repairs, interest expense, corporate insurance and Board operating costs. An additional \$944,000 was directed to acquiring additional external professional consulting services to allow BC Assessment to advance work on the target operating model development; continuous process improvement activities; customer strategy and standards; change management efforts; open data policy development; and financial policy development. This was partially offset by total savings of \$294,000 in other corporate and office expenses.

Assessment notice printing and postage costs were \$1.7 million, higher than budget by \$71,000, to allow additional customer service mail outs undertaken during the year.

Travel costs for the 2013 fiscal year were \$1.7 million, \$515,000 or 23% under budget. Travel costs were managed down during the year by reducing non-essential travel and by implementing the use of on-line collaboration and meeting tools.

Amortization expense was \$4.0 million, \$1.3 million or 24% lower than budget. The useful life of the existing core assessment system (valueBC) was extended from 2014 to 2018. This change in accounting estimate was accounted for prospectively and resulted in a reduction in 2013 amortization expense of approximately \$760,000. This portion will be held in accumulated surplus and will be accessed and drawn down through amortization charges when the new replacement assessment system goes live. The remaining amortization savings of \$493,000 were caused by reductions and changes in timing of other capital investments.

Acquisitions of tangible capital assets of \$2.4 million were \$956,000 below budget due to the deferral of a number of furniture and software technology acquisitions to future years. Major capital expenditures in 2013 included:

- \$875,000 for new computer equipment consisting mostly of new servers at the Kelowna data centre, video conferencing

equipment, and other miscellaneous computer equipment;

- \$744,000 for leasehold improvements related to the relocation of the Kelowna Regional office;
- \$347,000 for furniture and office equipment to support the Kelowna office relocation; and
- \$354,000 for early software development work for the assessment system replacement project. This amount will be held in work-in-progress until the new system is moved into production, planned for 2018.

Financial Statements of

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Year ended December 31, 2013

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Financial Statements

Year ended December 31, 2013

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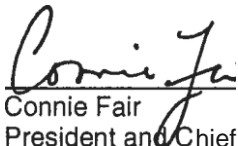
Management's Responsibility for the Financial Statements

The accompanying financial statements of British Columbia Assessment Authority (BC Assessment) are the responsibility of BC Assessment's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for public sector organizations established by the Public Sector Accounting Board of the Chartered Professional Accountants. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all relevant information available at April 16, 2014.

Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems include formal written policies and procedures, careful selection and training of qualified personnel, and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit & Risk Management Committee.

The Audit and Risk Management Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the financial statements.

The financial statements have been audited by Grant Thornton LLP, independent external auditors appointed by BC Assessment's Board of Directors. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination, and their opinion on BC Assessment's financial statements.



Connie Fair
President and Chief Executive Officer



Andy Hoggarth
Vice President and Executive Financial Officer

Victoria, British Columbia, Canada
April 16, 2014

Independent Auditors' Report

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To the Board of Directors of British Columbia Assessment Authority, and
To the Minister of Community, Sport and Cultural Development, Province of British Columbia

We have audited the accompanying financial statements of British Columbia Assessment Authority, which comprise the statement of financial position as at December 31, 2013 and the statements of operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of British Columbia Assessment Authority as at December 31, 2013 and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Victoria, Canada
April 16, 2014

Grant Thornton LLP

Chartered accountants

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Financial Position

As at December 31, 2013
(In thousands of dollars)

	December 31 2013	December 31 2012
Financial assets:		
Cash and cash equivalents (note 2)	\$ 34,500	\$ 28,353
Accounts receivable	1,778	1,838
Accounts receivable from provincial government	314	241
	36,592	30,432
Liabilities:		
Accounts payable and accrued liabilities	4,791	3,113
Accounts payable due to provincial government	1,278	665
Employee benefits and other liabilities (note 3)	9,454	9,539
Lease inducements	4,188	3,712
Capital lease obligations (note 4)	652	797
	20,363	17,826
Net financial assets	16,229	12,606
Non-financial assets:		
Tangible capital assets (note 5)	13,225	14,815
Prepaid expenses	1,389	1,132
	14,614	15,947
Accumulated surplus (note 6)	\$ 30,843	\$ 28,553

Commitments (note 7)

The accompanying notes are an integral part of these financial statements.

On Behalf of the Board:


Director


Director

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Operations

Year ended December 31, 2013

(In thousands of dollars)

	Budget (note 10)	2013	2012
Revenues:			
Tax levies	\$ 81,464	\$ 82,085	\$ 79,102
Data access services	3,584	3,559	3,547
Payments in lieu of taxes	825	954	799
First Nations	560	613	577
Investment income	240	356	284
Other	312	321	27
Gain on disposal of tangible capital assets	-	35	66
	86,985	87,923	84,402
Expenses:			
Employee expenses	57,309	56,303	56,007
Information and communications technology (note 8)	7,434	9,119	7,139
Office premises	6,401	6,463	6,211
Amortization	5,214	3,962	5,207
Appeal costs (note 9)	4,141	3,046	3,924
Corporate and office	2,665	3,364	2,449
Travel	2,213	1,698	1,409
Assessment notice printing and postage	1,608	1,678	1,573
Total expenses	86,985	85,633	83,919
Annual surplus	-	2,290	483
Accumulated surplus, beginning of year	28,553	28,553	28,070
Accumulated surplus, end of year	\$ 28,553	\$ 30,843	\$ 28,553

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Change in Net Financial Assets

Year ended December 31, 2013

(In thousands of dollars)

	Budget	2013	2012
	(note 10)		
Annual surplus	\$ -	\$ 2,290	\$ 483
Acquisition of tangible capital assets	(3,328)	(2,372)	(4,739)
Amortization of tangible capital assets	5,214	3,962	5,207
Reclassification of work-in progress	-	-	190
Gain on sale of tangible capital assets	-	(35)	(66)
Proceeds on sale of tangible capital assets	-	35	66
	1,886	3,880	1,141
<u>Change in prepaid expenses</u>	<u>-</u>	<u>(257)</u>	<u>(212)</u>
Change in net financial assets	1,886	3,623	929
Net financial assets, beginning of year	12,606	12,606	11,677
<u>Net financial assets, end of year</u>	<u>\$ 14,492</u>	<u>\$ 16,229</u>	<u>\$ 12,606</u>

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Cash Flows

Year ended December 31, 2013
(In thousands of dollars)

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,290	\$ 483
Items not involving cash:		
Amortization	3,962	5,207
Change in lease inducements	476	231
Gain on sale of tangible capital assets	(35)	(66)
Change in employee benefits and other liabilities	(85)	231
Change in non-cash assets and liabilities:		
Accounts receivable	(13)	(185)
Accounts payable and accrued liabilities	2,291	(429)
Prepaid expenses	(257)	(212)
Net change in cash from operating activities	8,629	5,260
Capital activities:		
Proceeds on sale of tangible capital assets	35	66
Reclassification of work-in progress	-	190
Cash used to acquire tangible capital assets	(2,339)	(4,739)
Net change in cash from capital activities	(2,304)	(4,483)
Financing activities:		
Financing used to acquire tangible assets	(33)	-
Principal payments on tangible capital leases	(145)	(184)
Net change in cash from financing activities	(178)	(184)
Net change in cash	6,147	593
Cash and cash equivalents, beginning of year	28,353	27,760
Cash and cash equivalents, end of year	\$ 34,500	\$ 28,353
Supplementary cash flow information:		
Non-cash transactions		
Financing used to acquire tangible capital assets	\$ 33	\$ -

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2013
(In thousands of dollars)

The British Columbia Assessment Authority ("BC Assessment") was established in 1974 as an independent Crown corporation by the Province of British Columbia by enactment of the *Assessment Authority Act*. The purpose of BC Assessment is to establish and maintain assessments that are uniform in the whole of the province in accordance with the *Assessment Authority Act*. BC Assessment is exempt from income taxes under the *Income Tax Act*.

1. Significant accounting policies:

The financial statements of BC Assessment are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) standards. Significant accounting policies adopted by BC Assessment are as follows:

(a) Basis of accounting:

BC Assessment follows the accrual method of accounting for revenues and expenses. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Financial instruments

Financial instruments are accounted for in accordance with Public Sector Accounting Standard 3450. Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, all of which are reported at amortized cost.

(c) Revenues:

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenues.

Tax levies: BC Assessment, each year by by-law and subject to the prior approval of the Lieutenant Governor in Council, imposes and levies a tax upon all taxable real property in the province, but excluding property that is taxable for school purposes only by special Act. A copy of this by-law is forwarded to the Tax Collector of every municipality in the province and to the Surveyor of Taxes in order that the taxes levied will be placed on the tax rolls. The proceeds of the taxes levied and collected by the municipalities or the Minister of Finance constitutes BC Assessment's tax levy revenue. This revenue is recognized equally across all periods in the year.

Other revenue: Other revenue includes revenue from data access services, payments in lieu of taxes, contracts with First Nations, and other miscellaneous revenue. Data access revenue and other miscellaneous revenue are recognized when earned, while payments in lieu of taxes and First Nations revenue are recognized equally across all periods throughout the year.

Investment: Investment revenue includes interest on deposits in banks, and earnings generated by short-term investments, and are reported as revenue in the period earned.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2013
(In thousands of dollars)

1. Significant accounting policies (continued):

(d) Lease inducements:

Lease inducements include cash payments, tenant improvement allowances, reduced rent and rent free periods. The lease inducement benefits are amortized on a straight-line basis over the term of the lease.

(e) Cash equivalents:

Cash equivalents include liquid investments that can be redeemed on demand without penalty. Investments are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is not a temporary decline in value, the respective investment is written down to recognize the loss.

(f) Employee future benefits:

(i) BC Assessment and its employees make contributions to the Public Service Pension Plan. This plan is a multi-employer defined benefit plan providing a pension at retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. The joint trustee board of the plan determines the required plan contributions annually. These contributions are expensed as incurred.

(ii) Retirement and other future benefits are also available to BC Assessment's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages, expected future salary and wage increases, long-term inflation rates and discount rates. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected average remaining service life of the employees.

(g) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2013
(In thousands of dollars)

1. Significant accounting policies (continued):

(h) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings	20
Assessment system software	10 to 15
Enterprise resource planning software	10
Furniture and equipment	5
Motor vehicles	5
Computer equipment	3
Other software	3 to 5
Leasehold improvements	Equal to the lease term
Leased equipment	Equal to the lease term

Amortization is performed on a straight-line basis, and is dependent on the value and timing of each purchase transaction, and when each asset was available for productive use. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to BC Assessment's ability to provide services, or when the value of the future economic benefits associated with the tangible capital assets is less than their net book value. The net write-down is accounted for as an expense in the statement of operations.

BC Assessment completed a review of the useful life of its assessment system software which was scheduled to be fully amortized by 2014. The estimated useful life was extended to 2018 as the company will continue to use and derive benefits from the existing system until its planned replacement scheduled for 2018. This change in the accounting estimate was accounted for prospectively and resulted in a reduction in amortization expense of approximately \$760 for the current year.

(i) Leased tangible capital assets

Leases that transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2013
(In thousands of dollars)

1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, the useful life of capital assets and in performing actuarial valuations of employee future benefits. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

2. Cash and cash equivalents:

Cash equivalents include liquid investments that can be redeemed on demand without penalty. Cash and cash equivalents reported on the statement of financial position have cost values as follows:

	December 31, 2013	December 31, 2012
	Cost	Cost
Cash	\$ 1,062	\$ (287)
Cash Equivalents (notes 1(e) and 12)	33,438	28,640
Total	\$ 34,500	\$ 28,353

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2013
(In thousands of dollars)

3. Employee benefits and other liabilities:

The employee benefit and other liabilities, reported on the statement of financial position, are made up of the following:

	December 31, 2013	December 31, 2012
	Cost	Cost
Employee future benefits	\$ 3,464	\$ 3,390
Employee past benefits	6	6
Other liabilities	5,984	6,143
Total	\$ 9,454	\$ 9,539

Other liabilities include outstanding payables for employer remittances, accrued salaries, vacation, and overtime.

Employees' past benefits:

At the time the British Columbia Assessment Authority was formed, BC Assessment negotiated an agreement with those designated employees whose previous working agreements contained clauses that called for payment of certain benefits upon death, retirement or termination of employment. The benefits under the agreement are recognized as a liability. Adjustments to the liability resulting from changes in salary rates are charged to the current year. Payments of benefits are treated as a reduction of the liability.

Employees' future benefits:

Outside of the Public Service Pension Plan, BC Assessment annually accrues the future obligation under the defined retirement benefit plan as the employees render the services necessary to earn the benefit. These retirement benefit plans include a retirement allowance, unearned vacation entitlement, and death benefits. An independent actuarial valuation of the post-employment benefits obligation and net periodic benefit cost was calculated at October 31, 2011 using management's estimates of salary escalation and expected retirement ages. This valuation was then extrapolated to December 31, 2013. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to BC Assessment.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2013
(In thousands of dollars)

3. Employee benefits and other liabilities (continued):

Information about BC Assessment's retirement benefit plans is as follows:

	2013	2012
Accrued benefit obligation:		
Balance, beginning of year	\$ 3,390	\$ 3,618
Current benefit cost	285	258
Interest	101	118
Benefits paid	(331)	(607)
Amortization of Loss	19	3
Balance, end of year	\$ 3,464	\$ 3,390
Actuarial benefit obligation:		
Accrued benefit obligation	\$ 3,464	\$ 3,390
Unamortized actuarial loss	39	222
Balance, end of year	\$ 3,503	\$ 3,612

The significant actuarial assumptions adopted in measuring BC Assessment's accrued benefit obligations are as follows:

	2013	2012
Discount rate	3.30%	2.70%
Expected future inflation rate	1.50%	1.50%
Expected productivity and seniority increases	1.10% to 3.65%	1.10% to 3.65%

Over time, changes in assumptions and actual experience compared to expected results will cause actuarial gains and losses in future valuations. An increase in the discount rate from 2012 to 2013, partially offset by actual benefit payments being less than expected, has created a net actuarial loss at December 31, 2013.

The unamortized actuarial loss on future payments is amortized over the estimated average service lives of the employees which is 12 years.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2013
(In thousands of dollars)

3. Employee benefits and other liabilities (continued):

Other pension plans:

BC Assessment and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2011) determined the Plan had an unfunded liability. As a result, the Public Service Pension Board of Trustees implemented a contribution rate increase of 0.40% each, for plan members and employers to meet the funding requirements of the *Pension Benefits Standards Act*. The increase in rates went into effect April 1, 2012.

Contributions to the Plan by BC Assessment for 2013 were \$3,945 (2012 - \$3,980).

4. Capital lease obligations:

BC Assessment has entered into capital leases for certain office equipment. The minimum lease payment obligations are as follows:

Year ending December 31:	2013	2012
2013	\$ -	\$ 289
2014	304	289
2015	304	289
2016	252	105
Subtotal	860	972
Less amount representing interest at 3% per annum	-	(175)
Less amount representing interest at 5% per annum	(208)	-
Present value of net minimum capital lease payments	\$ 652	\$ 797

Interest of \$120 (2012 - \$105) relating to capital lease obligations has been included in expenses on the Statement of Operations.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2013
(In thousands of dollars)

5. Tangible capital assets:

Cost	Balance at December 31 2012	Additions	Disposals	Balance at December 31 2013
Land	\$ 354	\$ -	\$ -	\$ 354
Buildings	2,519	-	-	2,519
Furniture and equipment	5,180	370	-	5,550
Computer equipment	9,077	875	-	9,952
Motor vehicles	1,933	-	(195)	1,738
Leasehold improvements	6,648	744	(945)	6,447
Leased equipment	1,150	33	-	1,183
Assessment system software	14,696	354	-	15,050
Other software	1,808	(4)	(71)	1,733
Enterprise resource planning software	2,001	-	-	2,001
Total	\$ 45,366	\$ 2,372	\$ (1,211)	\$ 46,527

Accumulated amortization	Balance at December 31 2012	Disposals	Amortization expense	Balance at December 31 2013
Land	\$ -	\$ -	\$ -	\$ -
Buildings	1,974	-	126	2,100
Furniture and equipment	3,590	-	760	4,350
Computer equipment	7,963	-	738	8,701
Motor vehicles	1,581	(195)	148	1,534
Leasehold improvements	2,162	(945)	620	1,837
Leased equipment	438	-	223	661
Assessment system software	11,147	-	710	11,857
Other software	1,296	(71)	237	1,462
Enterprise resource planning software	400	-	400	800
Total	\$ 30,551	\$ (1,211)	\$ 3,962	\$ 33,302

Net book value	Balance at December 31 2012	Balance at December 31 2013
Land	\$ 354	\$ 354
Building	545	419
Furniture and equipment	1,590	1,200
Computer equipment	1,114	1,251
Motor vehicles	352	204
Leasehold improvements	4,486	4,610
Leased equipment	712	522
Assessment system software	3,549	3,193
Other software	512	271
Enterprise resource planning software	1,601	1,201
Total	\$ 14,815	\$ 13,225

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2013
(In thousands of dollars)

6. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2013	2012
Accumulated Surplus:		
Equity invested in tangible capital	\$ 12,573	\$ 14,018
Unappropriated	2,270	9,035
	14,843	23,053
Reserves:		
Future tangible capital asset acquisitions	13,000	5,500
Operating	3,000	-
	16,000	5,500
Accumulated surplus, end of year	\$ 30,843	\$ 28,553

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future financial obligations and tangible capital asset purposes. Transfers to and from funds are an adjustment to the respective fund when approved.

Future tangible capital assets reserve: the purpose of this reserve is to help manage large fluctuations in capital spending from one year to the next. This reserve will be used to fund capital items needed on an annual basis to keep the tangible capital assets maintained at an acceptable level necessary for BC Assessment to deliver its core mandate.

Operating reserve: the purpose of this reserve is to finance an unintended deficit. Unintended deficits would be caused largely by unexpected changes in revenues or costs for items that are outside management's control.

7. Commitments:

BC Assessment is committed to make payments under operating leases and contracts as follows:

Commitments	2013	2012
2013	\$ -	\$ 12,140
2014	12,712	10,607
2015	9,591	8,459
2016	9,487	8,355
2017	8,124	7,093
2018	5,775	5,250
2019-2027	25,877	28,165
Total Commitments	\$ 71,566	\$ 80,069

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2013
(In thousands of dollars)

8. Information and communications technology:

The information and communications technology expenditures include a transfer of \$1,250 to the Integrated Cadastral Information Society to administer BC Assessment's ParcelMap Grant Program. The objective of this program is to assist local governments to transition from their current land information systems to the consolidated parcel fabric system, ParcelMap BC. This transfer was authorized by the Board of Directors in 2013 and meets the eligibility criteria of Public Sector Accounting Standard 3410.35.

9. Appeal costs:

BC Assessment is required to reimburse the Province of British Columbia for the operating costs of the Property Assessment Review Panel and the Property Assessment Appeal Board.

10. Budget data:

The 2013 operating and capital budgets approved by the Board on November 30, 2012 have been provided for comparison purposes.

11. Related party transactions:

BC Assessment is related through common ownership to all Province of British Columbia ministries, agencies, Crown corporations, and all public sector organizations such as school districts, colleges, universities, and health authorities that are included in the provincial government reporting entity. In addition, transactions with senior management, directors, immediate family members of senior management and directors, and companies with which any of the above have a financial interest are also considered related parties. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Statement of Operations includes the following transactions with related parties of the Province of British Columbia:

	2013	2012
Revenue:		
Other revenue	\$ 3,532	\$ 2,905
Expenses:		
Appeal costs	2,428	2,677
Employee expenses	883	947
Office	213	166
Professional services	1,422	1,041
Interest	20	23
Office premises	482	466
Travel	-	1
Assets (liabilities) at December 31 with related parties		
Accounts receivable	314	241
Accounts payable	(1,278)	(665)

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2013
(In thousands of dollars)

11. Related party transactions (continued):

BC Assessment contracted with the Province for the disposal of surplus property, plant and equipment with net proceeds of \$35 (2012 - \$66).

12. Financial risk management:

In the normal course of operations, BC Assessment is exposed to a number of risks that can affect its operating performance. BC Assessment has exposure to the following risks from its use of financial instruments: credit risk, market risk, currency risk, interest rate risk, and liquidity risk. Management and the Board of BC Assessment ensure that BC Assessment identifies and monitors its risks. It is management's opinion that the BC Assessment is not exposed to significant risks arising from these financial instruments.

Credit risk: Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise primarily from certain assets held consisting of cash, cash equivalents and accounts receivable. BC Assessment is exposed to credit risk in the event of non-performance by a customer. This risk is mitigated because 99% of accounts receivable are current; therefore, management does not consider it to be impaired. It is management's opinion that BC Assessment is not exposed to significant credit risk associated with cash and cash equivalents as they are placed with the British Columbia Investment Management Corporation in highly liquid units of a Canadian Money Market Fund.

Market risk: Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

Currency risk: Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. It is management's opinion that BC Assessment is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are insignificant.

Interest rate 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 the market interest rates. BC Assessment is exposed to interest rate risk through its cash equivalents. It is management's opinion that the BC Assessment is not exposed to significant interest rate risk as they invest solely in short term treasury bills that have a maturity date of no more than 91 days from date of acquisition.

Liquidity risk: Liquidity risk is the risk that BC Assessment will not be able to meet its financial obligations as they become due. BC Assessment manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they become due.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31,
2013 (In thousands of dollars)

13. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

BC Assessment

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We Value BC