

BC Assessment

2022/23
Annual Service Plan Report

August 2023



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Board Chair's Accountability Statement



The BC Assessment 2022/23 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2022/23 – 2024/25 Service Plan published in 2022. The Board is accountable for those results as reported.

A handwritten signature in black ink, appearing to read 'Ruth Wittenberg', written over a light blue horizontal line.

Signed on behalf of the Board by:

Ruth Wittenberg
Board Chair, BC Assessment
July 31, 2023

Table of Contents

Board Chair’s Accountability Statement.....	3
Letter from the Board Chair & CEO	5
Purpose of the Annual Service Plan Report	6
Strategic Direction.....	6
Purpose of the Organization	6
Operating Environment.....	7
Report on Performance: Goals, Objectives, and Results	8
Financial Report.....	19
Appendix A: Progress on Mandate Letter Priorities	23
Appendix B: Auditor’s Report and Audited Financial Statements	26

Letter from the Board Chair & CEO

BC Assessment is committed to being transparent and proactive in communicating with our customers and partners. BC Assessment is aligned with government's key priorities, and is dedicated to maintaining our relationships and service delivery commitments with local governments, Indigenous communities, property owner customer groups, and the Province. This includes meetings as requested with the Minister Responsible for BC Assessment and the Board Chair, as well as with senior Ministry of Finance staff and BC Assessment's President and Chief Executive Officer, to discuss implementation of BC Assessment's mandate and the direction in the Mandate Letter.

BC Assessment continued to provide Indigenous communities with assessment services in support of their jurisdiction over real property taxation. BC Assessment continued to focus on diversity and inclusion, including the adoption of a Gender-Based Analysis Plus (GBA+) lens on our operations and policies and proactively look at ways to meet or exceed building and fleet emission targets by 2030.

In 2023, three new Board members were appointed to BC Assessment's Board of Directors. All new members were provided with an orientation package and took part in Board and Committee orientation sessions. The Board of Directors were provided with opportunities to education plan.



Kathleen (Ruth) Wittenberg
Chair, Board of Directors

July 31, 2023



Jason Grant
President and Chief Executive Officer

July 31, 2023

Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the [Budget Transparency and Accountability Act](#) (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's [2021/22 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the [BC Assessment 2022/23 - 2024/25 Service Plan](#) and the actual results reported on in this annual report.

Purpose of the Organization

BC Assessment is a provincial Crown corporation with the legislated mandate to establish and maintain property 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 for over two million properties in the province.

Property values on the assessment roll form the basis of distributing property tax, providing the foundation for a stable tax base for taxing authorities. This funding allows local governments to sustain the community services, transportation and utility infrastructure, schools, police and fire services, parks, recreational and cultural services that provide broad public benefits to British Columbians.

Operating Environment

During 2022/23, BC Assessment managed a number of key factors influencing the operating environment and results:

- The residential real estate market peaked in the spring of 2022 and began to show signs of cooling down by summer. Despite these signs of a cool down, the market price of homes was notably higher around July 1, 2022, compared to the previous year. To address the downward trend in housing prices that occurred between the July 1, 2022 BCA assessment valuation date and the property assessment notice delivery date of December 31, 2022, BC Assessment expanded the scope and duration of public education and communications to ensure awareness and understanding of market dynamics in early 2023.
- BCA launched its new property assessment system (Computer Assisted Mass Appraisal System or CAMA) in May of 2022 and successfully delivered the 2023 Assessment Roll without interruption. The delivery of the 2023 Assessment Roll with the CAMA system and new reporting platforms required significant change management and associated learnings for both our staff and those customers that rely on assessment information.
- Factors including the development of new properties, changes to existing properties, high volume of real estate transactions, changes in market values, and the resulting level of public response to the assessment roll all impact work volumes and puts pressure on the organization's resources. BC Assessment continued to proactively address the workload created by the addition of approximately 22,000 new properties to the 2023 Assessment Roll through a proactive hiring strategy to stabilize staffing.
- Consistent with national and global trends of shifting employee expectations, BC Assessment monitored and addressed the shifting needs of its workforce. Increased turnover and retirements and the resulting hiring and training of new staff continued to drive an expanded internal focus on people. BC Assessment responded proactively to manage projected retirements and continued to invest in the training, development, recruitment, and retention of its highly skilled and professional workforce.

Report on Performance: Goals, Objectives, and Results

Goal 1: Trusted Assessments - Leaders in the delivery of a high quality, accurate assessment roll

Objective 1.1: Produce accurate and uniform assessments

BC Assessment's annual assessment roll provides a vital and widely accepted foundation for property taxation throughout the province.

Key results

- Implemented BC Assessment's new computer assisted mass appraisal (CAMA) system to produce the assessment roll and enhance the delivery of assessment services.
- Invested in tools and technologies to support data collection and analysis resulting in process efficiencies and improved data quality.

Summary of progress made in 2022/23

The 2023 Assessment Roll was the first roll produced by BC Assessment using the CAMA system. Advanced analytics were leveraged to augment BC Assessment's mass appraisal process and support subject matter experts in producing high quality property assessments. This included automated scripting of mass data changes to reduce manual data entry and quality assurance review, as well as statistical mass appraisal modeling.

Performance measures and related discussion

Performance Measures ¹	2021/22 Actual	2022/23 Target	2022/23 Actual
1.1a Assessment to Sales Ratio			
- Residential	97.4%	97-100%	97.7%
- Strata Residential	97.4%	97-100%	97.7%
- Non-residential	95.5%	95-100%	93.4%
1.1b Coefficient of Dispersion			
- Residential Urban	9.5%	5.0-10.0%	9.3%
- Strata Residential Urban	5.6%	5.0-10.0%	6.0%
- Residential Rural	15.3%	5.0-15.0%	13.7%
- Strata Residential Rural	7.9%	5.0-15.0%	10.0%
- Non-residential	11.9%	5.0-15.0%	14.0%
1.1c Price Related Bias			
- Residential	0.00%	-5.0-5.0%	-0.5%
- Strata Residential	-0.01%	-5.0-5.0%	-1.4%
- Non-residential	0.00%	-5.0-5.0%	0.0%

Data source: Internal Property Information Database

¹ PM 1.1a, 1.1b and 1.1c targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan with the same targets as 2022/23.

The median Assessment to Sales Ratio (ASR) is a common roll quality measure used by the International Association of Assessing Officers (IAAO). The median ASR measures how closely assessments mirror a property's actual selling price, tracking assessment accuracy in a market-based property assessment system. The closer the result is to 100 percent, the more accurate the assessment. The ASR is calculated by dividing the assessed 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 \$486,000 and it sold for \$500,000, the ASR would be 97.2 percent.

BC Assessment measures the median ASR in accordance with standards set by IAAO. The IAAO has set the median ASR standard between 90 percent and 110 percent. BC Assessment has set more challenging targets: between 97 percent and 100 percent for the residential assessment roll, and between 95 percent and 100 percent for the non-residential assessment roll. For most of BC Assessment's residential sales these statistics reflect available single-family residential arm's-length sales throughout the year that have been time adjusted to July 1. In some residential markets with limited sales, the statistics reflect three years of time adjusted, arm's length sales. For non-residential sales, the data are based on sales occurring throughout the year.

The median ASR is one of BC Assessment's two primary roll quality measures. The 2022/23 ASRs in this annual report are based on the 2023 Revised Roll.

For the 2023 Assessment Roll, completed December 31, 2022 and revised through Property Assessment Review Panels (PARP) in early 2023, BC Assessment's Residential and Strata Residential ASR result were both 97.7 percent, which is within the target range and indicates accuracy in reflecting market value in property assessments. The non-residential ASR result is 93.4 percent, which is slightly lower than the internal target set by BC Assessment but meets the IAAO standard to indicate accuracy in reflecting market value in property assessments.

The Coefficient of Dispersion (COD) provides an indication of the quality of assessments by calculating the dispersion, or spread, of all the ASRs around the median ASR. When all else is equal, less dispersion indicates more accurate assessments and greater appraisal uniformity and is reflected by a lower COD.

BC Assessment measures the COD for residential 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 calculation is presented in the table.

The target for rural properties is higher than for residential properties in urban areas because rural properties are typically less comparable to each other. With fewer comparable market references for sellers and purchasers, there tends to be a wider range of potential purchase prices for any given property. The COD standard set by the IAAO for single-family residential properties is under 15 percent for urban regions and under 20 percent for rural regions. BC Assessment has set ongoing targets of under 10 percent for residential urban regions and under 15 percent for urban residential strata and rural regions.

As a measure of appraisal uniformity, the COD is important in public reporting on BC Assessment's mandate and is complementary to the ASR measures as the second of BC Assessment's two primary roll quality measures. The COD in the annual report is based on the same methodology and reporting tools as the ASR.

For the 2023 Assessment Roll, completed by December 31, 2022 and revised through the PARP process in early 2023, BC Assessment's strata residential urban and rural COD were 6.0 percent and 10.0 percent, respectively. The residential urban and rural COD were 9.3 percent and 13.7 percent, respectively. The non-residential COD was 14.0 percent. All results achieved fall within target ranges.

The Price Related Bias (PRB) coefficient measures the percentage relationship between property values and assessment ratios. This coefficient indicates by what percentage assessment levels change whenever property values are doubled (or halved), ensuring that both low- and high-valued properties are being assessed equitably. Negative values indicate regressivity, while positive values indicate progressivity. Assessments are regressive if high-value properties are under-appraised relative to low-value properties, and progressive if high value properties are over-appraised. A good quality assessment roll should show no sign of

either regressive or progressive assessments, because these value inequities lead to inequitable tax burdens.

The PRB for residential, strata residential, and non-residential properties were -0.5 percent, -1.4 percent and 0.0 percent respectively. These all fall within the target range of -5.0 percent to 5.0 percent indicating a good quality of assessment.

Objective 1.2: Deliver reliable and accepted assessment rolls

BC Assessment leveraged its new computer assisted mass appraisal (CAMA) system and appraisal expertise to deliver reliable and accepted assessment rolls.

Key results

- Enhanced efforts to improve public understanding of the provincial property assessment system.
- Continued to enhance communication and education that enables property owners to better understand their assessments and related impacts.
- Successful completion and timely delivery of the 2023 Assessment Roll while implementing a new CAMA system to improve customer access to roll information.

Summary of progress made in 2022/23

The delivery of the 2023 Assessment Roll with the CAMA system and new reporting platforms is a significant achievement. All taxing jurisdictions received the timely delivery of a stable 2023 Assessment Roll.

In addition to a major system change, the residential real estate market softened as interest rates rose and overall sales volume declined. When the 2023 assessments were delivered to property owners, the market value was generally less than the updated assessments. BC Assessment embarked upon an expanded education and communication campaign to ensure awareness of the changing market dynamics. This campaign resulted in a very high acceptance rate of the 2023 considering the market conditions.

Performance measure(s) and related discussion

Performance Measure ¹	2021/22 Actual	2022/23 Target	2022/23 Actual
1.2a Assessment roll stability – change in taxes collected	0.30%	≤ 0.22%	0.14%
1.2b Percentage of assessments accepted without appeal	98.57%	≥ 98.0%	98.60%

Data source: Internal Property Information Database

¹This performance measure was revised in the latest service plan. For more details on forward-looking planning information, including the performance measure and current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

Assessment roll stability is important for local governments. Accurate and reliable assessment rolls are critical tools for managing local government budgets, particularly as the cost of borrowing is directly influenced by the stability of their tax revenue. BC Assessment annually measures the stability of the assessment roll by analyzing the changes made to the roll after it is completed, which can affect local governments' total property tax base. The objective of this measure is to track changes in taxes collected by the taxing jurisdictions. Minimal changes indicate a stable, dependable assessment roll. This performance measure is accepted by the taxing jurisdictions as a good measure of the stability and dependability of the assessment roll.

In any given year, property status can change, data errors are corrected, and new properties may be developed while others are demolished. Information about these changes may be received by BC Assessment after the completion of the assessment roll. In addition, there are Supplementary Rolls throughout the year that reflect changes made after the annual assessment roll has been revised by PARP due to inaccurate information or other specific adjustments. Finally, there are decisions rendered on appealed properties by (Property Assessment Appeal Board (PAAB). All of these changes affect roll stability and are reflected in this measure. More specifically, the roll stability measure estimates the change in the amount of taxes collected or refunded by taxing jurisdictions based on the change in general taxable value for a period of 20 months after the Revised Roll. The 2022/23 value measures the 2021 roll stability by estimating the changes in taxes collected as a result of supplementary rolls issued between May 1, 2021, and December 31, 2022. In 2022, property assessments provided the base to distribute more than \$9.9 billion property tax revenue.

BC Assessment met the 2022/23 target of having less than 0.22 percent change in taxes. Actual change in taxes collected or refunded amounted to 0.14 percent of general-purpose tax revenues as a result of supplementary rolls issued between May 1, 2021 and December 31, 2022.

The performance measure "Percentage of Assessments Accepted without Appeal" reflects the public acceptance rate for a completed assessment roll. BC Assessment interprets the high acceptance of assessments by residential and non-residential property owner customers as validation of the quality, accuracy and uniformity of assessments. 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. The Ministry of Finance is responsible for administering the independent PARP process between February 1 and March 15 each year. The number of complaints to PARP gives a useful measure of public acceptance of the assessments.

For the 2023 Assessment Roll, 30,268 folios were reviewed by PARP. This represents a 98.6 percent acceptance rate. Pro-active communication with property owner groups and taxing jurisdictions, contributed to the 2023 appeal rate staying within the range of the past five years.

Complaints and appeals provide information on individual properties and an analysis of trends in the market provides insight about the quality of information campaigns and customer service. As information and accessibility have improved, the number of formal complaints continues to remain at less than two percent of all property owners in 2022/23.

BC Assessment tracks annual statistics to determine the number of residential and non-residential property owners who apply for an independent PARP review of their assessment. 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.

Goal 2: Valued by Customers and Partners – Trusted and reliable property assessment information and services

Objective 2.1: Ensure positive customer and partner interaction

BCA prioritizes the importance of understanding customer needs and working with partners to build relationships to identify areas for process improvement. This objective recognizes the importance of sharing high quality property information that our customers and partners can rely on as we work closely with them to identify opportunities for enhancements.

Key results

- Customer research and feedback through surveys, website behavior analysis and other feedback mechanisms informed areas where products and services can be improved.
- Customer response system is in place to ensure minimal wait times and a timely reply by supporting multiple modes of communication.
- Customer interactions through our website remained strong with good overall satisfaction ratings and continued increased usage by those who contact BC Assessment.

Summary of progress made in 2022/23

BC Assessment conducted additional customer interaction analysis to help understand customer needs to identify and implement improvements.

Performance measures and related discussion

Performance Measures	2021/22 Actual	2022/23 Target	2022/23 Actual
2.1 Customer Satisfaction Index - Property Owners: Employee Interaction ¹	83	73 to 85	74
- Taxing Authorities: Employee Interaction ²	92	>86	84

Data source: BC Assessment Customer Satisfaction Survey. The index figure is relative to 100.

¹This performance measure was revised in the latest service plan. For more details on forward-looking planning information, including the performance measure and current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

²The 2022/23 Service Plan target has been re-stated to ≥ 86 and reports on actual results based on a survey conducted in the 2022/23 fiscal year.

BC Assessment regularly reviews customer feedback to identify areas where it can enhance the customer experience. The approach uses email surveying, with questions designed to evaluate customer interactions with BC Assessment. The results are analyzed to determine what specific service attributes are important to our customers and to provide an indicator of the quality of service that our customers perceive they are receiving.

The index for property owners represents the combined results for both residential and non-residential property owners. Similarly, BC Assessment combines the results for taxing authorities, which consist of local government and Indigenous communities. Taxing authorities, at their request, are surveyed biennially to measure their satisfaction with BC Assessment services. Property owners are surveyed annually.

Customer surveys for property owners are conducted in the first quarter of each calendar year, when the greatest proportion of interactions occur. BC Assessment achieved a result of 74 for the property owner customer group, which is within the target range of 73-85 but lower than the 2021/22 actual. Consistently high scores in the areas of being knowledgeable, pleasant, courteous and treating customers with respect were noted. BC Assessment continues to analyze the survey results and other customer feedback and interactions to continue to improve customer satisfaction. Customer satisfaction surveys for taxing authorities was 84, slightly below the target of 86. The results are likely a short term reflection of changes stemming from the implementation of AssessBC.

Objective 2.2: Improve access to assessment information

Assessment information is a key component of what BC Assessment's customers and partners expect from the organization. BC Assessment is continually striving to enhance the actual quality of that information and the methods in which it is made available.

Key results

- Assessment information continued to be delivered to customers through BC Assessment's website making information accessible.
- Operational model re-design continued to evolve to better support the development and provision of enhanced information products and services that respond to customer feedback.
- Non tax levy (data services) revenue services remained stable.

Summary of progress made in 2022/23

BC Assessment completed a survey of customers that use its online assessment search feature to gain a better understanding of what these customers require as BC Assessment modernizes online information access and delivery.

Performance measures and related discussion

Performance Measures	2021/22 Actual	2022/23 Target	2022/23 Actual
2.2 Customer Satisfaction Indices ¹ - Property Owners: Digital Information	68	≥65	60
- Taxing Authorities: Information, Services & Tools ²	83	≥73	71

Data source: BC Assessment contracts a market research firm to act as an independent third party to conduct the customer satisfaction survey. The index figure is relative to 100.

¹ PM 2.2 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as ≥65 for property owners and ≥73 for taxing authorities respectively.

²The 2022/23 Service Plan target has been re-stated to ≥73 and reports on actual results based on a survey conducted in the 2022/23 fiscal year.

Customer satisfaction with BC Assessment products and services is measured by the same survey used to evaluate employee interaction (Performance Measure 2.1).

For the property owner customer group, BC Assessment achieved a result of 60, which is down 8 points from 2021/22. The results are indicative of a year with a softening residential market. The overall satisfaction with information was very similar to previous years for non-residential taxpayers and the residential population that did not contact BC Assessment.

For the taxing authority customer group, BC Assessment's score for Information, Services & Tools was 71 which is two points below the target of 73. This score is, in large part, expected as the timing of the survey coincided with the significant changes and learning curve from the

implementation of BC Assessment's new CAMA system and the associated reporting platform. It is expected that the scores will trend upwards again after this initial implementation year.

BC Assessment continues to collaborate with its strategic partners, including the Government Financial Officers Association of BC, the Local Government Leadership Academy, the First Nations Tax Commission, and the First Nations Taxation Administrators Association to determine how to best add value for our shared stakeholders as it relates to the property assessment and taxation system in the province.

Goal 3: High Performing Team – Collaborative, inclusive and innovative culture, focused on results

Objective 3.1: Support employee engagement and professional development

The objective reflects the shared ownership of engagement between employees and the employer. BC Assessment continues to monitor employee engagement as a performance measure for ongoing insight and response.

Key results

- Implemented actions in the Diversity and Inclusion Strategy.
- Introduced an enhanced employee engagement tool.
- Continued to define the future workforce and invest in career and skill development for our people.
- Continued exploration of a hybrid workplace model; expanded opportunities for in-person connection, learning and development for employees.

Summary of progress made in 2022/23

Key actions for Year One of the Diversity and Inclusion Strategy have included the creation of a Diversity and Inclusion Council, expansion of training for all staff and leaders and ongoing support of the BC Assessment Women's Network. Employee consultation in the spring and summer of 2022 resulted in updated values for BC Assessment. The new values are aligned with the Diversity and Inclusion vision to ensure BC Assessment reflects our ongoing commitment.

Corporate learning at BC Assessment evolved considerably over the last year. Modernization of learning has included investment in educational technologies, micro-learning, certification exam software, and scaling up the production and distribution of learning.

Performance measure and related discussion

Performance Measure	2021/22 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
3.1 Level of Employee Engagement ¹	New baseline established in 2022	New baseline established in 2022	N/A	N/A

Data source: BCA Employee Voice Survey

¹This performance measure was not carried forward in the latest service plan. For more details on forward-looking planning information, including the performance measure and current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

This performance measure was previously tracked through a biennial employee engagement survey that gauged employee perceptions on motivation, work capacity and capability, leadership and alignment in the organizations’ vision, mission and goals. The result was an average score that expressed all responses to a series of survey questions.

In 2021/22 BCA initiated a shift to modernize the approach to collecting, analyzing and responding to employee sentiment. A new technology tool was procured and implemented in 2022/23 to support the modernized approach and the establishment of a new measure.

The new model empowers managers with dashboards, suggested priorities, key actions and micro-learning in areas such as health and wellness, engagement and employee perception of diversity and inclusion.

Goal 4: Robust and Resilient Operations – Sustainable and responsive processes and tools

Objective 4.1: Maintain efficient and financially responsible operations

BC Assessment is committed to keeping the costs of assessments affordable while delivering the services that customers and partners count on.

Key results

- Leveraged continuous business and system improvements throughout the organization to achieve greater functionality and operational gains.

Summary of progress made in 2022/23

BC Assessment continued to implement and expand usage of its Enterprise Resource Planning system with enhancements for greater self-service options.

Performance measure and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
4.1 Net Cost per property ¹	\$44.71	\$50.26	\$50.48

Data source: Internal Property Information Database

¹ PM 4.1 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as \$49.01 and \$49.21 respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

² The 2022/23 cost per property target was re-stated to reflect approval of BC Assessment’s Tax Levy Bylaw by Order in Council at the end of March 2022, after the 2022/23-2024/25 Service Plan publication date of February 2022.

BC Assessment’s primary source of revenue is 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. Efficiency and cost-effectiveness are required to minimize any potential increases to levies.

Investments in technology and innovative business process improvements have been essential in allowing BC Assessment to absorb continuous property and workload growth and improve service levels. This performance measure reflects BC Assessment’s commitment to keeping costs to the taxpayer at or below inflation while still meeting increased service demands in a progressively complex assessment environment.

The cost per property for assessment services funded from the levy has been calculated by:

$$\frac{\text{Total expenditures less Non-tax levy revenue}}{\text{Number of taxable properties}} = \text{Average net cost per property}$$

The actual average actual cost per property of \$50.48 for the 2022/23 fiscal year was higher than target of \$50.26. This was due to higher than budgeted collective agreement settlements and other non-controllable inflationary pressures, some of which BC Assessment was able to offset.

The cost per property target adjustments are made each year as new information becomes available and forecasts are refined to reflect tax levy approvals that occur after the 2022/23 - 2024/25 Service Plan is published.

Financial Report

For the auditor's report and audited financial statements, see Appendix B. These documents can also be found on the BC Assessment website.

Discussion of Results

BC Assessment recorded a deficit of \$992 thousand (0.89% of budgeted revenues) for the fiscal year ended March 31, 2023, compared to a break-even budgeted net income of \$0, and a surplus of \$8.7 million recorded for the prior fiscal year.

Revenues of \$115.6 million and operating expenses of \$116.6 million were \$3.96 million (3.5%) and \$4.96 million (4.4%) higher than budget, respectively. The 2022/23 financial results were influenced by revised pay ranges and retroactive payments resulting from the new collective agreement between BC Assessment and the Canadian Union of Public Employees Local 1767, as well as the commencement of amortization of the new property assessment system. These results were offset in part by higher than budgeted revenues, which included a one-time gain on the sale of an asset.

BC Assessment's capital expenditures totalled \$3.5 million in 2022/23. Approximately 49% were related to information technology assets, 32% to recognize a leasehold improvement allowance to support the reduction of 12,000 square feet of office space through the consolidation of the Abbotsford and Surrey offices to a central Langley office location, and the 19% related to other asset acquisitions.

The accumulated surplus was \$62.4 million on March 31, 2023, with \$50.1 million invested in tangible capital assets, \$3.0 million held in the operating reserve, and \$9.3 million held for future tangible capital acquisitions.

Financial Summary

(\$000)	2021/22 Actual ^{1,2}	2022/23 Budget ^{1,3}	2022/23 Actual ¹	2022/23 Variance Over/(Under)
Revenues				
Tax levies	126,521	105,791	106,461	670
Other Revenue	8,489	5,852	9,145	3,293
Total Revenue	135,010	111,643	115,606	3,963
Expenses				
Employee expenses	85,616	70,992	75,277	4,285
Other operating expenses	36,380	33,363	34,652	1,289
Amortization	4,322	7,288	6,669	(619)
Total Expenses	126,318	111,643	116,598	4,955
Annual Surplus (Deficit)	8,692	0	(992)	(992)
Total Debt	0	0	0	0
Total Liabilities	24,164	24,533	21,311	(3,222)
Accumulated Surplus	63,346	63,346	62,354	(992)
Capital Expenditures	15,520	7,288	3,477	(3,811)

¹ Financial information for all years was prepared based on Generally Accepted Accounting Principles for public sector organizations, established by the Public Sector Accounting Board of the Chartered Professional Accountants.

² In 2021, BCA changed its fiscal year-end date from December 31 to March 31 to align with the B.C. government's fiscal year. As a result of this change, comparative audited 2021/22 actuals included in this report reflect a 15-month transitional fiscal period from January 1, 2021 to March 31, 2022. Budget and March 31, 2023 figures for 2022/23 are for the new 12-month fiscal year (April 1, 2022 to March 31, 2023).

³ BC Assessment received approval for a tax levy rate increase in April 2022, which resulted in changes to its 2022/23 budget subsequent to publication of the 2022/23 Service Plan in February 2022. The table above reflects the more recent and accurate 2022/23 Budget, based on BCA's approved rates.

Variance and Trend Analysis

The Financial Summary Table shows BC Assessment's actual financial results for the 2021/22 and 2022/23 fiscal years, along with the 2022/23 budget.

Total revenues to March 31, 2023 are \$115.6 million were \$3.96 million (3.5%) higher than budgeted tax levies and other income.

Tax levies were \$106.5 million in 2022/23 and account for 92.1% of total revenues. The 2022/23 revenues include an uplift from growth in the number of new properties and other non-market changes (i.e., improvements made to existing properties). The increase from budget takes into account actual 2022 and 2023 revised roll values and appeal settlements.

All other revenue sources are comprised of revenue from data access services, payments in lieu of taxes from the Federal and Provincial governments, property assessment services contracts with Indigenous Nations, investment income, other miscellaneous income, and gain on disposal of assets. All other revenue sources contributed \$9.1 million or 7.9% to total revenues in 2022/23. The increase from budget was mainly from the recognition of a one-time gain on sale of an asset, higher than budgeted investment income from rebounded Treasury bill yields, and some unanticipated new and renewed data access service contracts.

Total operating expenses of \$116.6 million were \$4.96 million (4.4%) higher than budget. Approximately 64.6% of BC Assessment's operating expenses consist of employee-related costs such as salaries, benefits, training and development. Employee expenses were \$75.3 million in 2022/23, 3.8% or \$4.3 million higher than budget. During the year, BC Assessment directed additional revenues to fund wage pressures resulting from higher than budgeted collective bargaining wage settlements, pre-hires to stabilize staffing and support knowledge transfer for turnover and retirements, and the addition of temporary resources to support operational and project workload demands.

Other operating expenses were \$34.6 million in 2022/23, higher than the budget by \$1.3 million or 3.7% mostly from higher than budgeted inflationary rates for information technology contracts and renewals. These costs represent 29.7% of total operating expenses and are related to information and communications technology, office premises, corporate and office, assessment appeal, assessment notice printing and postage, and travel.

Amortization charges for 2022/23 were \$6.7 million, \$619 thousand lower than budget to align with the actual assessment system go-live timing at the end of May and with lower revised capital expenditures.

Capital expenditures of \$3.5 million were \$3.8 million (52.3%) lower than budget from a combination of less spending required and from deferrals to future years. During the 2022/23 fiscal year, \$43.1 million in software under development was transferred into production when the assessment system and related software was placed in service on May 24, 2022.

Risks and Uncertainties

Key risks and uncertainties affecting BC Assessment's financial outlook include: ability to increase levy rates to cover uncontrollable cost changes; ability to maintain data access revenues; changes in future PARP and PAAB processes and costs; wage and benefit increases; and changes in interest and inflation rates.

Capital Expenditures

BC Assessment's property assessment system went live on May 24, 2022 and was used to produce the 2023 Assessment Roll. As of March 31, 2023, there are no more anticipated capital expenditures to complete this project.

Significant IT Projects (over \$20 million in total)	Year of Completion	Project Cost to Mar 31, 2023 (\$m)	Estimated Cost to Complete (\$m)	Total Cost (\$m)
Property assessment system replacement (nextGen valueBC program)	2022/23	\$33.1	\$0	\$33.1
Objective: Implement a replacement solution for BC Assessment's aging core assessment business system.				

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 Mandate Letter from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
<p>Continue to focus on BC Assessment's core mandate to establish and maintain uniform real property assessments throughout British Columbia.</p>	<ul style="list-style-type: none"> • BCA launched its' new Computer Assisted Mass Appraisal (CAMA) system, and successfully used the system to complete the 2023 Assessment Roll. BCA continues to monitor market trends for all properties across the province to ensure a seamless delivery of the assessment roll. • BCA has largely completed implementation of a new operational model in the Assessment and Customer divisions to better support the core mandate by capitalizing on new opportunities that technology will offer and enable better management of resource pressures.
<p>Continue to work closely with the Ministry of Finance and key partners to evaluate and develop policy, regulatory, legislative and operational solutions to emerging and existing assessment policy and methodology priorities to support government's commitment to build a strong, sustainable economy that works for everyone.</p>	<ul style="list-style-type: none"> • BCA has continued with a totally digital Property Assessment Review Panel (PARP) in partnership with government while balancing internal and external resources. • BCA is participating in the revisions to First Nation assessment and taxation laws as a trusted and valued partner. • BCA worked with the province on a number of files such as PAAB fees, extreme weather events, affordable housing, secondary suites and farm classification, as well as responding to numerous data requests, as we continue to help evaluate and develop policy, regulatory, legislative and operational solutions.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
<p>Support provincial government strategic priorities through the use of BC Assessment data, property information and by leveraging the corporation's extensive expert knowledge on valuation and real estate.</p>	<ul style="list-style-type: none"> • BCA continued to provide expanded data offering in the Open Data Catalogue by making bulk data available to ministries and academic institutions. The bulk data helps the creation of new legislation, bill creation, policy development and research projects. • BCA's Indigenous partners are comprised of 98 communities throughout British Columbia exercising their inherent right to self-taxation. BCA provides assessment services for these Indigenous Nations, which is a necessary component in their ability to administer effective and efficient property taxation in their communities. In 2022/23, BCA modernized the standard Assessment Service Agreement to reflect updated language in support of the United Nations Declaration of the Rights of Indigenous People.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
<p>Support government’s commitment to put people first by delivering BC Assessment’s services in a fiscally responsible manner.</p>	<ul style="list-style-type: none"> • PARP continues to be handled remotely, which reduces costs. • In the 2022/23, BCA made investments in technology that are focused on efficiencies: using automation, computer modelling, and other innovative ways of working. As a data steward of British Columbia's property information, BCA implemented enhanced security measures to protect against the increasing threat posed by cyber criminals. • BCA remains committed to reducing our carbon footprint. In September 2022, BCA reduced 12,000 square feet of office space through a consolidation of offices. • BCA enhanced its internal focus on people, with greater focus on diversity and inclusion, health and well-being, and workforce planning.

Appendix B: Auditor's Report and Audited Financial Statements



May 16, 2023

VIA E-MAIL

Jason Grant
President & Chief Executive Officer
British Columbia Assessment Authority
400 – 3450 Uptown Blvd.
Victoria, BC V8Z 0B9

Dear Jason Grant:

Re: Audit of Financial Statements for British Columbia Assessment Authority for the Year Ended March 31, 2023

Please find enclosed a copy of the audited financial statements of British Columbia Assessment Authority for the year ended March 31, 2023, together with our auditor's report.

As required by the *Auditor General Act*, a copy of the audit opinion will also be forwarded to the Minister responsible.

Please note that our opinion applies only to the attached final version of the financial statements. Management is responsible for the accurate reproduction of our auditor's report and of the financial statements to which our opinion applies.

Yours truly,

Stuart Newton, CPA, CA
Assistant Auditor General

CL/cn1
Attachment(s)

cc: Richard Rainey, Chair, Audit and Risk Management Committee
Char Paul, Vice President and Executive Financial Officer
Yvonne Blum, Director, Financial Operations

Financial Statements

**BRITISH COLUMBIA ASSESSMENT
AUTHORITY**

Year ended March 31, 2023

Management's Responsibility for the Financial Statements

The accompanying financial statements of British Columbia Assessment Authority (the "Authority") are the responsibility of the Authority'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. A summary of the significant accounting policies is described in note 2 of the accompanying notes to the financial statements. 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.

The Authority's 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 are monitored and evaluated by management.

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 Office of the Auditor General. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.



Char Paul
Vice President and Executive Financial Officer



Jason Grant
President and Chief Executive Officer



Independent Auditor's Report

*To the Board of Directors of the British Columbia Assessment Authority, and
To the Minister of Finance, Province of British Columbia*

Opinion

I have audited the accompanying financial statements of the British Columbia Assessment Authority (“the entity”), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2023, and the results of its operations, change in its net assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the entity's financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

Other Accompanying Information

Management is responsible for the other information accompanying the financial statements. The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The Annual Report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information that I have obtained prior to the date of my auditor's report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.



When I read the Annual Report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting when the entity will continue its operations for the foreseeable future.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am

Independent Auditor's Report

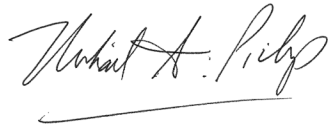
British Columbia Assessment Authority

required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Michael A. Pickup, FCPA, FCA
Auditor General

Victoria, British Columbia, Canada
May 16, 2023

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Financial Position

(Tabular amounts in thousands of dollars)

As at March 31, 2023

	March 31 2023	March 31 2022
Financial assets		
Cash and cash equivalents (note 3)	\$ 1,196	\$ 3,033
Accounts receivable	30,053	2,745
Due from provincial government (note 12)	12	23
Long-term accounts receivable (note 4)	-	25,595
Asset held for sale (note 6)	-	263
	31,261	31,659
Liabilities		
Accounts payable and accrued liabilities	3,210	5,251
Due to provincial government (note 12)	3,193	2,245
Employee future benefits and other liabilities (note 5)	11,373	12,010
Deferred revenue	100	125
Short-term loans (note 12)	-	2,892
Lease inducements	3,435	1,616
Capital lease obligations	-	25
	21,311	24,164
Net financial assets	9,950	7,495
Non-financial assets		
Tangible capital assets (note 6)	50,056	53,251
Prepaid expenses	2,348	2,600
	52,404	55,851
Accumulated surplus (note 7)	\$ 62,354	\$ 63,346

Commitments (note 8); Contractual rights (note 11)

Approved on behalf of the Board:



Richard Rainey
Chair, Audit & Risk Management Committee



Ruth Wittenberg
Chair, Board of Directors

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

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Operations and Accumulated Surplus

(Tabular amounts in thousands of dollars)

As at March 31, 2023

	Budget (note 10)	March 31 2023	March 31 2022
Revenues			
Tax levies	\$ 105,791	\$ 106,461	\$ 126,521
Data access services	4,177	4,864	6,311
Payments in lieu of taxes	930	1,117	1,213
Indigenous Nations	675	765	753
Investment income	50	914	48
Other income	20	3	92
Gain/(Loss) on disposal of tangible capital assets	-	1,482	72
Total revenues	111,643	115,606	135,010
Expenses			
Employee expenses	70,992	75,277	85,616
Information technology	16,016	17,615	16,694
Office premises	6,422	6,167	7,425
Corporate and office	2,946	2,758	2,689
Amortization of tangible capital assets	7,288	6,669	4,322
Appeal costs (note 9)	4,351	4,181	6,345
Travel	1,279	1,068	537
Assessment notice printing and postage	2,349	2,864	2,690
Total expenses	111,643	116,598	126,318
Annual surplus/(deficit)	-	(992)	8,692
Accumulated surplus, beginning of year	63,346	63,346	54,654
Accumulated surplus, end of period (note 7)	\$ 63,346	\$ 62,354	\$ 63,346

- In 2021, BCA changed its fiscal year-end date from December 31 to March 31 to align with the B.C. government's fiscal year. As a result of this change, comparative audited 2021/22 actuals included in this report reflect a 15-month transitional fiscal period from January 1, 2021 to March 31, 2022. Budget and March 31, 2023 figures for 2022/23 are for the new 12-month fiscal year (April 1, 2022 to March 31, 2023).

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

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Change in Net Financial Assets

(Tabular amounts in thousands of dollars)

As at March 31, 2023

	Budget (note 10)	March 31 2023	March 31 2022
Annual surplus/(deficit)	\$ -	\$ (992)	\$ 8,692
Acquisition of tangible capital assets	(7,288)	(3,477)	(15,520)
Amortization of tangible capital assets	7,288	6,669	4,322
(Gain)/Loss on sale of tangible capital assets	-	(1,482)	(72)
Proceeds on sale of tangible capital assets	-	1,748	77
Asset held for sale	-	(263)	263
Change in tangible capital assets	-	3,195	(10,930)
Change in prepaid expenses	-	252	474
Change in net financial assets	-	2,455	(1,765)
Net financial assets, beginning of year	7,495	7,495	9,260
Net financial assets, end of period	\$ 7,495	\$ 9,950	\$ 7,495

- In 2021, BCA changed its fiscal year-end date from December 31 to March 31 to align with the B.C. government's fiscal year. As a result of this change, comparative audited 2021/22 actuals included in this report reflect a 15-month transitional fiscal period from January 1, 2021 to March 31, 2022. Budget and March 31, 2023 figures for 2022/23 are for the new 12-month fiscal year (April 1, 2022 to March 31, 2023).

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Cash Flows

(Tabular amounts in thousands of dollars)

As at March 31, 2023

	March 31 2023	March 31 2022
Cash provided by (used in):		
Operating activities		
Annual surplus/(deficit)	\$ (992)	\$ 8,692
Items not involving cash		
Amortization of tangible capital assets	6,669	4,322
Change in lease inducements	1,819	(750)
(Gain)/Loss on disposal of tangible capital assets	(1,482)	(72)
Transfer land held for resale	(263)	263
Change in employee benefits and other liabilities	(637)	760
Change in non-cash assets and liabilities		
Accounts receivable	(27,308)	334
Due from provincial government	11	(16)
Long-term accounts receivable	25,595	(25,595)
Accounts payable and accrued liabilities	(2,041)	(2,702)
Due to provincial government	948	1,173
Deferred revenue	(25)	42
Asset held for sale	263	(263)
Prepaid expenses	252	474
Net change in cash from operating activities	2,809	(13,338)
Capital activities		
Proceeds on sale of tangible capital assets	1,748	76
Acquisition of tangible capital assets	(3,477)	(15,520)
Net change in cash from capital activities	(1,729)	(15,444)
Financing activities		
Short-term loans	(2,892)	2,892
Principal payments on capital lease obligations	(25)	(71)
Net change in cash from financing activities	(2,917)	2,821
Net change in cash and cash equivalents	(1,837)	(25,961)
Cash and cash equivalents, beginning of year	3,033	28,994
Cash and cash equivalents, end of period	\$ 1,196	\$ 3,033

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

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

1. Corporate Information

British Columbia Assessment Authority (the "Authority") 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 the Authority is to establish and maintain assessments that are uniform in the whole of the province in accordance with the *Assessment Authority Act*. The Authority is not subject to federal or provincial corporate income taxes.

The Authority changed its fiscal year end date from December 31 to March 31 to align with the Province of B.C.'s fiscal year end date, effective immediately after the fiscal year ended December 31, 2020. The current period financial statements represent the 12 month period ended March 31, 2023, with comparative financial statements for the 15 month period ended March 31, 2022. As a result, information contained in these financial statements may not be comparable.

2. Significant Accounting Policies

The financial statements of the Authority are prepared by management in accordance with Canadian Generally Accepted Accounting Principles for governments as recommended by the Public Sector Accounting Board (PSAB). Significant accounting policies adopted by the Authority are as follows:

a) Basis of accounting

The Authority 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) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Authority's functional currency. All financial information has been rounded to the nearest thousand dollars.

c) 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, due from provincial government, accounts payable and accrued liabilities, short-term loans, and due to provincial government, all of which are reported at amortized cost.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

2. Significant Accounting Policies (continued)

d) 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 revenue, accrued liabilities, the useful life of capital assets, and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

e) Cash and cash equivalents

Cash equivalents include liquid investments that can be redeemed on demand without penalty. Investments are recorded at amortized cost and 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) Asset held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, and the sale is considered to be highly probable, are classified as held for sale. Immediately before classification as held for sale, the assets are measured at cost less accumulated depreciation and impairment losses. Thereafter, the assets are measured at the lower of their carrying amount or fair value, less costs to sell. Once classified as held for sale, non-current assets are no longer amortized or depreciated.

g) Employee future benefits

The Authority 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.

Retirement and other future benefits are also available to the Authority'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.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

2. Significant Accounting Policies (continued)

h) Leasehold improvement 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.

i) Non-financial assets

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

j) 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 of tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset Class	Useful Life - years
Buildings	40
Furniture and office equipment	5 or lease term
Computer equipment	3 to 5
Motor vehicles	5
Enterprise, productivity and other software	3 to 5 or term of
Major enterprise application software	10
Leasehold improvements	Equal to 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. Software under development is not amortized until it is available for productive use. The useful life of property assessment software will be determined on a case-by-case basis. Tangible capital assets are written down when conditions indicate that they no longer contribute to the Authority'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 and accumulated surplus in the year recognized.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

2. Significant Accounting Policies (continued)

k) 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.

l) Revenues

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

Tax levies: The Authority, 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, to the Surveyor of Taxes, Treaty Indigenous Nations, and Nisga'a Nations 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 the Authority's tax levy revenue. This revenue is recognized equally across all periods in the year.

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

Investment: Investment revenues include 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

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

3. Cash and Cash Equivalents

The cash and cash equivalents reported on the statement of financial position are made up of the following:

	March 31 2023	March 31 2022
Cash	\$ 1,196	\$ 3,033
Cash equivalents	-	-
Total	\$ 1,196	\$ 3,033

As of March 31, 2023 short-term investments held by the Authority have been fully liquidated. Cash equivalents are recorded at cost, and the difference between fair market value and cost plus interest generated on short-term investments is recorded in accounts receivable.

4. Long-term Accounts Receivable

As at March 31, 2022, the Authority recorded a long-term asset for the value of the unbilled tax levy revenue from January to March 2021, attributed to the change in fiscal year end. Tax levy revenue for the January to March period is collected by August of the same year. Therefore, starting in the 2022/23 fiscal year, the Authority will reflect tax levy revenue due from tax authorities for the January 1 through March 31 period as a current tax levy accounts receivable within its financial statements.

	March 31 2023	March 31 2022
Long term account receivable	\$ -	\$ 25,595
Total	\$ -	\$ 25,595

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

5. Employee Future Benefits and Other Liabilities

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

	March 31 2023	March 31 2022
Employee future benefits	\$ 4,568	\$ 4,672
Other liabilities	6,805	7,338
Total	\$ 11,373	\$ 12,010

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

a) Employee future benefits

Outside of the Public Service Pension Plan, the Authority annually accrues future obligations 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 employee future benefits obligation and net periodic benefit cost was calculated at March 31, 2023 by Eckler Ltd., using membership data and management's estimates of salary escalation and expected retirement ages. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to the Authority.

Information about the Authority's retirement benefit plans are as follows:

	March 31 2023	March 31 2022
Accrued employee future benefits obligation		
Balance, beginning of year	\$ 4,672	\$ 4,762
Current benefit cost	358	489
Interest	140	127
Benefits paid	(671)	(837)
Amortization of loss	69	131
Balance, end of year	\$ 4,568	\$ 4,672

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

5. Employee Future Benefits and Other Liabilities (continued)

a) Employee future benefits (continued)

	March 31 2023	March 31 2022
Actuarial reconciliation at the end of year		
Actuarial employee future benefits liability	\$ 5,238	\$ 5,093
Unamortized actuarial loss	(670)	(421)
Balance, end of year	\$ 4,568	\$ 4,672

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

	March 31 2023	March 31 2022
Discount rate	3.95%	2.70%
Expected future inflation rate	2.00%	2.00%
Expected productivity and seniority increases	0% to 4%	0% to 3.70%

Over time, changes in assumptions and actuarial experience compared to expected results will cause actuarial gains and losses in future valuations. In 2022/23, this resulted in a net actuarial loss of \$318 thousand attributed to four main drivers; \$406 thousand loss due to a change in BCA demographics; \$545 thousand gain due to a change in the discount rate from 2.70% per annum to 3.95% per annum; \$304 thousand loss due to a change in salary, seniority and vacation assumptions; and, \$153 thousand loss due to actual benefit payments in 2022/23 being higher than expected.

The cumulative unamortized actuarial loss on future payments, net of the gains as at March 31, 2023, is amortized over the estimated average service lives of the employees, which is 11 years (2021/22 - 11 years).

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

5. Employee Future Benefits and Other Liabilities (continued)

b) Employee pension benefits

The Authority and its employees contribute to the Public Service Pension Plan (a jointly trusteed pension plan). The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investments of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at March 31, 2022, the plan has about 68,387 active members and approximately 53,694 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. The rate is then adjusted to the extent there is amortization of any funding deficit.

The March 31, 2022 extrapolation based on the actuarial valuation as at March 31, 2020, indicated a funding surplus of \$4.1 million for basic pension benefits on a going concern basis. The Authority paid \$5.4 million for employer contributions to the plan as at March 31, 2023 (2021/22 - \$6.4 million). In addition, the Authority collected and remitted to the Public Service Pension Plan \$4.6 million in employee contributions (2021/22 - \$5.4 million).

The next valuation will be as at March 31, 2023, with results available in the Public Service Pension Plan March 31, 2024 financial statements.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

6. Tangible Capital Assets

a) Changes to tangible capital assets within the year

Cost	March 31 2022	Additions	Disposals & transfers	March 31 2023
Land	\$ 91	\$ -	\$ -	\$ 91
Buildings	2,897	-	(1,353)	1,544
Furniture & office equipment	7,202	131	(802)	6,531
Computer equipment	8,252	514	(592)	8,174
Motor vehicles	1,225	-	(27)	1,198
Leasehold improvements	8,234	1,125	(809)	8,550
Major enterprise application software	24,809	-	25,946	50,755
Enterprise, productivity and other software	822	-	(575)	247
Software under development	43,101	1,707	(43,056)	1,752
Total	\$ 96,633	\$ 3,477	\$ (21,268)	\$ 78,842

Accumulated Amortization	March 31 2022	Disposals	Amortization expense	March 31 2023
Buildings	\$ 2,800	\$ (1,353)	\$ 5	\$ 1,452
Furniture & office equipment	6,407	(799)	337	5,945
Computer equipment	5,122	(592)	1,230	5,760
Motor vehicles	962	(27)	134	1,069
Leasehold improvements	6,623	(809)	526	6,340
Major enterprise application software	20,663	(17,110)	4,423	7,976
Enterprise, productivity and other software	805	(575)	14	244
Software under development	-	-	-	-
Total	\$ 43,382	\$ (21,265)	\$ 6,669	\$ 28,786

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

6. Tangible Capital Assets (continued)

a) Changes to tangible capital assets within the year (continued)

Net book value	March 31 2022	March 31 2023
Land	\$ 91	\$ 91
Buildings	97	92
Furniture & office equipment	794	586
Computer equipment	3,132	2,414
Motor vehicles	263	129
Leasehold improvements	1,611	2,210
Major enterprise application software	4,145	42,779
Enterprise, productivity and other software	17	3
Software under development	43,101	1,752
Total	\$ 53,251	\$ 50,056

b) Software under development

Software development projects can often span multiple fiscal periods. Software under development does not contain any projects which have been terminated or placed on hold indefinitely. Software under development is not amortized as it represents the costs incurred to date on projects, which are not substantially complete at the end of the fiscal year, in accordance with Public Sector Accounting Standard 3150. As at March 31, 2023, major enterprise application software disposals and transfers includes \$43.01 million in transfers from software under development into production.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

7. Accumulated Surplus

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

	March 31	March 31
	2023	2022
Surplus		
Invested in tangible capital assets	\$ 50,056	\$ 53,226
Reserve		
Future tangible capital asset acquisitions	9,298	7,120
Operating	3,000	3,000
Total reserves	12,298	10,120
Accumulated surplus, end of year	\$ 62,354	\$ 63,346

Certain amounts are set aside in accumulated surplus for future financial obligations and the purchase of tangible capital assets. As at March 31, 2023, \$2.18 million was applied to the reserve for future tangible capital asset acquisitions and \$992 thousand was applied to fund the operating deficit.

Future tangible capital asset acquisitions reserve: the purpose of this reserve is to help stabilize the financing requirements of large fluctuations in capital spending from one year to the next. Certain high value tangible capital assets such as property assessment software have long term economic usefulness. This reserve assists in the financing of these expenditures to limit the impact to revenue requirements in those years.

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 of management's control.

8. Commitments

The Authority is committed to make payments under operating leases for premises and contracts for goods and services as follows:

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

8. Commitments (continued)

Year(s)	Payment
2023/24	\$ 26,167
2024/25	9,817
2025/26	6,400
2026/27	4,937
2027/28	3,009
2028/29 - 2032/33	4,411
	\$ 54,741

9. Appeal Costs

Appeal costs include legal costs incurred by the Authority as well as the operating costs of the Property Assessment Review Panel and the Property Assessment Appeal Board, both operated independently by the Province of British Columbia. By legislation, the Authority is required to reimburse the Province for the Review Panel and Appeal Board costs which amounted to \$3.9 million as at March 31, 2023 (2021/22 - \$5.5 million).

10. Budget Data

The 2022/23 budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors on November 30, 2021.

11. Contractual Rights

The Authority has entered into various revenue contracts for the provision of data access services within the normal course of operations. The estimated contractual rights at March 31, 2023 are as follows:

Year(s)	Amount
2023/24	\$ 2,541
2024/25	1,566
2025/26	952
2026/27	402
2027/28	22
	\$ 5,483

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

12. Related Party Transactions

The Authority 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.

During the year, the Authority provides data access services to related parties. The payment and collection terms with related parties are due within 30 days from the invoice date. The total discount provided to related parties is \$3.5 million. This is approximately 3% of the Authority's total revenue. The transactions are also included in the table below.

The statement of financial position and the statement of operations and accumulated surplus includes the following transactions with related parties of the Province of British Columbia:

	March 31 2023	March 31 2022
Revenues		
Data access services	\$ 1,260	\$ 1,880
Other income	1,486	87
Expenses		
Employee expenses	1,478	1,598
Information technology	745	1,066
Office premises	116	175
Corporate and office	143	81
Appeal costs	3,854	5,540
Travel	38	58
Assessment notice printing and postage	62	126
Assets/(Liabilities) at period end with related parties:		
Due from provincial government	12	23
Due to provincial government	(3,193)	(2,530)
Short-term debt due to provincial government	-	(2,892)

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

12. Related Party Transactions (continued)

The Authority contracts the disposal of surplus assets to the Province of British Columbia. Sale proceeds net of disposal costs were \$27 thousand as at March 31, 2023 (2021/22 - \$78 thousand).

Other income includes a \$1.5 million gain on the sale of the Courtenay office.

The comparative figure within the Related Party Transaction table for employee expenses for 2021/22 was adjusted to include \$1.4 million for Employer Health Tax, as the Authority pays this tax to the Ministry of Finance. In 2022/23, Employer Health Tax payments totaled \$1.2 million.

The comparative figure within the Related Party Transaction table for due to provincial government for 2021/22 was adjusted to include \$285 thousand for Employer Health Tax, as the Authority pays this tax to the Ministry of Finance. As at March 31, 2023, Employer Health Tax due to provincial government totals \$328 thousand.

13. Financial Risk Management

In the normal course of operations, the Authority is exposed to a number of risks that can affect its operating performance. The Authority 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 the Authority ensure that the Authority identifies and monitors its risks. It is management's opinion that the Authority is not exposed to significant risks arising from these financial instruments.

a) 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.

The Authority is exposed to credit risk in the event of non-performance by a customer. This risk is mitigated because the majority of customer accounts receivable are current or collected subsequent to year end; therefore, management does not consider it to be impaired.

b) 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. The Authority is subject to interest rate risk when it renews its short-term loans at rates determined by current market conditions.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

c) **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 the Authority is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are not material.

d) **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. The Authority is exposed to interest rate risk through its cash equivalents. It is management's opinion that the Authority is not exposed to significant interest rate risk as it invests solely in short-term treasury bills that have a maturity date of no more than 91 days from the date of acquisition.

e) **Liquidity risk**

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

To manage cash flow requirements, the Authority has a short-term financing agreement with the Government of British Columbia under its Fiscal Agency Loan program. Under this agreement, the Authority may borrow up to an aggregate amount of \$45 million. In making a loan to the Authority, the Government of British Columbia uses reasonable efforts to comply with the borrowing requirements of the Authority by supplying funds at market rates; however, the interest rate on any loan will be determined at the sole discretion of the Government of British Columbia. Loans are unsecured and the maturity date is aligned to the date in which annual proceeds of the taxes levied are collected. The terms are set by the Government of British Columbia each time a loan is requested under this agreement.

14. **Comparative Information and Prior Period Adjustments**

Certain comparative figures have been adjusted to conform to changes in the current year presentation as provided for within Note 12. Related Party Transactions.

