

BC Assessment

2021/22
Annual Service Plan Report

August 2022



For more information on the BC Assessment contact:
400 – 3450 Uptown Boulevard Victoria, B.C., V8Z 0B9
1-866-valueBC (1-866-825-8322)

<https://info.bcassessment.ca/contact-us>

Or visit our website at

bcassessment.ca

Board Chair's Accountability Statement



The *BC Assessment 2021/22 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2021/22 – 2023/24 Service Plan* created in April 2021. The Board is accountable for those results as reported.

SBishop

Sylvia Bishop
Chair, Board of Directors
July 21, 2022

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Letter from the Board Chair & CEO

BC Assessment is committed to being transparent and proactive in communicating with the Provincial Government and stakeholders.

Regular meetings are held with the Minister Responsible for BC Assessment and the Board Chair, as well as with Ministry of Finance senior 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. Due to the unprecedented consequences of COVID-19, BC Assessment will continue to work with the Ministry to mitigate the impacts of the pandemic. BC Assessment is aligned with government's key priorities, and dedicated to maintaining its relationships and service delivery with the Province, local governments, Indigenous communities and property owner customer groups.

In support of Article 4 of the United Nations Declaration on the Rights of Indigenous Peoples, BC Assessment provides Indigenous communities with assessment services in support of their jurisdiction over real property taxation. This work helps to build capacity to administer their taxation systems and establish a stable tax base to support their local communities.

All members of BC Assessment's Board of Directors are provided with an orientation package and take part in Board and Committee orientation sessions. The Board of Directors approves an annual education plan, and Directors are provided with opportunities to participate in external professional development courses.



Sylvia Bishop
Chair, Board of Directors

July 21, 2022



Jason Grant
President and Chief Executive Officer

July 21, 2022

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed 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, the Crown Corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

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.

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 [2021/22 BC Assessment Service Plan](#) as well as actual results reported on in this annual report.

Operating Environment

In 2021/22, BC Assessment managed a number of factors that may have influenced results:

- 2021 saw record sales volumes and increases in property values across most regions and property types in the province.
- Spring and summer wildfires, as well as flooding and landslides affected properties in parts of the lower mainland and southern interior in 2021. In response, BCA implemented an Extreme Weather Response Team to ensure coordinated, consistent, effective, and efficient communications, inquiry response, and valuation amendment decision-making for affected properties.
- The percentage of 2022 assessments accepted without appeal in the last quarter of the fiscal year was 98.57%, slightly lower than 2021 and 2020 which were 98.94% and 98.78% respectively. The volume and complexity of agent appeals, both commercial and residential, continues to demand significant staff resources.
- BC Assessment continued to implement health and safety measures consistent with Provincial Health Officer (PHO) orders and WorkSafe BC (WSBC) directives to monitor and

prevent the transmission of the COVID-19 virus in the workplace. In November 2021, BCA implemented a Proof of Vaccination policy to further protect the health and safety of employees and communities.

- Pandemic-related public health measures continued to restrict some of BCA's ability to perform onsite property inspections and visit local government offices, which affected property data collection and data maintenance work.
- Work on the nextGen valueBC program to replace BC Assessment's aging computer assisted mass appraisal (CAMA) system continued in 2021/22 to ensure that BC Assessment can meet its core mandate through enhanced digital capabilities to track and monitor customer interactions, access property data, and facilitate information exchange. The delay in implementation to May 2022 allowed time to re-design of interdependent portfolios, as well as deferred some BC Assessment activities to improve foundational technology components.
- BC Assessment liaised with government, industry, partners and property owners throughout 2021/22 to align priorities and to support their interests, including working closely with the Ministry and DataBC to make all routinely accessible assessment and property inventory data available in the [Open Data Catalogue](#).

Report on Performance: Goals, Objectives, Measures and Targets

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

Objective 1.1: Produce accurate and uniform assessments

Key Highlights

- Continued to invest in improved tools and technologies to support data collection, analysis and process efficiency
- Continued effort to implement and configure a modern core mass appraisal system that will enhance the delivery of assessment services

Performance Measures	2020 Actual ¹	2021/22 Target	2021/22 Actual ²	2022/23 Target	2023/24 Target
1.1a Assessment to Sales Ratio					
- Residential	97.9%	97–100%	97.4%	97–100%	97–100%
- Strata Residential	n/a ³	97–100%	97.4%	97–100%	97–100%
- Non-residential	95.1%	95–100%	95.5%	95–100%	95–100%
1.1b Coefficient of Dispersion					
- Residential Urban	7.0%	5.0–10.0%	9.5%	5.0–10.0%	5.0–10.0%
- Strata Residential Urban	n/a ³	5.0–15.0%	5.6%	5.0–15.0%	5.0–15.0%
- Residential Rural	11.5%	5.0–15.0%	15.3%	5.0–15.0%	5.0–15.0%
- Strata Residential Rural	n/a ³	5.0–15.0%	7.9%	5.0–15.0%	5.0–15.0%
- Non-residential	n/a ³	5.0–15.0%	11.9%	5.0–15.0%	5.0–15.0%
1.1c Price Related Bias					
- Residential	n/a ³	-5.0–5.0%	0.00%	-5.0–5.0%	-5.0–5.0%
- Strata Residential	n/a ³	-5.0–5.0%	-0.01%	-5.0–5.0%	-5.0–5.0%
- Non-residential	n/a ³	-5.0–5.0%	0.00%	-5.0–5.0%	-5.0–5.0%

Data source: Internal property information database.

¹ Calculated based on the 2021 Completed Assessment Roll, created in 2020.

² Calculated based on the 2022 Revised Assessment Roll, created in 2021.

³ This measure was introduced in the 2021/22 Service Plan.

Discussion of Results (Assessment to Sales Ratio)

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 \$243,000 and it sold for \$250,000, 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 2021/22 ASRs in this annual report are based on the 2022 Revised Roll. Residential measures were generated by a new Key Performance Indicator (KPI) application and the non-residential measures are generated by the legacy Performance Management Information (PMI) system.

For the 2022 Assessment Roll, completed by December 31, 2021 and revised through Property Assessment Review Panels (PARP) in early 2022, BC Assessment's Residential and Strata Residential ASR result were both 97.4 percent, which is within the target range and indicates accuracy in reflecting market value in property assessments. The non-residential ASR result is 95.5 percent, which meets the IAAO standard to indicate accuracy in reflecting market value in property assessments.

Discussion of Results (Coefficient of Dispersion)

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.

Example Calculation of Coefficient of Dispersion (Using 97.5% as the Median)	
Assessment to Sales Ratio (ASR)	Deviation from Median
86.60%	10.90%
92.70%	4.80%
97.50%	0.00%
102.30%	4.80%
104.90%	7.40%
Total Deviation	27.90%
Average Deviation	5.58%
Coefficient of Dispersion = (5.58% ÷ 97.5%) * 100% = 5.72%	

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 in the proceeding section.

For the 2022 Assessment Roll, completed by December 31, 2021 and revised through the PARP process in early 2022, BC Assessment's strata residential urban and rural COD were 5.6% and 7.9% respectively. The results achieved fall within the target ranges. The urban residential COD was 9.5 percent, and rural COD result was 15.3 percent. The rural COD is outside the 2021/22 target range due to the limited number of comparable sales that occurred in remote communities around the valuation date.

Discussion of Results (Price Related Bias)

The Price Related Bias (PRB) coefficient measures the percentage relationship between property values and assessment ratios, and 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 indicates 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 0.00%, -0.01% and 0.00% respectively. These all fall within the target range of -5.0% - 5.0% indicating a good quality of assessment.

Objective 1.2: Deliver reliable and accepted assessment rolls

Key Highlights

- 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
- Improved customer access to roll information allowing for easier validation of the accuracy and uniformity of assessments

Performance Measures	2020 Actuals	2021/22 Target	2021/22 Actual	2022/23 Target	2023/24 Target
1.2a Assessment roll stability: change in taxes collected	0.35%	≤ 0.22%	-0.30%	≤ 0.22%	≤ 0.22%
1.2b Percentage of assessments accepted without appeal	98.9%	≥ 98.0%	98.57%	≥ 98.0%	≥ 98.0%

Data source: Internal property information database.

Discussion of Results (Roll Stability)

Assessment roll stability is important for local governments. It is critical for managing their 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 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 2021/22 value measures the 2020 roll stability by estimating the changes in taxes collected as a result of supplementary rolls issued between May 1, 2020, and December 31, 2021. In 2021/22 property assessments provided the base to distribute more than \$8.3 billion property tax revenue.

BC Assessment did not meet the 2021/22 target (2022 Assessment Roll) of having less than 0.22 per cent change in taxes. Actual change in taxes collected or refunded amounted to - 0.30 per cent of general-purpose tax revenues. The target was not achieved due to a few number of high valued properties that were amended along with significant appeal volumes specifically in the lower mainland. BC Assessment continued to have open communication and transparency with taxing jurisdictions by providing risk to roll updates and having individual conversations regarding high-risk appeals.

Discussion of Results (Percentage of Assessments Accepted without Appeal)

This performance measure reflects the public acceptance rate for a completed assessment roll. BC Assessment interprets high acceptance of assessments by residential and non-residential property owner customers as a 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 1st and March 15th each year. The number of complaints (appeals) to PARP gives a useful measure of public acceptance of the assessments.

For the 2022 Assessment Roll, produced during the 2021 calendar year, 30,571 folios were appealed to a PARP, compared to 22,371 related to the 2021 Assessment Roll. This represents a 98.6 percent acceptance rate. Proactive communication with property owner groups and taxing

jurisdictions, combined with enhanced online tools and service, contributed to the 2022 appeal rate staying within the range of the past five years.

Following the receipt of their assessment notices in January of each year property owners have a number of methods (phone, email, online, mail) to contact BC Assessment if they have concerns or questions. In the event of an unresolved issue, property owners can register a complaint with BC Assessment by January 31st and request a formal hearing by an independent review panel. A Notice of Hearing is then issued and a meeting with the PARP is scheduled for the property owner. Following the hearing, and prior to April 7th each year, BC Assessment is required to send a Notice of Decision to the property owner, indicating what the panel's decision was and whether the complaint was successful or unsuccessful.

Property owners may appeal PARP decisions to the Property Assessment Appeals 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. Further information on appeal processes and timelines, is located on the Provincial Government's [Property Assessment Review Panel](#) and [Property Assessment Appeal Board](#) websites.

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 2021/22.

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.

Objective 1.3: Maintain efficient and financially responsible operations

Key Highlights

- Leveraged continuous business process and system improvements throughout the organization to achieve operational and productivity gains
- Balanced work to deliver the assessment roll while responding to the global COVID-19 pandemic

Performance Measure	2019 Baseline	2020 Actuals	2021/22 Target ²	2021/22 Actual	2022/23 Target	2023/24 Target
1.3 Average net cost per property for assessment services ¹	\$45.77	\$45.39	\$47.94	\$44.70	\$ 48.30	\$ 48.50

Data source: Internal property information database and approved financial plans

¹Estimates for tax levy rate increases have not been included in the 2022/23 through 2023/24 figures.

²BCA has changed to a March 31 fiscal year end effective immediately after the end of the December 31, 2020 calendar year. The 2021/22 year reflects a transitional 15 month fiscal period starting January 1, 2021 and ending March 31, 2022. For comparative purposes, the cost per property target for the 2021/22 year has been calculated to reflect a 12-month period.

Discussion of Results

This performance measure reflects BC Assessment's commitment to keeping the costs of assessments affordable while delivering the services that customers count on. 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 workload growth and improve service levels. This performance measure reflects BC Assessment's commitment to keeping costs to the taxpayer as low as possible while still meeting increased service demands in a progressively more complex assessment environment.

The 2021/22 cost per property for assessment services funded from the levy has been calculated by:

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

BC Assessment met the cost per property target for 2021/22, coming in below the target of \$47.97 set in the 2021/22 – 2023/24 Service Plan with an average actual cost per property of \$44.70.

Cost per property target adjustments are made each year as new information becomes available and forecasts are refined. BC Assessment maintains appropriate internal controls and reports regularly to the Board of Directors and to the Office of the Comptroller General. BC Assessment is subject to an annual external audit of its financial statements, currently performed by the Office of the Auditor General. These controls contribute to financial data quality and reliability.

Goal 2: Valued by Customers and Partners - Our property assessment information is valued and relied upon

Objective 2.1: Ensure satisfied customers

Key Highlights

- Customer research and feedback through surveys, website behavior analysis and other feedback mechanisms informed areas where products and services can be improved
- New technology facilitated reliable communications with customers during the pandemic
- Customer interactions through our website in terms of reviewing and analysing property data and trends preceding contact with our experts enhanced the conversations with our experts

Performance Measures	2020 Actuals	2021/22 Target	2021/22 Actual	2022/23 Target	2023/24 Target
2.1 Customer Satisfaction Index					
- Property Owners: Employee Interaction	78	73 to 85	83	73 to 85	73 to 85
- Taxing Authorities: Employee Interaction	92	n/a ¹	n/a ¹	≥ 86	n/a ¹

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

¹ The Customer Satisfaction Index for taxing authorities is conducted through a biennial survey.

Discussion of Results

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.

BC Assessment continued to evaluate feedback from key customer groups to verify service commitments and standards that guide service delivery, inform customers about the level of service they can expect, and allow BC Assessment to monitor and report its performance.

Technology that allowed all staff to receive customer phone calls while working from home due to the pandemic was implemented in 2020 and continued in 2021. Additionally, new technology facilitated the review of BC Assessment's telephone agent interactions with customers to better understand the quality of service BC Assessment provides and identify training opportunities for staff.

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 each year, when the greatest proportion of interactions occur. BC Assessment achieved a result of 83 for the property owner customer group, which is within the target range of 73-85. The score was 5 points higher than 2020 with the index's constituent questions also returning better results. Consistently very 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.

Objective 2.2: Improve access to assessment information

Key Highlights

- Assessment information continued to be delivered to customers through BC Assessment's website making access and analysis effective
- Foundational organizational structure continues to evolve to better support the development and provision of enhanced information products and services
- Non tax levy (data services) revenue services remained stable while access to BC Assessment data was increased as all routinely accessible assessment and property inventory data was made available to government in the Open Data catalogue

Performance Measures	2020 Actuals	2021/22 Target	2021/22 Actual	2022/23 Target	2023/24 Target
2.2 Customer Satisfaction Indices					
- Property Owners: Digital Information	65	≥ 65	68	≥ 65	≥ 65
- Taxing Authorities: Information, Services & Tools	83	n/a ¹	n/a ¹	≥ 73	n/a ¹

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

¹ Customer satisfaction by taxing authorities is assessed through a biennial survey.

Discussion of Results

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 68, which is above target and up 3 points from 2020. The results showed noticeable improvement regarding BC Assessment providing good information about the value of individual properties in BC and providing information that helps property owners determine if the assessed value of their property is accurate and fair.

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 - Our people realize our vision by collaboratively creating innovative solutions

Objective 3.1: Support employee engagement

Key Highlights

- Implement and leverage modern practices and technology to support engagement, collaboration and flexible work options
- Continued to define the future workforce and invest in the career and skill development of our people
- Implement the Diversity and Inclusion Strategy

Performance Measure	2019 Baseline	2020/21 Actual	2021/22 Target	2021/22 Actual ¹	2022/23 Target	2023/24 Target
3.1 Level of Employee Engagement	65	n/a	67	n/a	n/a	Previous result +2

Data Source: BC Assessment contracts an independent third party to conduct the employee engagement survey.

¹ The 2021/22 actual for this performance measure is not available as the survey was not conducted. Further explanation is contained in the discussion of results.

Discussion of Results

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

Financial Report

For the auditor's report and audited financial statements, [see Appendix B.](#)

Discussion of Results

Effective January 1, 2021, BC Assessment's year-end changed from December 31 to March 31 to align with the government's fiscal year. This results in the current transitional 15-month fiscal year starting on January 1, 2021 and ending on March 31, 2022.

BC Assessment recorded a surplus of \$8.7 million for the fiscal year ended March 31, 2022, compared to a break-even budgeted net income of \$0, and \$7.2 million recorded in 2020. Revenues of \$135.0 million were \$896 thousand (0.7%) higher than budget and expenses of \$126.3 million were \$7.8 million (5.8%) lower than budget.

The deferral of the nextGen system Go-Live from 2021 to 2022 had a significant impact on the 2021/22 financial results and caused 79% of the operating expense budget variance and \$6.1 million or 70% of the year end surplus due to deferred amortization and accounting reclassifications.

BC Assessment's capital expenditures totalled \$15.5 million in 2021/22. Approximately 75% or \$11.6 million were related to information technology assets and the remaining 25% were related to other asset acquisitions. The accumulated surplus stood at \$63.3 million at March 31, 2022, with \$53.2 million invested in tangible capital assets, \$3.0 million held in the operating reserve, and \$7.1 million held for future tangible capital acquisitions.

Financial Summary

(\$000)	2020 Actual ¹	2021/22 Budget ¹	2021/22 Actual ¹	2021/22 Budget Variance (Over)/Under
Revenue				
Tax Levies	99,425	126,227	126,521	(294)
Other	6,215	7,887	8,489	(602)
Total Revenue	105,640	134,114	135,010	(896)
Expenses				
Employee Expenses	68,040	85,948 ²	85,616	332
Other Operating Costs	27,105	39,580 ²	36,380	3,200
Capital Asset Amortization	3,300	8,586	4,322	4,264
Total Expenses	98,445	134,114	126,318	7,796
Net Income	7,195	0	8,692	(8,692)
Total Liabilities	22,820	15,302	24,164	(8,862)
Capital Expenditures	12,609	12,194	15,520	(3,326)
Accumulated Surplus	54,654	52,682	63,346	(10,664)

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles for public sector organizations, established by the Public Sector Accounting Board of the Chartered Professional Accountants.

¹ To align with the Government fiscal year, BC Assessment's year-end changed from December 31 to March 31, resulting in a transitional 15-month fiscal period starting on January 1, 2021 and ending on March 31, 2022. The 2021/22 Budget and Actual figures reflect a 15-month fiscal period and the 2020 Actual comparative is based upon a 12-month period from January 1, 2020 to December 31, 2020.

² An immaterial reclassification was made between the employee expense and other operating expense 2021/22 Budget figures reported in the 2021/22 Service Plan to align with the approved Audited Financial Statements contained in Appendix B.

Variance and Trend Analysis

The Financial Report Summary Table shows BC Assessment's actual financial results for the 2020 and 2021/22 fiscal years, along with the 2021/22 budget.

Total revenues of \$135.0 million were \$896 thousand (0.7%) higher than budget mainly due to higher than anticipated tax levies and other income revenues.

Tax levy revenues account for 93.7% of total gross revenues. The 2021/22 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 2021 and 2022 revised roll values and appeal settlements.

All other revenue sources are comprised of payments in lieu of taxes from the Federal and Provincial governments, property assessment services contracts with Indigenous Nations, investment income, other income, and gain on disposal of assets. The increase in other revenues was due to higher than anticipated data access services revenues.

Total operating expenses were \$126.3 million in 2021/22; \$7.8 million or 5.8% lower than budget.

Approximately 67.8% of BC Assessment's operating expenses consist of employee-related costs such as salaries, benefits, training and development. Employee expenses were \$85.6 million in 2021/22, 0.4% or \$332 thousand lower than budget.

Other operating expenses were \$36.4 million in 2021/22, lower than the budget by \$3.2 million or 8.1%. These costs represent 28.8% 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. The cancellation and reduction of travel for business and training because of continued COVID-19 pandemic travel restrictions, the deferral of the nextGen valueBC system go-live from 2021 to 2022, cost savings from virtual panels and electronic materials for the Property Assessment Review Panel (PARP) were the main contributors to lower than budgeted expenditures.

The 2021/22 amortization expense of \$4.3 million was 49.7% or \$4.3 million lower than budget from the deferral of nexGen system amortization charges to 2022/23.

Capital expenditures of \$15.5 million were \$3.3 million or 27.4% higher than budget due to the recognition of capital costs in 2021/22 that were deferred from previous years to complete the nextGen valueBC system.

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

Work on the nextGen valueBC program to replace BC Assessment's aging computer assisted mass appraisal (CAMA) system continued in 2021/22, including effort on portfolio integration for system dependencies, continuity in customer-facing reports, and internal change management.

The nextGen valueBC program is scheduled to be launched on May 24, 2022. As of March 31, 2022, 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 March 31, 2022 (\$millions)	Estimated Cost to Complete (\$millions)	Anticipated Total Cost (\$millions)
nextGen valueBC	2022	\$32.4	\$0	\$32.4
Implement a replacement solution for BC Assessment's aging core assessment business system.				

Appendix A: Additional Information

Organizational Overview

To learn more about how BC Assessment is structured to deliver its work, please refer to the web page at <http://bcassessment.ca/About-Us/about-BC-Assessment>.

Corporate Governance

BC Assessment is governed by a Board of Directors that is accountable to the Minister of Finance for the implementation of Provincial government direction. The Board's direction is implemented by management, who carry out the day-to-day operations of the corporation under supervision of the Chief Executive Officer.

For more information on BC Assessment's Board of Directors, please refer to the web page at <http://bcassessment.ca/About-Us/how-bc-assessment-works/Board-of-Directors>.

For more information on BC Assessment's Executive Management Team, please refer to the web page at <http://bcassessment.ca/About-Us/how-bc-assessment-works/executive-management-team>.

Contact Information

- Mailing address: BC Assessment
400 – 3450 Uptown Boulevard
Victoria, B.C.
V8Z 0B9
- Phone: 1-866-valueBC (1-866-825-8322)
- Email: <https://info.bcasessment.ca/contact-us>
- Online: bcassessment.ca

Appendix B: Auditor's Report and Audited Financial Statements

Financial Statements

**BRITISH COLUMBIA ASSESSMENT
AUTHORITY**

Year ended March 31, 2022



BC ASSESSMENT

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 Randhawa 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, 2022, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the 15-month fiscal period 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, 2022, and the results of its operations, change in its net assets and its cash flows for the 15-month fiscal period then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

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

Other Accompanying Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information accompanying the financial statements 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.

Prior to the date of my auditor's report, I obtained the Annual Report. If, based on the work I have performed on this other information, I conclude that there is a material misstatement therein, I am required to report that fact in this auditor's report. I have nothing to report in this regard.

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 (PSAS), 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 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 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.



Stuart Newton, CPA, CA
Assistant Auditor General

Victoria, British Columbia, Canada
May 12, 2022



OFFICE OF THE
Auditor General
of British Columbia

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Financial Position

(Tabular amounts in thousands of dollars)

As at March 31, 2022

	March 31 2022	December 31 2020
Financial assets		
Cash and cash equivalents (note 3)	\$ 3,033	\$ 28,994
Accounts receivable	2,745	3,079
Due from provincial government (note 13)	23	7
Long-term accounts receivable (note 4)	25,595	-
Asset held for sale (note 6)	263	-
	31,659	32,080
Liabilities		
Accounts payable and accrued liabilities	5,251	7,953
Due to provincial government (note 13)	2,245	1,072
Employee future benefits and other liabilities (note 5)	12,010	11,250
Deferred revenue	125	83
Short-term loans (note 13)	2,892	-
Lease inducements	1,616	2,366
Capital lease obligations	25	96
	24,164	22,820
Net financial assets	7,495	9,260
Non-financial assets		
Tangible capital assets (note 6)	53,251	42,320
Prepaid expenses	2,600	3,074
	55,851	45,394
Accumulated surplus (note 7)	\$ 63,346	\$ 54,654

Commitments (note 8)

Contractual rights (note 12)

Approved on behalf of the Board:



Don Krusel, Chair, Audit & Risk Management Committee



Sylvia Bishop, Board Chair

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)

15-month period ended March 31, 2022 with corresponding figures for the year ended December 31, 2020

	Budget (note 11)	March 31 2022	December 31 2020
Revenues			
Tax levies	\$ 126,227	\$ 126,521	\$ 99,425
Data access services	5,512	6,311	4,074
Payments in lieu of taxes	1,162	1,213	987
Indigenous Nations	844	753	726
Investment income	344	48	142
Other income	25	92	271
Gain/(Loss) on disposal of tangible capital assets	-	72	15
Total revenues	134,114	135,010	105,640
Expenses			
Employee expenses	85,948	85,616	68,040
Information technology	17,061	16,694	11,362
Office premises	7,581	7,425	5,862
Corporate and office	3,941	2,689	2,713
Amortization of tangible capital assets	8,586	4,322	3,300
Appeal costs (note 10)	7,003	6,345	4,242
Travel	1,465	537	498
Assessment notice printing and postage	2,529	2,690	2,428
Total expenses	134,114	126,318	98,445
Annual surplus	-	8,692	7,195
Accumulated surplus, beginning of year	54,654	54,654	47,459
Accumulated surplus, end of year (note 7)	\$ 54,654	\$ 63,346	\$ 54,654

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)

15-month period ended March 31, 2022 with corresponding figures for the year ended December 31, 2020

	Budget (note 11)	March 31 2022	December 31 2020
Annual surplus	\$ -	\$ 8,692	\$ 7,195
Acquisition of tangible capital assets	(12,194)	(15,520)	(12,609)
Amortization of tangible capital assets	8,586	4,322	3,300
(Gain)/Loss on sale of tangible capital assets	-	(72)	(15)
Proceeds on sale of tangible capital assets	-	76	15
Asset held for sale	-	263	-
Change in tangible capital assets	(3,608)	(10,931)	(9,309)
Change in prepaid expenses	-	474	719
Change in net financial assets	(3,608)	(1,765)	(1,395)
Net financial assets, beginning of year	9,260	9,260	10,655
Net financial assets, end of year	\$ 5,652	\$ 7,495	\$ 9,260

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

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Cash Flows

(Tabular amounts in thousands of dollars)

15-month period ended March 31, 2022 with corresponding figures for the year ended December 31, 2020

	March 31 2022	December 31 2020
Cash provided by (used in):		
Operating activities		
Annual surplus	\$ 8,692	\$ 7,195
Items not involving cash		
Amortization of tangible capital assets	4,322	3,300
Change in lease inducements	(750)	397
(Gain)/Loss on disposal of tangible capital assets	(72)	(15)
Transfer land held for resale	263	-
Change in employee future benefits and other liabilities	760	1,551
Change in non-cash assets and liabilities		
Accounts receivable	334	465
Due from provincial government	(16)	4
Long-term accounts receivable	(25,595)	-
Accounts payable and accrued liabilities	(2,702)	1,209
Due to provincial government	1,173	(182)
Deferred revenue	42	(28)
Asset held for sale	(263)	-
Prepaid expenses	474	719
Net change in cash from operating activities	(13,338)	14,615
Capital activities		
Proceeds on sale of tangible capital assets	76	15
Acquisition of tangible capital assets	(15,520)	(12,609)
Net change in cash from capital activities	(15,444)	(12,594)
Financing activities		
Short-term loans	2,892	-
Principal payments on capital lease obligations	(71)	(56)
Net change in cash from financing activities	2,821	(56)
Net change in cash and cash equivalents	(25,961)	1,965
Cash and cash equivalents, beginning of year	28,994	27,029
Cash and cash equivalents, end of year	\$ 3,033	\$ 28,994

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 15-month period ended March 31, 2022

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 has 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. This change came into effect immediately after the fiscal year ended December 31, 2020. These financial statements represent the first complete fiscal period subsequent to this decision. To transition to the new fiscal year end, the current period includes the 15 months ended March 31, 2022, with comparative financial statements for the 12 months ended December 31, 2020. 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) 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, long-term accounts receivable, accounts payable and accrued liabilities, short-term loans, due to provincial government, all of which are reported at amortized cost.

c) 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.

d) 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.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 15-month period ended March 31, 2022

2. Significant Accounting Policies (continued)

e) 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.

f) Employee future benefits

- (i) 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.
- (ii) 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.

g) 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.

h) 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.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 15-month period ended March 31, 2022

2. Significant Accounting Policies (continued)

i) 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 the 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 contract
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.

j) 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.

k) 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.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 15-month period ended March 31, 2022

2. Significant Accounting Policies (continued)

k) Revenues (continued)

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

3. Cash and Cash Equivalents

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

	March 31 2022	December 31 2020
Cash	\$ 3,033	\$ 1,458
Cash equivalents	-	27,536
Total	\$ 3,033	\$ 28,994

As of March 31, 2022 short-term investments held by the Authority have been fully liquidated.

4. Long-term Accounts Receivable

Due to the change in fiscal year end, the Authority has recorded a long-term asset for the value of the unbilled tax levy revenue from January to March 2021.

	March 31 2022	December 31 2020
Long-term accounts receivable	\$ 25,595	\$ -
Total	\$ 25,595	\$ -

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 15-month period ended March 31, 2022

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 2022	December 31 2020
Employee future benefits	\$ 4,672	\$ 4,762
Other liabilities	7,338	6,488
Total	\$ 12,010	\$ 11,250

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 December 31, 2020 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 2022	December 31 2020
Accrued employee future benefits obligation		
Balance, beginning of the year	\$ 4,762	\$ 4,360
Current benefit cost	489	367
Interest	127	124
Benefits paid	(837)	(144)
Amortization of loss	131	55
Balance, end of year	\$ 4,672	\$ 4,762

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 15-month period ended March 31, 2022

5. Employee Future Benefits and Other Liabilities (continued)

(a) Employee future benefits (continued)

	March 31 2022	December 31 2020
Actuarial reconciliation at the end of year		
Actuarial employee future benefits liability	\$ 5,093	\$ 5,707
Unamortized actuarial loss	(421)	(945)
Balance, end of year	\$ 4,672	\$ 4,762

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

	March 31 2022	December 31 2020
Discount rate	2.70%	1.77%
Expected future inflation rate	2.00%	2.00%
Expected productivity and seniority increases	0% to 3.70%	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. Actual benefit payments from January 1, 2021 to March 31, 2022 were higher than expected, resulting in a loss of \$30 thousand. Additionally, the discount rate changed from 1.77% per annum to 2.70% per annum, resulting in a gain of \$423 thousand. Overall, this created a net actuarial gain as at March 31, 2022 of \$393 thousand.

The cumulative unamortized actuarial loss on future payments, net of the gain as at March 31, 2022, is amortized over the estimated average service lives of the employees, which is 11 years (2020 - 11 years).

(b) Employee pension benefits

The Authority and its employees contribute to the Public Service Pension Plan (a jointly trusted 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, 2021, the plan has about 67,762 active members and approximately 52,194 retired members.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 15-month period ended March 31, 2022

5. Employee Future Benefits and Other Liabilities (continued)

(b) Employee pension benefits (continued)

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, 2021 extrapolation based on the actuarial valuation as at March 31, 2020, indicated a funding surplus of \$3.1 million for basic pension benefits on a going concern basis. The Authority paid \$6.4 million for employer contributions to the plan as at March 31, 2022 (2020 - \$5.1 million). In addition, the Authority collected and remitted to the Public Service Pension Plan \$5.4 million in employee contributions (2020 - \$4.4 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 15-month period ended March 31, 2022

6. Tangible Capital Assets

(a) Changes to tangible capital assets within the year

Cost	December 31 2020	Additions	Disposals & transfers	March 31 2022
Land	\$ 354	\$ -	\$ (263)	\$ 91
Buildings	2,897	-		2,897
Furniture & office equipment	7,138	262	(198)	7,202
Computer equipment	5,605	3,610	(963)	8,252
Motor vehicles	1,496	52	(323)	1,225
Leasehold improvements	8,222	12	-	8,234
Major enterprise application software	23,865	-	944	24,809
Enterprise, productivity and other software	877	-	(55)	822
Software under development	32,461	11,584	(944)	43,101
Total	\$ 82,915	\$ 15,520	\$ (1,802)	\$ 96,633

Accumulated Amortization	December 31 2020	Disposals	Amortization expense	March 31 2022
Buildings	\$ 2,793	\$ -	\$ 7	\$ 2,800
Furniture & office equipment	5,965	(194)	636	6,407
Computer equipment	4,694	(963)	1,391	5,122
Motor vehicles	1,108	(323)	177	962
Leasehold improvements	5,892	-	731	6,623
Major enterprise application software	19,390	-	1,273	20,663
Enterprise, productivity and other software	753	(55)	107	805
Software under development	-	-	-	-
Total	\$ 40,595	\$ (1,535)	\$ 4,322	\$ 43,382

* Major enterprise application software disposals and transfers includes \$944 thousand in transfers from software under development into production.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 15-month period ended March 31, 2022

6. Tangible Capital Assets (continued)

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

Net book value	December 31 2020	March 31 2022
Land *	\$ 354	\$ 91
Buildings	104	97
Furniture & office equipment	1,173	794
Computer equipment	911	3,132
Motor vehicles	388	263
Leasehold improvements	2,330	1,611
Major enterprise application software	4,475	4,145
Enterprise, productivity and other software	124	17
Software under development	32,461	43,101
Total	\$ 42,320	\$ 53,251

* The carrying value of the Courtenay office property has been reclassified to asset held for sale as the Authority has entered into a contract to sell in the next fiscal year.

(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, which is in accordance with Public Sector Accounting Standard 3150.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 15-month period ended March 31, 2022

7. Accumulated Surplus

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

	March 31 2022	December 31 2020
Surplus		
Invested in tangible capital assets	\$ 53,226	\$ 42,224
Reserve		
Future tangible capital asset acquisitions	7,120	9,430
Operating	3,000	3,000
Total reserves	10,120	12,430
Accumulated surplus, end of year	\$ 63,346	\$ 54,654

Certain amounts are set aside in accumulated surplus for future financial obligations and the purchase of tangible capital assets. As at March 31, 2022, \$4,921 thousand was applied to the reserve for future tangible capital asset acquisitions. In addition, \$7,231 thousand was transferred out of the reserve for future tangible capital asset acquisitions to fund the assessment system replacement in accordance with Board direction.

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 management's control.

8. Commitments

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

Year(s)	Payment
2022/23	\$ 21,626
2023/24	11,101
2024/25	6,677
2025/26	4,230
2026/27	3,027
2027/28 - 2032/33	5,362
	\$ 52,023

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 15-month period ended March 31, 2022

9. Contingent Liabilities

The collective agreement between the Authority and the Canadian Union of Public Employees (CUPE) Local 1767 expired on December 31, 2021. Collective bargaining is in progress between the employer and the union. This will give rise to future liabilities. A provision has been made in these financial statements. The estimated amount for the period January 1, 2022 to March 31, 2022 is \$635 thousand.

10. 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 \$5.5 million as at March 31, 2022 (2020 - \$3.9 million).

11. Budget Data

The 2021/22 budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board on March 11, 2021.

12. 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, 2022 are as follows:

Year(s)	Amount
2022/23	\$ 2,688
2023/24	1,931
2024/25	972
2025/26	358
2026/27	32
	\$ 5,981

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(Tabular amounts in thousands of dollars)

For the 15-month period ended March 31, 2022

13. 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 \$5.9 million. This is approximately 4.4% 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 2022	December 31 2020
Revenues		
Data access services	\$ 1,880	\$ 1,400
Other income	87	-
Expenses		
Appeal costs	5,540	3,934
Information technology	1,066	809
Employee expenses	251	185
Office premises	175	119
Assessment notice printing and postage	126	78
Corporate and office	81	73
Travel	58	81
Assets/(Liabilities) at period end with related parties:		
Due from provincial government	23	7
Due to provincial government	(2,245)	(1,072)
Short-term debt due to provincial government	(2,892)	-

The Authority contracts the disposal of surplus assets to the Province of British Columbia. Sale proceeds net of disposal costs were \$78 thousand as at March 31, 2022 (2020 - \$18 thousand).

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Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 15-month period ended March 31, 2022

14. 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.

Due to the legislative change to move the Authority's fiscal year-end from December 31 to March 31, a long-term asset has been recorded for the unbilled revenue due for January to March 2021. This asset increases overall credit risk for the Authority, but the context is specific to this legislative change and options to collect are under discussion with the Province.

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.

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 date of acquisition.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 15-month period ended March 31, 2022

14. Financial Risk Management (continued)

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 each time a loan is request under this agreement.

15. Comparative Information

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

16. Other Significant Events

As the COVID-19 pandemic continued into 2021/2022, the Public Health Officer (PHO) for the Province for BC implemented measures to contain the virus through vaccination campaigns. The Authority has implemented measures consistent with PHO directives to monitor and prevent the effects of the COVID-19 virus, including health and safety measures for our employees such as physical distancing, working from home and a mandatory vaccination policy. At this point, the event has had no financial and limited operational impacts on the Authority. The Authority continues to follow PHO advice and directives, while maintaining our operations in the best and safest way possible for our employees.

17. Subsequent Events

The following event and transaction occurred subsequent to March 31, 2022:

- The sale of 2488 Idiens Way in Courtenay, BC completed on April 12, 2022 for \$1.7 million, which resulted in a gain of \$1.5 million.