

# BC Assessment

## 2023/24 Annual Service Plan Report

August 2024



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## Board Chair's Accountability Statement



The BC Assessment 2023/24 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2023/24 – 2025/26 Service Plan published in 2023. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in black ink, appearing to be 'RW', written in a cursive style.

Ruth Wittenberg  
Board Chair, BC Assessment  
July 30, 2024

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## Letter from the Board Chair & CEO

BC Assessment is committed to transparent and proactive communications with the Provincial government, stakeholders and customer groups.

By aligning with government's key priorities, we continue to maintain our relationships and service delivery commitments with local governments, Indigenous communities, property owner customers, and the Province. Specifically, the increased trust of the public is highlighted by the 99 percent "assessments accepted without appeal" performance measure.

The Customer Satisfaction Index results for Property Owner Customers, have increased above the target for 2023/24. This is reflected in the score for employee interaction and digital information - an indication of our focus on improving products and services.

Reviewing operations and policies with an environmental, social and governance (ESG) framework has been effective in driving continuous improvement in areas such as meeting or exceeding building and fleet emission targets by 2030. BC Assessment entered year three of its Diversity and Inclusion strategy. Key to our progress has been input from those with lived experiences and the application of Gender-Based Analysis Plus (GBA+).

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

In 2024, four new Board members were appointed to BC Assessment's Board of Directors. All members are provided with an orientation package and take part in Board and Committee orientation sessions. The Board of Directors approves an education plan, and Directors are provided with opportunities to participate in professional development courses.



Kathleen (Ruth) Wittenberg  
Chair, Board of Directors  
July 30, 2024



Jason Grant  
President and Chief Executive Officer  
July 29, 2024

## 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 was expanded upon in the Board Chair's [2021/22 Mandate Letter](#) from the Minister Responsible. This shaped the goals, objectives, performance measures and financial plan outlined in the BC Assessment [2023/24 - 2025/26 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 by 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 2023/24, BC Assessment managed a number of factors, which influenced the operating environment and results:

- The residential real estate market experienced a time of relative stability in 2023. This was reflected in lower inquiries and appeals to the Property Assessment Review Panel (PARP) in early 2024. The development of new properties and changes to existing properties continued to impact BC Assessment work volumes.
- BC Assessment monitored market trends, responded to government, and provided support to the provincial government's housing priorities and affordability initiatives.

- BC Assessment considered the impacts of extreme weather, and the affects it had on areas of the province, proactively reaching out to those impacted to ensure accurate assessments.
- BC Assessment continued its focus on improving products and services in response to changing customer expectations.
- With a downward trend in turnover and success in our proactive approach to managing anticipated vacancies and projected retirements, our focus turned to investing in learning, employee and leadership development, and succession planning for a robust and skilled workforce into the future.
- Technology focus has shifted to modernizing architectural platforms while delivering new and enhanced business capabilities and refining cybersecurity.

# Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2023/24 – 2025/26 service plan. For forward-looking planning information, including current targets for 2024/25 – 2026/27, please see the latest service plan on the [B.C. Budget website](#).

## Goal 1: BC Assessment is a trusted leader in the delivery of a high quality and accurate assessment roll

### Objective 1.1: Produce accurate and uniform assessments

BC Assessment continually enhances and modernizes its business practices to ensure assessments are accurate and uniform.

#### Key results

- Met all roll quality targets, which included both provincial and international standards.
- Improved tools for BC Assessment staff including better access to timely reports and enhanced audit functionality.
- Provided Assessment Rolls for 100 Indigenous Nations Service Agreements, including Treaty First Nations, the Nisga'a Nation, shíshálh Nation Government District, and Indigenous Nations on reserve lands, to support their ability to establish and sustain self-taxation.

#### Summary of progress made in 2023/24

BC Assessment has focused on a number of initiatives to enhance the quality of our data. These initiatives included improved tools for our staff along with enhanced roll quality audits and expanded reporting analytics, contributing to a reliable and high-quality core product and greater confidence for stakeholders that rely upon this information. This included \$36.29 billion in non-market change (new construction) added to the 2024 Assessment Roll (compared to \$32.45 billion on the 2023 Assessment Roll). This additional value serves as important new tax base for taxing authorities.

Enhanced Roll Quality Audits as part of the broader audit program improved data quality, efficiency and ease of use for the development of the 2024 Assessment Roll. Tools were also improved, providing staff with more efficient ways to respond to customer inquiries, and preparation for appeals. BC Assessment optimized use of advanced analytics to support efficient production of property assessments.

BC Assessment successfully delivered the 2023 Assessment Roll, produced in their new property assessment software (AssessBC). The second assessment roll, produced using



AssessBC in 2024, brought an increased level of confidence due to familiarity in use of the tools, including enhanced roll quality audits.

BC Assessment provided assessment services and advice that supports 100 First Nations to be self-taxing, a key element of United Nations Declaration on the Rights of Indigenous People (UNDRIP). We are continually expanding partnership opportunities to support First Nations with property assessment services, which support in establishing a stable tax base and administering effective and efficient property taxation in their communities.

### Performance measures and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1.1a Assessment to Sales Ratio			
- Residential	97.7%	97 - 100%	97.9%
- Strata Residential	97.7%	97 - 100%	97.8%
- Non-residential	93.4%	95 - 100%	95.8%
1.1b Coefficient of Dispersion			
- Residential Urban	9.3%	5.0 – 10.0%	7.9%
- Strata Residential Urban	6.0%	5.0 – 10.0%	5.3%
- Residential Rural	13.7%	5.0 – 15.0%	12.0%
- Strata Residential Rural	10.0%	5.0 – 15.0%	6.6%
- Non-residential	14.0%	5.0 – 15.0%	9.3%
1.1c Price Related Bias			
- Residential	-0.5%	-5.0 – 5.0%	0.1%
- Strata Residential	-1.4%	-5.0 – 5.0%	-0.6%
- Non-residential	0.0%	-5.0 – 5.0%	0.0%

Data source: Internal property information database.

BC Assessment uses roll quality measures to assess the accuracy and uniformity of the assessment roll, and to identify areas for improvement in data quality and processes. These roll quality measures include Assessment to Sales Ratio (ASR), Coefficient of Dispersion (COD), and Price Related Bias (PRB).

The median 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 \$972,000 and it sold for \$1,000,000, the ASR would be 97.2 percent. The IAAO’s standard for a median ASR is 90–110 percent. BC Assessment targets a higher level of accuracy, striving for a median of 97–100 percent for residential properties and 95–100 percent for non-residential properties.

BC Assessment measures the COD for residential properties located in both urban and rural areas, according to internationally recognized standards. The COD measures appraisal uniformity by calculating the dispersion of all ASRs around the median ASR. The COD is calculated by adding the differences between each ASR in the group and the median ASR, then, determining the average difference. A more uniform and accurate portfolio of assessments is indicated by a lower COD percentage. BC Assessment has matched the IAAO standards for the COD on single-family residential properties at a 5–10 percent range for homogeneous (urban) regions, a 5–15 percent range for heterogeneous (rural) regions, and 5–15 percent for non-residential properties. A broader range is targeted for rural regions, due to fewer comparable market references and potentially wider ranges of purchase price for any given property.

The PRB is a measure that shows whether the assessment-to-sales price ratios are systematically higher, lower or steady as property values increase. The PRB measures the percentage relationship between property values and assessment ratios, indicating 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. 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 is neither regressive nor progressive, because value inequities lead to property tax inequities.

The ASR's, COD's and PRB's all fell within the provincial and international standards set to ensure a high quality assessment roll.

## Objective 1.2: Deliver reliable and accepted assessment rolls

BC Assessment leveraged AssessBC and appraisal expertise to deliver reliable and accepted assessment rolls.

### Key results

- Implemented enhancements to the AssessBC system.
- Enhanced audits and data validation activities supported a high-quality assessment roll and low error rates.
- Reduction in the total number of 2024 assessments appealed to the Property Assessment Review Panel (PARP).
- Low number of inquiries received by BC Assessment relating to the 2024 Assessment Roll.

### Summary of progress made in 2023/24

Continued efforts were made to further reduce avoidable errors on the assessment roll. Data validation was optimized within AssessBC. Specialized cross-functional teams met throughout the roll production timeframe, to resolve outstanding critical and high audit flags, before the roll was run.

BC Assessment saw a 25 percent reduction in inquiries from the public during the inquiry period in January. The transparency of the Assessment Search system, available on our public website, allowed property owners to self-serve, and provided reassurance that their assessment is accurate and fair.

**Performance measures and related discussion**

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1.2a Assessment roll stability – change in taxes collected <sup>1</sup>	99.86%	≥ 99.70%	99.88% <sup>2</sup>
1.2b Percentage of assessments accepted without appeal	98.6% <sup>3</sup>	≥ 98.0% <sup>4</sup>	99.0% <sup>5</sup>

Data source: Internal property information database.

<sup>1</sup>PM 1.2a: This performance measure has been inverted from previous years to better align with the Assessment Accepted without Appeal measure. Previously it was reported as the percentage change in tax collected and is now being reported as the percentage of tax collected that did not change.

<sup>2</sup>Reflects actual changes in taxes collected as a result of supplementary rolls issued between May 1, 2022, and December 31, 2023.

<sup>3</sup>PM 1.2b: 2023 Revised Roll assessment acceptance without appeal.

<sup>4</sup>2023-24 to 2025-26 Service Plan referenced target for this performance measure of ≥99.0% - which was a typographical error. Corrected in 2023/24 ASPR to reference the correct target of ≥98.0%.

<sup>5</sup>PM 1.2b: 2024 Revised Roll assessment acceptance without appeal.

Each year, property statuses can change, data errors are corrected, and new properties are developed. The assessment roll is also subject to supplementary changes made after an appeal to PARP and/or the Property Assessment Appeal Board (PAAB). These activities further supported the overarching goal of delivering a reliable and accepted assessment roll.

In 2022/23, property assessments provided the base for taxing jurisdictions to collect approximately ten billion dollars in property tax revenue. Assessment Roll Stability indicator estimates the amount of taxes collected or refunded by taxing jurisdictions that did not change in general taxable value for a period of 20 months after the revised roll is completed. A high estimate indicates a stable, high-quality assessment roll.

The 2023/24 actual performance measure, provides an indication of the 2022 Assessment Roll Stability by estimating the changes in taxes collected as a result of supplementary rolls issued between May 1, 2022, and December 31, 2023. The targets were determined based on analysis of historical data for taxes collected or refunded. BC Assessment met the 2023/24 target of Assessment Roll Stability of having less than 0.3 percent change in taxes. Actual change in taxes collected or refunded amounted to 0.12 percent of general-purpose tax revenues as a result of supplementary rolls issued between May 1, 2022, and December 31, 2023.

The performance measure “Percentage of Assessments Accepted without Appeal” reflects the public acceptance rate for a completed assessment roll. BC Assessment interprets high acceptance of assessments (without appeal) by residential, commercial and major industry customer groups as general validation of overall high quality, accuracy, and uniformity of assessments. Property owners are encouraged to contact BC Assessment following the receipt of their assessment notice in January if they have concerns or questions. For the 2024

Assessment Roll, 22,798 folios were appealed and reviewed by PARP. This represents a 99.0 percent acceptance rate.

Assessment data quality and accessibility have improved in recent years as demonstrated through the number of formal complaints registered, which has represented consistently under two percent of assessed properties. BC Assessment's target represents a balance between delivering a high-quality assessment roll and managing available resources.

## Goal 2: BCA provides trusted and reliable property assessment information valued by customers and partners.

### Objective 2.1: Ensure positive customer and partner interactions

This objective reflects the importance of understanding customer needs and working with partners to build relationships to identify areas for process improvement. This objective also 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

- With relative market stability through 2023, a proactive Property Assessment Communication Campaign ("PACC") allowed BC Assessment to focus on clear communications with customer groups, resulting in lower inquiry volumes during the month of January 2024.
- Provided Early Notification Letters to owners whose property assessment changed significantly from the typical ranges for their jurisdiction.
- Participated with the Ministry of Finance on enhancements in the use of the PARP Online Evidence Submission System.
- Attended various conferences, forums and meetings with Indigenous Nations, and local and provincial governments.

#### Summary of progress made in 2023/24

BC Assessment's annual PACC began on January 2, 2024, with four regional news releases distributed to all BC media outlets. As a result of media coverage, BC Assessment's public website saw increased users in early January, with owners interested in how the market impacted their assessment. The positive tone of media coverage exceeded our corporate benchmark of 90 percent positive/neutral coverage. These results are attributed in large part to a highly coordinated campaign designed to provide reassurance to property owners.

Early Notification Letters also provided an important customer service outreach. These letters are a tool used to provide additional time for owners to contact BC Assessment in situations

where property assessments have changed significantly from typical ranges for their jurisdiction. Approximately 37,000 letters were sent in December 2023, based on value, class or exemption changes falling outside of the typical range.

While the overall number of properties in BC continues to increase, appeals/complaint volumes fluctuate annually and are usually dependent on market conditions (e.g. an active or volatile market usually results in more inquiries/complaints). The low level of appeal rates speaks to BC Assessment's consistency in providing fair and accurate property assessments, while providing the public with access to information used to determine assessed values. Ministry enhancements to the PARP Online Evidence Submission System, have provided an effective and efficient method for all parties to participate in hearings. All parties can easily access the system, to upload their evidence for the Panel's review during their hearing.

BC Assessment continued to support our Indigenous Nations and local government and taxing authorities, with visibility at numerous conferences and meetings. These venues were extremely helpful for collecting feedback, surfacing and discussing issues, and improving support to these customers.

## 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

- Supported Local Government Customers with online access to self-serve reports.
- Piloted Digital Assessment Notices as an additional feature on BC Assessment's public website for those who have a BC Services Card account.
- Launched an accessibility survey on BC Assessment's website for public input to address accessibility barriers.
- Dedicated focus on improving customer service through process refinements and the enhancement of tools and auditing.

### Summary of progress made in 2023/24

BC Assessment was able to improve both currency and quality of data for taxing authorities and local governments. Local Government Customers were provided with access to self-serve data and reports, which were supported with individual assistance when needed. In addition to the administration of property tax, this information has been used to support regional growth strategies, which included an increased focus on housing supply.

The BC Assessment website provided a digital option of the 2024 Assessment Notice, available to owners who have a BC Services Card account. The pilot of this service provided valuable feedback for further digital opportunities and interactions with our customers.

As required by the [Accessible British Columbia Act](#), the Accessibility Survey on our public website, provides a simple option for submission of any barriers our customers and members of the public may be facing. The survey input along with the formation of BC Assessment's Accessibility Committee supports continued work to finalize the Accessibility Plan for BC Assessment and prevent barriers in the future.

### Performance measures and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
2.2a Customer Satisfaction Index – Property Owners (Employee Interaction)	74 <sup>1</sup>	73 to 85	79
2.2b Customer Satisfaction Index – Property Owners (Digital Information)	60 <sup>1</sup>	≥ 65	67
2.2c Customer Satisfaction Index – Taxing Authorities (Employee Interaction) <sup>4</sup>	84 <sup>2</sup>	n/a <sup>3</sup>	n/a
2.2d Customer Satisfaction Index – Taxing Authorities (Information, Services and Tools)	71 <sup>2</sup>	n/a <sup>3</sup>	n/a

Data source: BC Assessment Customer Satisfaction Survey.

<sup>1</sup> 2023 Customer Experience Survey

<sup>2</sup> Relationship Checkup Study (March 2023) – combined Local Government and Indigenous Nations Customer Groups

<sup>3</sup> The Customer Satisfaction Index for taxing authorities is conducted through a biennial survey – next survey Q1 2025

<sup>4</sup> 2023/24 – 2025/26 Service Plan referenced this measure as “Digital Information” in error. Corrected reference to “Employee Interaction” as per Relationship Checkup Study – March 2023.

The 2023/24 Actual for the Property Owners - Employee Interaction Index has reached a score of 79, firmly within the target range. The Property Owners - Digital Information Index has achieved a score of 67, surpassing the target minimum. Both indexes have shown improvement compared to 2022/23. These results can be attributed to several factors, including a dedicated focus on improving customer service through process refinements and the enhancement of tools and auditing, an increase in the experience level of our staff, and greater stability in residential markets. These efforts have collectively contributed to the positive outcomes observed in this year's indexes.

The Customer Satisfaction Index for Taxing Authorities is conducted through a biennial survey, with the next survey scheduled for 2025. BC Assessment continues to work with our Taxing Authority customers, to ensure they have access to the online information and tools they value.

## Goal 3: Sustained and responsive processes and tools to ensure robust and resilient operations

### Objective 3.1: Maintain efficient and financially responsible operations

This objective focuses on finding efficiencies in delivering high quality assessments, and continuous improvement in managing available resource capacity across BC Assessment.

#### Key results

- Continued to reduce operational and environmental footprint.
- Partnered with several municipalities on change detection imagery projects.

#### Summary of progress made in 2023/24

With a target of 100 percent electrification by 2035, BC Assessment ordered its first three fully electric vehicles to join the fleet in spring 2024.

System enhancements to AssessBC and Enterprise Resource Planning (ERP) system, continued to be prioritized, taking into consideration how technology can best be used to identify and implement procedural efficiencies, which, in turn, have an impact on our ability to manage a growing assessment roll, adding approximately 20,000 folios to the roll each year.

Partnering with municipalities on imagery projects resulted in more efficient expenditures, while ensuring accuracy of information on which the municipality bases their tax rates and budget. Change Detection imagery projects involve the use of software to compare images and building outlines from two different years. This provides an efficient way to identify changes made to buildings, that may trigger a change in the assessed value of a property.

### Objective 3.2: Enhance digital capabilities and flexibility

This objective focuses on continuing to move toward a digital future through technology enhancements.

#### Key results

- Continued to evolve and modernize key technology platforms and management of digital services.
- Used modern tools to collect data and information to ensure accurate and reliable property assessments.

#### Summary of progress made in 2023/24

Following the implementation and stabilization of AssessBC, BC Assessment's technology focus shifted to modernizing architectural platforms and planning for delivery of new and enhanced business capabilities. Work is underway to develop a longer-term strategy and digital services roadmap.

Modern imagery change detection tools and information was used to validate and update the currency of property information.

**Performance measure(s) and related discussion**

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
3.1 Net Cost per Property	\$50.48	\$53.46 <sup>1</sup>	\$54.10

Data source: Internal property information database.

<sup>1</sup>The 2023/24 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 2023, after the 2023/24-2025/26 Service Plan publication date of February 2023.

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.

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

$$\frac{(total\ expenditures - non-tax\ levy\ revenue)}{number\ of\ properties} = average\ net\ cost\ per\ property$$

The actual net cost per property of \$54.10 for the 2023/24 fiscal year was higher than the target of \$53.46. The 2023/24 financial results were influenced by a number of external factors outside of BC Assessment control, such as collective agreement wage settlements that fall within a bargaining mandate set by the BC Government and inflation which impacts the costs of goods and services, some of which BC Assessment was able offset. Investments in technology and innovative business process improvements have been essential in allowing BC Assessment to absorb continuous property and workload growth while improving service levels and keeping costs to the taxpayer at or below inflation.



## 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 \$2.2 million (1.8% of budgeted revenues) for the fiscal year ended March 31, 2024, compared to a break-even budgeted net income of \$0, and a deficit of \$992 thousand recorded for the prior fiscal year.

Revenues of \$121.5 million and operating expenses of \$123.7 million were \$1.1 million (1.0%) and \$3.3 million (2.7%) higher than budget, respectively. The 2023/24 financial results were influenced by 2022-2024 Collective Agreement wage increases.

BC Assessment's capital expenditures totaled \$5.9 million in 2023/24. Approximately 48% were related to information technology assets, 35% to recognize network storage upgrades, and 17% related to other asset acquisitions.

The accumulated surplus was \$60.2 million on March 31, 2024, with \$48.4 million invested in tangible capital assets, \$3.0 million held in the operating reserve, and \$8.8 million held for future tangible capital acquisitions.

## Financial Summary

(\$000s/\$m)	2022/23 Actual <sup>1</sup>	2023/24 Budget <sup>1,2</sup>	2023/24 Actual <sup>1</sup>	2023/24 Budget Variance Over/(Under)
<b>Revenues</b>				
Tax Levies	106,461	113,606	114,215	609
Other Revenue	9,145 <sup>3</sup>	6,802	7,338	536
<b>Total Revenue</b>	<b>115,606</b>	<b>120,408</b>	<b>121,553</b>	<b>1,145</b>
<b>Expenses</b>				
Employee expenses	75,277	77,292	82,695	5,403
Other operating expenses	34,652	34,795	33,514	(1,281)
Amortization	6,669	8,321	7,512	(809)
<b>Total Expenses</b>	<b>116,598</b>	<b>120,408</b>	<b>123,721</b>	<b>3,313</b>
<b>Annual Surplus (Deficit)</b>	<b>(992)</b>	<b>0</b>	<b>(2,168)</b>	<b>(2,168)</b>
<b>Total Debt<sup>4</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities</b>	<b>21,311</b>	<b>25,852</b>	<b>21,429</b>	<b>(4,423)</b>
<b>Accumulated Surplus</b>	<b>62,354</b>	<b>62,354</b>	<b>60,186</b>	<b>(2,168)</b>
<b>Capital Expenditures</b>	<b>3,477</b>	<b>8,321</b>	<b>5,850</b>	<b>(2,471)</b>

<sup>1</sup> 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.

<sup>2</sup> BC Assessment received approval for its tax levy rates in March 2023, which resulted in changes to its 2023/24 budget subsequent to publication of the 2023/24 Service Plan in February 2023. The table above reflects the more recent and accurate 2023/24 Budget, based on BCA's approved rates.

<sup>3</sup> 2022/23 Other Revenue includes extraordinary revenue of a \$1.5M gain from the sale of the BCA Courtenay Office.

<sup>4</sup> BCA is prohibited by legislation to carry long-term debt.

## Variance and Trend Analysis

The Financial Summary Table shows BC Assessment's actual financial results for the 2022/23 and 2023/24 fiscal years, along with the 2023/24 budget. BC Assessment ended the fiscal year with a deficit of \$2.2 million, which is 1.8% of revenues for 2023/24. This is within Provincial Treasury Board's approval limit for BC Assessment to access up to \$2.5 million from its accumulated surplus and reserves to fund a realized deficit in 2023/24.

Total revenues to March 31, 2024 are \$121.5 million and were \$1.1 million (1.0%) higher than budgeted tax levies and other income.

Tax levies were \$114.2 million in 2023/24 and account for 94.0% of total revenues. The 2023/24 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 2023 and 2024 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 \$7.3 million or 6.0% to total revenues in 2023/24. The increase from budget was mainly from higher than budgeted investment income from higher than expected Treasury bill yields.

Total operating expenses of \$123.7 million were \$3.3 million (2.7%) higher than budget. Approximately 66.8% of BC Assessment's operating expenses consist of employee-related costs such as salaries, benefits, training and development. Employee expenses were \$82.7 million in 2023/24, 7.0% or \$5.4 million higher than budget. During the year, BC Assessment directed additional revenues to fund 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 represent 27.1% of total expenses and include costs related to information and communications technology, office premises, corporate and office, assessment appeal, assessment notice printing and postage, and travel. Cost savings of \$1.3 million in this category were redirected to fund wage pressures.

Amortization charges for 2023/24 were \$7.5 million, \$809 thousand lower than budget due to lower revised capital expenditures.

Capital expenditures of \$5.9 million were \$2.4 million (29.5%) lower than budget from less spending required, which also resulted in lower than budgeted amortization charges

## 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.

## Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 and 2023/24 Mandate Letter from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2024
<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"> <li>• BCA continued to monitor market trends for all properties across the province to complete, seamless delivery of the 2024 Assessment Roll, our core product.</li> </ul>
<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"> <li>• BCA has continued with a digital PARP process, in partnership with government while balancing internal and external resources. BCA continues to work with the Ministry on updates and enhancements to improve scheduling and public facing supports for the process.</li> <li>• BCA was consulted on revisions to First Nation assessment and taxation laws as a trusted and valued partner.</li> </ul>
<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"> <li>• BCA worked with the Ministry on a number of files such as extreme weather events, secondary suites, strata accommodation properties and farm classification, as well as responding to numerous data requests, as we continue to be consulted with respect to the development of policy, regulatory, legislative and operational solutions.</li> </ul>
<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"> <li>• BCA continued to review and consider process and systems enhancements, which will result in operational efficiencies.</li> <li>• BCA has enhanced its' internal focus on people, with greater focus on diversity and inclusion, health and well-being, investment in learning, and workforce planning.</li> </ul>

<b>2023 Mandate Letter Priority</b>	<b>Status as of March 31, 2024</b>
In cooperation with the Ministry of Finance, BC Assessment will endeavor to collect and refine data that is necessary to better support government's strategic policy development and evaluation of existing programs.	<ul style="list-style-type: none"><li>• BCA has engaged with the Ministry, providing information/data to support the Province's housing affordability and related initiatives.</li></ul>

## **Appendix B: Auditor's Report and Audited Financial Statements**



**BC ASSESSMENT**

British Columbia Assessment Authority  
**Financial Statements**

Year ended March 31, 2024



## 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 KPMG LLP. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.



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Char Paul  
Vice President and Executive  
Financial Officer



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Jason Grant  
President and Chief Executive Officer



# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Statement of Financial Position

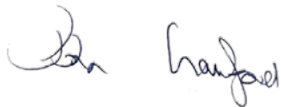
(Tabular amounts in thousands of dollars)

As at March 31, 2024

	March 31 2024	March 31 2023
<b>Financial assets</b>		
Cash and cash equivalents (note 3)	\$ 2,554	\$ 1,196
Accounts receivable	27,913	30,053
Due from provincial government (note 12)	8	12
	30,475	31,261
<b>Liabilities</b>		
Accounts payable and accrued liabilities	4,090	3,210
Due to provincial government (note 12)	2,707	3,193
Employee future benefits and other liabilities (note 4)	11,627	11,373
Deferred revenue	104	100
Lease inducements	2,901	3,435
	21,429	21,311
<b>Net financial assets</b>	9,046	9,950
<b>Non-financial assets</b>		
Tangible capital assets (note 5)	48,350	50,056
Prepaid expenses	2,790	2,348
	51,140	52,404
<b>Accumulated surplus (note 6)</b>	\$ 60,186	\$ 62,354

Commitments (note 7); Contractual rights (note 11)

Approved on behalf of the Board:



John Crawford  
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)

For the year ended March 31, 2024

	Budget (note 10)	March 31 2024	March 31 2023
<b>Revenues</b>			
Tax levies	\$ 113,606	\$ 114,215	\$ 106,461
Data access services (note 8)	4,777	4,059	4,864
Payments in lieu of taxes	930	1,059	1,117
Indigenous Nations	775	832	765
Investment income	300	1,353	914
Other income	20	38	3
Gain/Loss on disposal of tangible capital assets	-	(3)	1,482
<b>Total revenues</b>	<b>120,408</b>	<b>121,553</b>	<b>115,606</b>
<b>Expenses</b>			
Employee expenses	77,292	82,695	75,277
Information technology	17,264	15,958	17,615
Office premises	6,291	5,982	6,167
Corporate and office	2,801	3,161	2,758
Amortization of tangible capital assets	8,321	7,512	6,669
Appeal costs (note 9)	4,670	4,016	4,181
Travel	1,336	1,512	1,068
Assessment notice printing and postage	2,433	2,885	2,864
<b>Total expenses</b>	<b>120,408</b>	<b>123,721</b>	<b>116,598</b>
Annual surplus/(deficit)	-	(2,168)	(992)
Accumulated surplus, beginning of year	62,354	62,354	63,346
Accumulated surplus, end of period (note 6)	\$ 62,354	\$ 60,186	\$ 62,354

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)

For the year ended March 31, 2024

	<b>Budget (note 10)</b>	<b>March 31 2024</b>	<b>March 31 2023</b>
Annual surplus/(deficit)	\$ -	\$ (2,168)	\$ (992)
Acquisition of tangible capital assets	(8,321)	(5,850)	(3,477)
Amortization of tangible capital assets	8,321	7,512	6,669
Gain/Loss on disposal of tangible capital assets	-	3	(1,482)
Write down of tangible capital assets	-	40	-
Proceeds on sale of tangible capital assets	-	1	1,748
Asset held for sale	-	-	(263)
Change in tangible capital assets	-	1,706	3,195
Change in prepaid expenses	-	(442)	252
Change in net financial assets	-	(904)	2,455
Net financial assets, beginning of year	9,950	9,950	7,495
Net financial assets, end of period	\$ 9,950	\$ 9,046	\$ 9,950

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)

For the year ended March 31, 2024

	<b>March 31 2024</b>	<b>March 31 2023</b>
Cash provided by (used in):		
<b>Operating activities</b>		
Annual surplus/(deficit)	\$ (2,168)	\$ (992)
Items not involving cash		
Amortization of tangible capital assets	7,512	6,669
Change in lease inducements	(534)	1,819
Gain/Loss on disposal of tangible capital assets	3	(1,482)
Write down of tangible capital assets	40	-
Asset held for sale	-	(263)
Change in employee benefits and other liabilities	254	(637)
Change in non-cash assets and liabilities		
Accounts receivable	2,140	(27,308)
Due from provincial government	4	11
Long-term accounts receivable	-	25,595
Accounts payable and accrued liabilities	880	(2,041)
Due to provincial government	(486)	948
Deferred revenue	4	(25)
Asset held for sale	-	263
Prepaid expenses	(442)	252
Net change in cash from operating activities	7,207	2,809
<b>Capital activities</b>		
Proceeds on sale of tangible capital assets	1	1,748
Acquisition of tangible capital assets	(5,850)	(3,477)
Net change in cash from capital activities	(5,849)	(1,729)
<b>Financing activities</b>		
Short-term loans	-	(2,892)
Principal payments on capital lease obligations	-	(25)
Net change in cash from financing activities	-	(2,917)
Net change in cash and cash equivalents	1,358	(1,837)
Cash and cash equivalents, beginning of year	1,196	3,033
Cash and cash equivalents, end of period	\$ 2,554	\$ 1,196

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 year ended March 31, 2024

### 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.

### 2. Significant Accounting Policies

#### a) Basis of accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards as established by the Public Sector Accounting Board (PSAB).

#### b) Financial instruments

Financial instruments consist of cash and cash equivalents, accounts receivable, due from provincial government, accounts payable and accrued liabilities, due to provincial government and employee future benefits and other liabilities. Cash and cash equivalents are measured at net book value plus interest earned. Accounts receivable and due from provincial government are recorded at amortized cost less amount for valuation allowance. Liabilities are recorded 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, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. 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.

**2. Significant Accounting Policies (continued)**

**d) Investments**

Short-term highly liquid investments that can be redeemed on demand without penalty are reported under cash and cash equivalents. Investments are recorded at net book value plus interest earned 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.

During the year, the Authority reclassified interest income earned on short-term investments from accounts receivable to cash and cash equivalents. The classification change had a nil net impact to assets (\$1.4 million decrease to accounts receivable over prior year offset by \$1.4 million increase to cash and cash equivalents over prior year).

**e) Employee future benefits**

The Authority and its employees make contributions to the Public Service Pension Plan in accordance with the Public Service Pension Plans Act. 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. 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 costs to individual employers participating in the plan.

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.

**f) 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.



**Notes to Financial Statements**

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2024

**2. Significant Accounting Policies (continued)****g) 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.

**h) Tangible capital assets**

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

<b>Asset Class</b>	<b>Useful Life - years</b>
Land	Indefinite
Buildings	40
Furniture and office equipment	3 to 5
Computer equipment	3 to 5
Vehicles	7
Minor computer systems - software	3 to 5 or term of contract
Major computer systems - software	10
Leasehold improvements	Equal to lease term

Software under development is not amortized until it is available for productive use.

The useful life of Major computer systems – software is determined by management in consultation with external professional advisors and approved by the Board of Directors. 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.

During the year, the Authority revised the amortization period for vehicles from 5 to 7 years to align with the actual replacement experience. This change in accounting estimate has been implemented retroactively with the net adjustment being nominal.

**2. Significant Accounting Policies (continued)**

**i) Leased tangible capital assets**

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

**j) 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, each taxing Treaty First Nation, and Nisga'a Nation 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.

*Indigenous Nations:* The Indian Self Government Enabling Act allows municipalities and the Province to participate in the implementation of systems of First Nation real property assessment and taxation under First Nation assessment and taxation law, and authorizes BC Assessment to contract with First Nations for the provision of assessment services. The Authority provides an annual Assessment Roll for which revenue is recognized once the Authority meets the contracted performance obligation. Indigenous Nations are also required to pay one-time set up fees, which is recognized once the contract is signed.

*Data access services:* Includes the sale of property assessment data to a third party either directly or indirectly through BC Online. Revenue is recognized at the time of data delivery. For multi-year contracts, BCA delivers products in accordance with the delivery schedule outlined in the contract. Revenue is recognized for the delivered portion while the unfulfilled performance obligation is recorded as deferred revenue, and recognized equally across all periods in the year that the data has been delivered.

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

**Notes to Financial Statements**

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2024

**2. Significant Accounting Policies (continued)**

*Other Income:* Other revenues includes revenue from payments in lieu of taxes, and other miscellaneous revenue. Other miscellaneous revenue is recognized when data is delivered or services rendered, while revenue from payments in lieu of taxes is recognized equally across all periods throughout the year.

**k) New accounting standards adopted**

Revenue (PS 3400)

Effective April 1, 2023, the Authority adopted section PS 3400 – Revenue. This standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement, and specifically, it addresses revenue arising from exchange transactions and non-exchange transactions. The Authority performed a review of its existing revenues and noted that Data access services and Indigenous Nations income are within the scope of this standard. The adoption of this new standard did not have an impact on the amounts presented in the financial statements

The standard was adopted prospectively resulting in additional disclosures in these financial statements.

**3. Cash and Cash Equivalents**

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

	<b>March 31 2024</b>	<b>March 31 2023</b>
Cash	\$ 1,006	\$ 1,196
Cash equivalents	1,548	-
<b>Total</b>	<b>\$ 2,554</b>	<b>\$ 1,196</b>

Cash equivalents are recorded at net book value plus interest earned. In prior year, cash equivalents were recorded at cost, and the difference between fair market value and cost plus interest generated on short-term investments was recorded in accounts receivable. The classification change has nil impact to assets.

**Notes to Financial Statements**

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2024

**4. Employee Future Benefits and Other Liabilities**

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

	<b>March 31 2024</b>	<b>March 31 2023</b>
Employee future benefits	\$ 4,978	\$ 4,568
Other liabilities	6,649	6,805
<b>Total</b>	<b>\$ 11,627</b>	<b>\$ 11,373</b>

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:

<b>Accrued employee future benefits obligation</b>	<b>March 31 2024</b>	<b>March 31 2023</b>
Balance, beginning of year	\$ 4,568	\$ 4,672
Current benefit cost	354	358
Interest	207	140
Benefits paid	(246)	(671)
Amortization of loss	95	69
<b>Balance, end of year</b>	<b>\$ 4,978</b>	<b>\$ 4,568</b>

**Notes to Financial Statements**

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2024

**4. Employee Future Benefits and Other Liabilities (continued)**

Actuarial reconciliation at the end of year	March 31 2024	March 31 2023
Actuarial employee future benefits liability	\$ 5,535	\$ 5,238
Unamortized actuarial loss	(557)	(670)
<b>Balance, end of year</b>	<b>\$ 4,978</b>	<b>\$ 4,568</b>

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

	March 31 2024	March 31 2023
Discount rate	4.02%	3.95%
Expected future inflation rate	2.00%	2.00%
Expected productivity and seniority increases	0% to 4%	0% to 4%

Over time, changes in assumptions and actuarial experience compared to expected results will cause actuarial gains and losses in future valuations. In 2023/24, this resulted in a net actuarial gain of \$18 thousand attributed to the change in discount rate from 3.95% to 4.02% per annum.

The cumulative unamortized actuarial loss on future payments, net of the gains as at March 31, 2024, is amortized over the estimated average service lives of the employees, which is 11 years (2022/23 - 11 years).

**b) Employee pension benefits**

The Authority and its employees contribute to the Public Service Pension Plan (the Plan), a jointly trusteesd pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investments of the assets and administration of benefits. The Plan is a multi-employer contributory defined benefit pension plan. Basic pension benefits are based on a formula. As at March 31, 2023, the Plan had about 68,080 active members and approximately 55,090 retired members.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2024

### 4. Employee Future Benefits and Other Liabilities (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 latest actuarial valuation as at March 31, 2023, indicated a funding surplus of \$4.5 billion for basic pension benefits.

The total amount paid into the Plan by the Authority for the year ended March 31, 2024 for employer contributions was \$6.0 million (2022/23 -\$5.4 million).

### 5. Tangible Capital Assets

#### a) Changes to tangible capital assets within the year

Cost	March 31 2023	Additions	Disposals & transfers	March 31 2024
Land	\$ 91	\$ -	\$ -	91
Buildings	1,544	-	-	1,544
Furniture & office equipment	6,531	477	(32)	6,976
Computer equipment	8,174	2,072	(1,473)	8,773
Vehicles	1,198	220	(174)	1,244
Leasehold improvements	8,550	165	-	8,715
Major computer systems - software	50,755	-	2,990	53,745
Minor computer systems - software	247	130	-	377
Software under development	1,752	2,786	(2,997)	1,541
<b>Total</b>	<b>\$ 78,842</b>	<b>\$ 5,850</b>	<b>\$ (1,686)</b>	<b>\$ 83,006</b>

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2024

### 5) Tangible Capital Assets (continued)

Accumulated Amortization	March 31 2023	Disposals	Amortization expense	March 31 2024
Buildings	\$ 1,452	\$ -	\$ 5	\$ 1,457
Furniture & office equipment	5,945	(18)	290	6,217
Computer equipment	5,760	(1,443)	1,539	5,856
Vehicles	1,069	(174)	41	936
Leasehold improvements	6,340	-	489	6,829
Major computer systems - software	7,976	(7)	5,133	13,102
Minor computer systems - software	244	-	15	259
Software under development	-	-	-	-
<b>Total</b>	<b>\$ 28,786</b>	<b>\$ (1,642)</b>	<b>\$ 7,512</b>	<b>\$ 34,656</b>

Net book value	March 31 2023	March 31 2024
Land	\$ 91	\$ 91
Buildings	92	87
Furniture & office equipment	586	759
Computer equipment	2,414	2,917
Vehicles	129	308
Leasehold improvements	2,210	1,886
Major computer systems - software	42,779	40,643
Minor computer systems - software	3	118
Software under development	1,752	1,541
<b>Total</b>	<b>\$ 50,056</b>	<b>\$ 48,350</b>

#### 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, 2024, major enterprise application software disposals and transfers includes \$3.0 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 year ended March 31, 2024

### 6. Accumulated Surplus

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

	March 31 2024	March 31 2023
<b>Surplus</b>		
Invested in tangible capital assets	\$ 48,350	\$ 50,056
<b>Reserve</b>		
Future tangible capital asset acquisitions	8,836	9,298
Operating	3,000	3,000
Total reserves	11,836	12,298
<b>Accumulated surplus, end of year</b>	<b>\$ 60,186</b>	<b>\$ 62,354</b>

Certain amounts are set aside in accumulated surplus for future financial obligations and the purchase of tangible capital assets. As at March 31, 2024, \$2.2 million 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.

### 7. Commitments

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

Year(s)	Payment
2024/25	\$ 19,017
2025/26	9,094
2026/27	6,042
2027/28	3,424
2028/29	1,731
2029/30 - 2033/34	5,729
	<b>\$ 45,037</b>



**Notes to Financial Statements**

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2024

**8. Data Access Services Revenue**

During the year, gross data access services sales amounted to \$14.1 million (2022/23 - \$9.3 million) against which \$10.0 million (2022/23 - \$4.4 million) discounts were provided resulting to net sales of \$4.1 million (2022/23 - \$4.9 million). Multi-year data access service revenue is disclosed under **Note 11. Contractual Rights**.

**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 \$3.5 million as at March 31, 2024 (2022/23 - \$3.9 million).

**10. Budget Data**

The 2023/24 budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors on November 30, 2022.

**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, 2024 are as follows:

<b>Year(s)</b>	<b>Amount</b>
2024/25	\$ 1,492
2025/26	953
2026/27	403
2027/28	23
	\$ 2,871

**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.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2024

### 12. Related Party Transactions (continued)

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 \$5.0 million. This is approximately 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 2024	March 31 2023
<b>Revenues</b>		
Data access services	\$ 1,208	\$ 1,260
Other income	2	1,486
<b>Expenses</b>		
Employee expenses	1,541	1,478
Information technology	813	745
Office premises	115	116
Corporate and office	326	143
Appeal costs	3,526	3,854
Travel	38	38
Assessment notice printing and postage	55	62
<b>Assets/(Liabilities) at period end with related parties:</b>		
Due from provincial government	8	12
Due to provincial government	(2,707)	(3,193)
Short-term debt due to provincial government	-	-

The Authority contracts the disposal of surplus assets to the Province of British Columbia. Sale proceeds net of disposal costs were \$1 thousand as at March 31, 2024 (2022/23 - \$27 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, 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 the Authority 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's exposure to credit risk related to the value of accounts receivable in its normal course of business 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.

The Authority's cash and investments are held at Canadian chartered banks and BC Investment Management Corporation. The Authority is not exposed to significant credit risk.

#### **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.

##### *(i) 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. The Authority is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are not material.

##### *(ii) 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 short-term investments. This risk is mitigated by these investments being held in short-term treasury bills that have a maturity date of no more than 91 days from the date of acquisition.

### **13. Financial Risk Management (continued)**

#### **c) 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 maintains adequate levels of working capital to ensure all its obligations can be met as they fall due.

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 has a borrowing limit 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 is 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.