

## BRITISH COLUMBIA ASSESSMENT AUTHORITY STATEMENT OF MANAGEMENT RESPONSIBILITY

The financial statements of the British Columbia Assessment Authority ("BC Assessment") for the year ended December 31, 1999, have been prepared by management in accordance with generally accepted accounting principles consistently applied and appropriate in the circumstances. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the notes to financial statements. The Auditor General of British Columbia, the external auditor of BC Assessment, has performed an independent audit of the financial statements of BC Assessment in accordance with generally accepted auditing standards. The Auditor's Report outlines the scope of this independent audit and his opinion on the financial statements of BC Assessment.

Management depends upon a system of internal accounting controls that provides reasonable assurance, on a cost-effective basis, that the financial information is reliable and accurate. This system, which includes formal written policies and procedures, is monitored through the performance of an internal audit program. Internal audit independently evaluates the effectiveness of internal controls and reports findings to management.

The Audit and Finance Committee of the Board meets periodically with management and the external auditors.



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Doug Rundell  
Chief Executive Officer  
Assessment Commissioner



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Connie Hughes  
Executive Director  
Corporate Services

# Report of the Auditor General of British Columbia

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

*To the Minister of Municipal Affairs,  
Province of British Columbia:*

I have audited the balance sheet of the *British Columbia Assessment Authority* as at December 31, 1999 and the statements of revenue, expenditure and equity and cash flows for the year then ended. These financial statements are the responsibility of BC Assessment's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *British Columbia Assessment Authority* as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



Wayne Streliaff, CA  
Auditor General

*Victoria, British Columbia  
March 7, 2000*

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Balance Sheet

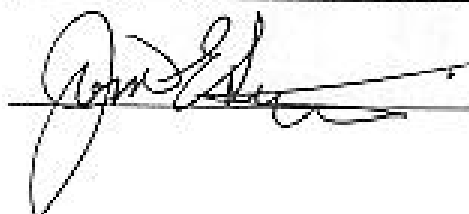
December 31, 1999, with comparative figures for 1998

	1999	1998
<b>Assets</b>		
Current assets:		
Cash and temporary investments	\$ 9,743,105	\$ 9,779,419
Accounts receivable	2,080,578	1,105,069
Prepaid expenses	131,644	99,292
	<u>11,955,327</u>	<u>10,983,780</u>
Capital assets (note 2)	5,825,673	4,570,616
	<u>\$ 17,781,000</u>	<u>\$ 15,554,396</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,979,059	\$ 5,648,328
Current portion of long-term liabilities	44,233	25,420
	<u>6,023,292</u>	<u>5,673,748</u>
Long-term liabilities - employees' past benefits (note 3)	229,509	286,369
	<u>6,252,801</u>	<u>5,960,117</u>
Equity:		
Equity in capital assets	5,825,673	4,570,616
Equity from operations	5,702,526	5,023,663
	<u>11,528,199</u>	<u>9,594,279</u>
	<u>\$ 17,781,000</u>	<u>\$ 15,554,396</u>

See accompanying notes to financial statements.

On Behalf of the Board:

 Director

 Director

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Statement of Revenue, Expenditure and Equity

Year ended December 31, 1999, with comparative figures for 1998

	1999	1998
Revenue:		
Tax levies (note 4)	\$ 60,366,180	\$ 59,375,849
Other (note 5)	3,744,361	2,620,920
Interest	532,173	518,270
	<u>64,642,714</u>	<u>62,515,039</u>
Expenditure:		
Salaries and benefits (note 6)	41,762,145	41,855,767
Professional and special services (note 7)	5,403,424	5,394,537
Office accommodation	4,570,173	4,605,198
Office	3,489,894	3,262,256
Appeal costs (note 8)	2,705,000	2,250,000
Travel	2,667,590	2,461,931
Interest (note 9)	241,412	248,758
Directors' fees and expenses	150,843	144,413
Amortization	1,718,313	1,574,434
	<u>62,708,794</u>	<u>61,797,294</u>
Excess of revenue over expenditure for the year	1,933,920	717,745
Equity, beginning of the year	9,594,279	8,876,534
Equity, end of the year	<u>\$ 11,528,199</u>	<u>\$ 9,594,279</u>

See accompanying notes to financial statements.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Statement of Cash Flows

Year ended December 31, 1999, with comparative figures for 1998

	1999	1998
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditure for the year	\$ 1,933,920	\$ 717,745
Items not involving cash:		
Amortization	1,718,313	1,574,434
Loss on disposal of capital assets	134,005	83,005
Decrease (increase) in employees' past benefits	(38,047)	3,651
Changes in non-cash operating working capital	(677,130)	498,759
	<u>3,071,061</u>	<u>2,877,594</u>
Investing:		
Acquisition of capital assets	(3,149,286)	(1,540,805)
Proceeds on disposal of capital assets	41,911	62,817
	<u>(3,107,375)</u>	<u>(1,477,988)</u>
Increase (decrease) in cash position	(36,314)	1,399,606
Cash and temporary investments, beginning of year	9,779,419	8,379,813
Cash and temporary investments, end of year	<u>\$ 9,743,105</u>	<u>\$ 9,779,419</u>

See accompanying notes to financial statements.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 1999

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The British Columbia Assessment Authority ("BC Assessment") was established in 1974 by the Province of British Columbia with the enactment of the Assessment Authority Act. The purpose of BC Assessment is to establish and maintain assessments that are uniform in the whole of the province in accordance with the Assessment Act.

### 1. Significant accounting policies:

The financial statements of BC Assessment have been prepared by management in accordance with generally accepted accounting principles. The following is a summary of the significant accounting policies used in the preparation of these financial statements.

#### (a) Capital assets:

Capital assets are carried at cost less accumulated amortization. The annual rates and basis used to compute amortization are as follows:

Asset	Basis	Rate
Buildings	straight-line	5%
Furniture and equipment	straight-line	20%
Motor vehicles	straight-line	20%

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#### (b) Revenue:

Tax levy revenue is recognized when taxes are collected by the municipality or the Minister of Finance and Corporate Relations, at which time they become due to BC Assessment. The basis of recognition of tax levy revenue is consistent with the provisions of subsection 20(3) of the Assessment Authority Act.

#### (c) Temporary investments:

Temporary investments are recorded at the lower of cost and market value.

#### (d) Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the year. Items requiring the use of significant estimates include certain revenues and various expenditure accruals. Actual results could differ from these estimates.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 1999

### 2. Capital assets:

			1999	1998
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 445,726	\$ -	\$ 445,726	\$ 440,806
Buildings	2,179,422	563,000	1,616,422	1,081,143
Furniture and equipment	12,897,125	9,739,348	3,157,777	2,705,798
Motor vehicles	1,797,297	1,191,549	605,748	342,869
	<u>\$ 17,319,570</u>	<u>\$ 11,493,897</u>	<u>\$ 5,825,673</u>	<u>\$ 4,570,616</u>

### 3. Employees' past benefits:

At the time of the formation of the British Columbia Assessment Authority, BC Assessment negotiated an agreement with those designated employees whose previous working agreements contained clauses that called for payment of certain benefits upon death, retirement or termination of employment. The benefits under the agreement are recognized as a long-term liability, with an amount equal to payments due within the immediate twelve months following the statement date segregated and recognized as a current liability. Adjustments to the liability resulting from changes in salary rates are charged to the current year. Payments of benefits are treated as a reduction of the liability.

### 4. Tax levies:

BC Assessment, by by-law and subject to the prior approval of the Lieutenant Governor in Council, each year imposes and levies a tax upon all taxable property in the province, except on the property of the British Columbia Hydro and Power Authority. A copy of this by-law is forwarded to the Tax Collector of every municipality in the province and to the Surveyor of Taxes in order that the taxes so levied will be placed on the tax rolls. The proceeds of the taxes so levied and collected by the municipalities or the Minister of Finance and Corporate Relations constitute BC Assessment's tax levies revenue.

Under subsection 17(2) of the Assessment Authority Act, BC Assessment's annual tax levies are to be at rates sufficient to maintain the operating fund. The operating fund is defined under subsections 17(1) and 17(8) as the total amount required to meet the annual operating and capital expenses of BC Assessment and the costs of complaints and appeals to the property assessment review panels and the property assessment appeal board.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 1999

### 4. Tax levies (continued):

Based on the foregoing, there was levied on all taxable property in the province, except on the property of the British Columbia Hydro and Power Authority, a tax on each class of property at a rate as set out below:

Class of property prescribed under subsection 19(14) of the Assessment Act (BC Reg. 438/81)	Rate of tax applied against each \$1,000 of net taxable value of property	
	1999	1998
1 - Residential	.1247	.1202
2 - Utilities	.5936	.5782
3 - Unmanaged Forest Land	.3392	.4075
4 - Major Industry	.7145	.7008
5 - Light Industry	.3753	.3762
6 - Business and Other	.3604	.3630
7 - Managed Forest Land	.3604	.3618
8 - Recreational Property/Non-profit Organization	.1409	.1406
9 - Farm	.1721	.1731

### 5. Other revenue:

	1999	1998
Marketing services	\$ 2,556,772	\$ 2,644,512
Receipts on demutualization of insurance and benefits carrier	1,068,955	-
Land titles plans on-line	204,333	-
Miscellaneous	48,306	59,413
Loss on disposal of capital assets	(134,005)	(83,005)
	<u>\$ 3,744,361</u>	<u>\$ 2,620,920</u>



# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 1999

### 6. Salaries and benefits:

	1999	1998
Salaries	\$ 35,443,901	\$ 34,711,378
Benefits	7,435,927	7,477,413
Public Service Pension Plan rebate	(1,117,683)	(333,024)
	<u>\$ 41,762,145</u>	<u>\$ 41,855,767</u>

The Public Service Pension Plan rebate reflects the amortization of the surplus position attributable to BC Assessment based on actuarial valuations.

### 7. Professional and special services:

	1999	1998
Legal and expert witness fees	\$ 1,147,303	\$ 970,735
Education	623,920	528,681
Service bureau	2,229,543	2,314,059
Consulting	497,463	388,737
Online Survey Plan Project	-	493,021
Other	905,195	699,304
	<u>\$ 5,403,424</u>	<u>\$ 5,394,537</u>

### 8. Appeal costs:

Beginning April 1, 1997, section 17 of the Assessment Authority Act requires BC Assessment to pay the amount required and requisitioned by the Minister of Municipal Affairs to cover the anticipated costs of appeals to the Property Assessment Review Panel and the Property Assessment Appeal Board. Under subsection 17(6), the amount requisitioned is paid to the government in quarterly instalments. Subsection 17(7) allows for the final instalment of the government's fiscal year to be adjusted to reflect the actual costs to the government of the appeals. For 1999, the actual costs of the appeals are not expected to differ materially from the amounts requisitioned.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 1999

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## 9. Financing:

Under subsection 20(5) of the Assessment Authority Act, BC Assessment may, "until receipt of the proceeds of the taxes...borrow an amount not exceeding the proceeds of the taxes...and the loan must be repaid from the proceeds of the taxes".

The maximum borrowings by BC Assessment during 1999 were \$23,787,600 (1998: \$23,903,136).

## 10. Commitments:

BC Assessment is committed to make the following payments under operating leases and contracts for periods of more than one year:

	Premises leases	Other contracts
2000	\$ 3,765,883	\$ 1,630,000
2001	3,595,666	960,000
2002	2,695,271	-
2003	2,440,549	-
2004-2010	7,027,195	-
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	\$19,524,564	\$ 2,590,000

## 11. Pension liability:

BC Assessment and its employees contribute to the Public Service Pension Plan in accordance with the Pension (Public Service) Act. The Superannuation Commission of the Province of British Columbia administers the Plan, including the payment of pension benefits on behalf of employers and employees to whom the Act applies. The Plan is a defined benefit pension plan. The financial position of the Plan is described in the financial statements of the Plan included in the Public Accounts of the Province of British Columbia. The province has statutory responsibility for any unfunded liability. The most recent actuarial valuation (March 31, 1999) has determined the Plan is in a surplus position.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 1999

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### 12. Related party transactions:

In the normal course of operations, BC Assessment entered into transactions with the province and certain Crown corporations, predominantly at prevailing market prices and credit terms.

The Ministry of Finance and Corporate Relations acts as fiscal agent of BC Assessment. Through this agreement, BC Assessment received interest revenue of \$450,221 (1998: \$461,471) on temporary investments, and paid interest charges of \$236,160 (1998: \$243,132).

The statement of revenue, expenditure and equity includes the following transactions with related parties:

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	1999	1998
Other revenue	\$ 2,007,499	\$ 1,942,507
Payments for:		
Computing services	468,420	596,486
Office accommodation	33,219	267,370
Ministry of Municipal Affairs - appeal costs	2,705,000	2,250,000
Professional services	22,248	24,543

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Balances at the end of the year with related parties were:

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	1999	1998
Temporary investments	\$ 9,806,148	\$ 9,739,341
Accounts receivable	183,919	171,548
Accounts payable	124,247	158,424

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