



The Annual Service Plan Report for the Year 2003 and a
Report on the Creation of the 2004 Assessment Roll.

The Financial Statements for year ended December 31, 2003.

B C A S S E S S M E N T

2003

A N N U A L R E P O R T

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, 2003 have been prepared by management in accordance with Canadian 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 significant accounting policies summarized in the notes to financial statements.

Management is responsible for the preparation of the financial statements and has established a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for preparation of financial statements.

The Board of Directors carries out its responsibility for the review of the financial statements. The Board meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Board, with and without the presence of management.

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.



Doug Rundell
CHIEF EXECUTIVE OFFICER
ASSESSMENT COMMISSIONER



Bruce Turner
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 Sustainable Resource Management, Province of British Columbia:*

I have audited the balance sheet of the *British Columbia Assessment Authority* as at December 31, 2003 and the statements of revenue and expenditure, equity and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian 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, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Victoria, British Columbia
March 4, 2004*

Wayne Strelioff, FCA
AUDITOR GENERAL

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Balance Sheet

(in \$000s)

December 31, 2003

	2003	2002
Assets		
Current assets:		
Cash and cash equivalents	19,684	19,550
Accounts receivable	587	1,091
Prepaid expenses	355	140
	20,626	20,781
Capital assets (note 2)	9,015	6,667
	29,641	27,448
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	6,997	7,846
Current portion of long-term liabilities	95	100
	7,092	7,946
Long-term liabilities:		
Employees' past benefits	124	116
Employees' future benefits	1,874	1,788
	1,998	1,904
Equity:		
Equity in capital assets	9,015	6,667
Equity from operations - appropriated	5,000	8,000
Equity from operations - unappropriated	6,536	2,931
	20,551	17,598
Commitments (note 7)		
Contingent liability (note 8)		
	29,641	27,448

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

On behalf of the Board



DIRECTOR



DIRECTOR

BRITISH COLUMBIA ASSESSMENT AUTHORITY
Statement of Revenue and Expenditure

(in \$000s)

Year ended December 31, 2003

	2003	2002
Revenue:		
Tax levies	61,849	62,175
Other (note 4)	3,055	3,293
Investment	468	452
	65,372	65,920
Expenditure:		
Salaries and benefits	42,450	45,785
Office premises	4,495	4,607
Professional and special services	5,304	4,892
Office	3,435	2,784
Travel	2,567	1,851
Appeal costs (note 5)	1,700	1,632
Interest (note 6)	79	76
Loss on disposal of capital assets	2	219
Amortization	2,387	2,350
	62,419	64,196
Excess of revenue over expenditure for the year	2,953	1,724

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

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Equity

(in \$000s)

Year ended December 31, 2003

	Capital Assets	Appro- priated (note 3)	Unappro- priated	2003	2002
Equity, beginning of year	6,667	8,000	2,931	17,598	15,874
Excess (deficiency) of revenue over expenditure for the year	(2,389)	–	5,342	2,953	1,724
Transfers to equity in capital assets	4,737	–	(4,737)	–	–
Transfers during year	–	(3,000)	3,000	–	–
Equity, end of the year	9,015	5,000	6,536	20,551	17,598

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

BRITISH COLUMBIA ASSESSMENT AUTHORITY
Statement Of Cash Flows

(in \$000s)

Year ended December 31, 2003

	2003	2002
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditure for the year	2,953	1,724
Items not involving cash:		
Amortization	2,387	2,350
Loss on disposal of capital assets	2	219
Decrease in employees' past benefits	(4)	(29)
Increase (decrease) in employees' future benefits	92	(368)
Changes in non-cash operating working capital (note 9)	(559)	2,729
	4,871	6,625
Investing:		
Acquisition of capital assets	(4,749)	(2,729)
Proceeds on disposal of capital assets	12	73
	(4,737)	(2,656)
Increase in cash	134	3,969
Cash and cash equivalents, beginning of year	19,550	15,581
Cash and cash equivalents, end of year (note 9)	19,684	19,550

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

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2003

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 Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies used in the preparation of these financial statements.

(a) Cash and cash equivalents:

Cash and cash equivalents include deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less at the date of purchase, less bank overdrafts.

(b) Capital assets:

Capital assets are carried at cost less accumulated amortization. Amortization is determined at rates, which will reduce original cost to estimated residual value over the useful life of the asset. New systems under development are not amortized until they are put into production. The annual rates used to compute amortization on a straight-line basis are as follows:

Asset	Rate
Buildings	5%
Furniture and equipment	20%-30%
Assessment system software	10%
Other software	100%
Motor vehicles	20%
Leasehold improvements	Over the term of the lease

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2003

1. Significant accounting policies (continued):

(c) Short-term investments:

Short-term investments are recorded at the lower of cost and market value.

(d) 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.

(e) Employee benefit plans:

BC Assessment has defined benefit pension plans; retirement benefits plans and defined health care plans for substantially all employees.

BC Assessment and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2002) has determined the Plan is in a surplus position. All employee future benefits funded through the Public Service Pension Plan are accounted for prospectively.

Outside of the Public Service Pension Plan, BC Assessment annually accrues the future obligation under the defined retirement benefit plan as the employees render the services necessary to earn the benefit. Management using an estimate of salary escalation and expected retirement ages calculates the cost of the defined retirement benefit. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to BC Assessment.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2003

1. Significant accounting policies (continued):

(f) Revenue:

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, but excluding property that is taxable for school purposes only by special Act. A copy of this by-law is forwarded to the Tax Collector of every municipality in the province and to the Surveyor of Taxes in order that the taxes 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 Provincial Revenue constitute BC Assessment's tax levies revenue.

Tax levies are recognized when taxes are collected by the municipality or the Minister of Provincial Revenue, at which time they become due to BC Assessment.

(g) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian 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 other expenditure during the year. Items requiring the use of significant estimates include employees' future benefits and various other expenditure accruals. Actual results could differ from these estimates.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2003

2. Capital assets:

(in \$000s)		2003		2002	
	Cost	Accumulated Amortization	Net Book Value		Net Book Value
Land	446	–	446		446
Buildings	2,519	840	1,679		1,805
Furniture and equipment	15,268	12,553	2,715		3,316
Assessment system software	4,270	177	4,093		895
Other software	141	141	–		–
Motor vehicles	1,488	1,488	–		93
Leasehold improvements	149	67	82		112
	24,281	15,266	9,015		6,667

3. Equity from operations - appropriated:

BC Assessment budgeted significant expenditures towards technology and system upgrades over the four year period ending December 31, 2005. The Board of Directors established that partial funding for these costs be provided from accumulated equity from operations. The appropriated amount of \$5,000,000 (2002 - \$8,000,000) has been separately classified as a component of equity to reflect this direction by the Board. The reduction in the appropriation reflects the required funding to complete the project.

4. Other revenue:

Included in other revenue in 2002 were net proceeds of \$380,000 from a litigation settlement for building remediation to correct water leakage problems.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2003

5. Appeal costs:

Section 17 of the Assessment Authority Act requires BC Assessment to pay the amount requisitioned by the Province 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 in quarterly installments. Subsection 17(7) allows for the final instalment to be adjusted to reflect the actual costs to the Province of the appeals. For 2003, the actual costs of the appeals are not expected to differ materially from the amounts requisitioned.

6. 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 2003 were \$ 16,994,848 (2002: \$18,495,977).

7. Commitments:

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

(in \$000s)	Premises leases	Other contracts
2004	3,867	3,140
2005	3,170	1,783
2006	2,631	52
2007	1,966	
2008	1,661	
2009-2014	3,260	
	16,555	4,975

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2003

8. Contingent liability:

BC Assessment entered into two licensing agreements for the provision of assessment information. The agreements include a provision requiring BC Assessment to refund fees in the event that the corporation is required to terminate the agreement or modify it because of legislative change, such that the assessment information can no longer be provided substantially as contemplated by the agreement. This provision for one agreement expired in 2003. Should this article be invoked for the other agreement, BC Assessment will be required to provide a refund of 75% (2002-100%) of fees paid. At December 31, 2003, the amount of the potential refund is \$380,066 (2002 - \$571,385).

9. Supplemental cash flow information:

(a) Major components of cash and cash equivalents are as follows:

(in \$000s)	2003	2002
Cash	18	(30)
Short-term investments	19,666	19,580
Cash and cash equivalents, end of year	19,684	19,550

(b) Changes in non-cash working capital:

(in \$000s)	2003	2002
Current assets:		
Accounts receivable	504	(327)
Prepaid expenses	(215)	273
Current liabilities:		
Accounts payable and accrued liabilities	(848)	2,783
	(559)	2,729

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2003

10. 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 acts as fiscal agent of BC Assessment. Through this agreement, BC Assessment paid interest charges of \$71,150 (2002: \$72,704) on short-term borrowings.

BC Assessment invests through British Columbia Investment Management Corporation. During the year, BC Assessment received investment revenue of \$447,575 (2002: \$436,941) on short-term investments.

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

(in \$000s)	2003	2002
Other revenue	256	277
Payments for:		
Appeal costs	1,700	1,632
Computing services	541	560
Postal services	147	120
Other services	249	335

Assets (liabilities) at December 31 with related parties were:

(in \$000s)	2003	2002
Short-term investments	19,665	19,580
Accounts receivable	27	46
Accounts payable	(155)	(107)

11. Comparative figures:

Certain 2002 comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.