

Financial Statements

**BRITISH COLUMBIA ASSESSMENT  
AUTHORITY**

Year ended March 31, 2023

## Management's Responsibility for the Financial Statements

The accompanying financial statements of British Columbia Assessment Authority (the "Authority") are the responsibility of the Authority's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for public sector organizations established by the Public Sector Accounting Board of the Chartered Professional Accountants. A summary of the significant accounting policies is described in note 2 of the accompanying notes to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Authority's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Audit and Risk Management Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the financial statements.

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



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Char Paul  
Vice President and Executive Financial Officer



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Jason Grant  
President and Chief Executive Officer



## **Independent Auditor's Report**

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

### ***Opinion***

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

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

### ***Basis for Opinion***

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

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

### ***Other Accompanying Information***

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

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

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



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

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

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

## Independent Auditor's Report

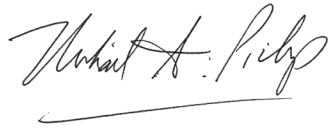
### British Columbia Assessment Authority

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

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

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

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



Michael A. Pickup, FCPA, FCA  
Auditor General

Victoria, British Columbia, Canada  
May 16, 2023

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Statement of Financial Position

(Tabular amounts in thousands of dollars)

As at March 31, 2023

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

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

Approved on behalf of the Board:



Richard Rainey  
Chair, Audit & Risk Management Committee



Ruth Wittenberg  
Chair, Board of Directors

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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Statement of Operations and Accumulated Surplus

(Tabular amounts in thousands of dollars)

As at March 31, 2023

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

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

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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Statement of Change in Net Financial Assets

(Tabular amounts in thousands of dollars)

As at March 31, 2023

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

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



# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Statement of Cash Flows

(Tabular amounts in thousands of dollars)

As at March 31, 2023

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

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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 1. Corporate Information

British Columbia Assessment Authority (the "Authority") was established in 1974 as an independent Crown corporation by the Province of British Columbia by enactment of the *Assessment Authority Act*. The purpose of the Authority is to establish and maintain assessments that are uniform in the whole of the province in accordance with the *Assessment Authority Act*. The Authority is not subject to federal or provincial corporate income taxes.

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

### 2. Significant Accounting Policies

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

#### a) Basis of accounting

The Authority follows the accrual method of accounting for revenues and expenses. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

#### b) Functional and presentation currency

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

#### c) Financial instruments

Financial instruments are accounted for in accordance with Public Sector Accounting Standard 3450. Financial instruments consist of cash and cash equivalents, accounts receivable, due from provincial government, accounts payable and accrued liabilities, short-term loans, and due to provincial government, all of which are reported at amortized cost.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 2. Significant Accounting Policies (continued)

#### d) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued revenue, accrued liabilities, the useful life of capital assets, and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

#### e) Cash and cash equivalents

Cash equivalents include liquid investments that can be redeemed on demand without penalty. Investments are recorded at amortized cost and are amortized over the term of the investments. When there has been a loss in value that is not a temporary decline in value, the respective investment is written down to recognize the loss.

#### f) Asset held for sale

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

#### g) Employee future benefits

The Authority and its employees make contributions to the Public Service Pension Plan. This plan is a multi-employer defined benefit plan providing a pension at retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. The joint trustee board of the plan determines the required plan contributions annually. These contributions are expensed as incurred.

Retirement and other future benefits are also available to the Authority's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages, expected future salary and wage increases, long-term inflation rates and discount rates. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected average remaining service life of the employees.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 2. Significant Accounting Policies (continued)

#### h) Leasehold improvement inducements

Lease inducements include cash payments, tenant improvement allowances, reduced rent and rent free periods. The lease inducement benefits are amortized on a straight-line basis over the term of the lease.

#### i) Non-financial assets

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

#### j) Tangible capital assets

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

<b>Asset Class</b>	<b>Useful Life - years</b>
Buildings	40
Furniture and office equipment	5 or lease term
Computer equipment	3 to 5
Motor vehicles	5
Enterprise, productivity and other software	3 to 5 or term of
Major enterprise application software	10
Leasehold improvements	Equal to lease term

Amortization is performed on a straight-line basis and is dependent on the value and timing of each purchase transaction, and when each asset was available for productive use. Software under development is not amortized until it is available for productive use. The useful life of property assessment software will be determined on a case-by-case basis. Tangible capital assets are written down when conditions indicate that they no longer contribute to the Authority's ability to provide services, or when the value of the future economic benefits associated with the tangible capital assets is less than their net book value. The net write-down is accounted for as an expense in the statement of operations and accumulated surplus in the year recognized.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 2. Significant Accounting Policies (continued)

#### k) Leased tangible capital assets

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

#### l) Revenues

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

*Tax levies:* The Authority, each year by by-law and subject to the prior approval of the Lieutenant Governor in Council, imposes and levies a tax upon all taxable real property in the province, but excluding property that is taxable for school purposes only by special Act. A copy of this by-law is forwarded to the Tax Collector of every municipality in the province, to the Surveyor of Taxes, Treaty Indigenous Nations, and Nisga'a Nations in order that the taxes levied will be placed on the tax rolls. The proceeds of the taxes levied and collected by the municipalities or the Minister of Finance constitutes the Authority's tax levy revenue. This revenue is recognized equally across all periods in the year.

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

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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 3. Cash and Cash Equivalents

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

	<b>March 31 2023</b>	<b>March 31 2022</b>
Cash	\$ 1,196	\$ 3,033
Cash equivalents	-	-
Total	\$ 1,196	\$ 3,033

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

### 4. Long-term Accounts Receivable

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

	<b>March 31 2023</b>	<b>March 31 2022</b>
Long term account receivable	\$ -	\$ 25,595
Total	\$ -	\$ 25,595

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 5. Employee Future Benefits and Other Liabilities

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

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

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

#### a) Employee future benefits

Outside of the Public Service Pension Plan, the Authority annually accrues future obligations under the defined retirement benefit plan as the employees render the services necessary to earn the benefit. These retirement benefit plans include a retirement allowance, unearned vacation entitlement, and death benefits. An independent actuarial valuation of the employee future benefits obligation and net periodic benefit cost was calculated at March 31, 2023 by Eckler Ltd., using membership data and management's estimates of salary escalation and expected retirement ages. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to the Authority.

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

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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 5. Employee Future Benefits and Other Liabilities (continued)

#### a) Employee future benefits (continued)

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

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

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

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

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



# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 5. Employee Future Benefits and Other Liabilities (continued)

#### b) Employee pension benefits

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

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

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

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

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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 6. Tangible Capital Assets

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

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

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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 6. Tangible Capital Assets (continued)

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

<b>Net book value</b>	<b>March 31 2022</b>	<b>March 31 2023</b>
Land	\$ 91	\$ 91
Buildings	97	92
Furniture & office equipment	794	586
Computer equipment	3,132	2,414
Motor vehicles	263	129
Leasehold improvements	1,611	2,210
Major enterprise application software	4,145	42,779
Enterprise, productivity and other software	17	3
Software under development	43,101	1,752
<b>Total</b>	<b>\$ 53,251</b>	<b>\$ 50,056</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, 2023, major enterprise application software disposals and transfers includes \$43.01 million in transfers from software under development into production.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 7. Accumulated Surplus

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

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

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

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

*Operating reserve:* the purpose of this reserve is to finance an unintended deficit. Unintended deficits would be caused largely by unexpected changes in revenues or costs for items that are outside of management's control.

### 8. Commitments

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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 8. Commitments (continued)

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

### 9. Appeal Costs

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

### 10. Budget Data

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

### 11. Contractual Rights

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

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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 12. Related Party Transactions

The Authority is related through common ownership to all Province of British Columbia ministries, agencies, Crown corporations, and all public sector organizations such as school districts, colleges, universities, and health authorities that are included in the provincial government reporting entity. In addition, transactions with senior management, directors, immediate family members of senior management and directors, and companies with which any of the above have a financial interest are also considered related parties. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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

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

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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### 12. Related Party Transactions (continued)

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

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

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

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

### 13. Financial Risk Management

In the normal course of operations, the Authority is exposed to a number of risks that can affect its operating performance. The Authority has exposure to the following risks from its use of financial instruments: credit risk, market risk, currency risk, interest rate risk, and liquidity risk. Management and the Board of the Authority ensure that the Authority identifies and monitors its risks. It is management's opinion that the Authority is not exposed to significant risks arising from these financial instruments.

#### a) Credit risk

Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise primarily from certain assets held consisting of cash, cash equivalents and accounts receivable.

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

#### b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk. The Authority is subject to interest rate risk when it renews its short-term loans at rates determined by current market conditions.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the 12-month period ended March 31, 2023

### c) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. It is management's opinion that the Authority is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are not material.

### d) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Authority is exposed to interest rate risk through its cash equivalents. It is management's opinion that the Authority is not exposed to significant interest rate risk as it invests solely in short-term treasury bills that have a maturity date of no more than 91 days from the date of acquisition.

### e) **Liquidity risk**

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

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

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

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