

Financial Statements of

**BRITISH COLUMBIA ASSESSMENT AUTHORITY**

Year ended December 31, 2011

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Financial Statements

Year ended December 31, 2011

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	Page
Financial Statements	
Management's Responsibility for the Financial Statements .....	1
Independent Auditors' Report .....	2
Statement of Financial Position .....	4
Statement of Operations .....	5
Statement of Change in Net Financial Assets .....	6
Statement of Cash Flows .....	7
Notes to Financial Statements .....	8

## **Management's Responsibility for the Financial Statements**

The accompanying financial statements of British Columbia Assessment Authority (the "Authority" or "BC Assessment") 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 Canadian Institute of Chartered 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 Grant Thornton LLP, independent external auditors appointed by the Authority. 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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Connie Fair  
President and Chief Executive Officer



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Andy Hoggarth  
Vice President and Executive Financial Officer

## Independent auditors' report

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To the Board of Directors of British Columbia Assessment Authority, and  
To the Minister of Community, Sport and Cultural Development, Province of British Columbia

We have audited the accompanying financial statements of British Columbia Assessment Authority, which comprise the financial position as at December 31, 2011, December 31, 2010 and January 1, 2010 and the results of operations, changes in net financial assets, and cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of British Columbia Assessment Authority as at December 31, 2011, December 31, 2010 and January 1, 2010 and the results of its operations, changes in net financial assets, and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with Canadian public sector accounting standards.

Victoria, Canada  
April 13, 2012

*Grant Thornton LLP*

Chartered accountants

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Statement of Financial Position

As at December 31, 2011  
(In thousands of dollars)


	December 31 2011	December 31 2010	January 1 2010
		(Restated – note 1)	
<b>Financial assets:</b>			
Cash and cash equivalents (note 3)	\$ 27,760	\$ 26,637	\$ 25,894
Accounts receivable	1,892	2,114	1,515
Accounts receivable from provincial government	2	63	29
	29,654	28,814	27,438
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	3,425	4,005	4,644
Accounts payable due to provincial government	782	732	655
Employee benefits and other liabilities (note 4)	9,309	9,306	9,319
Lease inducements	3,481	3,825	1,129
Capital lease obligations (note 5)	980	499	-
	17,977	18,367	15,747
Net financial assets	11,677	10,447	11,691
<b>Non-financial assets:</b>			
Tangible capital assets (note 6)	15,473	15,707	13,311
Prepaid expenses	920	771	670
	16,393	16,478	13,981
Accumulated surplus (notes 1 & 7)	\$ 28,070	\$ 26,925	\$ 25,672

Commitments (note 8)

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

On Behalf of the Board:

  
Director

  
Director

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Statement of Operations

Year ended December 31, 2011  
(In thousands of dollars)

	Budget	2011	2010
	(Unaudited – note 10)		(Restated – note 1)
Revenue:			
Tax levies	\$ 76,930	\$ 76,927	\$ 75,785
Data access services	3,702	3,490	3,592
Payments in lieu of taxes	780	846	864
First Nations	560	563	540
Investment income	205	269	202
Other	123	139	182
Gain on disposal of capital assets	-	74	27
	82,300	82,308	81,192
Expenses:			
Employee expenses	55,503	55,098	53,965
Office premises	6,504	6,185	7,392
Information and communications technology	5,893	5,601	5,486
Amortization	4,660	4,489	4,376
Appeal costs (note 9)	3,896	3,882	3,508
Corporate and office	2,634	2,727	2,135
Assessment notice printing and postage	1,743	1,618	1,635
Travel	1,467	1,563	1,442
Total expenses	82,300	81,163	79,939
Annual surplus	-	1,145	1,253
Accumulated surplus, beginning of year	26,925	26,925	25,672
Accumulated surplus, end of year	\$ 26,925	\$ 28,070	\$ 26,925

The accompanying notes are an integral part of these financial statements

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Statement of Change in Net Financial Assets

Year ended December 31, 2011  
(In thousands of dollars)

	Budget (Unaudited - note 10)	2011	2010 (Restated - note 1)
Annual surplus	\$ -	\$ 1,145	\$ 1,253
Acquisition of tangible capital assets	(3,430)	(4,255)	(6,775)
Amortization of tangible capital assets	4,660	4,489	4,376
Gain on sale of tangible capital assets	-	(74)	(27)
Proceeds on sale of tangible capital assets	-	74	29
	1,230	1,379	(1,144)
Change in prepaid expenses	-	(149)	(100)
Change in net financial assets	1,230	1,230	(1,244)
Net financial assets, beginning of year	10,447	10,447	11,691
Net financial assets, end of year	\$ 11,677	\$ 11,677	\$ 10,447

The accompanying notes are an integral part of these financial statements



# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Statement of Cash Flows

Year ended December 31, 2011  
(In thousands of dollars)

	2011	2010
		(Restated – note 1)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,145	\$ 1,253
Items not involving cash:		
Amortization	4,489	4,376
Change in lease inducements	(344)	2,696
Gain on sale of tangible capital assets	(74)	(27)
Change in employee benefits and other liabilities	3	(13)
Change in non-cash assets and liabilities:		
Accounts receivable	283	(634)
Accounts payable and accrued liabilities	(530)	(562)
Prepaid expenses	(149)	(100)
<b>Net change in cash from operating activities</b>	<b>4,823</b>	<b>6,989</b>
Capital activities:		
Proceeds on sale of tangible capital assets	74	29
Cash used to acquire tangible capital assets	(3,666)	(6,213)
<b>Net change in cash from capital activities</b>	<b>(3,592)</b>	<b>(6,184)</b>
Financing activities:		
Principal payments on tangible capital leases	(108)	(62)
<b>Net change in cash from financing activities</b>	<b>(108)</b>	<b>(62)</b>
Net change in cash	1,123	743
Cash and cash equivalents, beginning of year	26,637	25,894
<b>Cash and cash equivalents, end of year</b>	<b>\$ 27,760</b>	<b>\$ 26,637</b>
Supplementary cash flow information		
Non-cash transactions		
Financing used to acquire tangible capital assets	\$ 589	\$ 561

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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2011  
(In thousands of dollars)

The British Columbia Assessment Authority ("BC Assessment") 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 BC Assessment is to establish and maintain assessments that are uniform in the whole of the province in accordance with the *Assessment Authority Act*. BC Assessment is exempt from incomes taxes under the *Income Tax Act*.

### 1. Conversion to Public Sector Accounting Standards:

Commencing with the 2011 fiscal year, BC Assessment has adopted Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. These financial statements are the first financial statements for which BC Assessment has applied these Canadian PSA standards.

The impact of the conversion to Canadian PSA standards on the accumulated surplus at the date of transition and the comparative annual surplus is presented below. These accounting changes have been applied retroactively with restatement of prior periods. The following changes have been implemented to comply with PSA standards:

	Previously Stated 2010	Adjustment 2010	Restated 2010
Employee benefits and other liabilities	\$ 8,044	\$ 1,262	\$ 9,306
Cash and cash equivalents	26,819	(182)	26,637
Accounts receivable	1,995	182	2,177

#### Accumulated surplus at January 1, 2010:

Equity in capital assets	\$ 13,311
Equity from operations - appropriated	10,000
Equity from operations - unappropriated	3,803

Accumulated surplus, as previously reported	27,114
Adjustment for post employment benefits on conversion to PSAB	(1,442)

Accumulated surplus, as restated as at January 1, 2010 \$ 25,672

#### Annual surplus for 2010:

Net income, as previously reported	\$ 1,074
Change in post employment benefits expense on conversion to PSAB	179

Annual surplus, as restated \$ 1,253

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2011  
(In thousands of dollars)

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### 1. Conversion to Public Sector Accounting Standards (continued):

The majority of the adjustment to opening accumulated surplus is due to the recognition of employee future benefits associated with vacation entitlement upon retirement and uninsured death benefits, both of which were not previously recognized as liabilities under the former accounting standards.

Under PSA standards, short-term money market investments are shown using their cost basis. The 2010 cash equivalents were previously shown at their market value and accordingly have been restated at cost. The difference between cost and market value on these investments is entirely attributable to accrued interest, and so accounts receivable has also been restated in 2010 to reflect this impact.

BC Assessment has elected to use the following exemptions allowed upon first-time adoption:

Retirement and post-employment benefits – BC Assessment has elected to recognize all cumulative actuarial gains and losses as of the date of transition to PSA standards directly in accumulated surplus.

Tangible capital asset impairment – BC Assessment has elected to assess conditions for a write-down of a tangible capital asset as noted in Section PS 3150, *Tangible Capital Assets*, on a prospective basis from the date of transition to PSA standards.

### 2. Significant accounting policies:

The financial statements of BC Assessment are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the PSAB. Significant accounting policies adopted by BC Assessment are as follows:

#### (a) Basis of accounting:

BC Assessment 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) Revenues:

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

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 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 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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2011  
(In thousands of dollars)

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### 2. Significant accounting policies (continued):

constitutes BC Assessment's tax levies revenue. This revenue is recognized equally across all periods in the year.

**Other revenue:** Other revenue includes revenue from data access services, payments in lieu of taxes, contracts with First Nations, and other miscellaneous revenue (refer to note 9). Data access revenue and other miscellaneous revenue are recognized when earned, while payments in lieu of taxes and First Nations revenue are recognized equally across all periods throughout the year.

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

#### (c) Lease inducements:

Lease inducements include cash payments, reduced rent and rent free periods. The lease inducement benefits are amortized on a straight-line basis over the occupancy period.

#### (d) Cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

#### (e) Investments:

Investments consist of deposits in banks and short-term money market instruments and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

#### (f) Employee future benefits:

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

(ii) Retirement and other future benefits are also available to BC Assessment'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

Year ended December 31, 2011  
(In thousands of dollars)

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### 2. Significant accounting policies (continued):

(g) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful 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, less residual value, of the tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful lives as follows:

<b>Asset</b>	<b>Useful life - years</b>
Buildings	20
Furniture and equipment	3 to 5
Computer equipment	3 to 5
Motor vehicles	5
Assessment system software	10
Other software	1 to 5
Leasehold improvements	Equal to the lease term
Leased equipment	Equal to the lease term

Annual amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to BC Assessment'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.

(i) Leased tangible capital assets

Leases that transfer substantially all of 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.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2011  
(In thousands of dollars)

### 2. Significant accounting policies (continued):

(j) 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. Significant estimates include assumptions used in estimating provisions for accrued liabilities, the useful life of capital assets and in performing actuarial valuations of employee future benefits. 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. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

### 3. Cash and cash equivalents:

Cash and cash equivalents reported on the statement of financial position have cost and market values as follows:

	December 31, 2011		December 31, 2010		January 1, 2010	
	Cost	Market Value	Cost	Market Value	Cost	Market Value
Cash	\$ 1,116	\$ 1,116	\$ 540	\$ 540	\$ 599	\$ 599
Money market funds	26,644	26,857	26,097	26,279	25,295	25,380
<b>Total</b>	<b>\$ 27,760</b>	<b>\$ 27,973</b>	<b>\$ 26,637</b>	<b>\$ 26,819</b>	<b>\$ 25,894</b>	<b>\$ 25,979</b>

### 4. Employee benefits and other liabilities:

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

	December 31, 2011	December 31, 2010	January 1, 2010
Employee future benefits	\$ 3,618	\$ 3,654	\$ 3,835
Employee past benefits	6	11	11
Other liabilities	5,685	5,641	5,473
<b>Total</b>	<b>\$ 9,309</b>	<b>\$ 9,306</b>	<b>\$ 9,319</b>

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

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2011  
(In thousands of dollars)

#### 4. Employee benefits and other liabilities (continued):

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 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.

Employees' future benefits:

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. These retirement benefit plans include a retirement allowance, unearned vacation entitlement, and death benefits. An independent actuarial valuation of the post-employment benefits obligation and net periodic benefit cost was calculated at October 31, 2011 using management's estimates of salary escalation and expected retirement ages. This valuation was then extrapolated to December 31, 2011. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to BC Assessment.

Information about BC Assessment's retirement benefit plans is as follows:

	2011	2010
Accrued benefit obligation:		
Balance, beginning of year	\$ 3,654	\$ 3,835
Current benefit cost	229	222
Interest	144	151
Benefits paid	(409)	(554)
Balance, end of year	\$3,618	\$3,654
Actuarial benefit obligation:		
Accrued benefit obligation	\$ 3,618	\$ 3,654
Unamortized actuarial loss	35	-
Balance, end of year	\$ 3,653	\$ 3,654

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2011  
(In thousands of dollars)

#### 4. Employee benefits and other liabilities (continued):

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

	2011	2010
Discount rate	3.25%	4.00 %
Expected future inflation rate	1.50%	1.50 %
Expected productivity and seniority increases	1.10% to 3.65%	1.10% to 3.65%

Over time, changes in assumptions and actual experience compared to expected results will cause actuarial gains and losses in future valuations. A decrease in the discount rate from 2010 to 2011, partially offset by actual benefit payments being less than expected, has created a net actuarial loss at December 31, 2011.

The unamortized actuarial loss on future payments is amortized over the estimated average service lives of the employees which is 12 years.

Other pension plans:

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, 2011) determined the Plan had an unfunded liability. As a result, the Public Service Pension Board of Trustees will implement a contribution rate increase of 0.40% each, for plan members and employers to meet the funding requirements of the *Pension Benefits Standards Act*. The increase in rates will go into effect April 1, 2012.

Contributions to the Plan by BC Assessment for 2011 were \$3,755 (2010 - \$3,727).



# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2011  
(In thousands of dollars)

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### 5. Capital lease obligations:

In 2010 and 2011, BC Assessment entered into agreements to lease office equipment. These leases are accounted for as capital leases with minimum lease payments for each of the five years of the lease term.

Year ending December 31:	2011	2010
2011	\$ -	\$ 144
2012	289	144
2013	289	144
2014	289	144
2015	289	130
2016	105	-
Subtotal	1,261	706
Less amount representing interest at 3% per annum	(281)	-
Less amount representing interest at 13% per annum	-	(207)
Present value of net minimum capital lease payments	\$ 980	\$ 499

Interest of \$114 (2010 - \$37) relating to capital lease obligations has been included in expenses on the Statement of Operations.

As at January 1, 2010 there were no capital lease obligations.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2011  
(In thousands of dollars)

### 6. Tangible capital assets:

<b>Cost</b>	Balance at December 31, 2010	Additions	Disposals	Balance at December 31, 2011
Land	\$ 354	\$ -	\$ -	\$ 354
Buildings	2,519	-	-	2,519
Furniture and equipment	8,354	158	(4,223)	4,289
Computer equipment	6,847	1,368	-	8,215
Motor vehicles	2,100	260	(380)	1,980
Leasehold improvements	5,060	(2)	-	5,058
Leased equipment	561	589	-	1,150
Assessment system software	13,698	845	-	14,543
Other software	988	167	-	1,155
Assets under development	898	870	-	1,768
<b>Total</b>	<b>\$ 41,379</b>	<b>\$ 4,255</b>	<b>\$ (4,603)</b>	<b>\$ 41,031</b>

<b>Accumulated amortization</b>	Balance at December 31, 2010	Disposals	Amortization expense	Balance at December 31, 2011
Land	\$ -	\$ -	\$ -	\$ -
Buildings	1,722	-	126	1,848
Furniture and equipment	6,256	(4,223)	723	2,756
Computer equipment	6,141	-	957	7,098
Motor vehicles	1,728	(380)	246	1,594
Leasehold improvements	1,052	-	544	1,596
Leased equipment	45	-	180	225
Assessment system software	7,983	-	1,517	9,500
Other software	745	-	196	941
Assets under development	-	-	-	-
<b>Total</b>	<b>\$ 25,672</b>	<b>\$ (4,603)</b>	<b>\$ 4,489</b>	<b>\$ 25,558</b>

<b>Net book value</b>	Balance at December 31, 2010	Balance at December 31, 2011
Land	\$ 354	\$ 354
Building	797	671
Furniture and equipment	2,098	1,533
Computer equipment	706	1,117
Motor vehicles	372	386
Leasehold improvements	4,008	3,462
Leased equipment	516	925
Assessment system software	5,715	5,043
Other software	243	214
Assets under development	898	1,768
<b>Total</b>	<b>\$ 15,707</b>	<b>\$ 15,473</b>

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2011  
(In thousands of dollars)

### 6. Tangible capital assets (continued):

<b>Cost</b>	Balance at December 31, 2009	Additions	Disposals	Balance at December 31, 2010
Land	\$ 354	\$ -	\$ -	\$ 354
Buildings	2,519	-	-	2,519
Furniture and equipment	9,585	1,204	(2,435)	8,354
Computer equipment	8,319	421	(1,893)	6,847
Motor vehicles	2,201	-	(101)	2,100
Leasehold improvements	2,670	2,540	(150)	5,060
Leased equipment	-	561	-	561
Assessment system software	12,864	834	-	13,698
Other software	770	317	(99)	988
Assets under development	-	898	-	898
<b>Total</b>	<b>\$ 39,282</b>	<b>\$ 6,775</b>	<b>\$ (4,678)</b>	<b>\$ 41,379</b>

<b>Accumulated amortization</b>	Balance at December 31, 2009	Disposals	Amortization expense	Balance at December 31, 2010
Land	\$ -	\$ -	\$ -	\$ -
Buildings	1,596	-	126	1,722
Furniture and equipment	7,940	(2,434)	750	6,256
Computer equipment	7,145	(1,892)	888	6,141
Motor vehicles	1,596	(100)	232	1,728
Leasehold improvements	737	(150)	465	1,052
Leased equipment	-	-	45	45
Assessment system software	6,467	-	1,516	7,983
Other software	490	(99)	354	745
Assets under development	-	-	-	-
<b>Total</b>	<b>\$ 25,971</b>	<b>\$ (4,675)</b>	<b>\$ 4,376</b>	<b>\$ 25,672</b>

<b>Net book value</b>	Balance at December 31, 2009	Balance at December 31, 2010
Land	\$ 354	\$ 354
Building	923	797
Furniture and equipment	1,645	2,098
Computer equipment	1,174	706
Motor vehicles	605	372
Leasehold improvements	1,933	4,008
Leased equipment	-	516
Assessment system software	6,397	5,715
Other software	280	243
Assets under development	-	898
<b>Total</b>	<b>\$ 13,311</b>	<b>\$ 15,707</b>

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2011  
(In thousands of dollars)

### 7. Accumulated surplus:

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

#### Accumulated surplus as restated (see Note 1) at December 31, 2010:

Equity in capital assets	\$ 15,208
Equity from operations - appropriated	5,500
Equity from operations - unappropriated	6,217
	<u>26,925</u>
Annual surplus for 2011	1,145
Accumulated surplus at December 31, 2011	<u>\$ 28,070</u>

#### Reserves:

Equity in capital assets	14,493
Equity from operations - unappropriated	8,077
<b>Reserves set aside for specific purpose by the Board of Directors:</b>	
Replacement of assessment software system	5,500

\$ 28,070

### 8. Commitments:

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

2012	\$ 9,494
2013	8,400
2014	7,470
2015	5,354
2016	5,251
Thereafter	30,310
	<u>\$ 66,278</u>

### 9. Appeal costs:

BC Assessment is required to reimburse the Province of British Columbia for the operating costs of the Property Assessment Review Panel and the Property Assessment Appeal Board.

# BRITISH COLUMBIA ASSESSMENT AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2011  
(In thousands of dollars)

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### 10. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2011 operating and capital budgets approved by the Board on December 16, 2010.

### 11. Related party transactions:

BC Assessment is related through common ownership to all Province of British Columbia ministries, agencies and 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.

The Statement of Operations includes the following transactions with related parties of the Province of British Columbia:

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	2011	2010
Other revenue	\$ 94	\$ 34
Payments for:		
Appeal costs	2,743	2,469
Salaries and benefits	795	707
Office	266	259
Professional and special services	1,331	899
Interest	23	8
Office premises	419	455
Travel	1	64
Assets (liabilities) at December 31 with related parties		
Accounts receivable	2	25
Accounts payable	(782)	(732)

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BC Assessment contracted with the Province for the disposal of surplus property, plant and equipment with net proceeds of \$74 (2010 - \$29).