

Village of Carmangay

Detailed Assessment Audit Report

Assessment Year 2019/Tax Year 2020

Alberta ■

The provincial assessment audit program is one of Alberta Municipal Affairs' initiatives to maintain an accurate, predictable, fair and transparent assessment and property tax system in which stakeholders have confidence.

Assessments must be equitable in order for fair distribution of municipal property tax and provincial education tax. The assessment audit program's focus is to promote assessment equity within a municipality and between municipalities throughout Alberta by auditing and reporting on assessment performance and advancing best practices.

Detailed Audit Program

Detailed audits combine the factual, results-oriented ratio study with the more investigative, process oriented procedural audit to determine if assessments meet valuation and administration standards that can reasonably be expected of Alberta municipalities assessment programs. As well as properties assessed at market value, detailed audits may review property classified as farm land and machinery & equipment assessed at regulated rates that cannot be monitored by ratio studies.

Assessment Audit is tasked with administering the audit program. Each year a number of detailed audits are scheduled to be undertaken. These audits can be initiated by a municipal request or by Minister's initiative. An audit can be specific to a municipality or can be based on property group which could encompass multiple municipalities.

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PART A - EXECUTIVE SUMMARY

Overview

Introduction

Municipalities prepare assessments in accordance with Part 9 of the *Municipal Government Act* (MGA) and the regulations. Assessment audits are performed under the authority of section 22 of the *Matters Relating to Assessment and Taxation Regulation, (203/2017)* by assessment auditors appointed by the Minister of Municipal Affairs. The *Detailed Assessment Audit Manual* guides the auditors' work. This report is intended to be read in conjunction with the *Detailed Assessment Audit Manual*. The manual is meant to be used by auditors to facilitate a consistent approach to detail audits, or can be used by municipalities as a tool for self-review.

Objective of the Audit

The objective of this detailed assessment audit is to provide an unbiased opinion as to the quality of the municipality's assessment roll for the 2020 tax year. The opinion is based on a review of assessment performance by measuring the degree to which assessments meet regulated quality standards and a review of procedures and administration of the municipality's assessment program. The audit also provides a means to identify and reinforce strengths in a municipality's assessment program and to identify where opportunities exist to improve assessments or assessment administration.

The audit meets this objective by providing brief findings and conclusions for individual tasks meeting best practice guidelines and/or legislative requirements as outlined in the *Detailed Assessment Audit Manual*. For tasks not meeting legislative or best practise requirements and requiring a recommendation, the auditor provides more detail and explanation of findings supporting conclusions.

Scope of the Audit

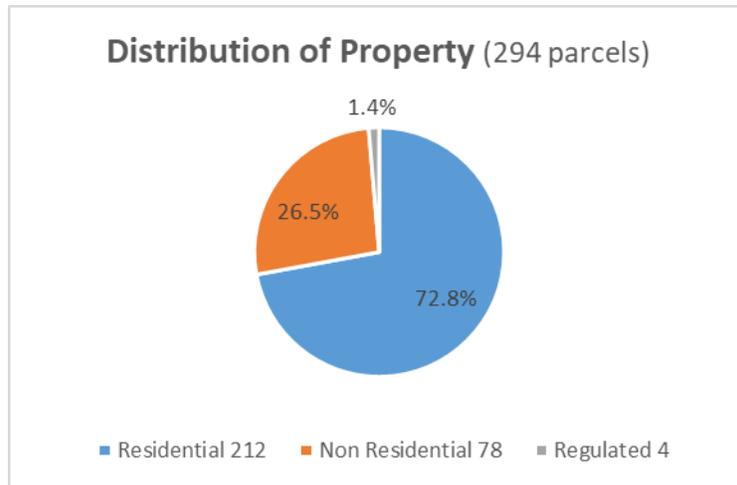
This detailed assessment audit will review assessment performance for those properties for which the municipality is legislatively required to prepare assessments, as well as an administrative review. Ratio studies serve as the primary tool for the objective evaluation and measurement of mass appraisal performance. The procedural review will focus on how assessments are prepared and will involve a pool of sample properties for testing.

The following topics are out of scope for this audit:

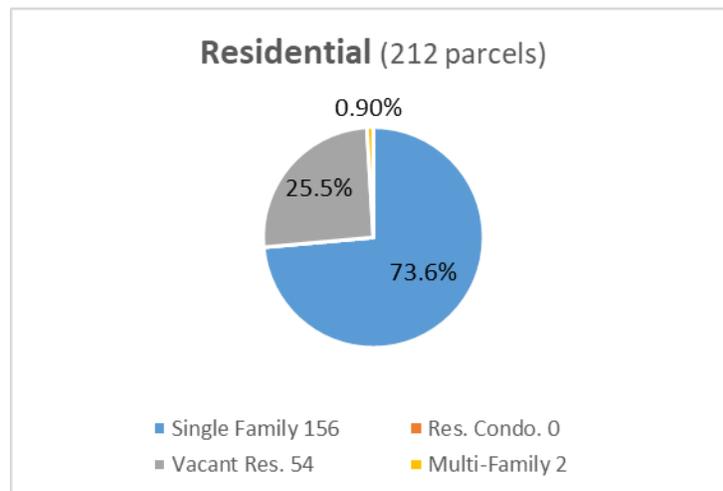
- Provincial and municipal tax policy,
- Equalized assessment and education requisition policy,
- Business assessment and taxation provisions in Part 10 of the Act other than those for property tax, and
- Property assessments completed by the provincial assessor.

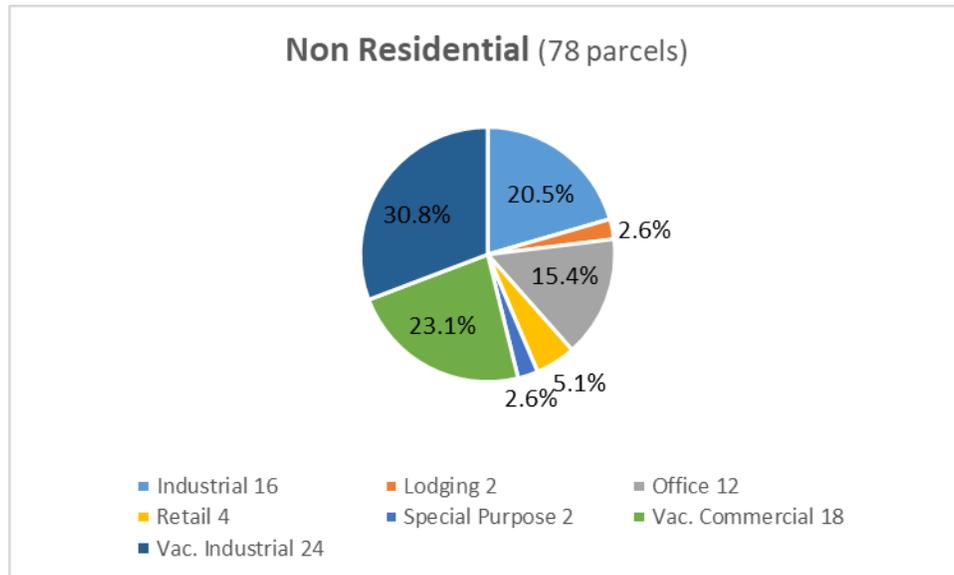
Distribution of Assessment by Property Type

Figure 1: Overall Distribution by Property Type



Property Type	Parcel Count	Total Assessment	% of Total Assessment
Residential	212	18,631,830	75.0%
Non Residential	78	6,197,810	25.0%
Regulated	4	5,910	0.0%
TOTAL	294	24,835,550	100.0%





Findings of Audit

In our opinion, the Village of Carmangay, in preparing its assessment roll for the 2020 tax year, meets most of legislated standards. Most aspects of procedures and practices used in preparation of property assessments meet assessment best practices.

In addition, an administrative review of the municipality's management of the assessment program finds legislative requirements have been met for the administration of bylaws, assessment rolls, notices, complaints and public relations.

This report contains three recommendations. Of these, there are two compliance recommendations and one best practice recommendations requiring action in the upcoming assessment year.

Recommendations:

Compliance with Legislation Requirements

The municipality must:

- Implement public notification(s) that assessment notices have been mailed.
- Include all requirements, with complying dates and deadlines in *Assessment Notices*.

Best Practice Recommendations

It is recommended that the assessor inspect all parcels with inspection dates older than five years.

Observations

- It is advisable for the municipality to develop a formal MGA section 299/300 request form and process to ensure appropriate handling of a formal request. (Completed since the first writing of this report).

Acknowledgements

Cooperation received from the assessor and administration staff at the Village of Carmangay is appreciated. We received all information, reports and explanations required to conduct the audit in a timely fashion.

Next Steps

The assessor and the chief administrative officer were asked to respond to the conclusions and recommendations contained in this report, indicating the actions that will be taken to address the recommendations and the timeframe in which the actions will be completed. Such action demonstrates a commitment toward continued improvement of assessment practices and administration; and contributes to enhancing assessment quality across the province.

A follow-up audit will be conducted in 2021 to evaluate progress on actions taken by the municipality in addressing recommendations contained in the report.

ASSESSOR RESPONSE

I've reviewed the Detailed Audit and agree with the Auditor's findings. We strive to meet all legislated requirements as well as guidelines and best practices. Our company works hard to produce the highest of quality standards and we appreciate review of our work. In response to the one recommendation made by the auditor, I'm confident the properties with no inspection note in the last 5 years will be inspected in the coming years. We have already implemented a structured 4 year reinspection cycle submitted to the Auditor during his review. The strategic plan is already in place to satisfy the Auditor's recommendations and will be fulfilled.

MUNICIPAL RESPONSE

The CAO and Mayor for Carmangay were forwarded a draft copy of this report and asked for a response. As of the final writing of this report no response(s) have been provided, so we have concluded the detailed audit without further feedback.

PERFORMANCE REVIEW

A performance based review provides direct evidence of valuation accuracy and uniformity of properties assessed at market value.

Sold Parcel Reconciliation

Using *Land Titles Office* data, Assessment Audit reviews whether the assessor is reporting the appropriate number of sales to ASSET. A review is also conducted to identify if the assessor is including all *good* sales as valid for statistical review.

Analysis indicates the assessor reports nearly all of the *Land Titles Office* transactions requiring verification (three years preceding July 1, 2019). The only exceptions refer to four titles cancelled since sale date, and where there was no *consideration* (sale value) in the transfer document.

Sales Verification

Assessors are expected to screen land titles transactions and assign *sales verification codes* indicating whether the sale is representative of market value and can be used in market analysis and ratio studies, or whether the sale is not representative and is invalid.

The following table summarizes the assessor’s verification coding.

Sale Verification Code	Used in Analysis	Actual Use Group										Row Total	
		MF	RC	SFD	VR	IND	LOD	OFF	RET	VCOM	VIND		
8000 Unverified	n/a												
8001 Good sale	N												
	Y			14	5	2		1			1		23
8002 Non-Arm's-Length	N	1		12							1	2	16
	Y												
8005 Duress	N			1									1
	Y												
8008 Foreclosure	N			1									1
8014 Mult. Parcel sale	N												
	Y					1							1
Column Total N		1		14							1	2	18
Column Total Y				14	5	3		1			1		24

Findings:

Removing transfer types that are not usually sales (estate, judicial order, subdivision, etc.) leaves only 12 excluded from an analysis of 42 transfers. Six of the 12 are extreme outliers, also including one sale from the municipality. Because there are so few net sales for analysis, the inappropriate exclusion of several sales could affect the calculated assessment level for the group. Therefore, the audit unit investigated transfer documentation for the remaining five parcels, and agrees with the assessor in excluding these sales as market value indicators.

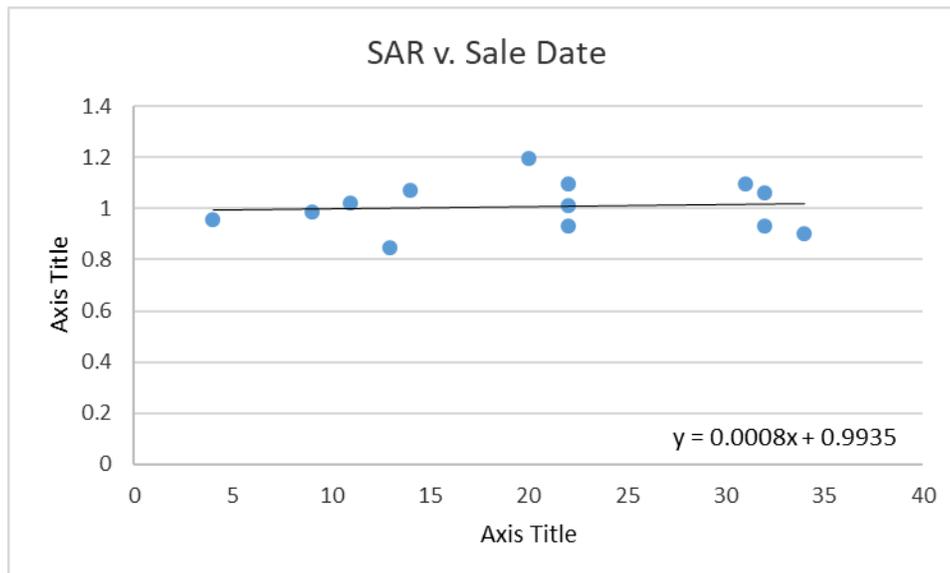
It does not appear there is any motivation driving which sales are excluded, and the assessor appears to be using discretion appropriately. Therefore, auditor ratio studies will use the assessor’s reported sale set.

Time Adjustment Validity

The *Matters Relating to Assessment and Taxation Regulation* (MRAT) states the preparation of any assessment in accordance with the MGA must be an estimate of value on July 1 of the assessment year. In other words, sale prices need a time adjustment to account for value changes between the sale date and July 1, 2019 (valuation date for 2020 tax year).

Findings:

One method of determining the time adjustment is sales-ratio trend analysis. This is the method used most often in Alberta. The ratio is the sale price/assessment or S/AR (SAR). The auditor prepared an SAR vs. time plot for sales included for analysis.



The time adjustment indicated by SAR analysis is -0.9%/annum. A similar plot of sale price/sq.ft suggests a modest positive time adjustment instead. As a further check, the results of 5 other villages are combined with Carmangay. The 6 villages combined (Arrowwood, Barons, Carmangay, Champion, Lomond, Milo) indicate a modest negative (near-zero) time adjustment. The analysis either way suggests a modest (near zero) time adjustment. The assessor implements a +1.0%/annum time adjustment which falls within reasonable practice under the circumstances.

Other Sale Price Adjustments

Occasionally, other adjustments are employed (chattels for example). For single family dwelling (SFD) in particular, these types of adjustments should rarely be used.

The assessor has not applied any other adjustments to sale prices in the submission to ASSET.

Ratio Studies

Market value assessments must meet median assessment ratio and coefficient of dispersion standards. Performance-based review (ratio studies) provide direct evidence of valuation accuracy and uniformity of properties assessed at market value. Ratio studies are an essential tool for objective evaluation and measurement of mass appraisal performance.

Various statistical studies were undertaken to review quality and uniformity of assessments within the assessment roll. Conclusions are made when a sample size is 15 or more of sold properties within a particular stratum for the preceding three years. If the sample is less than 15 but more than five; and, if the sales are judged to be representative of the population, some weight may be accorded to results. The *Matters Relating to Assessment and Taxation Regulation* sets forth requirements for assessment quality and uniformity. Statistical testing measures whether standards are met. For any stratum, median assessment ratio and corresponding coefficient of dispersions (COD) must be within the following ranges:

Property Type	Median Assessment Ratio (ASR)	Coefficient of Dispersion (COD)
Property containing 1, 2 or 3 dwelling units	0.950 – 1.050	0 – 15.0
All other property	0.950 – 1.050	0 – 20.0

The price related differential (PRD) is a non-regulated quality standard, but can still be informative if not instructive. PRD values between 0.98 and 1.03 indicate high and low-value properties are assessed at similar percentages of market value. PRD values below 0.98 indicate there is a progressive bias favouring low-value properties and that high-value properties may be over-assessed. PRD values above 1.03 may indicate a regressive bias favouring high-value properties.

Overall Ratio Study Results

Findings:

Property Type	Property Count	Sale Count	Median ASR	COD	Meets Standard?	PRD
Single Family	153	14	0.956	8.5	yes	1.030
Vacant Residential	54	5	0.997	11.6	yes	0.980
Multi Family	2	0	1.0 inferred*	0.0	yes	0.000
Industrial/Commercial	34	4	1.007	10.8	yes	1.000
Special Purpose	2	0	1.0 inferred*	0.0	yes	0.000
Vacant Non Res	42	1	0.990	0.0	yes	1.000

*If there are no sales in a category, the assessment level is inferred at 1.0.

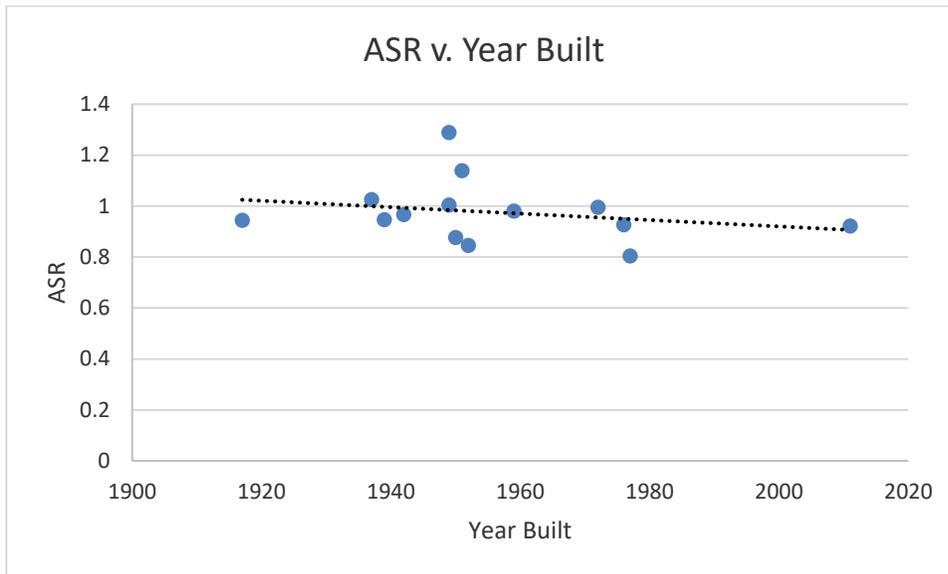
Conclusion

Median ASRs (assessment level) and CODs (*Coefficient of Dispersion...variance from centre*) are within regulated standard for all property groups. In the instances of *Multi Family* and *Special Purpose* none of the four parcels sold in the past three years, therefore, no ratio analysis can be performed, and the ratio is inferred at 1.0.

Stratified Assessment Level Analysis:

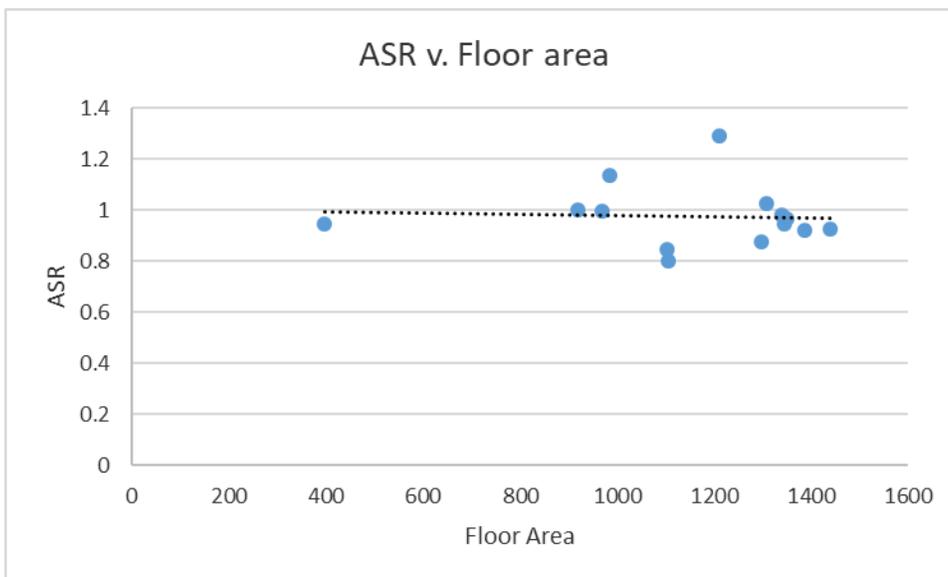
The Village of Carmangay assesses residential property using the market-adjusted cost approach to derive value for improved properties, and the direct sales (market) approach for vacant land. The following analysis reviews if assessment level is consistent across a range of value-influencing factors.

SFD Properties by Age:



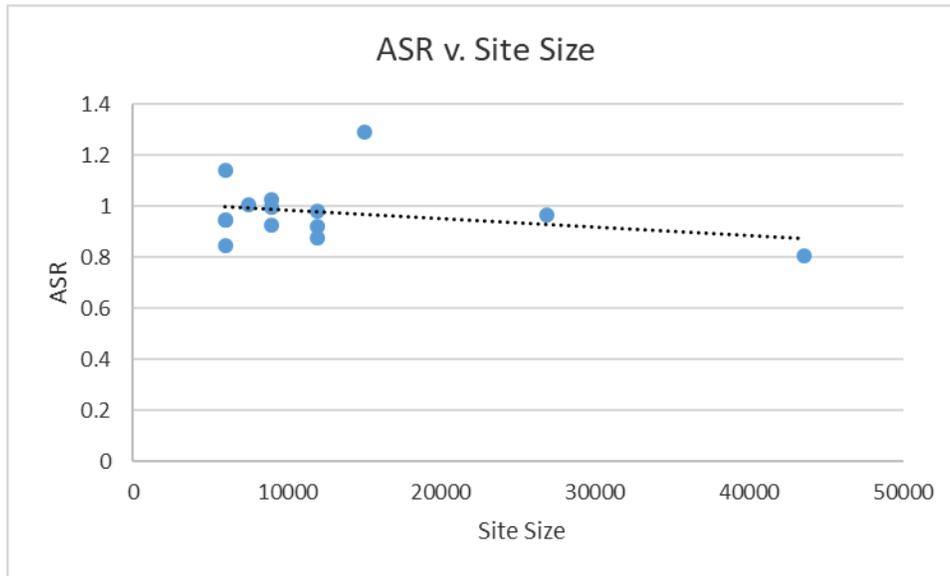
The trendline from *ASR vs. Year Built* indicates the median assessment ratio goes down a little for newer property. However, the trendline is heavily influenced by the single 2011 year-built sale. Based on property viewings it appears assessment calculations were applied consistently across age bands. However, the assessor may want to monitor that assessment levels are consistent for newer properties as future sales occur.

SFD Properties by Floor Area:



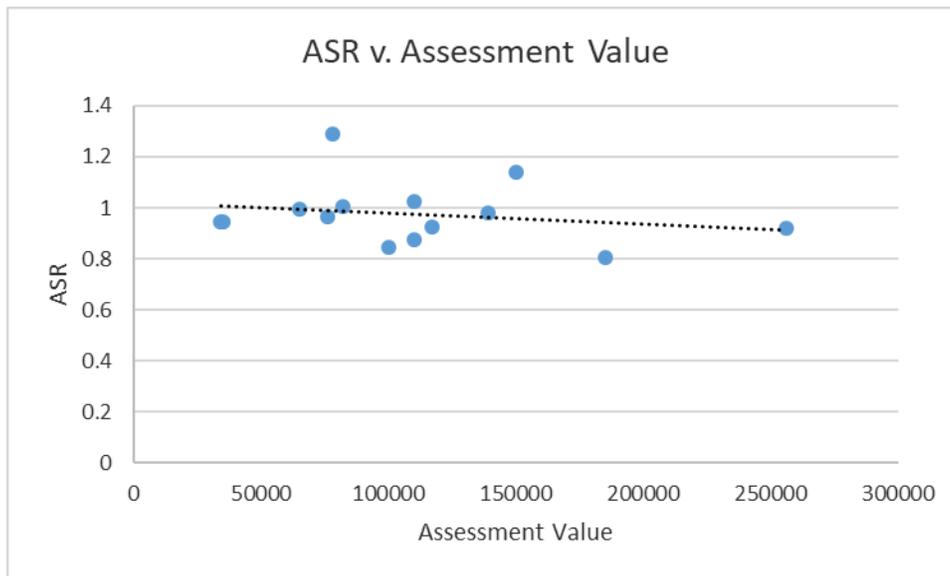
This trendline shows properties with differing building size have assessment levels at essentially the same percentage of market value (nearly flat trendline). There is no indication assessment levels correlate with building size.

SFD Properties by Site Size:



The trendline indicates assessment levels may be lower for larger site sizes. However, the inclusion or exclusion of the largest parcel sale (1.0 acre) can reverse the trendline. With just one sale having this much influence on the results, little weight can be afforded this analysis.

SFD Properties by Assessment Value:



At first blush the trendline suggests higher-value property is assessed at a slightly lower level than low-value property. As with *ASR v. Year Built* analysis, the trendline is heavily influenced by the same sale of a 2011 Year-Built property.

VALUATION OF SIMILAR PROPERTY

Uniform and equitable assessments:

SOLD VS: UNSOLD ANALYSIS

The objective of ratio studies is to determine appraisal performance for the population of properties; that is, both *sold* and *unsold* parcels. If sold parcels are selectively reassessed based on their sale prices, assessment values in ratio studies are not representative of the total population and may distort ratio study results.

Findings:

Assessment Audit reviewed the *sold* sample, and the *unsold* population to determine if their change (or shift) in assessment from the previous year is similar. A substantially greater year-over-year change in assessment of *sold* properties, when compared to *unsold* properties, could be an indication of selective re-assessment. For audit purposes, if there are differences of greater than 5% between *sold* and *unsold* properties, they are flagged for review. The results are as follows.

Group	Unsold Count	Sold Count	Unsold Asmt% Change	Sold Asmnt % Change	Difference Sold v. Unsold
Single Family	126	14	0	-2.96	-2.96
Industrial	12	1	-4.08	6.2	10.28
Office	11	1	-0.46	-1.9	-1.45
Vac. Commercial	16	1	-6.67	-12.5	-5.83
Vac. Residential	51	1	0	0	0

Two property groups (Industrial, Vac. Commercial) are outside tolerance of +/-5%; but with just one sale each, no reliance is placed on results. The Single Family group with 14 sales meets with best practices. However, there are too few sales to stratify further according to architectural style, size, age, neighbourhood, quality, etc.

Conclusion:

As a whole, based on preceding statistical tests and property viewing, sold and unsold property are being assessed similarly and meet with best practices.

Vacant Land

The assessor would normally review sales from the past three to five years to derive table-driven, square foot rates (and constants). There are just 5 sales from the last 3 years ranging in value from \$7,000 to \$15,000. (Current assessments for lots below ½ acre have a median value of \$12,000).

It is clear there is little demand for vacant lots. Therefore, the assessor draws on limited sales from other villages in the area, with support from *extracted* land values.

There are 22 land sales from Barons, Carmangay, Champion, Lomond, and Milo during the past three years. The median sale price for lots under ½ acre is \$12,000...essentially the same as Carmangay assessments.

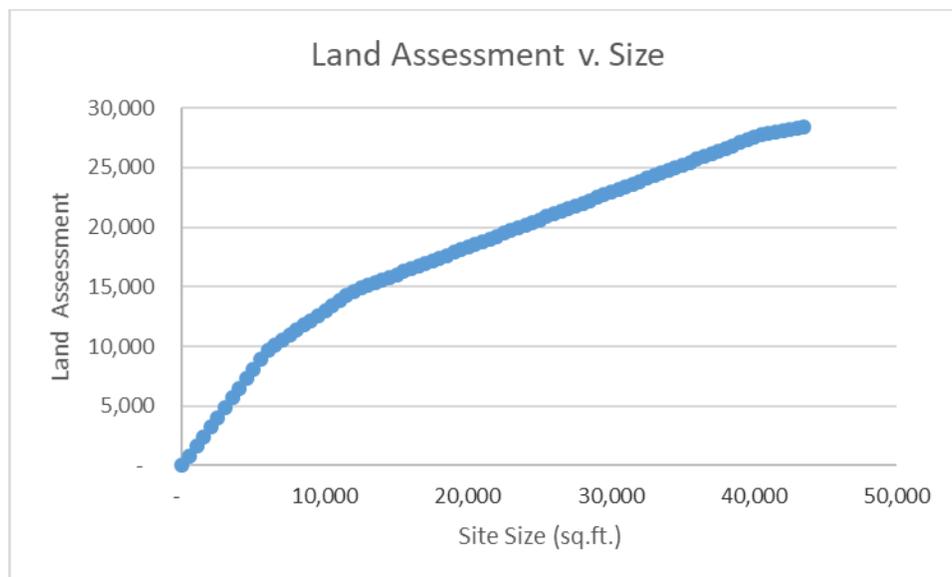
Extracted land values are derived from sales of improved properties, where the improvement’s contribution-to-value is reasonably known from the cost approach. The difference (residual/*extracted*), infers land value. Extracted land values are tenuous, but since there are far more improved sales, they can reasonably corroborate values from limited land sales.

Based on sales, the assessor developed a rate table to account for different sizes. (Residential and non-residential assessments are the same based on experience elsewhere).

Land Assessment Rate Table

Size Range (sq.ft.)	Sq.ft. rate	Constant
0 - 6000	1.62	-
6001-12000	0.82	4,812
12001-40000	0.46	9,144
40001-87120	0.22	18,828
87121-150000	0.14	25,204
150001-217800	0.08	35,211
217801-435680	0.07	37,471
435681-1900000	0.04	46,801

The sequence of resulting assessments depends less on the square foot rate, and more on the *Constant* as parcel size increases. The following plot depicts land assessments through a range of sizes (truncated at 1.0 acre).



The land assessment model reasonably reflects the principle of *diminishing returns*, where larger lots are worth more but at a declining unit (sq.ft.) rate. Adjustments to the base pricing schedule reflect a single locational characteristic (Backing Coulee), or a lack of servicing. The resulting assessments make intuitive sense and meet with reasonable practice pending more sales activity.

Recommendations:

No recommendations are offered.

Residential Property

Residential property includes Single Family (SFD), Residential Condominium (RC), Multi-family (MF), and Vacant Residential (VR). Carmangay's inventory only includes single family and vacant residential.

For these property types, there are two valuation methods used in Alberta; the sales comparison, and market-modified cost approaches. Sales comparison requires a sufficient mass of similar sales to invoke unit rates for modelling purposes, and is rarely used in small municipalities.

The assessor reasonably chooses the market-modified cost approach for improved residential. The biggest steps within the cost approach are land valuation, estimating replacement cost new, deducting depreciation, and reconciling (modifying) to limited sales data.

The audit process relies heavily on property viewing. Direct, property-specific observation can reveal subtleties not apparent in a strict statistical analysis (preceding sections). Assessment Audit viewed, by exterior observation, virtually all improved properties. The process considers application of the cost approach to *sold v. unsold* properties, various architectural styles, ages, locations, qualities, and lot sizes. The review process checks if application of cost new, market modifiers, quality ratings, depreciation, and land value are consistent with similar properties. The review also checks the inventory of structures (dwellings, garages, sizes, carports, decks, fireplaces, etc.). Many of the assessment records have notes from 2017-2019 inspections.

No material discrepancies between observation and assessment record were identified. Direct observation confirms the assessment record reflects changes in property data (building permits, additions/deletions); and, Assessments of *sold* properties align reasonably with sale prices from up to 10 years ago. (Dated sales are considered because there are so few sales in the past 3 years).

SFD CONCLUSION AND RECOMMENDATIONS:

Ratio study results for Single Family Dwellings (SFD) are within quality standards. Upon direct viewing, sale prices v. assessments make logical, intuitive sense. No recommendations are offered.

Non-Residential (NR)

Non-residential property includes Industrial (IND), Retail (RET), Office (OFF), and Special Purpose (SPEC).

Any of the three approaches to value might have applications for non-residential property. The three valuation approaches are; sales comparison, income, and cost. Sales comparison requires a sufficient mass of similar sales to invoke unit rates for modelling purposes. The market approach is rarely used for non-residential in small municipalities; similar to SFD.

The income approach is based on the premise property values are expressed as a price-earnings multiple of typical rent. Again a sufficient number of rent rates from the area are required for the income approach to be valid. In Carmangay, a large majority of non-residential properties are owner-occupied...they are not owned for their rental-income-producing merits. This is not to say there are not leased properties, but the fraction is too small to develop a valuation scheme.

The assessor reasonably chooses the depreciated cost approach for improved, non-residential property. The biggest steps within the cost approach are land valuation, estimating replacement cost new (from a cost manual in most cases), and deducting depreciation.

For non-residential, *Reproduction Cost New* (RCN) in Alberta is generally calculated using two different manuals. In some municipalities the *1984 Alberta Cost Manual* (84 Manual) is still used. However, the base costs are dated and some modern improvements are not present. The assessor has converted to the *Marshall Swift* manual whose calculations are resident in the widely used *CAMA/lot* software.

The audit review relies on direct viewing of property, and cost approach calculations. The property inventory, selection of class/quality, consistency, modifiers and depreciation are consistent within Carmangay and similar villages in the region. Assessments align reasonably with the few non-residential sales from the past 10 years.

NON-RESIDENTIAL CONCLUSION AND RECOMMENDATIONS

The assessor's application of the cost approach for non-residential property meets with best practices. No recommendations are offered.

PROCEDURAL REVIEW - PROPERTY INVENTORY

Process-oriented procedural reviews focus on how assessments are prepared and whether legislative requirements are met, valuation regulations are adhered to, appropriate manuals used, and if professional standards and guidelines are followed.

All Assessable Property Assessed:

The municipality must prepare an assessment annually for every assessable property in the municipality except linear and *Designated Industrial Property*.

Task Reviewed		Findings Yes/No	Comments
Assessable properties are assessed	Required by MGA s.285	Yes	
New and/or partially completed improvements assessed	Required by MGA s.291	Yes	All parcels with <i>Development Permits</i> have been followed-up by the assessor.

Sufficient and Accurate Property Information (Findings and Conclusions)

Data Element Reviewed	Reference	Findings	Comments
Legal description	Required by MGA s.293(3)	Yes	All parcels requiring legal descriptions are entered in the CAMA (Computer Assisted Mass Appraisal) system and are reported to ASSET.
Parcel size	Required by MGA s.293(3)	Yes	All parcels have reported sizes.
Improvement(s) size	Required by MGA s.293(3)	Substantial Compliance	All but seven parcels with improvement assessments have reported sizes. They relate to parcels without a main building (usually a garage only), and some details are not reported.
Improvement(s) with standard M/Q/S classification	Required by MGA s.293(3)	Substantial Compliance	All but nine have M/Q/S (Model/Quality/Structure) identified in the roll submission. Most coincide with <i>improvement size</i> above. Roll numbers have been provided to assessor for data entry.
Improvement(s) year built	Required by MGA s.293(3)	Substantial Compliance	All but seven parcels are recorded with the year built. Coincident with <i>improvement size</i> (garages).
Predominant Use Code (PUC)	Required by MGA s.292(3)	Yes	Every parcel has a PUC.
Location Characteristics	Required by MGA s.293(3)	Yes	Values v. location are virtually homogenous in Carmangay, the exception being proximity to coulee view.
Inspection Date	Required by MGA s.293(2)	Substantial Compliance	All parcels have a reported inspection date. However, some parcels have not been inspected in the preceding five full calendar years. See detail/table below.
LINC #'s	Required by MGA s.293(2)	Yes	
Improvement(s) Condition code	Required by MGA s.293(3)	Substantial Compliance	Seven parcels still require Improvement Condition Codes, overlapping with seven properties above.

Data Element Reviewed	Reference	Findings	Comments
Details of Accessory Improvements if applicable.	Required by MGA s.293(3)	Yes	Separate cost approach calculations and details retained in CAMA system.
Land Use (zoning) Bylaw code	Required by MGA s.293(3)	Yes	All but two parcels have Land Use (zoning) coding attached. Forwarded to assessor for data entry.
Farm Land net productivity factors	Required by AR 203/2017	Yes	There are only four farm class parcels, with productivity and unit cost factors.
Farm Land cost factors	Required by AR 203/2017	Yes	
Income approach parameters	Required by AR 203/2017	N/A	Income Approach not used for Carmangay.

Inspection Year	Count	Subtotal
2020	2	
2019	34	
2018	203	
2017	2	
2016	3	
2015	1	
2014	4	249 (85%)
2009	5	
2008	2	
2006	36	
1900 (default)	2	45 (15%)
Total	294	

Inspect Type	Count	%
Door	40	13.6%
Drive-by	78	26.5%
Exterior	157	53.4%
Interior	15	5.1%
MLS verified	2	0.7%
NAA (none recorded)	2	0.7%
Total	294	

- 85% (249) of the parcels have been inspected during prior 5 full calendar years (required under best practices).
- Re-inspections for 45 (15%) of parcels are greater than 5 years (1900 through 2009).
- 235 (80%) are reported as *drive by* or *exterior inspections*; albeit there is always a contingent of difficult-to-access parcels.
- Best practices call for interior re-inspection where reasonable (leads to better inventory of data). However, direct viewing of a large sample indicates the data inventory is reasonably accurate.

Property Characteristics at Date of Sale

Findings and Conclusions:

Property characteristics at sale date may be different from characteristics as of December 31 in a subsequent assessment year (condition date). According to IAAO texts and the *Property Assessment in Alberta Handbook*, assessors should preserve a “snapshot” of property details at sale date so prices and property characteristics match, and ratio studies not distorted.

The assessor’s computer assisted mass appraisal (CAMA) system tracks changes to improvements since any sale.

Special Purpose Property

A special purpose property is typically a large, distinct-in-nature, industrial property constructed to transform raw materials into product. Special purpose properties could include facilities such as public utility buildings, refineries, power plants, natural gas plants, mills, and grain handling facilities. Location is a key factor for industrial plants; they are generally located near the source of raw materials or within reasonable distance to a major transportation network.

Carmangay has just two parcels coded as *Special Purpose* (rolls 45, 333). Both of these parcels are improved with light industrial/shop buildings and it does not appear there is any manufacturing taking place. It would be better if these two parcels were recoded as *Industrial*.

Regulated Property

Pursuant to *Matters Relating to Assessment and Taxation, 2018* (MRAT) regulation (203/2017), the assessor appointed by the municipality must follow procedures set out in the Minister’s Guidelines.

Task Reviewed		Findings Yes/No	Comments
<i>Applicable Minister’s Guidelines are applied properly and consistently</i>			
Machinery and Equipment (M&E)	Required by MGA s.293 and AR 203/2017	N/A	Not applicable. No assessable M&E in Carmangay.
Farm land	Required by MGA s.293 and AR 203/2017	Yes	Four parcels are coded as “farm,” ranging in size from three to 32 acres. Farm parcels are assessed at regulated rates if used for the raising, production and sale of agricultural products. The calculations are complete and meet with the legislative/regulatory regime.

Conclusion – Procedural

Based on review, there is an assessment for all properties according to legislation. From a review of sample properties and data reported to *Assessment Shared Services Environment* (ASSET); the assessor collects and reports virtually all of the required information in the CAMA system.

Recommendations:

Inspect all parcels with inspection dates older than five years.

Administrative Review

Administrative review is a review of the municipality's management of the assessment program with a focus on whether preparation and administration of the assessment program meets legislative requirements.

Authority

<i>Task Reviewed</i>		Findings Yes/No	Comments
Appointed assessor has appropriate qualifications	Required by AR 54/99	Yes	The assessor, Chris Snelgrove, holds the designation of <i>Accredited Municipal Assessor of Alberta (AMAA)</i> , which meets requirements.
Assessor as designated officer established by bylaw, and person appointed as assessor	Required by MGA s.210(1) and s.284(1)(d)	Yes	Bylaw 778 (Sept 17, 2017) creates the position of designated assessor and appoints Mr. Snelgrove as the assessor.
Supplementary assessment bylaw passed	Required by MGA s.313	N/A	The Village of Carmangay does not use supplementary assessments for construction completed before year's end.
Supplementary assessment prorated	Required by MGA s.314	N/A	
Application of exemptions pursuant to the MGA	Required by MGA s.351 and s.361 to s.368	Yes	Exempted properties (e.g.: churches, schools) meet eligibility requirements.
Application of exemptions pursuant to the regulations			
a. Rural residences and farm buildings	Required by AR 203/2017	N/A	
b. Community Organization Property Tax Regulation (COPTER)	Required by AR 281/98	N/A	
Assessment roll is prepared by February 28	Required by MGA s.302	Yes	Assessment roll submitted and declared Jan 23, 2020.
Assessment roll contains the required contents	Required by MGA s.303	Yes	
Supplementary assessment roll prepared by end of year	Required MGA s.315(1)	N/A	
Bylaw designating manufactured home community as an assessed person	Required by MGA s.304(1)(j)	N/A	There are no manufactured home communities in this municipality. All manufactured homes are on titled lots.
Assessment notices meet legislated requirements	Required by MGA s.309	No	See narrative following this table.
Assessment notices sent by legislated date	Required by MGA s.310	No	See narrative following this table.

<i>Task Reviewed</i>		Findings Yes/No	Comments
Public notice that assessment notices sent	Required by MGA s.311	No	<p>No publication of assessment notices having been mailed.</p> <p>MGA s.311(1) <i>Each municipality must publish in one issue of a newspaper having general circulation in the municipality, or in any other manner considered appropriate by the municipality, a notice that the assessment notices have been sent.</i></p> <p>Since the nearest newspaper is in Vulcan, with few subscribers in Carmangay, possible solutions might use a combination of bulletin board announcements, inserts with another mailer, or social media.</p>
Supplementary assessment notices sent by legislated date	Required by MGA s.316(1)	N/A	
Supplementary assessment notices meet legislated requirements	Required by MGA s.316(2)	N/A	
Assessment record reflects decision of assessment review board	Required by best practice	Yes	There was one assessment appeal during the past three years. The current assessment still reflects findings of the Appeal Board.
Sufficient information provided to assessed persons	Required by MGA s.299	Yes	<p>Upon request, property owners informally receive sufficient information to determine how their assessment is calculated.</p> <p>In the event of a s.299 request, it is advisable for the municipality to have a formal plan in place to track requests, compliance dates, and a duplicate copy of information supplied to property owners.</p>
Summary of assessment of any assessed property in municipality	Required by MGA s.300	Yes	<p>Upon request, property owners receive sufficient information to determine how an assessment is calculated.</p> <p>In the event of a formal s.300 request, records of request and compliance dates need to be kept, along with a duplicate copy of information supplied to the property owner.</p>
Information submitted to the department	Required by MGA s.293(3) and s.319	Yes	The required information was reported into the ASSET system, and the roll declared Jan 23, 2020. (Minor items not withstanding – prior section)
Assessment roll changes submitted to department	Required by MGA s.305.1 and AR 220/2004 s.15	N/A	Revisions for last year were declared Sept 16, 2019.

Assessment Notices and Dates

MGA sections 303/309/310/311 govern requirements for assessment notices and their dates. Municipalities can meet requirements in more than one way.

- A. Send a combined *Assessment and Taxation Notice* (meeting requirements of both).
- B. Send separate *Assessment* and *Taxation* notices (split notices; meeting requirements separately).
- C. Send a preliminary/prospective assessment information letter (not meeting requirements for assessment notices), followed by a formal, combined, *Assessment and Taxation Notice* (like A.).
- D. Send all 3; preliminary assessment, *Assessment Notice*, *Tax Notice*.

Preliminary assessment information does not start complaint deadlines, and does not have to meet content requirements, but the subsequent *Assessment Notice*, or *combined* notice would.

The Village of Carmangay chose *split notices* for the 2020 tax year; a letter-format *Assessment notice* (May 13th), and a *Taxation notice* June 3rd (with most assessment information included). The May 13th assessment notice was mailed to taxable property owners only.

The May 13th assessment notice has shortcomings, yet the June 3rd tax notice nearly includes what is required for a *combined* assessment and taxation notice (see following table).

Required Contents of Assessment Notice

Legislative Requirement (MGA s.303/309/310/311)	May 13 letter meets requirements of <i>Assessment Notice</i> ?	June 3 notice meets requirements of <i>Combined Notice</i> ?
Property address/location	N	Y
Legal Description	Y	Y
Roll number	N	Y
Name & address of assessed person	Y	Y
Whether land, improvements or both	Y	Y
If improvement: type of improvement	N	Y
Assessment amount	Y	Y
Assessment class	N	Y
School allocation	N	Y
Mailed to all owners	N	Y
Exempt or not	N (not prepared for exempt)	Y
Notice of assmt date	N	N (refers to May 13 letter)
Mailing date (7d prior to <i>Notice date</i>)	N	N (refers to May 13 letter)
Complaint deadline (60 days)	N (June 30th)	N (60 days from letter)
Complaint officer/person	N	Y

Under either method, there are shortcomings in the *Assessment Notice* function. The May 13th letter would need to be mailed to all owners, and requires numerous additions to serve as an *Assessment Notice*. The June 3rd notice could serve as a *combined* notice if the dates/deadlines were benchmarked from June 3rd.

Conclusions – Administrative Review

Most of the requirements in administering the assessment roll have been met. However, there are shortcomings related to public notification; and, contents/dates for *Assessment Notices*.

It is advisable for the municipality to develop an *MGA* section 299/300 request form and process to ensure formal requests are dealt with appropriately. While this is not a legislative or best practice requirement, it is advisable. Therefore, this item has been included as an *observation* in the executive summary of the report.

Recommendations – Administrative Review

The municipality must:

- Implement public notification(s) that assessment notices have been mailed.
- Include all requirements, with complying dates and deadlines in *Assessment Notices*.

Part E - Addendum:

Item 1

Table of Commonly Used Acronyms and Abbreviations

AUG	Actual Use Group Code (SFD, RC, IND, etc.)
CAMA	Computer Assisted Mass Appraisal - <i>CAMA/lot</i> (brand name)
PUC	Predominant Use Group code
M/Q/S	Model/Quality/Structure codes
ASR	Assessment/Sale Price ratio
SAR	Sale Price/Assessment ratio
COD	Coefficient of Dispersion
PRD	Price Related Differential (measure of low-value vs. high-value ASR's)
Non Res (NR)	Combined non-residential property types; retail, office, industrial, vacant industrial/commercial
IND	Improved Industrial
LOD	Improved Lodging
RFI	Request for Information (typically from property owner)
RC	Residential Condominium
SFD	Single Family Dwelling
SPEC	Special Purpose Property (manufacturing plants, oil & gas facilities...)
VCOM	Vacant Commercial
VIND	Vacant Industrial
VR	Vacant Residential