

# Advisory Spect's

Winter 2003 | Number 14

Advisory Spect's is a quarterly publication of the Assessment Services Branch of Alberta Municipal Affairs.

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## Detailed audits continue in 2003

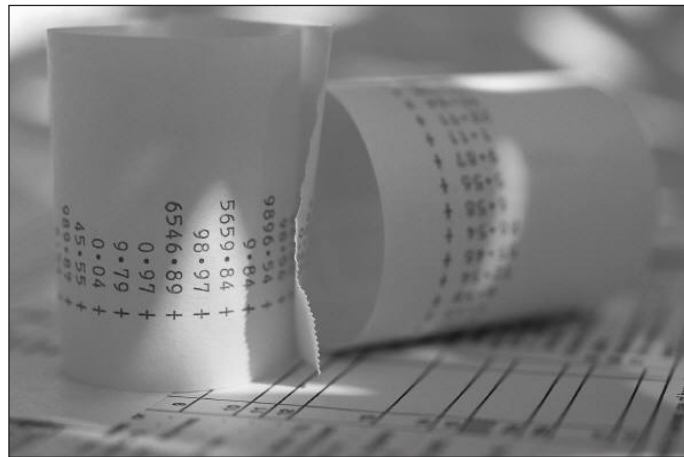
Assessment auditors are working to complete detailed audits that have been scheduled for a group of municipalities this year.

The purpose of the detailed audit is to provide each municipality with an unbiased opinion regarding the quality of its assessment program based upon legislation, best practices in the assessment field, and audit procedures as outlined in the department's Assessment Audit Guide. Detailed audits are performed on a five-year cycle.

As well as performing a complex statistical analysis of data, auditors from the Assessment Services Branch (ASB) of Alberta Municipal Affairs take a comprehensive look at the municipality's practices and procedures related to the administration of assessment, and they identify areas for improvement.

The ASB is now in year two of the five-year cycle for detailed audits. At some point in the next three years, each municipality in Alberta will be scheduled for a detailed assessment audit, if it hasn't been done already. Then the five-year cycle will begin again.

The provincial Auditor General has



**During a detailed audit, auditors from the Assessment Services Branch take a comprehensive look at the municipality's practices and procedures that relate to the administration of assessment.**

recognized the importance of monitoring assessment quality throughout the province.

In July 2001, the Auditor General advised Municipal Affairs to place greater priority on the detailed assessment audit program.

"Our goal is to complete 100 detailed audits this fiscal year between March 2002 and April 2003," says the Director of the Assessment Audit Unit, Jerry Husar.

In scheduling detailed audits for this year, the branch tried to achieve as

much efficiency as possible by selecting municipalities and timing the work with a view to geographic proximity and common assessment contractors.

Summer villages and rural municipalities were generally scheduled for the spring and summer, while the larger towns and cities were scheduled for the fall and winter.

Examples of areas the branch has identified for improvement in some municipalities include:

**Continued on page 2**

## in this issue

Assessment reporting dates clarified | 2



2004 education requisition | 2



Assessment Review Board workshop schedule | 3



Linear property assessment appeal update | 4



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# Assessment reporting dates clarified

Some municipalities have expressed confusion regarding the dates by which data must be submitted for detailed audits versus the deadline for submitting the annual assessment return.

Detailed audits are held on a five-year cycle to review municipal procedures. The annual audits are a statistical review and the related data is used to calculate equalized assessments.

Municipalities that are scheduled to undergo a detailed audit in 2003 - 2004 will be required to submit their assessment information to the Assessment Services Branch (ASB) by the date specified in the detailed audit schedule.

It is expected that the 2003 detailed audit schedule will be finalized in March, at which time municipalities will be informed as to the date their detailed audit will be conducted.

Prior to September 30, 2003, municipalities may choose to report their detailed audit information using the format from previous years, or they may choose to use the Assessment Shared Services Environment (ASSET) to report the information. After September 30, 2003, municipalities will be expected to report their detailed audit information using the ASSET system.

"The date by which a municipality is required to report its annual return

using ASSET is being extended from April 1, 2003 to September 30, 2003 - although municipalities are encouraged to load their data into ASSET at the earliest date possible," says Jerry Husar, Director of the Assessment Audit Unit.

"For this transition, assessors should be aware that some information required for the detailed audit is similar to the information that will be reported into ASSET," Jerry says.

Municipalities that will be

undergoing a detailed audit in 2003 need to be aware that they may be required to report information to the ASB as early as April 2003.

## ASSET data to be used for 2004 education requisition

In its report to the Government of Alberta, the Equalized Assessment Panel recommended using the live assessment roll for each municipality for the purpose of establishing the amount of the education requisition.

To accommodate this recommendation, the province is preparing to use assessment data that will be loaded into the ASSET computer system for calculating the

2004 equalized assessments. The equalized assessments that are prepared using current assessment, will be used in the calculation of the education requisition for 2004.

The assessment data that is submitted by assessors into the ASSET system in 2003 will not be used to prepare the 2004 equalized assessment.

Moving to a current equalized assessment in 2004 will include assessment growth for both the 2003 and 2004 years.

In order to assist in the transition, the 2003 assessment data that would have been used to calculate the equalized assessment under the current process may be requested.

### Detailed audits

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- Instances in which some municipalities appointed an assessor without creating the designated officer position of assessor by bylaw as required under the Municipal Government Act. In this situation, a ratepayer could conceivably argue that the assessment has not been done properly because a designated officer has not been appointed in the manner required by the act.
- Cases where the contract between the municipality and a contracted assessor does not clearly specify the duties and requirements to be met by that contractor. This leaves the municipality with no way of measuring the assessor's performance against the expectations of the municipality.
- Some assessment notices that do not contain all the information required by the Municipal Government Act -- such as who to contact to appeal an assessment, and by when. If an assessment notice falls short of requirements under the act, then a ratepayer could argue that he or she has not been given notice as required under the act and question the legality of the assessment and associated taxes.
- In some cases, the property data used to prepare the assessment is incorrect, resulting in an inaccurate assessment. This could be the result of an inadequate reinspection or data

maintenance cycle. The branch has discovered several instances where assessments have been missed due to inadequate data maintenance.

Upon completion of the detailed audit, the municipality's assessor and Chief Administrative Officer (CAO) are asked to specify the actions that will be taken to address any issues or problems identified by the auditor.

"To date, assessment auditors have received a very positive response to these audits," Jerry says.

"The CAOs and assessors are working very well with the auditors in terms of providing the necessary information, answering the auditors' questions and, most importantly, responding to the auditors' recommendations," he adds.

# 2003 Assessment Review Board workshop schedule

The Assessment Services Branch of Alberta Municipal Affairs will host a series of eight Assessment Review Board (ARB) workshops in 2003.

The ARB plays a key role in Alberta's assessment process. It is important that the work done by these boards is conducted in a fair, professional and

timely manner in all of Alberta's municipalities.

These free workshops will provide

participants with an understanding of the process and structure of the assessment function within Alberta and will outline the roles and responsibilities of the board in the appeal process.

Each of the workshops will run from 9 a.m. to 3:30 p.m. Course materials and lunch will be provided to participants.

Participants can register for the workshops online after February 15, 2003, or call the Assessment Services Branch at (780) 422-1377 to register.

Those interested in attending will need to complete the registration process two weeks prior to the date of the workshop they wish to attend.

Questions regarding ARB training can be directed to Karac Hendriks-West at (780) 422-1377, or by email to [karac.hendriks-west@gov.ab.ca](mailto:karac.hendriks-west@gov.ab.ca).

March 19, 2003	Drayton Valley	Pembina Educational Consortium Classroom 6 5056 -50th Avenue Drayton Valley, Alberta T7A 1R8
March 26, 2003	Grande Prairie	Grande Prairie Inn Banquet C 11633 Clairmont Road Grande Prairie, Alberta T8V 3Y4
April 9, 2003	Hinton	Holiday Inn Baraka Room 393 Gregg Avenue Hinton, Alberta T7V 1N1
April 16, 2003	Lethbridge	Lethbridge City Hall Culver City Room, Main Floor 910 -4 Avenue South Lethbridge, Alberta T1J 0P6
April 23, 2003	Okotoks	The Station Cultural Centre 53 North Railway Street Okotoks, Alberta T1S 1A4
May 7, 2003	Ponoka	Kinsmen Community Centre 5009 -46th Avenue Ponoka, Alberta T4J 1P7
May 14, 2003	Smoky Lake	Smoky Lake Curling Rink 57 White Earth Street Smoky Lake, Alberta T0A 3C0
May 21, 2003	Wainwright	Wainwright Elks Community Hall Upstairs Meeting Room 1499 -1st Avenue Wainwright, Alberta T9W 1S8



To register online, go to [www.municipalaffairs.gov.ab.ca/as](http://www.municipalaffairs.gov.ab.ca/as), or call the Assessment Services Branch at (780) 422-1377.

# 3

Advisory Aspects | Winter2003

# Linear property assessment appeals update

## TELUS appeal

TELUS Corporation filed complaints against the assessment of its linear property for the 1997 through 2002 tax years.

The complaint for the 1997 tax year is related to whether computer feature software installed in switching equipment is assessable.

The complaints for 1998 through 2002 tax years continue the computer software feature complaint and challenge the amount of depreciation used to calculate the assessed value of the switching equipment.

On May 3, 1999, the Municipal Government Board (MGB) ruled in favour of TELUS that feature software in switching equipment is not assessable for the 1997 tax year.

This decision could affect the TELUS assessments for the 1998 through 2002 tax years.

In response to the MGB's decision, the department requested a judicial review of this decision on the basis that the MGB misinterpreted the legislation regarding linear property.

The Court of Queen's Bench issued a decision on September 14, 2000, finding that the MGB limited its consideration of the legislation, and sent the matter back to the MGB.

TELUS appealed the Court of Queen's Bench decision.

On September 4, 2002, the Court of



**The Assessment Services Branch is working on a number of linear property assessment appeals that are at various stages of progress.**

Appeal issued a decision ruling that the MGB did nothing "patently unreasonable" in deciding the TELUS appeal on the assessment for the 1997 tax year and the Justice in the judicial review overstepped her jurisdiction in making the decision to return the matter to the Board.

The TELUS assessment appeals for the 1998 through 2002 tax years remain outstanding.

Legal counsel for the department is now seeking leave for the Supreme Court of Canada to hear this matter.

There are 277 municipalities that are affected by this appeal.

## Group Telecom appeal

Group Telecom filed a complaint against the assessment of its linear property for the 2001 and 2002 tax years.

The complaint relates to the assessment of telecommunications equipment that Group Telecom claims is not subject to the regulatory authority of the Canadian Radio and Telecommunications Commission (CRTC), and therefore not assessable in accordance with the Municipal Government Act (MGA).

Group Telecom also claims that there is inequity in assessment between owners of different types of telecommunications services.

The department has filed a statement of claim with the Court of Queen's Bench asking the court to declare that the property owned and operated by Group Telecom be assessable and taxable for the 2001 and 2002 tax years.

An MGB hearing for this appeal was held on January 20 -24, 2003.

## Alliance Pipeline Ltd.

Alliance Pipeline Ltd. has filed a request with the Court of Queen's Bench for judicial review of the MGB's decision regarding its 2000 assessment/2001 tax year appeal.

The MGB heard the appeal and ruled in favour of the department in July 2002.

Alliance based its appeal on whether its pipeline was "under construction but not completed on or before October 31" and "not capable of being used for the transmission of gas."

Alliance contended that Alberta Municipal Affairs misinterpreted section 291(2)(a) of the MGA and should not have prepared the assessment on the pipeline.

The MGB ruled that the pipeline was assessable.

There are 16 municipalities affected by this appeal. The total property tax at risk for the 2001 tax year amounts to \$6,626,092.

