

Assessment Bulletin

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Bulletin #112-03

2002 Annual Assessment Audits

The purpose of this bulletin is to clarify how specific recommendations of the Equalized Assessment Panel Technical Committee will apply to the Alberta Municipal Affairs annual assessment audit program in 2002.

For the 2002 assessment roll ratio study, adjustments to sales for personal property should continue to follow the policy specified in the *Assessment Audit Information Sheet #97-4, Personal Property Adjustments*. The Technical Committee's recommendation 'Item 2', which was accepted on August 27, 2001, does not take effect until the 2003 assessment roll.

The transition plan to implement the recommendations of the Equalized Assessment Panel calls for the following changes to the assessment quality standards for the 2002 assessment roll:

	Existing Quality Standard (AR 289/99)	Recommended Quality Standard 2002 Assessment Roll
Assessment level for property assessment class	None specified	Residential 0.950 – 1.050 Non-residential 0.950 – 1.050
Median assessment ratio for a group of properties	0.90 – 1.10	None specified
	Within 5 % of the assessment level	Within 5 % of the assessment level

The new quality standards are proposed as amendments to Alberta Regulation 289/99. Based on the proposed amendments, the annual assessment audit program will review information and statistics in the following ways in 2002:

- For equalized assessment purposes, assessment levels will be verified as in the past for the four property groups: improved residential, vacant residential,

- improved non-residential and vacant non-residential. The 2002 annual audit report will show the verified assessment levels.
- An assessment level will be calculated for both the residential and non-residential *property assessment classes* using the verified median assessment ratio of each group of properties. The 2002 annual audit report will show how these assessment levels compare to the new quality standard of 0.950 – 1.050.

The median assessment ratio for each group of properties will be reviewed to see if it falls within 5 percent of the assessment level for the corresponding property assessment class.

Example of Assessment Level Calculation for the Residential Property Assessment Class

Analysis Category		Sub-Municipality (market area)	Assessment Total	Verified Median Assessment Ratio for the Property Group	Indicated Market Value for the Group
1001	Improved residential – single family	1	7,000,000 ÷	0.971 =	7,209,062
1001	Improved residential – single family	2	3,000,000 ÷	0.963 =	3,115,264
1002	Improved residential – multi-family	3	1,000,000 ÷	0.970 =	1,030,927
1101	Vacant residential	2	1,000,000 ÷	1.021 =	979,431
		Totals	12,000,000		12,334,684

$$\text{Assessment Level } 12,000,000 \div 12,334,684 = 0.973$$

(within the 0.950 – 1.050 standard)

Example of Review of Median Assessment Ratio to Assessment Level

Median assessment ratio for each property group must be within 5% of 0.973

Therefore: lower limit = $0.95 \times 0.973 = 0.924$
 upper limit = $1.05 \times 0.973 = 1.022$

Analysis Category	Sub-Municipality (market area)	Verified Median Assessment Ratio for the Property Group	Median Assessment Ratio Within or Outside 0.924 – 1.022
1001	1	0.971	Within
1001	2	0.963	Within
1002	3	0.970	Within
1101	2	1.021	Within