



# Assessment Audit Report 2024 Roll (Tax Year 2025)

City of Wetaskiwin

**Tax Programs and Assessment Audit  
Grants and Education Property Tax Branch  
Municipal Assessment and Grants Division  
Municipal Affairs  
15th Floor, Commerce Place  
10155 102 Street  
Edmonton AB T5J 4L4  
P: 780-422-7125**

# Table of Contents

|  |    |
|--|----|
| <b>Introduction</b> .....  | 1  |
| <b>Objective of the Audit</b> .....  | 1  |
| <b>Scope of the Audit</b> .....  | 1  |
| <b>Distribution of Assessment by Property Type</b> .....                             | 2  |
| <b>Findings of Audit</b> .....   | 3  |
| Best Practice Recommendations.....   | 3  |
| <b>Assessors Response</b> .....  | 5  |
| <b>Municipal Response</b> .....  | 5  |
| <b>Sold Parcel Reconciliation</b> .....  | 6  |
| <b>Sales Verification</b> .....  | 6  |
| <b>Time Adjustment Validity</b> .....  | 8  |
| <b>Overall Ratio Study Results</b> .....   | 9  |
| <b>Stratified Assessment Level Analysis</b> .....                                    | 10 |
| Single Family Dwellings Stratified.....  | 10 |
| Multi-Family Stratified.....   | 11 |
| Residential Condo Stratified.....  | 12 |
| <b>Uniform and equitable assessments</b> .....                                       | 13 |
| <b>Overall Sold vs Unsold Analysis</b> .....   | 13 |
| <b>Sold vs Unsold Analysis Stratified</b> .....                                      | 14 |
| Single Family Dwellings Stratified.....  | 14 |
| Multi-Family.....  | 15 |
| Residential Condo.....   | 16 |
| <b>Sample Property Field Review</b> .....  | 18 |
| <b>Residential Property</b> .....  | 18 |
| <b>Non-Residential Property</b> .....  | 18 |
| <b>Property Inventory</b> .....  | 19 |
| <b>All Assessable Property Assessed:</b> .....                                       | 19 |
| <b>Sufficient and Accurate Property Information (Findings and Conclusions)</b> ..... | 20 |
| <b>Predominant Actual Use Code</b> .....   | 21 |
| <b>Re-inspections:</b> .....   | 22 |
| <b>Valuation of Market Value Property</b> .....                                      | 24 |
| <b>Valuation of Regulated Property</b> .....   | 29 |
| <b>Authority</b> .....   | 30 |
| <b>Addendum</b> .....  | 32 |

# Executive Summary

## Introduction

Municipalities prepare assessments in accordance with Part 9 of the *Municipal Government Act* (MGA) and the regulations. Assessments must be equitable to ensure a 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 legislative compliance and advancing best practices. Assessment audits are performed under the authority of section 22 of the Matters Relating to Assessment and Taxation Regulation, 2018 (MRAT), 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 for use by auditors to facilitate a consistent approach to detail audits or can be used by municipalities as a self-review tool.

Each year a number of detailed audits are scheduled. These audits can be initiated by a municipal request or by Minister's initiative. An audit can be specific to a municipality or based on a property group encompassing multiple municipalities. Detailed assessment audits combine statistical analysis with more investigative procedural audit to determine if assessments meet valuation and legislative standards. As well as market value assessments, detail audits may include property classified as farm land or machinery & equipment. These property types are assessed using legislated rates that cannot be monitored by ratio studies (a statistical comparison between typical sale prices and assessments).

## Objective of the Audit

The objective of this detailed audit is to provide an unbiased opinion as to the quality of the municipality's assessment roll for the 2025 tax year, and support municipalities in ensuring legislative compliance. 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 findings and conclusions for individual tasks meeting best practice guidelines and legislative requirements as outlined in the Detailed Assessment Audit Manual. For tasks not meeting legislative or best practice requirements and requiring a recommendation, the auditor provides more detail and explanation of findings supporting conclusions.

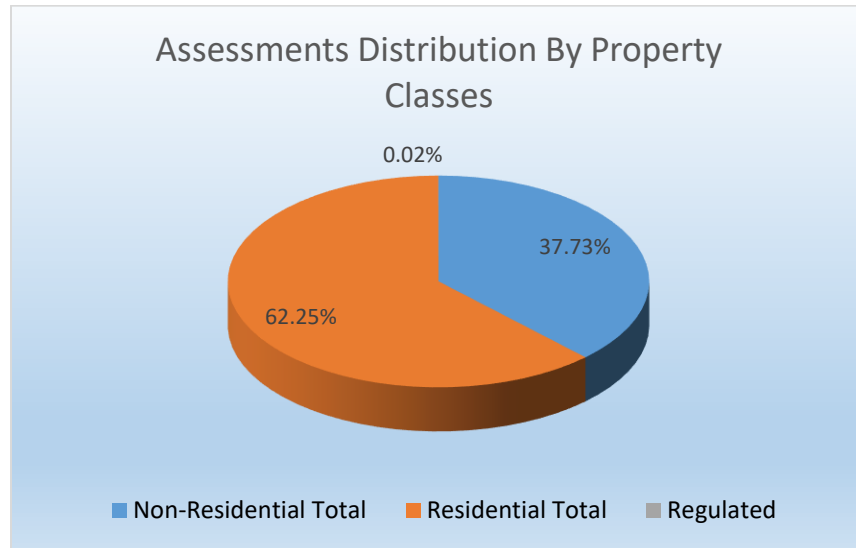
## Scope of the Audit

This detailed assessment audit reviews assessment performance for all properties the municipality is legislatively required to prepare assessments for, as well as an administrative review. Ratio studies serve as the primary tool for objective evaluation of mass appraisal performance. The procedural review focuses on assessment preparation and involves a sample of properties for testing.

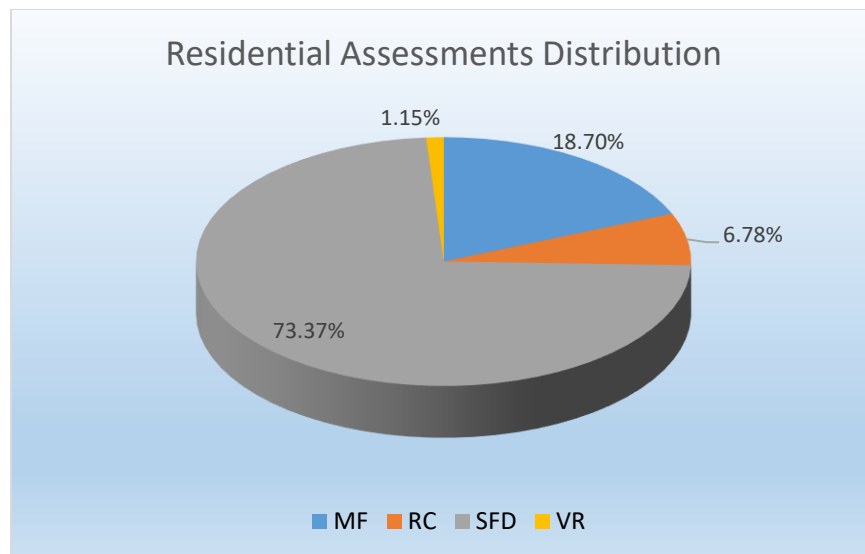
The following topics are out of scope for this audit:

- 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.

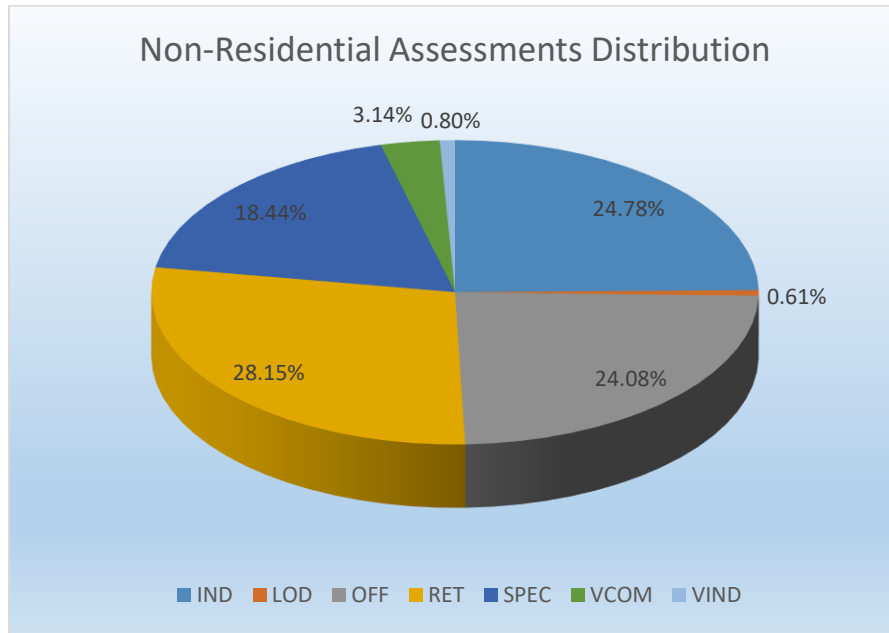
# Distribution of Assessment by Property Type



| Property Class          | Counts      | Total Asmnts           | % of Total Asmnt |
|-------------------------|-------------|------------------------|------------------|
| Non-Residential         | 786         | \$694,474,750          | 37.73%           |
| Residential             | 4451        | \$1,145,833,220        | 62.25%           |
| Regulated               | 10          | \$348,170              | 0.02%            |
| <b>Total Properties</b> | <b>5247</b> | <b>\$1,840,656,140</b> | <b>100.00%</b>   |



| Residential                   | Counts      | Total Asmnts           | % of Total Asmnt |
|-------------------------------|-------------|------------------------|------------------|
| Multi-Family (MF)             | 373         | \$214,226,200          | 18.70%           |
| Residential Condominium (RC)  | 495         | \$77,721,500           | 6.78%            |
| Single Family Dwellings (SFD) | 3434        | \$840,731,810          | 73.37%           |
| Vacant Residential (VR)       | 149         | \$13,153,710           | 1.15%            |
| <b>Total Residential</b>      | <b>4451</b> | <b>\$1,145,833,220</b> | <b>100.00%</b>   |



| Non-Residential              | Counts     | Total Asmnts         | % of Total Asmnt |
|------------------------------|------------|----------------------|------------------|
| Industrial (IND)             | 163        | \$172,095,460        | 24.78%           |
| Lodge (LOD)                  | 4          | \$4,205,400          | 0.61%            |
| Office (OFF)                 | 111        | \$167,221,690        | 24.08%           |
| Retail (RET)                 | 251        | \$195,515,970        | 28.15%           |
| Special Purpose (SPEC)       | 23         | \$128,055,700        | 18.44%           |
| Vacant Commercial (VCOM)     | 203        | \$21,795,400         | 3.14%            |
| Vacant Industrial (VIND)     | 31         | \$5,585,130          | 0.80%            |
| <b>Total Non-Residential</b> | <b>786</b> | <b>\$694,474,750</b> | <b>100.00%</b>   |

## Findings of Audit

In our opinion, the City of Wetaskiwin, in preparing its assessment roll for the 2025 tax year, meets all 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 most legislative requirements have been met for the administration of bylaws, assessment rolls, complaints, and public relations.

This report contains four recommendations requiring actions in the upcoming assessment year.

### Best Practice Recommendations

The assessor needs to:

- Review predominant actual use codes for those identified properties and assign required code levels to them.
- Review Assessment Procedure Code assignments for those identified properties.

- Review the rental rates assigned to the Bachelor suites in the multi-family properties.
- Review the vacancy rates assigned to the multi-family rental properties.

### **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 for property assessment information.

### **Acknowledgements**

Cooperation received from the assessor and administration staff at the City of Wetaskiwin 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 conclusions and recommendations contained in this report, indicating actions that will be taken to address 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 2026 to evaluate progress on actions taken by the municipality in addressing recommendations contained in the report.

## Assessors Response

We would like to thank the audit department for the detailed review and analysis of the 2024 assessment prepared for the city. After review of the completed assessment, along with the practices and procedures utilized in the creation of the assessment, there were four items identified for review. Two of these items are related to the coding of properties to assist with classification and stratification for auditing and two were items to review in relation to the income approach to value on multi-family properties.

The properties identified to review for actual use code detail or assessment procedure code assignment will be reviewed and updated to recommended best practice by the audit department.

Thank you for the two recommendations regarding multi-family property types. We will review both items you have flagged when we prepare the 2025 Assessment.

For further context and explanation, the vacancy and suite rental rates utilized in the income approach to value are derived based on information obtained through the annual requests for information (RFI process) sent to all multi-family properties in the city. Since we conduct an internal data study annually, which includes vacancy study and rental rate study for Wetaskiwin, it is logical to us that this data is most relevant. We do not rely on third-party studies, nor do we rely on studies completed in adjacent urban centers. Review of this information is done annually to ensure that the rates used reflect current, and municipality-specific, market conditions. Wetaskiwin is unique from Strathcona County, Leduc, and even Camrose due to economics, demographics, and geography. Therefore, we feel it is very important to utilize municipality-specific data rather than pulling data from markets outside Wetaskiwin. As per your recommendation, moving forward, we will consider the market variables of adjacent municipalities to assist us in making decisions on Wetaskiwin-based market variables when local data is scarce.

## Municipal Response

I have read the report and the only recommendation for us is to develop a 'request' form for residents to use.

We will have this form developed right away and available on our website for the year 2026.

All other recommendations are for our assessor, and he has provided a response which I will follow up on for this assessment year.

# 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 reported all but one *Land Titles Office* transaction requiring verification (3 years preceding July 1, 2022). This one transaction was a farm land related sale which is normally excluded from analysis.

## 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.

| Used              | IND       | SFD        | VCOM     | VIND     | VR        | MF        | OFF      | RET       | RC        | Row Total  |
|-------------------|-----------|------------|----------|----------|-----------|-----------|----------|-----------|-----------|------------|
| 8001              | 13        | 519        | 2        | 4        | 10        | 44        | 2        | 9         | 58        | 661        |
| 8006              |           | 1          |          |          |           |           |          |           |           | 1          |
| 8011              |           | 3          |          |          |           |           |          |           |           | 3          |
| 8014              | 1         | 1          |          | 1        | 1         | 1         |          | 4         | 1         | 10         |
| <b>Total Used</b> | <b>14</b> | <b>524</b> | <b>2</b> | <b>5</b> | <b>11</b> | <b>45</b> | <b>2</b> | <b>13</b> | <b>59</b> | <b>675</b> |

| Not Used              | IND       | SFD        | VCOM     | VIND     | VR        | FARM     | MF        | OFF      | RET       | RC        | Row Total  |
|-----------------------|-----------|------------|----------|----------|-----------|----------|-----------|----------|-----------|-----------|------------|
| 8000                  |           |            |          |          |           |          | 1         |          |           |           | 1          |
| 8001                  |           | 55         |          |          | 4         |          | 3         |          | 4         |           | 66         |
| 8002                  | 15        | 288        | 3        | 1        | 11        | 1        | 25        | 5        | 10        | 51        | 410        |
| 8003                  |           |            |          |          | 1         |          |           |          |           |           | 1          |
| 8007                  |           | 1          |          |          |           |          | 1         | 1        |           |           | 3          |
| 8008                  |           | 31         |          |          |           |          | 1         |          |           | 2         | 34         |
| 8009                  |           | 5          |          |          | 8         |          |           |          |           |           | 13         |
| 8010                  |           |            |          |          |           |          |           | 1        |           |           | 1          |
| 8011                  |           | 1          |          |          |           |          |           |          |           | 1         | 2          |
| 8014                  | 1         | 1          |          |          |           |          | 3         | 1        | 5         | 3         | 14         |
| <b>Total Not Used</b> | <b>16</b> | <b>382</b> | <b>3</b> | <b>1</b> | <b>24</b> | <b>1</b> | <b>34</b> | <b>8</b> | <b>19</b> | <b>57</b> | <b>545</b> |

## Findings:

There are 675 sales used in the analysis. The number of sales in the SFD, MF, RC, and the combined non-residential improved property group (IND, RET, and OFF) exceed a minimum of 15 sales so the time adjustment analysis for these property groups will be conducted.

The excluded sales were reviewed to confirm whether they were reasonably excluded from analysis. The result is summarized below by sales verification types:

### 8001 (Good Sales)

A total of 66 out of 545 excluded sales were coded as Good Sales. Most were excluded correctly. A review of all the Not Used sales indicates 61 sales were excluded reasonably. The remaining 5 sales require justification for being excluded from analysis.

### 8002 (Non-arm's Length Sales)

A total of 410 out of 545 excluded sales are non-arm's-length (8002). Most were excluded correctly. A review of all the Not Used sales indicates 68 sales with sale price to previous assessment ratios (SAR) between 0.900 and 1.100 should be reviewed by the assessor to make a judgement on whether these sales should be used in the analysis.

### 8008 (Foreclosure)

A total of 34 out of 545 excluded sales are Foreclosure sales. They were all excluded correctly. A review of all the Not Used sales indicates 13 sales with sale price to previous assessment ratios (SAR) between 0.900 and 1.100 should be reviewed by the assessor to make a judgement on whether these sales should be used in the analysis.

### All Other Not Used Sales

The remaining 35 excluded sales were excluded correctly.

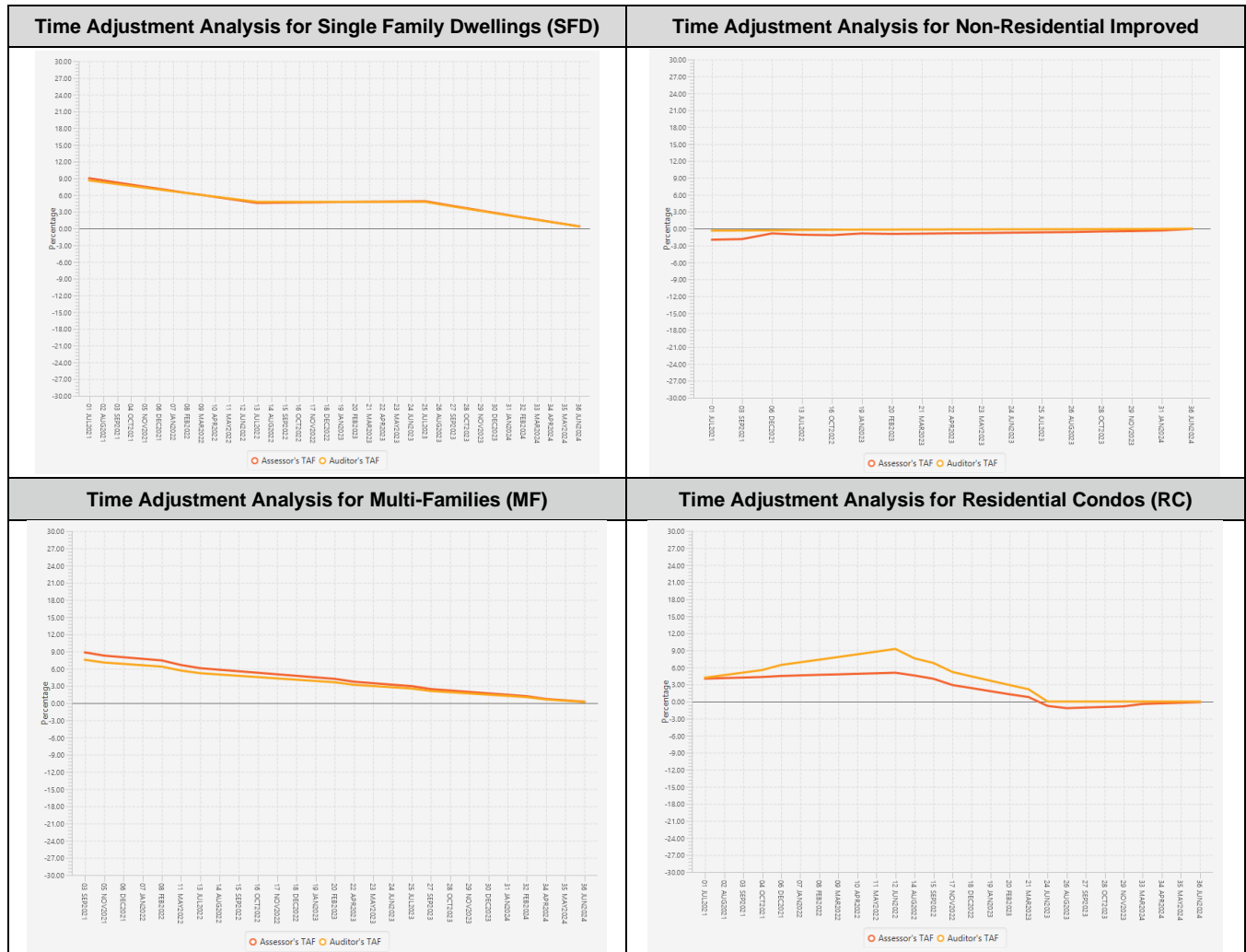
The excluded sales requiring assessor's attention were sent back to the assessor for review. Assessor confirmed that the excluded sales with SAR between 0.900 and 1.100 will be included in analysis subject to the satisfaction of the final ratio statistics for the associated property groups for the next year.

In general, it does not appear there is any motivation driving which sales are excluded, and the assessor appears to be using discretion appropriately. Therefore, this audit will use the assessor's reported sales data set to review the final ratio statistics.

# Time Adjustment Validity

Matters Related to Assessment and Taxation Regulation (MRAT) states the preparation of any assessment in accordance with the Municipal Government Act (MGA) must be an estimate of value on July 1 of the assessment year. In other words, sale prices need adjustment to account for value changes between the sale date and July 1, 2024 (valuation date for 2025 tax year). If the time adjustment is understated, the overall assessment level calculations are higher than they would be otherwise. Conversely, if the time adjustment were overstated, the assessment level calculations would be lower. Assessment levels are used to calculate equalized assessment (EA); inaccurate assessment levels impact EA, which can then impact education tax requisitions, cost-sharing agreements, and grant funding formulas.

## Findings:



The results of assessor’s time adjustment analysis for SFD, Non-Residential Improved properties, and MF are very similar to the results of the auditor’s analysis. Although the two analyses show minor discrepancies in the market trend for the initial two-year period in the RC market, these differences are minimal and have no effect on the ratio statistics or the overall assessment levels. Therefore, the Assessor’s time adjustment analysis results will be used for the statistical analysis in this report.

## Other Sale Price Adjustments

No other sale price adjustments were applied by the assessor or seen to be necessary.

## Ratio Studies

Market value assessments must meet median assessment ratio and coefficient of dispersion (COD) standards. Performance-based review (ratio studies) provides 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 as representative of the population, some weight may be accorded to results. The MRAT sets forth requirements for assessment quality and uniformity. Statistical testing measures whether standards are met. For any stratum, median assessment ratio and corresponding COD's must be within the following ranges:

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

## Overall Ratio Study Results

| Residential Properties            | Parcel Count | Sold Count | Median Assessment Ratio | COD  |
|-----------------------------------|--------------|------------|-------------------------|------|
| Single Family Dwellings (SFD)     | 3434         | 524        | 0.986                   | 6.21 |
| Improved Non-Residential (IMNRES) | 529          | 30         | 0.984                   | 8.60 |
| Multi-Family (MF)                 | 373          | 45         | 0.987                   | 5.04 |
| Residential Condos (RC)           | 495          | 59         | 0.984                   | 4.50 |

## Conclusion

Median ASRs and CODs are within regulated standard for all property groups.

## Stratified Assessment Level Analysis

### Single Family Dwellings Stratified

#### By Market Areas:

| Market Area                | Parcel Count | IOV Count | Median ASR | COD  | PRD*  |
|----------------------------|--------------|-----------|------------|------|-------|
| Market Area 10 Residential | 3,178        | 503       | 0.986      | 6.16 | 1.006 |
| Market Area 30 Commercial  | 83           | 15        | 0.96       | 9.29 | 1.005 |

\*PRD: Price Related Differential.

The median ASRs and CODs by Market Areas are within the regulated standard.

#### By Neighborhood:

| Neighborhood                       | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|------------------------------------|--------------|-----------|------------|------|-------|
| Neighborhood 1000 Old Centennial   | 212          | 28        | 0.983      | 4.61 | 1.009 |
| Neighborhood 1400 West Central     | 547          | 89        | 0.99       | 6.88 | 1.012 |
| Neighborhood 1600 Parkdale         | 123          | 19        | 0.956      | 7.78 | 1.01  |
| Neighborhood 1800 Lynalta          | 161          | 20        | 1.000      | 5.55 | 1.007 |
| Neighborhood 2000 McMurdo          | 172          | 27        | 0.987      | 6.65 | 1.011 |
| Neighborhood 2100 East-south Res   | 81           | 15        | 0.968      | 7.42 | 1.012 |
| Neighborhood 2200 East-north Res   | 168          | 22        | 0.969      | 4.74 | 1.008 |
| Neighborhood 2300 Recside          | 154          | 28        | 0.988      | 8.64 | 1.007 |
| Neighborhood 2800 South Centennial | 247          | 42        | 0.985      | 7.21 | 1.007 |
| Neighborhood 3000 Garden Meadows   | 229          | 32        | 0.982      | 6.79 | 1.009 |
| Neighborhood 3100 North Centennial | 207          | 32        | 0.99       | 5.34 | 1.002 |
| Neighborhood 3200 Aspen Ridge      | 86           | 17        | 0.969      | 4.51 | 1.003 |
| Neighborhood 3300 Northmount       | 75           | 15        | 0.995      | 2.94 | 1.002 |
| Neighborhood 3400 Norwood          | 146          | 23        | 0.989      | 6.34 | 1.004 |
| Neighborhood 3500 Parkside         | 199          | 38        | 0.983      | 5.67 | 1.000 |

The median ASRs and CODs by Neighborhood are within the regulated standard.

#### By Lot Size:

| Lot Size       | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|----------------|--------------|-----------|------------|------|-------|
| <=5000         | 236          | 44        | 0.984      | 4.26 | 1.004 |
| 5000 – 7000 sf | 1,631        | 263       | 0.98       | 6.46 | 1.008 |
| 7000 – 9000 sf | 1,020        | 160       | 0.989      | 6.28 | 1.004 |
| 9000-11000sf   | 199          | 29        | 0.992      | 7.49 | 1.008 |

The median ASRs and CODs by Lot Size are within regulated standard.

**By Model Type and Quality:**

| Model Type and Quality                        | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|---|--------------|-----------|------------|------|-------|
| 001-02 Single Family - All Ages-Substandard   | 432          | 52        | 0.978      | 7.78 | 1.011 |
| 003-03 Single Family - After 1940-Fair        | 415          | 74        | 0.979      | 7.19 | 1.012 |
| 003-04 Single Family - After 1940-Standard    | 1,245        | 197       | 0.988      | 6.91 | 1.008 |
| 004-04 Single Family - After 1970-Standard    | 650          | 107       | 0.981      | 5.06 | 1.005 |
| 004-05 Single Family - After 1970-Semi Custom | 254          | 46        | 0.997      | 5.01 | 1.004 |

The median ASRs and CODs by Model Type and Quality are within the regulated standard.

**By Building Size:**

| Building Size  | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|----------------|--------------|-----------|------------|------|-------|
| 500 – 1000 sf  | 766          | 117       | 0.98       | 6.69 | 1.011 |
| 1000 – 1500 sf | 1,919        | 288       | 0.986      | 5.97 | 1.007 |
| 1500 – 2000 sf | 522          | 82        | 0.983      | 6.49 | 1.003 |
| 2000 – 2500 sf | 151          | 29        | 1.029      | 5.49 | 1.004 |

The median ASRs and CODs by Building Size are within regulated standard.

**By Era:**

| Era                   | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|-----------------------|--------------|-----------|------------|------|-------|
| Between 1940 and 1959 | 502          | 54        | 0.99       | 6.58 | 1.008 |
| Between 1960 and 1979 | 1,197        | 179       | 0.987      | 7.25 | 1.008 |
| Between 1980 and 1999 | 1,119        | 190       | 0.982      | 5.70 | 1.004 |
| After 2000            | 525          | 92        | 0.988      | 4.53 | 1.003 |

The median ASRs and CODs by Era (Effective Year Built) are within regulated standard.

**Multi-Family Stratified****By Market Areas:**

| Market Area                | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|----------------------------|--------------|-----------|------------|------|-------|
| Market Area 10 Residential | 295          | 32        | 0.989      | 4.25 | 1.021 |

The median ASRs and CODs by Market Areas are within the regulated standard.

**By Lot Size:**

| Lot Size | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|----------|--------------|-----------|------------|------|-------|
| <=5000   | 181          | 25        | 0.992      | 4.57 | 1.004 |

The median ASRs and CODs by Lot Size are within regulated standard.

By Model Type and Quality:

| Model Type and Quality           | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|----------------------------------|--------------|-----------|------------|------|-------|
| 060-04 Duplex Housing - Standard | 178          | 21        | 0.992      | 3.80 | 1.003 |

The median ASRs and CODs by Model Type and Quality are within the regulated standard.

**By Building Size:**

| Building Size  | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|----------------|--------------|-----------|------------|------|-------|
| 500 – 1000 sf  | 183          | 22        | 0.976      | 6.36 | 1.025 |
| 1000 – 1500 sf | 123          | 15        | 1.000      | 3.03 | 1.009 |

The median ASRs and CODs by Building Size are within regulated standard.

**By Era:**

| Era                   | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|-----------------------|--------------|-----------|------------|------|-------|
| Between 1980 and 1999 | 1,119        | 190       | 0.982      | 5.70 | 1.004 |

The median ASRs and CODs by Era (Effective Year Built) are within regulated standard.

### Residential Condo Stratified

**By Market Areas:**

| Market Area                 | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|-----------------------------|--------------|-----------|------------|------|-------|
| Market Area 20 Multi-Family | 492          | 56        | 0.984      | 4.64 | 1.005 |

The median ASRs and CODs by Market Areas are within the regulated standard.

**By Lot Size:**

| Lot Size | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|----------|--------------|-----------|------------|------|-------|
| <=5000   | 176          | 38        | 0.984      | 4.38 | 1.005 |

The median ASRs and CODs by Lot Size are within regulated standard.

**By Model Type and Quality:**

| Model Type and Quality           | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|----------------------------------|--------------|-----------|------------|------|-------|
| 060-04 Duplex Housing - Standard | 136          | 32        | 0.984      | 4.63 | 1.006 |

The median ASRs and CODs by Model Type and Quality are within the regulated standard.

**By Building Size:**

| Building Size  | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|----------------|--------------|-----------|------------|------|-------|
| 1000 – 1500 sf | 213          | 38        | 0.985      | 4.37 | 1.006 |

The median ASRs and CODs by Building Size are within regulated standard.

**By Era:**

| Era        | Parcel Count | IOV Count | Median ASR | COD  | PRD   |
|------------|--------------|-----------|------------|------|-------|
| After 2000 | 149          | 29        | 0.985      | 4.62 | 1.006 |

The median ASRs and CODs by Era (Effective Year Built) are within regulated standard.

**Conclusion**

Median ASRs (assessment level) and CODs (Coefficient of Dispersion) are within regulated standard for the stratified groups tested.

**Recommendations:**

No recommendations are offered.

## Uniform and equitable assessments

### Overall 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 distort ratio study results.

**Findings:**

Assessment Audit reviews 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, in comparison to unsold properties, can 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 Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|-------|--------------|------------|----------------------|--------------------|---------------------|
| SFD   | 2,650        | 507        | 5.90                 | 5.98               | 0.08                |
| RC    | 392          | 57         | 3.51                 | 2.18               | -1.33               |
| MF    | 288          | 45         | 4.11                 | 4.71               | 0.60                |

The SFD, RC, and MF property groups fall within the tolerance of +/-5% indicating sold and unsold properties are treated equitably.

## Sold vs Unsold Analysis Stratified

### Single Family Dwellings Stratified

#### By Market Area:

| Market Area    | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|----------------|--------------|------------|----------------------|--------------------|---------------------|
| 10-Residential | 2441         | 487        | 5.80                 | 5.95               | 0.15                |

The differences between the sold and unsold properties by Market Area falls into the  $\pm 5\%$  threshold.

#### By Neighborhood:

| Neighborhood                       | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|------------------------------------|--------------|------------|----------------------|--------------------|---------------------|
| Neighborhood 1000 Old Centennial   | 166          | 27         | 5.37                 | 5.66               | 0.29                |
| Neighborhood 1400 West Central     | 414          | 84         | 4.66                 | 4.66               | 0.00                |
| Neighborhood 1600 Parkdale         | 92           | 19         | 5.03                 | 4.55               | -0.48               |
| Neighborhood 1800 Lynalta          | 126          | 20         | 10.96                | 11.51              | 0.55                |
| Neighborhood 2000 McMurdo          | 134          | 27         | 6.56                 | 7.28               | 0.72                |
| Neighborhood 2100 East-south Res   | 61           | 15         | 5.68                 | 5.56               | -0.12               |
| Neighborhood 2200 East-north Res   | 121          | 22         | 7.66                 | 7.74               | 0.08                |
| Neighborhood 2300 Recside          | 104          | 28         | 3.71                 | 3.93               | 0.22                |
| Neighborhood 2800 South Centennial | 181          | 40         | 7.29                 | 7.83               | 0.54                |
| Neighborhood 3000 Garden Meadows   | 188          | 32         | 5.48                 | 5.22               | -0.26               |
| Neighborhood 3100 North Centennial | 167          | 30         | 5.42                 | 5.74               | 0.32                |
| Neighborhood 3200 Aspen Ridge      | 64           | 17         | 5.85                 | 5.92               | 0.07                |
| Neighborhood 3400 Norwood          | 118          | 21         | 2.28                 | 2.35               | 0.07                |
| Neighborhood 3500 Parkside         | 153          | 37         | 6.27                 | 6.33               | 0.06                |

The differences between the sold and unsold properties by Neighborhood falls within the  $\pm 5\%$  threshold.

#### By Lot Size:

| Building Size | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|---------------|--------------|------------|----------------------|--------------------|---------------------|
| < 5000 sf     | 178          | 42         | 5.83                 | 5.75               | -0.08               |
| 5000-6999 sf  | 1,248        | 257        | 6.00                 | 5.92               | -0.08               |
| 7000-8999 sf  | 789          | 154        | 5.73                 | 6.10               | 0.37                |
| 9000-10999 sf | 145          | 28         | 6.01                 | 6.03               | 0.02                |

The differences between the sold and unsold properties by Lot Size fall within the  $\pm 5\%$  threshold.

#### By Model Type and Quality:

| Era   | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|---|--------------|------------|----------------------|--------------------|---------------------|
| 001-02 Single Family – All Ages - Substandard   | 326          | 52         | 7.00                 | 7.21               | 0.21                |
| 003-03 Single Family – After 1940 - Fair        | 308          | 71         | 4.81                 | 4.84               | 0.03                |
| 003-04 Single Family – After 1940 - Standard    | 957          | 191        | 5.76                 | 6.18               | 0.42                |
| 004-04 Single Family – After 1970 - Standard    | 516          | 103        | 5.79                 | 5.86               | 0.07                |
| 004-05 Single Family – After 1970 – Semi Custom | 197          | 43         | 6.37                 | 6.68               | 0.31                |

The differences between the sold and unsold properties by Model Type and Quality fall within the  $\pm 5\%$  threshold.

**By Era (Effective Year Build):**

| Era                   | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|-----------------------|--------------|------------|----------------------|--------------------|---------------------|
| Between 1940 and 1959 | 404          | 52         | 5.62                 | 5.35               | -0.27               |
| Between 1960 and 1979 | 926          | 173        | 5.60                 | 5.69               | 0.09                |
| Between 1980 and 1999 | 857          | 186        | 6.04                 | 6.18               | 0.14                |
| After 2000            | 386          | 87         | 6.16                 | 5.91               | -0.25               |

The differences between the sold and unsold properties by Era fall within the  $\pm 5\%$  threshold.

**By Building Size:**

| Building Size  | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|----------------|--------------|------------|----------------------|--------------------|---------------------|
| < 1000 sf      | 586          | 115        | 5.30                 | 5.32               | 0.02                |
| 1000 – 1999 sf | 1,895        | 358        | 5.94                 | 6.09               | 0.15                |
| 2000 – 2999 sf | 146          | 31         | 6.34                 | 6.37               | 0.03                |

The differences between the sold and unsold properties by Building Size fall within the  $\pm 5\%$  threshold.

**Multi-Family**

**By Market Area:**

| Market Area    | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|----------------|--------------|------------|----------------------|--------------------|---------------------|
| 10-Residential | 217          | 33         | 5.22                 | 5.39               | 0.17                |

The differences between the sold and unsold properties by Market Area falls into the  $\pm 5\%$  threshold.

**By Lot Size:**

| Building Size | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|---------------|--------------|------------|----------------------|--------------------|---------------------|
| < 5000 sf     | 139          | 25         | 5.25                 | 5.31               | 0.06                |

The differences between the sold and unsold properties by Lot Size fall within the  $\pm 5\%$  threshold.

**By Model Type and Quality:**

| Era                               | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|-----------------------------------|--------------|------------|----------------------|--------------------|---------------------|
| 060-04 Duplex Houseing - Standard | 139          | 22         | 5.29                 | 5.51               | 0.22                |

The differences between the sold and unsold properties by Model Type and Quality fall within the  $\pm 5\%$  threshold.

**By Era (Effective Year Build):**

| Era                   | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|-----------------------|--------------|------------|----------------------|--------------------|---------------------|
| Between 1980 and 2000 | 95           | 29         | 4.22                 | 2.85               | -1.37               |

The differences between the sold and unsold properties by Era fall within the  $\pm 5\%$  threshold.

**By Building Size:**

| Building Size  | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|----------------|--------------|------------|----------------------|--------------------|---------------------|
| < 1000 sf      | 143          | 23         | 2.66                 | 2.79               | 0.13                |
| 1000 – 1999 sf | 94           | 17         | 5.29                 | 5.74               | 0.45                |

The differences between the sold and unsold properties by Building Size fall within the  $\pm 5\%$  threshold.

**Residential Condo**

**By Market Area:**

| Market Area       | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|-------------------|--------------|------------|----------------------|--------------------|---------------------|
| 20 - Multi-Family | 336          | 56         | 3.53                 | 2.46               | -1.07               |

The differences between the sold and unsold properties by Market Area falls within the  $\pm 5\%$  threshold.

**By Lot Size:**

| Building Size | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|---------------|--------------|------------|----------------------|--------------------|---------------------|
| < 5000 sf     | 128          | 37         | 3.39                 | 3.38               | -0.01               |

The differences between the sold and unsold properties by Lot Size fall within the  $\pm 5\%$  threshold.

**By Model Type and Quality:**

| Era                               | Unsold Count | Sold Count | Unsold Asmnt% Change | Sold Asmnt% Change | Diff Sold vs Unsold |
|-----------------------------------|--------------|------------|----------------------|--------------------|---------------------|
| 060-04 Duplex Houseing - Standard | 95           | 31         | 3.41                 | 3.42               | 0.01                |

The differences between the sold and unsold properties by Model Type and Quality fall within the  $\pm 5\%$  threshold.

**By Era (Effective Year Build):**

| <b>Era</b>     | <b>Unsold Count</b> | <b>Sold Count</b> | <b>Unsold Asmnt% Change</b> | <b>Sold Asmnt% Change</b> | <b>Diff Sold vs Unsold</b> |
|----------------|---------------------|-------------------|-----------------------------|---------------------------|----------------------------|
| 2000 - Present | 106                 | 28                | 3.45                        | 3.45                      | 0.00                       |

The differences between the sold and unsold properties by Era fall within the  $\pm 5\%$  threshold.

**By Building Size:**

| <b>Building Size</b> | <b>Unsold Count</b> | <b>Sold Count</b> | <b>Unsold Asmnt% Change</b> | <b>Sold Asmnt% Change</b> | <b>Diff Sold vs Unsold</b> |
|----------------------|---------------------|-------------------|-----------------------------|---------------------------|----------------------------|
| 1000 – 1999 sf       | 134                 | 39                | 3.41                        | 3.38                      | -0.03                      |

The differences between the sold and unsold properties by Building Size fall within the  $\pm 5\%$  threshold.

All sold/unsold analyses conducted for groups with sufficient sales fall within acceptable parameters indicating no selective reassessment.

**Recommendations:**

No recommendations are offered.

## Sample Property Field Review

To complement the statistical review of sold and unsold properties, the auditor field-reviewed 122 sample properties. The purpose is to compare similarities between sold and unsold valuations and determine the accuracy/completeness of the property data.

### Residential Property

Residential includes single family (SFD), residential condominiums (RC), multi-family (MF), and vacant residential (VR). The City of Wetaskiwin's inventory has all four property types.

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, sample 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 inspection notes from recent years.

### Residential Conclusion

No material discrepancies between observation and assessment record were identified (minor items forwarded to assessor). Direct observation confirms the assessment record reflects changes in property data (building permits, additions/deletions).

### Recommendations:

No recommendations are offered.

### Non-Residential Property

*Non-residential* includes Industrial (IND), Retail (RET), Office (OFF), Vacant Commercial (VCOM), Vacant Industrial (VIND), Lodging (LOD), and Special Purpose (SPEC). The City of Wetaskiwin's inventory has all non-residential property types.

The audit review relies on direct viewing of property. A review of cost and income approach calculations was conducted for a sample of properties assessed using these two approaches to value. The property inventory, selection of class/quality, consistency, modifiers, depreciation, rents, vacancies, and capitalization rates are consistent within the City of Wetaskiwin and are also similar to municipalities in the surrounding region.

### Non-Residential Conclusion

The assessor's application of the cost and income approaches for non-residential property meets with best practices.

### Recommendations:

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*.

| <i>Task Reviewed</i>  |                       | <b>Findings<br/>Yes/No</b> | <b>Comments</b>                                 |
|---|-----------------------|----------------------------|---|
| <i>Assessable properties are assessed</i>                   | Required by MGA s.285 | Yes                        | All assessable properties are assessed.         |
| <i>New and/or partially completed improvements assessed</i> | Required by MGA s.291 | Yes                        | See details below about building permit review. |

The municipality supplied a list of completed development/building permits from 2022 to 2024. The following table lists all development activity by permit type and year.

| <b>Permits</b>                    | <b>2022</b> | <b>2023</b> | <b>2024</b> |
|-----------------------------------|-------------|-------------|-------------|
| New Improvements                  | 9           | 3           | 9           |
| Addition to existing improvements | 16          | 21          | 31          |
| Other Improvements                | 90          | 73          | 97          |

A review of 20 sample properties with any type of permits indicates the assessor has picked up all sampled new buildings and addition fixtures such as sheds/garages. Other improvements including demolition of damaged improvements were all reviewed by the assessor, and correct decisions were made in ascertaining whether those improvements were assessable.

A total of 5 subdivision plans and 5 consolidation plans were registered for the City of Wetaskiwin over the last three years. All were approved and have been completed. The assessor made appropriate changes in the Computer Assisted Mass Appraisal system.

## 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 system and report to ASSET.  |
| Parcel size                                       | Required by MGA s.293(3) | Substantial Compliance | All parcels have reported lot size except one property (roll number: 231791).   |
| Improvement(s) size                               | Required by MGA s.293(3) | Yes                    | A total of 12 parcels with improvement assessments do not have improvement sizes. Those are all garage or carport type of properties.   |
| Improvement(s) with standard M/Q/S classification | Required by MGA s.293(3) | Yes                    | M/Q/S data is missing for the same 12 parcels as identified above.  |
| Improvement(s) year built                         | Required by MGA s.293(3) | Yes                    | Missing year-built data is coincident with the data missing M/Q/S classification.   |
| PUC (Predominant Use Code)                        | Required by MGA s.292(3) | Substantial Compliance | Every parcel has a PUC. However, there are 70 non-residential properties which require assigning the PUC code to the third level and 1 single family dwelling requires the second level PUC code be assigned. See detail/table in the next section. |
| Location Characteristics                          | Required by MGA s.293(3) | Yes                    | Location characteristics were provided.   |
| Inspection Date                                   | Required by MGA s.293(2) | Yes                    | A total of 99.8% of parcels were re-inspected during the preceding five years. See detail/table below.  |
| LINC #'s  | Required by MGA s.293(2) | Yes                    | LINC numbers were provided.   |
| Improvement(s) Condition code                     | Required by MGA s.293(3) | Yes                    | Missing condition codes are coincident with the preceding 12 parcels identified above.  |
| Details of Accessory Improvements if applicable.  | Required by MGA s.293(3) | Yes                    | Details provided where applicable.  |
| Land Use (zoning) Bylaw code                      | Required by MGA s.293(3) | Yes                    | Details provided as required.   |
| Income approach parameters                        | Required by AR 203/2017  | Yes                    | Income Approach was applied to part of the non-residential and multi-family properties in the City of Wetaskiwin. Further detail provided later in this report.   |

## Predominant Actual Use Code

According to the *RECORDING & REPORTING INFORMATION FOR ASSESSMENT AUDIT & EQUALIZED ASSESSMENT MANUAL* (RnR), the Predominant Actual Use Code consists of four levels. Best practices require coding to level 2 for improved residential, and level 3 for improved non-residential and multi-family. The following table summarizes the coding levels in the City of Wetaskiwin.

| Actual Use Code                       | Actual Use Code Level |             |            | Total       | Not Achieving Required Level |
|---------------------------------------|-----------------------|-------------|------------|-------------|------------------------------|
|                                       | 1                     | 2           | 3          |             |                              |
| <i>SFD</i>                            |                       | 3433        |            | 3434        | 1                            |
| <b>Total Residential Improved</b>     |                       | <b>3433</b> |            | <b>3434</b> | <b>1</b>                     |
|                                       |                       |             |            |             |                              |
| <i>IND</i>                            |                       | 136         | 134        | 163         | 25                           |
| <i>RET</i>                            |                       | 207         | 206        | 251         | 45                           |
| <b>Total Non-Residential Improved</b> |                       | <b>343</b>  | <b>340</b> | <b>414</b>  | <b>70</b>                    |

The highlighted cells indicate a total of 70 non-residential properties were not assigned level 3 actual use code and 1 residential property was not assigned level 2 actual use code.

### Recommendation:

It is recommended the assessor

- Review predominant actual use codes for those identified properties and assign required code levels to them.

## Re-inspections:

It is best practice to incorporate a four to six year inspection cycle according to the IAAO standard:

*Periodic field inspections can help ensure that property characteristics data are complete and accurate. Assuming that most new construction activity is identified through building permits or other ongoing procedures, a physical review including an on-site verification of property characteristics should be conducted at least every 4 to 6 years. Re-inspections should include partial remeasurement of the two most complex sides of improvements and a walk around the improvement to identify additions and deletions. Photographs taken at previous physical inspections can help identify changes.<sup>1</sup>*

The following table shows the re-inspection results for the City of Wetaskiwin. The City of Wetaskiwin conducts a five-year re-inspection cycle. The property types in below table were based on predominant actual use code that was assigned to each property.

| Inspection Year            | IND        | LOD       | MF         | OFF        | RC         | RET        | SFD         | SPEC      | VCOM       | VIND      | VR         | FARM        | Year Total  |
|----------------------------|------------|-----------|------------|------------|------------|------------|-------------|-----------|------------|-----------|------------|-------------|-------------|
| 2019 and earlier           | 0          | 0         | 0          | 0          | 0          | 0          | 1           | 0         | 12         | 0         | 0          | 0           | 13          |
| 2020                       | 1          |           | 36         | 3          | 64         | 3          | 533         | 2         | 49         | 2         | 12         |             | 705         |
| 2021                       |            |           | 15         | 2          | 33         | 3          | 658         | 5         | 31         |           | 46         |             | 793         |
| 2022                       | 42         |           | 29         | 7          | 205        | 3          | 487         | 3         | 9          | 4         | 27         |             | 816         |
| 2023                       | 52         |           | 148        | 14         | 63         | 57         | 937         | 2         | 32         | 12        | 22         |             | 1339        |
| 2024                       | 68         | 4         | 145        | 85         | 130        | 185        | 818         | 11        | 70         | 13        | 42         | 10          | 1581        |
| Total inspected in 5 years | 163        | 4         | 373        | 111        | 495        | 251        | 3433        | 23        | 191        | 31        | 149        | 10          | 5234        |
| % Inspected in 5 Years     | 100%       | 100%      | 100%       | 100%       | 100%       | 100%       | 99.97%      | 100%      | 94.1%      | 100%      | 100%       | 100%        | 99.8%       |
| <b>Grand Total</b>         | <b>163</b> | <b>4*</b> | <b>373</b> | <b>111</b> | <b>495</b> | <b>251</b> | <b>3434</b> | <b>23</b> | <b>203</b> | <b>31</b> | <b>149</b> | <b>10**</b> | <b>5247</b> |

\*Total number of hotels should be 5, one hotel was included in a shopping centre account and was assigned a secondary actual use code of LOD.

\*\*Total number of farm related property should be 22, other 12 properties were assigned secondary actual use code as farm related use.

<sup>1</sup> Standard on Mass Appraisal of Real Property-2017, International Association of Assessing Officers, Pg. 4.

| Property Group     | EXT      | INT       | NAA      | DRIV        | DOOR       | SURVEY     | Group Total |
|--------------------|----------|-----------|----------|-------------|------------|------------|-------------|
| IND                |          | 1         |          | 146         | 16         |            | 163         |
| LOD                |          |           |          | 4           |            |            | 4           |
| MF                 |          |           | 1        | 346         | 10         | 16         | 373         |
| OFF                | 1        |           |          | 110         |            |            | 111         |
| RC                 |          |           |          | 469         | 8          | 18         | 495         |
| RET                |          | 4         |          | 240         | 7          |            | 251         |
| SFD                | 7        | 17        | 7        | 2902        | 193        | 308        | 3434        |
| SPEC               | 1        |           |          | 18          | 4          |            | 23          |
| VCOM               |          |           |          | 203         |            |            | 203         |
| VIND               |          |           |          | 30          | 1          |            | 31          |
| VR                 |          |           |          | 148         | 1          |            | 149         |
| FARM               |          |           |          | 10          |            |            | 10          |
| <i>% of Total</i>  | 0.2%     | 0.4%      | 0.2%     | 88.2%       | 4.6%       | 6.5%       | 100.0%      |
| <b>Grand Total</b> | <b>9</b> | <b>22</b> | <b>8</b> | <b>4626</b> | <b>240</b> | <b>342</b> | <b>5247</b> |

- Overall, 99.8% of all properties were inspected during the five full calendar years before the “condition date” of the assessment (required under best practices).
- Re-inspections should be completed by interior or exterior (including drive by) which leads to better inventory of data. Almost 90% of all re-inspections were completed in this manner which is a typical practice in the Province of Alberta.
- Only 8 residential properties were not clear in whether they were inspected or not in the past 5 years. Assessor should make sure those properties be included in the future inspections.

**Recommendation:**

No recommendations are offered.

# Valuation of Market Value Property

The *Property Assessment in Alberta Handbook*, the *IAAO Standard on Mass Appraisal*, and the *IAAO Standard on the Three Approaches to Value* specify which valuation approaches are most commonly used for different property types. The availability of market information (e.g., sales and rental data) and the property type usually determine the best approach(es) to employ.

The following table summarizes the approaches used in the City of Wetaskiwin.

| Property Group     | 7000 (Cost) | 7001 (Sales Comparison) | 7002 (Income) | 7300 (Combined) | 7400 (Regulated) | 7500 (Other) | Group Total |
|--------------------|-------------|-------------------------|---------------|-----------------|------------------|--------------|-------------|
| IND                | 94          | 4                       | 49            | 5               |                  | 11           | 163         |
| LOD                |             |                         | 4             |                 |                  |              | 4           |
| MF                 | 234         |                         | 138           | 1               |                  |              | 373         |
| OFF                | 27          |                         | 81            | 2               |                  | 1            | 111         |
| RC                 | 257         | 231                     | 7             |                 |                  |              | 495         |
| RET                | 71          | 3                       | 171           | 4               |                  | 2            | 251         |
| SFD                | 3430        | 1                       | 2             |                 |                  | 1            | 3434        |
| SPEC               | 17          |                         | 1             |                 |                  | 5            | 23          |
| VCOM               | 9           | 193                     |               |                 |                  | 1            | 203         |
| VIND               |             | 26                      |               |                 |                  | 5            | 31          |
| VR                 | 3           | 140                     |               |                 |                  | 6            | 149         |
| FARM               |             |                         |               |                 | 1                | 9            | 10          |
| <b>Grand Total</b> | <b>4142</b> | <b>598</b>              | <b>453</b>    | <b>12</b>       | <b>1</b>         | <b>41</b>    | <b>5247</b> |

## Cost Approach (7000)

For SFD and RC, best practice is the sales comparison approach where sales counts are adequate. The assessor applied the market-modified cost approach, a hybrid of the sales comparison and cost approach to value SFD and RC. This approach is the most widely used approach in the province for municipalities the size of Wetaskiwin. Sales information was analyzed to determine appropriate market factors, modifiers, depreciation, etc., which are then applied to adjust the cost approach to better reflect the market for this property type. The assessor also used this approach to value part of the non-residential property inventory due to limited sales information. The Auditor also found part of the RC and MF property groups (mainly low-density row houses or duplexes) were treated similar to the single family dwellings and applied market-modified cost approach as well.

A total of 192 non-residential properties were applied Marshall & Swift Cost manual to better reflect the market value of unique uses. Therefore, these properties were coded as 7000 in their assessment approach code.

One concern is a total of 12 vacant residential and commercial properties that were coded as Cost approach. All 12 properties were assessed as improved properties while assigned vacant Predominant Actual Use Codes. The Assessor may want to review them and correct them for the next cycle.

### Recommendation:

It is recommended that the assessor review Assessment Procedure Code assignments for those identified properties.

## Sales Comparison Approach (7100)

The assessor developed a market land rate table to systematically calculate the base rates to the land. The base land value is calculated as "Constant + Area Rate \* Land Size" which is similar to a linear regression model. The market area is another variable in the land formula. The constant and area rate are derived from the sales comparison approach through regression models based on different market areas. The final land value is derived

by deducting the land influence from the base land value. The land influence factors listed in the market land influence table are all retrieved from the sales comparison model. So, in essence, assessments of vacant properties are prepared using the sales comparison approach. A review of the land rate table supplied by the assessor confirms that land rates applied to sample calculations are correct and reasonable.

A total of 231 out of 495 low-rise and medium-rise apartments (RC) were assessed using Direct Sales approach which aligns with the best practices.

### Income Approach (7200)

The income approach is the primary approach to value the non-residential and multi-family properties. The assessor applied the income approach to part of the non-residential and multi-family properties where request for income information (RFI) is available.

The income approach to value relies on methods of converting an income stream into a present value estimate. Methods can include income or rent multipliers or direct capitalization. The valuation method commonly employed in the province of Alberta and currently used in the City of Wetaskiwin is the direct capitalization of the net operating income.

The steps of the income approach using direct capitalization are:

- Estimating gross income
- Deducting vacancy & expenses to arrive at Effective Gross Income or Net Operating Income
- Capitalizing net income or multiply the Gross Income Multiplier into final value.

Requests for income and expense information (RFI) are mailed out every year. Those returns for the tenant occupied properties should be examined thoroughly.

### Multi-Family Property – MF

A total of 138 out of 373 MF properties were assessed using the income approach in the City of Wetaskiwin. The 234 properties that have not been assessed via the cost approach are all duplex housing or row houses where residential cost models were used in preparing the assessments.

### Rental Rate

The following table shows a summary of the assessment rental rate applied in the City of Wetaskiwin for the MF properties.

| Space Type          | Counts | Avg Assessment Rental Rate by Quality |          |       |
|---------------------|--------|---------------------------------------|----------|-------|
|                     |        | Sub-Standard                          | Standard | Good  |
| Bachelor Suite      | 13     | 700                                   | 766      | 825   |
| One Bedroom Suite   | 255    | 781                                   | 816      | 1,011 |
| Two Bedroom Suite   | 702    | 799                                   | 921      | 1,194 |
| Three Bedroom Suite | 77     |                                       | 999      | 1,381 |

Summarized in the below table are the average rents by unit type in Wetaskiwin at the end of 2023 as per the [Alberta Open Government Website](#) data:

| Space Type        | Average Rental Rate in City of Wetaskiwin in 2023 |
|-------------------|---|
| Bachelor Suite    | 1,022   |
| One Bedroom Suite | 922   |
| Two Bedroom Suite | 1,181   |
| Three Bedroom     | 1,456   |

According to the preceding tables, compared to the City of Wetaskiwin average data, the assessor has applied slightly lower average rental rates for one- bedroom, two-bedroom, and three-bedroom suites. The average bachelor suites rent was about 25% lower than the reported average rent. Assessor is recommended to review the bachelor suites rent applied in the income approach valued multi-family properties.

**Vacancy Rate**

No third-party vacancy study can be found for the City of Wetaskiwin. Therefore, the surrounding cities’ assessment vacancy rates were used to see whether the City of Wetaskiwin has applied reasonable vacancy rates to the multi-family properties.

| City of Wetaskiwin | Average Vacancy Rate for Rental units |            |                   |
|--------------------|---------------------------------------|------------|-------------------|
|                    | Camrose City                          | Leduc City | Strathcona County |
| 15%                | 5.25%                                 | 6.75%      | 3.21%             |

According to the surrounding city assessment vacancy rates, especially comparing to the City of Camrose which is deemed to be the most comparable municipality, the City of Wetaskiwin applied significantly higher vacancy rate to the multi-family properties.

**Capitalization Rate**

A research of surrounding municipalities’ assessment capitalization rates for the multi-family properties has been conducted and the average cap-rates were summarized in below table.

| City of Wetaskiwin | Average Capitalization Rate for Rental units |            |                   |
|--------------------|--|------------|-------------------|
|                    | Camrose City                                 | Leduc City | Strathcona County |
| 5.32%              | 5.22%  | 5.54%      | 5.57%             |

According to the above tables, the assessor applied reasonable average capitalization rates to the multi-family properties when income approach was used in valuation.

**Commercial Property – Improved Non-Residential (IND, RET, and OFF)**

A total of 301 industrial, retail and office properties were assessed using the income approach, out of a total of 525 properties in the City of Wetaskiwin. The remaining non-residential properties are assessed using the Cost or Regulated approach.

## Rental Rate

A summary of the median assessment rental rates (in square feet) classified by space types is provided in the below table.

| Property Type     | Avg Assessment Rental Rate | Min Assessment Rental Rate | Max Assessment Rental Rate |
|-------------------|----------------------------|----------------------------|----------------------------|
| Industrial        | 6.43                       | 1                          | 16                         |
| Office            | 8.42                       | 2                          | 20                         |
| Commercial/Retail | 9.31                       | 1                          | 30                         |

A research of surrounding municipalities' assessment rents for the improved non-residential properties including IND, RET, and OFF has been conducted and the average rents of the similar property type were summarized in below table.

| Property Type     | Average Rental Rate for Non-Residential Properties |            |                   |
|-------------------|--|------------|-------------------|
|                   | Camrose City                                       | Leduc City | Strathcona County |
| Industrial        | 7.01   | 13.02      | 10.54             |
| Office            | 10.65  | 15.77      | 15.41             |
| Commercial/Retail | 10.57  | 30.47      | 25.99             |

According to the above tables, the assessor applied reasonable average assessment rental rates to each property type when comparing to the City of Camrose.

## Vacancy Rate

No third-party vacancy study can be found for the City of Wetaskiwin. Therefore, the surrounding towns' assessment vacancy rates for improved non-residential properties were used to see whether the City of Wetaskiwin has applied reasonable vacancy rates.

| Vacancy Rate      | City of Wetaskiwin | Average Vacancy Rate for Non-Residential |            |                   |
|-------------------|--------------------|--|------------|-------------------|
|                   |                    | Camrose City                             | Leduc City | Strathcona County |
| Industrial        | 7.23%              | 5.57%                                    | 4.31%      | 5.45%             |
| Office            | 13.26%             | 5.34%                                    | 6.64%      | 18.93%            |
| Commercial/Retail | 11.35%             | 8.02%                                    | 5.26%      | 7.43%             |

According to the surrounding town assessment vacancy rates, the City of Wetaskiwin applied a slightly aggressive vacancy rate to the improved non-residential properties.

## Capitalization Rate

A research of surrounding municipalities' assessment capitalization rates for the improved non-residential properties including IND, RET, and OFF has been conducted and the average rents of the similar property type were summarized in below table.

| Capitalization Rate | City of Wetaskiwin | Average Capitalization Rate for Non-Residential Properties |            |                   |
|---------------------|--------------------|--|------------|-------------------|
|                     |                    | Camrose City   | Leduc City | Strathcona County |
| Industrial          | 8.50%              | 6.89%  | 6.00%      | 6.75%             |
| Office              | 8.50%              | 7.49%  | 6.25%      | 6.89%             |
| Commercial/Retail   | 8.63%              | 7.28%  | 6.25%      | 6.72%             |

According to the above tables, the assessor applied reasonable capitalization rates to each property type.

**Hotel Property – LOD**

There are 5 hotels in the City of Wetaskiwin according to the 2024 assessment roll. The total number of rooms available for short-term stay accommodation is about 161 according to a City of Wetaskiwin report. Most hotels are located along Highway 2A. There are 2 full-service hotels and 3 limited-service motels.

A hotel-motel RFI is sent annually to collect the actual room rates. The rate of RFI return cannot be determined since the detailed break-down information by property types was not provided to the auditor for this review.

The assessor used the income approach to value the hotels in the City of Wetaskiwin. The assessed price per room is then adjusted by vacancy, expense, and furniture, fixtures and equipment (FF&E) to arrive at the net income. The direct capitalization method is applied to finalize the hotel values.

**Room Rate and Vacancy Rate**

There is no third-party hotel study available for the City of Wetaskiwin. Instead, the City of Edmonton Hotel market research in a CBRE report is used. The average daily hotel room rate in the City of Edmonton for 2024 was \$147 including the full-service hotels, select service hotels, and limited-service hotels. The average occupancy rate was 60% (or vacancy rate was 40%).

It is a normal practice in hotel/motel valuation that the quality of a hotel is classified by the service level of that hotel. The assessor applied different room rates based on the quality of the hotels; however, the assessor applied a single rate within one hotel despite the various room types that the hotel has available.

| Quality of Hotels | Average Room Rate | Vacancy Rate |
|-------------------|-------------------|--------------|
| Fair              | 90                | 0.70         |
| Standard          | 123               | 0.46         |

The average room rate seems reasonable considering the difference in market scale between the City of Edmonton and the City of Wetaskiwin. It is reasonable that the average hotel vacancy rate in Wetaskiwin would be higher than the vacancy rate in the Edmonton market; however, a full review of the RFI returns is required to determine with more certainty.

**Expense Rate**

A review of the actual expense ratio through sample inspections found that the stabilized expense ratio averaged at 75% of the Effective Gross Income (EGI). The industry norm of the average hotel expense ratio in Alberta was about 65% to 75% of EGI. The assessor’s expense ratio was at the high end of the range – deemed to be reasonable.

**FF&E**

According to the Alberta Hotel/Motel Valuation Guide,

*“As FF&E gets older, its market value falls and the need for funds to replace FF&E grows. Therefore, the amount of income attributable to FF&E remains fairly constant.”*

The assessor applied 15% of the Net Operating Income as FF&E and deducted it from the NOI before capitalizing the remaining value into the final assessment. There is no market evidence or third-party study to prove its reasonableness.

## Capitalization Rate

The Cushman & Wakefield Q3 2025 Cap Rate Report indicates the hotel capitalization rates in the City of Edmonton ranged from 7.50% for full-service hotels to 10.50% for limited-service hotels. The assessor applied 10.50% capitalization rates to all hotel properties disregarding its service type. It is acceptable to assign the flat capitalization rate to all the hotels where only 5 hotels are available in the whole City.

## Recommendation:

It is recommended that the assessor

- Review the vacancy rates assigned to the multi-family rental properties,
- Review the bachelor suite rents assigned to the multi-family rental properties.

## Valuation of Regulated Property

Pursuant to sections 4, 7 and 9 in MRAT, the assessor must follow procedures set out in the Minister's Guidelines.

A sample of regulated property was reviewed by Assessment Audit. The results are as follows:

| Task Reviewed  |                                       | Findings<br>Yes/No | Comments  |
|--|---------------------------------------|--------------------|---|
| <b><i>Applicable Minister's Guidelines are applied properly and consistently</i></b> |                                       |                    |   |
| Machinery and Equipment  | Required by MGA s.293 and AR 220/2004 | Yes                | There are 15 machinery and equipment properties in the City of Wetaskiwin. A review of five sample properties confirmed that the assessor has followed the Minister's Guideline when preparing the assessments. |
| Farm land  | Required by MGA s.293 and AR 220/2004 | Yes                | There are 22 farm properties in the City of Wetaskiwin. A review of 5 sample farm properties confirmed that the assessor has followed the Minister's Guideline when preparing the assessments.                  |

## Conclusion:

The assessor's procedures used in the valuation of regulated property are generally in accordance with the applicable Minister's Guidelines.

## Recommendations:

No recommendations are offered.

# 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>  |  | <b>Findings<br/>Yes/No</b> | <b>Comments</b>  |
|---|--|----------------------------|--|
| Appointed assessor has appropriate qualifications                                     | Required by AR 233/2005                  | Yes                        | The assessor, Mr. Bob Daudelin, 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                        | The City of Wetaskiwin passed the Bylaw No. 1946-20 to establish the designated assessor's position and appointed Mr. Bob Daudelin as the designated assessor. |
| Supplementary assessment bylaw passed   | Required by MGA s.313                    | N/A                        | City of Wetaskiwin doesn't prepare supplementary assessments.  |
| Supplementary assessment prorated   | Required by MGA s.314                    | N/A                        | City of Wetaskiwin doesn't prepare supplementary assessments.  |
| Application of exemptions pursuant to the MGA   | Required by MGA s.351 and s.361 to s.368 | Yes                        | A total of 342 counts of properties were exempted as per MGA s.361(b), s.361(c), s. 362(1), or s.363(1).   |
| Application of exemptions pursuant to the reg (a & b):                                |  |                            |  |
| a. Rural residences and farm buildings  | Required by AR 203/2017                  | Yes                        | Exemption codes were correctly assigned for all exempted properties.   |
| b. Community Organization Property Tax Regulation (COPTER)                            | Required by AR 281/98                    | N/A                        | No COPTER exemptions found in the City of Wetaskiwin.  |
| Assessment roll is prepared by February 28  | Required by MGA s.302                    | Yes                        | Assessment roll submitted and declared Jan 30, 2025.   |
| Assessment roll contains the required contents  | Required by MGA s.303                    | Yes                        | Required content provided.   |
| Supplementary assessment roll prepared by end of year                                 | Required MGA s.315(1)                    | N/A                        | Not applicable.  |
| Bylaw designating manufactured home community as an assessed person                   | Required by MGA s.304(1)(j)              | N/A                        | Not applicable.  |

| <b>Task Reviewed</b>   |  | <b>Findings<br/>Yes/No</b> | <b>Comments</b>  |
|--|--|----------------------------|--|
| Public notice that assessment notices sent                     | Required by MGA s.311                        | Yes                        | A public notification was published on the City of Wetaskiwin Facebook main page, May 24, 2025, notifying that assessment notices had been mailed out on May 23, 2025.                                       |
| Supplementary assessment notices sent by legislated date       | Required by MGA s.316(1)                     | N/A                        | Not applicable.  |
| Assessment record reflects decision of assessment review board | Required by best practice                    | Yes                        | A total of 5 appeals were filed in the past 3 years. All resolved by the assessor prior to the ARB hearings.   |
| Sufficient information provided to assessed persons            | Required by MGA s.299                        | No                         | A request for information is directed to the assessor to provide detailed assessment information to the property owners.<br><br>The City of Wetaskiwin does not have an official process for s.299 requests. |
| Summary of assessment of any assessed property in municipality | Required by MGA s.300                        | No                         | A request for information is directed to the assessor to provide detailed assessment information to the property owners.<br><br>The City of Wetaskiwin does not have an official process for s.300 requests. |
| 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 30, 2025.   |
| Assessment roll changes submitted to department                | Required by MGA s.305.1 and AR 220/2004 s.15 | Yes                        | Most recent revisions were submitted on Sep 25, 2025 (previous assessment cycle).  |

### **Conclusions – Administrative Review**

Most of the requirements in administering the assessment roll have been met. 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**

No recommendations are offered.

## Addendum

**Table of Commonly Used Acronyms and Abbreviations**

|              |   |
|--------------|---|
| AACI         | Accredited Appraiser Canadian Institute   |
| AMAA         | Accredited Municipal Assessor of Alberta  |
| AUG          | Actual Use Group Code (SFD, RC, IND, etc.)  |
| CAMA         | Computer Assisted Mass Appraisal - <i>CAMA/ot</i> (brand name)                                    |
| PAUC         | Predominant Actual 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)                            |
| MRAT         | Matters Related to Assessment and Taxation Regulation   |
| 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   |
| RnR          | RECORDING & REPORTING INFORMATION FOR ASSESSMENT AUDIT & EQUALIZED ASSESSMENT MANUAL              |
| SFD          | Single Family Dwelling  |
| SPEC         | Special Purpose Property (manufacturing plants, oil & gas facilities...)                          |
| VCOM         | Vacant Commercial   |
| VIND         | Vacant Industrial   |
| VR           | Vacant Residential  |