

Town of Drumheller COUNCIL MEETING AGENDA

June 22, 2009 at 4:30 pm
Council Chamber, Town Hall
703-2nd Ave. West, Drumheller, Alberta



1.0 CALL TO ORDER

2.0 MAYOR'S OPENING REMARK

- 2.1 Motion required to approve the summer schedule for Council / Committee meetings
- 2.2 Letter from Hon. Peter Van Loan, Minister of Public Safety
- 2.3 Letter from Hon. Fred Lindsay, Solicitor General and Minister of Public Security re: payment of \$263,456 for the 2009-10 Municipal Policing Assistance Grant
- 2.4 Letter from Hon. Jack Hayden, Minister of Infrastructure
- 2.5 Media Release - June 17, 2009 re: Town of Drumheller cancels Ski Hill Land Sale Agreement

3.0 PUBLIC HEARING

4.0 ADOPTION OF AGENDA

5.0 MINUTES

5.1. ADOPTION OF REGULAR COUNCIL MEETING MINUTES

- 5.1.1 Council Regular Meeting - June 8, 2009

5.2. MINUTES OF MEETING PRESENTED FOR INFORMATION

- 5.2.1 Management Meeting Minutes - June 16, 2009

5.3. BUSINESS ARISING FROM THE MINUTES

6.0 DELEGATIONS

7.0 COMMITTEE OF THE WHOLE RECOMMENDATIONS

8.0 REQUEST FOR DECISION REPORTS

8.1. CAO

8.1.1 2008 Audit

8.1.2 Bylaw 14.09 Borrowing for Community Facility

8.1.3 Bylaw 15.09 being a bylaw to close a portion of undeveloped Public Lanes and Roadway (Stevenson Development 10th Avenue SW)

8.1.4 Bylaw 16.09 Amendments to the Policing Committee Bylaw

8.1.5 Bylaw 17.09 Short Term Borrowing for Community Facility

8.2. Director of Infrastructure Services

8.3. Director of Corporate Services

8.3.1 Detailed Assessment Audit Report

8.3.2 Approval for Payment of Drumheller Mail Invoices for the Community Facility

8.4. Director of Community Services

9.0 PRESENTATION OF QUARTELY REPORTS BY ADMINISTRATION

10.0 PUBLIC HEARING DECISIONS

11.0 UNFINISHED BUSINESS

12.0 NOTICES OF MOTIONS

13.0 COUNCILLOR REPORTS

14.0 IN-CAMERA MATTERS

14.1 Land Matter

Agenda Item # 2.2

RECEIVED

JUN 16 2009

Minister of Public Safety



Ministre de la Sécurité publique

Ottawa, Canada K1A 0P8

2.2

JUN 09 2009

His Worship Bryce Nimmo
Mayor of the Town of Drumheller
703 2nd Avenue West
Drumheller, Alberta T0J 0Y3

Dear Mr. Mayor:

Thank you for your correspondence of April 21, 2009, concerning an increase of one member to the Municipal Police Service Agreement for the Royal Canadian Mounted Police (RCMP) detachment in Drumheller, Alberta.

Your request for one member will be included in the 2010/2011 Annual Reference Level Update that will be submitted by the RCMP to the Treasury Board in September 2009. This increase will be formalized upon receipt of correspondence following the completion of your budget deliberations.

Thank you again for writing, and I trust that the foregoing action is satisfactory.

Yours sincerely,

The Honourable Peter Van Loan, P.C., M.P.
Minister of Public Safety

Canada



ALBERTA
SOLICITOR GENERAL AND MINISTER OF PUBLIC SECURITY

Honourable Fred Lindsay
Office of the Minister
MLA, Stony Plain

June 12, 2009

AR 13907

Mayor Bryce Nimmo
Town of Drumheller
703 - 2 Avenue West
Drumheller AB T0J 0Y3

Dear Mayor Nimmo: *Bryce*

I am pleased to advise you that payment of \$263,456 for the 2009-10 Municipal Policing Assistance Grant (MPAG) will be electronically transferred to your municipality shortly. The policing grant is intended to help communities meet the cost of policing services and reflects the commitment of the Alberta government to address the financial impact of policing on municipalities.

Based on consultations with municipalities we are providing the grant payment earlier in the year (May instead of August) and the reporting requirement has been reduced to one report. The conditions on the use of grant funds remain the same and are outlined in the recently signed three-year agreement.

Thank you for your dedication and commitment as we move forward to improving the safety and well being of Alberta communities.

Sincerely,

Fred Lindsay
Solicitor General and Minister of Public Security

cc: Honourable Jack Hayden, MLA, Drumheller-Stettler
Ray Romanetz, CAO, Town of Drumheller

402 Legislature Building, Edmonton, Alberta Canada T5K 2B6 Telephone 780-415-9406 Fax 780-415-9566
103, 5101 - 48 Street, Stony Plain, Alberta, Canada T7Z 1L8 Telephone 780-963-1444 Fax 780-963-1730

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RECEIVED
JUN 12 2009

*C/c Ray
2.4*

Edmonton Office:
319 Legislature Building
10800 - 97 Avenue
Edmonton, Alberta T5K 2B6
Telephone (780) 427-5041
Fax (780) 422-2002

LEGISLATIVE ASSEMBLY
ALBERTA

Constituency Office:
Drumheller-Stettler Constituency
P.O. Box 2022
4820 - 50 Street
Stettler, Alberta T0C 2L0
Telephone (403) 742-4284
Fax (403) 742-4295

**Honourable Jack Hayden, Minister of Infrastructure
MLA Drumheller-Stettler Constituency**

June 9, 2009

His Worship Mayor Bryce Nimmo
Town of Drumheller
703 - 2 Avenue West
Drumheller, AB T0J 0Y3

Dear Mayor Nimmo:

Bryce

Badlands Community Facility - Library Project

I received your note of thanks and I want to send my congratulations to you and the town Councillors on being selected for funding from the Building Canada Fund Program. This future project will definitely benefit the residents within the community.

Waste Water Treatment Plant

Just checking to see if you have reached any success to obtain additional funding, following the announcement by CAMRIF on January 23, 2008 - you indicated there would have to be other funding sources to help offset the municipal share.

Christ the Redeemer School Division's New St. Anthony's School

Following a phone call from my office, I have discussed the intersection that could facilitate access to the new St. Anthony's Catholic School adjacent to Highway 838 with my colleague, the Honourable Luke Ouellette, Minister of Transportation. He has advised a pedestrian-activated crossing signal would be in place prior to the start of school. We have made contact with Superintendent O'Brien to ensure he was aware of Alberta's Transportation decision, following our meeting this last Spring.

My continued best wishes to you and the Council for success in your future plans.

Yours truly,

Jack Hayden
Minister of Infrastructure
MLA Drumheller-Stettler

cc: Honourable Luke Ouellette
Minister of Transportation



DRUMHELLER

MEDIA ADVISORY



2.5

FOR IMMEDIATE RELEASE

Town of Drumheller cancels Ski Hill Land Sale Agreement

1997 Agreement Cancelled

DRUMHELLER, June 17, 2009 – The Town of Drumheller has served notice to the Drumheller Valley Ski Club that the 1997 agreement to sell them the land is cancelled. The agreement has been cancelled due to non-compliance with the terms of the agreement.

In 1997 the former MD of Badlands and the Drumheller Ski Club entered into an agreement which detailed the conditions of the land sale. On May 13th notice was given to the ski club outlining the deficiencies under the agreement and giving 30 days to remedy the defaults. As of June 17th the defaults were not remedied and the Town of Drumheller gave notice to the Drumheller Ski Hill that the sale agreement has been cancelled.

The Town is receptive to proposals for the continued operation of the ski hill.

Mayor Bryce Nimmo said, *"We are protecting the interests of the residents of Drumheller and area. We know skiing is a popular activity and we want to ensure the long term viability of that recreation area. We are open to proposals from individuals and other parties that are interested in continuing operations of a ski hill."*

The Drumheller Valley Ski Hill has been operating since 1997.

-30-

For more information, contact:

Bryce Nimmo
Mayor
Office: 403-823-1339

Ray Romanetz, P.Eng.
Chief Administrative Officer
Office: (403) 823-1339
rmroman@dinosaurvalley.com

Town of Drumheller

COUNCIL MEETING

MINUTES



June 8, 2009 4:30 PM Council Chambers, Town Hall
703 - 2nd Ave. West, Drumheller, Alberta

PRESENT:

DEPUTY MAYOR: Blaine McDonald

COUNCIL:

Karen Bertamini

Don Guidolin

Sharel Shoff

Terry Yemen

CHIEF ADMINISTRATIVE OFFICER/ENGINEER:

Ray Romanetz

DIRECTOR OF CORPORATE SERVICES:

Michael Roy

DIRECTOR OF COMMUNITY SERVICES:

Paul Salvatore

RECORDING SECRETARY:

Linda Handy

ABSENT:

MAYOR Bryce Nimmo

DIRECTOR OF INFRASTRUCTURE SERVICES: Allan Kendrick

1.0 CALL TO ORDER

2.0 MAYOR'S OPENING REMARKS

2.1 Deputy Mayor B. McDonald presented a letter from Hon. Fred Lindsay, Solicitor General and Minister of Public Security advising that Drumheller RCMP Municipal Police Service has been allocated one position for the 2009-10 fiscal year.

2.2 Deputy Mayor B. McDonald presented a letter from Rick Walters, MCFP Grants Business Officer, Alberta Culture and Community Spirit regarding the Major Community Facilities Program. In his letter, Mr. Walters advises that the Town of Drumheller's application for the Badlands Community Centre has been declined.

2.3 Deputy Mayor McDonald presented an invitation to Council regarding the Grand Opening of Sandstone Manor scheduled for June 19th.

Council Meeting Minutes

June 8, 2009

Page 2

3.0 PUBLIC HEARING

4.0 ADOPTION OF AGENDA

Changes to the Agenda: Item 8.1.6 moved to 2.2; and Items 8.2 and 8.5 will be considered together.

MO2009.134 Shoff, Bertamini moved to adopt the agenda as amended. Carried unanimously.

5.0 MINUTES

5.1 ADOPTION OF REGULAR COUNCIL MEETING MINUTES

5.1.1 Council Regular Meeting – May 25, 2009

MO2009.135 Berdahl, Guidolin moved to adopt the regular Council meeting minutes of May 25, 2009 as presented. Carried unanimously.

5.2 MINUTES OF MEETINGS PRESENTED FOR INFORMATION

5.3 BUSINESS ARISING FROM THE MINUTES

6.0 DELEGATIONS

7.0 COMMITTEE OF THE WHOLE RECOMMENDATIONS

8.0 REQUEST FOR DECISION REPORTS

8.1 CAO

8.1.1 Bylaw 14.09 Borrowing for Community Facility

R. Romanetz advised that the Town was recently approved for \$6M under the Building Canada Fund for the Community Facility. He stated that the next steps (prior to proceeding to the construction stage) is to sign the grant documents, complete the environment assessment if required, and to pass a borrowing bylaw. He presented two bylaw scenarios for Council's discussion at their next meeting of June 15th and first reading of the bylaw at their meeting of June 22nd. M. Roy explained that the decisions to consider are twofold: whether to borrow \$5.2 M or round it up to \$6M; and whether the borrowing is on the smaller scope of the work that includes the library and meeting / community rooms at approximately \$14M or the larger scope of work that includes the library, meeting / community rooms, and field house at an approximate cost of \$23M. He further explained that the municipality needs to front the fundraising pledges until the dollars come through which may be up to five years. A short term borrowing bylaw for this purpose is also required.

8.1.2 RFD – Arena Dehumidifier / RINC Application

R. Romanetz stated due to complete failure of the existing 7.5 HP unit, the purchase and installation of a new dehumidifier is vital to building summer ice. The new unit was originally budgeted for in 2009 however with the number of capitals projects cutbacks were

Council Meeting Minutes
June 8, 2009
Page 3

considered with the dehumidifier being pushed forward to 2010. Since that the decision, the unit has failed and requires replacement immediately. He explained that staff has looked at a unit that would be suitable for future projected needs within the arena and adjacent facilities and with energy savings of about 30% from what the costs are now. He further noted that a new dehumidifier, as well as other much needed equipment such as a new compressor, are included as replacement equipment under the RINC program however there is no guarantee that the Town's application will be approved. R. Romanetz stated that at the time the Town submitted their application the assumption was that the Province would be participating in the program and they have indicated they will not be a partner resulting in the Town's share being \$2M. He further advised that Council needs to consider whether the application remains a high priority with the additional costs to the Town. M. Roy explained that based on the RINC grant application criteria, purchases after January 1, 2009 could be funded out of the grant program and if not approved, fund out of the reserves. R. Romanetz advised that the replacement of the dehumidifier was by invitation tender with three local companies and one company from outside of Drumheller submitting bids with the low bid received from Gateway Mechanical. Staff is recommending that the unit be approved for purchase in order that there are no disruptions to the summer ice programs.

MO2009.136 Shoff, Guidolin move that council approve the purchasing and installation of the dehumidifier from Gateway Mechanical for \$75,159.00 GST included.

Discussion on Motion:

Councillor K. Bertamini stated that the preferred option for funding would be if there is an opportunity to borrow against the MSI capital with the second preference being to take the funds from the reserves. R. Romanetz stated that the 2010 MSI dollars have been designated for the cast iron line replacement based on the program dollars being extended into 2010 at the same level.

Vote on Motion: Carried unanimously.

R. Romanetz presented the RINC application and noted that although the Town's share is considerably higher, the project identified is essential with efficient equipment. Council agreed that the application remain as submitted for replacement of compressors which will be required in 2010 regardless and cost sharing may not be available.

8.1.3 RFD (Direction) – CB District Transportation Study

R. Romanetz advised that a meeting has been arranged with Hon. Jack Hayden on June 22nd to discuss the concerns received from the public on improvements to 2nd St. West as it affects intersections at 1st Avenue, 2nd Avenue and 3rd Avenue West, commencing from the Gordon Taylor Bridge.

8.1.4 RFD (Direction) - Bike Ride

R. Romanetz presented a letter from Jennifer Chow requesting a permit to hold the World Naked Bike Ride in Drumheller on June 13th. He advised that the proposed event requires

Council Meeting Minutes

June 8, 2009

Page 4

a permit as it meets the definition of a parade. He stated that the application was referred to Staff Sgt. RCMP for his comments and he recommended that the event not be held as it is unlawful. R. Romanetz further advised that a letter has been forwarded to the applicant advising that based on the circumstances, a permit is denied due to unlawful purposes. He advised that the refusal of the permit may be appealed through Council.

8.2 Director of Infrastructure Services

8.3 Director of Corporate Services

8.4 Director of Community Services

9.0 PRESENTATION OF QUARTERLY AND ANNUAL REPORTS BY ADMINISTRATION (July, 2009)

9.2 CAO

9.3 Director of Infrastructure Services

9.4 Director of Corporate Services

9.5 Director of Community Services

10.0 PUBLIC HEARING DECISIONS

11.0 DELEGATION DECISIONS

12.0 UNFINISHED BUSINESS

13.0 NOTICES OF MOTIONS

14.0 COUNCILLOR REPORTS

15.0 IN-CAMERA MATTERS MO2009.137 Guidolin, Shoff to go in camera at 5:10 PM.
Carried unanimously.

15.1 Land Matter

MO2009.138 Berdahl, Yemen moved to revert to regular Council meeting at 5:56 PM.
Carried unanimously.

There being no further business the Deputy Mayor declared the meeting adjourned at at 5:56 PM.

DEPUTY MAYOR

CHIEF ADMINISTRATIVE OFFICER



Request for Decision

Date:	04 Jun 2009	
Meeting Type:	Regular Council	
Topic:	2008 Audit	
Proposal:	Eric Peterson, Gitzel Krefci Dand Peterson provided an overview of the 2007 Audit	
Proposed by:	Mike Roy	
Correlation to Business (Strategic) Plan		
Benefits:		
Disadvantages:		
Alternatives:		
Finance/Budget Implications:		
Operating Costs:	Capital Costs:	
Budget Available:	Source of Funds	
Budget Cost:	Underbudgeted Cost:	
Communication Strategy:		
Recommendations:	That Council approve the 2008 audited financial statements as presented.	
Report Writer:	Mike Roy	

Agenda Item # 8.1.1

Position:	
	CAO:



Gitzel Krejci Dand Peterson

CHARTERED ACCOUNTANTS

*BARRY D. GITZEL, B. COMM., C.A. *ERIC A. PETERSON, BA., C.A. *PEGGY WEINZIERL, B. COMM., C.A.
* SCOTT A. ST. ARNAUD, B. COMM., C.A. * JOLENE KOBI, B. COMM., C.A. *ROBERT J. KREJCI, C.A. (Associate)

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TOWN OF DRUMHELLER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

* DENOTES PROFESSIONAL CORPORATION

**TOWN OF DRUMHELLER
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2008**

	Page
Auditors' Report	1
Consolidated Statement of Financial Position	2 - 3
Consolidated Statement of Financial Activities and Change in Fund Balances	4
Consolidated Statement of Changes in Financial Position	5
Schedule 1 – Capital Fund Activities and Change in Fund Balances	6
Schedule 2 – Operating Fund Activities and Change in Fund Balances	7
Schedule 3 – Reserve Fund Activities and Change in Fund Balances	8
Schedule 4 – Equity in Property and Equipment	9
Schedule 5 – Property Taxes Levied	10
Schedule 6 – Government Transfers	11
Schedule 7 – Consolidated Expenditures by Object	11
Notes to the Financial Statements	12 - 23

AUDITORS' REPORT

TO: The Mayor and Council

Town of Drumheller

We have audited the consolidated statement of financial position of the Town of Drumheller as at December 31, 2008 and the consolidated statements of financial activities with change in fund balances and the consolidated statement of changes in financial position for the year then ended. These financial statements are the responsibility of municipal administration. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2008 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Stettler, Alberta
February 28, 2009



CHARTERED ACCOUNTANTS

TOWN OF DRUMHELLER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008

A S S E T S

	2008 \$	2007 \$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	14,103,836	11,408,188
Taxes and grants in place of taxes receivable (Note 3)	636,852	519,593
Trade and other receivables	3,144,298	1,953,389
Accrued interest receivable	13,616	5,279
Land held for resale	1,023,022	1,068,142
Prepaid expenses	78,311	82,521
Investments (Note 4)	<u>2,451,165</u>	<u>2,336,221</u>
	<u>21,451,100</u>	<u>17,373,333</u>
PHYSICAL ASSETS		
Inventory for consumption	194,032	198,732
Property and equipment (Note 5)	<u>99,872,012</u>	<u>95,275,457</u>
	<u>100,066,044</u>	<u>95,474,189</u>
	<u>121,517,144</u>	<u>112,847,522</u>

Agenda Item # 8.1.1

TOWN OF DRUMHELLER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008

LIABILITIES

	2008 \$	2007 \$
Accounts payable and accrued liabilities	2,395,748	1,706,929
Deferred revenue (Note 13)	8,605,850	6,928,380
Employee benefit obligations (Note 15)	666,360	520,607
Long-term debt (Note 6)	<u>3,960,358</u>	<u>3,037,135</u>
	<u>15,628,316</u>	<u>12,193,051</u>

MUNICIPAL EQUITY

FUND BALANCES

CAPITAL FUND (Schedule 1)	-	(1,211,244)
OPERATING FUND (Schedule 2)	2,045,605	1,682,185
RESERVE FUND (Schedule 3, Note 7)	<u>7,028,206</u>	<u>7,041,846</u>
	9,073,811	7,512,787

EQUITY IN PROPERTY AND EQUIPMENT
(Schedule 4, Note 14)

<u>96,815,017</u>	<u>93,141,684</u>
<u>105,888,828</u>	<u>100,654,471</u>

<u>121,517,144</u>	<u>112,847,522</u>
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Agenda Item # 8.1.1

TOWN OF DRUMHELLER

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 \$	2007 \$
REVENUES		
Net municipal taxes (Schedule 5)	6,190,945	5,688,310
Sales and user fees	5,657,162	4,535,244
Franchises and concessions	895,553	848,373
Government transfers (Schedule 6)	4,613,862	3,625,807
Investment income	343,417	458,063
Penalties and costs on taxes	93,662	74,649
Rentals	274,567	336,630
Proceeds from disposal of property and equipment	20,072	16,578
Other	<u>1,083,443</u>	<u>728,770</u>
TOTAL REVENUE	<u>19,172,683</u>	<u>16,312,424</u>
EXPENDITURES (Schedule 7)		
Operating		
Legislative	163,476	130,827
Administration	1,149,733	1,089,241
Protective services	1,913,112	1,782,571
Transportation services	4,195,754	1,702,542
Water and wastewater	3,076,069	2,831,405
Waste management	235,734	222,873
Planning and development	560,921	613,367
Recreation and parks	1,810,592	2,004,318
Other	<u>748,616</u>	<u>381,029</u>
	<u>13,854,007</u>	<u>10,758,173</u>
Capital		
Administration	380,191	118,558
Protective services	206,296	137,900
Transportation	221,297	1,539,825
Water and wastewater	973,296	3,793,979
Public housing	2,130,477	-
Recreation and parks	696,907	254,959
Other	<u>72,411</u>	<u>238,599</u>
	<u>4,680,875</u>	<u>6,083,820</u>
TOTAL EXPENDITURES	<u>18,534,882</u>	<u>16,841,993</u>
COMPREHENSIVE NET EARNINGS FOR THE YEAR	637,801	(529,569)
Capital debt issued	1,211,244	2,178,000
Capital debt repaid	<u>(288,021)</u>	<u>(331,402)</u>
CHANGE IN FUND BALANCES	1,561,024	1,317,029
FUND BALANCES AT BEGINNING OF YEAR	<u>7,512,787</u>	<u>6,195,758</u>
FUND BALANCES AT END OF YEAR	<u>9,073,811</u>	<u>7,512,787</u>

TOWN OF DRUMHELLER
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 \$	2007 \$
OPERATING AND CAPITAL ACTIVITIES		
Comprehensive net earning for the year	637,801	(529,569)
Net changes in non-cash current assets and liabilities		
Taxes and grants in place of taxes receivable	(117,258)	(106,207)
Trade and other receivables	(1,199,246)	2,085,814
Land held for resale	45,120	216,730
Prepaid expenses	4,210	(46,475)
Accounts payable and accrued liabilities	834,572	(607,941)
Inventory for consumption	4,700	20,901
Deferred revenue	<u>1,677,470</u>	<u>3,174,279</u>
Net cash provided by (used in) operating activities	<u>1,887,369</u>	<u>4,207,532</u>
FINANCING ACTIVITIES		
Debt issued	1,211,244	2,178,000
Long-term debt repaid	<u>(288,021)</u>	<u>(331,402)</u>
Net cash provided by (used in) financing activities	<u>923,223</u>	<u>1,846,598</u>
INVESTING ACTIVITIES		
Change in long-term investments	<u>(114,944)</u>	<u>(80,281)</u>
Net cash provided by (used in) investing activities		
NET CASH INCREASE DURING THE YEAR	2,695,648	5,973,849
CASH AND TEMPORARY INVESTMENTS		
- BEGINNING OF YEAR	<u>11,408,188</u>	<u>5,434,339</u>
CASH AND TEMPORARY INVESTMENTS		
- END OF YEAR	<u>14,103,836</u>	<u>11,408,188</u>

TOWN OF DRUMHELLER
SCHEDULE 1 – CAPITAL FUND ACTIVITIES AND
CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget \$ (Unaudited)	2008 \$	2007 \$
REVENUES			
Government transfers	14,303,184	2,925,311	2,889,975
Developers agreements & levies	-	21,640	111,568
Proceeds from disposal of property and equipment	-	20,072	16,578
Investment income	-	283,427	358,509
Other	-	38,160	64,967
	<u>14,303,184</u>	<u>3,288,610</u>	<u>3,441,597</u>
EXPENDITURES			
Administration	390,055	380,191	118,558
Protective Services	305,953	206,296	137,900
Transportation services	640,000	221,297	1,539,825
Water and wastewater	14,687,480	973,296	3,793,979
Public housing	-	2,130,477	-
Recreation and parks	622,000	696,907	254,959
Other	3,995,950	72,411	238,599
	<u>20,641,438</u>	<u>4,680,875</u>	<u>6,083,820</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,338,254)</u>	<u>(1,392,265)</u>	<u>(2,642,223)</u>
Capital Financing and Net Interfund Transfers			
Transfers from operating fund (Schedule 2)	2,039,569	1,376,382	1,712,106
Transfers from (to) reserve fund (Schedule 3)	1,192,435	15,883	275,346
Capital debt issued	4,317,494	1,211,244	2,178,000
	<u>7,549,498</u>	<u>2,603,509</u>	<u>4,165,452</u>
CHANGE IN CAPITAL FUND BALANCE	1,211,244	1,211,244	1,523,229
FUND BALANCE AT BEGINNING OF YEAR	<u>(1,211,244)</u>	<u>(1,211,244)</u>	<u>(2,734,473)</u>
FUND BALANCE (OVEREXPENDITURE) AT END OF YEAR	<u>-</u>	<u>-</u>	<u>(1,211,244)</u>

TOWN OF DRUMHELLER
SCHEDULE 2 – OPERATING FUND ACTIVITIES
AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget \$ (Unaudited)	2008 \$	2007 \$
REVENUES			
Net municipal property taxes (Schedule 5)	6,167,223	6,190,945	5,688,310
Sales and user fees	3,991,165	5,657,162	4,535,244
Franchises and concessions	825,492	895,553	848,373
Government transfers	1,862,157	1,688,551	735,832
Investment income	2,500	59,990	99,554
Penalties and costs on taxes	79,500	93,662	74,649
Rentals	258,709	274,567	336,630
Other	<u>463,713</u>	<u>1,023,643</u>	<u>552,235</u>
	<u>13,650,459</u>	<u>15,884,073</u>	<u>12,870,827</u>
EXPENDITURES			
Legislative	150,842	163,476	130,827
Administration	1,407,054	1,149,733	1,089,241
Protective services	750,322	1,913,112	1,782,571
Transportation services	2,354,154	4,195,754	1,702,542
Water and wastewater	3,465,770	3,076,069	2,831,405
Waste management	239,238	235,734	222,873
Planning and development	464,262	560,921	613,367
Recreation and parks	2,058,223	1,810,592	2,004,318
Other	<u>2,074,132</u>	<u>748,616</u>	<u>381,029</u>
	<u>12,963,997</u>	<u>13,854,007</u>	<u>10,758,173</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>686,462</u>	<u>2,030,066</u>	<u>2,112,654</u>
Net Interfund Transfers			
From (to) capital fund (Schedule 1)	(2,039,569)	(1,376,382)	(1,712,106)
From (to) reserves (Schedule 3)	3,031,735	(2,243)	(3,382)
Capital Debt repaid (Schedule 4)	<u>(338,856)</u>	<u>(288,021)</u>	<u>(331,402)</u>
	<u>653,310</u>	<u>(1,666,646)</u>	<u>(2,046,890)</u>
CHANGE IN FUND BALANCE	33,152	363,420	65,764
OPENING BALANCE	<u>1,682,185</u>	<u>1,682,185</u>	<u>1,616,421</u>
CLOSING BALANCE	<u>1,715,337</u>	<u>2,045,605</u>	<u>1,682,185</u>

TOWN OF DRUMHELLER
SCHEDULE 3 – RESERVE FUND ACTIVITIES
AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget \$ (Unaudited)	2008 \$	2007 \$
FUND BALANCE AT BEGINNING OF YEAR	<u>7,041,846</u>	<u>7,041,846</u>	<u>7,313,810</u>
ADD/(DEDUCT):			
Transfer from (to) operating fund (Schedule 2)	(3,031,735)	2,243	3,382
Transfer from (to) capital fund (Schedule 1)	<u>(1,192,435)</u>	<u>(15,883)</u>	<u>(275,346)</u>
CHANGE IN FUND BALANCE	<u>(4,224,170)</u>	<u>(13,640)</u>	<u>(271,964)</u>
FUND BALANCE AT END OF YEAR (Note 7)	<u>2,817,676</u>	<u>7,028,206</u>	<u>7,041,846</u>

TOWN OF DRUMHELLER
SCHEDULE 4 - EQUITY IN PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 \$	2007 \$
ACQUISITION OF PROPERTY AND EQUIPMENT		
Administration	380,191	118,558
Protective Services	206,296	137,900
Transportation Services	-	1,539,825
Water and wastewater	-	3,793,979
Public housing	2,130,477	
Recreation and parks	696,907	254,959
Other	<u>1,267,004</u>	<u>238,601</u>
	<u>4,680,875</u>	<u>6,083,822</u>
DISPOSAL OF PROPERTY AND EQUIPMENT (Cost)		
Protective services	(5,987)	(4,533)
Transportation services	(47,000)	-
Water and wastewater	(14,318)	(17,200)
Recreation	<u>(17,014)</u>	<u>(61,080)</u>
	<u>(84,319)</u>	<u>(82,813)</u>
CAPITAL FINANCING		
Capital debt issued	(1,211,244)	(2,178,000)
Capital debt repaid from operating fund (Schedule 2)	<u>288,021</u>	<u>331,402</u>
	<u>(923,223)</u>	<u>(1,846,598)</u>
CHANGE IN EQUITY BALANCE	3,673,333	4,154,411
OPENING BALANCE	<u>93,141,684</u>	<u>88,987,273</u>
CLOSING BALANCE (Note 14)	<u>96,815,017</u>	<u>93,141,684</u>

TOWN OF DRUMHELLER
SCHEDULE 5 – PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget \$ (Unaudited)	2008 \$	2007 \$
TAXATION			
Real property taxes	7,892,617	7,929,786	7,431,721
Linear property taxes	581,321	581,321	532,906
Special assessments and local improvement taxes	<u>82,008</u>	<u>69,431</u>	<u>5,890</u>
	<u>8,555,946</u>	<u>8,580,538</u>	<u>7,970,517</u>
REQUISITIONS			
Alberta School Foundation Fund	1,949,863	1,949,862	1,881,175
Christ the Redeemer Separate School Division	375,860	375,860	363,471
Sunshine Seniors' Lodge	<u>63,000</u>	<u>63,871</u>	<u>37,561</u>
	<u>2,388,723</u>	<u>2,389,593</u>	<u>2,282,207</u>
NET MUNICIPAL TAXES	<u>6,167,223</u>	<u>6,190,945</u>	<u>5,688,310</u>

TOWN OF DRUMHELLER
SCHEDULE 6 – GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 \$	2007 \$
Federal transfers		
Shared-cost agreements and grants	<u>46,206</u>	<u>10,000</u>
Provincial transfers		
Entitlements	23,960	23,960
Shared-cost agreements and grants	4,542,514	3,588,839
Debt interest rebates	<u>1,182</u>	<u>3,008</u>
	<u>4,567,656</u>	<u>3,615,807</u>
 Total government transfers	 <u>4,613,862</u>	 <u>3,625,807</u>

SCHEDULE 7 – CONSOLIDATED EXPENDITURES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 \$	2007 \$
EXPENDITURES		
Salaries, wages, and benefits	3,990,070	3,714,100
Contracted and general services	6,370,378	3,600,704
Materials, goods, and utilities	2,599,893	2,620,574
Transfer to local agencies	607,187	571,473
Interest on long-term debt	203,167	125,724
Property and equipment acquired	4,680,875	6,083,822
Other expenditures	<u>83,312</u>	<u>125,596</u>
 TOTAL EXPENDITURES	 <u>18,534,882</u>	 <u>16,841,993</u>

TOWN OF DRUMHELLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. Actual results could differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies adopted as follows:

a. Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, and changes in fund balances and change in financial position of the reporting entity, which comprises all the organizations that are accountable for the administration of their financial affairs and resources to the council and are owned or controlled by the municipality.

The schedule of taxes levied also includes operating requisitions for many educational, health care, social and other external organizations that are not part of the municipal reporting entity. The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b. Fund Accounting

For reporting purposes, established funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account.

The operating and capital funds are further segregated by functions which relate to specific areas of activity.

c. Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due with the exception of pension expenditures as disclosed in Note 11.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

TOWN OF DRUMHELLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Government Transfers

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

e. Investments

Investments are recorded at cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

f. Property and Equipment

Property and equipment are reported as expenditures in the period they are acquired. Further, property and equipment are carried on the consolidated statement of financial position at cost except for donated assets, which are recorded at estimated fair value when acquired.

Development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are expensed and carried as property and equipment under their respective function.

Government contributions for the acquisition of property and equipment are recorded as capital revenue and do not reduce the related property and equipment costs.

Property and equipment for government purposes are not amortized.

g. Operating Fund

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

h. Capital Fund

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

i. Reserve Fund

Reserves are established at the discretion of council and are used to finance future operating and capital expenditures. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

TOWN OF DRUMHELLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

j. Inventories

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the first-in, first-out method.

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

k. Equity in Property and Equipment

Equity in property and equipment represents the municipality's net investment in its total property and equipment, after deducting work in progress and long-term capital borrowings.

l. Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

m. Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

TOWN OF DRUMHELLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

n. Financial Instruments

The Municipality's financial instruments consist of cash and temporary investment, accounts receivable, investments, accounts payable, accrued liabilities, requisition over-levy and long-term debt. The Municipality is subject to interest rate risk on its debenture debt as the value can fluctuate as a result of changes in market rates. It is management's opinion that the Municipality is not exposed to significant currency risks arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that the entity has the intention and ability to hold to maturity. They are measured at amortized cost using the effective interest rate method less any impairment loss. A loss is recognized in net income if the financial asset is impaired and through the amortization process.

o. Tangible Capital Assets

During 2008, the Town of Drumheller continued to work toward compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, the Town has a preliminary listing and values for buildings, vehicles and machinery. A final listing of all asset classes is being prepared and is expected to be completed by December 31, 2009.

p. Cash and Cash Equivalents

Cash and cash equivalents can consist of cash on hand, cash in banks and investments in money market instruments.

2. CASH AND TEMPORARY INVESTMENTS

	2008 \$	2007 \$
Cash in banks	<u>14,103,836</u>	<u>11,408,188</u>
	<u>14,103,836</u>	<u>11,408,188</u>

TOWN OF DRUMHELLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2008	2007
	\$	\$
Current taxes and grants in place of taxes	499,247	410,257
Arrears taxes	<u>289,985</u>	<u>246,336</u>
	789,232	656,593
Less: Allowance for uncollectible taxes	<u>152,380</u>	<u>137,000</u>
	<u><u>636,852</u></u>	<u><u>519,593</u></u>

4. INVESTMENTS

	2008	2007
	\$	\$
Long term bonds, maturing at various dates	2,399,818	2,286,769
Equity in ALARIE	11,619	11,619
Shares	3,120	1,225
Guaranteed Investment Certificate at 3.5%	<u>36,608</u>	<u>36,608</u>
	<u><u>2,451,165</u></u>	<u><u>2,336,221</u></u>

5. PROPERTY AND EQUIPMENT

	2008	2007
	Cost	Cost
	\$	\$
Land	1,316,303	1,316,303
Buildings	15,219,981	12,579,526
Engineering structures	73,805,762	72,688,672
Machinery & equipment & furnishings	7,019,422	6,586,081
Vehicles	<u>2,510,544</u>	<u>2,104,875</u>
	<u><u>99,872,012</u></u>	<u><u>95,275,457</u></u>

TOWN OF DRUMHELLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

6. LONG-TERM DEBT

	2008 \$	2007 \$
Self supported debentures	<u>3,960,358</u>	<u>3,037,135</u>

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2009	185,034	193,835	378,869
2010	135,848	187,218	323,066
2011	142,811	180,256	323,067
2012	150,139	172,928	323,067
2013	157,852	165,215	323,067
Thereafter	<u>3,188,674</u>	<u>1,326,052</u>	<u>4,514,726</u>
	<u>3,960,358</u>	<u>2,225,504</u>	<u>6,185,862</u>

Debenture debt is repayable to Alberta Capital Finance Authority and CMHC and bears interest at 3.215% to 5.012% per annum, before Provincial subsidy, and mature in periods through 2026. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the municipality at large. Interest on long-term debt totalled \$203,167 in 2008 (2007 - \$125,724).

TOWN OF DRUMHELLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

7. RESERVE FUND

Reserves for operating and capital activities changed as follows:

	2007 \$	Increases \$	Decreases \$	2008 \$
Operating reserves:				
Ambulance	36,746	1,001	-	37,747
Management Incentive Fund	45,607	1,242	-	46,849
Scholarship	<u>36,608</u>	<u>-</u>	<u>-</u>	<u>36,608</u>
Total Operating	<u>118,961</u>	<u>2,243</u>	<u>-</u>	<u>121,204</u>
Capital reserves:				
Building – long term	471,389	24,715	-	496,104
Municipal reserves	2,189	60	-	2,249
Contingencies	927,217	109,512	-	1,036,729
Contingency – long term	777,794	40,778	-	818,572
Equipment	723,485	330,573	656,269	397,789
Equipment – long term	400,681	21,007	-	421,688
Facilities	1,896,078	565,768	1,063,828	1,398,018
General capital	60,954	310,714	264,150	107,518
Land	309,482	80,373	-	389,855
Legacy	966,281	280,401	-	1,246,682
Offsite	301,737	23,873	-	325,610
Sewer	(82,094)	269,357	94,471	92,792
Transportation – long term	233,693	37,073	2,534	268,232
Water	<u>(66,001)</u>	<u>915,168</u>	<u>944,003</u>	<u>(94,836)</u>
Total Capital	<u>6,922,885</u>	<u>3,009,372</u>	<u>3,025,255</u>	<u>6,907,002</u>
Total	<u>7,041,846</u>	<u>3,011,615</u>	<u>3,025,255</u>	<u>7,028,206</u>

TOWN OF DRUMHELLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

8. SALARY & BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	-----2008		-----2007	
	Salary(1)	Benefits Allowances(2)	Total	Total
	\$	\$	\$	\$
Mayor Nimmo, Bryce	24,755	1,183	25,938	19,526
Councillor Bertamini, Karen	20,135	1,744	21,879	17,967
Councillor Berdahl, Andrew	16,135	445	16,580	2,281
Councillor Cunningham, Don	-	-	-	7,045
Councillor MacKinnon, Karen	-	-	-	12,782
Councilor McDonald, Blaine	16,635	2,832	19,467	2,496
Councillor Guidolin, Don	16,635	905	17,540	2,286
Councillor Yemen, Terry	16,385	453	16,838	12,798
Councillor Shoff, Sharel	16,135	1,161	17,296	15,042
Councillor Sparling, John	-	-	-	13,849
Chief Administrative Officer, Romanetz, Ray (3)	135,844	19,870	155,714	152,197

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including Retirement Pension, Canada Pension, Employment Insurance, Health Care, Extended Health, Vision, Group Life, Accidental Death and Disability, Long and Short Term Disability plans.
- (3) Benefits for the CAO include the use of an automobile.

TOWN OF DRUMHELLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

9. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the municipality be disclosed as follows:

	2008	2007
	\$	\$
Total debt limit	24,371,057	20,133,675
Total debt	<u>3,960,358</u>	<u>3,037,135</u>
Amount of debt limit unused	<u>20,410,699</u>	<u>17,096,540</u>
Debt servicing limit	4,061,843	3,355,613
Debt servicing	<u>400,100</u>	<u>436,576</u>
Amount of debt servicing limit unused	<u>3,661,743</u>	<u>2,919,037</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

10. CONTINGENCIES

The municipality is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of membership, the municipality could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The municipality is a member of the Drumheller and District Solid Waste Management Association. The municipality may be liable for future site reclamation costs if these costs prove to be in excess of the Association's reserves.

TOWN OF DRUMHELLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

11. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipality participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. The Plan serves about 168,000 people and 408 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Municipality is required to make current service contributions to the Plan of 7.75% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 10.64% for the excess.

Employees of the municipality are required to make current service contributions of 6.75% of pensionable salary up to the year's maximum pensionable salary and 9.64% on pensionable salary above this amount.

Total current service contributions by the municipality to the plan in 2008 were \$175,954 (2007 - \$161,652). Total current service contributions by employees to the plan in 2008 were \$154,586 (2007 - \$141,920). At December 31, 2007, the plan disclosed an actuarial deficiency of \$1,183.3 million.

12. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable, accrued liabilities, requisition over-levy and long-term debt. It is management's opinion that the Municipality is not exposed to significant interest or currency risks arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Operating Lines of Credit

At December 31, 2008 the municipality had short-term bank lines of credit aggregating \$2,020,000 (2007 - \$2,020,000) of which none (2007 - none) had been drawn down. Lines of credit are revolving operating and term facilities that bear interest at the prime rate. They are reviewed annually and are secured by a general security agreement.

TOWN OF DRUMHELLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

13. DEFERRED REVENUE

	2008	2007
	\$	\$
MSI grant	1,021,707	575,233
MUNI grant	-	135,165
Policing grant and crime education	65,864	65,570
Kneehill Regional Water	1,575,715	1,650,749
Municipal Infrastructure Program	5,281,849	4,269,296
Other	<u>660,715</u>	<u>232,367</u>
	<u>8,605,850</u>	<u>6,928,380</u>

14. EQUITY IN PROPERTY AND EQUIPMENT

	2008	2007
	\$	\$
Property and equipment	99,872,012	95,275,457
Other capital fund assets	7,628,366	8,127,655
Capital deferred revenue and payables	(6,725,003)	(8,435,537)
Long-term debt (Note 6)	(3,960,358)	(3,037,135)
(Unexpended) overexpended capital funds	<u>-</u>	<u>1,211,244</u>
	<u>96,815,017</u>	<u>93,141,684</u>

15. EMPLOYEE BENEFIT OBLIGATIONS

Vacation and Long Service Benefit

The liability is comprised of the vacation that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

16. CHANGE IN ACCOUNTING POLICY

During the year, the Municipality applied on a prospective basis the new recommendations of the Canadian Institute of Chartered Accountants regarding the recognition, measurement and presentation of financial instruments following the release of Sections 1530, "Comprehensive income," 3855, "Financial instruments – Recognition and measurement" and 3861, "Financial instruments – Disclosure and presentation."

**TOWN OF DRUMHELLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

17. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

TOWN OF DRUMHELLER BYLAW NO. 14.09

This bylaw authorizes the Town of Drumheller, in the Province of Alberta, to incur indebtedness by the issuance of debenture(s) in the amount of \$6,000,000 for the purpose of borrowing to finance the construction of the Badlands Community Facility phase 1.

WHEREAS, the Council of the Town of Drumheller has decided to issue a bylaw pursuant to Section 258 of the Municipal Government Act to authorize the financing, undertaking and completion of the Badlands Community Facility.

WHEREAS, plans and specifications have been prepared and the total cost of the project is estimated to be \$23,000,000 and the Town of Drumheller estimates the following grants and contributions will be applied to the project:

Reserves	\$5,000,000
Provincial Grants	\$3,000,000
Federal Grants	\$3,000,000
Donations	\$6,000,000
Debenture(s)	\$6,000,000
Total Cost	\$23,000,000

WHEREAS, in order to complete the project it will be necessary for the Town of Drumheller to borrow the sum of \$6,000,000 for a period not to exceed Twenty (20) years, from the Alberta Capital Finance Authority or another authorized financial institution, by the issuance of debentures or bank loan and on the terms and conditions referred to in this bylaw.

WHEREAS, the estimated lifetime of the project financed under this bylaw is equal to, or in excess of Twenty (20) years.

WHEREAS, the principal amount of the outstanding debt of the Town of Drumheller at December 31, 2008 is \$3,960,358 and no part of the principal or interest is in arrears and with another \$3,000,000 approved by Council for borrowing in 2009 for other projects.

WHEREAS, all required approvals for the project have been obtained and the project is in compliance with all Acts and Regulations of the Province of Alberta.

Agenda Item # 8.1.2

Town of Drumheller
Bylaw 14.09
Page 2

**NOW, THEREFORE, THE COUNCIL OF THE TOWN OF DRUMHELLER,
DULY ASSEMBLED, ENACTS AS FOLLOWS:**

1. That for the purpose of completing the Badlands Community Facility project phase 1, the sum of six million dollars (\$6,000,000.00) be borrowed from the Alberta Capital Finance Authority or another authorized financial institution by way of debentures on the credit and security of the Town of Drumheller at large, of which amount the full sum of six million dollars (\$6,000,000) is to be paid by the municipality at large.
2. The proper officers of the Town of Drumheller are hereby authorized to issue debenture(s) on behalf of the Town of Drumheller for the amount and purpose as authorized by this bylaw, namely the Badlands Community Facility phase 1.
4. The Town of Drumheller shall repay the indebtedness according to the repayment structure in effect, namely semi-annual or annual equal payments of combined principal and interest instalments not to exceed Twenty (20) years calculated at a rate not exceeding the interest rate fixed by the Alberta Capital Finance Authority or another authorized financial institution on the date of the borrowing, and not to exceed Ten (10) percent.
5. The indebtedness shall be contracted on the credit and security of the Town of Drumheller.
6. The net amount borrowed under the bylaw shall be applied only to the project specified by this bylaw.
8. This bylaw comes into force on the date it is passed.

READ A FIRST TIME THIS _____ DAY OF _____ 2009.
READ A SECOND TIME THIS _____ DAY OF _____ 2009.
READ A THIRD TIME THIS _____ DAY OF _____ 2009.

MAYOR

SEAL

CHIEF ADMINISTRATIVE OFFICER

TOWN OF DRUMHELLER BYLAW NUMBER 15-09

8.1.3

THIS IS A BY-LAW OF THE TOWN OF DRUMHELLER, in the Province of Alberta for the purpose of closing a portion of an undeveloped PUBLIC LANE AND ROADWAY (part of 10th Avenue S.W.) to public travel and acquiring title to this land in the name of the TOWN OF DRUMHELLER and selling and incorporating same with the adjacent lands in accordance with Section 22 of the Municipal Government Act, Chapter M-26, Revised Statutes of Alberta 2000, as amended.

WHEREAS; the certain PUBLIC LANE AND ROADWAY hereinafter described is not required for public travel and an application has been made by a developer to close a portion of the PUBLIC LANE AND ROADWAY hereinafter described and to acquire this closed portion of lane and roadway for incorporation and consolidation with adjacent lands, and;

WHEREAS; these PUBLIC LANE AND ROADWAY have not been developed or have ever been used for public travel nor will these lands be required for public lanes or other public purposes in the foreseeable future, and

WHEREAS; a notice was published in the Drumheller Mail once a week for two consecutive weeks; on June 24, 2009 and June 30, 2009 the last of such publications being at least five days before the day fixed for the passing of this By-Law, and;

WHEREAS the Council of the Town of Drumheller held a public meeting on the 6th day of July, 2009 at their regular or special meeting of Council in which all interested parties were provided an opportunity to be heard, and;

WHEREAS the Council of the TOWN OF DRUMHELLER is satisfied that closing this portion of public lanes and roadway will not adversely affect the traffic flow or prejudicially affect the public at large.

NOW THEREFORE; be it resolved that THE COUNCIL of THE TOWN OF DRUMHELLER, in the Province of Alberta does hereby enact to close the following described PUBLIC LANES AND ROADWAY from public use, obtain the title in the name of THE TOWN OF DRUMHELLER, a Municipal Body Corporate, of 703 - 2nd Avenue West, DRUMHELLER, Alberta, T0J 0Y3 and dispose of same for consolidation with adjacent lands.

ROADWAY CLOSED BY THIS BY-LAW

THOSE PORTIONS OF THE PUBLIC LANES AND ROADWAY SHOWN AS AREAS A
ON "SCHEDULE - A"

AND MORE PARTICULARLY DESCRIBED AS

All that portion of

lane as shown on Plan 8111554

lying within Subdivision Plan

, containing 0.024 hectares more or less

Page Two of Three

and

All that portion of
10th Avenue S.E. as shown on Plan 8111554
lying within Subdivision Plan _____, containing 0.021 hectares more or less

EXCEPTING THEREOUT ALL MINES AND MINERALS

THIS BY-LAW takes effect on the day of the final passing thereof.

READ AND PASSED THE FIRST TIME BY THE
COUNCIL OF THE TOWN OF DRUMHELLER this _____ of _____ A.D., 2009.

MAYOR, BRYCE NIMMO

Seal

RAYMOND M. ROMANETZ, P.ENG.
CHIEF ADMINISTRATIVE OFFICER

**APPROVED BY:
ALBERTA INFRASTRUCTURE AND TRANSPORTATION**

Seal

MINISTER: HONOURABLE JACK HAYDEN

READ AND PASSED THE SECOND TIME BY THE
COUNCIL OF THE TOWN OF DRUMHELLER this _____ of _____ A.D., 2009.

MAYOR, BRYCE NIMMO

Seal

RAYMOND M. ROMANETZ, P.ENG.
CHIEF ADMINISTRATIVE OFFICER

Agenda Item # 8.1.3

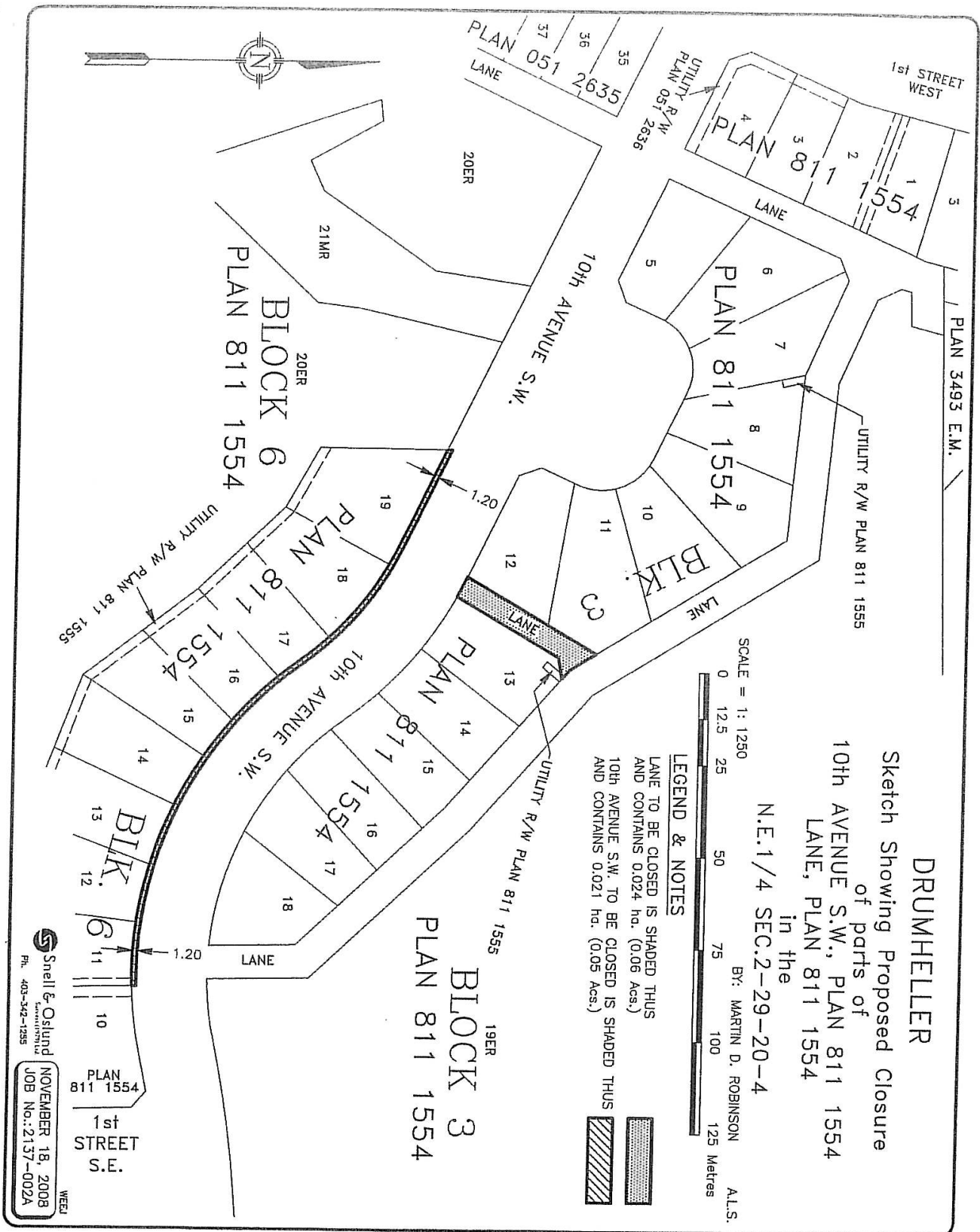
Page Three of Three

READ AND PASSED THE THIRD TIME BY THE
COUNCIL OF THE TOWN OF DRUMHELLER this of A.D., 2009.

MAYOR, BRYCE NIMMO

Seal

RAYMOND M. ROMANETZ, P.ENG.
CHIEF ADMINISTRATIVE OFFICER



TOWN OF DRUMHELLER
BYLAW NO. 17-08 ~~16-09~~

Comment: Change bylaw no.

A BYLAW OF THE TOWN OF DRUMHELLER TO ESTABLISH A POLICING COMMITTEE.

PURSUANT to the Municipal Government Act, Being Chapter M-26, R.S.A. 2000, as amended, the Council for the Town of Drumheller duly assembled enacts as follows:

- WHEREAS** Section 23(1) of the Police Act, being Chapter 12.01 of the Revised Statutes of Alberta, 1988 and amendments thereto, provides that a municipality which has entered into an Agreement with the government of Alberta for the provision of Police services under Section 22 of the Police Act may, by by-law establish a Policing Committee; and
- AND WHEREAS** The member in charge of the Municipal Police Service shall, in enforcing the bylaws of the Municipality, act under the lawful direction of the Chief Executive Officer or such other person as the Chief Executive Officer may, in writing, designate; and
- AND WHEREAS** The Council of the Town of Drumheller deems it advisable to establish a Policing Committee to advise them on Police matters; and
- AND WHEREAS** Council, by the bylaw, shall prescribe the rules and regulations governing proceedings and meetings of the Committee.
- NOW THEREFORE** The Council of the Town of Drumheller, duly assembled, enacts as follows:

1.0 TITLE:

This bylaw may be known as the "Policing Committee Bylaw".

2.0 DEFINITIONS:

For the purpose of this bylaw:

- (a) "Agreement" means the agreement between the Town of Drumheller and the Government of Canada for the provision of police services for the Municipality;
- (b) "Committee" means Drumheller Policing Committee.
- (c) "Council" means the duly elected Municipal Council of the Town of Drumheller from time to time;

TOWN OF DRUMHELLER BYLAW NO. 17-08

- 2 -

- (d) "Officer in Charge" means the Officer in charge of the local RCMP Detachment in the Town of Drumheller;
- (e) "Oversee" means to review and advise Council with regard to the terms of the Agreement;
- (f) "RCMP" means the Royal Canadian Mounted Police; and
- (g) "Town" means the Corporation of the Town of Drumheller or the area Contained within the Corporate limits of the Town as the context may Require.

3.0 DUTIES AND RESPONSIBILITIES:

- 3.1 The overall objectives of the Policing Committee are to act as a liaison between Town Council, the RCMP detachment, the Bylaw Enforcement Office and the Citizens of Drumheller **and the rural areas served by the Drumheller Detachment of the RCMP**, and foster responsible community actions towards the creation of a safe, secure community. The Committee shall endeavour to do this by encouraging an environment, which allows for public concerns to be addressed by all affected parties. Specific duties and responsibilities are to;

Comment: add

- (a) oversee the agreement between the Town and the Government of Canada for the employment of the RCMP;
- (b) provide Community feedback to the RCMP concerning Police and Town Bylaw enforcement strategies and activities;
- (c) review and advise Council on the annual RCMP Goals and Priorities;
- (d) Co-operate and liaise with community groups in creating programs or pursuing initiatives to improve public safety; and
- (e) make recommendations to Council relating to Policing matters or relevant community issues, as it may deem advisable, on its own Initiative or upon request of Council.

4.0 COMPOSITION OF THE COMMITTEE

- 4.1 The committee shall consist of nine (9) voting members who shall be appointed by resolution of Council as follows:
- (a) Five (5) members selected from the public at large as residents of the Town of Drumheller.
 - (b) One (1) Mayor or designate by resolution of the Town of Drumheller, Municipal Council.

**TOWN OF DRUMHELLER
BYLAW NO. 17-08**

- 3 -

- (c) Three (3) public members selected to a maximum of one (1) from any of the following communities, as defined within the boundaries of the Drumheller Detachment, Royal Canadian Mounted Police:

- i. Starland County
- ii. Kneehill County.
- iii. The Village of Delia
- iv. The Village of Morrin
- v. The Village of Carbon
- vi. The Village of Munson

- 4.2 The Officer in Charge of the Drumheller RCMP, or his designate, shall attend the Committee meetings in an advisory, non-voting capacity.
- 4.3 The Chief Administrative Officer, or his designate, shall attend the Committee Meetings in an advisory, non-voting capacity.

5.0 MEMBERSHIP

- 5.1 Each member from the public at large shall be appointed to the Committee for One (1) to three (3) year term, whichever Council deems appropriate, commencing October 31st.
- 5.2 The term of any citizen member shall not exceed six (6) consecutive years, except by special resolution of council.
- 5.3 Members shall remain in office until their respective successors are appointed.
- 5.4 Where a member ceases to be a member of the Committee before the expiration of his or her term, Council may appoint another eligible person for the unexpired portion of the term.
- 5.5 All persons appointed to the Committee shall:
- (a) Take the oath prescribed by the Police Act.
 - (b) Not have a criminal record under the Criminal Code of Canada.
 - (c) Not be hired in any capacity with the Royal Canadian Mounted Police, any Provincial Police Force, the Provincial Attorney General's Department or the Department of the Solicitor General of Alberta;

**TOWN OF DRUMHELLER
BYLAW NO. 17-08**

- 4 -

- (d) Be a Canadian Citizen or landed immigrant and a resident in the Town of Drumheller **or one of the communities enumerated in s.4.1** for at least six (6) consecutive months preceding the date of advertising for applications.
- (e) Be of the full age of eighteen (18) years.

Comment: add

6.0 RESIGNATION AND REMOVALS

- 6.1 Any member may resign from the Committee at any time upon sending written notice to Council to that effect.
- 6.2 Council may terminate a member's appointment to the Committee at any time, and particularly when the member:
 - (a) fails to attend three (3) consecutive regular meetings of the Committee, unless absence is caused through illness or is authorized in advance by Resolution of the Committee;
 - (b) ceases to be a resident of the Town and / or respective community as identified in 4.1(c);
 - (c) is hired in a full-time, permanent capacity with the Town or the RCMP or;
 - (d) is convicted of a crime under the Criminal Code of Canada.

7.0 OFFICERS OF THE COMMITTEE

- 7.1 The Chairman and Vice Chairman of the Committee shall be elected from amongst its citizen members after Council's organizational meeting of each year.
- 7.2 All members of the Committee shall vote on every motion, except the Chairman. In the event of a tie vote, the Chairman shall vote.

8.0 PUBLIC COMPLAINT DIRECTOR

- 8.1 The Committee shall appoint a Public Complaint Director.
- 8.2 The Public Complaint Director may be:
 - (a) a member of the Committee other than a member of the Council;
 - (b) an employee of the Committee;
 - (c) an employee of the Town; or

TOWN OF DRUMHELLER BYLAW NO. 17-08

- 5 -

- (d) another person, other than a member of the Council, who in the opinion of the Committee is qualified to serve in that capacity.

8.3 The Public Complaint Director shall:

- (a) receive complaints against police officers from the public and refer them to the Officer in Charge pursuant to Section 43(1) of the Police Act;
- (b) provide liaison between the Committee and the Officer in Charge;
- (c) receive complaints against Community Peace Officers (CPO's) from the public and refer them to the Director of Protective Services pursuant to the Peace Officer Act.
- (d) Perform the duties assigned by the Committee in regard to public complaints.

9.0 MEETINGS

- 9.1 The Committee shall hold regular meetings at a frequency to be determined from time to time by the Committee, but not less than four (4) meetings per year.
- 9.2 Special meetings may be called by the Chairman or, in his absence, the Vice-Chairman, by providing the members with 24 hours notice. The Committee may, by unanimous consent, waive notice of a special meeting at any time if every member of the Committee is present.
- 9.3 No less than half of the total voting members of the Committee at a meeting shall constitute a quorum.
- ~~9.3~~ ~~No less than five (5) voting members of the Committee shall constitute a quorum at a meeting.~~
- 9.4 When a matter arises relating to proceedings in a meeting which is not covered by a provision of this Bylaw or the Act, the matter shall be decided by reference to Roberts Rules of Order.
- 9.5 An agenda shall be prepared by ~~the Chief Administrative Officer or his designate, in consultation with~~ the Chairman, or in his absence the Vice-Chairman, and ~~be~~ circulated to the members prior to each ~~Policing Committee~~ meeting.
- 9.6 Meetings of the Policing Committee shall be open to the public, but all matters relating to personnel, conduct, contracts with the Royal Canadian Mounted Police, and security of police operations shall be conducted in private or closed meetings.
- 9.7 The Policing Committee may make such report to Council on matters of public concern as the Policing Committee deems are appropriate and are in the public interest. The Policing Committee shall also report to Council on any matter when requested to do so by resolution of Council.

Comment: amend to read

Comment: delete

Comment: add

Comment: delete

**TOWN OF DRUMHELLER
BYLAW NO. 17-08**

- 6 -

10.0 SUB-COMMITTEES

The Committee may appoint sub-committees or ad hoc committees which may include persons from outside the Committee as it may consider necessary or desirable. The Committee shall define the terms of reference and tenure of each sub-committee or ad hoc committee. Sub-Committees or ad hoc committees may be terminated by a simple motion at any regular meeting.

11.0 LIMITATIONS

Neither the Committee nor any member shall have the power to pledge the credit of the Town in connection with any matters whatsoever, nor shall the Committee nor any member thereof have any power to authorize any expenditure to be charged against the Town.

12.0 CONFLICT OF INTEREST

No member shall participate in any discussion nor vote upon any matter that may involve a pecuniary interest of the type referred to in Division 6 of the Municipal Government Act being Chapter M-26 of the Statutes of Alberta 2000 as amended.

13.0 EFFECTIVE DATE

This Bylaw shall come into effect on the date of final reading.

READ A FIRST TIME THIS 26th day of May 2008

READ A SECOND TIME THIS 26th day of May 2008

READ A THIRD TIME THIS 26th day of May 2008

(SEAL)

Chief Elected Officer

Chief Administrative Officer



DRUMHELLER

COMMUNITY SERVICES



AMENDMENTS TO THE BY-LAW

May 28, 2009

Be it resolved that the Committee ask Council to amend By-law No. 17-08 as follows:

s. 3.1 – insert after Citizens of Drumheller “and the rural areas served by the Drumheller Detachment of the RCMP,”

s. 5.5(d) insert after Drumheller “or one of the communities enumerated in s.4.1”

s. 9.3 amended to read “No less than five (5) voting members of the Committee shall constitute a quorum at a meeting.

s. 9.5 be amended to read “An agenda shall be prepared by the Chairman, or in his absence the Vice-Chairman, and be circulated to the members prior to each meeting.”

Town of Drumheller
703 2 Avenue West
Drumheller, AB T0J 0Y3

www.dinosaurvalley.com

Telephone: (403) 823-1316
Fax: (403) 823-7739
E-mail jarvidson@dinosaurvalley.com

TOWN OF DRUMHELLER BYLAW NO. 17.09

This bylaw authorizes the Town of Drumheller, in the Province of Alberta, to incur indebtedness by the issuance of debenture(s) to a maximum amount of \$6,000,000 for the purpose of borrowing to cover the donation funding portion of the construction of the Badlands Community Facility phase 1.

WHEREAS, the Council of the Town of Drumheller has decided to issue a bylaw pursuant to Section 257 of the Municipal Government Act to authorize the financing, undertaking and completion of the Badlands Community Facility.

WHEREAS, plans and specifications have been prepared and the total cost of the project is estimated to be \$23,000,000 and the Town of Drumheller estimates the following grants and contributions will be applied to the project:

Reserves	\$5,000,000
Provincial Grants	\$3,000,000
Federal Grants	\$3,000,000
Donations (Short Term Debenture)	\$6,000,000
Debenture(s)	\$6,000,000
Total Cost	\$23,000,000

WHEREAS, in order to complete the project it will be necessary for the Town of Drumheller to borrow the sum of \$6,000,000 for a period not to exceed Five (5) years, from the Alberta Capital Finance Authority or another authorized financial institution, by the issuance of debentures or bank loan and on the terms and conditions referred to in this bylaw.

WHEREAS, the estimated lifetime of the project financed under this bylaw is equal to, or in excess of Twenty (20) years.

WHEREAS, the principal amount of the outstanding debt of the Town of Drumheller at December 31, 2008 is \$3,960,358 and no part of the principal or interest is in arrears and with another \$3,000,000 approved by Council for borrowing in 2009 for other projects.

WHEREAS, all required approvals for the project have been obtained and the project is in compliance with all Acts and Regulations of the Province of Alberta.

Agenda Item # 8.1.5

Town of Drumheller
Bylaw 17.09
Page 2

**NOW, THEREFORE, THE COUNCIL OF THE TOWN OF DRUMHELLER,
DULY ASSEMBLED, ENACTS AS FOLLOWS:**

1. That for the purpose of completing the Badlands Community Facility project phase 1, the sum of six million dollars (\$6,000,000.00) be borrowed from the Alberta Capital Finance Authority or another authorized financial institution by way of debentures on the credit and security of the Town of Drumheller at large, of which amount the full sum of six million dollars (\$6,000,000) is to be paid by the municipality at large.
2. The proper officers of the Town of Drumheller are hereby authorized to issue debenture(s) on behalf of the Town of Drumheller for the amount and purpose as authorized by this bylaw, namely the Badlands Community Facility phase 1.
4. The Town of Drumheller shall repay the indebtedness according to the repayment structure in effect, namely monthly, semi-annual or annual equal payments of combined principal and interest instalments not to exceed Five (5) years calculated at a rate not exceeding the interest rate fixed by the Alberta Capital Finance Authority or another authorized financial institution on the date of the borrowing, and not to exceed Ten (10) percent.
5. The indebtedness shall be contracted on the credit and security of the Town of Drumheller.
6. The net amount borrowed under the bylaw shall be applied only to the project specified by this bylaw.
8. This bylaw comes into force on the date it is passed.

READ A FIRST TIME THIS _____ DAY OF _____ 2009.
READ A SECOND TIME THIS _____ DAY OF _____ 2009.
READ A THIRD TIME THIS _____ DAY OF _____ 2009.

MAYOR

SEAL

CHIEF ADMINISTRATIVE OFFICER



**Town of Drumheller
Detailed Assessment Audit Report
Assessment Roll Year 2008**

www.municipalaffairs.alberta.ca

Agenda Item # 8.3.1

Table of Contents

Part A - Executive Summary	1
1.0 Overview	1
1.1 Introduction	1
1.2 Objective of the Audit	1
1.3 Scope and Results	1
Summary of Recommendations	2
Part B - Findings and Municipal Response.....	6
Staffing	6
Data Collection and Maintenance	7
Sales Data	9
Valuation of Property at Market Value	13
Valuation of Regulated Property	14
Assessment Roll Preparation and Communication	15
Market Value Property Ratio Studies.....	16

Agenda Item # 8.3.1

PART A - EXECUTIVE SUMMARY

1.0 Overview

1.1 Introduction

Assessments are prepared in accordance with Part 9 of the Municipal Government Act (the Act) and the regulations. Audits of assessments are normally performed under the authority of section 20 of the Matters Relating to Assessment and Taxation Regulation (Alberta Regulation 220/2004) by assessment auditors who are appointed by the Minister of Municipal Affairs.

1.2 Objective of the Audit

The objective of the detailed assessment audit is to provide an unbiased opinion as to the quality of a municipality's assessment roll. The opinion will be based upon a review of the practices and procedures used in the administration of the municipality's assessment program in relation to the applicable legislation, regulations, and the audit procedures outlined in the detailed assessment audit manual. The audit also provides a means to make recommendations to the municipality to improve assessment performance.

The detailed assessment audit divides the assessment process into a number of topics. For each topic, there are tasks, and each task is designated as either required by legislation and/or regulations, required by best practice, desirable, or information. This audit will focus on the tasks in the assessment process that are required by legislation and/or regulations. The tasks designated as required by best practice, desirable, and information were reviewed in conjunction with the audit that was last conducted in the Town of Drumheller in 2005.

1.3 Scope and Results

In Scope

Properties that the Town of Drumheller is required to prepare assessments for were reviewed.

Out of Scope

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,
- Supplementary assessments, and
- Linear property assessments.

Findings of Audit

In our opinion, the Town of Drumheller, in preparing its 2008 assessment roll, has met most of the standards with respect to legislated requirements. In addition, the municipality has implemented all but one of the recommendations contained in the previous detailed audit report prepared in May 2005.

This report contains fifteen recommendations (including the recommendation that is outstanding from the previous detailed audit report). Of these, eight recommendations are considered to be of particular importance and require action in the upcoming assessment year.

The remaining seven recommendations identify opportunities to improve practices and procedures used by the municipality within the context of best practices in Alberta.

Summary of Recommendations

Compliance with Legislation and/or Regulations

Overall, the municipality has complied with most of the requirements of Part 9 of the Municipal Government Act and the applicable regulations. The exceptions that were noted are:

High priority:

1. For all properties in the municipality, the assessor must record and maintain the applicable improvement data in the CAMA system, and annually report the data into ASSET.
2. The assessor must review the property records in the CAMA system to ensure that the correct actual use code and land use code are assigned to the properties.

3. The assessor must review the oilfield properties to ensure accuracy of the data.
4. The municipality must review the tax exemption status of the ski hill properties in accordance with the Community Organization Property Tax Exemption Regulation.
5. The assessor must review the assessments of similar sold and unsold properties for Model-Quality 001-01, 001-02 and 003-03 to ensure they are assessed similarly and equitably.
6. The assessor must review the assessments of residential condominium and vacant residential properties to ensure that they meet the regulated standard for median assessment sales ratio.
7. The assessor must review the stratifications of improved residential properties that do not meet the regulated standard for median assessment sales ratio.
8. The assessor must review the assessments of the improved non-residential properties especially those in the Commercial Central District to ensure they meet the regulated standard for median assessment sales ratio.

Adoption of Best Practices

A number of standards respecting best assessment practices have been adopted in Alberta because they contribute to a high quality assessment program. Municipalities can reasonably be expected to meet these standards even though they are not specifically expressed in legislation.

High priority:

It is recommended that:

1. The assessor verify all sales by examining the land title document to ensure the correct sale price is reported and that the sales are arm's length transactions.
2. The assessor conduct a more thorough analysis when reviewing an adjustment on sale price for time.
3. The assessor appropriately adjust the sale price when significant personal property is included in the transfer.

4. For calibrating the cost model, the assessor analyze the sale data of the apartment condominium properties by the size and location of each unit and apply the result of the analysis to each condominium unit.
5. The income approach becomes the primary approach to value income producing property as recommended in the "Property Assessment in Alberta Handbook ". (Note: This recommendation was also contained in the previous detailed audit report.)
6. The assessor use the "Property Assessment in Alberta Handbook "as a guide to value the Dinosaur Trail Golf Course.

Medium priority:

1. It is recommended that the assessor review the stratification of the improved non-residential group where a progressive bias of assessment is indicated.

Observations

The assessment notice shows a separate value for land and improvements. Since the move to market value as the valuation standard, many municipalities have adopted the practice of using a single assessment value for all properties on the assessment notice. The Town of Drumheller may consider the benefits of following this practice.

Acknowledgements

The cooperation received from the municipality's staff is greatly appreciated. We received all the information, reports and explanations that were required to conduct the audit in a timely and courteous manner.

Next Steps

The municipality's acceptance of these recommendations will demonstrate a commitment towards the continued improvement of assessment practices in the municipality, and will contribute toward enhancing assessment quality across the province.

The assessor and the chief administrative officer were asked to respond to the conclusions and recommendations contained in the audit report, indicating the actions that will be taken to address the recommendations and the timeframe in which the actions will be completed. The specific tasks reviewed for the audit, the auditor's conclusions and recommendations, and the municipality's response are presented in "Part B - Findings and Municipal Response," on pages 6 to 26.

A follow-up audit will be conducted in 2010 as part of the 2010 annual audit. This will evaluate the progress on actions taken by the municipality to address the recommendations contained in the report.

PART B - FINDINGS AND MUNICIPAL RESPONSE

Staffing

Task Reviewed	Required/ Desirable/ Information	Findings Yes/No	Comments
<i>Appointed assessor has appropriate qualifications</i>	Required by AR 54/99	Yes	The assessor, Mr. Rodney Vikse, holds the designation of Accredited Municipal Assessor of Alberta (AMAA), which meets the requirements.
<i>Assessor as designated officer established by bylaw, and person appointed as assessor</i>	Required by MGA s. 210(1) and s. 284(1)(d)	Yes	Bylaw No. 20-05 dated September 6, 2005 establishes the position of assessor as the designated officer and the council by resolution appointed Mr. Rodney Vikse to the position of assessor.
Conclusion: Meets			
Recommendations: None			
Municipal Response:			

Audit Report
Assessment Services Branch – Assessment Audit

Data Collection and Maintenance

Task Reviewed	Required/ Desirable/ Information	Findings Yes/No	Comments
Assessable properties are assessed	Required by MGA s. 285	Yes	A sample of registration changes in the assessment year was reviewed. The property records and the assessments did reflect the registration changes.
Sufficient and accurate property information –In addition to reviewing the information submitted into the ASSET system, Assessment Audit also conducted a site inspection and reviewed the property records of 115 sample properties. The standard will not be met if more than 15% of any data element is incorrect or missing, or if the data has not been properly reported into ASSET. Assessment Audit has noted below when a data element has not met the standard.			
a. Legal description	Required by MGA s. 293(3)	Yes	All registered legal descriptions were in the hard copy files and in the CAMA system.
b. Parcel size	Required by MGA s. 293(3)	Yes	Parcel sizes were calculated from active subdivision plans.
c. Location characteristics	Required by MGA s. 293(3)	Yes	Location characteristics were kept on the hard copy cards and coded in the CAMA system using table driven factors.
d. Improvement(s) size e. Improvement(s) model type f. Improvement(s) quality rating g. Improvement(s) structure code h. Improvement(s) effective year built i. Improvement(s) condition	Required by MGA s. 293(3)	Partial	Assessment Audit noted that all improvement data had not been reported into ASSET for 68 parcels incorrectly coded as multi-family (MF). In addition, there was no improvement data for 74 parcels coded as single family dwellings (SFD).
j. Other details affecting value	Required by MGA s. 293(3)	Yes	The assessor records details that affect value such as view, location influence etc.
k. Details of accessory improvements, if applicable	Required by MGA s. 293(3)	Yes	The assessor maintains records of accessory improvements such as a detached garage and decks.
l. Actual use	Required by MGA s. 293(3)	Partial	Assessment Audit notes that the assessor incorrectly reported 68 parcels as multi-family (MF) and 31 parcels as single family dwelling (SFD) that should be coded as residential condominium (RC).
m. Land use (zoning) bylaw code	Required by MGA s. 293(3)	Partial	Assessment Audit notes that the assessor had reported an incorrect land use code for 668 parcels as "P" (Community Service District) and 641 parcels as "A" (Agricultural District). The land use codes in the Land Use Bylaw indicate residential and non-residential codes. The assessor has been notified of this error.
n. Equipment type o. Equipment age	Required by AR 220/2004	Partial	Assessment Audit inspected eight samples of oilfield property and found some errors in improvement sizes and machinery and equipment descriptions. The assessor has been informed of these errors.

Agenda Item # 8.3.1

Audit Report
Assessment Services Branch – Assessment Audit

Task Reviewed	Required/ Desirable/ Information	Findings Yes/No	Comments
p. Farm land net productivity factors q. Farm land cost factors	Required by AR 220/2004	Yes	The sample of properties reviewed showed no concerns.
Conclusion: Action required			
Recommendations: Compliance with Legislation and/or Regulations – High Priority <ul style="list-style-type: none">For all properties in the municipality, the assessor must record and maintain the applicable improvement data in the CAMA system and annually report the data into ASSET.The assessor must review the property records in the CAMA system to ensure that the correct actual use code and land use code are assigned to the properties.The assessor must review the oilfield properties to ensure accuracy of the data.			
Municipal Response: The assessor has updated the improvement data in the CAMA system and reported the data into ASSET. The assessor has updated both the actual use and land use coding in his assessment records. The assessor will review the oilfield equipment.			

Sales Data

Task Reviewed	Required/ Desirable/ Information	Findings Yes/No	Comments																																
Sales verification conducted by the assessor																																			
a. Verification of all sales by examining land title data	Required by best practice	Partial	The assessor reviewed all land title transfer documents to help establish which sales were at arm's length. However, in the review conducted by Assessment Audit it is noted that the assessor has reported four non-residential sales with an incorrect sale price.																																
b. Verification of ASR outliers	Required by best practice	Yes	The assessor performs site visits to review outliers and interviews the buyer, seller and/or realtor when possible. The assessor considers an assessment sales ratio (ASR) outside the range of 0.70 to 1.30 as an outlier.																																
c. Sales appropriately included or excluded from analysis	Required by best practice	Partial	The assessor reported sales for the valuation period from July 1, 2004 to June 30, 2007. In the review, Assessment Audit has identified 14 non-arm's length sales the assessor inappropriately included in his analysis. Of these, 11 are residential and 3 are non-residential sales.																																
Property characteristics at the time of sale	Required by best practice	Yes	A CAMA system report identifies changes to the improvements since a property was sold which enables the assessor to determine the assessment at the time of the sale.																																
Sales reviewed and adjustment criteria developed																																			
a. Time adjustments	Required by best practice	Partial	<p>The assessor adjusts the sales that occurred during the period of analysis in order to establish an estimate of market value at valuation date (July 1 of the assessment year). This adjustment is known as a time adjustment and is defined as "the price at which a property sold, adjusted for the effects of price changes reflected in the market between the date of sale and the date of analysis" (IAAO Property Assessment and Assessment Administration).</p> <p>The assessor reported 597 residential and 40 non-residential sales from July 1, 2004 to June 30, 2007 and applied the following time adjustments.</p> <p>1). For residential properties:</p> <table border="1"> <thead> <tr> <th>Actual use group</th><th>July 1 2004 to June 30 2007 (P3-P1)</th><th>July 1 2005 to June 30 2007 (P2-P1)</th><th>July 1 2006 to June 30 2007 (P1)</th></tr> </thead> <tbody> <tr> <td>Improved Residential</td><td></td><td></td><td></td></tr> <tr> <td>Neighbourhoods 1-13 & 25</td><td>N/A</td><td>+70%</td><td>+33%</td></tr> <tr> <td>Neighbourhoods 100,200 & 600</td><td>N/A</td><td>+15%</td><td>+7%</td></tr> <tr> <td>Rosedale (500)</td><td>N/A</td><td>+60%</td><td>+40%</td></tr> <tr> <td>Nacmine (700)</td><td>N/A</td><td>+52%</td><td>+21%</td></tr> <tr> <td>Neighbourhood 21</td><td>N/A</td><td>+65%</td><td>+19%</td></tr> <tr> <td>Residential condominium</td><td>N/A</td><td>+70%</td><td>+33%</td></tr> </tbody> </table>	Actual use group	July 1 2004 to June 30 2007 (P3-P1)	July 1 2005 to June 30 2007 (P2-P1)	July 1 2006 to June 30 2007 (P1)	Improved Residential				Neighbourhoods 1-13 & 25	N/A	+70%	+33%	Neighbourhoods 100,200 & 600	N/A	+15%	+7%	Rosedale (500)	N/A	+60%	+40%	Nacmine (700)	N/A	+52%	+21%	Neighbourhood 21	N/A	+65%	+19%	Residential condominium	N/A	+70%	+33%
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Agenda Item # 8.3.1

Audit Report
Assessment Services Branch – Assessment Audit

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b. Other adjustments	Desirable	Partial	<p>The assessor may adjust sales price on an individual basis to discount for any personal property items that are included in the transaction. However, Assessment Audit notes that for the motel property that sold, the assessor did not provide adjustments for personal property such as furniture, fixtures and equipment which are typically included in such property transfers.</p>																																								

Audit Report
Assessment Services Branch – Assessment Audit

Task Reviewed	Required/ Desirable/ Information	Findings Yes/No	Comments
Sales file maintained			
a. Sale price b. Sale date c. Sale price d. Sale adjustment code e. Certificate of Title Number	Required by MGA s. 293(3)	Yes	A sales file exists in the CAMA system and it contains the required information that supports the conclusions and adjustments made in preparing the assessments. The sales information is reported into ASSET and the sales that were reported as adjusted included an appropriate adjustment code.
Conclusion: Action required			
Recommendations: Adoption of Best Practices – High Priority It is recommended that: <ul style="list-style-type: none"> The assessor verify all sales by examining the land title document to ensure the correct sale price is reported and the sales are arm's length transactions. The assessor conduct a more thorough analysis when reviewing an adjustment on sale prices for time. The assessor appropriately adjust the sale price when significant personal property is included in the transfer. 			
Municipal Response: The assessor will continue to review sales through Land Titles Registry. When reviewing non-arms length sales, the assessor will discard these sales even if the owners view them as market value. The assessor will review time adjustments with the auditor. The assessor will make an adjustment for significant personal property that is included in the transfer.			

Audit Report
Assessment Services Branch – Assessment Audit

Valuation of Property at Market Value

Task Reviewed	Required/ Desirable/ Information	Findings Yes/No	Comments
<i>Similar property assessed similarly</i>	Required by MGA s. 293	Yes	From a review of the sample of properties, it appears that the assessor is using the same procedures to value similar property similarly. However, when comparing similar sold and unsold properties, there appears to be an inequity which is addressed in the "Market Value Property Ratio Studies" section of this report.
<i>Application of exemptions pursuant to the MGA</i>	Required by MGA s. 351 and s. 361 to s. 368	Yes	There were 555 parcels exempted in this category.
Application of exemptions pursuant to the regulations			
a. Rural residences and farm buildings	Required by AR 220/2004	Yes	A review of a sample of the farm properties showed no concern.
b. Community organization property	Required by AR 281/98	No	Assessment Audit reviewed the exempt status of the ski hill properties and had concerns that it did not comply with the Community Organization Property Tax Exemption Regulation (AR 281/1998). This involves two separate parcels co-owned by the Drumheller Valley Ski Club 1997 and Canadian Badlands Passion Play Society. The municipality has exempted both parcels under section 362(1) (n) (ii) of the Municipal Government Act but has not met the requirements of the Regulation.
Conclusion: Action required			
Recommendations:			
Compliance with Legislation and/or Regulations – High Priority			
The municipality must review the tax exemption status of the ski hill properties in accordance with the Community Organization Property Tax Exemption Regulation.			
Municipal Response:			
The Town has prepared packages to review the status of the ski hill properties to ensure compliance is in accordance with the Community Organization Property Tax Exemption Regulation.			

Audit Report
Assessment Services Branch – Assessment Audit

Valuation of Regulated Property

Task Reviewed	Required/ Desirable/ Information	Findings Yes/No	Comments
<i>Applicable Minister's Guidelines are applied properly and consistently</i>			
Farm land	Required by MGA s. 293 and AR 220/2004	Yes	A sample of the farm land properties was reviewed and the procedures used were in accordance with the applicable Minister's Guidelines.
Machinery and Equipment	Required by MGA s. 293 and AR 220/2004	Yes	A sample of the machinery and equipment properties was reviewed and the procedures used were in accordance with the applicable Minister's Guidelines.
Railway	Required by MGA s. 293 and AR 220/2004	Yes	A sample of the railway properties was reviewed and the procedures used were in accordance with the applicable Minister's Guidelines.
Conclusion: Meets			
Recommendations: None			
Municipal Response:			

Audit Report
Assessment Services Branch – Assessment Audit

Assessment Roll Preparation and Communication

Task Reviewed	Required/ Desirable/ Information	Findings Yes/No	Comments
Assessment roll prepared in accordance with legislation			
a. Assessment roll is prepared by February 28	Required by MGA s. 302	Yes	The municipality prepared its assessment roll on February 11, 2008.
b. Assessment roll contains the required contents	Required by MGA s. 303	Yes	The assessment roll contains all of the information that is described in the MGA.
Information submitted to the department	Required by MGA s. 293(3) and s. 319	Yes	For 2008, the date by which municipalities were required to submit the information was extended by the Ministerial Order to February 28, 2008. The required information was reported into the ASSET system on February 28, 2008, and the annual declaration was submitted on the same date.
Assessment notices meet legislated requirements	Required by MGA s. 309	Yes	The assessment notice contains all the required information.
Sufficient information provided to assessed persons	Required by MGA s. 299	Yes	Upon request, property owners receive sufficient information to determine how the assessment was calculated.
Contact phone number	Required by best practice	Yes	A contact phone number for assessment enquiry was provided in the assessment notice package.
Conclusion: Meets			
Recommendations: None			
Municipal Response:			

Market Value Property Ratio Studies

Task Reviewed	Comments																																																																
Stratification	<p>The assessor reported the following stratification into ASSET:</p> <table><tr><th>Property Type- Improved</th><th>Number of Parcels</th><th>Number of Strata</th><th>Number of sales used</th></tr><tr><td>Residential</td><td>3151</td><td>5</td><td>504</td></tr><tr><td>Residential Condominium</td><td>133</td><td>2</td><td>19</td></tr><tr><td>Multi Family</td><td>23</td><td>3</td><td>0</td></tr><tr><td>Commercial Industrial</td><td>528</td><td>5</td><td>22</td></tr><tr><td>Property Type -Vacant</td><td></td><td></td><td></td></tr><tr><td>Residential</td><td>495</td><td>5</td><td>74</td></tr><tr><td>Commercial Industrial</td><td>531</td><td>4</td><td>18</td></tr></table>	Property Type- Improved	Number of Parcels	Number of Strata	Number of sales used	Residential	3151	5	504	Residential Condominium	133	2	19	Multi Family	23	3	0	Commercial Industrial	528	5	22	Property Type -Vacant				Residential	495	5	74	Commercial Industrial	531	4	18																																
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Equity between similar sold and unsold properties (required by MGA s. 293)	<p>For ratio study results to be reliable, the assessor must equitably assess similar sold and unsold properties. Assessment Audit performed the tests below to review the equity between sold and unsold properties. The standard will not be met if the results show a difference of more than +/- 5%. The tests were not performed for non-residential properties due to an insufficient number of sold properties in that category for statistical reliability.</p> <p>1. Percent change in assessed value from previous to current year</p> <p>Assessment Audit compared the assessments from the previous assessment roll to the assessments on the current assessment roll for sold and unsold properties. The year-over-year change in assessment of sold property should be similar to the year-over-year change in assessment of like groups of unsold properties. The following tables show the weighted average change in assessed value:</p> <table><tr><th rowspan="2">Model-Quality Single Family Dwellings</th><th colspan="2">Total Number of Properties</th><th colspan="2">Change in Assessment (%)</th><th rowspan="2">% Difference (Unsold- sold)</th></tr><tr><th>Sold</th><th>Unsold</th><th>Sold</th><th>Unsold</th></tr><tr><td>All</td><td>443</td><td>3151</td><td>57.5</td><td>58.8</td><td>+1.3%</td></tr><tr><td>001-01</td><td>15</td><td>136</td><td>59.7</td><td>67.1</td><td>+7.4%</td></tr><tr><td>001-02</td><td>77</td><td>562</td><td>81.8</td><td>77.6</td><td>-4.2%</td></tr><tr><td>002-03</td><td>33</td><td>178</td><td>56.1</td><td>51.8</td><td>-4.3%</td></tr><tr><td>002-04</td><td>13</td><td>40</td><td>66.2</td><td>63.1</td><td>-3.1%</td></tr><tr><td>003-03</td><td>47</td><td>270</td><td>69.7</td><td>63.8</td><td>-6.1%</td></tr><tr><td>003-04</td><td>112</td><td>739</td><td>61.9</td><td>60.6</td><td>-1.3%</td></tr><tr><td>004-04</td><td>38</td><td>145</td><td>45.7</td><td>43.6</td><td>-2.1%</td></tr><tr><td>004-05</td><td>63</td><td>181</td><td>42.8</td><td>39.7</td><td>-3.1%</td></tr></table> <p>The difference in the year-over-year change in assessments between sold and unsold properties is within the tolerance limit for seven of the nine model-quality types of single family dwellings with sufficient sales. Model-quality 001-01 and 003-03 homes indicate a slight difference outside the tolerance limit of +/- 5%.</p>	Model-Quality Single Family Dwellings	Total Number of Properties		Change in Assessment (%)		% Difference (Unsold- sold)	Sold	Unsold	Sold	Unsold	All	443	3151	57.5	58.8	+1.3%	001-01	15	136	59.7	67.1	+7.4%	001-02	77	562	81.8	77.6	-4.2%	002-03	33	178	56.1	51.8	-4.3%	002-04	13	40	66.2	63.1	-3.1%	003-03	47	270	69.7	63.8	-6.1%	003-04	112	739	61.9	60.6	-1.3%	004-04	38	145	45.7	43.6	-2.1%	004-05	63	181	42.8	39.7	-3.1%
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Audit Report
Assessment Services Branch – Assessment Audit

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Equity between similar sold and unsold properties (required by MGA s. 293)	<p>2. Sold/Unsold Unit Value Comparison</p> <p>If sold and unsold parcels are assessed similarly, average unit values should be similar for sold and unsold parcels in the same stratum. Statistical testing of the unit values (assessment of the residence divided by the building size in m2) for sold and unsold parcels of the various property type strata was undertaken.</p> <table><tr><th rowspan="2">Model-Quality</th><th colspan="2">Number of properties</th><th colspan="3">Median unit values (assessment/building size)</th></tr><tr><th>Sold properties</th><th>Unsold properties</th><th>Sold properties (\$/m2)</th><th>Unsold properties (\$/m2)</th><th>% Difference (unsold/sold)</th></tr><tr><td>001-01</td><td>15</td><td>136</td><td>1066</td><td>1052</td><td>-1.3%</td></tr><tr><td>001-02</td><td>77</td><td>562</td><td>1511</td><td>1349</td><td>-12%</td></tr><tr><td>002-03</td><td>33</td><td>178</td><td>1542</td><td>1507</td><td>-2.3%</td></tr><tr><td>002-04</td><td>13</td><td>40</td><td>1741</td><td>1688</td><td>-3.1%</td></tr><tr><td>003-03</td><td>47</td><td>270</td><td>1777</td><td>1777</td><td>0%</td></tr><tr><td>003-04</td><td>112</td><td>739</td><td>2232</td><td>2164</td><td>-3.1%</td></tr><tr><td>004-04</td><td>38</td><td>145</td><td>2265</td><td>2199</td><td>-3%</td></tr><tr><td>004-05</td><td>63</td><td>181</td><td>2356</td><td>2335</td><td>-0.8%</td></tr></table> <p>The results show that all but one of the groups is within the tolerance limit for the difference in the median unit value of sold and unsold properties. Model-quality 001-02 homes indicate a difference outside the tolerance limit of +/-5%.</p>	Model-Quality	Number of properties		Median unit values (assessment/building size)			Sold properties	Unsold properties	Sold properties (\$/m2)	Unsold properties (\$/m2)	% Difference (unsold/sold)	001-01	15	136	1066	1052	-1.3%	001-02	77	562	1511	1349	-12%	002-03	33	178	1542	1507	-2.3%	002-04	13	40	1741	1688	-3.1%	003-03	47	270	1777	1777	0%	003-04	112	739	2232	2164	-3.1%	004-04	38	145	2265	2199	-3%	004-05	63	181	2356	2335	-0.8%
Model-Quality	Number of properties		Median unit values (assessment/building size)																																																									
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<i>Equity between similar sold and unsold properties (required by MGA s. 293)</i> <i>continued</i>	<p>3. Assessment Uniformity</p> <p>With the inherent variability of the real estate market, it would not be expected in the mass appraisal process to achieve coefficient of dispersion (COD) values of less than 5.0 in strata with heterogeneous properties. COD values of lower than 5.0 may be indicative of selective reassessment or of an aggressive sales verification program with narrow parameters not necessarily extended to the population as a whole.</p> <p>The following table compiled from time adjusted sales of a number of single family dwelling groupings with the respective CODs:</p> <table><tr><th>Model-Quality Single Family Dwellings</th><th>Number of sales</th><th>COD</th></tr><tr><td>All SFD</td><td>443</td><td>10.2</td></tr><tr><td>001-01</td><td>15</td><td>9</td></tr><tr><td>001-02</td><td>77</td><td>10.7</td></tr><tr><td>002-03</td><td>34</td><td>11.6</td></tr><tr><td>002-04</td><td>13</td><td>11.6</td></tr><tr><td>003-03</td><td>47</td><td>10.8</td></tr><tr><td>003-04</td><td>112</td><td>9.7</td></tr><tr><td>004-04</td><td>38</td><td>5.9</td></tr><tr><td>004-05</td><td>63</td><td>8</td></tr></table> <p>The results show that the CODs of above groupings are within the acceptable standards.</p> <p>Conclusion</p> <p>Standardized schedules and formulas should be used in the valuation process and there should not be any significant difference in assessment performance between sold and unsold properties. The results of the preceding tests appear to indicate that generally, similar sold and unsold properties are assessed similarly. There are indications, however, that some similar sold and unsold properties, particularly model-quality 001-01, 001-02 and 003-03 home may not be assessed equitably.</p>	Model-Quality Single Family Dwellings	Number of sales	COD	All SFD	443	10.2	001-01	15	9	001-02	77	10.7	002-03	34	11.6	002-04	13	11.6	003-03	47	10.8	003-04	112	9.7	004-04	38	5.9	004-05	63	8
Model-Quality Single Family Dwellings	Number of sales	COD																													
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Agenda Item # 8.3.1

Audit Report
Assessment Services Branch – Assessment Audit

Task Reviewed	Comments																								
Assessment ratio and uniformity quality standards (required by AR 220/2004)	<p>Results are considered conclusive when the sample size is 15 or more sold properties within a particular stratum. If the sample is less than 15 but more than 5 and if the sales are judged to be representative of the population, some weight may be accorded to the results.</p> <p>AR 220/2004 sets forth the requirements to be met for assessment quality and uniformity. Statistical testing measures whether the standards have been met. For any stratum, the median assessment ratio and the corresponding coefficient of dispersion (COD) must be as follows:</p> <table><tr><th>Property Type</th><th>Median Assessment Ratio</th><th>Coefficient of Dispersion (COD)</th></tr><tr><td>Property containing 1, 2 or 3 dwelling units</td><td>0.950 – 1.050</td><td>0 – 15.0</td></tr><tr><td>All other property</td><td>0.950 – 1.050</td><td>0 – 20.0</td></tr></table> <p>The price related differential (PRD) is a non-regulated standard. PRD values below 0.98 indicate that there is a progressive bias that favours low value properties and that high value properties are over assessed. PRD values above 1.03 indicate a regressive bias that favours high value properties and that high value properties are under assessed.</p>	Property Type	Median Assessment Ratio	Coefficient of Dispersion (COD)	Property containing 1, 2 or 3 dwelling units	0.950 – 1.050	0 – 15.0	All other property	0.950 – 1.050	0 – 20.0															
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All other property	0.950 – 1.050	0 – 20.0																							
Residential:																									
Stratified by actual use group	<p>Sales occurring from July 1, 2004 to June 30, 2007 were used in the analysis. All the sales were time adjusted based on the analysis conducted by Assessment Audit. There were 52 residential sales that were excluded from the analysis by Assessment Audit because they are repeat sales. A repeat sale is when there is more than one transaction for the same property during the period analysed. In general, only the most recent arm's length sale should be included in the analysis. In addition, 11 non arms length sales reported by the assessor were excluded from the analysis.</p> <p>The following is an analysis by actual use group:</p> <table><tr><th>Actual use group</th><th>Number of parcels</th><th>Number of sales</th><th>Median ASR</th><th>COD</th><th>PRD</th></tr><tr><td>Improved Residential</td><td>3151</td><td>443</td><td>0.984</td><td>10.2</td><td>1.01</td></tr><tr><td>Residential Condominium</td><td>133</td><td>18</td><td>0.868</td><td>10.6</td><td>0.99</td></tr><tr><td>Vacant Residential</td><td>495</td><td>62</td><td>0.794</td><td>15.7</td><td>0.99</td></tr></table> <p>The results for the improved residential group are within the standards.</p> <p>The median assessment sales ratios for both the residential condominium and vacant residential groups do not meet the regulated standard.</p>	Actual use group	Number of parcels	Number of sales	Median ASR	COD	PRD	Improved Residential	3151	443	0.984	10.2	1.01	Residential Condominium	133	18	0.868	10.6	0.99	Vacant Residential	495	62	0.794	15.7	0.99
Actual use group	Number of parcels	Number of sales	Median ASR	COD	PRD																				
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Agenda Item # 8.3.1

Audit Report
Assessment Services Branch – Assessment Audit

Task Reviewed	Comments																																																						
Stratified by model	The following is an analysis by model type:																																																						
	<table><tr><th>Model- Single Family Dwellings</th><th>Number of parcels</th><th>Number of sales</th><th>Median ASR</th><th>COD</th><th>PRD</th></tr><tr><td>001</td><td>805</td><td>93</td><td>1.001</td><td>10.6</td><td>1.02</td></tr><tr><td>002</td><td>277</td><td>47</td><td>0.987</td><td>11.7</td><td>1.01</td></tr><tr><td>003</td><td>1268</td><td>161</td><td>0.999</td><td>10.2</td><td>1.01</td></tr><tr><td>004</td><td>547</td><td>102</td><td>0.963</td><td>7.4</td><td>1.00</td></tr><tr><td>040</td><td>202</td><td>14</td><td>1.005</td><td>14.9</td><td>1.03</td></tr><tr><td>060</td><td>112</td><td>14</td><td>0.916</td><td>11.0</td><td>1.00</td></tr></table>	Model- Single Family Dwellings	Number of parcels	Number of sales	Median ASR	COD	PRD	001	805	93	1.001	10.6	1.02	002	277	47	0.987	11.7	1.01	003	1268	161	0.999	10.2	1.01	004	547	102	0.963	7.4	1.00	040	202	14	1.005	14.9	1.03	060	112	14	0.916	11.0	1.00												
	Model- Single Family Dwellings	Number of parcels	Number of sales	Median ASR	COD	PRD																																																	
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	The results show that all but one of the above groups are within the standards. The median assessment sales ratio of model 060 does not meet the regulated standard.																																																						
Stratified by model-quality	The following is an analysis by model quality type:																																																						
	<table><tr><th>Model-Quality Single Family Dwellings</th><th>Number of parcels</th><th>Number of sales</th><th>Median ASR</th><th>COD</th><th>PRD</th></tr><tr><td>001-01</td><td>151</td><td>15</td><td>0.99</td><td>9.0</td><td>1.02</td></tr><tr><td>001-02</td><td>639</td><td>77</td><td>1.009</td><td>10.7</td><td>1.02</td></tr><tr><td>002-03</td><td>211</td><td>33</td><td>0.985</td><td>11.6</td><td>1.01</td></tr><tr><td>002-04</td><td>53</td><td>13</td><td>1.013</td><td>11.6</td><td>1.01</td></tr><tr><td>003-03</td><td>317</td><td>47</td><td>0.978</td><td>10.8</td><td>1.02</td></tr><tr><td>003-04</td><td>851</td><td>112</td><td>1.008</td><td>9.7</td><td>1.01</td></tr><tr><td>004-04</td><td>183</td><td>38</td><td>0.937</td><td>5.9</td><td>1.00</td></tr><tr><td>004-05</td><td>244</td><td>63</td><td>0.975</td><td>8.0</td><td>1.00</td></tr></table>	Model-Quality Single Family Dwellings	Number of parcels	Number of sales	Median ASR	COD	PRD	001-01	151	15	0.99	9.0	1.02	001-02	639	77	1.009	10.7	1.02	002-03	211	33	0.985	11.6	1.01	002-04	53	13	1.013	11.6	1.01	003-03	317	47	0.978	10.8	1.02	003-04	851	112	1.008	9.7	1.01	004-04	183	38	0.937	5.9	1.00	004-05	244	63	0.975	8.0	1.00
	Model-Quality Single Family Dwellings	Number of parcels	Number of sales	Median ASR	COD	PRD																																																	
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Agenda Item # 8.3.1

Audit Report
Assessment Services Branch – Assessment Audit

Task Reviewed	Comments																																				
Stratified by Improvement size	<p>The following is an analysis by improvement size :</p> <table><tr><th>Improvement Size (sq. feet) Single Family Dwellings</th><th>Number of parcels</th><th>Number of sales</th><th>Median ASR</th><th>COD</th><th>PRD</th></tr><tr><td>500-1000</td><td>1037</td><td>160</td><td>0.984</td><td>10.8</td><td>1.02</td></tr><tr><td>1000-1500</td><td>1269</td><td>184</td><td>0.978</td><td>9.5</td><td>1.01</td></tr><tr><td>1500-2000</td><td>341</td><td>74</td><td>1.013</td><td>8.8</td><td>1.01</td></tr><tr><td>2000-2500</td><td>115</td><td>11</td><td>0.957</td><td>11.2</td><td>1.00</td></tr></table> <p>The results are within the standards.</p>	Improvement Size (sq. feet) Single Family Dwellings	Number of parcels	Number of sales	Median ASR	COD	PRD	500-1000	1037	160	0.984	10.8	1.02	1000-1500	1269	184	0.978	9.5	1.01	1500-2000	341	74	1.013	8.8	1.01	2000-2500	115	11	0.957	11.2	1.00						
Improvement Size (sq. feet) Single Family Dwellings	Number of parcels	Number of sales	Median ASR	COD	PRD																																
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2000-2500	115	11	0.957	11.2	1.00																																
Stratified by Effective Age	<p>The following is an analysis by effective age of the improvements.</p> <table><tr><th>Effective age Single Family Dwellings</th><th>Number of parcels</th><th>Number of sales</th><th>Median ASR</th><th>COD</th><th>PRD</th></tr><tr><td>Pre1940</td><td>179</td><td>18</td><td>0.989</td><td>8.5</td><td>1.02</td></tr><tr><td>1940s-1950s</td><td>623</td><td>72</td><td>0.986</td><td>10.1</td><td>10.2</td></tr><tr><td>1960s-1970s</td><td>1312</td><td>207</td><td>0.993</td><td>10.9</td><td>1.02</td></tr><tr><td>1980s-1990s</td><td>559</td><td>90</td><td>0.976</td><td>10.8</td><td>1.01</td></tr><tr><td>2000s</td><td>182</td><td>57</td><td>0.975</td><td>7.0</td><td>1.01</td></tr></table> <p>The results are within the standards.</p>	Effective age Single Family Dwellings	Number of parcels	Number of sales	Median ASR	COD	PRD	Pre1940	179	18	0.989	8.5	1.02	1940s-1950s	623	72	0.986	10.1	10.2	1960s-1970s	1312	207	0.993	10.9	1.02	1980s-1990s	559	90	0.976	10.8	1.01	2000s	182	57	0.975	7.0	1.01
Effective age Single Family Dwellings	Number of parcels	Number of sales	Median ASR	COD	PRD																																
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Valuation of the apartment condominium property	<p>For the apartment condominium property, the assessor uses the market modified cost approach to determine the value of the entire project and apportions the value to each condominium unit by the condominium unit factor.</p> <p>Assessment Audit considers this approach as inappropriate in the application of the methodology. In practice, the market value of a condominium unit is influenced by factors such as size and location and not by the condominium unit factor. When calibrating his cost model for the improvement, the assessor should analyze the sale data of the apartment condominium properties by the size and location of each unit and apply the result of the analysis to each condominium unit.</p>																																				

Agenda Item # 8.3.1

Audit Report
Assessment Services Branch – Assessment Audit

Task Reviewed	Comments																																										
Non-residential:																																											
Stratified by improved or vacant group	<p>Sales occurring from July 1, 2004 to June 30, 2007 were used in the analysis. All the sales were time adjusted based on the analysis conducted by Assessment Audit. There was one non-residential sale that was excluded from the analysis by Assessment Audit because it was a repeat sale. Three non arm's length sales and four sales that had an incorrect sale price reported by the assessor were also excluded from this analysis.</p> <table><tr><th>Non residential property group</th><th>Number of parcels</th><th>Number of sales</th><th>Median ASR</th><th>COD</th><th>PRD</th></tr><tr><td>Improved Non-residential</td><td>528</td><td>22</td><td>0.866</td><td>14.1</td><td>0.95</td></tr><tr><td>Vacant Non-residential</td><td>531</td><td>9</td><td>0.948</td><td>9.3</td><td>1.05</td></tr></table> <p>The result for median assessment sales ratio (ASR) for the improved and vacant non-residential group does not meet the regulated standard. Also, the PRD is indicating a progressive bias for the improved non residential properties and a regressive bias for the vacant non residential properties.</p> <p>Limited sales in the vacant non residential group do not lend confidence in the results.</p>	Non residential property group	Number of parcels	Number of sales	Median ASR	COD	PRD	Improved Non-residential	528	22	0.866	14.1	0.95	Vacant Non-residential	531	9	0.948	9.3	1.05																								
Non residential property group	Number of parcels	Number of sales	Median ASR	COD	PRD																																						
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Stratified by actual use group	<p>The following is an analysis by actual use group:</p> <table><tr><th>Actual use group</th><th>Number of parcels</th><th>Number of sales</th><th>Median ASR</th><th>COD</th><th>PRD</th></tr><tr><td>Retail</td><td>278</td><td>17</td><td>0.847</td><td>14.3</td><td>0.99</td></tr><tr><td>Industrial</td><td>132</td><td>3</td><td>0.885</td><td>5.9</td><td>1.02</td></tr><tr><td>Lodging (hotel/motel)</td><td>14</td><td>1</td><td>1.136</td><td>N/A</td><td>N/A</td></tr><tr><td>Office</td><td>86</td><td>1</td><td>0.706</td><td>N/A</td><td>N/A</td></tr><tr><td>Vacant Commercial</td><td>506</td><td>6</td><td>0.895</td><td>11.5</td><td>1.08</td></tr><tr><td>Vacant Industrial</td><td>25</td><td>3</td><td>0.895</td><td>1.2</td><td>1.01</td></tr></table> <p>The results show that the median assessment sales ratio for the retail group does not meet the regulated standard.</p> <p>Because of the limited number of sales for the other groups, the results are inconclusive.</p>	Actual use group	Number of parcels	Number of sales	Median ASR	COD	PRD	Retail	278	17	0.847	14.3	0.99	Industrial	132	3	0.885	5.9	1.02	Lodging (hotel/motel)	14	1	1.136	N/A	N/A	Office	86	1	0.706	N/A	N/A	Vacant Commercial	506	6	0.895	11.5	1.08	Vacant Industrial	25	3	0.895	1.2	1.01
Actual use group	Number of parcels	Number of sales	Median ASR	COD	PRD																																						
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Agenda Item # 8.3.1

Audit Report
Assessment Services Branch – Assessment Audit

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Income Approach for income producing properties	<p>The assessor conducted the first income and expense survey for the municipality in 2004. Since then, this survey has been conducted on a two year interval. The response has been fair, around 40%. The assessor has developed a spread sheet to collect and analyze the data. Nevertheless, he still uses the cost approach as the primary approach to value the income producing properties. The "Property Assessment in Alberta Handbook" recommends that the income approach becomes the primary approach in the valuation of income producing properties. Assessment Audit believes that the assessor has sufficient income and expense data to use the income approach to value income producing properties.</p> <p>To elaborate on the issue, Assessment Audit reviewed the assessor's spreadsheet for improved non-residential properties. It summarizes the assessed value derived from the cost approach compared to the assessed value using the income approach. The following is an analysis of the assessed value derived from the two approaches for various income producing properties:</p> <table><tr><th>Actual Use Group</th><th>Number of parcels</th><th>Assessed value by Cost Approach</th><th>Assessed value by Income Approach</th><th>Difference in value</th><th>Median Cost/ Income Value Ratio</th></tr><tr><td>Industrial Properties</td><td>23</td><td>\$9,080,720</td><td>\$11,688,991</td><td>\$2,608,271</td><td>0.771</td></tr><tr><td>Multi-Family (six units or more)</td><td>14</td><td>\$7,500,080</td><td>\$10,172,916</td><td>\$2,672,836</td><td>0.775</td></tr><tr><td>Hotel/Motel</td><td>11</td><td>\$25,992,680</td><td>\$31,058,896</td><td>\$5,066,216</td><td>0.849</td></tr><tr><td>Office</td><td>22</td><td>\$7,629,190</td><td>\$9,216,294</td><td>\$1,587,104</td><td>0.865</td></tr><tr><td>Restaurants and Fast Food</td><td>19</td><td>\$6,081,390</td><td>\$6,507,215</td><td>\$425,825</td><td>0.917</td></tr><tr><td>Larger Retail</td><td>5</td><td>\$24,190,510</td><td>\$25,517,849</td><td>\$1,327,339</td><td>0.955</td></tr></table> <p>The results indicate the assessed values derived from the cost approach are generally lower than that derived from the income approach. This illustrates a need to review the current practice.</p>	Actual Use Group	Number of parcels	Assessed value by Cost Approach	Assessed value by Income Approach	Difference in value	Median Cost/ Income Value Ratio	Industrial Properties	23	\$9,080,720	\$11,688,991	\$2,608,271	0.771	Multi-Family (six units or more)	14	\$7,500,080	\$10,172,916	\$2,672,836	0.775	Hotel/Motel	11	\$25,992,680	\$31,058,896	\$5,066,216	0.849	Office	22	\$7,629,190	\$9,216,294	\$1,587,104	0.865	Restaurants and Fast Food	19	\$6,081,390	\$6,507,215	\$425,825	0.917	Larger Retail	5	\$24,190,510	\$25,517,849	\$1,327,339	0.955
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Comparison of the year over year average assessment changes for improved non-residential properties in Neighbourhood 18 (Commercial Central) versus that in the rest of the municipality	<p>Assessment Audit also investigated the instances where the assessor had determined that the non-residential properties in Neighbourhood 18 (Commercial Central District) should be assessed less than the previous year, whereas similar properties in other neighbourhoods were assessed comparatively higher than previous year. The following table provided the comparison:</p> <table><tr><th></th><th colspan="2">Neighbourhood 18 (Commercial Central District)</th><th colspan="2">The rest of the municipality</th></tr><tr><th>Property Type</th><th>Number of parcels</th><th>Year over Year Average Assessment Change %</th><th>Number of parcels</th><th>Year over Year Average Assessment Change %</th></tr><tr><td>All Improved non-residential</td><td>185</td><td>-8%</td><td>180</td><td>+12.4%</td></tr><tr><td>Model 300</td><td>80</td><td>-16%</td><td>34</td><td>+7.4%</td></tr><tr><td>Model 350</td><td>24</td><td>-21%</td><td>8</td><td>+19%</td></tr><tr><td>Model 500</td><td>16</td><td>-9.5%</td><td>19</td><td>+12.6%</td></tr><tr><td>Motel</td><td>4</td><td>-22%</td><td>10</td><td>+13.8%</td></tr></table> <p>The assessor included 10 sales for Neighbourhood 18 and applied a negative time adjustment of 22% per annum, suggesting that market values in this neighbourhood have significantly declined from the previous year. Sufficient evidence was not provided to support this adjustment. Assessment Audit reviewed the sales, investigated available listings in the neighbourhood and determined that there was no market indication for the assessor to conclude that the market had deteriorated in the neighbourhood during the valuation period.</p> <p>For illustration, the following is an extract from an analysis of the retail group by the two main neighbourhoods, Neighbourhood 18 (Commercial Central District) and Neighbourhood 19 (Commercial Highway District). All the sales have been time adjusted based on the analysis conducted by Assessment Audit, as can be seen in the Sales Data table under Time adjustments.</p> <table><tr><th>Neighbourhood</th><th>Number of parcels</th><th>Number of sales</th><th>Median ASR</th><th>COD</th><th>PRD</th></tr><tr><td>Neighbourhood 18</td><td>116</td><td>10</td><td>0.758</td><td>13.5</td><td>1.01</td></tr><tr><td>Neighbourhood 19</td><td>65</td><td>4</td><td>0.904</td><td>14.4</td><td>0.95</td></tr></table> <p>The result for median ASR of the retail group in the Commercial Central District is indicating that assessments are significantly less than market value. This contradicts the assessor's conclusion that market values in this district have declined.</p> <p>Although limited in the number of sales in the Commercial Highway District, the results for median ASR are indicating the assessments are closer to indicated market value than Neighbourhood 18.</p>		Neighbourhood 18 (Commercial Central District)		The rest of the municipality		Property Type	Number of parcels	Year over Year Average Assessment Change %	Number of parcels	Year over Year Average Assessment Change %	All Improved non-residential	185	-8%	180	+12.4%	Model 300	80	-16%	34	+7.4%	Model 350	24	-21%	8	+19%	Model 500	16	-9.5%	19	+12.6%	Motel	4	-22%	10	+13.8%	Neighbourhood	Number of parcels	Number of sales	Median ASR	COD	PRD	Neighbourhood 18	116	10	0.758	13.5	1.01	Neighbourhood 19	65	4	0.904	14.4	0.95
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Agenda Item # 8.3.1

Audit Report
Assessment Services Branch – Assessment Audit

Task Reviewed	Comments
Valuation of Dinosaur Trail Golf Course	The assessor used the cost approach to assess the golf course. In the review, Assessment Audit notes that the assessor included the raw land value but did not correctly assess the golf course improvements such as the irrigation system, sand traps, putting greens, tee boxes, cart path, drainage system, water features, landscaping etc. It is recommended that the assessor refer to the "Property Assessment in Alberta Handbook" for further guidance in the valuation of the golf course.
Conclusion: Action required	
Recommendations:	
Compliance with Legislation and/or Regulations – High Priority	
<ul style="list-style-type: none">• The assessor must review the assessments of similar sold and unsold properties for Model-Quality 001-01, 001-02 and 003-03 to ensure they are assessed similarly and equitably.• The assessor must review the assessments of residential condominium and vacant residential properties to ensure that they meet the regulated standard for median assessment sales ratio.• The assessor must review the stratifications of improved residential properties that do not meet the regulated standard for median assessment sales ratio.• The assessor must review the assessments of the improved non-residential properties, especially those in the Commercial Central District, to ensure they meet the regulated standard for median assessment sales ratio.	
Adoption of Best Practices – High Priority	
It is recommended that:	
<ul style="list-style-type: none">• For calibrating the cost model, the assessor analyze the sale data of the apartment condominium properties by the size and location of each unit and apply the result of the analysis to each condominium unit.• The income approach becomes the primary approach to value income producing property as recommended in the "Property Assessment in Alberta Handbook".• The assessor use the "Property Assessment in Alberta Handbook" as a guide to value the Dinosaur Trail Golf Course.	
Adoption of Best Practices – Medium Priority	
It is recommended that the assessor review the stratification of the improved non-residential group where a progressive bias of assessment is indicated.	

Agenda Item # 8.3.1

Audit Report
Assessment Services Branch – Assessment Audit

Task Reviewed	Comments
Municipal Response:	
	<p>The assessor will continue to review all assessments both residential and non-residential classifications, sold and unsold to ensure equity.</p> <p>The assessor has reviewed the assessments of the vacant residential and improved residential condominiums for the current assessment roll to ensure they meet the regulated standards.</p> <p>The assessor will review the strata of improved residential properties to ensure they meet the regulated standards.</p> <p>The assessments of the non-residential properties in Downtown District have been and will be reviewed to ensure equity.</p> <p>The assessor will consider doing the residential condominiums on a spreadsheet.</p> <p>Currently the non-residential assessments are based on the cost approach supported by income approach. The Town will expand the income approach with the annual mailing including other retails and industrial businesses.</p> <p>The assessor used the cost approach to assess the golf course. However, the assessment was reduced by the Municipal Government Board based on the income/expense statement produced by the appellant. This will be reviewed in the upcoming year.</p> <p>The assessor will review the stratification of the improved non-residential group to ensure there is no progressive bias in the assessments.</p>