

200104



ANNUAL REPORT

## ❖ VISION ❖

SAMA is the recognized leader and authority on property assessment, and Saskatchewan's service provider of choice.

## ❖ MISSION ❖

SAMA develops, regulates and delivers a stable, cost-effective assessment system that is accurate, up-to-date, universal, equitable and understandable.

To do this we focus on six key responsibilities:

### **GOVERNANCE**

We provide leadership in methods of valuation and rules of assessment.

### **ASSESSMENT SERVICES**

We provide property assessment valuation services.

### **INFORMATION**

We manage a comprehensive source of property assessment information for local governments, the Province, and other clients.

### **QUALITY**

We promote and practice quality control and conduct quality assurance audits.

### **COMMUNICATIONS**

We consult with and inform local governments and the public about property assessment.

### **INNOVATION**

We incorporate best practices and utilize appropriate new technologies.

## ❖ SAMA CORE VALUES ❖

### **INTEGRITY**

We practice ethical and high professional standards. We conduct our business with honesty and respect for others, by honouring our commitments, and being accountable for our actions.

### **PROFESSIONALISM**

We are experts in our field, and value continuous learning and training to ensure we deliver quality products and services.

### **DEDICATION**

We are committed to improving every aspect of our property assessment system. We see every challenge as an opportunity to succeed.

### **SOLUTION-FOCUSED**

We work collaboratively with others to understand needs and provide the best possible solutions.

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## LETTER OF TRANSMITTAL FROM THE MINISTER

The Honourable Vaughn Solomon Schofield  
Lieutenant Governor  
Government House  
4607 Dewdney Avenue  
Regina, Saskatchewan  
S4T 1B7

Your Honour:

I have the honour to submit the 2014 Annual Report for the Saskatchewan Assessment Management Agency.

The Saskatchewan Assessment Management Agency operates on the calendar year. This report documents the period January 1, 2014 to December 31, 2014.

Respectfully submitted,



Jim Reiter  
Minister of Government Relations



## LETTER OF TRANSMITTAL FROM THE CHAIR

Honourable Jim Reiter  
Minister of Government Relations  
Room 307, Legislative Building  
Regina SK  
S4S 0B3

Mr. Ray Orb, President  
Saskatchewan Association of Rural Municipalities  
200 - 2221 Cornwall Street  
Regina SK  
S4P 2L1

Mayor Debra Button, President  
Saskatchewan Urban Municipalities Association  
200, 2222 - 13th Avenue  
Regina SK  
S4P 3M7

Dear Sirs/Madam:

On behalf of the Board of Directors, I respectfully submit the 2014 Annual Report of the Saskatchewan Assessment Management Agency. The information in this report documents the period January 1, 2014 to December 31, 2014.

Yours sincerely,

A handwritten signature in black ink that reads "Neal Hardy". The signature is written in a cursive, flowing style.

Neal Hardy  
Chair, Board of Directors





# sama

SASKATCHEWAN ASSESSMENT  
MANAGEMENT AGENCY

200104



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BOARD REPORT



2014

06



BOARD REPORT





**L to R: Jim Angus**, representing the Province; **Wade Murray**, representing Urban; **Morgan Powell**, representing Rural; **Myron Knafelc**, representing the Province; **Neal Hardy**, Chair, representing the Province; **John Wagner**, representing Rural; **Al Heron**, representing Urban.

In November 2014, **Murray Purcell** was elected at the SARM midterm convention in Mr. Powell's place. Mr. Purcell began serving on the SAMA Board in January 2015.

## CORPORATE PROFILE

The Saskatchewan Assessment Management Agency (SAMA) is the recognized leader of property assessment in Saskatchewan.

SAMA was formed in 1987 by *The Assessment Management Agency Act* to develop a fair property assessment system, and to provide municipalities and school divisions with cost-effective assessment services.

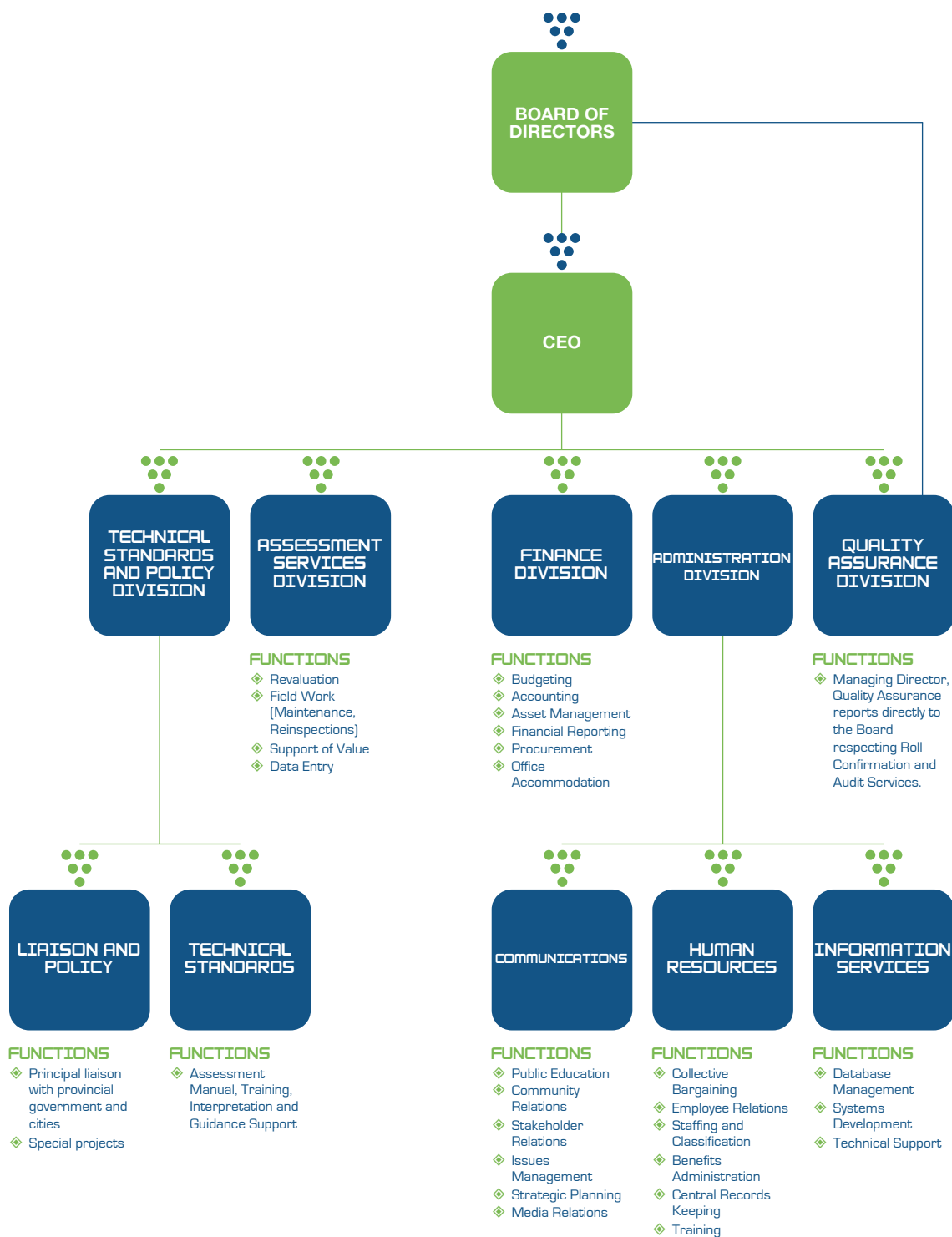
Responsibility for both the assessment system and assessment services – formerly held by the provincial government – was given to the independent Agency based on the recommendation of the Local Government Finance Commission. The Commission stated that the change would overcome a lack of local government authority in the assessment function, provide needed research and policy development and establish a higher priority for the assessment function.

In 2014, SAMA was funded jointly by the Province and municipalities. The Agency received statutory funding from the Province for provincial program services: assessment policy research, a central database of assessment information, assessment information for provincial programs and quality assurance. Since 2010, statutory funding provided by the government also includes funding for the education sector. The balance of the Agency's revenue was primarily provided by the municipalities that use the Agency's assessment services, and was obtained through a municipal requisition.

SAMA is responsible for assessment governance of the \$160 Billion property assessment base, and a \$1.73 Billion property tax base. In 2014, the Agency provided assessment valuation services to 763 urban, northern and rural municipalities. It is directly responsible for the assessed values of approximately 843,000 properties in the province. In 2014, 10 urban municipalities, who previously provided for their own assessment services, opted back in to SAMA and began to receive assessment services in January, 2014.

SAMA's central office is located in Regina. The Agency provides assessment services to municipalities from seven regional offices – Melfort, North Battleford, Regina, Saskatoon, Swift Current, Weyburn and Yorkton. In 2006, SAMA began providing assessment services under a fee-for-service contract to the City of Moose Jaw. The Agency maintains an office in Moose Jaw as part of that contractual agreement.







## BOARD STRUCTURE, MANDATE AND ROLE

The SAMA Board of Directors (the Board) is responsible for the regulation of assessment policies and governance of the property assessment system used by all urban, northern and rural municipalities in the province.

This includes oversight responsibility to ensure SAMA is:

- ◆ regulating assessment valuation procedures;
- ◆ conducting assessment research;
- ◆ consulting on policy with the provincial government, the public, municipal governments and assessment stakeholders;
- ◆ confirming municipal assessment rolls;
- ◆ maintaining a central information database; and
- ◆ undertaking quality assurance functions, including primary and secondary audits.

SAMA consults extensively to ensure the implementation of assessment policies is equitable and understandable for property owners.

### BOARD STRUCTURE

For 2014, the Agency's seven-member Board of Directors, appointed by the Lieutenant Governor in Council, consisted of:

- ◆ three members named by the Ministry of Government Relations including the Board Chair;
- ◆ two members named by the Saskatchewan Association of Rural Municipalities (SARM);
- ◆ one member named by the Saskatchewan Urban Municipalities Association (SUMA) for urban and northern municipalities under 30,000; and
- ◆ one member named by SUMA for cities with a population exceeding 30,000.

Board members are appointed for a maximum three-year term, and may be reappointed to subsequent terms.

The officers of the Board are the Chair and Vice-Chair. The Minister of Government Relations appoints the Chair, whereas the Board elects the Vice-Chair.

The role of the Board Chair is to ensure the integrity of the Board's processes. The Chair is the only authorized Board member to act as public and media spokesman for the Board, unless specifically delegated to another Board member.

The role of the Vice-Chair is to assume the role of Board Chair when the Chair is absent or unable to act. All Board members are eligible for election as Vice-Chair.

## BOARD STRUCTURE, MANDATE AND ROLE

### ❖ GENERAL RESPONSIBILITIES OF THE BOARD

The Board's role is to govern SAMA's affairs within the framework of relevant legislation and standards. The Board is responsible for the establishment and achievement of the Agency's vision, mission and strategic directions. The Board is also responsible for SAMA's stability and for communicating with stakeholders and other organizations to ensure that issues brought forward by SAMA's clients are dealt with adequately and respectfully. The Board is also responsible for ensuring that it has sufficient information to monitor major areas of corporate performance.

The Board's primary responsibilities fall within nine general areas: statutory responsibilities, planning, financial stewardship, human resources stewardship, performance monitoring and accountability, risk management, community representation and advocacy, management of critical transitional phases and complaints review.

The Board's responsibilities include:

- ❖ Overseeing development and approval of a long-term corporate plan and approving annual budgets and operating plans.
- ❖ Defining and safeguarding the organizational mission, the values framework and operating principles within which it expects the Agency to be administered, and to review these periodically.
- ❖ Selecting a Chief Executive Officer (CEO) to whom the responsibility for administration of the Agency is delegated.
- ❖ Securing sufficient resources for the Agency to finance its programs adequately.
- ❖ Being accountable to the public and funders for the services of the Agency and expenditures of funds.
- ❖ Regularly reviewing the Agency's services to ensure that they are consistent with the purpose of the Agency, and that its programs are effective and relevant to community needs.
- ❖ Representing the Agency and its programs to stakeholders, and acknowledging stakeholder concerns.

The Board focuses on strategic leadership rather than administrative detail, highlighting important policy rather than operational matters.

### ❖ ACCOUNTABILITY

The Board is accountable to the Province of Saskatchewan and those municipalities that provide funds for the operation of the Agency. The Board is also accountable, in a more general sense, to exercise good stewardship of the Agency on behalf of the trust placed in it by the province, local governments, the general public and other stakeholders.

### ❖ RELATIONSHIP TO STAFF

The Board provides oversight and guidance to the CEO to ensure that SAMA's staff work cooperatively to carry out the objectives of the Agency. The Board relies on the ability, training, expertise and experience of staff to plan for, and provide services within, the Agency's mandate.

As Chair of the SAMA Board of Directors, I am committed to the overall success of SAMA and the Saskatchewan assessment system in general. The decisions and the strategic directions the Board charts for the Agency will affect the assessment system in the province for years to come. This requires that SAMA be held to a high standard as the Agency seeks to fulfill its Vision and Mission. By ensuring that the Agency's objectives are being met, and that we are continually improving our business processes, the Board makes certain SAMA is meeting the obligations set out in *The Assessment Management Agency Act*.

### ❖ **STAYING STRONG - GROWTH AND OPPORTUNITY**

The Saskatchewan Assessment Management Agency is continually improving to meet the challenges and opportunities that come with a strong provincial economy. The agency continues to make changes that enable us to meet the demands of Saskatchewan's strong economy, and to provide municipalities the resources they need to succeed and grow.

Continued positive economic growth for Saskatchewan in 2014 resulted in continued growth in property assets within Saskatchewan municipalities. The agency conducted approximately 60,000 property reviews in calendar year 2014 and the assessment of these property assets increases the revenues available to municipalities and to the education sector.

In 2014, property accounts grew by 1.8%, and the total taxable assessment for SAMA's municipal clients rose to \$54.3 billion. These growth rates have been a challenge for SAMA to administer while maintaining the same level of service for our clients.

This continued growth in property counts provided an estimated \$28.9 million in new annually recurring property tax revenues for the agency's municipal clients and the education sector. Municipalities received an estimated \$18.7 million and the education sector received \$10.2 million in additional property tax revenues from services provided by the agency. Estimates are based on the \$1.73B that was added to taxable assessments.

Following the 2013 revaluation the agency's efforts in 2014 were concentrated on increased levels of property reinspection as well as property maintenance related to the growing property base in the province. Additionally, the agency continued to provide support of value services in relation to assessment appeals and launched a major new initiative - the Technology Infrastructure (TI) Program. More information on the TI Program can be found in the Administration section of this report.



## ❖ BETTER OUTCOMES

The agency has discovered and is implementing ways to deliver our services with better outcomes for our clients and stakeholders. This new level of service delivery is improving the ability of client municipalities, the provincial government and the Saskatchewan public to move ahead by attaining timely and accurate property assessments in a growing economy.

SAMA has become more client-focused by giving clients the flexibility to request delivery of their maintenance program by a specific date that works best for them.

In May, 2014, SAMA introduced a \$20 per maintenance review charge to our clients. This fee-for-service concept was built into the Agency's 2014-2017 Business and Financial Plan at the request of SARM and SUMA as a way of linking some of the cost of assessment services to municipalities who are experiencing the highest levels of growth, and having those municipalities pay for a portion of the extra assessment services they need relative to similar municipalities with less growth.

## ❖ LOOKING FORWARD - 2013-2017 STRATEGIC DIRECTIONS

SAMA has set out four new strategic directions for 2013-2017:

1. Establish new stakeholder supported funding model.
  - ❖ The Agency would seek new funding through fee for service options, and look into a cost-shared capital funding plan for new technology.
2. Simplify and streamline to improve efficiency and effectiveness.
  - ❖ The Agency is looking to reduce time spent on revaluations, to simplify our valuation models and to put a priority on reinspections.
3. Use policy, process and technology changes together to dramatically increase property inspections.
  - ❖ SAMA is looking to double the Agency's production rate by 2018, allowing the Agency to inspect our entire inventory of properties over a 12-year cycle following 2018.
4. Strengthen the capabilities of all employees.
  - ❖ The Agency will seek to maintain a skilled and experienced workforce.

The proposed strategic directions, along with the supporting details, were brought to the SAMA Board for adoption on January 30, 2013.

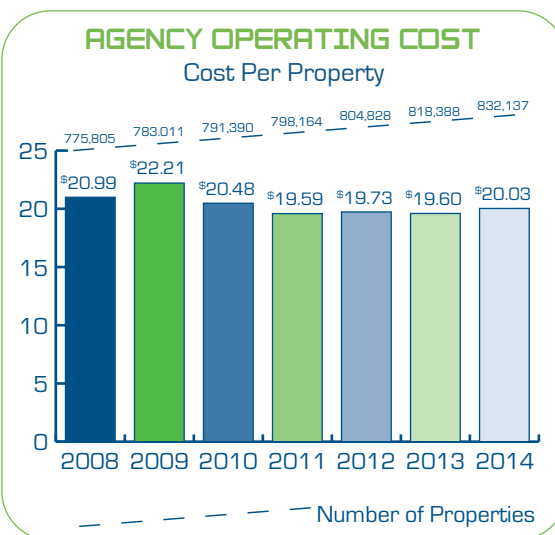
Following adoption of the strategic directions in January 2013, SAMA administration proceeded with the development of the 2014-2017 Business and Financial Plan, including a 2014-2017 funding plan. The funding plan was developed in consultation with the Agency's funding stakeholders (Government Relations, SUMA, SARM).

## ❖ OPERATING COSTS

In 2014 the agency continued to hold operating costs per property at approximately the same level as 2013. The 2014 operating cost per property represents a 1.5% increase over the previous year.

Delivery of annual maintenance, revaluation and support of value services have been maintained and in many aspects improved over the past several years, while operating costs have remained relatively unchanged.

The implementation of Lean business process improvements over the past four years has effectively offset any significant negative impact on the agency's services to client municipalities and the provincial government.



## ❖ TIMELY DELIVERY OF ASSESSMENT SERVICES

In 2014 the Board continued to be focused on timely delivery of annual assessment maintenance, increasing the volume of inspections, and improving the way the organization operates, with a particular emphasis on how the Agency can simplify our processes and implement new technologies that will allow the Agency to better meet our client's needs going forward.

**❖ 2017 REVALUATION**

SAMA conducts revaluations based on a four-year cycle. 2013 was the year of the last revaluation, with assessments updated at that time to reflect January 1, 2011 values. The 2017 Revaluation will see assessed values updated to reflect a new base date of January 1, 2015. SAMA's Board has established that while the base date and market evidence cut-off date have been updated for the 2017 revaluation, the relationship between the base date and market evidence cut-off date and the revaluation implementation date, as well as quality assurance standards, will remain stable for the 2017 revaluation.

Although local governments and the education sector already have the authority to mitigate overall/average assessment changes through their annual budget and mill rate processes, the Agency recognizes that all parties should be provided with as much time as possible to examine the assessment shifts and make tax policy decisions prior to 2017.

SAMA plans to ensure that assessment trends and associated impacts are communicated to government and our municipal clients as soon as possible in the market analysis process, with 2017 anticipated results starting to be provided in 2015 and detailed property specific values provided to Government Relations on or before April 1, 2016, and to our client municipalities by September 1, 2016.

We also plan to utilize our SAMAView web application to make the individual property assessments publically available for review and feedback as early as practical with regards to the 2017 Revaluation.

Neal Hardy,  
**Chair, Board of Directors**





## ADVISORY COMMITTEES TO THE BOARD OF DIRECTORS

The SAMA Board maintains advisory committees to review policies and practices respecting assessments and to make recommendations to the Board concerning those policies and practices. Three of these committees are statutory:

- ◆ Urban Advisory Committee, representing urban and northern municipalities under 30,000 population;
- ◆ City Advisory Committee, representing cities with a population over 30,000; and,
- ◆ Rural Advisory Committee, representing rural municipalities.

One additional committee has been established by the Board:

- ◆ Commercial Advisory Committee, representing commercial and industrial property owners and others with similar interests;

SAMA also maintains a number of administrative committees to receive input and consultation on more detailed, procedural, technical and legislative issues:

- ◆ The City Assessors/SAMA Committee is a working committee comprised of assessment professionals representing all assessment service providers in the province including SAMA, the cities of Prince Albert, Regina, Saskatoon, Swift Current and a private contractor, CD Consulting. Two SAMA Board members sit as observers on the committee.

The committee provides a venue for these assessment professionals to meet on a regular basis to communicate, examine, discuss and provide recommendations on assessment specific topics regarding provincial level assessment policy, revaluation cycle programs, reinspection programs, support of value, quality assurance and mass appraisal best practices.

The committee has established and maintains a sub-committee called the Revaluation Team that is tasked to examine and give recommendations to the committee on more technical assessment issues relating to the upcoming 2017 Revaluation.

- ◆ The Legal and Legislative Review Committee represents legal counsel and technical experts from SAMA, the Cities, the Saskatchewan School Boards Association and the provincial ministries of Government Relations, Education and Justice and Attorney General. This group provides the Agency with valuable input and feedback on any proposed regulatory or legislative changes.

In addition to regular meetings of the advisory committees, SAMA holds an annual meeting, to which municipalities can send voting delegates. Business conducted at the meeting includes:

- ◆ hearing the annual report of the Board of Directors;
- ◆ considering and adopting resolutions put forth by municipalities;
- ◆ considering changes proposed by the Agency to assessment legislation; and
- ◆ considering any reports made by the Agency on matters such as assessment policy or practice and assessment administration.

## **ADVISORY COMMITTEES TO THE BOARD OF DIRECTORS**

### **CITY ADVISORY COMMITTEE - AS AT DECEMBER 31, 2014**

The City Advisory Committee is responsible for cities with a population exceeding 30,000 (Moose Jaw, Prince Albert, Regina, and Saskatoon).

### **CITY ADVISORY COMMITTEE MEMBERS**

MEMBER	ORGANIZATION
Wade Murray, Committee Chair	SAMA Board Member, City Sector
Neal Hardy (ex officio)	SAMA Board Chair
John Wagner	SAMA Board Member
Matt Noble	City of Moose Jaw
Deb Higgins	City of Moose Jaw
Terry Hegel	City of Prince Albert
Mark Tweidt	City of Prince Albert
Deborah Bryden	City of Regina
Vacant	City of Regina
Marlys Bilanski	City of Saskatoon
Les Smith	City of Saskatoon
Debra Button	Saskatchewan Urban Municipalities Association (SUMA), Board Member
Vicky Bonnell	Saskatchewan School Boards Association (SSBA), Trustee
Dwain Weeks	Saskatchewan Assessment Appraisers' Association (SAAA)

### **OBSERVERS:**

John Edwards	Ministry of Government Relations
Kevin Waugh	Saskatchewan School Boards Association (SSBA), Trustee
Laurent Mougeot	Saskatchewan Urban Municipalities Association (SUMA), Administration
Vacant	City of Moose Jaw
Vacant	City of Prince Albert
Don Barr	City of Regina
Vacant	City of Saskatoon
Irwin Blank, CEO	SAMA

### **ADMINISTRATIVE SUPPORT:**

Shaun Cooney, Committee Secretary	SAMA
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## ADVISORY COMMITTEES TO THE BOARD OF DIRECTORS

### ❖ COMMERCIAL ADVISORY COMMITTEE - AS AT DECEMBER 31, 2014

The Commercial Advisory Committee is responsible for reviewing policies and practices respecting assessment, especially as they relate to commercial property, and to make recommendations to the Board concerning these policies and practices.

### ❖ COMMERCIAL ADVISORY COMMITTEE MEMBERS

MEMBER	ORGANIZATION
Myron Knafelc, Committee Chair	SAMA Board Member
Al Heron	SAMA Board Member, Urban Sector
Morgan Powell	SAMA Board Member, Rural Sector
Jim Angus	SAMA Board Member
Neal Hardy	SAMA Board Chair
Vacant	Regina Downtown Business Improvement District
Rob Lawrence	Association of Saskatchewan Realtors
Kevin Johnson	Association of Saskatchewan Realtors
Vacant	Saskatchewan Chamber of Commerce
John Hopkins	Regina & District Chamber of Commerce
Marilyn Braun-Pollon	Canadian Federation of Independent Business
Ryan Weir	Building Owners and Managers Association
Roger Leachman	Canadian Property Tax Association
Alan Thomarat	Saskatchewan Home Builders' Association
Tom Mullin	Saskatchewan Hotel & Hospitality Association
Archie Cameron	National Golf Course Owners Association, Saskatchewan Chapter
Shawn Graham	Inland Terminal Association of Canada
Reg Hinz	Western Grain Elevator Association Tax Committee
Ken Marsh	Canadian Energy Pipeline Association
Devin Wegner	Canadian Association of Petroleum Producers
Randle Green	Saskatchewan Mining Association
Kevin Olmstead	Railway Association of Canada
Denise Stroeder	Tourism Saskatchewan
Robert Schultz	Saskatchewan Assessment Appraisers' Association
Grace Muzyka	Saskatchewan Association of the Appraisal Institute of Canada
Ken Patsula	Public Works and Government Services Canada
Lana Nikonetz	Council of Saskatchewan Forest Industries

### OBSERVERS:

Norm Magnin	Ministry of Government Relations
Jeremy Karwandy	Ministry of Economy
Gerry Krismer	City of Regina
Les Smith	City of Saskatoon
Terry Hegel	City of Prince Albert
Vacant	City of Moose Jaw
Vacant	City of North Battleford
Michael Kehler	City of Swift Current
Irwin Blank	SAMA CEO

### ADMINISTRATIVE SUPPORT:

Darwin Kanius, Committee Secretary	SAMA
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## ••• ADVISORY COMMITTEES TO THE BOARD OF DIRECTORS

### ❖ RURAL ADVISORY COMMITTEE - AS AT DECEMBER 31, 2014

The Rural Advisory Committee is responsible for rural municipalities.

### ❖ RURAL ADVISORY COMMITTEE MEMBERS

MEMBER	ORGANIZATION
John Wagner, Committee Chair	SAMA Board Member, Rural Sector
Morgan Powell	SAMA Board Member, Rural Sector
Neal Hardy	SAMA Board Chair
Jim Angus	SAMA Board Member
Jeannie DeRochers	SARM Division 1
Brent Evans	SARM Division 2
John Chavtur	SARM Division 3
David Popowich	SARM Division 4
Doug Oleksyn	SARM Division 5
Gordon Meyer	SARM Division 6
Rod Weins	Saskatchewan Association of Rural Municipalities (SARM), Board Member
Garry Dixon	Provincial Association of Resort Communities of Saskatchewan (PARCS)
Audrey Trombley	Saskatchewan School Boards Association (SSBA), Trustee
Roger Frey	Saskatchewan Assessment Appraisers' Association (SAAA)

### OBSERVERS:

Brian Sych	Ministry of Government Relations
Laurel Feltin	Saskatchewan Association of Rural Municipalities (SARM), Administration
Kim Gartner	Saskatchewan School Boards Association (SSBA), Administrator
Lori McDonald	Rural Municipal Administrators Association of Saskatchewan (RMAA)
Irwin Blank	SAMA CEO

### ADMINISTRATIVE SUPPORT:

Steve Suchan, Committee Secretary	SAMA
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## ADVISORY COMMITTEES TO THE BOARD OF DIRECTORS

### URBAN ADVISORY COMMITTEE - AS AT DECEMBER 31, 2014

The Urban Advisory Committee is responsible for urban and northern municipalities, excluding cities with a population exceeding 30,000.

### URBAN ADVISORY COMMITTEE MEMBERS

MEMBER	ORGANIZATION
Al Heron, Committee Chair	SAMA Board Member, Urban Sector
Wade Murray	SAMA Board Member, City Sector
Neal Hardy (ex officio)	SAMA Board Chair
Myron Knafelc	SAMA Board Member
Sheryl Spence	SUMA (Cities)
Walter Streelasky	SUMA (Cities)
Barry Elderkin	SUMA (Towns)
Allan Earle	SUMA (Towns)
Barry Gunther	SUMA (Villages)
Vacant	SUMA (Villages)
Malcolm Eaton	Saskatchewan Urban Municipalities Association (SUMA), Board Member
John Quinn	Provincial Association of Resort Communities of Saskatchewan (PARCS)
Lois Smandych	Saskatchewan School Boards Association (SSBA), Trustee
Gerry Krismer	Saskatchewan Assessment Appraisers' Association (SAAA)

### OBSERVERS:

Kelly Munce	Ministry of Government Relations
Laurent Mougeot	Saskatchewan Urban Municipalities Association (SUMA), Administration
Curt Van Parys	Saskatchewan School Boards Association, Administrator (SSBA)
Rod Audette	Urban Municipal Administrators Association of Saskatchewan (UMAS)
Irwin Blank, CEO	SAMA

### ADMINISTRATIVE SUPPORT:

Kevin Groat, Committee Secretary	SAMA
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EXECUTIVE REPORT

2014

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# EXECUTIVE REPORT





L to R: **Penny Gingras**, Executive Assistant; **George Dobni**, Managing Director, Finance; **Todd Treslan**, Managing Director, Assessment Services; **Irwin Blank**, Chief Executive Officer; **Steve Suchan**, Managing Director, Technical Standards and Policy; **Gordon Senz**, Managing Director, Quality Assurance; **Betty Rogers**, Managing Director, Administration.





On behalf of all the staff at SAMA, I would like to thank our municipal clients, assessment stakeholder groups and the province for your continued support of our Agency and the work we do in governing and maintaining the \$160 billion assessment system in Saskatchewan.

In 2014, the Agency began to chart a new path while continuing to meet the current needs of our municipal clients, assessment stakeholders and the province.

SAMA handled record volumes of assessment maintenance requests throughout the year, and substantially increased the number of properties inspected as part of targeted inspection programs. This work added close to \$29 million in new annual revenue for our client municipalities and the education sector.

With the support of our local and provincial government partners, SAMA was able to implement a new stakeholder supported funding model. Legislation necessary to enable the new funding model was passed by the province in April of 2014. The new funding model is intended to provide necessary revenue to support SAMA's operations going forward while also providing revenue to continue with our new Technology Infrastructure (TI) Program. The new four-year TI Program will provide SAMA with updated technology that will enable the doubling of our annual property review capacity by 2018, when combined with planned policy and business process improvements.

The combination of continuing to meet all of our current assessment governance and service expectations while moving forward with a major new technology initiative is not without its challenges. We recognize these challenges as positive ones that help us to support the growth of Saskatchewan, while building for an even brighter future.

#### ❖ THE LAST FOUR YEARS

In the last four years SAMA has made great strides forward, despite some operational challenges:

- ❖ SAMA responded to the Province's Lean initiative, and in 2008 the Agency adopted the Lean business process improvement philosophy, and has made great gains in efficiencies as a result;
- ❖ The Agency has improved service with more timely delivery of annual maintenance, and improved revaluation and support of value services for our client municipalities;
- ❖ SAMA has developed and retained a dedicated team of technical specialists, professional assessment appraisers and agrologists;
- ❖ The Agency has reduced our workforce by 19% over four years (exceeding the government-wide target of a 15% reduction in public sector employment);
- ❖ The province's rapidly growing economy is challenging our ability to carry out general reinspections.

## ❖ 2014 – 2017 BUDGET AND FUNDING PLAN

SAMA's 2014 operating budget, excluding the City of Moose Jaw contract, was \$16.948 million. SAMA also received \$612,000 in capital technology funding from municipalities.

In 2014, SAMA implemented an update to our funding formula that saw changes to how the assessment system is supported. Going forward, Government continues to pay 100% of the cost of SAMA's governance functions (\$6 million in 2014). The Province also pays 38% of SAMA's operations costs (based on benefits received to education). Municipalities pay 62% of remaining operations costs (based on benefits received by the municipal sector).

2014 was the first year of a requisition phase-in period, and saw increases of 8.1% for municipalities, to fund a 3.9% increase in SAMA's overall budget.

SAMA has begun to transition from an overall 63:37 funding split for Government and Municipalities, to a 60:40 split over the next two years, leveling off in 2016.

As part of our funding plan, SAMA introduced a \$20 maintenance fee-for-service charge beginning with 2015 invoices. This fee-for-service concept was built into the Agency's 2014-2017 Business and Financial Plan at the request of SARM and SUMA. The fee is a way of linking some of the cost of assessment services to municipalities who are experiencing the highest levels of growth, and having those municipalities pay for a portion of the extra assessment services they need relative to similar municipalities with less growth.

The \$20 service fee mitigates the overall requisition increase for municipalities (from 8.1% down to 3%), but actually only represents approximately 1/5 of the cost of an average maintenance review for the Agency.

In 2015 municipal requisitions are set to increase overall by 8.1% (3% increase to requisitions and 5.1% increase from the maintenance fee-for-service charge), and 3% for the following two years (2016-2017).

SAMA's 2014 budget estimated that \$317,000 will be generated by the maintenance service fee. In actuality, SAMA raised approximately \$347,000. The amount raised beyond the budgeted amount will be used to defray future operational costs.

To keep the updated funding plan in perspective, in 2013, 526 of SAMA's 763 client municipalities were paying less in their annual requisition to SAMA than they did in 2007. 2014 and 2015 are phase-in years for the Agency's new funding plan. Even with the increases to requisitions in 2014 for operational support costs and for new technology, 188 municipalities were still paying less than they were in 2007.

### ❖ SAMA'S TECHNOLOGY INFRASTRUCTURE (TI) PROGRAM

SAMA's 2014 to 2017 funding plan is focused on improving the Agency's ability to deliver services to our client municipalities by simplifying valuation policies, implementing new technologies and improving our processes. The Agency's Technology Infrastructure (TI) Program will make up a large part of this effort. Resources freed up through efficiency gains in our production process will be dedicated to increasing our reinspection capacity, while sustaining all of our core functions related to assessment maintenance and revaluation activities.

SAMA is focusing on improving our reinspection capabilities because the majority of properties in the province have not been physically reinspected in over 17 years. Implementing simplified residential and commercial valuation models and technology that would help to improve efficiency of data collection activities would also improve the quality of assessed values (and equity of values) and add taxable value to the assessment rolls as our inventory is updated over time. This would ensure a more stable and reliable assessment system for Saskatchewan's municipalities.

As part of the TI Program, SAMA will be implementing major upgrades to our internal computer system including a comprehensive Geographic Information System (GIS), a web portal to allow municipalities to conduct their assessment service business with SAMA over web based applications, and system changes that will allow appraisers to conduct their field inspections using remote data collection tablets. These electronic systems will replace the current paper-based manual systems that SAMA uses to collect property assessment information when our appraisers are doing their inspections in our client municipalities.

Acquiring and implementing new technologies will require a total capital investment of \$4.9 million. Technology development funding will be allocated to SAMA's funding parties on an equal basis – \$612,000 to the Province and \$612,000 to SAMA's client municipalities for each of the next four years. The municipal portion of technology funding will be financed through a capital funding levy of 10.6% from 2014-2017. In 2014, the Province was unable to provide their proportionate share of technology funding, but are considering the capital funding request for 2015.

Using remote data collection tablets will eliminate current paper-based data collection and manual data entry methods. Current processes require the manual preparation of work lists, the printing of forms, maps and photos, and the manual recording of data on worksheets and subsequent re-entry of the data into SAMA's computer system (SPAN). Tablets will allow electronic assessment records to be downloaded, updated and uploaded to the SPAN system, eliminating a lot of manual effort and reducing the problem of transposition errors.

Work is well underway to update our internal systems. The development of necessary system upgrades to our main computer system began in the fourth quarter of 2013 and will continue into early 2016. Systems development for the balance of our technology infrastructure program will require approximately 24 months, and initial implementation of the new technologies will start in 2016 following the completion of updates to our internal computer systems, and be fully implemented by 2018.

### ❖ INCREASED PRODUCTIVITY

The use of GIS and remote data collection technologies is expected to improve the inspection efficiency of urban property by 50% and agricultural land by 35% when they are completed and implemented. The use of new technologies, combined with the simplification of some of our valuation models and improved business processes that take full advantage of the new technologies, is essential to the Agency's strategy to double the property review capacity of staff between 2014 and 2018. Currently, SAMA's appraisal staff spend two to three days in the office for every day in the field. New technology would allow staff to spend one day in the office for every day in the field, effectively doubling our inspection capacity when combined with our other planned efficiency gains.

### ❖ LEAN PHILOSOPHY

In 2008, SAMA embarked on a business process improvement strategy called the Lean philosophy. Lean is aimed at engaging the talents of the Agency's people to eliminate waste, and create value for the customer. It is a common sense approach to working with complex processes ensuring that clients' and stakeholders' needs are successfully met.

The Goals of Lean at SAMA are:

- ◆ A 25% increase in efficiency and productivity;
- ◆ Highly engaged staff, that take ownership of the business processes; and
- ◆ An Agency in a much better position to meet the increasing demands from clients.

SAMA is constantly looking for ways to improve our processes, and Lean is no exception. SAMA has made a number of major strides over the years with Lean, and in 2014 the Agency sought to augment our employee engagement with Lean by directly engaging staff in our regional offices to help improve their work processes.

One of Lean's strengths is its focus: the people most familiar with the actual work determine the necessary process improvements and plan the necessary changes. Significant progress has been achieved to date. Lean process improvement initiatives will continue to be a focus for SAMA in 2014 and beyond.



## ADMINISTRATIVE REPORT

### ❖ ASSESSMENT SERVICES

The Assessment Services Division provides valuation services to 763 urban, northern and rural municipalities. It is responsible for the assessed values of approximately 843,000 properties in the province. Core processes include inspection of properties through annual maintenance and general reinspections, revaluations (every four years), and support of value.

#### 2014 YEAR IN REVIEW

- ◆ 10 municipalities opted in to SAMA's assessment services
- ◆ Over 42,800 maintenance changes were completed
- ◆ \$1.73 billion was added in assessments as a result of 2014 assessment maintenance and inspection activities.
- ◆ Over 17,000 properties reviewed through reinspections
  - 8,133 agricultural
  - 8,408 residential and commercial
  - 550 industrial
- ◆ 32% more reinspection reviews completed than in 2012
- ◆ Conducted 13,365 industrial tank audits.
- ◆ 549/763 municipalities have supplied maintenance delivery dates to SAMA
- ◆ 111 municipalities have signed service charters

### ❖ SUPPORT OF VALUE

SAMA provides its client municipalities with property assessment expertise to validate assessments at open houses and ratepayer/council meetings, and all levels of appeal (Board of Revision, Saskatchewan Municipal Board and Court of Appeal). SAMA also identifies and monitors precedent-setting assessment appeals that may have policy or procedural implications.

The total number of appeals in 2014 was 1,368, as of January 20, 2015. There were 4,321 appeals in 2013. 1,132 of the 2014 appeals were either withdrawn by the property owner or resolved through an agreement to adjust with SAMA. 225 appeals went on to a Board of Revision hearing, 11 appeals are still open and awaiting a ruling and 78 have been forwarded to the Saskatchewan Municipal Board. SAMA clients only saw a 0.33% decrease to taxable assessments after factoring in agreements to adjust and board of revision rulings.

2014 saw a high number of appeals for the second year of a revaluation cycle. The increased number of appeals are attributed to large assessment changes during the 2013 revaluation, increased numbers of flooded land and an increased level of knowledge of assessment amongst property owners.

## ADMINISTRATIVE REPORT

### ❖ PROPERTY INSPECTION PROGRAMS

SAMA ensures detailed property assessment records are kept current through the annual maintenance program and the general reinspection program. The annual maintenance program ensures that individual properties with changes are inspected and new assessment values are calculated. Periodically, all properties in a municipality can be reviewed under the general reinspection program. General reinspections ensure that all properties in a municipality are fairly and equitably valued.

### ❖ MAINTENANCE

The annual maintenance program reviews and updates properties with changes that may affect the property's assessed value. The municipality submits a list of the properties affected, and the agency reviews each identified property and provides the municipality with an updated assessed value for their assessment roll.

By December 31, 2014 reviews had been completed on 42,802 residential, commercial and agricultural land properties - 84.1% of the 50,870 properties submitted for review - 28,318 properties for use on 2014 municipal assessment rolls, and 14,484 properties for use on 2015 municipal assessment rolls.

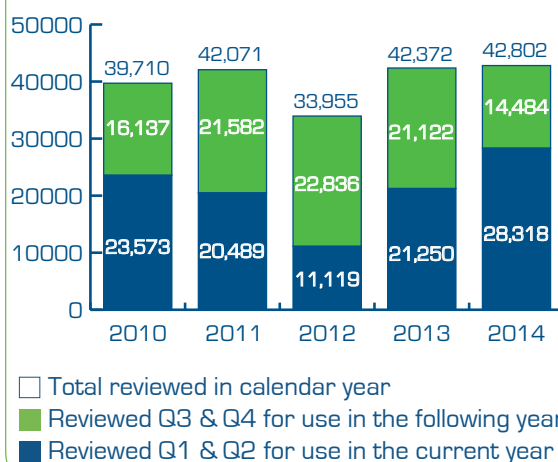
At year end there is an estimated 16,273 properties, which includes annual maintenance requests, still expected from municipalities that will be reviewed in the first and second quarter of 2015.

In 2014, the agency reviewed 14,484 properties by December 31st for the following year's assessment roll. The agency has a target to reduce the turnaround time for completing annual maintenance from an average of 131 days in 2011 to no more than 60 days. Turnaround time for the 2014 maintenance program was 103 days (87 days in 2013 and 91 days in 2012). Turnaround time was slowed in 2014 due to the approval process for the new municipal maintenance fee. This process will be streamlined in 2015.

Going forward, SAMA's objective is to deliver maintenance when the customer requires it. This provides a more timely service to client municipalities and is essential for the agency in order to meet the accelerating demand for maintenance within the province. In order to be successful, SAMA must both receive maintenance lists from municipalities and proceed with the work as quickly as possible.

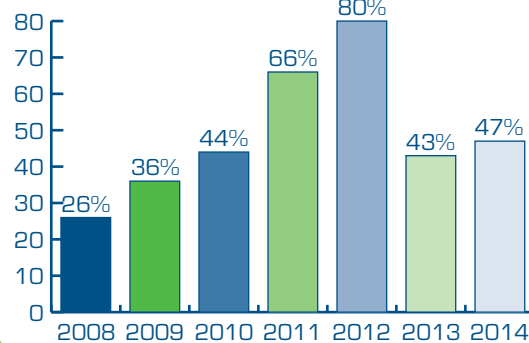
#### ANNUAL MAINTENANCE REVIEWS

Number of Residential, Commercial and Agricultural Properties



#### ANNUAL MAINTENANCE REVIEWS COMPLETED

Percentage of Following Year's Assessment Roll Reviewed by December 31st



### ❖ REINSPECTION PROGRAM

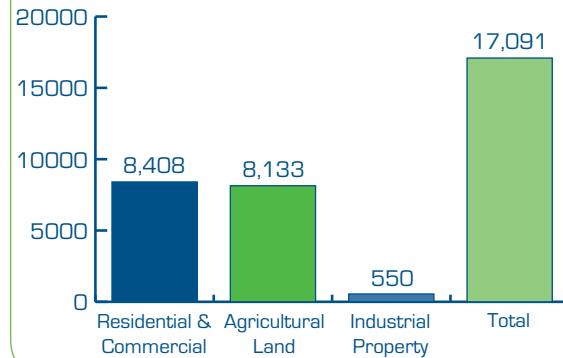
Over time, property assessments become dated because of property improvements, and gradual wear and tear, that are not identified through an annual maintenance review. The general reinspection program undertakes to review each property to re-establish a uniform base of up-to-date property records for municipalities.

In 2014, reinspection reviews were completed on 17,091 properties – 8,408 residential and commercial properties, 8,133 agricultural land properties, and 550 industrial properties.

SAMA also conducted 13,365 industrial tank audits (not included in the above totals). 4,146 properties were reinspected in 2013 (a revaluation year) and 12,950 in 2012 (the last non-revaluation year). Even when ignoring the industrial tank audit, 2014 still represents a 32% increase over 2012 reinspection numbers. 2014 was a successful year for SAMA in terms of reinspections, with totals reaching higher than have been seen in the past 3 years. SAMA's workforce consisted of 177.75 Full Time Equivalents (FTEs) in 2009 and 2010 as opposed to the current level of 144.75 FTEs. This accounts for the higher levels of reinspections in 2009 and 2010.

#### PROPERTY REINSPECTION REVIEWS

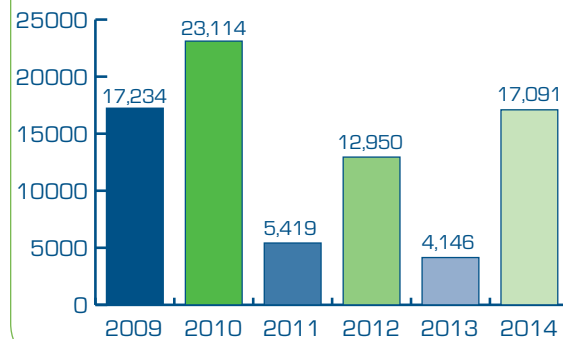
Number of Properties (2014)



The appraiser resources available for the reinspection program are dependent on the size of the annual maintenance, revaluation and support of value programs, all of which vary from year-to-year over a four-year cycle. 2013 was a revaluation year and thus few resources were available for reinspections while efforts were focused on support of value.

#### PROPERTY REINSPECTION REVIEWS

Number of Properties



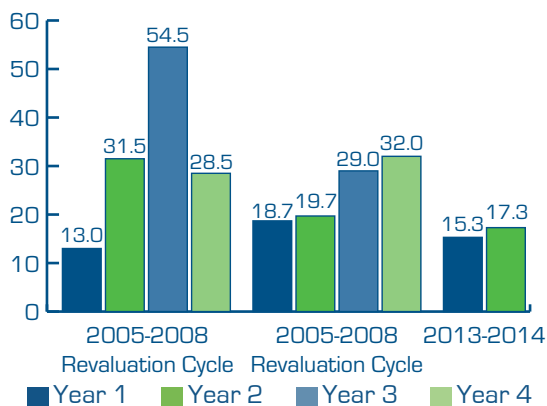
## ADMINISTRATIVE REPORT

### ❖ REVALUATION PROGRAM

The appraiser resources used to deliver the revaluation program vary from year to year over a four-year revaluation cycle. The focus in Year 1 is on implementation and support of value, in Year 2 on sales verification, in Year 3 on market analysis and Year 4 on quality assurance and finalization.

Business process improvement changes to the sales verification and market analysis processes have resulted in a significant reduction in total appraiser time on revaluation activities. 2014 was year 2 of the cycle, and efforts were concentrated on sales verification. By the end of 2014, SAMA has reduced its number of outstanding unverified sales from 7,496 four years ago to a present balance of 1,814.

**REVALUATION APPRAISER EFFORT**  
Number of Appraisers (FTEs)



SAMA continues to reduce the amount of time spent on revaluation activities. 2013 and 2014 represent a 15% decrease in time spent on revaluation activities as compared to 2009-2010, and a 27% decrease as compared to 2005-2006 (2009-10 and 2005-06 are the last two year 1 and 2 revaluation cycles undertaken by SAMA).

### ❖ 2017 REVALUATION

SAMA conducts revaluations based on a four-year cycle. 2013 was the year of the last revaluation, and the 2017 Revaluation will see assessed values updated to reflect a new base date of January 1, 2015. The base date is the date to which all assessments are related. In 2014, SAMA focused on sales verification in all jurisdictions in preparation for the 2017 revaluation, as well as focusing on preparing for 2015 market analysis.



### ❖ THE COMPETITIVE ASSESSMENT ENVIRONMENT

Since 1995, a provision in *The Assessment Management Agency Act* has been made available that allows municipalities to use alternative assessment services.

In November 2004, the Province amended this legislation to require that municipalities wishing to undertake their own valuation services receive written consent from all affected school divisions as well as SAMA. Before this amendment, municipalities were only required to consult with school divisions and receive the written consent of SAMA.

As of May 2010, SAMA and the Minister of Education's consent are now needed for a municipality to opt out, or opt back into, SAMA's valuation services. Any municipality that carries out its own valuations and revaluations is not required to make requisition payments to the Agency. Jurisdictions that employ their own appraisal personnel still must follow the regulated Saskatchewan Assessment Manual and provincial assessment legislation.

*The Assessment Management Agency Act* contains separate legislation recognizing that the Major cities of Moose Jaw, Prince Albert, Regina and Saskatoon will provide for their own assessment services. In 2006, the city of Moose Jaw entered into a long-term assessment services contract with SAMA. In 2014, 10 municipalities opted back in to SAMA's assessment services. As of January 1, 2014, there are 5 urban municipalities other than the three major cities that did not use SAMA's valuation services.

### ❖ TECHNICAL STANDARDS AND POLICY

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The Technical Standards and Policy Division (TS&P) is responsible for researching and studying assessment valuation policy and best practices with regards to application of province-wide assessment valuation standards and policies. This involves considerable consultations with the Province, clients and stakeholders to ensure transparency and support on assessment policy matters. As part of this liaison process, TS&P is involved in the provision of assessment information to the Province, municipalities, school divisions and the public.

The TS&P division advises the Board and the Province with respect to property assessment legislation, prepares assessment related Board Orders, and also prepares manuals, guidelines, handbooks and other materials required in the assessment of property. Valuation materials may be revaluation cycle specific; such as the regulated *Assessment Manual* and the non-regulated *SAMA Cost Guide*, or may not be tied to a specific revaluation cycle, such as the non-regulated *Market Value Assessment in Saskatchewan Handbook*.

TS&P is responsible for liaising with independent assessment service providers regarding assessment policy and valuation practices. These activities include quality coordination and control activities to ensure consistent application of assessment valuation practices, which includes facilitating and overseeing the provincial revaluation cycle that occurs every four years. Further to this, TS&P provides technical support for assessment service providers that use SAMA's computerized assessment valuation system, the Saskatchewan Property Assessment Network (SPAN).

TS&P also has a leadership role in identifying new computer based technologies to improve the efficiency of SAMA's mass appraisal processes as well as accuracy of assessments. In this regard, TS&P staff have integral roles regarding the implementation of SAMA's four- year capital project for new technology.

## ADMINISTRATIVE REPORT

### ❖ 2017 REVALUATION PREPARATIONS

In keeping with the administration of the traditional four year revaluation cycle policy processes, TS&P has been engaged in preparations for the next revaluation scheduled for 2017, which will use a base date of January 1, 2015. Consistent with the 2013 revaluation, the goal is to continue to stabilize major assessment policy, with consideration for refinement on selected items where there is consensus with stakeholders:

- ❖ Completed the consultation process with stakeholders regarding assessment policy with refinement of selected items related to regulated property assessment valuation models:
  - Assessment of secondary containment structures related to certain tanks;
  - Review of the oil and gas resource production equipment "production adjustment factor" (PAF);
  - Development of rates for the assessment of Steam Assisted Gravity Drainage Wells (SAGD wells); and
  - Miscellaneous housekeeping improvements.
- ❖ Completion of 2015 Base Date regulated *Assessment Manual* and non-regulated *SAMA Cost Guide* for Board approval in January/2015. These documents have been revamped to improve readability as well as amended to reflect simplified residential and commercial costing procedures. The non-regulated *Market Value Assessment in Saskatchewan Handbook*, which is not linked to a base date, did not require any amendments as it was substantially updated for the 2013 revaluation.
- ❖ Creation of a framework for quality coordination and monitoring of the 2017 Revaluation activities of assessment service providers. Activities include working with assessment service providers to promote best practices in valuation as well as regular reporting of work progress. Deliverables include quarterly reports to the SAMA Board which are in turn shared with the Province. Quality coordination activities are based upon the successful 2013 quality coordination program and include improvements suggested by assessment service providers. Quarterly reporting is scheduled to start with the fourth quarter of 2014 and will be completed in the first quarter of 2017 with the implementation of the revaluation.

In addition to the regular revaluation policy processes, TS&P has facilitated a valuation policy initiative within the Agency involving simplification of the residential and commercial replacement cost models for implementation with the 2017 revaluation. SAMA is also implementing a correction of depreciation on selected short-life commercial buildings. These improvements are in alignment with the 2013-2017 strategic directions to simplify and streamline work and will integrate with planned process and technology improvements to dramatically increase property inspection while still yielding accurate valuation results.

## ADMINISTRATIVE REPORT

### ❖ ACCESSING REVALUATION BOARD ORDERS, PUBLICATIONS AND OTHER COST GUIDES

Revaluation related Board Orders and publications can be found on SAMA's website ([www.sama.sk.ca](http://www.sama.sk.ca)) and accessed free of charge. The exception would be valuation rates established under license using Marshall & Swift/Boeckh, LLC costing publications *Marshall Valuation Service* and *The Residential Cost Handbook*.

SAMA's major publications include the *Saskatchewan Assessment Manual (2011 Base Year, 2015 Base Year)*, *SAMA's 2011 and 2015 Cost Guides* and the *Market Value Assessment in Saskatchewan Handbook*. The *Saskatchewan Assessment Manual* has the force of regulation and must be complied with, while the Cost Guide and Market Value Handbook do not – they are documents within the market valuation standard.

Hard copies of the revaluation publications as well as the Marshall costing publications are available for a fee that covers the cost to print the documents and any applicable third party license fees.

Marshall & Swift/Boeckh, LLC., is a recognized industry leader in costing of commercial and residential property with regards to the application of the cost approach. Other assessment service providers may also refer to the Marshall costing publications. SAMA uses the *Marshall Valuation Service* for the majority of commercial properties valued using the cost approach. *The Residential Cost Handbook* is the basis for estimating replacement costs for both single and multi-family residences. For clarification, the *Assessment Manual*, *SAMA's Cost Guide, Handbook* and Marshall costing publications complement each other in the application of the cost approach.

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### ❖ INFORMATION SERVICES

In 2014, SAMA's Information Services Branch (IS) continued to focus on ensuring the Agency is served by modern and efficient technology. One of the branch's main focuses for 2014 was the implementation of SAMA's Technology Infrastructure (TI) program.

### ❖ TECHNOLOGY INFRASTRUCTURE (TI) PROGRAM

SAMA's 2014 to 2017 funding plan is focused on improving our employees' ability to deliver services to our client municipalities by simplifying valuation policies, implementing new technologies and improving our processes. The Agency's TI Program will make up a large part of this effort.

In 2014, work began on an update to our internal computer systems, and the future development of new technologies. Systems development will require 24 months, and initial implementation of the new technologies will start in 2016 following the completion of updates to our internal computer systems, and be fully implemented by 2018.

### ❖ SAMAVIEW

SAMAView is a website application that allows the general public access to individual property assessments for all SAMA client jurisdictions. SAMA continues to support the use of SAMAView as a way of maintaining the transparency of assessments to the public.

You can access SAMAView by going to SAMA's website ([www.sama.sk.ca](http://www.sama.sk.ca)) and clicking on the SAMAView link.

## ADMINISTRATIVE REPORT

### ❖ WHAT ARE THE BENEFITS OF SAMAVIEW?

With SAMAView you can:

- ❖ Verify your property assessment information;
- ❖ Compare your assessment to similar or neighbouring properties; and
- ❖ Get a general idea of assessed values in your municipality.

### ❖ OTHER KEY 2014 INITIATIVES:

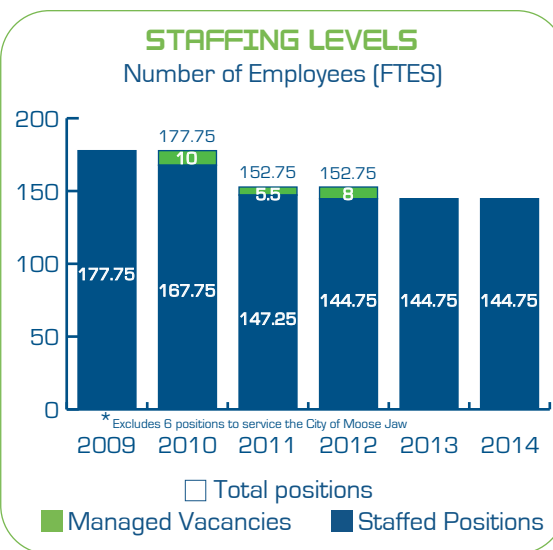
- ❖ SAMA moved data centre operations from CGI to ISM. The major project included an upgraded connection to the data centre, 10x faster SAN (Storage Attached Network) disk speeds and a new virtual server hosting environment;
- ❖ IS Replaced servers in all eight SAMA regional offices; and
- ❖ Employee laptops were refreshed in three SAMA offices.

### ❖ HUMAN RESOURCES

For the year 2014, the Agency's budgeted number of employees was 144.75 permanent positions. 109 positions were in the Assessment Services division, which does not include 6 positions that are part of our assessment service contract with the City of Moose Jaw.

Items of note for 2014:

- ❖ With the number and magnitude of changes that will occur at the Agency through the Technology Infrastructure Program, the Agency identified the need for a program that would provide tools to assist in meeting or exceeding our objectives. Change management is a structured process that integrates, accelerates and optimizes individuals' involvement in changes to ensure that lasting benefits of change and projected return on investment is achieved. A change management program was implemented in 2014 and will become a key success factor for future Agency initiatives.
- ❖ The Agency has always met its duty under the *Saskatchewan Occupational Health and Safety Act*. To enhance our commitment to employee wellness, in 2014 we implemented a more comprehensive Health and Safety Program to ensure that the health and safety of our employees is held as a top priority.
- ❖ The Agency is constantly striving to become a better organization - more productive, innovative, service-oriented and better managed. This includes being attuned and responsive to employee needs. We examine the way we run our organization by conducting regular employee engagement surveys. We have conducted employee surveys in 2007, 2009, 2011 and 2013, and have improved a number of areas as a result of employee feedback. Following the 2013 survey, the management team facilitated employee feedback and action planning sessions, and created an action plan to address the key issues identified in the survey. Part of the action plan was to conduct an interim, or "pulse" survey to see how the plan has enabled us to address the key issues. We conducted the pulse survey in the spring of 2014. Results from the pulse survey show an upward trend in employee engagement from the 2013 survey.
- ❖ Held our annual Agency-wide staff meeting in October.



## ADMINISTRATIVE REPORT

### ❖ WORKFORCE PLANNING

The Agency continues to address workforce planning by:

- ❖ Recruiting people with the right type of attitude and motivation that are committed to their work, and building a high performance work environment that helps retain key talent and fully engages the right people; and
- ❖ Enhancing the Agency's employee engagement strategies to build and sustain a healthy and viable organization.

SAMA remains committed to working with Lakeland Community College in Vermilion, Alberta to recruit new personnel. The Agency continues its:

- ❖ \$500 annual bursary, awarded to a first-year student with the highest grade point average in assessment appraisal studies; and
- ❖ Attendance at the annual Business Job Fair at Lakeland Community College's Lloydminster campus.

### ❖ EMPHASIS ON TRAINING AND PROFESSIONAL ACCREDITATIONS

Throughout 2014, SAMA continued to place significant emphasis on training and development for all employees. SAMA's employees continue to have considerable success with their attainment of professional accreditations.

The success of SAMA's efforts in providing property assessment services within Saskatchewan depends on the knowledge, skills and expertise of our employees, and the Agency's ability to attract and retain a talented and skilled workforce in a highly competitive market.

### ❖ COMMUNICATIONS

In 2014, SAMA's Communications Branch was focused on improving the way we connect with our clients and stakeholders. This included the implementation of a 2014 Communications plan that focused on the various aspects of the Agency's 2014-2017 Budget and Funding plan.

SAMA Communications is responsible for drafting and updating the Agency's various pieces of informational literature. All of the Agency's pamphlets and brochures are available on our website ([www.sama.sk.ca](http://www.sama.sk.ca)).

SAMA is committed to ensuring that the Agency is served by modern and efficient technology. From a communications perspective, SAMA's website ([www.sama.sk.ca](http://www.sama.sk.ca)) is a vital part of how we communicate with our stakeholders, our client municipalities and the public.



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FINANCIAL REPORT

2014

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FINANCIAL REPORT



## SUMMARY OF 2014 FINANCIAL RESULTS

### ❖ OPERATING REVENUES

Operating revenues increased by \$632,676 or 3.8% to \$17,363,753 from \$16,731,077 in 2014

- ◆ The provincial grant of \$10,087,000 remained at the requested level of funding for 2014.
- ◆ The municipal invoice increased \$578,600 over 2013 comprising a planned 8.1% uniform increase to all client municipalities totalling \$469,682 and \$108,918 from 10 returning municipalities.
- ◆ Other revenues increased by \$54,076 from 2013 primarily because of increased sales of assessment information.

### ❖ OPERATING EXPENSES

Total operating expenses increased by \$804,208 or 4.9% to \$17,169,931 from \$16,365,723 in 2014

- ◆ Salaries and benefits increased \$563,034 or 4.6% due to negotiated wage and pension increases, salary increments and a summer student program.
- ◆ Professional fees increased \$176,442 or 131.4% primarily because of increased external legal expenses required to support commercial property appeals.
- ◆ Printing and data licensing increased \$89,916, over 2013, to provide for 3rd party licensing charges for the use of cost data required for the province-wide assessment revaluation in 2017.
- ◆ Computer services, software and supplies decreased \$130,496 because of reduced software purchases in 2014.
- ◆ Travel expenses increased by \$91,979 because of increased inspection activity in 2014, and other expenses increased by a net \$13,333.

### ❖ OPERATING DEFICIT, RESERVE ALLOCATION AND THE TECHNOLOGY INFRASTRUCTURE (TI) PROGRAM

The Agency recorded an operating deficit of \$226,666 in 2014 after \$420,488 was transferred to the capital fund for purchase of capital assets including \$227,508 in development costs for the TI Program.

- ◆ The reduction in net assets of \$226,666 (excluding capital assets) in 2014 consisted of a \$58,300 decrease in unrestricted net assets and a \$168,366 reduction in amounts held in reserve.
- ◆ The net decrease in reserves of \$168,366 is the result of 2014 reserve expenditures of \$556,366 and reserve replenishments of \$388,000 targeted to Board approved 2015 expenditures.
- ◆ The four-year TI Program was launched in 2014 with first-year funds of \$623,860 provided by client municipalities and agency internal reserve re-allocations of \$640,500 of which \$227,508 was expended in 2014. Total TI expenditures in 2014 were \$851,368.

## AUDITOR'S REPORT

### ❖ INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Saskatchewan Assessment Management Agency

We have audited the accompanying financial statements of Saskatchewan Assessment Management Agency, which comprise the statements of financial position as at December 31, 2014, and the statements of revenues and expenses and changes in fund balances, and cash flows for the year ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Assessment Management Agency as at December 31, 2014, and the results of its operations and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Deloitte LLP*

Chartered Professional Accountants

February 27, 2015  
Regina, Saskatchewan

# FINANCIAL STATEMENTS

## SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 270,943	\$ 389,252
Accounts receivable and accrued interest	35,282	74,435
Municipal invoice receivable	2,605	9,555
Province of Saskatchewan grant receivable	1,521,750	1,521,750
Government remittance receivable	52,384	71,391
Prepaid expenses	339,787	325,069
	<b>2,222,751</b>	2,391,452
 CAPITAL ASSETS (Note 3)	 1,212,626	 951,304
INTANGIBLE ASSET (Note 4)	11,256	18,761
	<b>\$ 3,446,633</b>	<b>\$ 3,361,517</b>
 <b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 495,780	\$ 436,810
Government remittances payable	789	-
Deferred revenue	103,472	105,266
Current portion of deferred contributions related to SPAN (Note 5)	-	578,747
Current portion of obligation under capital lease (Note 7)	29,228	29,228
	<b>629,269</b>	1,150,051
 DEFERRED CONTRIBUTIONS RELATED TO TI PROGRAM (Note 6)	 623,860	 -
OBLIGATION UNDER CAPITAL LEASE (Note 7)	27,805	54,257
	<b>1,280,934</b>	1,204,308
 <b>NET ASSETS</b>		
Capital fund	542,989	307,833
Operating fund		
Reserves (Note 8)	1,327,789	1,496,155
Unrestricted	294,921	353,221
	<b>1,622,710</b>	1,849,376
	<b>2,165,699</b>	2,157,209
	<b>\$ 3,446,633</b>	<b>\$ 3,361,517</b>

See accompanying notes

### APPROVED BY THE BOARD



Director



Director



## FINANCIAL STATEMENTS

### SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

### STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE - OPERATING FUND

Year ended December 31, 2014

	Budget 2014 (Unaudited)	Actual 2014	Actual 2013
<b>REVENUES</b>			
Province of Saskatchewan operating grant	\$ 10,087,340	\$ 10,087,000	\$ 10,087,000
Municipal invoices	6,254,170	6,377,122	5,798,522
Fees	336,000	327,316	279,429
Interest	20,000	29,954	17,120
Appraisal and assessment services	492,880	508,941	510,785
Miscellaneous	52,500	33,420	38,221
	<b>17,242,890</b>	<b>17,363,753</b>	<b>16,731,077</b>
<b>EXPENSES</b>			
Geospatial imagery	86,940	64,302	64,965
Bank and payroll charges	22,000	25,356	24,795
Communications	18,000	14,171	22,068
Computer services, software and supplies	1,133,270	1,087,706	1,218,202
Insurance	22,000	19,402	19,040
Land titles information	220,000	188,711	205,121
Office	484,010	429,300	400,887
Printing and data licensing	201,930	209,588	119,672
Professional	208,610	310,690	134,248
Rent	1,110,880	1,091,074	1,087,918
Salaries and benefits	12,608,790	12,760,253	12,197,219
Staff training and development	245,320	230,058	224,247
Travel and accommodation	786,430	739,320	647,341
	<b>17,148,180</b>	<b>17,169,931</b>	<b>16,365,723</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>94,710</b>	<b>193,822</b>	<b>365,354</b>
Inter-fund transfers			
Capital asset purchases	(272,700)	(420,488)	(161,598)
<b>Operating fund balance, beginning of year</b>	<b>1,500,000</b>	<b>1,849,376</b>	<b>1,645,620</b>
Operating fund balance, end of year	1,322,010	1,622,710	1,849,376
Reserves (Note 8)	(1,322,010)	(1,327,789)	(1,496,155)
<b>UNRESTRICTED FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 294,921</b>	<b>\$ 353,221</b>

## FINANCIAL STATEMENTS

### ❖ SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

### ❖ STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE - CAPITAL FUND

Year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>		
Province of Saskatchewan restricted grant (Note 5)	\$ 578,747	\$ 578,752
<b>EXPENSES</b>		
Amortization of capital assets (Note 3)	756,574	764,698
Amortization of intangible asset (Note 4)	7,505	12,507
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>(185,332)</b>	<b>(198,453)</b>
<b>Inter-fund transfers</b>		
For purchase of capital assets	420,488	161,598
<b>CAPITAL FUND, BEGINNING OF YEAR</b>	<b>307,833</b>	<b>344,688</b>
<b>CAPITAL FUND, END OF YEAR</b>	<b>\$ 542,989</b>	<b>\$ 307,833</b>

*See accompanying notes*

## FINANCIAL STATEMENTS

### ❖ SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

### ❖ STATEMENT OF CASH FLOWS

Year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
<b>OPERATING</b>		
Excess of revenues over expenses:		
Operating fund	\$ 193,822	\$ 365,354
Capital fund	(185,332)	(198,453)
Items not affecting cash:		
Amortization of capital assets	756,574	764,698
Amortization of intangible asset	7,505	12,507
Amortization of deferred SPAN contributions	(578,747)	(578,752)
	<b>193,822</b>	<b>365,354</b>
Changes in non-cash working capital:		
Accounts receivable and accrued interest	39,153	(6,068)
Government remittances receivable	19,007	(1,316)
Municipal requisitions receivable	6,950	2,990
Province of Saskatchewan grant receivable	-	(130,500)
Prepaid expenses	(14,718)	8,435
Accounts payable	58,970	(53,019)
Government Remittances	789	(2,314)
Deferred revenue	(1,794)	3,719
Deferred contribution - TI Program	623,860	-
	<b>926,039</b>	<b>187,281</b>
<b>INVESTING</b>		
Purchase of capital assets	(1,017,896)	(136,420)
<b>FINANCING</b>		
Repayment of obligation under capital lease	(26,452)	(40,049)
<b>(DECREASE) INCREASE IN CASH</b>	<b>(118,309)</b>	<b>10,812</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>389,252</b>	<b>378,440</b>
<b>CASH, END OF YEAR</b>	<b>\$ 270,943</b>	<b>\$ 389,252</b>

See accompanying notes

## FINANCIAL STATEMENTS

### ❖ SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

### ❖ NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2014

#### ❖ 1. STATUTORY AUTHORITY

The Saskatchewan Assessment Management Agency (the "Agency") was established under the authority of *The Assessment Management Agency Act* (the "Act") on March 1, 1987. The Agency is exempt from income taxes pursuant to Section 149(1) of The Income Tax Act.

#### ❖ 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("NPO Standards") and reflect the following policies:

##### *a) Use of estimates*

The preparation of financial statements in conformity with NPO Standards requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

##### *b) Fund accounting*

The financial statements have been prepared in accordance with NPO Standards using the restricted fund method of reporting restricted contributions.

The Operating Fund accounts for the Agency's program delivery and administrative activities.

The Capital Fund reports the assets, revenue and expenses related to the Agency's capital assets.

##### *c) Capital assets*

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated using the diminishing balance method, except for leasehold improvements and the SPAN system, which are being amortized using the straight-line method over the lease term and lives of the assets, respectively.

##### *d) Impairment of long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.



## ❖ 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### e) *Intangible asset*

The Agency has no intangible assets with an indefinite life. Other intangible assets are accounted for at cost. Amortization is based on their estimated useful life using the straight line method.

### f) *Computer software development costs*

Computer software development costs are expensed unless they meet the criteria for capitalization provided for under NPO Standards. Costs are capitalized only to the extent that their recovery is reasonably assured. These costs are amortized over the anticipated period of benefit beginning when the development reaches substantial completion.

### g) *SPAN development costs*

Expenditures related to the development of the Saskatchewan Property Assessment Network ("SPAN") were capitalized. The project, which began in June 2002 and was substantially completed in January 2005, allowed the Agency to modernize the computer system used for provincial property assessment. Costs directly related to the project have been capitalized, with the exception of those related to training. The determination of future benefit to be realized from the project is one that involves significant management judgment.

### h) *Technology Infrastructure Program development costs*

Expenditures related to the development of the Technology Infrastructure ("TI") Program were capitalized. The project began in 2014 and will continue until 2017 with amortization of the costs to begin in 2018. The project purpose is to significantly improve the computer system used for provincial property assessment and thereby increase the Agency's inspection capacity. Costs directly related to the project have been capitalized with the exception of those related to training. The determination of future benefit to be realized from the project is one that involves significant management judgement.

### i) *Reserves*

Reserves are established by Board of Directors' approval through appropriations of unrestricted net assets.

### j) *Revenue recognition*

The Agency follows the deferral method of accounting for grants and other contributions received from the Province of Saskatchewan, and the municipal requisitions from participating municipalities. Approved operating grants and municipal requisitions are recorded as revenue in the period to which they relate. Grants and municipal requisitions approved but not received at the end of an accounting period are accrued. Other revenues are recognized as revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collection is reasonably assured.

Externally restricted contributions for future expenses are recognized as revenue in the year in which the related expenses are incurred. Externally restricted contributions for capital assets are deferred and recognized as revenue in the period the related amortization of the capital assets occurs.

**❖ 2. SIGNIFICANT ACCOUNTING POLICIES (continued)***k) Financial instruments*

The Agency initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The Agency's financial assets measured at amortized cost include cash, accounts receivable and accrued interest, municipal requisition receivable, and Province of Saskatchewan grants receivable.

Transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life using the effective interest method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Agency recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

*Foreign exchange risk*

The Agency does not have any significant exposure to foreign exchange risk.

*Interest rate risk*

The Agency is not exposed to significant interest rate risk.

*Credit risk*

The Agency is not dependent on any single customer or group of customers. There is no concentration of credit risk related to the Agency's accounts receivable.

*Liquidity risk*

The Agency's objective is to have sufficient liquidity to meet its liabilities when due. The Agency monitors its cash balance and cash flows generated from operations to meet its requirements. As at December 31, 2014, the most significant financial liabilities are: accounts payable and obligations under capital lease.

**❖ 3. CAPITAL ASSETS**

			<b>2014</b>	<b>2013</b>
	<u>Cost</u>	<u>Accumulated</u>	<u>Net Book</u>	<u>Net Book</u>
		<u>Amortization</u>	<u>Value</u>	<u>Value</u>
Computer and equipment	\$ 347,654	\$ 219,918	\$ 127,736	\$ 106,096
Furniture and equipment	757,758	686,871	70,887	47,366
Leasehold improvements	246,613	212,937	33,676	16,621
SPAN system	5,940,000	5,940,000	-	578,747
TI Program (Note 2(h))	841,111	-	841,111	-
Furniture and equipment under capital lease	138,530	67,603	70,927	88,659
Computer and equipment under capital lease	451,649	383,360	68,289	113,815
	<b>\$ 8,723,315</b>	<b>\$ 7,510,689</b>	<b>\$ 1,212,626</b>	<b>\$ 951,304</b>

Amortization expense for the year comprised the following:

	<b>2014</b>	<b>2013</b>
Amortization of equipment and leasehold improvements	<b>\$ 177,827</b>	\$ 185,946
Amortization of SPAN system	<b>578,747</b>	578,752
	<b>\$ 756,574</b>	<b>\$ 764,698</b>

**❖ 4. INTANGIBLE ASSET**

			<b>2014</b>	<b>2013</b>
	<u>Cost</u>	<u>Accumulated</u>	<u>Net Book</u>	<u>Net Book</u>
		<u>Amortization</u>	<u>Value</u>	<u>Value</u>
Computer software	\$ 120,336	\$ 109,080	\$ 11,256	\$ 18,761

**❖ 5. DEFERRED CONTRIBUTIONS RELATED TO SPAN**

In 2007, the Agency received a restricted contribution for the development and implementation of SPAN. The Agency is required to demonstrate to the Province of Saskatchewan that the conditions attached to the funding are being met.

	<b>2014</b>	<b>2013</b>
Deferred contributions, beginning of year	<b>\$ 578,747</b>	\$ 1,157,499
Amortization of deferred contributions	<b>(578,747)</b>	(578,752)
Deferred contributions, end of year	-	578,747
Current portion	-	(578,747)
	<b>\$ -</b>	<b>\$ -</b>



## ❖ 6. DEFERRED CONTRIBUTIONS RELATED TO TI PROGRAM

The TI Program is a four-year capital project for new technology requiring an investment of \$4,900,000. A capital funding levy of \$623,860 from client municipalities was implemented in 2014 to provide a portion of the financing.

The Agency is required to demonstrate to provincial municipal organizations, the Saskatchewan Association of Rural Municipalities and the Saskatchewan Urban Municipalities Association that the conditions attached to the funding are being met.

## ❖ 7. OBLIGATIONS UNDER CAPITAL LEASE

Future minimum payments under capital leases together with the balance of the obligations due under the capital leases are as follows:

	<u>2014</u>	<u>2013</u>
Lease contract, repayable in monthly instalments of \$2,492 including interest at 5%	\$ 57,033	\$ 83,485
Current portion	(29,228)	(29,228)
	\$ 27,805	\$ 54,257

Future minimum payments under capital leases together with the balance of the obligations due under the capital leases are as follows:

2015	\$ 29,905
2016	29,905
	59,810
Less amounts representing interest	2,777
	57,033
Current portion	29,228
	\$ 27,805

## ❖ 8. INTERNALLY RESTRICTED RESERVES

	<u>2014</u>	<u>2013</u>
<b>Reserves, beginning of year</b>	<b>\$ 1,496,155</b>	<b>\$ 1,370,186</b>
Reserves made during the year	388,000	408,000
Approved expenditures made during the year (net of transfers)	(556,366)	(282,031)
<b>Reserves, end of year</b>	<b>\$ 1,327,789</b>	<b>\$ 1,496,155</b>

The balance in reserves comprised the following:

	<u>2014</u>	<u>2013</u>
Reserve for communications	\$ -	\$ 35,000
Reserve for computer enhancements	17,134	212,252
Reserve for professional fees	782,663	919,820
Reserve for travel	115,000	115,000
Reserve for job reclassification	-	214,083
Reserve for technology infrastructure program	412,992	-
	\$ 1,327,789	\$ 1,496,155



**❖ 8. INTERNALLY RESTRICTED RESERVES (continued)***a) Reserve for communications*

A reserve has been established to provide for the purchase of goods and services required for communication related to the assessment revaluation system. In 2014, \$35,000 was transferred from the reserve to the reserve for technology infrastructure program.

*b) Reserve for computer enhancements*

A reserve has been established to provide for the purchase of computer software, equipment and services necessary for assessment processes. In 2014, \$195,118 (2013 – \$nil) was transferred from the reserve to the reserve for technology infrastructure program and approved expenditures were \$nil (2013 – \$45,741).

*c) Reserve for professional fees*

A reserve has been established to provide for the purchase of legal, appraisal and other professional services related to property appeals, support of value, GIS development and recruitment and retention. In 2014, \$388,000 (2013 – \$408,000) was transferred to the reserve, \$196,299 was transferred from the reserve to the reserve for technology infrastructure program and approved expenditures were \$328,858 (2013 – \$236,290).

*d) Reserve for travel*

A reserve has been established to provide for travel costs that will be incurred relating to the physical re-inspection of property in municipalities.

*e) Reserve for job reclassification*

A reserve has been established to provide for retroactive wage costs incurred to implement a job reclassification system. In 2014, \$214,083 (2013 – \$nil) was transferred from the reserve to the reserve for technology infrastructure program.

*f) Reserve for technology infrastructure program*

A reserve has been established for costs incurred to design and implement a four-year program to make improvements to the Agency's central assessment database. In 2014, \$640,500 was reallocated to the reserve from existing reserves and approved expenditures were \$227,508.

## ❖ 9. COMMITMENTS

The Agency has leased premises in locations in Regina, Saskatoon, Yorkton, Weyburn, Melfort, Swift Current, Moose Jaw and North Battleford. The leases are to expire between 2015 and 2018. Annual lease payments over the next four years are as follows:

2015	\$ 1,071,763
2016	912,728
2017	802,821
2018	10,417

The Agency has contracts for TI Program development and computer services outsourcing with the following payments due over the next seven years:

2015	\$ 840,788
2016	291,232
2017	287,152
2018	283,528
2019	272,388
2020	253,888
2021	189,308

## ❖ 10. PENSION EXPENSE

Employees make contributions to the Public Employees Pension Plan ("PEPP"), a defined-contribution plan.

In accordance with the Agency's union agreement with its employees effective January 1, 2014 the employer's contribution rate increased from 7.0% to 7.5% of an employee's salary.

The total pension cost to the Agency for employees in PEPP was \$824,797 (2013 - \$718,839).

### ❖ 11. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Agency by virtue of significant influence by the Province of Saskatchewan, non-Crown corporations and enterprises subject to joint control and significant influence by the Province of Saskatchewan and investee corporations accounted for under the equity method (collectively referred to as “related parties”).

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year-end are as follows:

	<u>2014</u>	<u>2013</u>
Operating expenses	\$ 1,722,607	\$ 1,961,210
Accounts payable	155,329	28,446
Government remittances receivable	52,384	71,391
Government remittances payable	789	-
Accounts receivable	-	2,259

In addition, the Agency pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other amounts and transactions due to (from) related parties and the terms of settlement are described separately in these financial statements and notes thereto.

### ❖ 12. ECONOMIC DEPENDENCE

The Agency is economically dependent on the Province of Saskatchewan due to the extent of its funding of the Agency’s operations (59%) (2013 – 60%).

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SASKATCHEWAN ASSESSMENT  
MANAGEMENT AGENCY

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Quality Assurance undertakes statutory property assessment audits, and manages the assessment roll confirmation process to ensure that a municipality's property assessments are generally accurate and compliant.

Gordon S. Senz, Managing Director  
March 1, 2015

## QUALITY ASSURANCE REPORT



# 2014

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Quality Assurance undertakes statutory property assessment audits, and manages the assessment roll confirmation process to ensure that a municipality's property assessments are generally accurate and compliant.

Gordon S. Senz, Managing Director  
March 1, 2015

## QUALITY ASSURANCE REPORT



## QUALITY ASSURANCE

### ❖ SAMA IS THE REGULATORY AGENCY RESPONSIBLE FOR PROPERTY ASSESSMENT IN SASKATCHEWAN.

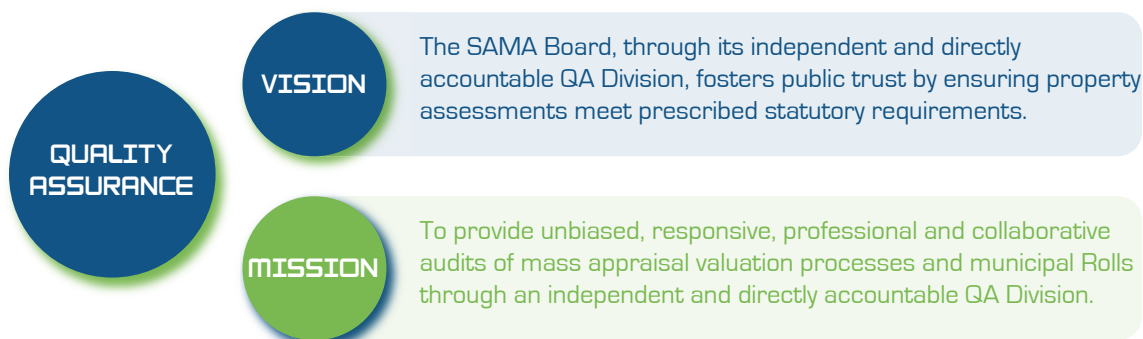
SAMA's independent Quality Assurance Division is responsible for the assessment roll confirmation process, undertaking assessment audits (annual confirmation and primary audits on all municipalities) to ensure that municipalities' assessments are prepared and administered in accordance with the requirements set out in applicable legislation.

### ❖ QUALITY ASSURANCE DIVISION IS INDEPENDENT FROM THE REST OF THE AGENCY.

It has no involvement in property assessment valuation, or setting of policy respecting property assessment valuation. Quality Assurance is accountable directly to the SAMA Board of Directors through the Managing Director of Quality Assurance.

### ❖ THE SAMA BOARD OF DIRECTORS DEVELOPED AND ADOPTED VISION, MISSION, AND PRINCIPLES SPECIFICALLY FOR THE AGENCY'S QUALITY ASSURANCE (OVERSIGHT) MANDATE.

The Vision, Mission, and Principles establish the Board's position and expectations regarding the property assessment audit mandates, and the efforts undertaken by Quality Assurance in conducting its audit work.



For more information regarding Quality Assurance and the audits undertaken by the division, please visit the SAMA website ([www.sama.sk.ca](http://www.sama.sk.ca)) and refer to the document 'Property Assessment Audits in Saskatchewan Guide' under the Audit Guides option.

### ❖ THE CONFIRMATION AUDIT

This audit reviews for accuracy and statutory compliance of a municipality's assessment roll. The confirmation audit is initiated once a municipality submits an assessment return to Quality Assurance. The return form (established by Board Order) requires the municipality to report all changes made to their assessment roll since it was last confirmed.

For the 2014 assessment roll year, Certificates of Confirmation were issued for 752 municipalities (97.5% of all returns submitted to SAMA for 2014). As at March 1, 2015 confirmation audits were in progress for 5 municipal assessment rolls, and 14 assessment returns that have not yet been submitted for 2014. Assessment rolls that were confirmed for 2014 met the statutory accuracy and compliance requirements. Quality Assurance provided considerable assistance to municipalities over the year in resolving various assessment roll issues.

### ❖ THE PRIMARY AUDIT

This audit reviews the compliance of appraisal level for improved residential and commercial properties that have sold. Legislation requires these two property types to be valued using the "market valuation standard." The appraisal level audit reviews the median ratio of assessment to adjusted sale price for the two property types at the municipal level to ensure there is compliance with the statutory median assessment to sale ratio range of 0.98 to 1.02. When the median assessment to sale ratio is 1.00, that indicates that on average, these property types are assessed at the same level as the sale prices. Both the confirmation and primary audits must successfully pass in order for Quality Assurance to recommend the municipality's assessment roll for confirmation by the SAMA Board of Directors.

For 2014, all primary audits undertaken, passed, and were compliant with the regulated ratio.

### ❖ THE SECONDARY AUDIT

This audit is a detailed or comprehensive audit concerning matters of property assessment statutory compliance. Secondary audits would typically focus on matters of egregious statutory non-compliance. Secondary audits were not required in 2014.

## QUALITY ASSURANCE

- ❖ **QUALITY ASSURANCE MAINTAINS AND PUBLISHES INFORMATION RELATED TO PROPERTY ASSESSMENT AUDITS AND ASSESSMENT ROLL CONFIRMATIONS ON THE SAMA WEBSITE.**

Reports and information regarding assessment roll confirmations is kept current, and is generally updated within several days following SAMA Board meetings.

- ❖ **A SUMMARY OF CONFIRMED ASSESSMENT TOTALS**

These totals are presented in the two tables that follow. The first table summarizes confirmed assessment totals by tax class and municipal type for 2014. The second table summarizes year over year percentage change for confirmed taxable assessment totals by tax class from 2012 through 2014. More specific confirmed assessment information by municipality is available on the SAMA website.



2014		URBAN				
TAXABLE	CONFIRMED ASSESSMENTS	CITIES	TOWNS	VILLAGES	RESORT VILLAGES	ALL URBAN MUNICIPALITIES
	Non-Arable	551,320	711,280	481,881	230,400	1,974,881
	Other Agricultural	28,150,800	21,593,455	14,022,188	131,945	63,898,388
	Residential	36,484,099,730	5,949,391,907	1,353,865,860	460,616,240	44,247,973,737
	Multi-Unit	6,255,445,634	257,744,620	20,646,458	12,155,430	6,545,992,142
	Seasonal Residential	0	51,836,820	24,638,740	897,808,478	974,284,038
	Commercial and Industrial	13,275,780,485	1,085,947,293	169,266,598	44,880,400	14,575,874,776
	Elevators	86,113,100	86,913,625	21,871,750	0	194,898,475
	Railway R/W and Pipeline	91,662,330	23,849,600	27,141,400	30,300	142,683,630
	Taxable Total	56,221,803,399	7,477,988,600	1,631,934,875	1,415,853,193	66,747,580,067
EXEMPT	Non-Arable	2,898,840	499,120	77,000	234,960	3,709,920
	Other Agricultural	61,859,057	3,144,130	1,171,005	219,230	66,393,422
	Residential	415,626,272	154,576,315	28,827,162	32,718,070	631,747,819
	Multi-Unit	215,177,362	18,024,370	492,142	0	233,693,874
	Seasonal Residential	0	111,580	712,530	52,823,680	53,647,790
	Commercial and Industrial	12,399,427,199	1,571,376,377	403,357,352	32,449,100	14,406,610,028
	Elevators	0	20,472,800	615,950	0	21,088,750
	Railway R/W and Pipeline	44,632,670	6,253,900	3,808,600	0	54,695,170
	Exempt Total	13,139,621,400	1,774,458,592	439,061,741	118,445,040	15,471,586,773
PROVINCIAL GRANT-IN-LIEU	Non-Arable	9,480	400	0	0	9,880
	Other Agricultural	1,322,885	9,075	0	0	1,331,960
	Residential	79,013,710	28,499,240	5,049,240	0	112,562,190
	Multi-Unit	386,278,560	25,210,850	4,777,500	0	416,266,910
	Seasonal Residential	0	0	0	0	0
	Commercial and Industrial	967,885,987	45,384,000	6,283,700	3,179,000	1,022,732,687
	Elevators	0	0	0	0	0
	Railway R/W and Pipeline	570,500	832,500	0	0	1,403,000
	Provincial Grant-in-Lieu Total	1,435,081,122	99,936,065	16,110,440	3,179,000	1,554,306,627
FEDERAL GRANT-IN-LIEU	Non-Arable	0	0	0	0	0
	Other Agricultural	500,865	167,310	0	0	668,175
	Residential	72,710,210	5,174,190	2,861,320	0	80,745,720
	Multi-Unit	99,758,880	0	584,850	0	100,343,730
	Seasonal Residential	0	0	0	0	0
	Commercial and Industrial	397,343,900	30,439,400	5,926,900	0	433,710,200
	Elevators	0	0	0	0	0
	Railway R/W and Pipeline	12,530,500	2,908,200	506,100	0	15,944,800
	Federal Grant-in-Lieu Total	582,844,355	38,689,100	9,879,170	0	631,412,625
2012-2014		URBAN				
TAXABLE	CONFIRMED TAXABLE ASSESSMENTS	CITIES	RESORTS/TOWNS/VILLAGES		MUNICIPAL TOTALS	
	2012 Totals	29,021,063,718	5,357,434,129		34,378,497,847	
	% Change from 2011-12	4.20	-2.94		3.02	
	2013 Totals	54,910,084,882	10,313,940,950		65,224,025,832	
	% Change from 2012-13	89.21	92.52		89.72	
	2014 Totals	56,221,803,399	10,525,776,668		66,747,580,067	
	% Change from 2013-14	2.39	2.05		2.34	

RURAL	NORTHERN	SASKATCHEWAN
MUNICIPALITIES	MUNICIPALITIES	PROVINCIAL TOTAL
1,229,256,712	254,240	1,231,485,833
12,974,451,426	1,242,285	13,039,592,099
5,600,464,616	313,743,220	50,162,181,573
106,589,200	13,792,870	6,666,374,212
1,681,229,030	138,472,110	2,793,985,178
9,223,541,178	437,402,200	24,236,818,154
642,290,051	0	837,188,526
4,165,468,043	431,600	4,308,583,273
35,623,290,256	905,338,525	103,276,208,848
34,673,564	2,903,320	41,286,804
64,956,315	497,145	131,846,882
1,994,373,474	29,122,310	2,655,243,603
2,548,220	607,810	236,849,904
93,587,640	9,785,860	157,021,290
1,184,228,152	126,298,800	15,717,136,980
52,251,199	0	73,339,949
327,789,700	0	382,484,870
3,754,408,264	169,215,245	19,395,210,282
60,231,060	0	60,240,940
4,687,100	0	6,019,060
1,669,500	250,320	114,482,010
113,540	0	416,380,450
0	24,290	24,290
105,855,750	12,179,300	1,140,767,737
0	0	0
62,976,200	0	64,379,200
235,533,150	12,453,910	1,802,293,687
137,211,800	0	137,211,800
10,027,380	0	10,695,555
11,127,830	3,079,300	94,952,850
9,576,770	0	109,920,500
0	6,160	6,160
138,145,800	7,967,900	579,823,900
0	0	0
8,606,800	0	24,551,600
314,696,380	11,053,360	957,162,365
RURAL	NORTHERN	SASKATCHEWAN
MUNICIPAL TOTALS	MUNICIPAL TOTALS	PROVINCIAL TOTALS
24,417,786,040	694,482,980	59,490,766,867
2.56	0.82	2.80
36,136,733,281	991,085,605	102,351,844,718
47.99	42.71	72.05
35,623,290,256	905,338,525	103,276,208,848
-1.42	-8.65	0.90

**IMPORTANT  
APPLIES  
TO BOTH  
ADJOINING  
TABLES**

**2014 assessed values are calculated based on the following percentages for Urban, Rural and Northern Municipalities:**

	2014	2012/13
Non-Arable Land	40%	40%
Other Agricultural	55%	55%
Residential/Seasonal	70%	70%
Multi-Unit Residential	70%	70%
Commercial and Industrial	100%	100%
Elevators	100%	75%
Railway R/W and Pipeline	100%	75%

**THE FOLLOWING MUNICIPAL ASSESSMENT ROLLS WERE NOT CONFIRMED AS AT MARCH 1, 2015 FOR THE 2014 ASSESSMENT YEARS INDICATED. THEREFORE THEIR ASSESSMENT VALUES ARE NOT INCLUDED IN THE ADJOINING TABLES.**

YEAR	MUNICIPALITY
2014	N. Town of La Ronge
	N. Village of Sandy Bay
	Resort Village of Sun Valley
	R.M. of Blucher No. 343
	R.M. of Hazel Dell No. 335
	R.M. of Livingston No. 331
	R.M. of Langenburg No. 181
	R.M. of Osborne No. 310
	Town of Elrose
	Village of Arran
	Village of Calder
	Village of Duff
	Village of Ebenezer
	Village of Kinley
	Village of Lancer
2012 / 2013	Village of Lebret
	Village of Margo
	Village of Pimate
	Village of Rhein

❖ **CONFIRMED AGGREGATE ASSESSMENT TOTALS (PERCENTAGES OF VALUE APPLIED) BY TAX STATUS AND BY YEAR**





## SAMA CONTACT INFORMATION

### ❖ SAMA CENTRAL OFFICE ❖

200 - 2201 - 11th Avenue  
Regina SK S4P 0J8

Phone: 306.924.8000 Fax: 306.924.8070 Toll Free: 1.800.667.7262  
Web: [www.sama.sk.ca](http://www.sama.sk.ca)

### ❖ SAMA REGIONAL OFFICES ❖

#### MELFORT

1121 Main Street, P.O. Box 1089  
Melfort SK S0E 1A0

Phone: 306.752.6142 Fax: 306.752.6151 Toll Free: 1.800.216.4427

#### MOOSE JAW

228 Main Street North, 4th Floor  
Moose Jaw SK S6H 3J8

Phone: 306.694.4425 Fax: 306.694.4505 Toll Free: 1.866.398.7889

#### NORTH BATTLEFORD

303, 1101 - 101st Street  
North Battleford SK S9A 0Z5

Phone: 306.446.7665 Fax: 306.446.7568 Toll Free: 1.800.824.2570

#### REGINA

600 - 2201 - 11th Avenue  
Regina SK S4P 0J8

Phone: 306.924.8080 Fax: 306.924.8088 Toll Free: 1.800.498.0578

#### SASKATOON

300, 333 - 25th Street East  
Saskatoon SK S7K 0L4

Phone: 306.933.5385 Fax: 306.933.7997 Toll Free: 1.800.667.5203

#### SWIFT CURRENT

350 Cheadle Street West  
Swift Current SK S9H 4G3

Phone: 306.778.8444 Fax: 306.778.8445 Toll Free: 1.800.498.0574

#### WEYBURN

314 - 110 Souris Avenue  
Weyburn SK S4H 2Z8

Phone: 306.848.2397 Fax: 306.848.2399 Toll Free: 1.800.498.0575

#### YORKTON

45B Palliser Way  
Yorkton SK S3N 4C5

Phone: 306.786.1370 Fax: 306.786.1372 Toll Free: 1.800.498.0576

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200 - 2201 11th Avenue • Regina SK • S4P 0J8  
T: 306-924-8000 • TF: 800-667-7262 • F: 306-924-8070 • W: [www.sama.sk.ca](http://www.sama.sk.ca)