

**Assessor's Annual Report to the
Mason City Conference Board
Year ending 12-31-2017**



Mason City Conference Board

Chairperson:

Mayor Bill Schickel

City Council:

Paul Adams • John Jaszewski • John Lee •
Joshua Masson • Will Symonds • Tom Thoma

Cerro Gordo County Board of Supervisors:

Casey Callanan • Tim Latham • Chris Watts

Mason City Board of Education:

Doug Campbell • Jodi Draper • Lorrie Lala •
Jacob Schweitzer • Brent Seaton • Alan Steckman • Scott Warren

**2017 Report to the Mason City Conference Board
Office of the Mason City Assessor**

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February 1, 2018

Following is the 2017 Annual Report of the Mason City Assessor to the Mason City Conference Board. I hope you find this information useful.

Reappraisal Project Overview

One of the largest projects the Assessor's Office has been working on over the last few years is the Residential Reappraisal Project. The Mason City Conference Board approved the project with Vanguard Appraisals Inc. in 2013. The reappraisal was done for the purpose of equalizing assessments to ensure compliance with the state laws of Iowa, and the rules and policies of the Iowa Department of Revenue. It is worthwhile to note that Vanguard Appraisals was also contracted to reappraise property in Cerro Gordo County simultaneously with the Mason City project.

Issues prompting the reappraisal:

- Every odd-numbered year, the state will issue an equalization order to an entire class of property to adjust assessed values if the local assessor has not done so. In the last 20+ years, Mason City has had its assessed values "equalized" seven out of the last thirteen equalization cycles. This equalization causes an across the board percentage increase or decrease to all properties in that class (residential, commercial, or agricultural), whether it is warranted or not on individual parcels.
- When equalization orders were issued, the only notification property owners received in prior years was from a public notice in the newspaper. The vast majority of property owners are unaware of what the notice means to them personally, and they miss their opportunity to file an appeal to the local Board of Review.
- While the intention of an equalization order is good, when it happens repeatedly over a number of years, the inequity and lack of uniformity issues become compounded, causing extreme high and low assessments of individual properties. The end result is high property taxes for some, and low property taxes for others.
- Loss of local control. The local assessor lives in and works in their real estate market and is personally knowledgeable of their jurisdiction. The appraisers and examiners at the Department of Revenue in Des Moines do not have the same intimate knowledge of the jurisdiction. Repeated equalization orders shift the control of the property assessments from the assessor to the Iowa Department of Revenue.
- The intent of the laws comprising the Iowa property tax system is to create fair and equitable assessments for EVERY property, tied directly to the market value of real estate. Based on the results of sales ratio studies conducted to determine if a reappraisal was warranted, it is apparent we need to be more vigilant in ensuring individual assessments are fair and equitable for ALL properties in Mason City.

Local benefits of the reappraisal:

- A current market value assessment would be determined for EVERY property in Mason City, ensuring that each taxpayer is paying his or her fair share of the property tax bill, no more & no less.
- Accountability to taxpayers. Every property owner will be notified in writing of the change in their assessed value and have the opportunity to appeal the value if they choose.
- The results of the sales ratio study conducted to determine if a reappraisal was warranted indicated that high-end properties tend to be under-assessed, and low-end properties over-assessed. A reappraisal will correct these issues, resulting in an overall increase in taxable value because the high end properties comprise a larger portion of the overall tax base.
- Any real estate not currently listed on the assessment rolls will be discovered and listed, adding to the overall tax base.
- When the overall assessed values are increased, it DOES NOT mean that property taxes will increase. That decision is still in the hands of the levying entities (i.e. schools, cities, counties, etc.). What it does do is create a larger tax base to levy against if those entities so decide.
- Local control of assessments. These values will be determined for the current real estate market of Mason City, not based on state level across-the-board equalization orders from the Department of Revenue.

- Accurate assessment records provide for disaster preparedness. Accurate building sketches, land records, ownership records and market value assessments are a critical starting point for disaster recovery.
- Accuracy of our property records. Developers, realtors, appraisers, bankers, insurance agents, etc. depend on our records to do their jobs.
- The updated records will serve as a base line for the continued maintenance of these records by the City Assessor's Office. Revaluation can then be completed biannually, as required by Iowa law.

Background information:

There are 11,325 taxable residential parcels in Mason City. Residential properties account for 85% of all parcels in the entire city. They account for 55% of the total taxable value, which is what city, county, and school budgets levy against.

A sales ratio study was conducted for 1/1/2013 to determine if a residential reappraisal was warranted at that time (see Page 15). The analysis of the ratio study shows that although assessments were at an acceptable level of assessment with a median sales ratio of 103%, there are problematic inequities in the entire residential class of properties. The statistics from the ratio study shows homes in Mason City were not uniformly assessed among similar types of homes. The analysis also indicated low-end properties were over-assessed, and high-end properties tended to be under-assessed.

The inequities in assessments were not surprising since the residential properties in Mason City had not had a door-to-door reappraisal since 1992. Unless there has been a building permit, the assessor's office was generally unaware of any updates or improvements made to the interior, and in some cases exterior, of these properties for the last 25+ years.

The primary responsibility an assessor is charged with is uniformly and accurately listing and valuing all real estate in their jurisdiction. When the assessor and his or her staff is unaware of basements that have been finished, bathrooms that have been added, kitchens that have been remodeled, etc., it is likely assessments will become outdated.

The Mason City Conference Board approved a reappraisal of all residential properties in 2013. Vanguard Appraisals, Inc. of Cedar Rapids was hired by the Mason City Conference Board to list and value all residential properties in Mason City. The Residential Reappraisal project would take a few years to budget for, and two years to complete. Vanguard Appraisals, Inc. has nearly 50 years' experience in real estate appraisal and specializes in mass appraisal for assessment purposes.

Where the project is now:

A copy of the residential property record database was delivered to Vanguard in early 2016. Door-to-door inspections began in the spring of 2016 and wrapped up in summer of 2017. The next phase of the project involved real estate sales validation, establishing land values, establishing manual level and depreciation charts and application and preliminary property values.

Senior appraisers then conducted final field reviews in the fall of 2017 including listing new construction from building permits issued in 2017. Final values were established, final parcel editing was completed by Vanguard, and then the reappraisal project was delivered to the City Assessor the first week of 2017.

The assessed values determined are to be reflective of the market value of the property as of January 1, 2018. Only sales of real estate in Mason City were used in determining the assessed values for residential properties in Mason City. The Residential Sales Ratio Study for 1/1/2018 that analyzes the final results of the reappraisal project is included in this report (see Page 15). The reappraisal has address and corrected the inequity issues that were problematic while maintaining a median sales ratio of 99.77%. These are the results we expected to see after such a project.

At this time the project is being reviewed by the City Assessor and staff. There are still many quality, verification, and administrative processes that need to be completed before assessment notices can be mailed to property owners. Property owners will be notified of their updated assessment no later than April 1, 2018.

Sincerely,

Dana Shipley

Dana Shipley, ICA, RES, AAS
Mason City Assessor

**STAFF OF ASSESSOR'S OFFICE &
BOARD OF REVIEW MEMBERS
2017**

ASSESSOR'S OFFICE

Administration

Dana Shipley, ICA, RES, AAS

Mason City Assessor

Appointment term 1/1/2016 – 12/31/2021

Tara Fitzpatrick, ICA

Chief Deputy Assessor

Appointment term 7/29/2013 – 7/28/2019

Staff

Pamela Pingel

Residential Appraiser

Stephanie Halbur

Real Estate Clerk

BOARD OF REVIEW

Janel M. Nagel

Real estate appraiser

Appointment term 1/1/2013-12/31/2018

David Guetzko

Realtor

Appointment term 1/1/2015-12/31/2020

Ray Mechem

Real estate finance

Appointment term 1/1/2017-12/31/2022

STATEMENT OF ASSESSED VALUATIONS OF MASON CITY
As of July 1, 2017

Taxable Real Property (7-1-2016)		\$1,652,570,059
New Construction (added 1-1-2017)		\$ 20,680,895
Revaluation		\$ 61,315,419
Property Returned to Taxation		<u>\$ 377,991</u>
Total Taxable Real Property		\$1,734,944,364
Less:		
Demolition (removed 1-1-2017)	\$	1,318,700
Revaluation	\$	4,867,697
New Claims for Tax Exempt and Non-Taxable District Court and PAAB Decrees	\$	4,038,667
	\$	1,448,970
		<u>\$ 11,674,034</u>
Net Taxable Real Property		\$1,723,270,330
Utility Property (Assessed by the Department of Revenue)		\$ 106,961,652
Full Value of Taxable Real Property		\$1,830,231,982
Less Partial Exemptions:		
Urban Revitalization	\$	9,700,720
Pollution Control/Recycling	\$	1,331,340
Land Conservation	\$	285,950
		<u>\$ 11,318,010</u>
ADJUSTED VALUE OF NET TAXABLE REAL PROPERTY		\$1,818,913,972

**STATEMENT OF PROPERTY CLASSIFICATIONS OF MASON CITY
As of July 1, 2017**

Agricultural		
Number of Parcels		363
Total Agricultural Value	\$13,588,730	
Total Gross Acres	7,782.51	
Residential		
Number of Parcels		11,325
Total Residential Value	\$1,110,748,610	
Number of Dwellings	10,633	
Multiresidential		
Number of Parcels		194
Total Commercial Value	\$51,495,001	
Number of Units	157	
Commercial		
Number of Parcels		1,268
Total Commercial Value	\$444,018,439	
Number of Units	710	
Industrial		
Number of Parcels		<u>98</u>
Total Industrial Value	\$105,522,840	
Number of Units	36	
Total Taxable Parcels in Mason City		13,248
Exempt (government owned, schools, churches, etc.)		
Number of Parcels		<u>866</u>
Total Parcels in Mason City		14,114

ACTION OF THE 2017 BOARD OF REVIEW
Chair Ray Mechem, Janel Nagel, Dave Guetzko

The 2017 Board of Review considered 33 assessment appeals.

The Board of Review was in session for a total of 5 days.

TOTAL value of taxable real estate before BOR action: \$1,844,550,160

TOTAL value of real estate considered for protests: \$121,280,160

Total number of protests by class of property:

Agricultural	0
Residential	0
Multiresidential	0
Commercial	30
Industrial	<u>3</u>
TOTAL	33

Number of protests denied: 24

Number of protests upheld: 9

Reduction in value: - \$2,103,620

Increase in value: \$0

TOTAL value of real estate considered after BOR action: \$119,176,540

Reduction in total value of real estate considered: - 1.73%

Percentage of M.C. total taxable parcels appealed to BOR: 0.25%

Reduction in M.C. total taxable value after BOR action: - 0.11%

**DISTRICT COURT & PROPERTY ASSESSMENT APPEAL BOARD (PAAB)
Report for 2017**

District Court appeals filed after 2017 BOR Session: 1

PAAB appeals filed after 2017 BOR Session: 6

PAAB appeals by class of property:

Agricultural 0

Residential 0

Multiresidential 0

Commercial 6

Industrial 1

TOTAL 7

Number of appeals upheld: 0

Number of appeals denied: 0

Number of appeals settled: 0

Number of appeals withdrawn: 3

Number of appeals unresolved (2017 docket): 4

TOTAL reduction in assessed value from decisions: - \$0

PAAB appeals from 2016 docket decided in 2017:

Number of appeals upheld: 0

Number of appeals denied: 3 (all Commercial)

Number of appeals settled: 0

Number of appeals withdrawn: 0

TOTAL reduction in assessed value from decisions: - \$0

2017 TAX EXEMPT PROPERTY SUMMARY REPORT

TYPE OF EXEMPT PROPERTY

A. RELIGIOUS INSTITUTIONS (427.1(8))		
1. Churches	\$36,663,660	
2. Recreational.	\$0	
3. Schools.	\$9,179,200	
4. Residential	\$2,194,550	
5. Church Camps	\$0	
6. Others.	\$1,289,160	
TOTAL ALL RELIGIOUS INSTITUTIONS.		\$49,326,570
B. TOTAL ALL LITERARY SOC. & EDUCATIONAL INST. (427.1(8))		\$453,730
C. TOTAL ALL LOW RENT HOUSING (427.1(21))		\$1,072,990
D. TOTAL ALL ASSOCIATIONS OF WAR VETERANS (427.1(5))		\$239,400
E. CHARITABLE AND BENEVOLENT SOCIETIES (427.1(8))		
1. Hospitals	\$103,377,518	
2. Fraternal Organizations	\$2,116,310	
3. Agricultural Societies. .	\$749,905	
4. Retirement Homes	\$17,145,925	
5. Nursing Homes.	\$15,776,260	
6. Others.	\$43,828,493	
TOTAL ALL CHARITABLE & BENEVOLENT SOCIETIES . . .		\$182,994,411
F. TOTAL ALL LIBRARIES & ART GALLERIES (427.1(7))		\$0
G. TOTAL ALL DWELLING UNIT PROPERTY (427.1(21A))		\$0
H. TOTAL ALL HOMES FOR SOLDIERS (427.1(10))		\$0
I. TOTAL ALL RACETRACKS (427.1(2))		\$0
TOTAL ALL EXEMPT PROPERTY		\$234,087,101

CREDITS, EXEMPTIONS & MISC PROCESSES
As of July 1, 2017

Urban Revitalization Exemptions:		
New applications		14
Total U.R. exemptions		176
Homestead Credits:		
New applications		349
Disallowed credits		395
Total ongoing credits		7098
Disabled Veterans Homestead Credit Applications:		
New applications		17
Disallowed credits		5
Total ongoing credits		64
Military Credit:		
New applications		52
Disallowed credits		117
Total ongoing credits		1555
Business Property Tax Credit:		
New applications		50
Disallowed credits		49
Total ongoing credits		971
Other Credits/Exemptions:		
Forest & Fruit Tree Exemptions		14
Slough Bill Exemptions		7
Family Farm Tax Credits		26
Miscellaneous:		
Assessment Notices		1785
Building Permits (\$35,247,666 reported value)		399
Demolition Permits (\$207,640 reported value)		31
Deeds & Contracts		1083
Declaration of Value Statements		720
Apportionments & Combinations		19
Grain Tax Returns		5
Section 42 Housing Statements		6
Minimum Assessment Agreements		3

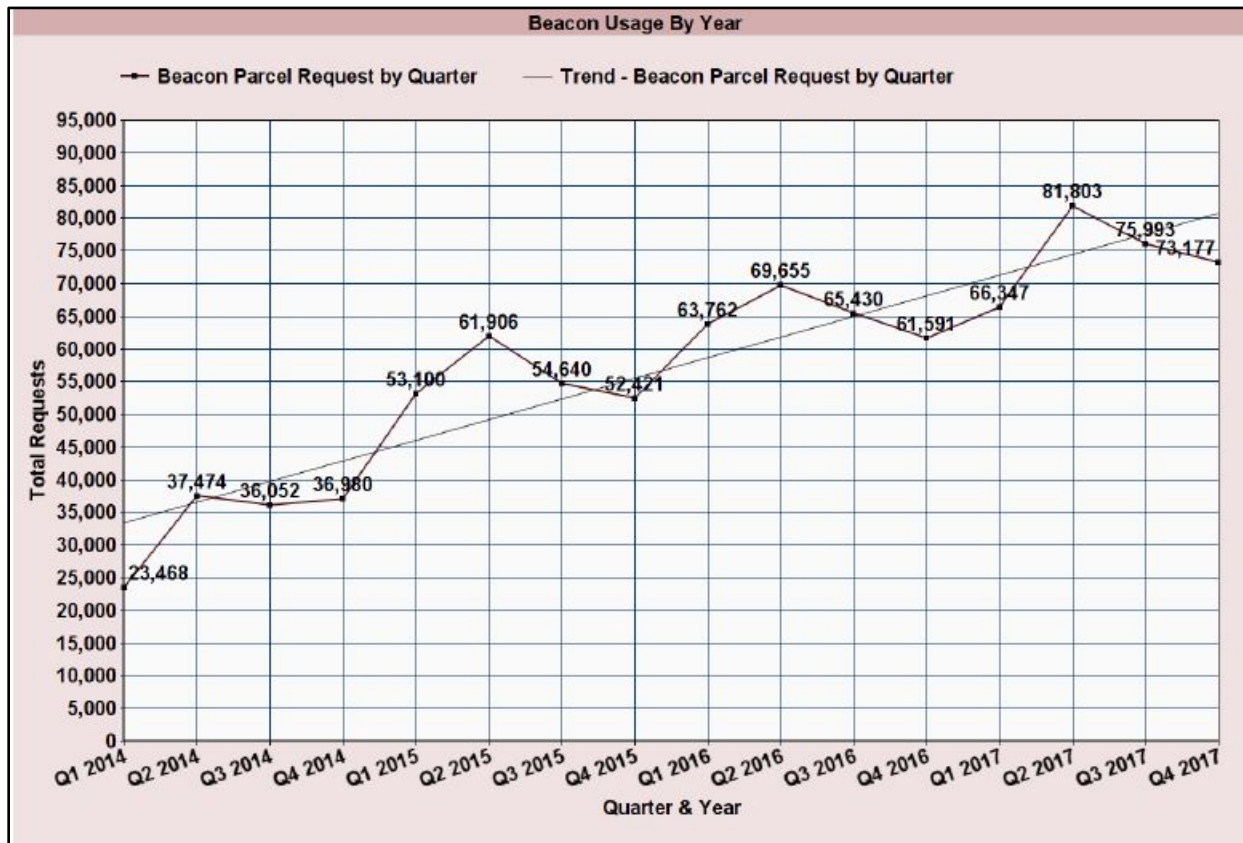
Beacon Real Estate Website Usage Report
1/1/2017-12/31/2017



116,171 – All-time Website Visits as of Dec 31, 2017

645,592 – All-time Parcels Requests as of December 31, 2017

Year	Visits	Ave. Visits/Day	Requests	Ave. Requests/Day	Ave. Requests/Visit
2013 (Q3-Q4)	1,302	3.58	9,754	26.80	7.49
2014	22,232	61.08	133,974	368.06	6.03
2015	39,455	108.39	222,067	610.07	5.63
2016	49,369	135.26	260,438	713.53	5.28
2017	55,870	153.49	297,320	816.81	5.32



1/1/2017 COMMERCIAL SALES RATIO STUDY

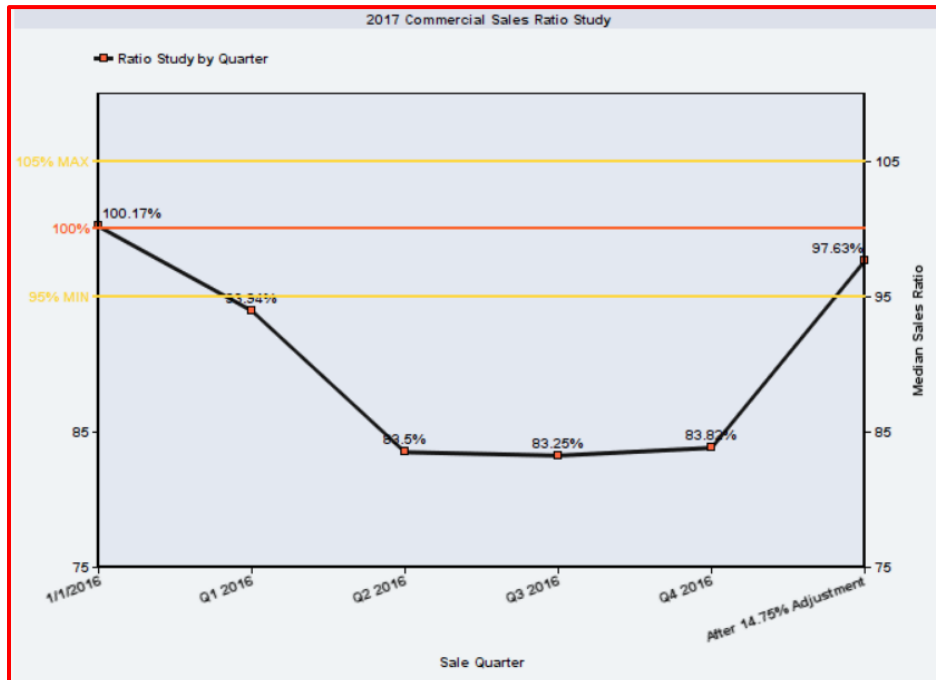
Analysis & Value Adjustments

January 1, 2017 is a revaluation year for Commercial property and a sales ratio study must be done to very assessments are in compliance with state law. If they are not in compliance, they must be trended into compliance by the Assessor, or the state will issue an equalization order.

- Commercial arm's length sales between 1/1/2016-12/31/2016 were used in the ratio study. A total of 24 sales were included in the sales ratio study.
- The median ratio of **83.82%** shows that overall assessments are not within 95-105% of market value and will need to be trended upward to comply with state law. 100% is the target ratio.
- Commercial assessments were increased 14.75% on average to be brought up to market value and comply with state laws.

Mason City Assessor				
1/1/2017 Commercial Sales Ratio Study (BEFORE)				
Study Name	COM SALES RATIO STUDY			
Study Date	01/01/2016-12/31/2016			
Table Basis	Assessed Value at Time of Sale			
Group Tally	Number of sales in group = 24 Deeds: 24; Contracts: 0; Other: 0			
	Low Assd Value	Mean	High Assd Value	Total
Sale Price	27,500	566,357	3,000,000	13,592,577
Land Value	0	0	0	0
Improvement Value	0	0	0	0
Total Assd Value	36,420	397,833	2,524,370	9,548,000
Statistical Measures				
High Ratio	270.16			
Low Ratio	23.94			
Weighted Mean	70.24			
Mean	96.44			
Median	83.82			
Coefficient of Dispersion - Median	35.14			
Coefficient of Dispersion - Mean	33.79			
Coefficient of Variance - Mean	56.55			
Price Related Differential (PRD)	1.37			
Price Related Bias (PRB)	-0.109			

Mason City Assessor				
1/1/2017 Commercial Sales Ratio Study (AFTER)				
Study Name	COM SALES RATIO STUDY			
Study Date	01/01/2016-12/31/2016			
Table Basis	Assessed Value after 1/1/2017 Parcel Revaluation (+14.75%)			
Group Tally	Number of sales in group = 24 Deeds: 24; Contracts: 0; Other: 0			
	Low Assd Value	Mean	High Assd Value	Total
Sale Price	27,500	566,357	3,700,000	13,592,577
Land Value	9,590	113,388	708,000	2,721,310
Improvement Value	21,110	368,840	2,255,570	8,852,150
Total Assd Value	30,700	482,228	2,963,570	11,573,460
Statistical Measures				
High Ratio	251.98			
Low Ratio	28.83			
Weighted Mean	85.15			
Mean	105.31			
Median	97.63			
Coefficient of Dispersion - Median	20.40			
Coefficient of Dispersion - Mean	20.51			
Coefficient of Variance - Mean	35.66			
Price Related Differential (PRD)	1.24			
Price Related Bias (PRB)	-0.063			



1/1/2017 RESIDENTIAL SALES RATIO STUDY

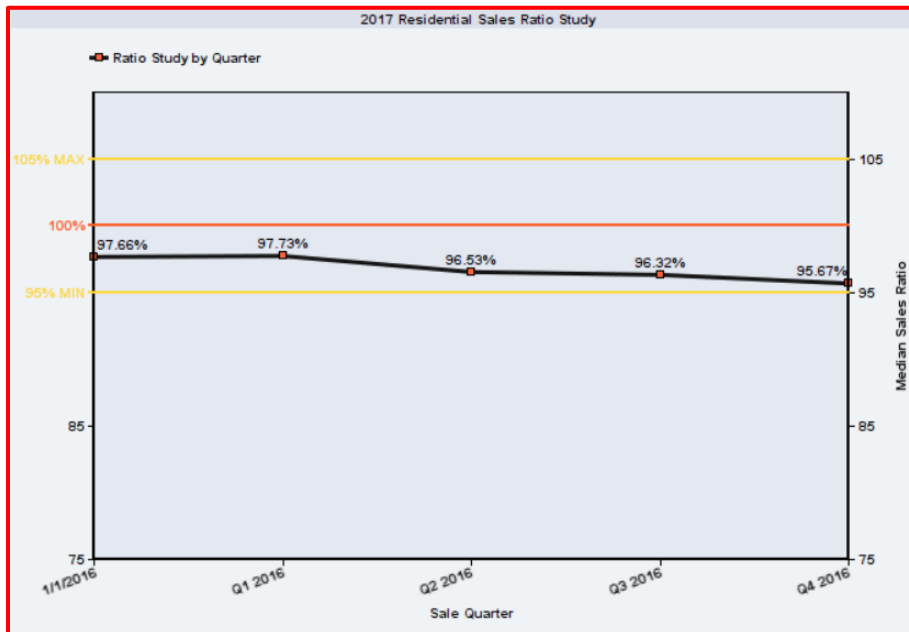
Analysis & Results

January 1, 2017 is a revaluation year for Residential property and a sales ratio study must be done to verify assessments are in compliance with state law. If they are not in compliance, they must be trended into compliance by the Assessor, or the state will issue an equalization order.

- Residential arm's length sales between 1/1/2016-12/31/2016 were used in the ratio study. A total of 408 sales were included in the sales ratio study.
- The median ratio of **95.67%** shows that overall assessments are within the acceptable range of 95-105% of market value.
- The Assessor did not want to make any market adjustments for 1/1/2017 due to the Residential Reappraisal Project that was underway at the time. Assessed values will be changed for **1/1/2018** after completion of the reappraisal project.

Mason City Assessor				
1/1/2017 Residential Sales Ratio Study				
Study Name	RESALESRATIOSTUDY			
Study Date	01/01/2016-12/31/2016			
Table Basis	Assessed Value at Time of Sale			
Group Tally. Number of sales in group = 408 Deeds: 408; Contracts: 0; Other: 0				
	Low Assd Value	Mean	High Assd Value	Total
Sale Price	16,500	127,558	500,000	52,043,836
Land Value	0	0	0	0
Improvement Value	0	0	0	0
Total Assd Value	9,110	120,817	488,160	49,293,330

Statistical Measures	
High Ratio	458.05
Low Ratio	43.55
Weighted Mean	94.72
Mean	100.81
Median	95.67
Coefficient of Dispersion - Median	17.19
Coefficient of Dispersion - Mean	17.24
Coefficient of Variance - Mean	31.34
Price Related Differential (PRD)	1.06
Price Related Bias (PRB)	-0.110



MASON CITY RESIDENTIAL SALES RATIO STUDIES BEFORE & AFTER the Reappraisal Project

Key terms:

Sales Ratio = Assessed Value /
Sale Price

Mean Ratio = Average Ratio

Median Ratio = Middle Ratio

- Target Median is 95% - 105%
- Median <95% means properties are generally under assessed
- Median >105% means properties are generally over assessed
- If the median does not fall within 95% - 105%, and revaluation is not done locally, the Iowa Department of Revenue (IDR) will order the entire classification of properties increase or decrease in value by a flat percentage as an Equalization Order to reach 100%.

Price Related Differential (PRD)

- Target PRD is 0.98 – 1.03
- PRD measures progressivity & regressivity
- PRD < 0.98 = High end properties are over appraised compared to low end properties.
- PRD > 1.03 = High end properties are under appraised compared to low end properties.

Coefficient of Dispersion (COD)

- COD measures uniformity of assessments
- Target COD is 15 or less for Residential property

Pre-Reappraisal Project Analysis:

Residential Sales Ratio Study for 2013

Analysis of 328 real estate sales in Mason City (1/1/2012 – 12/31/2012)

2012 Assessments vs. 2012 Sale Prices

Mean Ratio = 109.87%
Median Ratio = 103.80%
PRD = 1.07
COD = 18.17

- By comparing residential property assessments to their sale prices, the median sales ratio shows that assessments are 3.8% above market value yet comply with IDR requirements.
- The PRD indicates high-value properties are under assessed compared to low-value properties.
- The COD indicates residential properties assessments are not uniform throughout the city.
- A reappraisal is warranted according to the ratio study results. A reappraisal will help correct these equity and uniformity issues.

Vanguard Appraisals Reappraisal Results:

Preliminary Residential Sales Ratio Study for 2018:

Vanguard Appraisals analyzed 351 real estate sales in Mason City (1/1/2017- Q4 2017)

New 2018 Assessments vs. 2017 Sale Prices

Mean Ratio = 100.36%
Median Ratio = 99.77%
PRD = 1.02
COD = 7.61

- Comparing property assessments to their sale prices, both the mean and median ratios show that properties are assessed at market value and comply with IDR requirements.
- The PRD indicates high-value and low-value properties are being valued equitably.
- The COD indicates residential property assessments are uniform throughout the city.

PROFESSIONAL ACCOMPLISHMENTS IN 2017

Assessor's Service on Boards & Committees in 2017:

- **President - Institute of Iowa Certified Assessors (IICA) (3-year term)**
 - The Purpose of IICA is to provide education to assessors and encourage professional designations.
- **Iowa State Association of Assessors (ISAA) Executive Board**
 - The Executive Board is the governing body of the Iowa State Association of Assessors.
- **Co-Chair of the ISAA Public Relations & Editorial Committee**
 - Committee is responsible for improving the flow of information between assessment jurisdictions and the public. This committee is responsible for media notification of awards, achievements, and appointments; the content and distribution of the ISAA official publication; compiling and publishing an annual salary survey; selection of the Outstanding Member of the Year; and layout, maintenance and enhancement of the ISAA website.
- **Iowa Department of Revenue (IDR) Multiresidential Equalization Committee**
 - Committee is tasked with writing Iowa Administrative Rules for the equalization procedures for the new multiresidential property classification.
- **IDR Preliminary Education Committee**
 - Committee is tasked with reviewing exist educational requirements for Iowa Assessors and Deputy Assessors, recommending preliminary education courses, and additional continuing education to comply with HF 478. Committee is tasked with writing Iowa Administrative Rules and recommending changes to Iowa Code in report format for the 2018-2019 Iowa Legislature.
- **ISAA Resource Committee**
 - Committee is tasked with providing information and guidance to other assessors, compiling and organizing resources in an organized and searchable manner.
- **Iowa State Association of Counties (ISAC) Working Group Committee**
 - Committee is responsible for developing and implementing processes for multiple county offices for mandates created by Senate File 295.