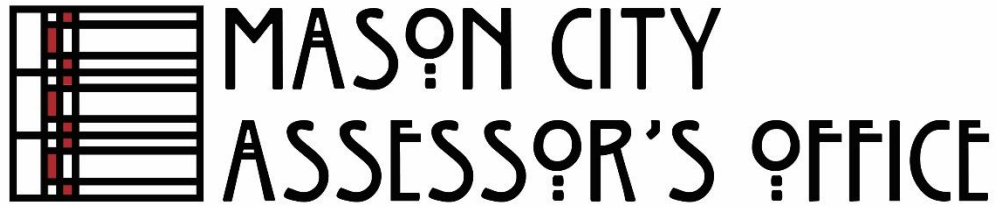


**CITY ASSESSOR'S ANNUAL REPORT TO THE
MASON CITY CONFERENCE BOARD
YEAR ENDING 12-31-2023**



Mason City Conference Board

CHAIRPERSON:

Mayor Bill Schickel

CITY COUNCIL:

Paul Adams • John Jaszewski • John Lee
Joshua Masson • Will Symonds • Tim Latham

CERRO GORDO COUNTY BOARD OF SUPERVISORS:

Casey Callanan • Lori Meacham Ginapp • Chris Watts

MASON CITY BOARD OF EDUCATION:

Carol Dettmer • Cindy Garza • Katie Koehler • Jennifer Dorsey-Lee
Megan Markos • Madison Nelson • Alan Steckman

2023 REPORT TO THE MASON CITY CONFERENCE BOARD

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STAFF OF ASSESSOR'S OFFICE

Tara Brueggeman, ICA, RES, AAS

Mason City Assessor

Appointment term 1/1/2022 – 12/31/2027

Stephanie Halbur

Residential Appraiser

Pamela Pingel, ICA

Chief Deputy Assessor

Appointment term 1/1/2022 – 12/31/2027

Vanessa Doden

Administrative Assistant

The Conference Board appoints, or reappoints, an assessor to a six-year term. Iowa assessors are required to pass coursework and a comprehensive examination before being eligible to be appointed. To be reappointed 150 hours of state-approved continuing education are required during the six-year term. At least 90 hours must come from tested courses.

The main duties of the Assessor are to classify and value all property in the assessment jurisdiction. Iowa law requires reassessment in odd-numbered years. Even-numbered year changes are typically new construction or renovation of existing structures. Whenever there is a change to a property's value, classification, or exempt status, the office is required to notify the property owner by mail.

Extensive property-related information is acquired as a part of the assessment process. Public information laws require, and common-sense dictates, that most of this information be readily available for review. The office maintains a website and online database of all property records and responds to data requests as received.

In addition, the Assessor administers multiple credit and exemption programs. The most common are the homestead credit and military service exemption. Other programs include exemption claims for religious and charitable organizations and the maintenance of property units that qualify for the Business Two-Tier Assessment Limitation.

The most visible function of the office tends to be providing information to the public via the Internet or through requests in the office however, the priority and the primary effort of the office is discovering changes in real property, such as new construction, and maintaining the classification and values for the entire tax base of Mason City.

It is also important for the Conference Board members to fully understand what the Assessor does not do. The Assessor's Office does not:

- calculate or collect taxes.
- set the level of value – the Assessor measures the level of value, as indicated by sales of real property in Mason City.
- make the laws and rules for assessments.

In summary, the Assessor has a variety of duties and functions and is an integral component of local government operations.

BOARD OF REVIEW

The Mason City Board of Review has three members. Members are appointed for staggered six-year terms. The Code requires members to have different occupations, and that at least one is experienced in real estate or construction.

The Board of Review meets annually in a limited time frame to hear assessment appeals. Most decisions from the Assessor can be appealed (e.g. value, classification, exemption).

The term dates for each current board member are as follows:

David Guetzko

Realtor

Appointment term 1/1/2021-12/31/2026

Ray Mechem

Real estate finance (retired)

Appointment term 1/1/2023 - 12/31/2028

Janel M. Nagel

Real estate appraiser (retired)

Appointment term 1/1/2019-12/31/2024

**STATEMENT OF ASSESSED VALUATIONS OF MASON CITY
AS OF JULY 1, 2023**

| | | |
|--|--------------|----------------------------|
| Taxable Real Property (7-1-2022) | | \$2,194,713,824 |
| New Construction (added 1-1-2023) | | \$8,556,640 |
| Revaluation | | \$374,112,925 |
| Property Returned to Local Taxation | | <u>\$446,766</u> |
| Total Taxable Real Property | | \$2,577,830,155 |
| Less: | | |
| Demolition (removed 1-1-2023) | \$1,470,550 | |
| Revaluation | \$12,996,051 | |
| New Claims for Tax Exempt and Non-Taxable | \$10,053,540 | |
| District Court and PAAB Decrees | \$5,508,280 | |
| | | <u>-\$30,028,421</u> |
| Net Taxable Real Property | | \$2,547,801,734 |
| Utility Property | | <u>\$185,053,595</u> |
| (Assessed by the Department of Revenue) | | |
| Full Value of Taxable Real Property | | \$2,732,855,329 |
| Less Partial Exemptions: | | |
| Urban Revitalization | \$24,910,930 | |
| Pollution Control/Recycling | \$2,433,990 | |
| Land Conservation | \$367,660 | |
| Geothermal | \$19,700 | |
| | | <u>-\$27,732,280</u> |
| ADJUSTED VALUE OF NET TAXABLE REAL PROPERTY | | \$2,705,123,049 |

**STATEMENT OF PROPERTY CLASSIFICATIONS OF MASON CITY
AS OF JULY 1, 2023**

Agricultural

| | |
|-------------------|--------------|
| Number of Parcels | 347 |
| Total Value | \$13,854,170 |
| Total Gross Acres | 7631.92 |
| Total Net Acres | 7442.70 |

Residential

| | |
|---------------------|-----------------|
| Number of Parcels | 11,364 |
| Total Value | \$1,635,398,130 |
| Number of Dwellings | 10,844 |

Residential 3+

| | |
|-------------------|--------------|
| Number of Parcels | 258 |
| Total Value | \$82,580,896 |
| Number of Units | 177 |

Commercial

| | |
|-------------------|---------------|
| Number of Parcels | 1330 |
| Total Value | \$530,162,929 |
| Number of Units | 822 |

Industrial

| | |
|-------------------|---------------|
| Number of Parcels | 80 |
| Total Value | \$126,948,000 |
| Number of Units | 31 |

Total Taxable Parcels in Mason City **13,379**

Exempt (government owned, schools, churches, etc.)

Number of Parcels 891

Total Parcels in Mason City **14,270**

2023 TAX EXEMPT PROPERTY SUMMARY REPORT

| | |
|--|----------------------|
| RELIGIOUS INSTITUTIONS (427.1(8)) | |
| 1. Churches | <u>\$40,807,799</u> |
| 2. Recreational | <u>\$0</u> |
| 3. Schools | <u>\$11,571,060</u> |
| 4. Residential | <u>\$3,244,341</u> |
| 5. Others | <u>\$1,837,770</u> |
| TOTAL ALL RELIGIOUS INSTITUTIONS | <u>\$57,460,970</u> |
| TOTAL ALL LITERARY SOC. & EDUCATIONAL INST. (427.1(8)) | <u>\$514,770</u> |
| TOTAL ALL LOW RENT HOUSING (427.1(21)) | <u>\$1,444,350</u> |
| TOTAL ALL ASSOCIATIONS OF WAR VETERANS (427.1(5)) | <u>\$276,190</u> |
| CHARITABLE AND BENEVOLENT SOCIETIES (427.1(8)) | |
| 1. Hospitals | <u>\$111,237,514</u> |
| 2. Fraternal Organizations | <u>\$2,680,080</u> |
| 3. Agricultural Societies | <u>\$463,344</u> |
| 4. Retirement Homes | <u>\$22,267,529</u> |
| 5. Nursing Homes | <u>\$25,943,430</u> |
| 6. Others | <u>\$59,037,997</u> |
| TOTAL ALL CHARITABLE & BENEVOLENT SOCIETIES | <u>\$221,629,894</u> |
| GOVERNMENT PROPERTY | |
| 1. State | <u>\$8,767,930</u> |
| 2. Federal | <u>\$2,155,500</u> |
| 3. County | <u>\$9,173,490</u> |
| 4. Municipal | <u>\$29,056,770</u> |
| TOTAL GOVERNMENT OWNED PROPERTY | <u>\$49,153,690</u> |
| PUBLIC SCHOOLS | |
| 1. 0 - 12 | <u>\$103,020</u> |
| 2. Colleges | <u>\$42,150,990</u> |
| 3. Regent | <u>\$0</u> |
| TOTAL PUBLIC SCHOOLS | <u>\$42,254,010</u> |
| TOTAL ALL EXEMPT PROPERTY | <u>\$372,733,874</u> |

INFORMAL ASSESSMENT APPEALS REPORT

Assessment staff considered 93 informal appeals.
Appeals were considered April 1, 2023 – April 25, 2023.

TOTAL value of real estate considered for protests: \$37,014,846

Total number of protests by class of property:

| | |
|----------------|-----------|
| Agricultural | 1 |
| Residential | 78 |
| Residential 3+ | 11 |
| Commercial | 11 |
| Industrial | 1 |
| TOTAL | <u>93</u> |

Number of protests denied: 41

Number of protests upheld: 52

Reduction in value: -\$919,480

Increase in value: \$54,850

TOTAL value of real estate considered AFTER hearings: \$36,150,216

Reduction in total value of real estate considered: -2.34%

Percentage of M.C. total taxable parcels appealed to Assessor: 0.71%

BOARD OF REVIEW REPORT

The 2023 Board of Review considered 95 assessment appeals.
The Board of Review was in session for a total of 4 days.

TOTAL value of real estate considered for protests: \$103,453,070

Total number of protests by class of property:

| | |
|----------------|-----------|
| Agricultural | 5 |
| Residential | 50 |
| Residential 3+ | 4 |
| Commercial | 32 |
| Industrial | 4 |
| TOTAL | <u>95</u> |

Number of protests denied: 17

Number of protests upheld: 9

Reduction in value: -\$834,425

Increase in value: \$0

TOTAL value of real estate considered AFTER BOR action: \$102,618,645

Reduction in total value of real estate considered: -.81%

Percentage of M.C. total taxable parcels appealed to BOR: 0.19%

DISTRICT COURT & PROPERTY ASSESSMENT APPEAL BOARD (PAAB)

District Court appeals filed after 2023 BOR Session: 1

PAAB appeals filed after 2023 BOR Session: 6

PAAB appeals by class of property:

| | |
|----------------|---|
| Agricultural | 0 |
| Residential | 0 |
| Residential 3+ | 0 |
| Commercial | 3 |
| Industrial | 3 |
| TOTAL | 6 |

Number of appeals upheld: 0

Number of appeals denied: 0

Number of appeals settled: 0

Number of appeals withdrawn: 0

TOTAL reduction in assessed value from decisions:

District Court & PAAB appeals from prior years decided in 2023: 4

Number of appeals upheld: 0

Number of appeals denied: 2

Number of appeals settled: 1

Number of appeals withdrawn: 1

TOTAL reduction in assessed value from decisions: \$5,508,280

CREDITS, EXEMPTIONS & MISC. PROCESSES

Urban Revitalization Exemptions:

| | |
|--------------------------|-----|
| New exemptions | 10 |
| Total ongoing exemptions | 120 |

Credits & Exemptions Maintained:

| | |
|---------------------------------------|-------|
| Homestead Credit | 6,831 |
| Homestead Exemption | 2,960 |
| Disabled Veterans Homestead Exemption | 99 |
| Military Exemption | 1,153 |
| Forest & Fruit Tree Exemptions | 14 |
| Slough Bill Exemptions | 18 |
| Family Farm Tax Credits | 36 |

Miscellaneous:

| | |
|--------------------------------------|--------|
| Assessment Notices | 13,278 |
| Building Permits | 702 |
| Demolition Permits | 26 |
| Deeds & Contracts | 1,015 |
| Declaration of Value Statements | 653 |
| Apportionments, Combinations & Plats | 17 |
| Grain Tax Returns | 5 |
| Section 42 Housing Statements | 5 |
| Minimum Assessment Agreements | 2 |

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

SALES RATIO & EQUALIZATION TERMS

What is an Equalization Order?

The Iowa Department of Revenue is responsible for equalizing assessments every two years. The Department compares the assessor's abstract to a Sales Assessment Ratio Study it has completed independently from the assessor. If the assessment (by property class) is 5% or more above or below the median determined in the sales ratio study, the Department increases or decreases the assessment. (There is no sales ratio study for agricultural and industrial property.)

Equalization occurs on an entire class of property, not on individual property. Also, equalization occurs on an assessing jurisdiction basis, not on a statewide basis.

Equalization is important because it helps maintain equitable assessments among classes of property and among assessing jurisdictions. This contributes to a fairer distribution of state aid, such as aid to schools. It also helps to equally distribute the total tax burden within the area.

2023 ASSESSED VALUATIONS

AGRICULTURAL:

Valuations are based on the Ag Productivity Formula and are recalculated every odd numbered year.

- Agricultural values **increased by 40.84%** for 2023.
- CSR base rate changed to \$12.70 per CSR point.
- Ag Building Factor changed to 76% (meaning the ag building is valued at 24% of the depreciated replacement cost)
- Each unique parcel is comprised of multiple soil types and there may or may not be land-use adjustments on individual parcels, so percent changes to individual parcels may vary from parcel to parcel.

RESIDENTIAL (& AG DWELLINGS):

A sales ratio study was conducted on 554 normal arms-length sales between 1/1/2022 – 12/31/2022. These sales include residential, ag dwellings, and residential 3+ for equalization purposes.

On 1/1/2022 the median sales ratio was 94.13%. By 12/31/2022 the median sales ratio for 12 months of sales had dropped to **82.57%** meaning revaluation was necessary.

Residential property values were increased 19.44% for 2023 based on the sales median. The average increase across the state is roughly 24%.

- Manual Level increased from 100% to 115% (construction costs have increased).
- Depreciation base year changed from 2021 to 2022.
- Map areas were analyzed individually and adjusted based on neighborhood sales

The 2023 final sales median for Residential/Ag Dwellings/Residential 3+ is 98.55%.

RESIDENTIAL 3+:

The Department of Revenue has required us to continue to track these parcels separately for Abstract and Reconciliation reporting, however for equalization purposes R3+ is combined with Res and Ag Dwellings.

Res 3+ property values were increased 18.22% for 2023 based on the sales median. The average increase across the state is roughly 22%.

- Manual Level increased from 100% to 115% (construction costs have increased).
- Depreciation base year changed from 2021 to 2022.

COMMERCIAL:

A sales ratio study was conducted on 34 normal arms-length sales and state appraisals between 1/1/2022-12/31/2022.

On 1/1/2022 the median sales ratio was 93.86%. By 12/31/2022 the median sales ratio for 12 months of sales had dropped to **88.33%** meaning revaluation was necessary.

Commercial property values were increased 11.04% based on the sales median. The average increase across the state is roughly 17.5%

- Manual Level increased from 100% to 115% (construction costs have increased).
- Depreciation base year changed from 2021 to 2022.
- A map factor of 95% was applied to offset part of the manual level increase.

The 2023 final median sales ratio for Commercial is 99.21%.

INDUSTRIAL:

Industrial properties are not subject to equalization based on a sales median.

Industrial property values increased 9.42%.

- Manual Level increased from 100% to 115% (construction costs have increased).
- Depreciation base year changed from 2021 to 2022.
- A map factor of 95% was applied to offset part of the manual level increase.

2023 EQUALIZATION

The Department of Revenue used the 2023 Abstract & Reconciliation Report on file in the Mason City Assessor’s Office as well as all arms-length sales transactions to determine whether assessments in Mason City were in compliance or if an equalization order would be necessary. Their calculation determined no percentage adjustment was necessary.



MASON CITY 2023 EQUALIZATION WORKSHEET

Calculated Date/Time: 8/9/2023 1:35:03 PM

AGRICULTURAL LAND & STRUCTURES

| A. Productivity Value Per Acre | B. Number of CURRENT YEAR Acres | C. Equalized Value | D. CURRENT YEAR Reported Value | E. Statutory Adjustment | F. CURRENT YEAR Assessor Revaluation % |
|--------------------------------------|---------------------------------------|-----------------------|--------------------------------------|-------------------------------|--|
| 1,964.22 | 7,442.700 | 13,604,889 | 13,854,170 | -1.79932% | 41.70% |

RESIDENTIAL (INCLUDING AG. DWELLINGS and RES 3+ Primary Use)

| A. PRIOR YEAR Net Assessment | B. Median Ratio | C. CURRENT YEAR Equalized Value | D. CURRENT YEAR Net Assessment | E. Statutory Adjustment | F. CURRENT YEAR Assessor Revaluation % |
|------------------------------------|-----------------------|---------------------------------------|--------------------------------------|----------------------------|--|
| 1,434,125,914 | 82.64810 | 1,735,219,459 | 1,710,414,396 | 1.45024% | 19.27% |

COMMERCIAL (BASED ON PRIMARY USE)

| A. PRIOR YEAR Net Assessment | B. Median Ratio | C. CURRENT YEAR Equalized Value | D. CURRENT YEAR Net Assessment | E. Statutory Adjustment | F. CURRENT YEAR Assessor Revaluation % |
|------------------------------------|-----------------------|---------------------------------------|--------------------------------------|----------------------------|--|
| 466,702,555 | 88.02613 | 530,186,383 | 526,007,387 | 0.79447% | 12.71% |

2024/2025 PROJECTIONS

The last revaluation occurred 1/1/2023 and the next revaluation will be 1/1/2025 with assessment notices mailed 4/1/2025. Iowa law mandates properties be assessed at market value (apart from agricultural property) and assessments subject to equalization must fall between 95% - 105% of the sales median of each property class. Because a revaluation is not required in AY2024, assessments will only be adjusted if there has been a change to they physical property in some way.

- Between 1/1/2023 and 12/31/2023 4611 arms-length residential sale transactions have been recorded for use in the residential sales ratio study. The median sales ratio based on these sales is 93.04%, indicating assessments will need to be increased for AY2025 to reach 100% market value.
- Between 1/1/2023 and 12/31/2023 16 arms-length commercial sale transactions have been recorded for use in the commercial sales ratio study. The median sales ratio based on these sales is 83.50%, indicating assessments will need to be increased for AY2025 to reach 100% market value.