



**Roll Call Number**

**Agenda Item Number**

53

February 13, 2012

**Date**

Receipt of the 2011 Polk County Assessor Annual Report.

Moved by \_\_\_\_\_ to receive and  
file the attached report.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
<b>TOTAL</b>				

**CERTIFICATE**

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED

APPROVED

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

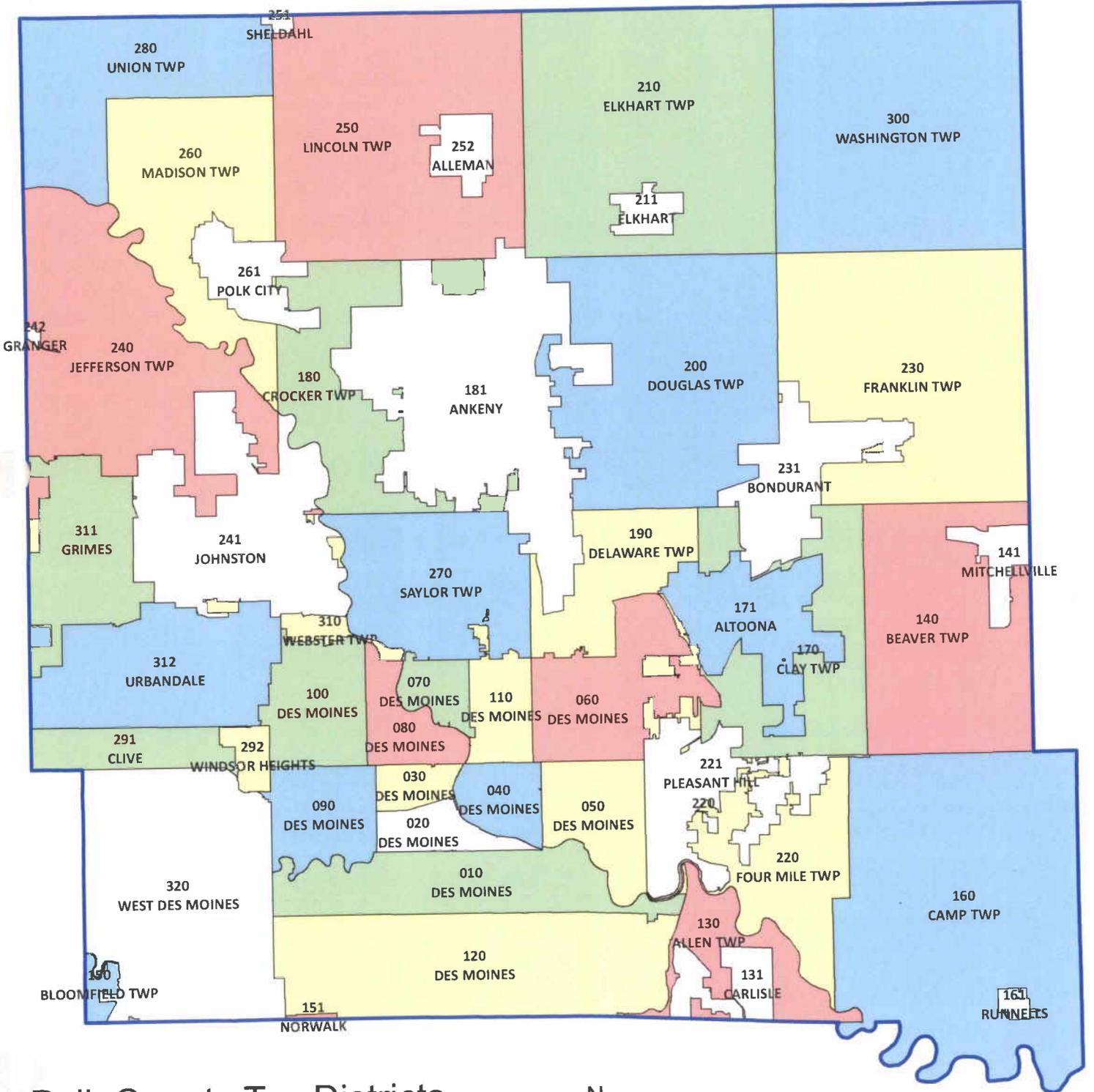
*POLK COUNTY ASSESSOR*

*ANNUAL REPORT*

*2011*

# Polk County Parcel Count and Acre Totals Excluding Roads and Railroads

Jurisdiction	Parcels	Acres	Jurisdiction	Parcels	Acres	Jurisdiction	Parcels	Acres	Jurisdiction	Parcels	Acres
Alleman	218	1,498	Clive	3,864	2,467	Grimes	4,153	5,787	Saylor Twp	3,288	8,247
Allen Twp	299	3,193	Crocker Twp	1,610	8,027	Jefferson Twp	1,149	15,746	Sheldahl	99	152
Altoona	5,916	5,005	Delaware	1,895	5,422	Johnston	7,346	10,556	Union Twp	342	10,139
Ankeny	19,001	15,647	Des Moines	79,811	44,006	Lincoln Twp	486	20,332	Urbandale	12,662	7,940
Beaver Twp	577	13,171	Douglas Twp	718	18,096	Madison Twp	296	11,037	Washington Twp	543	22,150
Bloomfield Twp	16	592	Elkhart	324	932	Mitchellville	759	1,232	Webster Twp	400	942
Bondurant	1,753	5,081	Elkhart Twp	678	21,180	Norwalk	7	6	West Des Moines	15,637	13,534
Camp Twp	1,334	25,029	Four Mile Twp	1,101	6,574	Pleasant Hill	3,429	5,140	Windsor Heights	2,147	731
Carlisle	101	2,009	Franklin Twp	959	19,560	Polk City	1,730	2,610			
Clay Twp	607	7,581	Granger	109	82	Runnells	248	287	<b>Total</b>	<b>175,612</b>	<b>341,724</b>



## Polk County Tax Districts



2011 REPORT  
OFFICE OF POLK COUNTY ASSESSOR

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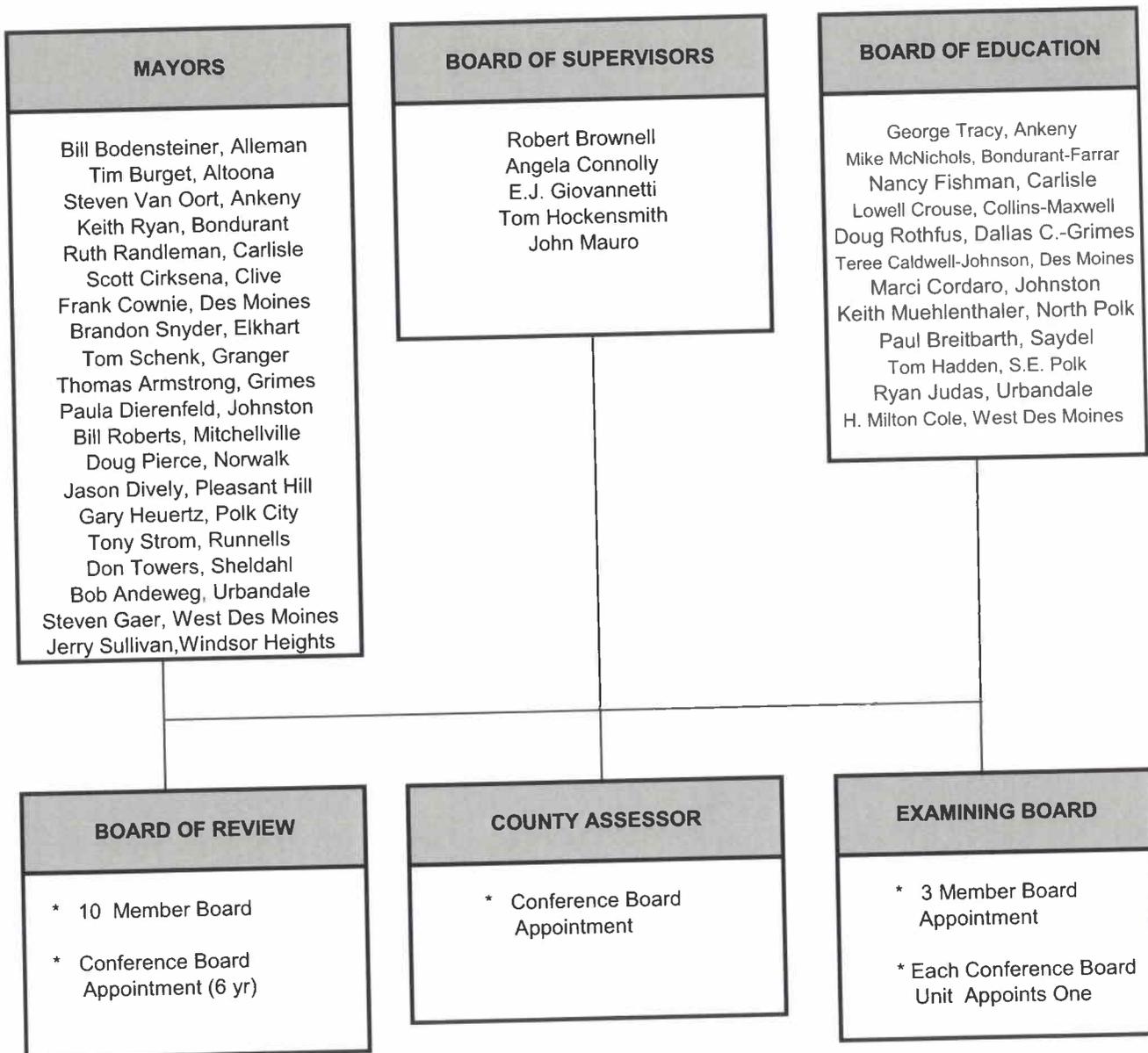
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**POLK COUNTY CONFERENCE BOARD  
2011**



**STAFF OF POLK COUNTY ASSESSOR'S OFFICE  
MEMBERS, BOARD OF REVIEW AND BOARD OF EXAMINERS  
DES MOINES, IOWA  
2011**

**ASSESSOR'S OFFICE**

*Administration*

Jim Maloney, ASA, ICA  
County Assessor

Randy Ripperger, CAE, ICA  
Chief Deputy

Tammy Berenguel, Support Supervisor  
Rhonda Duncan, Supervisor Real Estate Department  
Rodney Hervey, ICA, Commercial Deputy Assessor  
Paul Humble, ICA, RES, Residential Deputy Assessor  
Ruth Larsen, Database Administrator  
Kelly Low, Accounting Manager  
Mark Patterson, CAE, CCIM, ICA, Commercial Deputy Assessor  
Amy Rasmussen Thorne, ICA, RES, Residential Deputy Assessor  
Bryon Tack, MAI, CAE, ICA, Commercial Deputy Assessor  
James Willett, ICA, RES, Residential Deputy Assessor

*Appraisers*

John Catron, Residential Appraiser II  
Michael Caulfield, ICA, Commercial Appraiser III  
Rich Colgrove, Residential Appraiser III  
Patrick Harmeyer, ICA, Commercial Appraiser II  
Michelle Henderson, Residential Appraiser I  
Paul O'Connell, Residential Appraiser I  
Kathryn Ramaekers, Residential Appraiser II

Michelle Richards, ICA, Commercial Appraiser II  
Regina Russell, Residential Appraiser II  
Cathy Stevens, ICA, RES, Residential Appraiser III  
Keith Taylor, ICA, RES, Residential Appraiser II  
Brett Tierney, Residential Appraiser I  
Joe Tursi, Appraiser Trainee  
Patrick Zaines, ICA, Agricultural Appraiser

*Office Personnel*

Caroyle Andrews  
Susie Bauer  
Vincent DeAngelis  
Kim Heffernan  
Kelsi Jurik

Comm. Support Specialist  
Permits Coordinator  
Tax Information Spec.  
Support Specialist  
Mapping Specialist

Jill Mauro  
LaRayne Riccadonna  
Victor Scaglione  
Julie Van Deest  
Ray Willis

Computer Support Spec  
Database Specialist  
Support Specialist  
Exemptions Coordinator  
GIS Coordinator

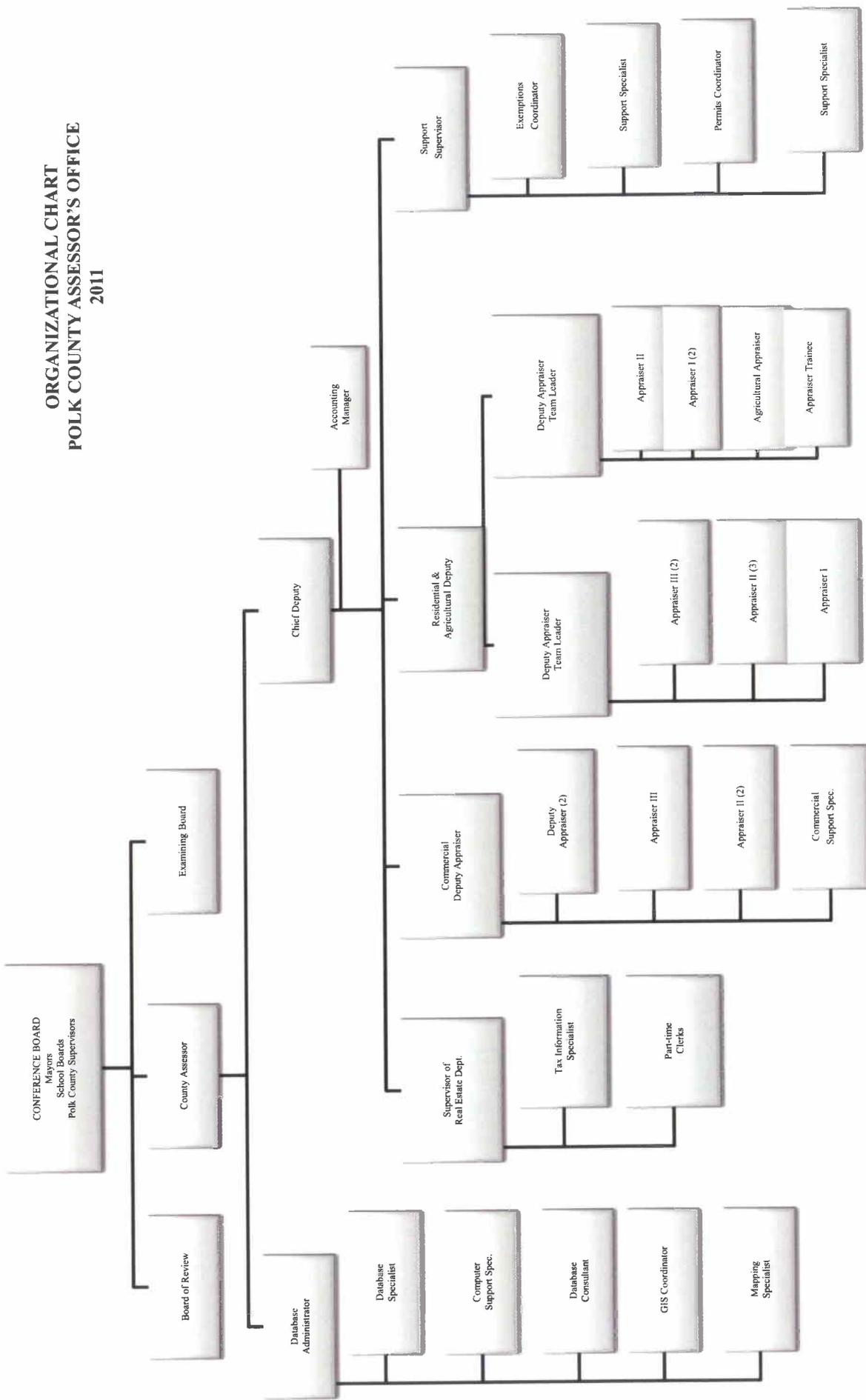
*Board of Review*

Lora Jorgensen  
John Lundstrom  
Ruth O'Brien-German  
Everett Sather  
Charles Speas  
John Tiefenthaler  
Leslie Turner  
Lee Viggers  
Max Wright

*Board of Examiners*

Art Hedberg  
Ned Miller  
Frank Smith

ORGANIZATIONAL CHART  
POLK COUNTY ASSESSOR'S OFFICE  
2011



December 30, 2011

Polk County Conference Board:

Following is the 2011 Annual Report for the Polk County Assessor. I hope you find this information useful.

It is an understatement to say that 2011 was a difficult year. For the first time in my memory, there was a decline in the assessed values of most improved commercial properties, as well as those of many residential parcels. This has presented many challenges not only for the owners themselves, but also for the governments that depend on revenues from the taxes on those properties.

Some people used to think that assessed values would never go down; that somehow the game was rigged and that the Assessor would always find a way to raise values. At least this past year has demonstrated that is not the case. Residential and commercial property is assessed at market value – and when sale prices decline, so do assessments. This past year was living proof.

### **Commercial Values**

The biggest challenge with commercial values was determining the assessments of downtown Des Moines office buildings. Vacancies were up (way up), sales were non-existent, and new leases were few and far between. Past and ongoing appeals to District Court told us doing nothing was not an option.

A number of appeals were either pending or recently resolved, so we had access to approximately fifteen private appraisals of downtown offices. We used the appraisals as substitutes for sales and compared the appraisals to the respective assessments. The resulting indication was a decrease of 28 percent (14 percent per year). Most owners accepted the new lower assessments but four have protested and taken appeals to the Property Assessment Appeal Board (specifically, Ruan Two, Hub Tower, Capital Square, and the Financial Center). We expect several appraisals will be added to the inventory as a result of these lawsuits.

Countywide the revaluation efforts resulted in, on average, decreases of approximately 5 percent for improved commercial property.

### **Residential Values**

On average, residential values declined about 3.4% percent. Of course, the old real estate adage of “location, location, location” rings true, because there were actually some pockets in the county where values increased.

**Impact**

These declines are not inconsequential as we look ahead to the preparation of the annual budget. Actual values have decreased, and the increase in the residential rollback and added value attributable to new construction will not cover the loss. Also, this office receives virtually no income other than that generated by the property tax.

Looking ahead we are apprehensive about the pending implementation of Polk County's new property tax accounting system. The Auditor's office must implement this new system at the very time they are losing very key people with many years of institutional knowledge. Our system is dependent on timely and accurate data from the Auditor, and we see significant challenges for the Auditor's office that could impact this office.

**Planning for the Future**

Even numbered years (such as 2012) are "off" years for the assessment process. We normally do not make changes on a mass basis in such years, but we're busy in the early stages of a revaluation of commercial property planned for 2013. This is primarily triggered by a need to change to the latest appraisal manual published by the Department of Revenue.

Finally, Paul Overton, Deputy Assessor from Ames, prepared an illustration for a recent meeting in our district with several legislators. It was a picture of how, for the last several years, there has been a shift of property taxes from commercial property to residential. We have created a similar chart that you will find on the following page. It compares the taxes of a residential property to commercial in the City of Des Moines. It assumes the assessment was constant for each property at \$150,000 for all four years. Thus the taxes were a function of the rising residential rollback and very minor changes in the tax rates. The tax rates are shown at the top of the chart. This shifting of the property tax burden should continue for many years into the future. We think the picture would look the same for most other jurisdictions as well.

We expect 2012 to be an interesting year, but our experienced, talented team is up for the challenge. Please let me know if you have any questions or would like additional information.

Sincerely,

Jim Maloney  
Polk County Assessor

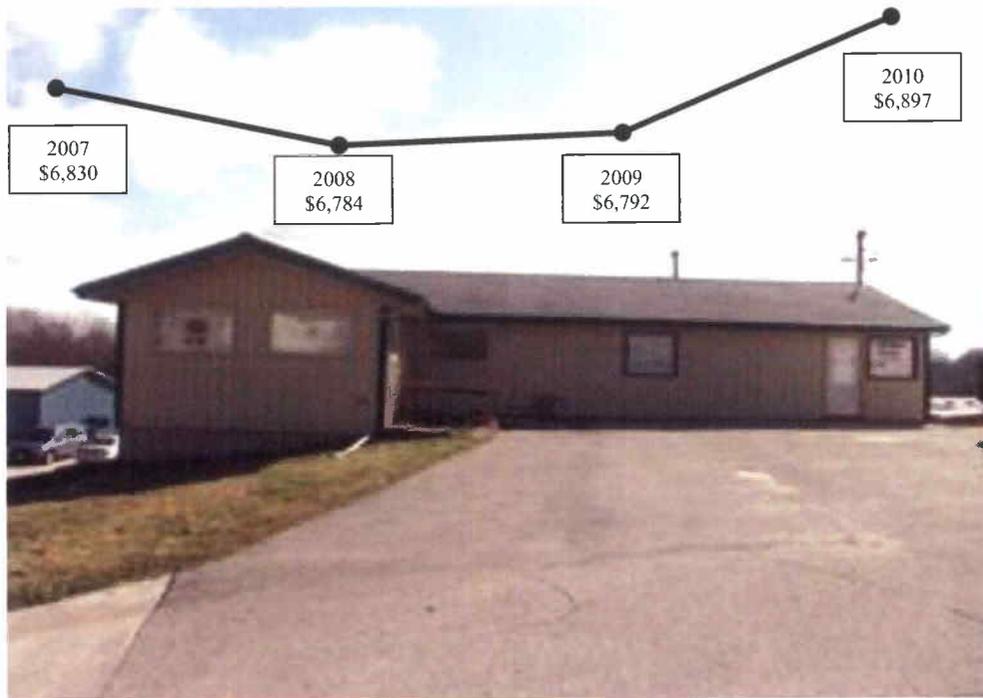
Property Tax Change  
Valuation Years 2007-2010

Tax Levies: 2007 - 45.65841; 2008 - 45.22335; 2009 - 45.28162; 2010 - 45.98095

Residential - \$150,000 Assessed Value - Des Moines



Commercial - \$150,000 Assessed Value - Des Moines



### ACTION OF THE 2011 BOARD OF REVIEW

The 2011 Board of Review considered 5301 protests and 110 recommendations.

Total value of real estate considered for protests \$ 3,004,568,620

Total number of protests by class of property:		
Agricultural		106
Residential		4155
Commercial		989
Industrial		51
TOTAL		<u>5301</u>

Number of protests denied 1889

Number of protests upheld 3412

Amount of reduction		
Land	\$	18,728,850
Improvements	\$	<u>173,266,890</u>
Total amount of reduction	\$	191,995,740

Number of protests that received an increase 70

Amount of increase		
Land	\$	-
Improvements	\$	<u>1,268,800</u>
Total amount of increase	\$	1,268,800

Total value of real estate considered for recommendations \$ 29,704,330

Total number of recommendations by class of property:		
Agricultural		1
Residential		103
Commercial		6
TOTAL		<u>110</u>

Number of recommendations for reductions 94

Amount of reduction		
Land	\$	365,810
Improvements	\$	<u>3,079,300</u>
Total amount of reduction	\$	3,445,110

Number of recommendations for increases 16

Amount of increase		
Land	\$	85,400
Improvements	\$	<u>1,968,700</u>
Total amount of increase	\$	2,054,100

Total Real Estate Protests Reduced	\$	(191,994,240)
Total Real Estate Recommendations Reduced	\$	(3,445,110)
Total Real Estate Protests Raised	\$	1,270,300
Total Real Estate Recommendations Raised	\$	<u>2,311,600</u>
Net Reductions of Real Estate - Protests and Recommendations	\$	(191,857,450)

**STATEMENT OF ASSESSED VALUATIONS OF POLK COUNTY**  
**As of July 1, 2011**

Real Property		\$ 31,989,575,380
New Construction Added January 1, 2011		\$ 482,196,714
Revaluation*		\$ 262,143,760
Property Returned to Taxation		\$ 25,133,780
Total Real Property		\$ 32,759,049,634
Less:		
Demolitions	\$ 13,091,868	
Revaluations	\$ 1,366,137,826	
Board of Review Adjustments (R.E. Only)	\$ 191,857,450	
New Claims for Tax Exempt and Non-Taxable	\$ 34,746,940	
Court Decrees & Corrections	\$ 76,338,800	\$ 1,682,172,884
Net Real Property		\$ 31,076,876,750
Railroad and Utility Property**		\$ 1,321,765,129
Assessed by Department of Revenue		
Full Value of Taxable Real Property		\$ 32,398,641,879
Less: Urban Revitalization, Industrial Exemptions, Pollution Control		
and Forest & Fruit Tree Exemptions		\$ 794,218,490
Military Exemptions - Estimated		\$ 39,000,000
ADJUSTED VALUE OF NET TAXABLE REAL PROPERTY		\$ 31,565,423,389
*****		
Credit Unions (5 mills)		\$ 32,313,938

\* Includes Wind Energy value (\$53,950).

\*\* Railroad and Utility Property values, assessed by the Department of Revenue and Finance, are the latest figures available.

**ABSTRACT OF 2011  
POLK COUNTY ASSESSMENT  
AS OF JULY 1, 2011**

**REAL PROPERTY**

Includes over 166,000 Parcels of Taxable Property	100% Value	
	<b>TOWNSHIPS</b>	<b>CITIES</b>
Agricultural Lands	\$ 213,738,370	\$ 48,123,650
Residential (includes residences on ag property)	\$ 1,845,450,550	\$ 20,348,305,560
Commercial Properties	\$ 355,647,860	\$ 7,828,299,090
Industrial Properties	\$ 68,253,800	\$ 369,057,870
Total Taxable Real Estate *	\$ 2,483,090,580	\$ 28,593,786,170

**MONEY & CREDITS (100%)**

Credit Unions (5 mills)	\$ 2,291,237	\$ 30,022,701
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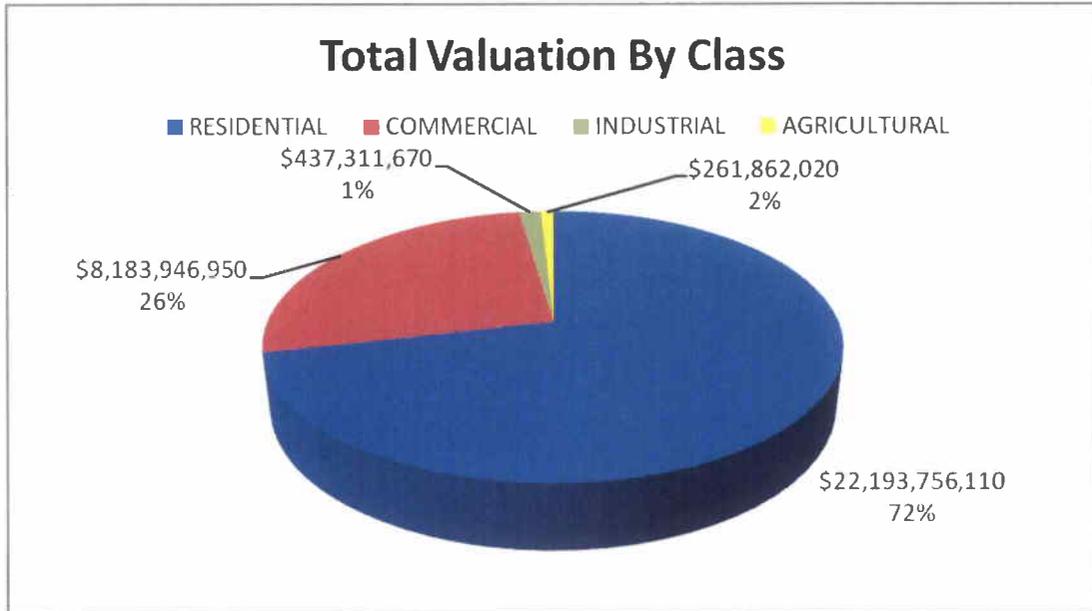
**IMPORTANT NOTE:**

Due to the statewide 4% maximum allowable increase in taxable value for each class of property, there is a rollback of assessed values. In November, the Department of Revenue determined the rollback for residential property to be 50.7518%; for agricultural property 57.5411%; for commercial and industrial 100%. See the charts on the following page to see the impact of these rollbacks.

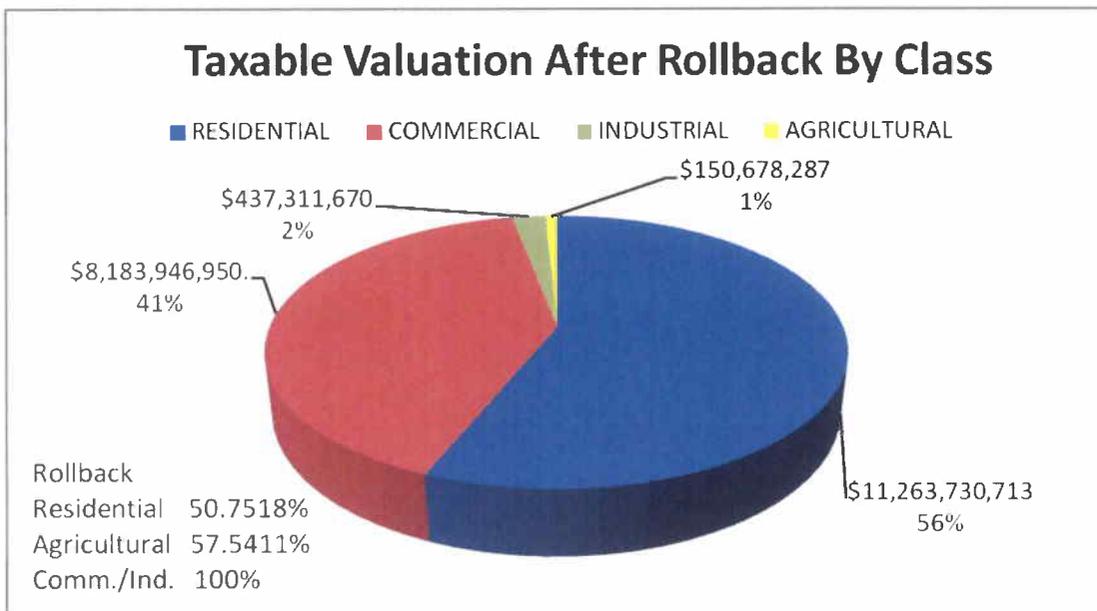
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\* The value does not include utility property assessed by the Department of Revenue .

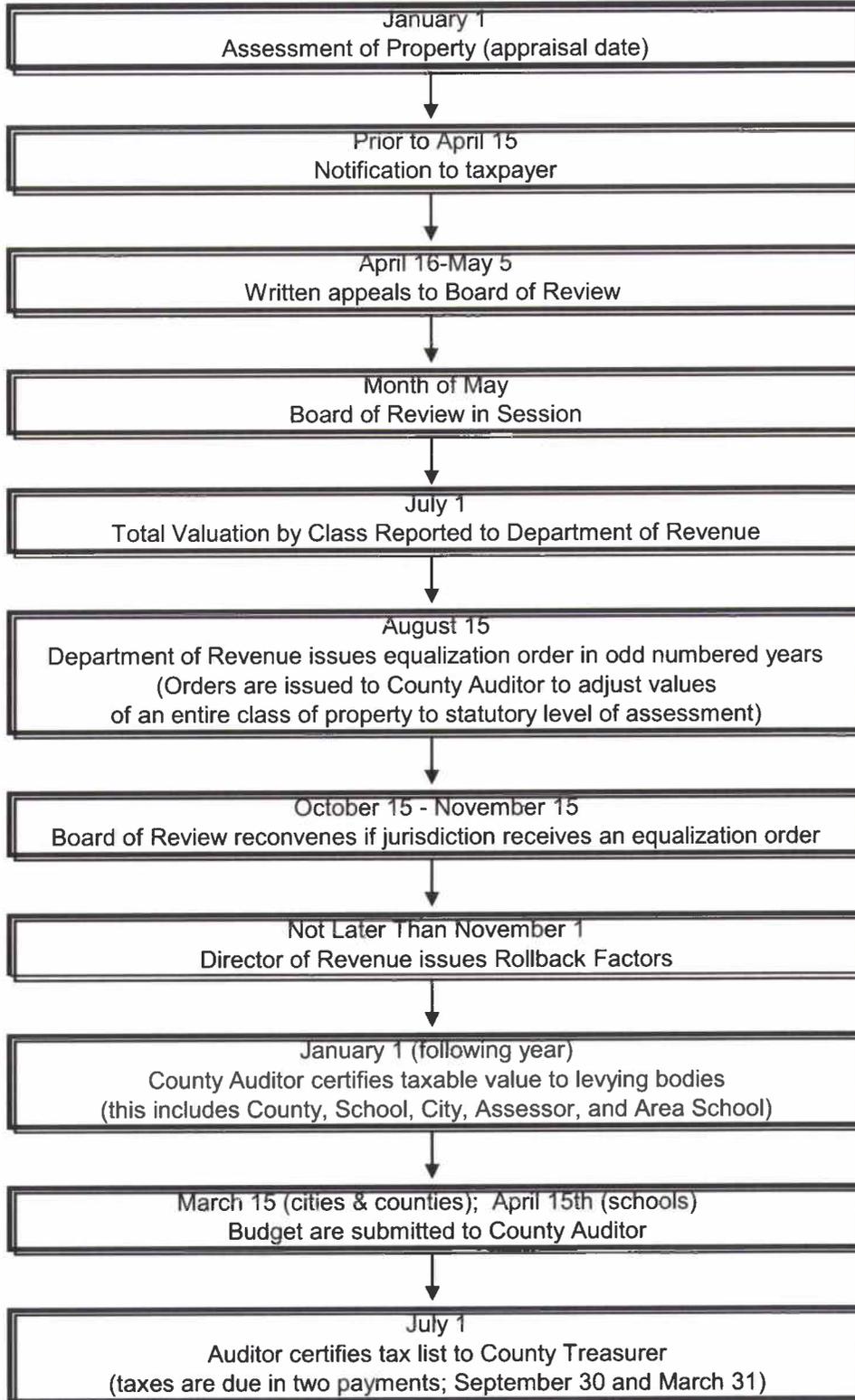
As noted on the previous two pages, the 2011 total assessed valuation for Polk County is \$31,076,876,750. The chart below shows the distribution of this valuation by class of property.



The rollback affects how the property tax burden is distributed among the various classes. As shown below, residential properties currently account for 56% of the tax base. Two years ago residential properties accounted for 53% of the tax base. This shifting of the tax burden should continue for many years into the future (see chart on p.6).



## PROPERTY TAX TIMELINE



## SURVEY OF NEW HOMES BUILT IN POLK COUNTY

<b>CITIES</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Alleman	4	0	11	4	0	0	0	1	2	1	1	0	0	0
Altoona	119	83	166	88	164	196	218	354	277	186	120	76	92	71
Ankeny	348	475	518	414	652	751	972	1068	1345	681	521	280	381	433
Bondurant	13	20	24	27	33	24	14	78	99	67	105	51	74	62
Carlisle	0	0	2	0	0	0	0	0	0	0	0	1	0	1
Clive	69	37	74	44	45	30	16	35	11	7	2	1	1	0
Des Moines	209	271	381	344	390	520	526	665	520	296	282	163	124	118
Elkhart	0	1	1	1	0	0	25	21	29	25	5	2	1	0
Granger								16	33	3	5	4	8	10
Grimes	38	71	69	72	60	111	83	98	217	299	248	127	132	141
Johnston	188	251	381	285	331	276	329	390	386	290	165	100	136	149
Mitchelville	1	5	9	5	3	6	0	3	3	4	2	3	1	1
Pleasant Hill	66	72	116	93	116	118	160	118	165	198	114	55	38	33
Polk City	29	23	47	30	20	41	80	60	42	45	33	17	31	30
Runnells	0	1	2	3	3	12	4	6	4	8	0	1	0	1
Sheldahl	1	1	0	0	0	1	0	0	1	1	0	0	0	0
Urbandale	193	243	278	262	312	332	292	266	117	120	81	48	36	36
West Des Moines	267	460	500	343	224	140	121	120	35	54	49	44	25	19
Windsor Heights	0	0	0	0	1	0	1	1	1	1	8	1	0	1
<b>TOWNSHIPS</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Allen	2	1	3	0	0	1	0	0	0	0	0	0	0	0
Beaver	3	1	6	5	4	9	14	9	14	13	10	6	5	3
Bloomfield	0	0	2	0	0	0	0	0	0	0	0	0	0	0
Camp	21	22	15	9	17	18	19	14	28	21	9	10	5	5
Clay	8	10	14	6	16	8	13	9	11	7	2	2	3	1
Crocker	27	79	81	70	43	23	26	21	31	17	13	6	4	10
Delaware	11	11	18	14	8	7	13	6	10	7	2	3	0	3
Douglas	8	12	15	5	3	5	5	4	2	3	0	0	1	2
Elkhart	2	2	7	8	10	9	25	19	14	15	10	2	0	1
Four Mile	12	19	17	13	14	21	23	13	17	8	9	6	6	6
Franklin	15	14	20	14	26	12	22	26	14	9	7	7	6	5
Jefferson	20	37	47	37	50	26	31	31	34	20	14	10	9	8
Lincoln	0	2	2	2	3	4	2	3	2	1	1	0	1	0
Madison	1	0	2	2	1	1	1	1	0	0	0	1	1	0
Saylor	28	24	13	9	10	34	37	23	16	30	21	16	8	1
Union	2	3	2	1	1	7	5	4	2	1	1	1	1	1
Walnut	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Washington	2	5	1	4	2	3	0	6	3	2	0	1	0	0
Webster	1	1	2	3	2	1	1	0	2	1	0	0	0	0

**MISCELLANEOUS INFORMATION AND STATISTICS  
POLK COUNTY**

New Building Permits Processed	7,866
Divisions of Existing Property (As of 12/1/2011)	1,282
New Plats (As of 12/1/2011 )	63
New Homestead Tax Credits 2010/2011	4,081
New Military Exemptions 2010/2011	506

*Classes and Numbers of Properties Assessed:*

Agricultural Parcels (Property used for Agricultural Purposes)	5,802
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Forest & Fruit Tree Reservations (6516.172 Acres)

Vacant Taxable Parcels	Agricultural	4,666
	Residential	11,386
	Commercial	1,815
	Industrial	350

Improved Taxable Parcels	Agricultural	1,136
	Residential	138,617
	Commercial	8,410
	Industrial	313

\*\*\*\*\*

<b>Average 100% Assessment of Residential Property</b>	<b>\$</b>	<b>157,590</b>
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\*\*\*\*\*

**EXEMPT PROPERTY AS OF JULY 2011  
POLK COUNTY**

**RELIGIOUS INSTITUTIONS**

Churches & Church Headquarters	\$	536,993,800
Parsonages	\$	16,750,450
Recreation Property, Church Camps, Etc.	\$	122,901,310

**LITERARY SOCIETIES**

Community Play House	\$	15,170,200
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**LOW RENT HOUSING**

Dwellings & Apartments	\$	29,190,560
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**VETERANS ORGANIZATIONS**

\$ 2,063,310

**CHARITABLE & BENEVOLENT SOCIETIES**

Hospitals	\$	459,365,670
Fraternal Organizations	\$	13,820,330
Agricultural Societies	\$	10,389,020
Retirement & Nursing Homes	\$	114,642,280
Others (Y.M.C.A., Y.W.C.A., etc.)	\$	262,343,540

**EDUCATIONAL INSTITUTIONS & CHURCH SCHOOLS**

\$ 346,454,670

**POLLUTION CONTROL (Industrial M & E and Bldgs.)**

\$ 2,046,500

**URBAN REVITALIZATION TAX EXEMPTION**

\$ 730,336,330

**INDUSTRIAL PARTIAL EXEMPTION**

\$ 15,517,600

**NATURAL CONSERVATION**

\$ 2,061,330

**FOREST & FRUIT TREE PRESERVATION (6516.172 Acres)**

\$ 26,457,000

**HISTORICAL**

\$ -

**IMPOUNDMENTS**

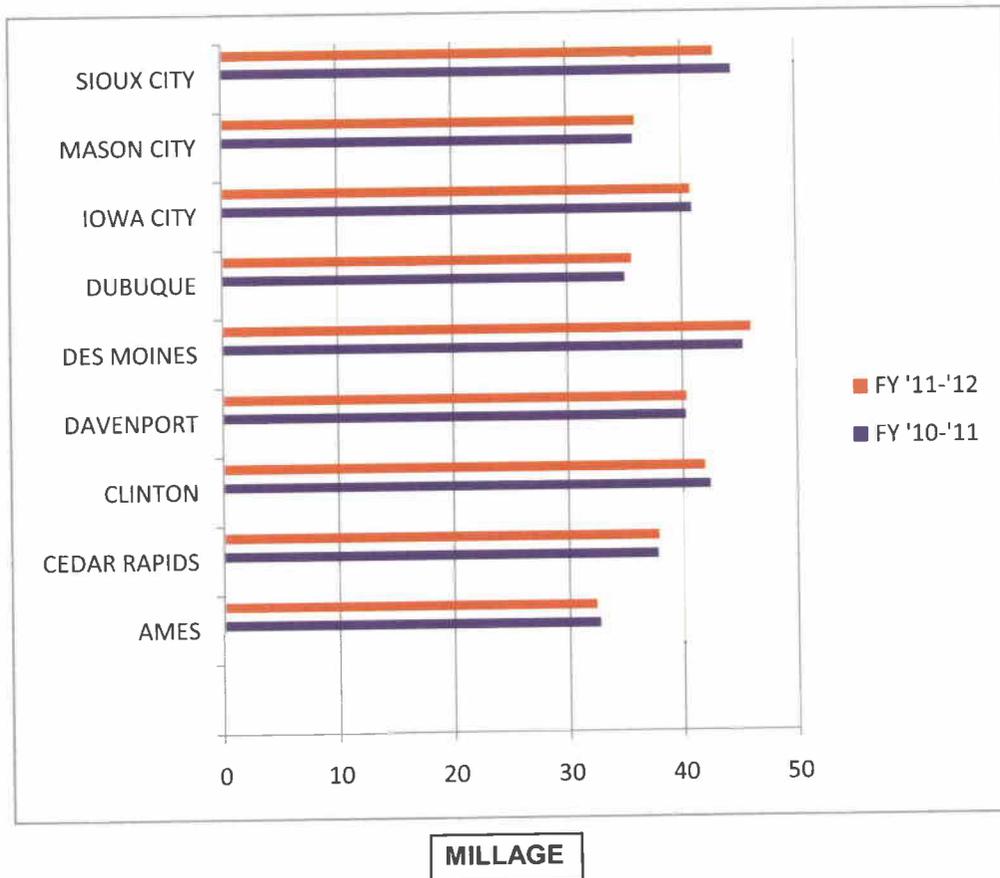
\$ 61,010

**TOTAL EXEMPT PROPERTY**

\$ 2,706,564,910

**COMPARISON OF TAX RATES PER THOUSAND  
FOR TAXES PAYABLE FISCAL '10-'11 TO '11-'12  
AS COMPILED BY THE POLK COUNTY ASSESSOR'S OFFICE**

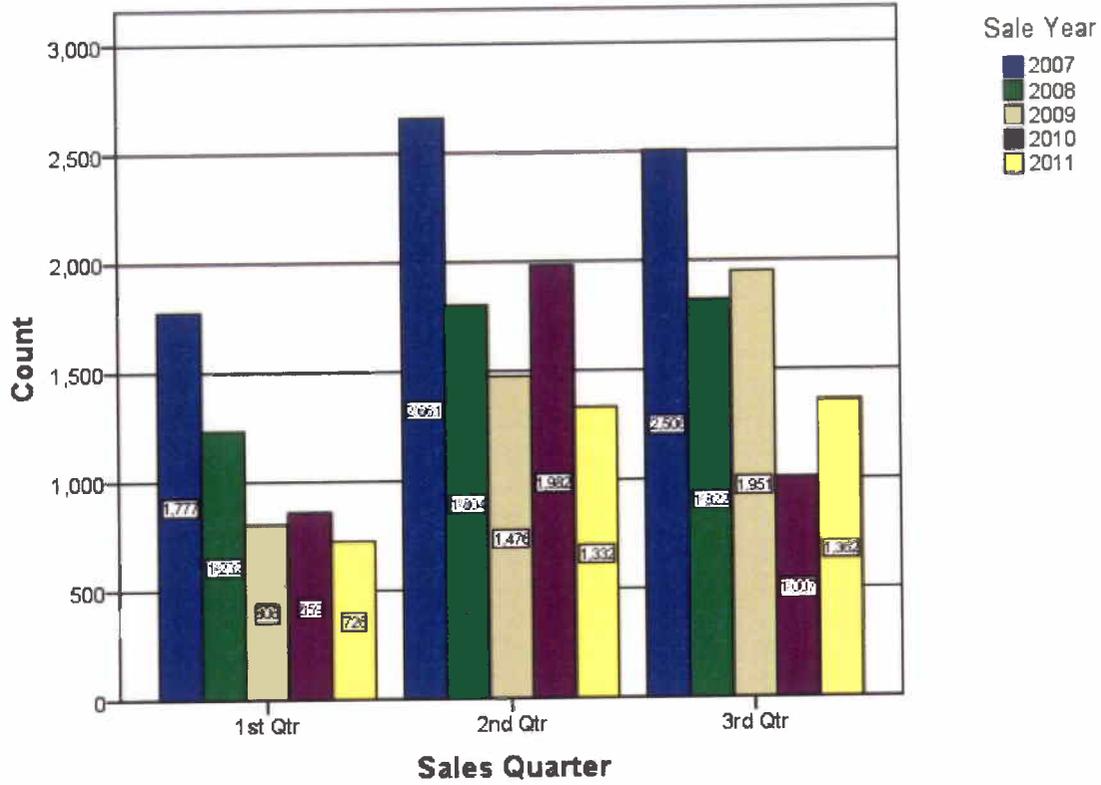
<u>JURISDICTION</u>	<u>FY '10-'11</u>	<u>FY '11-'12</u>
AMES	32.63225	32.30014
CEDAR RAPIDS	37.72007	37.78537
CLINTON	42.34303	41.86580
DAVENPORT	40.25165	40.29606
DES MOINES	45.28162	45.98095
DUBUQUE	35.00555	35.57108
IOWA CITY	40.91519	40.75369
MASON CITY	35.78089	35.94965
SIOUX CITY	44.43269	42.84622



# **Residential Sales Statistics**

## **Polk County**

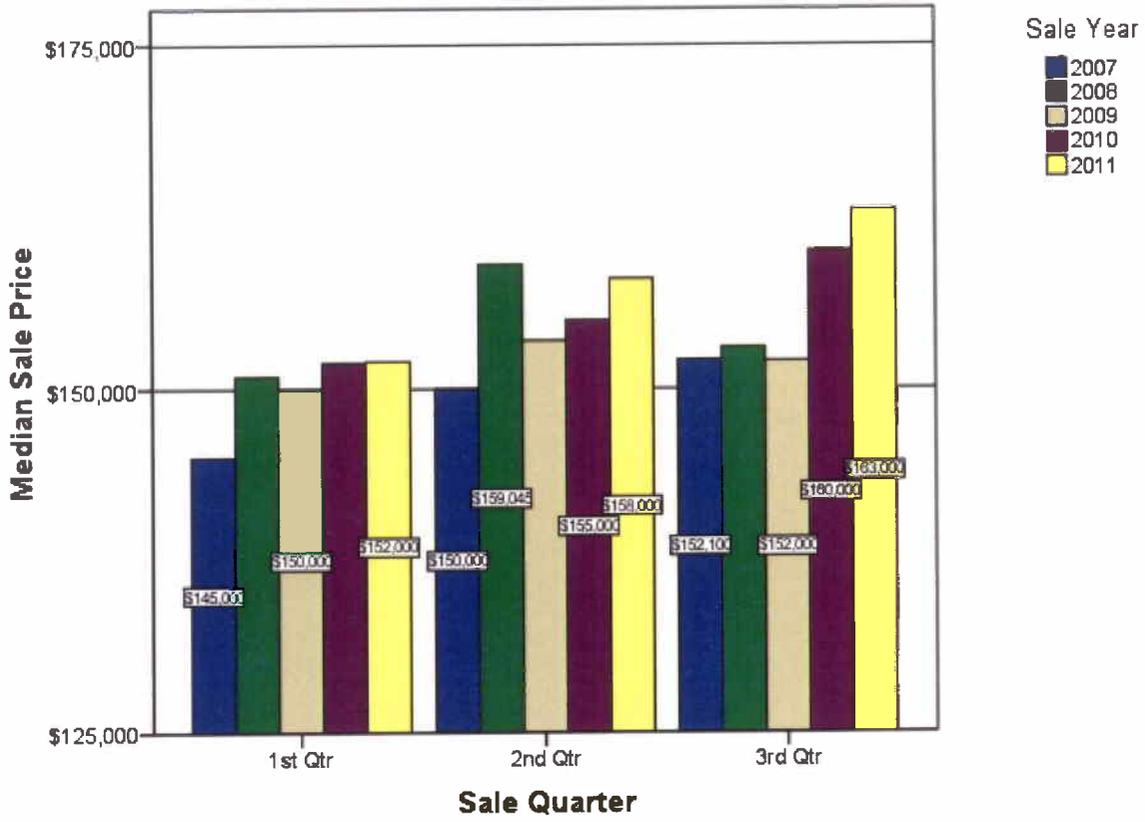
### Number Of Sales By Year and Quarter



### Number of Sales by Year & Quarter

Sale Year	Sales Quarter		
	1st Qtr	2nd Qtr	3rd Qtr
2007	1,777	2,661	2,506
2008	1,232	1,804	1,822
2009	806	1,476	1,951
2010	859	1,982	1,007
2011	726	1,332	1,362

### Median Sale Price By Year and Quarter

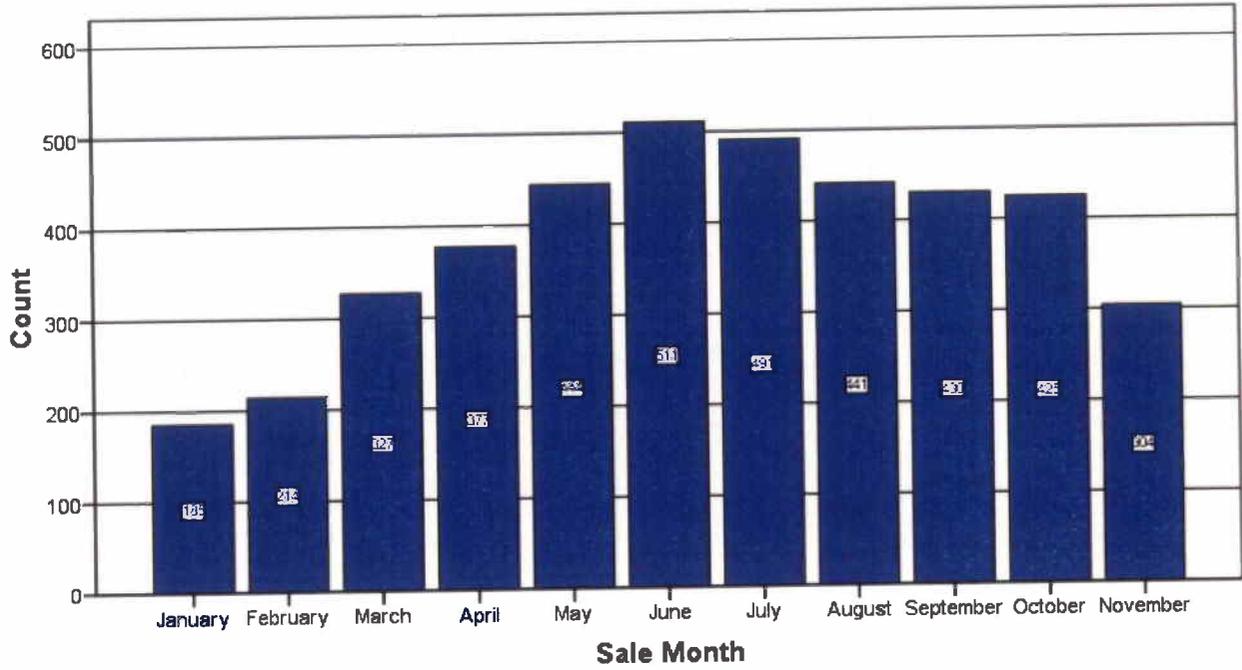


### Median Sale Price by Year & Quarter

Sale Year	Sales Quarter		
	1st Qtr	2nd Qtr	3rd Qtr
2007	\$145,000	\$150,000	\$152,100
2008	\$150,900	\$159,045	\$153,000
2009	\$150,000	\$153,500	\$152,000
2010	\$151,900	\$155,000	\$160,000
2011	\$152,000	\$158,000	\$163,000

**Number of Sales by Month**

**Year 2011**

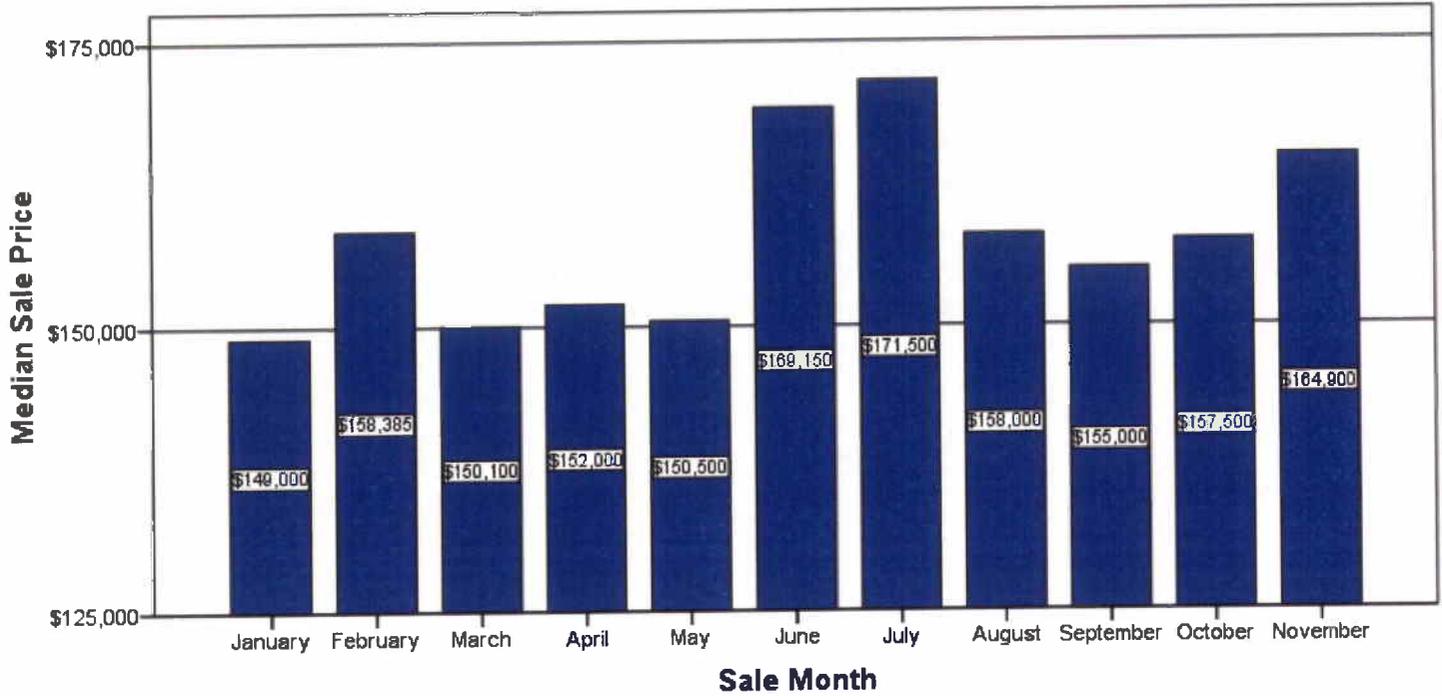


**Number of Sales by  
Month - Year 2011**

Sale Month	Sale Price
January	185
February	214
March	327
April	377
May	444
June	511
July	491
August	441
September	430
October	425
November	304

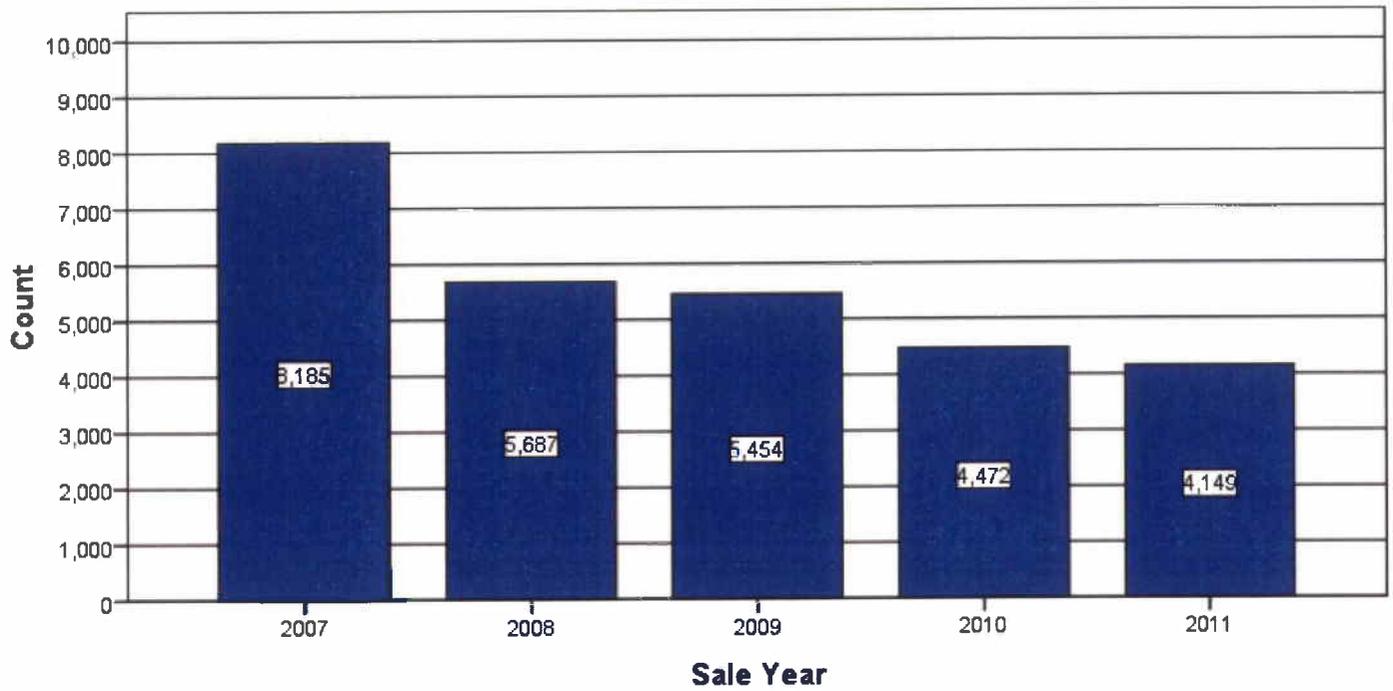
## Median Sale Price By Month

Year 2011



Median Sale Price by  
Month - Year 2011

Sale Month	Sale Price
January	\$149,000
February	\$158,385
March	\$150,100
April	\$152,000
May	\$150,500
June	\$169,150
July	\$171,500
August	\$158,000
September	\$155,000
October	\$157,500
November	\$164,900

**Number of Sales through November****Years 2007- 2011****Number of Sales  
Through November**

Sale Year	Count
2007	8,185
2008	5,687
2009	5,454
2010	4,472
2011	4,149

**Sales Ratio Study  
Polk County  
Residential 1 & 2 Family Dwellings  
Year 2011**

Assessors use mass appraisal techniques to estimate the current market value of property in their jurisdictions for property tax purposes. The assessor's estimates of property value govern the distribution of property taxes, a major source of local government revenue. The mass appraisal system must produce accurate and equitable value estimates if the property tax is to be fair. Thus, quality control is paramount. The mainstay quality control technique used by assessors is the sales ratio study, in which appraised (assessed) values are compared to market values (sales prices). A sales ratio is the ratio between a parcel's assessed value and its estimated market value as represented by an open-market, arm's-length sale.

The two major aspects of measuring appraisal accuracy in a sales ratio study are appraisal level and appraisal uniformity. Appraisal level refers to the overall, or typical, ratio at which properties are appraised. Appraisal uniformity refers to the fair and equitable treatment of individual properties.

### **Measures of Appraisal Level**

Measures of central tendency are used to estimate the overall appraisal level at which property is assessed in one convenient statistic. There are three measures of central tendency used in this ratio study: the mean, the median, and the weighted mean.

The *mean ratio* is the common average obtained by adding all the ratios and dividing by the number of ratios. The *median ratio* is the middle ratio when they are arrayed from lowest to highest. The *weighted mean ratio* is the sum of the assessments divided by the sum of the sales prices. It is so called because it weights each ratio by its sale price. The median is less affected by extreme ratios than the other measures of central tendency. Because of this, the median is the generally preferred measure of central tendency for direct equalization, monitoring appraisal performance, determining reappraisal priorities, or evaluating the need for a reappraisal.

Confidence intervals can be calculated for the three measures of central tendency, which help conclude whether required assessment level standards have been violated. For example, a 95 percent confidence interval would suggest that one can be 95 percent confident that the true median appraisal level is between the two interval values.

Iowa law requires that the appraisal level for assessments of residential properties be at 100 percent for each assessor jurisdiction. If the actual level deviates from the legal level by more than five percent, the value estimates being studied would need to be updated. In Iowa, this occurs every odd numbered year.

### **Measures of Appraisal Uniformity**

Measures of dispersion are used to measure appraisal uniformity. The two most useful measures of appraisal uniformity are the coefficient of dispersion (COD) and the price-related differential (PRD).

The *coefficient of dispersion* (COD), the most common measure of equity in mass appraisal, expresses the average absolute deviation of individual ratios from the median ratio as a percentage. A COD of 10.0, for example, means that properties are, on average, appraised within 10.0 percent of the median assessment level.

The *price-related differential* (PRD) provides an index of price-related bias, indicating whether low- and high-value properties are assessed at the same level. It is the ratio of the mean ratio to the weighted mean ratio. PRDs that exceed 1.03 suggest that high-value properties are relatively under-valued. PRDs under 0.98 indicate low-value properties are relatively under-valued.

### Sales Ratio Performance Standards

The Standard on Ratio Studies, published in 2010 by the International Association of Assessing Officers (IAAO), has suggested sales ratio performance standards for jurisdictions, in which current market value is the legal basis for assessment. In general, when these standards are not met, reappraisal or other corrective measures should be taken. Following are the sales ratio performance standards in the publication mentioned above for single-family residential properties (the median ratio is the measure of central tendency):

<u>Type</u>	<u>Measure of Central</u>		
	<u>Tendency</u>	<u>COD</u>	<u>PRD</u>
Newer, more homogenous areas	0.90-1.10	5.0 to 10.0	0.98-1.03
Older, heterogeneous areas	0.90-1.10	5.0 to 15.0	0.98-1.03
Rural residential and seasonal	0.90-1.10	5.0 to 20.0	0.98-1.03

### Polk County Sales Ratio Study (1 & 2 Family Dwellings)

In Polk County, through November of 2011 there were 3,387 residential sales of 1 & 2 family dwellings that were considered open-market, arm's-length sales. These sales were used to calculate the statistics described above for this study.

Trimming the sales can be useful in mass appraisal, where extreme values can mask the underlying distribution of the data. When trimming, you first look to see if the sale is a non-market transaction or if it contained an error. If there was an error, it is corrected and left in the sample. Trimming provides a method to include only those sales that represent market value. Trimming guidelines from the Standard on Ratio Studies, Appendix B (International Association of Assessing Officers, 2010), were used. After completing an interquartile range trim, there were 3,084 sales that were used to calculate the sales ratio statistics.

On the following pages are charts that have the results of the sales ratio study for Polk County using residential sales of 1 & 2 family dwellings occurring through November of 2011. There are also some graphs that show trends and patterns of the residential real estate market in Polk County.

Ratio Statistics for 1 & 2 Family Dwellings - based on 3,387 sales

Mean			1.088
	95% Confidence Interval for Mean	Lower Bound	1.077
		Upper Bound	1.098
Median			1.02
	95% Confidence Interval for Median	Lower Bound	1.015
		Upper Bound	1.025
		Actual Coverage	95.38
Weighted Mean			1.03
	95% Confidence Interval for Weighted Mean	Lower Bound	1.022
		Upper Bound	1.036
Price Related Differential			1.057
Coefficient of Dispersion			14.51%

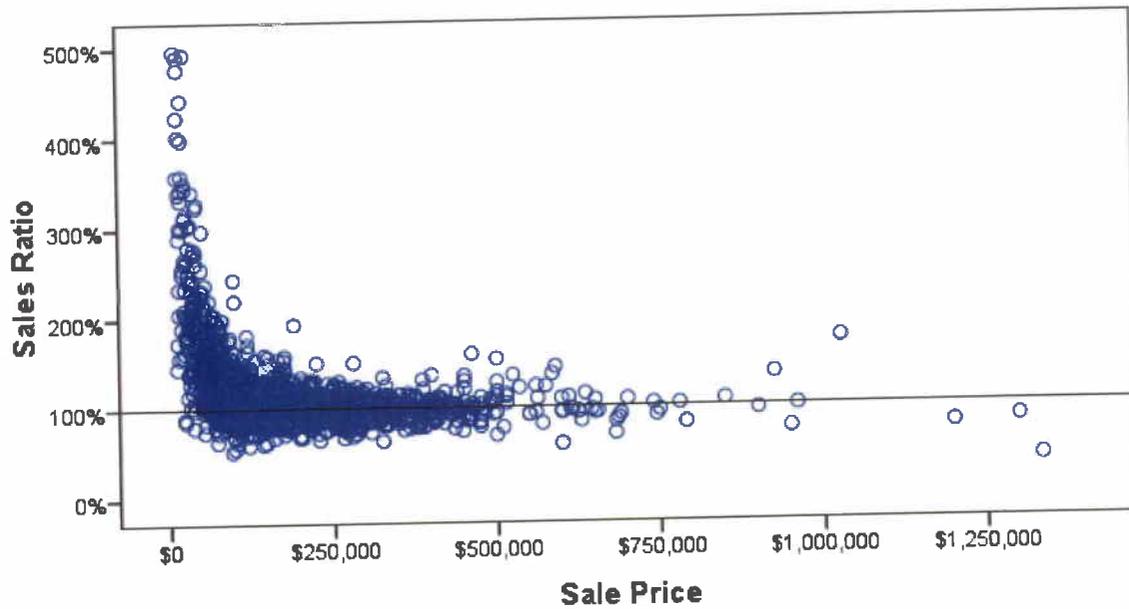
Ratio Statistics for 1 & 2 Family Dwellings after 1.5x's IQR Trim - Based on 3,084 Sales

Mean			1.02
	95% Confidence Interval for Mean	Lower Bound	1.017
		Upper Bound	1.025
Median			1.011
	95% Confidence Interval for Median	Lower Bound	1.007
		Upper Bound	1.015
		Actual Coverage	95.034
Weighted Mean			1.009
	95% Confidence Interval for Weighted Mean	Lower Bound	1.004
		Upper Bound	1.013
Price Related Differential			1.012
Coefficient of Dispersion			8.20%

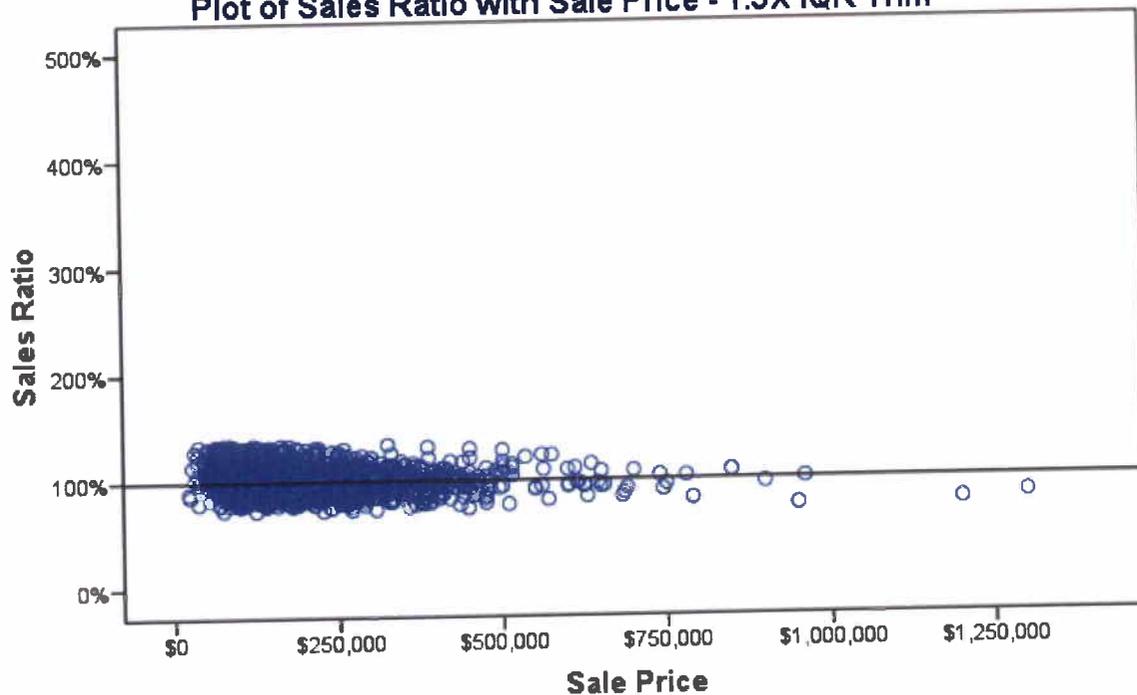
The first chart above shows that the current median sales ratio for Polk County is 1.02 or 102%. This meets the IAAO's suggested performance standard and is within 5% of the legal level in Iowa (100%), but not exactly 100%. The second chart shows that the median is 1.011 or 101.1%. This median is different because of a process of identifying sale ratios that are extreme in nature and can influence calculated statistical measures. Note the difference in the number of sales used to calculate the statistics for each chart. Excluding these outliers is acceptable if using recognized statistical procedures. These procedures can be found in the Standard on Ratio Studies, Appendix B (International Association of Assessing Officers, 2010). Based on the 101.1% median, we would adjust assessments slightly downward. We will continue to monitor the sales data during 2012 so we will have an indication of where assessments should be for 2013.

The COD after the inter-quartile trim is 8.20%, which means that, on average, residential assessments in Polk County are within 8.20% of the median assessment level (101.1%). The PRD is well within the IAAO's suggested performance standard and indicates that low and high valued properties are relatively being assessed at the same level. The statistics in the second chart, after the trim, give us a true indication of what the market is doing and show that our level of assessment and uniformity are within IAAO Standards.

Plot of Sales Ratio with Sale Price

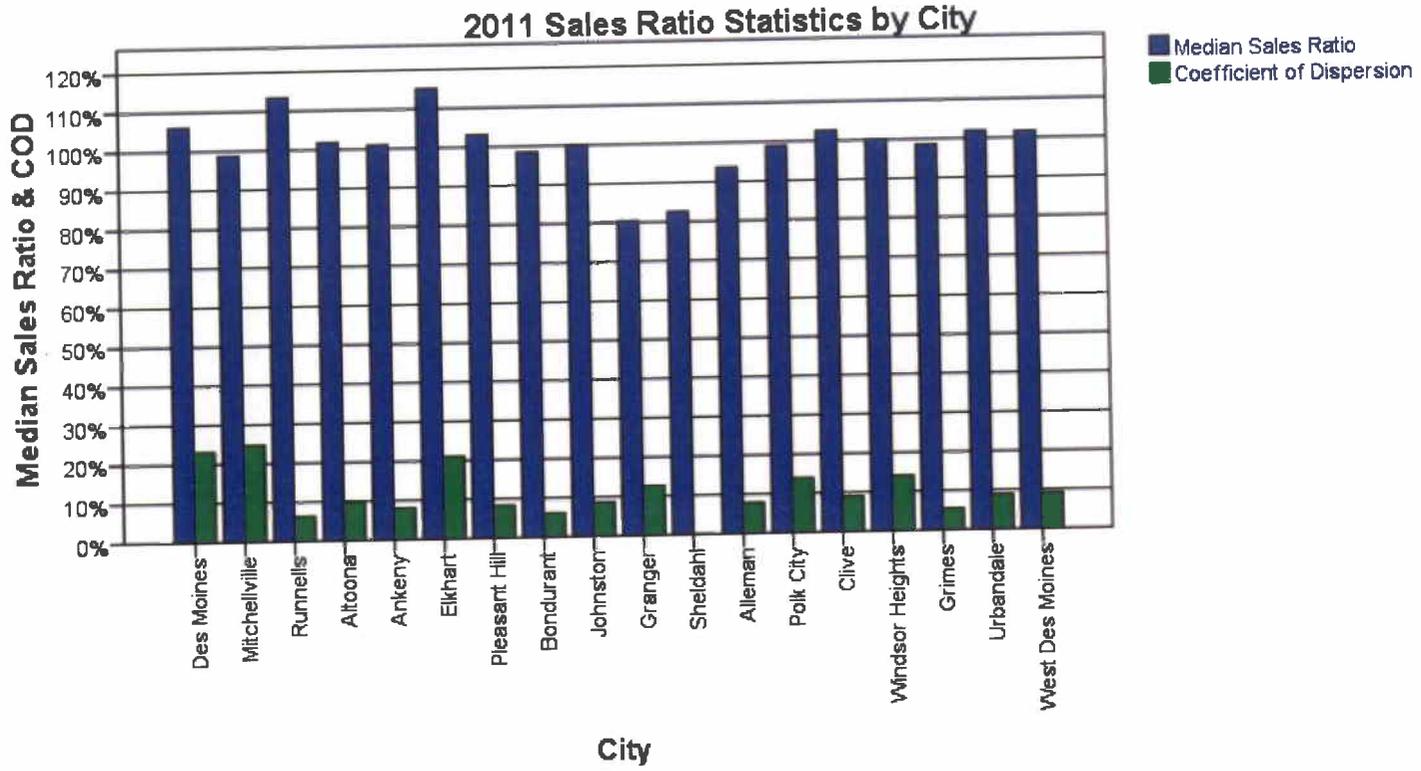


Plot of Sales Ratio with Sale Price - 1.5X IQR Trim



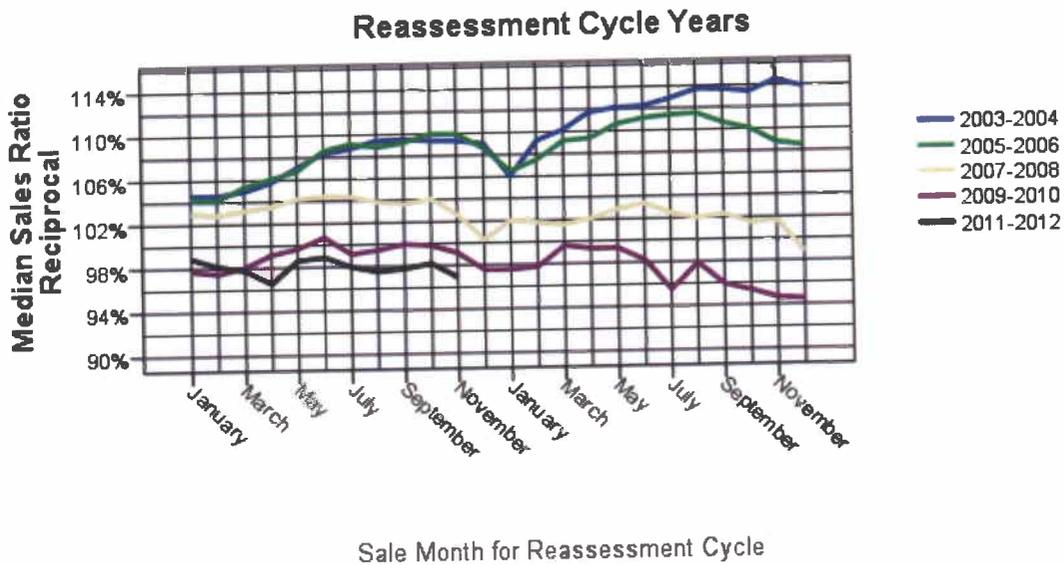
The above charts show the distribution of the sales ratios against their sale prices. The line on the sales ratio axis at 100% represents the legal assessment level. These charts support the PRD statistic on the previous page (assessment uniformity), which indicates that low and high value properties are relatively assessed at the same general level.

The chart below shows the median ratio and COD for each city in Polk County. One can see why different cities have different percent adjustments in reassessment years.



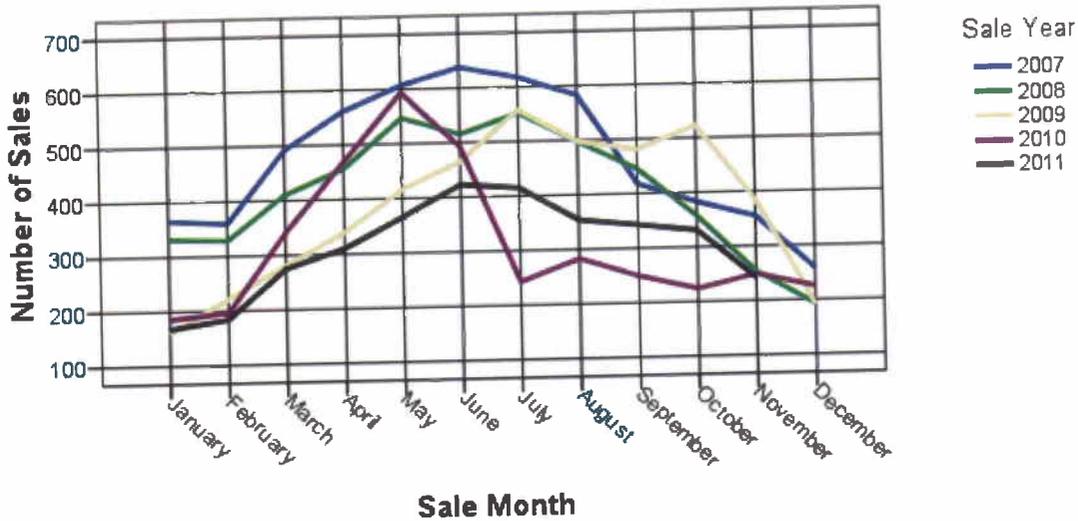
By plotting the reciprocals of the sales ratios (sale price/assessment) over time, one can visualize any inflation/deflation trends in the market. In the chart below, one can see that the market through 2011-2012 is well below the previous assessment cycles from 2003 to 2008. 2011-2012 is lower than 2009-2010 and appears to be relatively flat. We will continue to track this trend and see what implications it will have for the 2013 revaluation.

**Median Sales Ratio Reciprocal by Month**



The following chart shows that market activity increases during the spring/summer months and decreases during the fall/winter months. Typically, this pattern is pretty consistent from year-to-year. Generally, the spring/summer months are a good time to be selling a home. 2011 seems to be following this pattern, although at a lower level than previous years. 2010 had an abrupt drop after May due to the expiration of the federal tax credit.

**Number of Sales by Month**



The residential real estate market in Polk County has been relatively flat from 2007 to 2011, averaging about \$145,000 the past 5 years. The median sale price in 2007 was roughly \$150,000, while in 2011 it is roughly \$152,000. Several of the months in 2011 dropped below prior year's median values.

**Median Sale Price by Month**

