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2010 Commission Summary

22 Dakota

Residential Real Property - Current

Number of Sales	387	Median	95
Total Sales Price	\$38,149,207	Mean	98
Total Adj. Sales Price	\$38,149,207	Wgt. Mean	94
Total Assessed Value	\$35,888,650	Average Assessed Value of the Base	\$76,763
Avg. Adj. Sales Price	\$98,577	Avg. Assessed Value	\$92,736

Confidence Interval - Current

95% Median C.I	93.28 to 96.62
95% Mean C.I	96.09 to 100.63
95% Wgt. Mean C.I	92.52 to 95.63

% of Value of the Class of all Real Property Value in the County	45.87
% of Records Sold in the Study Period	5.94
% of Value Sold in the Study Period	7.18

Residential Real Property - History

Year	Number of Sales	LOV	Median
2009	424	93	93
2008	444	95	95
2007	478	96	96
2006	457	96	96

2010 Commission Summary

22 Dakota

Commercial Real Property - Current

Number of Sales	44	Median	96
Total Sales Price	\$28,475,552	Mean	97
Total Adj. Sales Price	\$28,475,552	Wgt. Mean	90
Total Assessed Value	\$25,503,425	Average Assessed Value of the Base	\$324,359
Avg. Adj. Sales Price	\$647,172	Avg. Assessed Value	\$579,623

Confidence Interval - Current

95% Median C.I	86.66 to 100.46
95% Mean C.I	85.98 to 108.40
95% Wgt. Mean C.I	84.00 to 95.12

% of Value of the Class of all Real Property Value in the County	26.13
% of Records Sold in the Study Period	5.01
% of Value Sold in the Study Period	8.96

Commercial Real Property - History

Year	Number of Sales	LOV	Median
2009	61	96	96
2008	60	97	97
2007	64	95	95
2006	61	98	98

2010 Opinions of the Property Tax Administrator for Dakota County

My opinions and recommendations are stated as a conclusion based on all of the factors known to me regarding the assessment practices and statistical analysis for this county. See, Neb. Rev. Stat. §77-5027 (R. S. Supp., 2005). While the median assessment sales ratio from the Qualified Statistical Reports for each class of real property is considered, my opinion of the level of value for a class of real property may be determined from other evidence contained within this Reports and Opinions of the Property Tax Administrator. My opinion of quality of assessment for a class of real property may be influenced by the assessment practices of the county assessor.

Residential Real Property

It is my opinion that the level of value of the class of residential real property in Dakota County is 95% of market value. The quality of assessment for the class of residential real property in Dakota County indicates the assessment practices meet generally accepted mass appraisal practices.

Commercial Real Property

It is my opinion that the level of value of the class of commercial real property in Dakota County is 96% of market value. The quality of assessment for the class of commercial real property in Dakota County indicates the assessment practices meet generally accepted mass appraisal practices.

Agricultural Land or Special Valuation of Agricultural Land

It is my opinion that the level of value of the class of agricultural land in Dakota County is 72% of market value. The quality of assessment for the class of agricultural land in Dakota County indicates the assessment practices meet generally accepted mass appraisal practices.

It is my opinion that the level of value of the class of agricultural land receiving special valuation in Dakota County is 71%. The quality of assessment for the class of agricultural land receiving special valuation in Dakota County indicates the assessment practices meet generally accepted mass appraisal practices.

Dated this 7th day of April, 2010.



A handwritten signature in cursive script that reads "Ruth A. Sorensen".

Ruth A. Sorensen
Property Tax Administrator

2010 Assessment Actions for Dakota County

taken to address the following property classes/subclasses:

Residential

1. Continue to research and pickup building permits
2. Continue to research and analysis sales of residential property
3. Continue to analysis statistical studies and make adjustments where appropriate
4. Physical review of approximately $\frac{1}{4}$ of residential properties

2010 Assessment Survey for Dakota County

Residential Appraisal Information

1.	Valuation data collection done by:
	Staff
2.	List the valuation groupings used by the County:
	<p>Valuation Group 1 – Dakota City, Group 2 – Dakota City V, Group 3- Dakota City R, Group 4 – Dakota City RV Group 5 – Emerson, Group 6 –Emerson V, Group 7 – Emerson R Group 8 – Emerson RV Group 9 – Homer, Group 10 – Homer V, Group 11 – Homer R, Group 12- Homer RV Group 13- Hubbard, Group 14 – Hubbard V, Group 15 – Hubbard R Group 16 – Hubbard RV Group 17 – Jackson, Group 18 – Jackson V, Group 19 – Jackson R Group 20 – Jackson RV Group 21 – Rural, Group 22 – Rural V Group 23 – South Sioux, Group 24 – South Sioux V, Group 25 – South Sioux R Group 26 – South Sioux RV Group 51 – SSC Proj Group 52 – Likuwanabch Group 53 – Dakota Flats Group 54 - Pasado Tiempo Group 55 – Canyon Est Group 56 – Cotwd Est Group 57 – Pasadio Tiempo 2</p>
	Describe the specific characteristics of the valuation groupings that make them unique.
	<p>The assessor locations for Dakota County are primarily a matter of location. Each location is unique to a town, village or rural subdivision. The location values are influenced by such things as the relationship to the Missouri River, a paved highway, rural water, the distance from South Sioux or Sioux City, school district, distance from the industrial complex between South Sioux City and Dakota City and the general condition and value of the improvements in the area.</p> <p>That does not mean that in any one given year the values in two of the areas won't be the same, but as a matter of consistency and to avoid creating or combining two or more market areas in a particular year they are kept separate for market study purposes. In many cases these areas are combined for statistical analysis in a given year.</p>
3.	What approach(es) to value is/are used for this class to estimate the market value of properties? List or describe.
	Sales Comparison using Market generated depreciation
4	When was the last lot value study completed?

	2010
a.	What methodology was used to determine the residential lot values?
	Sales Comparison
5.	Is the same costing year for the cost approach being used for the entire valuation grouping? If not, identify and explain the differences?
	Yes
6.	Does the County develop the depreciation study(ies) based on local market information or does the County use the tables provided by their CAMA vender?
	Local Market
a.	How often does the County update depreciation tables?
	Annually as needed
7.	Pickup work:
a.	Is pickup work done annually and is it completed by March 19th?
	Yes
b.	By Whom?
	Staff
c.	Is the valuation process (cost date and depreciation schedule or market comparison) used for the pickup work the same as the one that was used for the valuation group?
	Yes
8.	What is the County's progress with the 6 year inspection and review requirement? (Statute 77-1311.03)
	1/4 of the county every year
a.	Does the County maintain a tracking process? If yes describe.
	Yes, annual inspections are done by map number
b.	How are the results of the portion of the properties inspected and reviewed applied to the balance of the county?
	New tables are built for the inspected properties if necessary

PAD 2010 R&O Statistics

Base Stat

State Stat Run

Type: Qualified

Date Range: 07/01/2007 to 06/30/2009 Posted Before: 02/15/2010

NUMBER of Sales:	387	MEDIAN:	95	COV:	23.14	95% Median C.I.:	93.28 to 96.62	(!: Derived)
TOTAL Sales Price:	38,149,207	WGT. MEAN:	94	STD:	22.76	95% Wgt. Mean C.I.:	92.52 to 95.63	
TOTAL Adj.Sales Price:	38,149,207	MEAN:	98	AVG.ABS.DEV:	14.80	95% Mean C.I.:	96.09 to 100.63	
TOTAL Assessed Value:	35,888,650							
AVG. Adj. Sales Price:	98,576	COD:	15.61	MAX Sales Ratio:	204.00			
AVG. Assessed Value:	92,735	PRD:	104.55	MIN Sales Ratio:	47.25			

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DATE OF SALE *	COUNT	MEDIAN	MEAN	WGT. MEAN	COD	PRD	MIN	MAX	95% Median C.I.	Avg. Adj. Sale Price	Avg. Assd Val
<u>Qrtrs</u>											
07/01/07 TO 09/30/07	63	94.20	100.78	94.50	16.49	106.64	64.84	199.03	90.84 to 97.53	104,168	98,438
10/01/07 TO 12/31/07	56	95.11	94.96	93.17	12.15	101.92	50.09	151.11	91.50 to 99.02	94,656	88,187
01/01/08 TO 03/31/08	27	94.23	95.91	94.19	10.14	101.82	73.64	126.02	88.60 to 101.46	109,124	102,784
04/01/08 TO 06/30/08	45	98.27	100.72	98.37	15.47	102.40	59.18	173.18	93.88 to 103.11	97,444	95,852
07/01/08 TO 09/30/08	59	92.17	94.45	91.24	15.27	103.51	47.25	167.36	87.48 to 100.02	107,709	98,278
10/01/08 TO 12/31/08	40	98.30	101.89	96.13	15.79	105.99	71.11	169.20	90.48 to 106.30	98,512	94,697
01/01/09 TO 03/31/09	38	96.88	98.63	95.25	14.87	103.55	56.87	152.03	90.98 to 100.78	100,201	95,440
04/01/09 TO 06/30/09	59	93.34	99.66	91.66	19.95	108.73	65.71	204.00	87.36 to 97.57	82,229	75,371
<u>Study Years</u>											
07/01/07 TO 06/30/08	191	94.79	98.37	94.97	14.23	103.58	50.09	199.03	93.21 to 97.46	100,495	95,438
07/01/08 TO 06/30/09	196	94.70	98.35	93.17	16.97	105.56	47.25	204.00	91.23 to 97.57	96,706	90,101
<u>Calendar Yrs</u>											
01/01/08 TO 12/31/08	171	95.03	98.07	94.60	15.01	103.67	47.25	173.18	92.49 to 98.56	103,080	97,513
<u>ALL</u>											
	387	94.79	98.36	94.07	15.61	104.55	47.25	204.00	93.28 to 96.62	98,576	92,735

PAD 2010 R&O Statistics

Base Stat

State Stat Run

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VALUATION GROUP											Avg. Adj.	Avg.
RANGE	COUNT	MEDIAN	MEAN	WGT. MEAN	COD	PRD	MIN	MAX	95% Median C.I.	Sale Price	Assd Val	
01	29	95.19	96.32	95.40	13.04	100.97	71.83	136.67	84.23 to 102.72	111,845	106,696	
02	3	82.85	71.37	74.79	14.79	95.43	47.25	84.00	N/A	14,000	10,470	
03	1	94.20	94.20	94.20			94.20	94.20	N/A	125,000	117,750	
05	3	82.68	83.29	82.81	2.07	100.58	81.03	86.17	N/A	79,166	65,558	
09	7	94.74	103.56	98.78	12.18	104.84	91.01	139.86	91.01 to 139.86	71,621	70,748	
13	4	80.02	80.66	77.16	18.70	104.53	65.24	97.36	N/A	94,000	72,535	
15	1	94.91	94.91	94.91			94.91	94.91	N/A	250,000	237,280	
17	4	89.00	108.31	86.80	40.97	124.79	56.23	199.03	N/A	85,125	73,887	
18	7	100.00	111.95	106.25	20.91	105.36	72.50	165.00	72.50 to 165.00	19,142	20,339	
20	1	108.92	108.92	108.92			108.92	108.92	N/A	30,000	32,675	
21	20	90.81	96.74	93.69	14.12	103.25	74.78	167.48	85.19 to 100.52	130,415	122,186	
22	1	94.89	94.89	94.89			94.89	94.89	N/A	1,175	1,115	
23	263	95.40	98.25	94.45	14.38	104.02	56.87	196.84	93.28 to 97.56	97,654	92,232	
24	10	108.10	119.79	105.24	28.06	113.82	79.27	204.00	83.11 to 154.10	20,250	21,312	
25	20	93.51	94.77	94.93	12.96	99.84	72.61	130.12	81.27 to 100.70	157,597	149,604	
26	6	78.50	80.36	76.08	19.14	105.62	50.09	106.00	50.09 to 106.00	30,050	22,863	
51	2	89.91	89.91	84.96	27.02	105.82	65.62	114.20	N/A	276,250	234,712	
52	3	85.40	87.69	87.51	4.10	100.21	83.59	94.09	N/A	158,833	138,993	
56	1	196.00	196.00	196.00			196.00	196.00	N/A	10,500	20,580	
57	1	162.00	162.00	162.00			162.00	162.00	N/A	2,500	4,050	
ALL	387	94.79	98.36	94.07	15.61	104.55	47.25	204.00	93.28 to 96.62	98,576	92,735	

STATUS: IMPROVED, UNIMPROVED & IOLL											Avg. Adj.	Avg.
RANGE	COUNT	MEDIAN	MEAN	WGT. MEAN	COD	PRD	MIN	MAX	95% Median C.I.	Sale Price	Assd Val	
1	353	94.54	97.04	94.00	13.90	103.24	56.23	199.03	93.03 to 96.47	106,220	99,846	
2	34	99.26	112.00	98.41	31.70	113.81	47.25	204.00	84.00 to 122.40	19,213	18,909	
ALL	387	94.79	98.36	94.07	15.61	104.55	47.25	204.00	93.28 to 96.62	98,576	92,735	

PROPERTY TYPE *											Avg. Adj.	Avg.
RANGE	COUNT	MEDIAN	MEAN	WGT. MEAN	COD	PRD	MIN	MAX	95% Median C.I.	Sale Price	Assd Val	
01	385	94.79	98.35	94.05	15.62	104.57	47.25	204.00	93.28 to 96.62	98,878	92,995	
06												
07	2	100.29	100.29	105.19	12.77	95.34	87.48	113.09	N/A	40,500	42,600	
ALL	387	94.79	98.36	94.07	15.61	104.55	47.25	204.00	93.28 to 96.62	98,576	92,735	

PAD 2010 R&O Statistics

Base Stat

State Stat Run

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SALE PRICE *											Avg. Adj.	Avg.
RANGE	COUNT	MEDIAN	MEAN	WGT. MEAN	COD	PRD	MIN	MAX	95% Median C.I.	Sale Price	Assd Val	
Low \$ _____												
1 TO 4999	5	162.00	138.25	158.52	24.01	87.21	72.50	196.84	N/A	1,895	3,004	
5000 TO 9999	3	151.11	146.07	136.00	26.67	107.41	83.11	204.00	N/A	7,666	10,426	
Total \$ _____												
1 TO 9999	8	156.56	141.18	142.57	26.05	99.03	72.50	204.00	72.50 to 204.00	4,059	5,787	
10000 TO 29999	32	115.14	118.83	116.59	22.40	101.92	47.25	199.03	100.00 to 125.00	19,594	22,845	
30000 TO 59999	50	106.09	109.58	108.55	19.24	100.95	50.09	185.24	97.36 to 110.19	43,277	46,978	
60000 TO 99999	114	93.70	94.31	94.01	13.54	100.32	56.23	136.49	90.14 to 98.19	80,359	75,549	
100000 TO 149999	128	91.66	92.13	91.94	9.69	100.21	59.52	167.48	90.08 to 94.41	121,761	111,947	
150000 TO 249999	50	91.27	93.12	93.19	10.12	99.92	67.73	130.12	88.14 to 96.06	179,637	167,403	
250000 TO 499999	5	94.91	90.61	90.78	9.36	99.81	65.62	102.72	N/A	319,500	290,038	
ALL	387	94.79	98.36	94.07	15.61	104.55	47.25	204.00	93.28 to 96.62	98,576	92,735	

**2010 Correlation Section
for Dakota County**

Residential Real Property

I. Correlation

The level of value for the residential real property in Dakota County, as determined by the PTA is 95%. The mathematically calculated median is 95%.

RESIDENTIAL:Dakota County stated in the assessment actions that research, pick up work, analysis of the sales and adjustments are made where appropriate. The county stated in the three year plan that the towns of Emerson, Jackson, Homer and Hubbard were reviewed for 2010.

The valuation groupings are basically the same as the assessor locations. The valuation grouping 21 and 22 address the rural assessor location. There are 20 sales in group 21 and 1 in 22. If they are looked at together the median for the group would be 92. While it is the counties practice to keep groupings separate by improved and unimproved the lot values are treated in the same manner. Review of the statistical analysis would indicate that the level of value is within the acceptable range for the residential class. There will not be recommended adjustments for the residential class of property.

**2010 Correlation Section
for Dakota County**

II. Analysis of Sales Verification

Neb. Rev. Stat. 77-1327(2) provides that all sales are deemed to be arms length transactions unless determined to be otherwise under professionally accepted mass appraisal techniques. The county assessor is responsible for the qualification of the sales included in the state sales file.

The Standard on Ratio Studies, International Association of Assessing Officials (2007), indicates that excessive trimming (the arbitrary exclusion or adjustment of arms length transactions) may indicate an attempt to inappropriately exclude arms length transactions to create the appearance of a higher level of value and quality of assessment. The sales file, in a case of excess trimming, will fail to properly represent the level of value and quality of assessment of the population of real property.

The Division frequently reviews the procedures used by the county assessor to qualify sales to ensure bias does not exist in judgments made. Arms length transactions should only be excluded when they compromise the reliability of the resulting statistics. In cases where a county assessor has disqualified sales without substantiation, the Division may include such sales in the ratio study.

RESIDENTIAL: The Form 521 is delivered to the Assessment Manager for completion of the name changes, and anything else necessary for changing the ownership of the parcel. At that time the Assessment Manager will qualify the sale. If there is a questionable sale, the appraiser is questioned to assist in the determination of the qualification. When that process is complete, the file is distributed to the appraisal assistant staff for review. The appraisal assistant is to review each sale with a new photograph and determine if the current property record card is accurate. If the owner is present an interview may be appropriate. Any changes found will be returned to data entry and noted in the file.

A review of the non-qualified sales was completed and it was determined that the county was reasonable with the non-qualified conclusions. The majority of the sales were either family transactions or substantially changed parcels and a few foreclosures.

**2010 Correlation Section
for Dakota County**

III. Measure of Central Tendency

There are three measures of central tendency calculated by the Division: median ratio, weighted mean ratio, and mean ratio. Since each measure of central tendency has strengths and weaknesses, the use of any statistic for equalization should be reconciled with the other two, as in an appraisal, based on the appropriateness in the use of the statistic for a defined purpose, the quantity of the information from which it was drawn, and the reliability of the data that was used in its calculation. An examination of the three measures can serve to illustrate important trends in the data if the measures do not closely correlate to each other.

The IAAO considers the median ratio the most appropriate statistical measure for use in determining level of value for direct equalization; the process of adjusting the values of classes or subclasses of property in response to the determination of level of value at a point above or below a particular range. Since the median ratio is considered neutral in relationship to either assessed value or selling price, its use in adjusting the class or subclass of properties will not change the relationships between assessed value and level of value already present within the class or subclass of properties, thus rendering an adjustment neutral in its impact on the relative tax burden to an individual property. Additionally, the median ratio is less influenced by the presence of extreme ratios, commonly called outliers. One outlier in a small sample size of sales can have controlling influence over the other measures of central tendency. The median ratio limits the distortion potential of an outlier.

The weighted mean ratio is viewed by the IAAO as the most appropriate statistical measure for indirect equalization. The weighted mean, because it is a value weighted ratio, best reflects a comparison of the assessed and market value of property in the political subdivision. If the distribution of aid to political subdivisions must relate to the market value available for assessment in the political subdivision, the measurement of central tendency used to analyze level of value should reflect the dollars of value available to be assessed. The weighted mean ratio does that more than either of the other measures of central tendency.

If the weighted mean ratio, because of its dollar-weighting feature, is significantly different from the median ratio, it may be an indication of other problems with assessment proportionality. When this occurs, an evaluation of the county's assessment practices and procedures is appropriate to discover remedies to the situation.

The mean ratio is used as a basis for other statistical calculations, such as the price related differential and coefficient of variation. However, the mean ratio has limited application in the analysis of level of value because it assumes a normal distribution of the data set around the mean ratio with each ratio having the same impact on the calculation regardless of the assessed value or the selling price.

	Median	Wgt. Mean	Mean
R&O Statistics	95	94	98

**2010 Correlation Section
for Dakota County**

IV. Analysis of Quality of Assessment

In analyzing the statistical data of assessment quality, there are two measures upon which assessment officials will primarily rely: the Coefficient of Dispersion (COD), and the Price Related Differential (PRD). Whether such statistics can be relied upon as meaningful for the population depends on whether the sample is representative.

The COD is commonly referred to as the index of assessment inequality. It is used to measure how closely the individual ratios are clustered around the median ratio and suggests the degree of uniformity or inaccuracy resulting in the assessments. The COD is computed by dividing the average deviation by the median ratio. For example, a COD of 20 means half of the ratios are 20 percent above or below the median. The closer the ratios are grouped around the median, the more equitable the assessment of property tends to be. Conversely, if the dispersion is quite large, there is a large spread in the ratios typically indicating a large spread around the median in the assessment of property, which results in an inequity in assessment and taxes. There is no range of acceptability stated in the Nebraska statutes for the COD measure. The International Association of Assessing Officers recommended ratio study performance standards are as follows:

Single-family residences: a COD of 15 percent or less.

For newer and fairly homogeneous areas: a COD of 10 or less.

Income-producing property: a COD of 20 or less, or in larger urban jurisdictions, 15 or less.

Vacant land and other unimproved property, such as agricultural land: a COD of 20 or less.

Rural residential and seasonal properties: a COD of 20 or less.

Mass Appraisal of Real Property, International Association of Assessing Officers, (1999), p. 246.

In unusually homogeneous types of property low CODs can be anticipated; however, in all other cases CODs less than 5 percent may be indicative of non-representative samples or the selective reappraisal of sold parcels.

The PRD, also known as the index of regression, is a measurement of the relationship between the ratios of high-value and low-value properties to determine if the value of property has any influence on the assessment ratio. It is calculated by dividing the arithmetic mean ratio by the weighted mean ratio. The PRD provides an indicator of the degree to which high-value properties are over-assessed or under-assessed in relation to low-value properties. A PRD of 100 indicates there is no bias in the assessment of high-value properties in comparison to low-value properties. A PRD greater than 100 indicates the assessments are regressive, which means low-value properties tend to have a higher assessment ratio than high-value properties. The result is the owner of a low-value property pays a greater amount of tax in relation to value than the owner of a high-value property. Conversely, a PRD less than 100 indicates that high-value properties are over assessed in relation to low-value properties.

There is no range of acceptability stated in the Nebraska statutes for the PRD measure. The Standard of Ratio Studies, adopted by the International Association of Assessing Officers, July,

**2010 Correlation Section
for Dakota County**

2007, recommends that the PRD should lie between 98 and 103. This range is centered slightly above 100 to allow for a slightly upward measurement bias inherent in the PRD.

The PRD is calculated based on the selling price/assessed value in the sales file. This measure can be misleading if the dollar value of the records in the sales file is not proportionate to the dollar value of records in the population.

Mass Appraisal of Real Property, International Association of Assessing Officers, (1999), p. 247.

The analysis in this section displays the calculated COD and PRD measures for Dakota County, which are considered as one part of the analysis of the County's assessment practices.

	COD	PRD
R&O Statistics	15.61	104.55

RESIDENTIAL: The coefficient of dispersion and the price related differential are relatively within the acceptable parameters of the acceptable ranges.

2010 Assessment Actions for Dakota County

taken to address the following property classes/subclasses:

Commercial

1. Continue to research and pickup building permits
2. Continue to research and analysis sales of residential property
3. Continue to analysis statistical studies and make adjustments where appropriate
4. Physical review of approximately $\frac{1}{4}$ of residential properties

2010 Assessment Survey for Dakota County

Commercial / Industrial Appraisal Information

1.	Valuation data collection done by:
	Staff
2.	List the valuation groupings used by the County:
	<p>Valuation Group 1 – Dakota City, Group 2 – Dakota City V, Group 3 - Dakota City R, Group 4 – Dakota City RV Group 5 – Emerson, Group 6 –Emerson V, Group 7 – Emerson R Group 8 – Emerson RV Group 9 – Homer, Group 10 – Homer V, Group 11 – Homer R, Group 12 - Homer RV Group 13 - Hubbard, Group 14 – Hubbard V, Group 15 – Hubbard R Group 16 – Hubbard RV Group 17 – Jackson, Group 18 – Jackson V, Group 19 – Jackson R Group 20 – Jackson RV Group 21 – Rural, Group 22 – Rural V Group 23 – South Sioux, Group 24 – South Sioux V, Group 25 – South Sioux R Group 26 – South Sioux RV Group 51 – SSC Proj Group 52 – Likuwanabch Group 53 – Dakota Flats Group 54 - Pasado Tiempo Group 55 – Canyon Est Group 56 – Cotwd Est Group 57 – Pasadio Tiempo</p>
a.	Describe the specific characteristics of the valuation groupings that make them unique.
	<p>The assessor locations for Dakota County are primarily a matter of location. Each location is unique to a town, village or rural subdivision. The location values are influenced by such things as the relationship to the Missouri River, a paved highway, rural water, the distance from South Sioux or Sioux City, school district, distance from the industrial complex between South Sioux City and Dakota City and the general condition and value of the improvements in the area.</p> <p>That does not mean that in any one given year the values in two of the areas won't be the same, but as a matter of consistency and to avoid creating or combining two or more market areas in a particular year they are kept separate for market study purposes. In many cases these areas are combined for statistical analysis in a given year.</p>
3.	What approach(es) to value is/are used for this class to estimate the market value of properties? List or describe.
	Sales and Income Approaches with cost approach on new properties

4	When was the last lot value study completed?
	2010
a.	What methodology was used to determine the commercial lot values?
	Sales Comparison
5.	Is the same costing year for the cost approach being used for entire valuation grouping? If not, identify and explain the differences?
	Yes
6.	Does the County develop the depreciation study(ies) based on local market information or does the County use the tables provided by their CAMA vender?
	Local information
a.	How often does the County update the depreciation tables?
	As necessary
7.	Pickup work:
a.	Is pickup work done annually and is it completed by March 19th?
	Yes
b.	By Whom?
	Staff
c.	Is the valuation process (cost date and depreciation schedule or market comparison) used for the pickup work the same as the one that was used for the valuation group?
	Yes
8.	What is the Counties progress with the 6 year inspection and review requirement? (Statute 77-1311.03)
	¼ of the county every year
a.	Does the County maintain a tracking process? If yes describe.
	Yes, annual inspections are done by map number
b.	How are the results of the portion of the properties inspected and reviewed applied to the balance of the county?
	New tables are built for the inspected properties if necessary

PAD 2010 R&O Statistics

Base Stat

State Stat Run

Type: Qualified

Date Range: 07/01/2006 to 06/30/2009 Posted Before: 02/15/2010

(!: AVTot=0)
(!: Derived)

NUMBER of Sales:	44	MEDIAN:	96	COV:	39.03	95% Median C.I.:	86.66 to 100.46
TOTAL Sales Price:	28,475,552	WGT. MEAN:	90	STD:	37.93	95% Wgt. Mean C.I.:	84.00 to 95.12
TOTAL Adj.Sales Price:	28,475,552	MEAN:	97	AVG.ABS.DEV:	20.78	95% Mean C.I.:	85.98 to 108.40
TOTAL Assessed Value:	25,503,425						
AVG. Adj. Sales Price:	647,171	COD:	21.64	MAX Sales Ratio:	300.35		
AVG. Assessed Value:	579,623	PRD:	108.52	MIN Sales Ratio:	45.89		

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DATE OF SALE *	COUNT	MEDIAN	MEAN	WGT. MEAN	COD	PRD	MIN	MAX	95% Median C.I.	Avg. Adj. Sale Price	Avg. Assd Val
<u>Qrtrs</u>											
07/01/06 TO 09/30/06	4	96.51	94.15	95.21	6.01	98.89	81.69	101.88	N/A	2,209,375	2,103,465
10/01/06 TO 12/31/06	7	89.14	89.64	89.12	8.86	100.58	76.43	104.20	76.43 to 104.20	1,768,810	1,576,410
01/01/07 TO 03/31/07	6	96.46	99.05	104.01	13.75	95.23	70.73	129.42	70.73 to 129.42	108,475	112,827
04/01/07 TO 06/30/07	2	103.84	103.84	105.48	8.54	98.44	94.97	112.70	N/A	67,500	71,197
07/01/07 TO 09/30/07	5	89.80	81.07	78.00	24.42	103.94	51.14	116.70	N/A	221,000	172,370
10/01/07 TO 12/31/07	6	112.81	141.04	135.17	34.75	104.35	99.51	300.35	99.51 to 300.35	102,500	138,549
01/01/08 TO 03/31/08	3	78.04	74.08	68.39	22.39	108.31	45.89	98.30	N/A	530,677	362,931
04/01/08 TO 06/30/08	3	72.16	72.02	73.04	3.60	98.60	68.05	75.84	N/A	248,666	181,615
07/01/08 TO 09/30/08	2	98.28	98.28	97.61	2.22	100.68	96.10	100.46	N/A	37,500	36,605
10/01/08 TO 12/31/08											
01/01/09 TO 03/31/09	2	98.85	98.85	106.90	22.16	92.47	76.94	120.76	N/A	292,500	312,695
04/01/09 TO 06/30/09	4	99.87	96.55	69.04	36.10	139.84	51.56	134.88	N/A	438,125	302,487
<u>Study Years</u>											
07/01/06 TO 06/30/07	19	95.00	95.05	92.11	10.63	103.20	70.73	129.42	86.66 to 101.88	1,158,158	1,066,741
07/01/07 TO 06/30/08	17	95.89	99.40	81.98	32.42	121.25	45.89	300.35	68.05 to 116.70	238,707	195,693
07/01/08 TO 06/30/09	8	98.28	97.55	79.11	24.47	123.31	51.56	134.88	51.56 to 134.88	301,562	238,568
<u>Calendar Yrs</u>											
01/01/07 TO 12/31/07	19	99.51	108.08	100.27	25.34	107.80	51.14	300.35	90.25 to 116.70	131,886	132,237
01/01/08 TO 12/31/08	8	76.94	79.36	70.73	18.03	112.19	45.89	100.46	45.89 to 100.46	301,629	213,356
<u>ALL</u>											
	44	96.00	97.19	89.56	21.64	108.52	45.89	300.35	86.66 to 100.46	647,171	579,623

VALUATION GROUP	COUNT	MEDIAN	MEAN	WGT. MEAN	COD	PRD	MIN	MAX	95% Median C.I.	Avg. Adj. Sale Price	Avg. Assd Val
01	3	96.10	97.78	97.05	1.89	100.75	95.89	101.35	N/A	70,000	67,938
02	1	106.26	106.26	106.26			106.26	106.26	N/A	45,000	47,815
09	3	94.97	99.16	94.45	8.04	104.98	89.80	112.70	N/A	151,666	143,248
13	1	96.38	96.38	96.38			96.38	96.38	N/A	46,500	44,815
23	31	91.26	90.26	89.18	20.74	101.20	45.89	134.88	76.94 to 99.75	825,052	735,805
24	4	98.88	143.49	89.81	67.11	159.77	75.84	300.35	N/A	484,667	435,287
25	1	110.98	110.98	110.98			110.98	110.98	N/A	203,750	226,115
<u>ALL</u>											
	44	96.00	97.19	89.56	21.64	108.52	45.89	300.35	86.66 to 100.46	647,171	579,623

PAD 2010 R&O Statistics

Base Stat

State Stat Run

Type: Qualified

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STATUS: IMPROVED, UNIMPROVED & IOLL

RANGE	COUNT	MEDIAN	MEAN	WGT. MEAN	COD	PRD	MIN	MAX	95% Median C.I.	Avg. Adj. Sale Price	Avg. Assd Val
1	39	95.89	92.21	89.52	17.07	103.01	45.89	134.88	86.66 to 99.75	679,279	608,063
2	5	106.26	136.04	90.18	49.96	150.85	75.84	300.35	N/A	396,734	357,793
____ALL____	44	96.00	97.19	89.56	21.64	108.52	45.89	300.35	86.66 to 100.46	647,171	579,623

PROPERTY TYPE *

RANGE	COUNT	MEDIAN	MEAN	WGT. MEAN	COD	PRD	MIN	MAX	95% Median C.I.	Avg. Adj. Sale Price	Avg. Assd Val
02											
03	42	96.24	97.78	89.68	22.06	109.02	45.89	300.35	89.14 to 100.46	413,973	371,265
04	2	84.84	84.84	89.37	7.57	94.93	78.42	91.26	N/A	5,544,335	4,955,135
____ALL____	44	96.00	97.19	89.56	21.64	108.52	45.89	300.35	86.66 to 100.46	647,171	579,623

SALE PRICE *

RANGE	COUNT	MEDIAN	MEAN	WGT. MEAN	COD	PRD	MIN	MAX	95% Median C.I.	Avg. Adj. Sale Price	Avg. Assd Val
____Low \$____											
____Total \$____											
10000 TO 29999	3	100.46	95.95	92.26	17.02	104.00	68.05	119.35	N/A	18,666	17,221
30000 TO 59999	5	96.38	99.01	98.76	3.43	100.26	94.97	106.26	N/A	47,700	47,107
60000 TO 99999	4	101.48	98.68	98.03	17.93	100.66	70.73	121.04	N/A	70,000	68,623
100000 TO 149999	7	96.54	127.84	120.59	48.97	106.01	51.14	300.35	51.14 to 300.35	126,585	152,646
150000 TO 249999	8	99.63	101.01	100.71	13.48	100.30	75.84	130.32	75.84 to 130.32	192,031	193,390
250000 TO 499999	8	89.47	87.68	88.38	17.42	99.21	51.80	120.76	51.80 to 120.76	347,125	306,803
500000 +	9	78.42	77.14	87.53	17.54	88.13	45.89	101.88	51.56 to 95.00	2,522,411	2,207,961
____ALL____	44	96.00	97.19	89.56	21.64	108.52	45.89	300.35	86.66 to 100.46	647,171	579,623

PAD 2010 R&O Statistics

Base Stat

State Stat Run

Type: Qualified

Date Range: 07/01/2006 to 06/30/2009 Posted Before: 02/15/2010

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OCCUPANCY CODE

RANGE	COUNT	MEDIAN	MEAN	WGT. MEAN	COD	PRD	MIN	MAX	95% Median C.I.	Avg. Adj. Sale Price	Avg. Assd Val
(blank)	11	91.26	113.82	91.13	38.14	124.90	68.05	300.35	75.84 to 134.88	1,128,629	1,028,515
300	5	96.38	86.36	90.41	11.14	95.52	45.89	98.01	N/A	1,628,326	1,472,246
325	1	51.14	51.14	51.14			51.14	51.14	N/A	145,000	74,155
326	1	76.94	76.94	76.94			76.94	76.94	N/A	185,000	142,345
340	1	78.04	78.04	78.04			78.04	78.04	N/A	340,000	265,320
343	2	87.02	87.02	92.55	17.08	94.02	72.16	101.88	N/A	838,000	775,600
344	3	101.35	110.17	109.74	9.76	100.40	99.75	129.42	N/A	131,000	143,758
350	1	99.51	99.51	99.51			99.51	99.51	N/A	180,000	179,120
352	2	82.13	82.13	55.71	37.22	147.43	51.56	112.70	N/A	590,000	328,670
353	4	97.72	101.33	106.69	9.49	94.98	89.14	120.76	N/A	189,000	201,635
389	1	81.69	81.69	81.69			81.69	81.69	N/A	500,000	408,440
406	4	95.43	95.66	97.01	17.77	98.61	70.73	121.04	N/A	137,500	133,387
407	2	113.11	113.11	116.69	15.22	96.93	95.89	130.32	N/A	149,000	173,862
419	4	92.95	88.41	87.46	9.46	101.08	69.42	98.30	N/A	298,500	261,080
426	1	51.80	51.80	51.80			51.80	51.80	N/A	342,000	177,145
494	1	116.70	116.70	116.70			116.70	116.70	N/A	180,000	210,055
<u>ALL</u>	<u>44</u>	<u>96.00</u>	<u>97.19</u>	<u>89.56</u>	<u>21.64</u>	<u>108.52</u>	<u>45.89</u>	<u>300.35</u>	<u>86.66 to 100.46</u>	<u>647,171</u>	<u>579,623</u>

**2010 Correlation Section
for Dakota County**

Commerical Real Property

I. Correlation

The level of value for the commercial real property in Dakota County, as determined by the PTA is 96%. The mathematically calculated median is 96%.

COMMERCIAL:Dakota County stated in the assessment actions that research, pick up work, analysis of the sales and adjustments are made where appropriate. The county stated in the three year plan that the review would continue but did not address any specific areas.

The valuation groupings are basically the same as the assessor locations. The valuation grouping 23, 24 and 25 address the South Sioux City assessor location. There are 31 sales in group 23, 4 in 24 and 1 in group 25. If they are looked at together the median for the group would be 93. While it is the counties practice to keep groupings separate by improved and unimproved the lot values are treated in the same manner. Review of the statistical analysis would indicate that the level of value is within the acceptable range for the commercial class. There will not be recommended adjustments for the commercial class of property.

**2010 Correlation Section
for Dakota County**

II. Analysis of Sales Verification

Neb. Rev. Stat. 77-1327(2) provides that all sales are deemed to be arms length transactions unless determined to be otherwise under professionally accepted mass appraisal techniques. The county assessor is responsible for the qualification of the sales included in the state sales file.

The Standard on Ratio Studies, International Association of Assessing Officials (2007), indicates that excessive trimming (the arbitrary exclusion or adjustment of arms length transactions) may indicate an attempt to inappropriately exclude arms length transactions to create the appearance of a higher level of value and quality of assessment. The sales file, in a case of excess trimming, will fail to properly represent the level of value and quality of assessment of the population of real property.

The Division frequently reviews the procedures used by the county assessor to qualify sales to ensure bias does not exist in judgments made. Arms length transactions should only be excluded when they compromise the reliability of the resulting statistics. In cases where a county assessor has disqualified sales without substantiation, the Division may include such sales in the ratio study.

COMMERCIAL: The Form 521 is delivered to the Assessment Manager for completion of the name changes, and anything else necessary for changing the ownership of the parcel. At that time the Assessment Manager will qualify the sale. If there is a questionable sale, the appraiser is questioned to assist in the determination of the qualification. When that process is complete, the file is distributed to the appraisal assistant staff for review. The appraisal assistant is to review each sale with a new photograph and determine if the current property record card is accurate. If the owner is present an interview may be appropriate. Any changes found will be returned to data entry and noted in the file.

A review of the non-qualified sales was completed and it was determined that the county was reasonable with the non-qualified conclusions. The majority of the sales were either family transactions or substantially changed parcels and a few foreclosures.

**2010 Correlation Section
for Dakota County**

III. Measure of Central Tendency

There are three measures of central tendency calculated by the Division: median ratio, weighted mean ratio, and mean ratio. Since each measure of central tendency has strengths and weaknesses, the use of any statistic for equalization should be reconciled with the other two, as in an appraisal, based on the appropriateness in the use of the statistic for a defined purpose, the quantity of the information from which it was drawn, and the reliability of the data that was used in its calculation. An examination of the three measures can serve to illustrate important trends in the data if the measures do not closely correlate to each other.

The IAAO considers the median ratio the most appropriate statistical measure for use in determining level of value for direct equalization; the process of adjusting the values of classes or subclasses of property in response to the determination of level of value at a point above or below a particular range. Since the median ratio is considered neutral in relationship to either assessed value or selling price, its use in adjusting the class or subclass of properties will not change the relationships between assessed value and level of value already present within the class or subclass of properties, thus rendering an adjustment neutral in its impact on the relative tax burden to an individual property. Additionally, the median ratio is less influenced by the presence of extreme ratios, commonly called outliers. One outlier in a small sample size of sales can have controlling influence over the other measures of central tendency. The median ratio limits the distortion potential of an outlier.

The weighted mean ratio is viewed by the IAAO as the most appropriate statistical measure for indirect equalization. The weighted mean, because it is a value weighted ratio, best reflects a comparison of the assessed and market value of property in the political subdivision. If the distribution of aid to political subdivisions must relate to the market value available for assessment in the political subdivision, the measurement of central tendency used to analyze level of value should reflect the dollars of value available to be assessed. The weighted mean ratio does that more than either of the other measures of central tendency.

If the weighted mean ratio, because of its dollar-weighting feature, is significantly different from the median ratio, it may be an indication of other problems with assessment proportionality. When this occurs, an evaluation of the county's assessment practices and procedures is appropriate to discover remedies to the situation.

The mean ratio is used as a basis for other statistical calculations, such as the price related differential and coefficient of variation. However, the mean ratio has limited application in the analysis of level of value because it assumes a normal distribution of the data set around the mean ratio with each ratio having the same impact on the calculation regardless of the assessed value or the selling price.

	Median	Wgt. Mean	Mean
R&O Statistics	96	90	97

**2010 Correlation Section
for Dakota County**

IV. Analysis of Quality of Assessment

In analyzing the statistical data of assessment quality, there are two measures upon which assessment officials will primarily rely: the Coefficient of Dispersion (COD), and the Price Related Differential (PRD). Whether such statistics can be relied upon as meaningful for the population depends on whether the sample is representative.

The COD is commonly referred to as the index of assessment inequality. It is used to measure how closely the individual ratios are clustered around the median ratio and suggests the degree of uniformity or inaccuracy resulting in the assessments. The COD is computed by dividing the average deviation by the median ratio. For example, a COD of 20 means half of the ratios are 20 percent above or below the median. The closer the ratios are grouped around the median, the more equitable the assessment of property tends to be. Conversely, if the dispersion is quite large, there is a large spread in the ratios typically indicating a large spread around the median in the assessment of property, which results in an inequity in assessment and taxes. There is no range of acceptability stated in the Nebraska statutes for the COD measure. The International Association of Assessing Officers recommended ratio study performance standards are as follows:

Single-family residences: a COD of 15 percent or less.

For newer and fairly homogeneous areas: a COD of 10 or less.

Income-producing property: a COD of 20 or less, or in larger urban jurisdictions, 15 or less.

Vacant land and other unimproved property, such as agricultural land: a COD of 20 or less.

Rural residential and seasonal properties: a COD of 20 or less.

Mass Appraisal of Real Property, International Association of Assessing Officers, (1999), p. 246.

In unusually homogeneous types of property low CODs can be anticipated; however, in all other cases CODs less than 5 percent may be indicative of non-representative samples or the selective reappraisal of sold parcels.

The PRD, also known as the index of regression, is a measurement of the relationship between the ratios of high-value and low-value properties to determine if the value of property has any influence on the assessment ratio. It is calculated by dividing the arithmetic mean ratio by the weighted mean ratio. The PRD provides an indicator of the degree to which high-value properties are over-assessed or under-assessed in relation to low-value properties. A PRD of 100 indicates there is no bias in the assessment of high-value properties in comparison to low-value properties. A PRD greater than 100 indicates the assessments are regressive, which means low-value properties tend to have a higher assessment ratio than high-value properties. The result is the owner of a low-value property pays a greater amount of tax in relation to value than the owner of a high-value property. Conversely, a PRD less than 100 indicates that high-value properties are over assessed in relation to low-value properties.

There is no range of acceptability stated in the Nebraska statutes for the PRD measure. The Standard of Ratio Studies, adopted by the International Association of Assessing Officers, July,

**2010 Correlation Section
for Dakota County**

2007, recommends that the PRD should lie between 98 and 103. This range is centered slightly above 100 to allow for a slightly upward measurement bias inherent in the PRD.

The PRD is calculated based on the selling price/assessed value in the sales file. This measure can be misleading if the dollar value of the records in the sales file is not proportionate to the dollar value of records in the population.

Mass Appraisal of Real Property, International Association of Assessing Officers, (1999), p. 247.

The analysis in this section displays the calculated COD and PRD measures for Dakota County, which are considered as one part of the analysis of the County's assessment practices.

	COD	PRD
R&O Statistics	21.64	108.52

COMMERCIAL: The coefficient of dispersion and the price related differential are reasonable for the diversity of the commercial sold properties. The four vacant land sales are impacting the overall calculation.

2010 Assessment Actions for Dakota County

taken to address the following property classes/subclasses:

Agricultural

1. Continue to research and pickup building permits
2. Continue to research and analysis sales of agricultural property
3. Continue to analysis statistical studies and make adjustments where appropriate
4. Improvements are reviewed as a part of our 4 year review plan

2010 Assessment Survey for Dakota County

Agricultural Appraisal Information

1.	Valuation data collection done by:
	Staff
2.	Does the County maintain more than one market area / valuation grouping in the agricultural property class?
	Yes
a.	What is the process used to determine and monitor market areas / valuation groupings? (Neb. Rev. Stat. § 77-1363) List or describe. Class or subclass includes, but not limited to, the classifications of agricultural land listed in section 77-1363, parcel use, parcel type, location, geographic characteristics, zoning, city size, parcel size and market characteristics.
	Sales Analysis
b.	Describe the specific characteristics of the market area / valuation groupings that make them unique?
	Location and terrain. Since there are two different economic forces affecting the market value of agricultural land in Dakota County, the large farmers on the bottom lands and the desire of people wanting to move the country influencing values in the hill ground, and since those forces are evident in specific areas defined by terrain it is both necessary and appropriate to view these areas as separate Market Areas. Following accepted Mass Appraisal practices the sales from each area should be studied separately to establish the value of the Land Capability Groups in each area. With this in mind the area boundaries should follow the bluff line as it is a natural geophysical boundary.
3.	Agricultural Land
a.	How is agricultural land defined in this county?
	Unimproved land devoted to or available for the production of crops and/or other agricultural products, and livestock
b.	When is it agricultural land, when is it residential, when is it recreational?
	Determined by use
c.	Are these definitions in writing?
	Yes
d.	What are the recognized differences?
	Agland- part of a production unit. Residential-majority use as residential, included is hobby livestock. Recreational-purchased strictly for recreational purposes with no concern for profitability or full time residence.
e.	How are rural home sites valued?
	Same as rural residential
f.	Are rural home sites valued the same as rural residential home sites?
	Yes
g.	Are all rural home sites valued the same or are market differences recognized?
	Same
h.	What are the recognized differences?

	N/A
4.	What is the status of the soil conversion from the alpha to numeric notation?
	Done
a.	Are land capability groupings (LCG) used to determine assessed value?
	Yes
b.	What other land characteristics or analysis are/is used to determine assessed values?
	location
5.	Is land use updated annually?
	Yes
a.	By what method? (Physical inspection, FSA maps, etc.)
	Sales review, Physical inspection, Statistical analysis, Agridata
6.	Is there agricultural land in the County that has a non-agricultural influence?
	Yes
a.	How is the County developing the value for non-agricultural influences?
	Market
b.	Has the County received applications for special valuation?
	Yes
c.	Describe special value methodology
	Included in the Report and Opinion Agricultural Section - Methodology
7	Pickup work:
a.	Is pickup work done annually and is it completed by March 19th?
	Yes
b.	By Whom?
	Staff
c.	Is the valuation process (cost date and depreciation schedule or market comparison) used for the pickup work on the rural improvements the same as what was used for the general population of the valuation group?
	Yes
d.	Is the pickup work schedule the same for the land as for the improvements?
	yes
8.	What is the counties progress with the 6 year inspection and review requirement as it relates to rural improvements? (Neb. Rev. Stat. § 77-1311.03)
	¼ of the county every year
a.	Does the County maintain a tracking process?
	Yes, annual inspections are done by map number
b.	How are the results of the portion of the properties inspected and reviewed applied to the balance of the county?
	New tables are built for the inspected properties if necessary

Proportionality Among Study Years

The following tables represent the distribution of sales among each year of the study period in the original sales file, the sales that were added to each area, and the resulting proportionality.

Preliminary Results:

Study Year	County	Area 1	Area 2
07/01/06 - 06/30/07	10	5	5
07/01/07 - 06/30/08	12	4	8
07/01/08 - 06/30/09	8	2	6
Totals	30	11	19

Added Sales:

Study Year	Total	Mkt 1	Mkt 2
7/1/06 - 6/30/07	0		
7/1/07 - 6/30/08	0		
7/1/08 - 6/30/09	0		
	0		

Final Results:

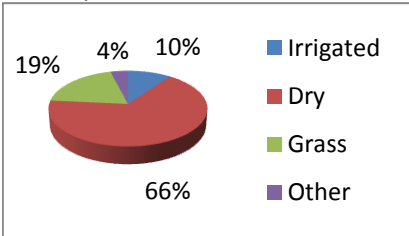
Study Year	County	Area 1	Area 2
07/01/06 - 06/30/07	10	5	5
07/01/07 - 06/30/08	12	4	8
07/01/08 - 06/30/09	8	2	6
Totals	30	11	19

Representativeness by Majority Land Use

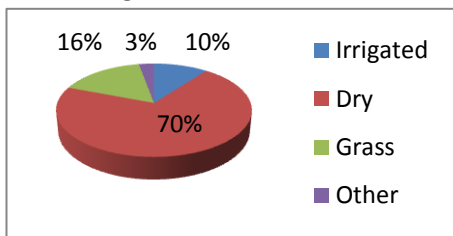
The following tables and charts compare the makeup of land use in the population to the make up of land use in both the sales file and the representative sample.

	Entire County		
	county	sales file	Sample
Irrigated	10%	10%	10%
Dry	66%	70%	70%
Grass	19%	16%	16%
Other	4%	3%	3%

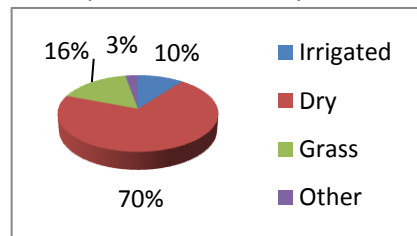
County



Original Sales File

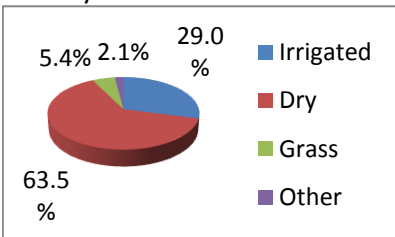


Representative Sample

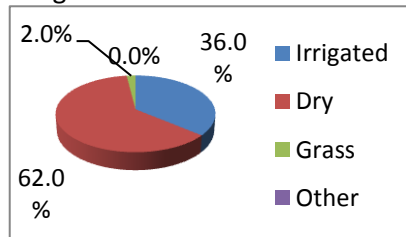


	Mkt Area 1		
	county	sales file	sample
Irrigated	29%	36%	36%
Dry	63%	62%	62%
Grass	5%	2%	2%
Other	2%	0%	0%

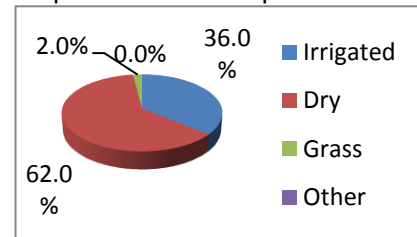
County



Original Sales File

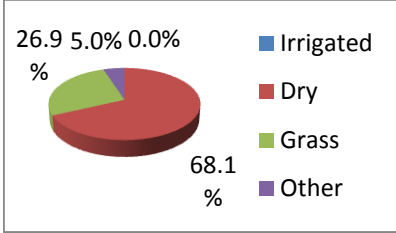


Representative Sample

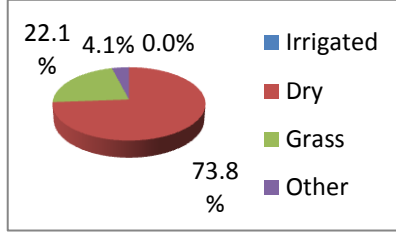


Mkt Area 2			
	county	sales file	sample
Irrigated	0%	0%	0%
Dry	68%	74%	74%
Grass	27%	22%	22%
Other	5%	4%	4%

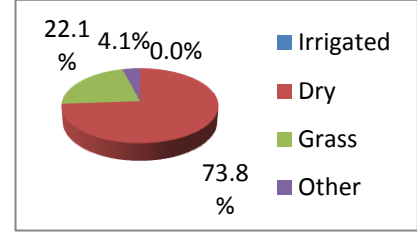
County



Original Sales File



Representative Sample



Adequacy of Sample

	County Total	Mrkt Area 1	Mrkt Area 2
Number of Sales - Original Sales File	30	11	19
Number of Sales - Expanded Sample	30	11	19
Total Number of Acres Added	0	0	0

Ratio Study

Final Statistics

Preliminary Statistics

County # sales	30	Median	72%	AAD	22.16%
		Mean	78%	COD	30.94%
		W. Mean	65%	PRD	119.13%

Median	67%	AAD	21.01%
Mean	66%	COD	31.48%
W. Mean	51%	PRD	130.12%

Market Area 1 # sales	11	Median	71%	AAD	16.58%
		Mean	70%	COD	23.24%
		W. Mean	55%	PRD	126.64%

Median	68%	AAD	14.79%
Mean	66%	COD	21.60%
W. Mean	53%	PRD	124.71%

Market Area 2 # sales	19	Median	72%	AAD	25.38%
		Mean	82%	COD	35.31%
		W. Mean	61%	PRD	135.32%

Median	67%	AAD	24.62%
Mean	66%	COD	36.95%
W. Mean	50%	PRD	133.55%

Majority Land Use

95% MLU	Irrigated		Dry		Grass	
	# Sales	Median	#	Median	# Sales	Median
County	0	N/A	12	68.17%	0	N/A
Mkt Area 1	0	N/A	8	72.43%	0	N/A
Mkt Area 2	0	N/A	4	64.16%	0	N/A

80% MLU	Irrigated		Dry		Grass	
	# Sales	Median	#	Median	# Sales	Median
County	1	78.47%	16	70.68%	0	N/A
Mkt Area 1	1	78.47%	8	72.43%	0	N/A
Mkt Area 2	0	N/A	8	67.48%	0	N/A

2010

Methodology for Special Valuation

Dakota County

The State Assessment office for Dakota County submits this report pursuant to Title 350, Neb. R. & Regs., Reg-11-005.004. The following methodologies are used to value agricultural land that is influenced by market factors other than purely agricultural or horticultural purposes. The following non-agricultural influence has been identified: Commercial/Industrial. The office maintains a file of all data used for determining the special and actual valuation. This file shall be available for inspection at the State Assessment office for Dakota County by any interested person.

A. Identification of the influenced area:

The land in market area 2 has been identified as the area least likely to be influenced by non-agricultural uses.

Land in market area 1 is located in an area where sales of farm property have sold substantially higher than in the surrounding agricultural markets. Trends along the south and northwest sections of South Sioux City have been toward commercial and industrial usage.

B. Describe the highest and best use of the properties in the influenced area, and how this was determined:

The area to the northwest of South Sioux City has been subject to a major development by Wal Mart. It includes a Wal Mart Super Store, three fast food restaurants and several small retail outlets. In addition to this Northeast Community College is building a new campus adjoining the development area. The highest and best use for this area is retail. While there are several lots still available for development this area is now in the city limits and the prospect of adjacent farm land being developed is in the distant future.

The area to the south of South Sioux City is influenced by the presence of the Tyson Beef Processing Plant. In recent years land in the vicinity of the plant has sold to companies that support and do finish processing of the output from Tyson. In addition a large tract of land was purchased by Beef Products Inc. and the Roth Industrial Park was platted in that tract. Three new industrial operations have located in the area in the last three years. This area's highest and best use is Industrial, based on the current usage and the establishment of the industrial park.

C. Describe the valuation models used in arriving at the value estimates, and explain why and how they were selected:

Analysis of sales in the special valuation areas creates a market value for properties that are influenced by other use purposes. In the case of northwest South Sioux City sales, these sales will be located as near the subject property as possible. After analysis of sales along the

expressway in this area it is evident the property is demanding a premium for development, the commercial value was set at a price reflective of the use as other than agricultural usage. After analysis of sales within the commercial area and ag land sales adjoining the commercial area a value is set using the sales comparison approach.

The industrial area to the south of South Sioux City is well defined by the Industrial Park. Analysis of sales in the special valuation areas creates a market value for properties that are influenced by other use purposes. In the case of the southern area of South Sioux City, these sales will be located as near the subject property as possible. After analysis of sales within the industrial park and ag land sales adjoining the industrial park a value is set using the sales comparison approach

D. Describe which market areas were analyzed, both in the County and in any county deemed comparable:

For 2010, non-influenced market areas 1 and 2 were analyzed and a determination was made for the need of only two (2) non-influenced market areas.

Each of the special valuation market areas in area 1 were created in conjunction with the surrounding agricultural market areas. To date, special valuation has values determined by the agricultural tables developed for the related market areas. These relationships were determined geographically and are considered to be the best indicators.

E. Describe any adjustments made to sales to reflect current cash equivalency of typical market conditions. Include how this affects the actual and special value:

No adjustments were made to sales for any reason.

F. Describe any estimates of economic rent or net operating income used in an income capitalization approach. Include estimates of yields, commodity prices, typical crop share:

We have not studied rents for these properties because typically actual income information is not readily available to this office.

Page Three

G. Describe the typical expenses allowed in an income capitalization approach. Include how this affects the actual and special value:

We have not studied the income approach for these properties because typically actual income information is not readily available to this office.

H. Describe the overall capitalization rate used in an income capitalization approach. Include how this affects the actual and special value:

We have not studied the income approach for these properties because typically actual income information is not readily available to this office.

I. Describe any other information used in supporting the estimate of actual and special value. Include how this affects the actual and special value:

An examination of Farm Land sales does not produce sufficient evidence to support the creation of recreational areas at this time. Therefore no recreational areas are used in Dakota County.

Madelyn Thorsland
State Assessment Manager for Dakota County

Dick Erickson
State Appraiser for Dakota County

**Agricultural or Special
Valuation Correlation**

2010 Correlation Section

For Dakota County

Agricultural Land

I. Correlation

The level of value for the agricultural real property in Dakota County, as determined by the PTA is 72%. The mathematically calculated median is 71%.

AGRICULTURAL LAND:

An analysis of the sales file was prepared for Dakota County. There are two market areas for Dakota County. Market Area 1 is the eastern portion of the county bordered by the Missouri river on the east and the remainder of Dakota County on the West. Market Area 2 is the western portion of Dakota County bordered on the west by Dixon County and the south by Thurston County.

The proportionality of the sales file over the three year study period was addressed. Overall the county is proportionate in the study periods. There are 30 sales in Dakota County, 11 in market area 1 and 19 in market area 2. The amount of property that sold in each market area is comparable to the representation of the actual land use in the county and therefore was considered to be proportionate.

SPECIAL VALUE:

A review of the agricultural land values in Dakota County in areas that have other non-agricultural influences indicates that the values used are similar to other areas in the County where there are no non-agricultural influences. Therefore, it is the opinion of the Property Tax Administrator that the level of value for Special valuation of agricultural land in Dakota County is 72%.

2010 Correlation Section

For Dakota County

II. Analysis of Sales Verification

Neb. Rev. Stat. 77-1327(2) provides that all sales are deemed to be arms length transactions unless determined to be otherwise under professionally accepted mass appraisal techniques. The county assessor is responsible for the qualification of the sales included in the state sales file.

The Standard on Ratio Studies, International Association of Assessing Officials (2007), indicates that excessive trimming (the arbitrary exclusion or adjustment of arms length transactions) may indicate an attempt to inappropriately exclude arms length transactions to create the appearance of a higher level of value and quality of assessment. The sales file, in a case of excess trimming, will fail to properly represent the level of value and quality of assessment of the population of real property.

The Division frequently reviews the procedures used by the county assessor to qualify sales to ensure bias does not exist in judgments made. Arms length transactions should only be excluded when they compromise the reliability of the resulting statistics. In cases where a county assessor has disqualified sales without substantiation, the Division may include such sales in the ratio study.

AGRICULTURAL LAND:

The Form 521 is delivered to the Assessment Manager for completion of the name changes, and anything else necessary for changing the ownership of the parcel. At that time the Assessment Manager will qualify the sale. If there is a questionable sale, the appraiser is questioned to assist in the determination of the qualification. When that process is complete, the file is distributed to the appraisal assistant staff for review. The appraisal assistant is to review each sale with a new photograph and determine if the current property record card is accurate. If the owner is present an interview may be appropriate. Any changes found will be returned to data entry and noted in the file.

A review of the non-qualified sales was completed and it was determined that the county was reasonable with the non-qualified conclusions. The majority of the sales were either family transactions or substantially changed parcels and a few foreclosures.

2010 Correlation Section

For Dakota County

III. Measures of Central Tendency

There are three measures of central tendency calculated by the Division: median ratio, weighted mean ratio, and mean ratio. Since each measure of central tendency has strengths and weaknesses, the use of any statistic for equalization should be reconciled with the other two, as in an appraisal, based on the appropriateness in the use of the statistic for a defined purpose, the quantity of the information from which it was drawn, and the reliability of the data that was used in its calculation. An examination of the three measures can serve to illustrate important trends in the data if the measures do not closely correlate to each other.

The IAAO considers the median ratio the most appropriate statistical measure for use in determining level of value for direct equalization; the process of adjusting the values of classes or subclasses of property in response to the determination of level of value at a point above or below a particular range. Since the median ratio is considered neutral in relationship to either assessed value or selling price, its use in adjusting the class or subclass of properties will not change the relationships between assessed value and level of value already present within the class or subclass of properties, thus rendering an adjustment neutral in its impact on the relative tax burden to an individual property. Additionally, the median ratio is less influenced by the presence of extreme ratios, commonly called outliers. One outlier in a small sample size of sales can have controlling influence over the other measures of central tendency. The median ratio limits the distortion potential of an outlier.

The weighted mean ratio is viewed by the IAAO as the most appropriate statistical measure for indirect equalization. The weighted mean, because it is a value weighted ratio, best reflects a comparison of the assessed and market value of property in the political subdivision. If the distribution of aid to political subdivisions must relate to the market value available for assessment in the political subdivision, the measurement of central tendency used to analyze level of value should reflect the dollars of value available to be assessed. The weighted mean ratio does that more than either of the other measures of central tendency.

If the weighted mean ratio, because of its dollar-weighting feature, is significantly different from the median ratio, it may be an indication of other problems with assessment proportionality. When this occurs, an evaluation of the county's assessment practices and procedures is appropriate to discover remedies to the situation.

The mean ratio is used as a basis for other statistical calculations, such as the price related differential and coefficient of variation. However, the mean ratio has limited application in the analysis of level of value because it assumes a normal distribution of the data set around the mean ratio with each ratio having the same impact on the calculation regardless of the assessed value or the selling price.

	Median	Wgt.Mean	Mean
R&O Statistics	72	78	65

2010 Correlation Section

For Dakota County

IV. Analysis of Quality of Assessment

In analyzing the statistical data of assessment quality, there are two measures upon which assessment officials will primarily rely: the Coefficient of Dispersion (COD), and the Price Related Differential (PRD). Whether such statistics can be relied upon as meaningful for the population depends on whether the sample is representative.

The COD is commonly referred to as the index of assessment inequality. It is used to measure how closely the individual ratios are clustered around the median ratio and suggests the degree of uniformity or inaccuracy resulting in the assessments. The COD is computed by dividing the average deviation by the median ratio. For example, a COD of 20 means half of the ratios are 20 percent above or below the median. The closer the ratios are grouped around the median, the more equitable the assessment of property tends to be. Conversely, if the dispersion is quite large, there is a large spread in the ratios typically indicating a large spread around the median in the assessment of property, which results in an inequity in assessment and taxes. There is no range of acceptability stated in the Nebraska statutes for the COD measure. The International Association of Assessing Officers recommended ratio study performance standards are as follows:

Single-family residences: a COD of 15 percent or less.

For newer and fairly homogeneous areas: a COD of 10 or less.

Income-producing property: a COD of 20 or less, or in larger urban jurisdictions, 15 or less.
Vacant land and other unimproved property, such as agricultural land: a COD of 20 or less.

Rural residential and seasonal properties: a COD of 20 or less.

Mass Appraisal of Real Property, International Association of Assessing Officers, (1999), p. 246.

In unusually homogeneous types of property low CODs can be anticipated; however, in all other cases CODs less than 5 percent may be indicative of non-representative samples or the selective reappraisal of sold parcels.

The PRD, also known as the index of regression, is a measurement of the relationship between the ratios of high-value and low-value properties to determine if the value of property has any influence on the assessment ratio. It is calculated by dividing the arithmetic mean ratio by the weighted mean ratio. The PRD provides an indicator of the degree to which high-value properties are over-assessed or under-assessed in relation to low-value properties. A PRD of 100 indicates there is no bias in the assessment of high-value properties in comparison to low-value properties. A PRD greater than 100 indicates the assessments are regressive, which means low-value properties tend to have a higher assessment ratio than high-value properties. The result is the owner of a low-value property pays a greater amount of tax in relation to value than the owner of a high-value property. Conversely, a PRD less than 100 indicates that high-value properties are over assessed in relation to low-value properties.

There is no range of acceptability stated in the Nebraska statutes for the PRD measure. The Standard of Ratio Studies, adopted by the International Association of Assessing Officers, July, 2007, recommends that the PRD should lie between 98 and 103. This range is centered slightly above 100 to allow for a slightly upward measurement bias inherent in the PRD.

The PRD is calculated based on the selling price/assessed value in the sales file. This measure can be misleading if the dollar value of the records in the sales file is not proportionate to the dollar value of records in the population.

Mass Appraisal of Real Property, International Association of Assessing Officers, (1999), p. 247.

The analysis in this section displays the calculated COD and PRD measures for Dakota County, which are considered as one part of the analysis of the County's assessment practices.

	COD	PRD
R&O Statistics	30.94	119.13

AGRICULTURAL LAND:

The COD and PRD are both outside the acceptable parameters. Study of the agricultural file shows that in market area 1 the typical sales average 3,000 to 4,000. There are two sales over 5,000 an acre, which are impacting the quality of assessment. In market area 2 the typical sale price is between 2,000 and 3,000. There are 3 sales that have sale prices over 4,000 an acre. These measures are more an indicator of an increasing market and older sales now experiencing higher ratios against the later sales. The county has done an adequate job of reviewing sales, analyzing the local market and the surrounding markets to establish equalization within the agricultural class of properties.

Total Real Property Sum Lines 17, 25, & 30	Records : 9,653	Value : 1,090,006,575	Growth 7,810,947	Sum Lines 17, 25, & 41
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Schedule I : Non-Agricultural Records

	Urban		SubUrban		Rural		Total		Growth
	Records	Value	Records	Value	Records	Value	Records	Value	
01. Res UnImp Land	485	5,600,995	169	1,100,385	99	952,675	753	7,654,055	
02. Res Improve Land	4,100	50,817,655	562	9,207,640	468	13,259,300	5,130	73,284,595	
03. Res Improvements	4,398	317,000,565	876	55,682,170	486	46,336,685	5,760	419,019,420	
04. Res Total	4,883	373,419,215	1,045	65,990,195	585	60,548,660	6,513	499,958,070	3,888,371
% of Res Total	74.97	74.69	16.04	13.20	8.98	12.11	67.47	45.87	49.78
05. Com UnImp Land	149	5,125,120	18	389,480	19	917,345	186	6,431,945	
06. Com Improve Land	573	25,735,415	45	2,605,105	26	1,115,320	644	29,455,840	
07. Com Improvements	580	136,146,130	49	11,295,330	28	3,938,025	657	151,379,485	
08. Com Total	729	167,006,665	67	14,289,915	47	5,970,690	843	187,267,270	1,153,090
% of Com Total	86.48	89.18	7.95	7.63	5.58	3.19	8.73	17.18	14.76
09. Ind UnImp Land	7	1,450,500	4	287,510	0	0	11	1,738,010	
10. Ind Improve Land	17	4,029,250	7	2,463,300	0	0	24	6,492,550	
11. Ind Improvements	17	43,644,045	7	45,645,475	0	0	24	89,289,520	
12. Ind Total	24	49,123,795	11	48,396,285	0	0	35	97,520,080	2,039,785
% of Ind Total	68.57	50.37	31.43	49.63	0.00	0.00	0.36	8.95	26.11
13. Rec UnImp Land	0	0	0	0	0	0	0	0	
14. Rec Improve Land	0	0	0	0	0	0	0	0	
15. Rec Improvements	0	0	0	0	0	0	0	0	
16. Rec Total	0	0	0	0	0	0	0	0	0
% of Rec Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Res & Rec Total	4,883	373,419,215	1,045	65,990,195	585	60,548,660	6,513	499,958,070	3,888,371
% of Res & Rec Total	74.97	74.69	16.04	13.20	8.98	12.11	67.47	45.87	49.78
Com & Ind Total	753	216,130,460	78	62,686,200	47	5,970,690	878	284,787,350	3,192,875
% of Com & Ind Total	85.76	75.89	8.88	22.01	5.35	2.10	9.10	26.13	40.88
17. Taxable Total	5,636	589,549,675	1,123	128,676,395	632	66,519,350	7,391	784,745,420	7,081,246
% of Taxable Total	76.25	75.13	15.19	16.40	8.55	8.48	76.57	71.99	90.66

Schedule II : Tax Increment Financing (TIF)

	Urban			SubUrban		
	Records	Value Base	Value Excess	Records	Value Base	Value Excess
18. Residential	38	1,147,040	1,255,400	0	0	0
19. Commercial	37	2,647,400	21,130,040	0	0	0
20. Industrial	1	181,330	31,211,965	0	0	0
21. Other	0	0	0	0	0	0
	Rural			Total		
	Records	Value Base	Value Excess	Records	Value Base	Value Excess
18. Residential	0	0	0	38	1,147,040	1,255,400
19. Commercial	0	0	0	37	2,647,400	21,130,040
20. Industrial	0	0	0	1	181,330	31,211,965
21. Other	0	0	0	0	0	0
22. Total Sch II				76	3,975,770	53,597,405

Schedule III : Mineral Interest Records

Mineral Interest	Records	Urban Value	Records	SubUrban Value	Records	Rural Value	Records	Total Value	Growth
23. Producing	0	0	0	0	0	0	0	0	0
24. Non-Producing	0	0	0	0	0	0	0	0	0
25. Total	0	0	0	0	0	0	0	0	0

Schedule IV : Exempt Records : Non-Agricultural

	Urban Records	SubUrban Records	Rural Records	Total Records
26. Producing	346	62	91	499

Schedule V : Agricultural Records

	Urban		SubUrban		Rural		Total	
	Records	Value	Records	Value	Records	Value	Records	Value
27. Ag-Vacant Land	0	0	256	23,808,190	1,570	187,624,345	1,826	211,432,535
28. Ag-Improved Land	0	0	70	6,759,250	345	56,956,755	415	63,716,005
29. Ag Improvements	0	0	74	5,444,905	362	24,667,710	436	30,112,615
30. Ag Total							2,262	305,261,155

Schedule VI : Agricultural Records :Non-Agricultural Detail

	Urban			SubUrban			Growth
	Records	Acres	Value	Records	Acres	Value	
31. HomeSite UnImp Land	0	0.00	0	0	0.00	0	
32. HomeSite Improv Land	0	0.00	0	51	53.00	611,390	
33. HomeSite Improvements	0	0.00	0	52	51.00	4,478,820	
34. HomeSite Total							
35. FarmSite UnImp Land	0	0.00	0	5	6.00	12,810	
36. FarmSite Improv Land	0	0.00	0	59	141.10	257,395	
37. FarmSite Improvements	0	0.00	0	57	0.00	966,085	
38. FarmSite Total							
39. Road & Ditches	0	0.00	0	0	208.67	0	
40. Other- Non Ag Use	0	0.00	0	0	0.00	0	
	Records	Acres	Value	Records	Acres	Value	Growth
31. HomeSite UnImp Land	5	5.00	55,850	5	5.00	55,850	
32. HomeSite Improv Land	245	252.28	2,798,860	296	305.28	3,410,250	
33. HomeSite Improvements	247	246.28	19,196,905	299	297.28	23,675,725	729,701
34. HomeSite Total				304	310.28	27,141,825	
35. FarmSite UnImp Land	54	117.29	236,395	59	123.29	249,205	
36. FarmSite Improv Land	315	946.25	1,627,510	374	1,087.35	1,884,905	
37. FarmSite Improvements	307	0.00	5,470,805	364	0.00	6,436,890	0
38. FarmSite Total				423	1,210.64	8,571,000	
39. Road & Ditches	0	2,096.98	0	0	2,305.65	0	
40. Other- Non Ag Use	0	0.00	0	0	0.00	0	
41. Total Section VI				727	3,826.57	35,712,825	729,701

Schedule VII : Agricultural Records :Ag Land Detail - Game & Parks

	Urban			SubUrban		
	Records	Acres	Value	Records	Acres	Value
42. Game & Parks	0	0.00	0	0	0.00	0
	Rural			Total		
	Records	Acres	Value	Records	Acres	Value
42. Game & Parks	1	40.00	13,600	1	40.00	13,600

Schedule VIII : Agricultural Records : Special Value

	Urban			SubUrban		
	Records	Acres	Value	Records	Acres	Value
43. Special Value	0	0.00	0	52	1,835.38	3,706,600
44. Recapture Value N/A	0	0.00	0	52	1,835.38	3,992,140
	Rural			Total		
	Records	Acres	Value	Records	Acres	Value
43. Special Value	0	0.00	0	52	1,835.38	3,706,600
44. Market Value	0	0	0	0	0	0

* LB 968 (2006) for tax year 2009 and forward there will be no Recapture value.

Schedule IX : Agricultural Records : Ag Land Market Area Detail

Market Area 1

Irrigated	Acres	% of Acres*	Value	% of Value*	Average Assessed Value*
45. 1A1	3,675.77	22.12%	9,373,215	23.37%	2,550.00
46. 1A	176.51	1.06%	450,105	1.12%	2,550.03
47. 2A1	4,948.41	29.77%	12,618,455	31.47%	2,550.00
48. 2A	0.00	0.00%	0	0.00%	0.00
49. 3A1	6,786.87	40.84%	15,440,320	38.50%	2,275.03
50. 3A	0.00	0.00%	0	0.00%	0.00
51. 4A1	1,009.37	6.07%	2,170,155	5.41%	2,150.01
52. 4A	22.70	0.14%	48,805	0.12%	2,150.00
53. Total	16,619.63	100.00%	40,101,055	100.00%	2,412.87
Dry					
54. 1D1	10,698.49	34.52%	25,676,405	35.89%	2,400.00
55. 1D	566.51	1.83%	1,359,620	1.90%	2,399.99
56. 2D1	7,741.67	24.98%	17,612,805	24.62%	2,275.07
57. 2D	0.00	0.00%	0	0.00%	0.00
58. 3D1	10,705.82	34.55%	24,355,790	34.04%	2,275.00
59. 3D	0.00	0.00%	0	0.00%	0.00
60. 4D1	1,213.90	3.92%	2,427,500	3.39%	1,999.75
61. 4D	61.83	0.20%	117,475	0.16%	1,899.97
62. Total	30,988.22	100.00%	71,549,595	100.00%	2,308.93
Grass					
63. 1G1	200.10	0.00%	250,775	8.59%	1,253.25
64. 1G	36.66	1.29%	39,900	1.37%	1,088.38
65. 2G1	458.52	16.15%	554,670	19.00%	1,209.70
66. 2G	0.00	0.00%	0	0.00%	0.00
67. 3G1	331.98	11.69%	340,955	11.68%	1,027.03
68. 3G	0.00	0.00%	0	0.00%	0.00
69. 4G1	1,511.82	53.24%	1,548,845	53.07%	1,024.49
70. 4G	300.58	10.59%	183,585	6.29%	610.77
71. Total	2,839.66	100.00%	2,918,730	100.00%	1,027.84
Irrigated Total	16,619.63	32.13%	40,101,055	34.87%	2,412.87
Dry Total	30,988.22	59.91%	71,549,595	62.21%	2,308.93
Grass Total	2,839.66	5.49%	2,918,730	2.54%	1,027.84
Waste	1,281.04	2.48%	441,025	0.38%	344.27
Other	0.00	0.00%	0	0.00%	0.00
Exempt	51.29	0.10%	0	0.00%	0.00
Market Area Total	51,728.55	100.00%	115,010,405	100.00%	2,223.34

Schedule IX : Agricultural Records : Ag Land Market Area Detail

Market Area 2

Irrigated	Acres	% of Acres*	Value	% of Value*	Average Assessed Value*
45. 1A1	0.00	0.00%	0	0.00%	0.00
46. 1A	0.00	0.00%	0	0.00%	0.00
47. 2A1	0.00	0.00%	0	0.00%	0.00
48. 2A	0.00	0.00%	0	0.00%	0.00
49. 3A1	0.00	0.00%	0	0.00%	0.00
50. 3A	0.00	0.00%	0	0.00%	0.00
51. 4A1	0.00	0.00%	0	0.00%	0.00
52. 4A	0.00	0.00%	0	0.00%	0.00
53. Total	0.00	0.00%	0	0.00%	0.00
Dry					
54. 1D1	1,265.32	1.89%	2,657,175	2.08%	2,100.00
55. 1D	10,594.73	15.85%	22,236,855	17.44%	2,098.86
56. 2D1	3,854.14	5.76%	7,901,045	6.20%	2,050.02
57. 2D	448.30	0.67%	919,020	0.72%	2,050.01
58. 3D1	8,932.11	13.36%	17,864,220	14.01%	2,000.00
59. 3D	2,561.13	3.83%	4,994,275	3.92%	1,950.03
60. 4D1	32,981.01	49.33%	60,170,050	47.18%	1,824.38
61. 4D	6,219.10	9.30%	10,780,750	8.45%	1,733.49
62. Total	66,855.84	100.00%	127,523,390	100.00%	1,907.44
Grass					
63. 1G1	52.64	0.00%	58,250	0.22%	1,106.57
64. 1G	2,643.27	10.08%	3,405,720	13.00%	1,288.45
65. 2G1	916.82	3.50%	1,029,160	3.93%	1,122.53
66. 2G	260.55	0.99%	347,225	1.33%	1,332.66
67. 3G1	1,650.45	6.29%	1,947,585	7.43%	1,180.03
68. 3G	164.53	0.63%	197,480	0.75%	1,200.27
69. 4G1	9,911.99	37.79%	10,768,860	41.09%	1,086.45
70. 4G	10,629.37	40.52%	8,450,885	32.25%	795.05
71. Total	26,229.62	100.00%	26,205,165	100.00%	999.07
Irrigated Total					
	0.00	0.00%	0	0.00%	0.00
Dry Total					
	66,855.84	67.89%	127,523,390	82.52%	1,907.44
Grass Total					
	26,229.62	26.64%	26,205,165	16.96%	999.07
Waste					
	5,388.94	5.47%	809,370	0.52%	150.19
Other					
	0.00	0.00%	0	0.00%	0.00
Exempt					
	85.71	0.09%	0	0.00%	0.00
Market Area Total					
	98,474.40	100.00%	154,537,925	100.00%	1,569.32

Schedule X : Agricultural Records :Ag Land Total

	Urban		SubUrban		Rural		Total	
	Acres	Value	Acres	Value	Acres	Value	Acres	Value
76. Irrigated	0.00	0	1,500.56	3,609,180	15,119.07	36,491,875	16,619.63	40,101,055
77. Dry Land	0.00	0	10,427.20	22,573,150	87,416.86	176,499,835	97,844.06	199,072,985
78. Grass	0.00	0	3,467.35	3,366,495	25,601.93	25,757,400	29,069.28	29,123,895
79. Waste	0.00	0	613.67	137,020	6,056.31	1,113,375	6,669.98	1,250,395
80. Other	0.00	0	0.00	0	0.00	0	0.00	0
81. Exempt	0.00	0	35.81	0	101.19	0	137.00	0
82. Total	0.00	0	16,008.78	29,685,845	134,194.17	239,862,485	150,202.95	269,548,330

	Acres	% of Acres*	Value	% of Value*	Average Assessed Value*
Irrigated	16,619.63	11.06%	40,101,055	14.88%	2,412.87
Dry Land	97,844.06	65.14%	199,072,985	73.85%	2,034.59
Grass	29,069.28	19.35%	29,123,895	10.80%	1,001.88
Waste	6,669.98	4.44%	1,250,395	0.46%	187.47
Other	0.00	0.00%	0	0.00%	0.00
Exempt	137.00	0.09%	0	0.00%	0.00
Total	150,202.95	100.00%	269,548,330	100.00%	1,794.56

2010 County Abstract of Assessment for Real Property, Form 45 Compared with the 2009 Certificate of Taxes Levied (CTL)

22 **Dakota**

	2009 CTL County Total	2010 Form 45 County Total	Value Difference (2010 form 45 - 2009 CTL)	Percent Change	2010 Growth (New Construction Value)	Percent Change excl. Growth
01. Residential	476,522,750	499,958,070	23,435,320	4.92%	3,888,371	4.10%
02. Recreational	0	0	0		0	
03. Ag-Homesite Land, Ag-Res Dwelling	27,757,825	27,141,825	-616,000	-2.22%	729,701	-4.85%
04. Total Residential (sum lines 1-3)	504,280,575	527,099,895	22,819,320	4.53%	4,618,072	3.61%
05. Commercial	185,317,870	187,267,270	1,949,400	1.05%	1,153,090	0.43%
06. Industrial	95,480,915	97,520,080	2,039,165	2.14%	2,039,785	0.00%
07. Ag-Farmsite Land, Outbuildings	8,525,865	8,571,000	45,135	0.53%	0	0.53%
08. Minerals	0	0	0		0	
09. Total Commercial (sum lines 5-8)	289,324,650	293,358,350	4,033,700	1.39%	3,192,875	0.29%
10. Total Non-Agland Real Property	793,605,225	820,458,245	26,853,020	3.38%	7,810,947	2.40%
11. Irrigated	36,251,290	40,101,055	3,849,765	10.62%		
12. Dryland	176,129,805	199,072,985	22,943,180	13.03%		
13. Grassland	29,330,545	29,123,895	-206,650	-0.70%		
14. Wasteland	1,055,080	1,250,395	195,315	18.51%		
15. Other Agland	0	0	0			
16. Total Agricultural Land	242,766,720	269,548,330	26,781,610	11.03%		
17. Total Value of all Real Property (Locally Assessed)	1,036,371,945	1,090,006,575	53,634,630	5.18%	7,810,947	4.42%

2009 Plan of Assessment for Dakota County
Assessment Years 2010,2011 and 2012
Date: June 14, 2009

Plan of Assessment Requirements:

Pursuant to Neb. Rev. Stat. 77-1311.02 (2007), on or before June 15 each year, the assessor shall prepare a plan of assessment, (herein after referred to as the “plan”), which describes the assessment actions planned for the next assessment year and two years thereafter. The plan shall indicate the classes or subclasses of real property that the county assessor plans to examine during the years contained in the plan of assessment. The plan shall describe all the assessment actions necessary to achieve the levels of value and quality of assessment practices required by law, and the resources necessary to complete those actions. On or before July 31 each year, the assessor shall present the plan to the county board of equalization and the assessor may amend the plan, if necessary, after the budget is approved by the county board. A copy of the plan and any amendments thereto shall be mailed to the Department of Property Assessment and Taxation on or before October 31 each year.

Real Property Assessment Requirements:

All property in the State of Nebraska is subject to property tax unless expressly exempt by Nebraska Constitution, Article VIII, or is permitted by the constitution and enabling legislation adopted by the legislature. The uniform standard for the assessed value of real property for tax purposes is actual value, which is defined by law as “the market value of real property in the ordinary course of trade.” Neb. Rev. Stat. §77-112 (Reissue 2003).

Assessment levels required for real property are as follows:

- 1) 100% of actual value for all classes of real property excluding agricultural and horticultural land;
- 2) 75% of actual value for agricultural land and horticultural land; and
- 3) 75% of special value for agricultural and horticultural land which meets the qualifications for special valuation under §77-1344 and 80% of its recapture value as defined in §77-1343 when the land is disqualified for special valuation under §77-1347.

Reference, Neb. Rev. Stat. §77-201 (R. S. Supp 2009).

General Description of Real Property in Dakota County:

Per the 2009 County Abstract, Dakota County consists of the following real property types:

	Parcels	% of Total Parcels	% of Taxable Value Base
Residential	6522	68%	47%
Commercial	820	9%	19%
Industrial	34	.35%	9%
Recreational	0	0%	0%
Agricultural	2257	23%	25%
Special Value	52	.53%	.3%

Agricultural land - taxable acres 150,244.51. Area 1 51,727.32 acres. Area 2 98517.19 acres. Area 3 53,117.55 Acres (**NOTE-** for 2007 Area 2 was split into Area 2 and Area 3, at the request of the Property Tax Administrator Areas 2 and 3 were combined for 2009)

Other pertinent facts: Approximately 92 % of county is agricultural and of that approximately 19% consists primarily of grassland.

New Property: For assessment year 2009 an estimated 497 building permits and/or information statements were filed for new property construction/additions in the county.

For more information see 2009 Reports & Opinions, Abstract and Assessor Survey and the TERC Findings and Orders

Current Resources

A. Staff/Training

- a. We currently have an Assessment Administrator, Assistant Administrator and Data Entry person on the assessment side. On the Appraisal side we have an Appraisal Supervisor and 2 Appraisal Assistants. Training on both sides is an on going process in the office. As time and funding allow personnel are sent to schools offered by the Department of Property Assessment and Taxation as well schools conducted by other organizations.

B. Cadastral Maps, other land use maps, aerial photos

- a. The Cadastral Maps are maintained by the Assessment Administrator. They are kept up to date and are in very good condition. In addition we use Farm Service Agency Maps as necessary to determine land use. We also have the complete set of aerial photos on CD for 2004 flight and are able to use these to determine land use, tree cover and so forth. The addition of the Agridata program.

C. Property Record Cards

- a. The Property Record Cards are in electronic form and can be easily printed if a hard copy is needed. All residential property is current and complete as of the last physical inspection. They include a sketch and a photo of each house. The Commercial Properties are being completed as time allows and the completed file includes a sketch and photos.

D. Software for CAMA

- a. Dakota County uses a CAMA system supplied by Terra Scan and serviced from their office in Lincoln Nebraska. In addition to the CAMA system we have a variety of software programs to enhance the office operation,(Word, Excel, Outlook and others)
- E. Assessment Administration
 - a. The day to day operation of the office consists, for the most part, of entering information into the CAMA system or retrieving information from the system to answer inquiries. The exception to this is the handling of the Real Estate Transfer Forms and the updating of the Cadastral Maps
- F. GIS
 - a. We do not have GIS at this time and are hoping to have in the next year or two.
- G. Website
 - a. We currently have Web Access to Dakota County.

Current Assessment Procedures for Real Property

Introduction: In the process of assessment it is imperative that all property be listed and accurately valued on the tax roll. Without a complete listing and without accurate values proper assessment cannot be achieved.

Purpose: This is intended to be a brief description of the process for the discovery, listing and updating of the record for all property including new construction, additions, remodeling or the removal of existing improvements to or from real property. This information is used by the appraiser to establish value therefore the accuracy of the information is vital.

Definition:

- A) Discovery: The various methods used to locate changes in real property that may result in an adjustment to taxable value.
- B) Listing: The process of physically reviewing a property and correctly recording all of the information necessary to identify that property for valuation purposes.
- C) Pickup Work: The annual process by which changes in the physical characteristics of real property improvements or the addition or removal of improvements is discovered and listed.

DISCOVERY

There are three main sources of discovery, building permits, observed improvements and citizen reports.

Building Permits: Building Permits are furnished to the assessor's office from the towns or county and they are the main source information regarding new construction or improvements to existing property. These permits are entered into the CAMA program. The information from the Building Permit is entered and this triggers a physical review of the property. When pickup work begins a report is printed. The report is used by the appraiser and appraisal assistants as a reference to all property

needing review.

Observed Improvements: It is the responsibility of the appraiser and the assistants to note the location of any new construction or additions and check the existing record to see if a building permit has been issued. If no permit has been issued it will be necessary to record the information on the Building Permits section of the CAMA program with a code in the permit number space that would easily identify it as not having been issued a permit. As an example the code might be DAK-1 then the next one DAK-2 and so forth.

Citizen Reports: On occasion a property owner will come in and report either he, she, or a neighbor, is adding a building or remodeling. In these instances the record is checked to see if a building permit exists and if it doesn't the property is included in the Building Permit section and coded as described above.

LISTING

The listing of real property for pickup work consists of four separate steps, organization of work, field work, data entry and review.

Organization of Work: It is the responsibility of the appraiser to assign specific areas of work for each assistant. Those areas may be based on geographical areas such as towns or townships, or on property classes such as Residential, Agricultural or Commercial, or a combination of the two.

Once the areas are defined it is the responsibility of the assistant to organize the work in such a manner as to most efficiently use his or her time in the field. Properties in the same general area are combined for review to eliminate unnecessary travel time.

When going to the field the assistant takes the tools necessary to complete the work. This includes a tape measure, sketch pad, pencil, camera and discs, business cards and door hangers. The information taken to the field includes the Review Sheet printed from the Appraisal File, the Laser Report and a copy of the Building Permit if applicable. Other information may be used as the assistant deems necessary.

Safety is the most important part of any job. When preparing to go to the field it is the responsibility of the assistant to dress in an appropriate manner. In cold weather special care should be taken to stay warm and in warm weather sunburn and dehydration are a concern. It is also a good idea to carry dog biscuits and insect repellent.

Field Work: When arriving at the property the assistant first goes to the door to alert the owner or occupant of his or her presence. Proper identification is presented including a business card and the photo ID is visibly displayed by attaching it to a collar or shirt pocket. In cold weather it is attached to the outside of the jacket or coat.

If no one is home an effort is made to gather as much necessary information as possible. This would include photos, and verification of existing information on the Review Sheet. This should be done with discretion and without being intrusive. **NO**

BUILDINGS ARE ENTERED WITHOUT PERMISSION.

The assistant verifies the dimensions on the sketch. This can be based on previous knowledge, spot check of two or three measurements or a complete re-measure. Once the assistant has visited the property and verified the dimensions the accuracy of the measurements are his or her responsibility. When field sketching the measurements are rounded to the nearest foot and before leaving the property the **SKETCH IS BALANCED TO BE SURE IT WILL CLOSE WHEN ENTERED IN THE COMPUTER.** Additions such as porches, decks or rooms are measured and a dimension from a reference point is included to locate it on the subject.

The Review Sheet is carefully checked for accuracy and completeness.

The *Marshall and Swift Residential Cost Handbook* is the guideline for any subjective decisions such as Quality or Style. Any necessary changes or additions are noted in red. This includes address and any pertinent notes that are needed. If the address is not apparent on the property the assistant supplies his or her best estimate of the address from street signs or neighboring properties. Care is taken to assure the changes and notes are clear and concise for later data entry use. A completed Review Sheet is critical to the record in the computer, without complete and accurate information we will not have defensible values.

Each property has a photo of the front of the property as well a photo of each addition.

The file should include a picture of major outbuildings or other improvements such as detached garages, large yard sheds, swimming pools or in the case of rural properties the outbuildings.

Before leaving the property the assistant makes one final review of the information gathered to confirm it is complete and accurate.

Data Entry:

The information for data entry should be complete and easily obtainable from the Review Sheet. The information and sketch should be clear, concise and legible. It is not the responsibility of the data entry person to estimate missing information or to correct incomplete sketches. Any data that is questionable or incomplete should be returned to the appraiser. When data entry is complete the information should be returned to the assistant for review.

Review:

The assistant reviews the file for completeness and accuracy when it is returned from data entry. At this time the amount of growth on the individual parcel is verified. After he or she is satisfied with the file it will be passed to the appraiser for final review. The passing of the file to the appraiser indicates the assistant has completed the work and believes it to be correct. The appraiser reviews the work to the degree necessary and confirms the values in the computer appraisal file. After the values are confirmed the appraiser will notify the assessment side that the work is complete.

APPROACHES TO VALUE

Appraisal is defined as:

"(1) Noun-the act or process of developing an opinion of value; an opinion of value

(2) Adjective-of or pertaining to appraising and related functions such as appraisal practice or appraisal services."¹

The process is used to determine an estimate of value as of a given date. The estimate is arrived at by the careful and unbiased analysis of physical features and condition, and economic and governmental forces affecting the value of the subject property. Several Economic Principles form the foundation for the value of the subject, those having the most influence on value are the *Principle of Supply and Demand* and the *Principle of Substitution*.

The *Principle of Supply and Demand* simply stated says that if the supply of a commodity exceeds the demand the value of that commodity will diminish, if the demand for a commodity exceeds the supply of that commodity then the value will increase. ²

The *Principle of Substitution* simply stated says a buyer will not pay more for a commodity than a similar commodity can be purchased for. This is the base assumption in the Cost Approach and Sales Comparison Approach. A consumer will not pay more for a commodity than he can build a new one for or than he can buy a similar one for.³

Factors Affecting Value

During the appraisal process the appraiser considers several different factors 'in determining the value of the subject property. Among these are location, use, sale of similar properties, income potential of the property and the replacement cost of the property taking into consideration the various forms of depreciation affecting the value of the property.

Location: In general, the most important physical factor affecting value is location. "All other factors are subordinated to, or considered in relation to, location. If all other factors are positive, but the location is not desirable, the property will probably suffer a loss in value. ⁴

Highest and Best Use: "A principle of appraisal and assessment requiring that each property be appraised as though it were being put to its most profitable use (highest possible net worth), given probable legal, physical, and financial constraints. The principle entails first identifying the most appropriate market, and, second, the most profitable use within that market"⁵

1) USPAP 2001, The Appraisal Foundation p.1

2) Condensed from Mass Appraisal of Real Property p.5

3) Condensed from The Glossary for Property Appraisal and Assessment p.108

4) Property Assessment Valuation, Second Addition p. 55 IAAO

5)Glossary for Property Appraisal and Assessment p. 65 IAAO

Sales Comparison Approach to Value: "The sales comparison approach uses sales prices as evidence of the value of similar properties. The price at which a particular property sells is the price determined by the interaction of supply and demand at the time of sale. If

competitive market conditions are approximated, and conditions have not changed greatly, a similar property would sell at approximately the same price.”⁶

Methodology for Sales Comparison Approach

Overview

The Sales Comparison Approach uses sales prices as evidence of value of similar properties. The price at which a particular property sells is the price determined by the interaction of supply and demand at the time of sale. If competitive market conditions are approximated, and conditions have not changed greatly, a similar property would sell at approximately the same price.¹

Market Value² is defined as “The most probable price (in terms of money) which a property should bring in a competitive market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of the sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1) The buyer and seller are typically motivated
- 2) Both parties are well informed or advised and act in what they consider their best interests
- 3) A reasonable time is allowed for exposure on the open market
- 4) Payment is made in terms of cash or financial arrangements comparable thereto
- 5) The price is unaffected by special financing or concessions.”

Because no two real properties are ever exactly alike, systematic methods must be used to adjust the prices of sold properties, known as comparison properties, or comparables. Known prices are adjusted by adding or subtracting the amount which a given feature (*attribute*) appears to add to, or subtract from, the value of the comparable property.³

In single property appraisal, the appraiser manually determines which sales can be used as comparables, adjusts them for differences from the subject property, and determines the value of the subject property from the adjusted sales. Although conceptually excellent, this is too time consuming for mass appraisal and is also subject to inconsistencies.⁴

In mass appraisal, the sales comparison approach is applied by developing a model that estimates probable selling prices based on physical and locational characteristics. During model calibration, the appraiser determines from the market the amount each variable included in the model contributes to price. The model is then applied to properties meeting that same criteria, for example those in the same market or economic area. Because the same model is applied to all such properties, values should be consistent.⁵

Basic Premise

¹ Mass Appraisal of Real Property, Copyright 1999 IAAO page 5

² Mass Appraisal of Real Property, Copyright 1999 IAAO page 380

³ Mass Appraisal of Real Property, Copyright 1999 IAAO page 5

⁴ Mass Appraisal of Real Property, Copyright 1999 IAAO page 18

⁵ Mass Appraisal of Real Property, Copyright 1999 IAAO page 19

As a matter of consistency it is imperative the subjective decisions be kept at a minimum and the guidelines for those decisions be well defined and based on established appraisal principles. Subjective decisions such as Quality, Condition and Style, when based on established costing manuals such as Marshall and Swift, are well defined and an acceptable level of consistency can be achieved.

Subjective decisions such as adjustments for time of sale, location, lot value, view, design and appeal, age, gross living area, functional utility and garage/carport should be based on conclusions drawn from market studies and should be explainable and documented. An opinion based on “experience and expertise” without specific documentation is very subjective and should be viewed with skepticism. These types of decisions, especially when multiplied by such things as lot or building area can lead to large discrepancies or a tendency on the part of some appraisers to adjust to a result. It is difficult to evaluate the legitimacy of the adjustment without knowing the underlying data. The opinion of an expert is only as good as the underlying data.

In an effort to keep those types of subjective decisions at a minimum and to limit the variance or error that comes from using gross area adjustments the CAMA system is basing its Sales Comparison Approach on either the Minkowski Metric or the Euclidean Metric systems of adjustments. The appraiser may choose either method in the process of applying the Sales Comparison Approach.

While both algorithms⁶ are metric based (base of ten) the difference is that in the Minkowski Metric system the absolute percentage difference is computed for each attribute while in the Euclidean the difference between the attribute of the subject and the comparable is squared and then divided by the absolute deviation. Both are a measurement of difference or distance from the subject to the comparable and that difference is used to select the comparables for the purpose of arriving at value.

The important thing to note is that both work from the square foot value of the comparable and adjustments are made to the square foot value. The final adjusted square foot value is then multiplied by the area of the subject to arrive at an adjusted sale price. There is no subjective decision by the appraiser as to a value per square foot adjustment for the difference in living area. This eliminates the opportunity for adjustments that effect the adjusted value to skew the adjusted value.

Process

The process consists of two basic steps. The first is the creation of the Comparable Sales Selection Model Table and the second step is the creation of the Comparable Sales Adjustment Table. A model is defined as “a representation (in words or an equation) that explains the relationship between value or the estimated sale price and variables representing factors of supply and demand.”⁷

Each step in the process consists of two parts, model specification and model calibration. Model specification is defined as “the formal development of a model in a

⁶ A systematic method of solving a certain kind of mathematical problem-Webster’s New World Dict. 1996

⁷ Mass Appraisal of Real Property Copyright 1999 IAAO page 382

statement or equation, based on data analysis and appraisal theory. During model specification, one determines the variables to test or use in a mass appraisal model.”⁸ Model calibration is “the development of the adjustments or coefficients from market analysis of the variables to be used in a mass appraisal model.”⁹

The Comparable Sales Selection Model Table

The Comparable Sales Selection Model Table determines which properties in the Residential Sales File are selected as comparable sales for Residential and Mobile Home appraisal records. The Comparable Sales Selection Model Table is a user defined series of records.¹⁰ The Comparable Sales Selection Model Table contains the following fields:¹¹

- 1) **Table Number**- the Table Number is a unique number identifying the model.
- 2) **Description**- the description of the model, example-Residential Model for South Sioux etc.
- 3) **Index Type**-the appraiser chooses either “MINKOWSKI” or “EUCLIDEAN”.
- 4) **Neighborhood Options**- the appraiser chooses either “SAME” or “RANGE”
- 5) **Neighborhood Range**- this must be completed if “RANGE” is selected in Neighborhood Options.
- 6) **Sale Date Range**- the appraiser chooses the beginning and ending dates for the time period the comparables are to be selected from.
- 7) **Maximum Distance Factor**- the appraiser enters the maximum distance to include sales as comparables. Sales of properties above this number will not be selected. This is not the physical distance from the house, but a measure of compatibility between the subject house and the potential comparable.
- 8) **Source Name**-the appraiser selects the fields from the Appraisal File for the attribute used to determine Comparable selection.
- 9) **Attribute**- enter the field name for the attribute of the comparable
- 10) **Weight**- the appraiser assigns a weight to each attribute on its importance in the model. The higher the weight, the closer the comparable will have to be to the subject.

In the case of the Comparable Sales Selection Model Table the calibration of the table is in the weight assigned to each attribute. Location should not be an issue in most cases because this is probably addressed in the Neighborhood Options choice. Generally the most weight should be put on Floor Area, Style and Quality. These attributes should receive the higher weight number. The next attributes to include may be Condition, Garage Style and Area, Basement Area, Basement Finish and Exterior Wall. All weights assigned to attributes must be supported by a sales study to show their relative importance.

The Comparable Sales Adjustment Table

The Comparable Sales Adjustment Table calculates the difference between the

⁸ Mass Appraisal of Real Property Copyright 1999 IAAO page 382

¹⁰ Terra Scan Appraisal System Version 5.61, Comparable Sales Selection Model Table

¹¹ Condensed from Terra Scan Appraisal System Version 5.61, Comparable Sales Selection Model Table

subject and each comparable and adjusts the sale price per square foot accordingly.¹² The appraiser selects those attributes that are to be adjusted from the Appraisal File, determines the calibration of each, and the CAMA program applies that algorithm to each comparable selected by the Comparable Sales Selection Model. The Comparable Sales Adjustment Table is a user defined series of attributes.¹³ The Comparable Sales Adjustment Table contains the following fields:¹⁴

- 1) **Table #** - The unique number identifying this table. The default table should be number one.
- 2) **Description** – The description of the model. Example-Ranch style in So. Sioux City
- 3) **Time Adjustment** – This field allows for the adjustment of sale price in relation to the assessment date. The appraiser sets the time adjustment as a percentage per month for the difference between the sale date and the assessment date. The adjustment is derived from a market study of properties with multiple sales in a selected time frame. The CAMA system will compute the time period in months and adjust by the percent per month determined from the study and entered into the system.
- 4) **Max-** This allows for a maximum percent of time adjustment. It is an elective field and may or may not be used.
- 5) **Area Adjust-** This field gives the appraiser the option to adjust for Gross Living Area. If YES is selected the adjustment is made by developing a formula to determine the adjustment. If NO is selected the CAMA system adjusts the square foot value of the comparables and then multiplies that value by the area of the subject to arrive at an indicated value.
- 6) **Land Adjust-** The choices are “USE SUBJECT” and “NO ADJUSTMENT”. If “USE SUBJECT” is selected the program will adjust the lot value based on the difference between the subject and the comparable. If “NOADJUSTMENT” is selected there will not be an adjustment for lot value. The assumption here is lot values in the CAMA system are reasonable.
- 7) **The Components Table-** This table consists of five columns or sections. Each selected component of the comparable is addressed in each section.
 - a. **Source Column** – The appraiser selects those attributes that are determined to affect value from the Appraisal File and records them in this column.
 - b. **Name Column-** A descriptive name, which will appear on the Residential Comparables Sales Grid, is given to each attribute
 - c. **Sequence Column-** This number is automatically assigned by the CAMA System.
 - d. **Type Column-** The choices in this column are “Value” “Factor” and “Multiplier”. If “Value” is chosen the sale price is adjusted by a dollar amount. If “Factor” is chosen the difference between the subject and the comparable is multiplied by a factor amount. If “Multiplier” is chosen the difference between the subject and the comparable is multiplied by a percentage amount.
 - e. **Factor-** This column contains the formula (mathematical process) used to make the adjustment. Whether it be a value, factor or Multiplier

¹² Terra Scan Appraisal System Version 5.61, Comparable Sales Adjustment Table

¹³ Terra Scan Appraisal System Version 5.61, Comparable Sales Selection Model Table

¹⁴ Condensed from Terra Scan Appraisal System Version 5.61, Comparable Sales Selection Model Table

Application

In the application of the above process it is important to remember the following things:

- 1) Neighborhood doesn't necessarily refer to just a defined geographical location but may also include physical characteristics specific to a given group of properties,.. "such as to insure for later multiple regression modeling that the properties are homogeneous and share important locational characteristics."¹⁵
- 2) Subjective decisions must be kept at a minimum and must be supported by existing guidelines or text such as Marshall and Swift Costing Service or IAAO reference books.
- 3) Each factor used in the development of the Comparable Sales Selection Model Table or the Comparable Sales Adjustment Table must be supported by market information.
- 4) Some adjustments may come from the study of multiple neighborhoods because of a lack of sales in a particular neighborhood, for instance, in ground swimming pools, but nevertheless each adjustment must come from the market. A subjective adjustment, not based on documented sales, has no credible basis.
- 5) The purpose of the appraisal is not to meet a predetermined value. The purpose of the appraisal is to estimate market value based on sales data. The market value estimated is intended as support for the final reconciliation of value based on all approaches.

The final step in the valuation process is a field review of the property and the application of the appraisers experience and judgment "It is good practice in mass appraisal to review preliminary values in the field to check for errors or unusual situations and ensure consistency among parcels. During this review process, the appraiser may correct grading or other data errors or override values for parcels with special conditions."¹⁶

The final assessed value as reported to the property owner is a correlation of all the approaches used to estimate value. It may or may not match any particular value arrived at in any one approach. It is the result of the appraisers experience and expertise.

Income Approach to Value: "The income approach requires the appraiser to estimate the rental income from a property and capitalize the income into an estimate of current value. The approach recognizes that potential buyers demand property because they anticipate a future stream of income. "The appraiser estimates the income stream that would be produced in the highest and best use under typical management. The property, not the current management, is being valued; therefore, it is proper to assume that potential buyers would use the property for it's most profitable legal use, and the buyer would employ typical rather than extraordinary management,"⁷

Cost Approach to Value: "the cost approach is based on the principle of substitution-that a rational, informed purchaser would pay no more for a property than the cost of building an

¹⁵ Glossary for Property Appraisal and Assessment p. 92 IAAO copyright 1997

¹⁶ Mass Appraisal of Real Property Copyright 1999 IAAO page 22

acceptable substitute with like utility. The cost approach seeks to determine the replacement cost new of an improvement less depreciation plus land."⁸

As the Cost Approach Applies to Mass Appraisal: In mass appraisal the sales, in a given neighborhood, are stratified by class, style, quality and condition. The Replacement Cost New for each sold improvement is calculated and the percentage difference between that RCN and the sale price, less land value, is considered to be the depreciation. The appraiser then uses the depreciations in a specific strata to determine the percentage of depreciation for that particular class, style, quality and condition. In the case of commercial/industrial property the Occupancy Code is used in place of the style since the Occupancy Code determines the interior finish, i.e. retail store, office building, medical building, bowling alley etc.

Methodology for the Cost Approach

Overview

The Cost Approach is based on the Replacement Cost New¹⁷ (RCN) of an improvement minus the accrued depreciation¹⁸ due to physical deterioration¹⁹, functional obsolescence²⁰ and economic obsolescence²¹. The three most commonly used methods of calculating depreciation are the Overall Age Life Method, Capitalization of Income Method and the Sales Comparison Method,

Overall Age Life Method- "The overall age life method provides a direct estimate of depreciation of the subject property. Borrowed from accounting, the method is based on straight-line depreciation, in which the building is assumed to depreciate by a constant percentage each year over its economic life."²² "Although the overall age life method is simple, it has several shortcomings. For example, it recognizes primarily physical depreciation and does not distinguish between curable and incurable conditions, more serious is the assumption that depreciation occurs in a straight line. Most structures depreciate rapidly in early life and more slowly later. Actual rates vary with type of property, location, and market conditions. This method may produce satisfactory results for short-lived items, notably personal property, but it is simplistic for real property appraisal, in which

¹⁷ "Replacement Cost New- The cost, including material, labor and overhead, that would be incurred constructing an improvement having the same utility to its owner as the subject improvement." Glossary for Property Appraisal and Assessment Copyright 1997 IAAO page 120

¹⁸ "Depreciation, Accrued--(I) The amount of depreciation, from any and all sources, that affects the value of the property in question on the effective date of the appraisal." Glossary for Property Appraisal and Assessment Copyright 1997 IAAO page 41

¹⁹ "Physical Deterioration- a cause of depreciation that is a loss in value due to ordinary wear and tear and the forces of nature." Glossary for Property Appraisal and Assessment Copyright 1997 IAAO page 102

²⁰ "Functional Obsolescence-Loss in value of a property resulting from changes in tastes, preferences, technical innovations or market standards," Glossary for Property Appraisal and Assessment Copyright 1997 IAAO page 59

²¹ "Economic (External) Obsolescence--(1) A cause of depreciation that is a loss in value as a result of impairment in utility and desirability caused by factors outside the property's boundaries." Glossary for Property Appraisal and Assessment Copyright 1997 IAAO page 48

²² Property Appraisal and Assessment Administration Copyright 1990 IAAO page 224

depreciation should be derived from the market.”²³

Capitalization of Income Method- "This method is the same as the sales comparison method except that values based on the income approach are used instead of comparables sales. Although conceptually inferior to the sales comparison method because appraisals are substituted for actual sales, the capitalization of income method can be useful for income producing properties for which good sales are usually scarce. Reliability depends on the accuracy of the income data, capitalization methods, and land values used in the analysis."²⁴
"Income Approach to Value: The income approach requires the appraiser to estimate the rental income from a property and capitalize the income into an estimate of current value. The approach recognizes that potential buyers demand property because they anticipate a future stream of income. "The appraiser estimates the income stream that would be produced in the highest and best use under typical management. The property, not the current management, *is* being valued; therefore, it is proper to assume that potential buyers would use the property for it's most profitable legal use, and the buyer would employ typical rather than extraordinary management"²⁵

Sales Comparison Method "The sales comparison method is borrowed from the sales comparison approach. Recent sales of properties similar to the subject are identified. Building residuals, calculated by subtracting the land from sales prices, are subtracted from replacement cost new to yield accrued depreciation.... From the available data, a typical depreciation factor is calculated and multiplied against the RCN of the subject building to estimate its total accrued depreciation from all causes.”²⁶

The Sales comparison method of the cost approach uses sales prices as evidence of value of similar properties. The price at which a particular property sells is the price determined by the interaction of supply and demand at the time of sale. If competitive market conditions are approximated, and conditions have not changed greatly, a similar property would sell at approximately the same price.

There are several other less popular methods of determining value using the cost approach among these are the Engineering Breakdown Method and the Observed Condition Breakdown Method.

The Engineering Breakdown Method resembles the age-life method except that a separate depreciation is estimated for each element of the improvement the total value loss is compared to the total RCN to arrive at the percent of depreciation. This is not a market generated depreciation and therefore may lead to an inaccurate estimate of market value.

Observed Condition Breakdown Method This method breaks down depreciation into all its various components: curable physical deterioration, incurable short-lived-item physical deterioration, incurable basic structure (long-lived items) physical deterioration, curable functional obsolescence, incurable functional obsolescence and economic

²³ Property Appraisal and Assessment Administration Copyright1990 IAAO page 224-225

²⁴ Property Appraisal and Assessment Administration Copyright1990 IAAO page 224

²⁵ Property Appraisal and Assessment Administration Copyright1990 IAAO page 83

²⁶ Property Appraisal and Assessment Administration Copyright1990 IAAO page 223

obsolescence."²⁷ This is not a market generated depreciation and therefore may lead to an inaccurate estimate of market value.

Basic Premise

By its very nature mass appraisal deals with a multitude of properties. The goal of mass appraisal is two fold, equalization and an accurate estimate of market value. The most important of these is equalization.

The result of good mass appraisal practices is an accurate estimate of market value. Equalization can only be achieved if all properties are treated equally as to the method by which RCN and depreciation are calculated. To approach a subject property, for purposes of ad valorem tax, with a single property appraisal tends to distort equalization.

Conclusion

The Cost Approach as used in mass appraisal is based on a market generated depreciation. This is the most reliable method for estimating value in as much as it addresses the specific data of the subject's RCN and the depreciation is generated from sales of similar property ie. all properties are treated equally. This is known as the sales comparison method of the Cost Approach.

∴

Arriving at an Estimate of Value

Real Estate is appraised at its highest and best use. To determine the highest and best use the property must be given consideration as if vacant and then as improved. Highest and best use is that use which will generate the highest percentage of net return to the property over a reasonable length of time. In determining the highest percentage of net return four requirements must be met. The use must be:

1) Legally Permissible

- 6) Mass Appraisal of Real Property p.5 IAAO
- 7) Condensed from Mass Appraisal of Real Property p.7 IAAO
- 8) Condensed from Glossary for Property Appraisal and Assessment p.35

²⁷ Property Appraisal and Assessment Administration Copyright1990 IAAO page 225

- 2) Physically Possible
- 3) Financially Feasible
- 4) Produce Maximum Profitability

In the process of determining an estimate of value the appraiser has reviewed each of the requirements based on the following characteristics:

Legally Permissible: A general knowledge of zoning laws, city ordinances, state and federal laws indicates the subject property meets this requirement. More specifically an examination of city zoning maps and regulations indicate the present use meets this requirement.

Physically Possible: A site's potential uses can be limited by such things as size, configuration, terrain, utilities and location. An improvement's possible uses can be limited by type, size, design and condition. More specifically an examination of the site and the improvement indicate the present use meets this requirement.

Financially Feasible: When analyzing the financial feasibility of a site or improvements the appraiser considers those legally and physically possible options which would give a positive return on the investment.

Maximum Profitability: While some options may appear to have a higher return at first glance, the appraiser must include in his analysis the cost of removing existing improvements as well as the cost of the new improvements. In many cases, even though the Net Operating Income of a change in use exceeds that of present use, the return on the investment required to remove the old and build a new improvement does not exceed that of present use. More specifically an examination of other possible uses indicates the present use would probably yield the highest percentage of return on the investment.

Highest and Best Use as Vacant

Legally Permissible: Of the four requirements mentioned earlier probably the one that has the biggest influence on value. Any consideration for the use of land as vacant must take into account the restrictions put on it by existing laws and regulations. Without clear and convincing evidence that those restrictions could be changed, i.e. zoning, building codes etc. it would be inappropriate to consider other uses.

Example: Although there is a demand for land to be used to build a shopping mall, if the present zoning is residential and there is no evidence that a change could be made it would be inappropriate to value the land as a possible commercial site eligible for development.

More specifically this property is zoned as commercial and should be valued as such.

Physically Possible: When considering this requirement the appraiser must examine the zoning regulations for use, set back, height restrictions, building types and so forth. He must also consider such things as terrain, soil type, utilities and off site hazards or nuisances that would limit the uses of the site. It is then the responsibility of the appraiser to determine if the physical limitations of the property, either on

site or off, further limit the use of the property.

More specifically there doesn't appear to be any physical limitations that affect the use of the subject beyond the legal limitations.

Financial Feasibility: Since the neighborhood is factored for commercial and the area continues to have a steady growth rate it is reasonable to assume this land as vacant would be acquired for commercial use after a reasonable market time. Since there are no apparent off site influences on the property a study of vacant commercial sales should yield a reliable estimate of value. "The sales comparison approach is always the preferred approach when sufficient data are available. Only when sales data are insufficient should the assessor (appraiser) resort to alternative methods."¹

More specifically the subject property appears to be typical of the commercial properties in the area and therefore the sales comparison approach to value should produce a reasonable estimate of value.

Produce Maximum Profitability: In reviewing the possible uses for the site based on existing legal restraints it is apparent to the appraiser that the site will return the maximum profitability as a commercial site.

COMPUTER AIDED MASS APPRAISAL (CAMA SYSTEM)

The final estimate of value was arrived at using a CAMA system. The appraisal section of the system has several main components. They include *Neighborhood Land Table*, *Commercial Cost Tables*, *Site Improvement Cost Tables* and *Depreciation Tables*

Neighborhood Land Tables are used to value land with similar market characteristics together. A market analysis is used to determine what neighborhood applies and then that table can be designed in such a way as to make allowances for the size to value relationship based on that analysis.

More specifically an examination of the *Neighborhood Land Table* will show that the subject was adjusted for size.

Commercial Cost Tables are supplied by Marshall and Swift. These are based on an Occupancy Code. The system will pull the cost from the table, make the necessary adjustments for floor area, construction type, wall height and so forth, then apply that cost to the subject as a Replacement Cost New (RCN).

More specifically an examination of the Property Record Cards for the subject will show the various elements of the buildings and the RCN of each.

Site Improvement Cost Tables are supplied by Marshall and Swift. These are based on an Improvement Code. The system will pull the cost from the table, make the necessary adjustments for floor area, construction type and so forth then apply that cost to the subject as a Replacement Cost New (RCN).

More specifically an examination of the Property Record Cards for the subject will show the various elements of the improvement and the RCN of each.

Depreciation Tables are built using verified sales and RCN. These tables are then applied to the subject. See the *As the Cost Approach Applies to Mass Appraisal* section above for more detail.

More specifically an examination of the Property Record Cards for the subject will show the various elements of the improvements and the depreciation applied to each.

CONCLUSION

The subject was valued using Marshall and Swift costing as applied by the CAMA system. Depreciation was determined from the market and physical inspection of the site.

The market generated depreciation is given the most weight in the reconciliation process. Since this is a market generated depreciation, based on sales assessment ratios, a verification of the accuracy of the depreciation tables is easily attained by a ratio study.

In an effort to keep the public informed the news media is advised of annual indications of changes in value. As an example the office would inform the media that, generally speaking, sales indicate real property has appreciated about 5% in the last year. In addition to this much time is spent in the office explaining valuation changes to individual property owners

Level of Value, Quality, and Uniformity for assessment year 2008:

<u>Property Class</u>	<u>Median</u>	<u>COD*</u>	<u>PRD*</u>
Residential	93	13.25	101.90
Commercial	96	17.51	98.09
Agricultural Land	71	22.91	121.71
Special Value Agland	Insufficient sales to calculate reliable statistics		

COD means coefficient of dispersion and PRD means price related differential. For more information regarding statistical measures see 2008 Reports & Opinions.

ACTIONS PLANNED FOR SUMMER 2008AND BEYOND

2009 – Residential

Review the residential property in north ½ of South Sioux City and Dakota City. This is the second time for Dakota City therefore it is anticipated to be less time consuming. It is estimated to take

about two weeks. New depreciation tables, based on a market generated depreciation, will be created for all properties included in a total revalue or physical review. Ratio Studies will be conducted on all properties not included in a total revalue or physical review, market adjustments will be made in those situations the appraiser deems necessary.

2009-Commercial

We continue to work on the first physical review of Commercials and estimate completing all commercials this year. Ratio Studies will be conducted on all properties not included in a total revalue or physical review, market adjustments will be made in those situations the appraiser deems necessary

2009-Agricultural

We will continue to monitor agricultural land usage as we work building permits in rural areas. We are planning on reviewing as much of the agricultural residential and outbuildings as time will allow. . Ratio Studies will be conducted on all properties not included in a total revalue or physical review, market adjustments will be made in those situations the appraiser deems necessary. The office will continue to monitor the Special Valuation Areas (greenbelt) and react to those sales as the market indicates.

2010 – Residential

Review the residential property in Emerson, Jackson, Homer and Hubbard. This is the second time for these towns therefore it is anticipated to be less time consuming. It is estimated to take about two weeks. New depreciation tables, based on a market generated depreciation, will be created for all properties included in a total revalue or physical review.

Ratio Studies will be conducted on all properties not included in a total revalue or physical review, market adjustments will be made in those situations the appraiser deems necessary.

2010-Commercial

We begin a systematic second review of all commercial property. Ratio Studies will be conducted on all properties not included in a total revalue or physical review, market adjustments will be made in those situations the appraiser deems necessary

2010-Agricultural

We will continue to monitor agricultural land usage as we work building permits in rural areas. We are planning on reviewing as much of the agricultural residential and outbuildings as time will allow. . Ratio Studies will be conducted on all properties not included in a total revalue or physical review, market adjustments will be made in those situations the appraiser deems necessary. The office will continue to monitor the Special Valuation Areas (greenbelt) and react to those sales as the market indicates.

2011 – Residential

Review the rural residential property. The plan also includes and re-measuring. New depreciation tables, based on a market generated depreciation, will be created for all properties included in a total revalue or physical review. Ratio Studies will be conducted on all properties not included in a total revalue or physical review, market adjustments will be made in those situations the appraiser deems necessary.

2011-Commercial

Continue a systematic review of all commercial property. Commercial sales will be reviewed. Ratio Studies will be conducted on all properties not included in a total revalue or physical review, market adjustments will be made in those situations the appraiser deems necessary

2011-Agricultural

We will continue to monitor agricultural land usage as we work building permits in rural areas. We are planning on reviewing all of the agricultural residential and outbuildings. Ratio Studies will be conducted on all properties not included in a total revalue or physical review, market adjustments will be made in those situations the appraiser deems necessary. The office will continue to monitor the Special Valuation Areas (greenbelt) and react to those sales as the market indicates.

2012-Residential

Review the residential the south ½ of South Sioux City This is the third time for this town therefore it is anticipated to be less time consuming. It is estimated to take about three weeks. New depreciation tables, based on a market generated depreciation, will be created for all properties included in a total revalue or physical review. Ratio Studies will be conducted on all properties not included in a total revalue or physical review, market adjustments will be made in those situations the appraiser deems necessary.

2012-Commercial

We continue to work on the systematic review of Commercials and estimate completing another 25% of total commercials for this year. Ratio Studies will be conducted on all properties not included in a total revalue or physical review, market adjustments will be made in those situations the appraiser deems necessary

2012-Agricultural

We will continue to monitor agricultural land usage as we work building permits in rural areas. Ratio Studies will be conducted on all properties not included in a total revalue or physical review, market adjustments will be made in those situations the appraiser deems necessary. The office will continue to monitor the Special Valuation Areas (greenbelt) and react to those sales as the market indicates.

Appraiser's Note: The amount of work required to re-list and enter the new data in to computer program may and probably will cause adjustments to above schedule. It is imperative that the initial information entered is correct and complete in every respect. Once the correct information, for all parcels, is entered then the review process will be much less time consuming. It is the position of the appraiser that it is more important to get the correct information entered first time than it is to stay on a schedule. This will lead to full utilization of the CAMA. An acceptable Level of Value and the Quality of Assessment are always the goal of any appraisal action. The current Level of Value and the Quality of Assessment are noted earlier in this document.

Other Actions Necessary to Quality Assessment

Cadastral Maps

Cadastral Maps show the boundaries of subdivisions of land, usually with the bearing and lengths thereof and the areas of individual tracts, for purposes of describing and recording ownership. A cadastral map may also show culture, drainage and other features relating to the value and use of the land.

Maintained By Assessment---The Assessment Manager keeps the maps up to date and draws in new subdivisions, parcel splits and anything that needs to be done. This function is aided by the use of the Agridata Program to determine soil type and location.

The maps are in good condition.

Property Record Cards

Property Record Cards show the name of owner, the street address and the legal description of the property. Land improvements are indicated on the card. The lot size is shown. A sketch of the house drawn to scale, the outside dimensions and the type of construction. Sales date is also shown. Current year value is broken down by land value, improvements and then the total value is shown. It is the position of this office that the old hard copy file Property Record Cards are now considered Historical files only and will be represented as such.

Real Estate Transfers (521's)

Real Estate Transfer Statements have pertinent information including Grantor-Grantee, address and legal description of property, purchase price, and instrument number. When we get the 521 from the Register of Deeds, we are able to change owners on the property record card and on the computer assessment screen.

Maintained by Assessment—Assessment has copies on file as well as does the Appraisal side. Assessment copies are filed in order of instrument number.

In Good Condition

Annual Assessor Administrative Reports Required by Law/Regulation:

Abstracts (Real & Personal Property)

Assessor Survey

Sales information to PA&T rosters & annual Assessed Value Update w/Abstract

Certification of Value to Political Subdivisions

School District Taxable Value Report

Homestead Exemption Tax Loss Report (in conjunction with Treasurer)

Certificate of Taxes Levied Report

Report of current values for properties owned by Board of Education Lands & Funds

Report of all Exempt Property and Taxable Government Owned Property
Annual Plan of Assessment Report

Personal Property; administer annual filing of 1038 schedules, prepare subsequent notices for incomplete filings or failure to file and penalties applied, as required.

Permissive Exemptions: administer annual filings of applications for new or continued exempt use, review and make recommendations to county board.

Taxable Government Owned Property – annual review of government owned property not used for public purpose, send notices of intent to tax, etc.

Homestead Exemptions; administer 525 annual filings of applications, approval/denial process, taxpayer notifications, and taxpayer assistance.

Centrally Assessed – review of valuations as certified by PA&T for railroads and public service entities, establish assessment records and tax billing for tax list.

Tax Increment Financing – management of record/valuation information for properties in community redevelopment projects for proper reporting on administrative reports and allocation of ad valorem tax.

Tax Districts and Tax Rates – management of school district and other tax entity boundary changes necessary for correct assessment and tax information; input/review of tax rates used for tax billing process.

Tax Lists; prepare and certify tax lists to county treasurer for real property, personal property, and centrally assessed.

Tax List Corrections – prepare tax list correction documents for county board approval.

County Board of Equalization - attend all county board of equalization meetings for valuation protests –assemble and provide information

TERC Appeals - prepare information and attend taxpayer appeal hearings before TERC, defend valuation.

TERC Statewide Equalization – attend hearings if applicable to county, defend values, and/or implement orders of the TERC.

Education: Assessment Manager and Appraiser Education – Both the Assessment Manager and the Appriaser attend meetings, workshops, and educational classes to obtain required hours of continuing education to maintain the Assessor Certificate and the Appraiser License. The Assessor Certificate is

issued by Property Assessment and Taxation and the Appraiser License is issued by Nebraska Real Estate Appraisal Board.

Respectfully submitted:

Assessment Manager Signature: _____ Date:

Appraisal Supervisor Signature: _____
Date _____

Certification

This is to certify that the 2010 Reports and Opinions of the Property Tax Administrator have been sent to the following:

One copy by electronic transmission and one printed copy by hand delivery to the Tax Equalization and Review Commission.

One copy by electronic transmission to the Dakota County Assessor.

Dated this 7th day of April, 2010.



A handwritten signature in cursive script that reads "Ruth A. Sorensen".

Ruth A. Sorensen
Property Tax Administrator

Valuation History Charts