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2012 Commission Summary for Polk County

Residential Real Property - Current

Number of Sales	83	Median	96.39
Total Sales Price	\$6,156,320	Mean	99.92
Total Adj. Sales Price	\$6,163,320	Wgt. Mean	94.28
Total Assessed Value	\$5,810,745	Average Assessed Value of the Base	\$57,553
Avg. Adj. Sales Price	\$74,257	Avg. Assessed Value	\$70,009

Confidence Interval - Current

95% Median C.I	91.33 to 99.82
95% Wgt. Mean C.I	90.92 to 97.63
95% Mean C.I	95.11 to 104.73
% of Value of the Class of all Real Property Value in the	13.36
% of Records Sold in the Study Period	3.67
% of Value Sold in the Study Period	4.47

Residential Real Property - History

Year	Number of Sales	LOV	Median
2011	112	96	96
2010	120	98	98
2009	139	98	98
2008	149	99	99

2012 Commission Summary for Polk County

Commercial Real Property - Current

Number of Sales	7	Median	98.71
Total Sales Price	\$783,792	Mean	99.13
Total Adj. Sales Price	\$783,792	Wgt. Mean	97.20
Total Assessed Value	\$761,850	Average Assessed Value of the Base	\$99,190
Avg. Adj. Sales Price	\$111,970	Avg. Assessed Value	\$108,836

Confidence Interval - Current

95% Median C.I	90.87 to 111.63
95% Wgt. Mean C.I	93.02 to 101.38
95% Mean C.I	92.54 to 105.72
% of Value of the Class of all Real Property Value in the County	3.04
% of Records Sold in the Study Period	2.35
% of Value Sold in the Study Period	2.58

Commercial Real Property - History

Year	Number of Sales	LOV	Median
2011	10		95
2010	11	100	96
2009	9	100	93
2008	9	100	93

2012 Opinions of the Property Tax Administrator for Polk 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 (2011). 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 these 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.

Class	Level of Value	Quality of Assessment	Non-binding recommendation
Residential Real Property	96	Meets generally accepted mass appraisal practices.	No recommendation.
Commercial Real Property	*NEI	Meets generally accepted mass appraisal practices.	No recommendation.
Agricultural Land	74	Meets generally accepted mass appraisal practices.	No recommendation.

***A level of value displayed as NEI (not enough information) represents a class of property with insufficient information to determine a level of value.*

Dated this 9th day of April, 2012.



Ruth A. Sorensen

Ruth A. Sorensen
Property Tax Administrator

2012 Residential Assessment Actions for Polk County

For 2012, Polk County has followed their 3 Year Plan which includes the following actions:

The county completed all pickup work of new improvements on residential parcels.

The county conducted a thorough sale verification and analysis process. The only changes made among the residential parcels of Polk County were to the parcels of lake properties in the assessor locations named Duncan Lakes and Heron Point.

For 2012, Polk County has not done any planned inspections of the residences. All of the residential parcels in the urban areas of the county have been inspected and reviewed.

The county reports that they plan to inspect and review all of the non-urban residences during 2011 and 2012 for implementation in 2013. This process includes rural residences, residences on agricultural parcels and agricultural buildings. They will have over half of this process completed during 2011 and by the end of 2012, will have completed their initial 6 year process of inspection and review.

2012 Residential Assessment Survey for Polk County

1.	Valuation data collection done by:	
	Assessor and contract appraiser	
2.	In your opinion, what are the valuation groupings recognized in the County and describe the unique characteristics of each grouping:	
	<u>Valuation Grouping</u>	<u>Description of unique characteristics</u>
	1	Lake: This is a grouping of all lake properties in the county, most of which are seasonal dwellings
	2	Osceola: County hospital is located in this town, the county seat.
	3	Polk: The town is limited in commerce and has limited residential sales activity. Parcels in this location have generally been occupied by the same owner for a longer period than other areas in the county.
	4	Rural: This valuation group consists of all parcels outside the city limits of any incorporated town.
	5	Shelby: Many residents commute to larger communities for employment. The local economy has a small number of commercial businesses.
	6	Stromsburg: The town of Stromsburg is the largest town in the county and has the largest commercial district.
3.	List and describe the approach(es) used to estimate the market value of residential properties.	
	Cost approach with market derived depreciation	
4	What is the costing year of the cost approach being used for each valuation grouping?	
	2006 costing is used for the residential class, only the Lake properties are valued using 2009 costing, but all are factored to represent the same relationship to market. All residential costs will be updated to 2011 when the county begins their next inspection and review cycle for use in 2013.	

5.	If the cost approach is used, does the County develop the depreciation study(ies) based on local market information or does the county use the tables provided by the CAMA vendor?
	The county starts with the CAMA generated depreciation which is driven by quality and condition observations. Then the local market information is used to develop locational factors for each valuation group.
6.	Are individual depreciation tables developed for each valuation grouping?
	Yes; Depreciation tables are initially prepared on a countywide basis and then are modified with economic depreciation developed for each individual valuation group.
7.	When were the depreciation tables last updated for each valuation grouping?
	Depreciation tables are updated in conjunction with the revaluation of individual valuation groups. Each year the level of value is examined for each valuation group and it is individually adjusted if needed.
8.	When was the last lot value study completed for each valuation grouping?
	Lot value studies are done in conjunction with residential revaluations
9.	Describe the methodology used to determine the residential lot values?
	A vacant lot study is used to determine residential lot values. Lot sales are continuously monitored to determine if land values are stable or changing, and values would be updated if needed.
10.	How do you determine whether a sold parcel is substantially changed?
	If there is a building permit issued or construction operations are observed after a sale, the assessor makes an individual judgment whether the change is substantial. Examples are: - The construction of a new structure on a previously vacant or minimally improved lot. - A major addition or alteration to the structure, usually results in a change in square footage. - A dramatic increase in the depreciation and loss of value due to something like fire damage, vandalism or demolition of a structure. - Extensive rehabilitation and remodeling (change to the interior finish, mechanical systems or fixtures) of an existing structure causing a significant reduction of depreciation.

**72 Polk
RESIDENTIAL**

PAD 2012 R&O Statistics (Using 2012 Values)

Qualified

Date Range: 7/1/2009 To 6/30/2011 Posted on: 3/21/2012

Number of Sales : 83
 Total Sales Price : 6,156,320
 Total Adj. Sales Price : 6,163,320
 Total Assessed Value : 5,810,745
 Avg. Adj. Sales Price : 74,257
 Avg. Assessed Value : 70,009

MEDIAN : 96
 WGT. MEAN : 94
 MEAN : 100
 COD : 17.30
 PRD : 105.98

COV : 22.40
 STD : 22.38
 Avg. Abs. Dev : 16.68
 MAX Sales Ratio : 156.25
 MIN Sales Ratio : 52.02

95% Median C.I. : 91.33 to 99.82
 95% Wgt. Mean C.I. : 90.92 to 97.63
 95% Mean C.I. : 95.11 to 104.73

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DATE OF SALE *										Avg. Adj.	Avg.
RANGE	COUNT	MEDIAN	MEAN	WGT.MEAN	COD	PRD	MIN	MAX	95%_Median_C.I.	Sale Price	Assd. Val
<u>Qtrts</u>											
01-JUL-09 To 30-SEP-09	15	96.89	102.87	97.92	17.73	105.06	63.23	156.25	89.10 to 116.99	52,533	51,439
01-OCT-09 To 31-DEC-09	3	91.33	99.24	106.30	32.07	93.36	59.26	147.12	N/A	48,167	51,203
01-JAN-10 To 31-MAR-10	4	111.68	115.14	99.08	17.10	116.21	94.44	142.74	N/A	135,805	134,560
01-APR-10 To 30-JUN-10	16	89.65	92.63	88.98	17.41	104.10	60.22	146.88	76.81 to 105.51	85,934	76,466
01-JUL-10 To 30-SEP-10	15	96.39	101.23	93.51	14.17	108.26	79.41	139.77	85.46 to 115.24	89,327	83,533
01-OCT-10 To 31-DEC-10	5	98.18	97.17	95.09	16.83	102.19	64.57	134.52	N/A	88,900	84,533
01-JAN-11 To 31-MAR-11	8	115.91	111.97	102.52	15.92	109.22	84.55	155.39	84.55 to 155.39	56,994	58,431
01-APR-11 To 30-JUN-11	17	97.93	94.70	91.46	12.52	103.54	52.02	123.90	85.25 to 107.78	63,076	57,691
<u>Study Yrs</u>											
01-JUL-09 To 30-JUN-10	38	94.23	99.56	94.25	19.45	105.63	59.26	156.25	89.10 to 101.28	75,018	70,708
01-JUL-10 To 30-JUN-11	45	98.18	100.22	94.30	15.33	106.28	52.02	155.39	90.71 to 100.61	73,614	69,419
<u>Calendar Yrs</u>											
01-JAN-10 To 31-DEC-10	40	95.70	98.67	92.84	16.70	106.28	60.22	146.88	88.89 to 98.72	92,564	85,934
<u>ALL</u>	83	96.39	99.92	94.28	17.30	105.98	52.02	156.25	91.33 to 99.82	74,257	70,009

VALUATION GROUPING										Avg. Adj.	Avg.
RANGE	COUNT	MEDIAN	MEAN	WGT.MEAN	COD	PRD	MIN	MAX	95%_Median_C.I.	Sale Price	Assd. Val
01	14	94.23	96.53	93.27	17.53	103.50	60.22	142.74	76.81 to 120.10	78,119	72,865
02	20	96.60	103.49	99.99	19.70	103.50	59.26	149.78	89.10 to 116.37	49,595	49,591
03	8	92.42	97.45	92.46	21.59	105.40	52.02	139.77	52.02 to 139.77	54,438	50,332
04	12	92.57	95.17	89.55	13.15	106.28	68.30	120.62	79.41 to 107.78	127,367	114,060
05	12	94.90	99.71	91.40	17.31	109.09	75.24	156.25	80.14 to 122.83	84,158	76,925
06	17	99.82	103.17	100.04	14.59	103.13	63.23	155.39	85.67 to 113.35	64,938	64,961
<u>ALL</u>	83	96.39	99.92	94.28	17.30	105.98	52.02	156.25	91.33 to 99.82	74,257	70,009

PROPERTY TYPE *										Avg. Adj.	Avg.
RANGE	COUNT	MEDIAN	MEAN	WGT.MEAN	COD	PRD	MIN	MAX	95%_Median_C.I.	Sale Price	Assd. Val
01	72	97.26	100.88	94.94	16.91	106.26	52.02	156.25	92.14 to 100.14	77,773	73,838
06	11	89.76	93.63	87.71	19.01	106.75	60.22	142.74	64.57 to 120.10	51,243	44,944
07											
<u>ALL</u>	83	96.39	99.92	94.28	17.30	105.98	52.02	156.25	91.33 to 99.82	74,257	70,009

**72 Polk
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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	
<u>Low \$ Ranges</u>												
Less Than 5,000												
Less Than 15,000	1	155.39	155.39	155.39	00.00	100.00	155.39	155.39	N/A	9,550	14,840	
Less Than 30,000	12	121.47	118.62	114.94	19.87	103.20	59.26	156.25	89.10 to 149.78	18,856	21,673	
<u>Ranges Excl. Low \$</u>												
Greater Than 4,999	83	96.39	99.92	94.28	17.30	105.98	52.02	156.25	91.33 to 99.82	74,257	70,009	
Greater Than 14,999	82	96.12	99.24	94.18	16.81	105.37	52.02	156.25	91.15 to 99.82	75,046	70,682	
Greater Than 29,999	71	95.56	96.76	93.49	14.78	103.50	52.02	147.12	90.71 to 98.55	83,620	78,178	
<u>Incremental Ranges</u>												
0 TO 4,999												
5,000 TO 14,999	1	155.39	155.39	155.39	00.00	100.00	155.39	155.39	N/A	9,550	14,840	
15,000 TO 29,999	11	120.10	115.28	113.16	19.26	101.87	59.26	156.25	85.25 to 149.78	19,702	22,295	
30,000 TO 59,999	29	106.95	104.26	103.03	18.16	101.19	52.02	147.12	90.41 to 117.71	44,324	45,666	
60,000 TO 99,999	27	94.02	93.62	93.80	10.15	99.81	64.57	128.47	87.38 to 98.55	74,717	70,085	
100,000 TO 149,999	7	91.15	86.26	86.55	08.85	99.66	68.30	98.18	68.30 to 98.18	120,257	104,079	
150,000 TO 249,999	6	85.59	88.00	87.24	09.43	100.87	78.09	100.61	78.09 to 100.61	187,500	163,583	
250,000 TO 499,999	2	93.29	93.29	93.48	01.23	99.80	92.14	94.44	N/A	333,750	312,000	
500,000 TO 999,999												
1,000,000 +												
<u>ALL</u>	83	96.39	99.92	94.28	17.30	105.98	52.02	156.25	91.33 to 99.82	74,257	70,009	

2012 Correlation Section for Polk County

A. Residential Real Property

Polk County is an agriculturally based county with an array of villages and small towns that exist primarily to support agriculture. Stromsburg is the largest town and Osceola is the county seat. Most of the residential properties in the county are in the towns and villages but there are some houses on acreages and houses on agricultural parcels. Polk County is bordered on the north by Platte and Merrick Counties, on the south by York County, on the east by Butler County and on the west by Merrick and Hamilton Counties. The county has divided the residential analysis and valuation work into six Valuation Groupings; all six of the Valuation Groupings are represented in the 2012 statistics. Four of these groups are centered on individual towns plus one for rural residential parcels and one for lake properties. In the Residential Survey and Residential Assessment Actions section of the R&O, the characteristics of the Valuation Groupings and the assessment process are described in detail. The county believes that each grouping is unique with differing combinations of population, schools, available commercial services, healthcare services and employment outside the agricultural sector. During the past few years there have been no significant economic events that have impacted the value of residential property. Some locations have shown positive residential growth and some have shown decline. In all, the residential is stable, but values are somewhat flat to slightly increasing. In all, the residential class is stable.

The key statistics considered for measurement are as follows: there are 83 qualified sales; the median ratio is 96%; the weighted mean ratio is 94%; the mean ratio is 100%; the COD is 17.30; the PRD is 105.98 and the 95% median confidence interval is 91.33 to 99.82. The analysis of the assessment process in the county goes beyond the statistics that are produced from the sales that have occurred in the current study period. The actions taken during the assessment process are of considerable importance when determining the quality of assessment. The assessor annually reports their assessment intentions in their 3 Year Plan; they verify their accomplishments during the interview for the Assessment Actions section of the R&O; and explain many of the other details and valuation procedures or policies during the preparation of the Survey. The discussion of their 6 Year Inspection process further reveals steps in any inspection, review or revaluation process and supports the thoroughness and the consistency of their actions. By the end of 2012, the county has completed all of their 6 year process of inspection and review of the residential property.

It is not certain that the county has achieved equalization in the residential class of property by simply reviewing the R&O Statistics. The Department does not depend solely on the assessment statistics to evaluate equalization in the county. The best basis to evaluate intra-county equalization is to determine that the valuation process is current, accurate, and applied consistently. The assessment actions narratives prepared this year and in prior years describe a process that likely to produce equalized results. The Department believes that the quality of assessment of residential property in the county is good. There are numerous reasons, but the most relevant are the Departments ongoing interaction with the assessor, and the annual reporting of their actions with regard to residential property. The county has built thorough, high quality and current records by the regular inspection of all parcels, and the ongoing process of discovering any changes to those parcels. The county verifies all sales and reviews many of them in preparation for future updates or revaluations. They are in regular contact with many property owners to keep up to date on the local market. All of the available indications are that the county has done a consistent and uniform job of valuation. The costs

**2012 Correlation Section
for Polk County**

used, the land values and depreciation are consistent within each valuation group.

During 2011, the Department conducted a review of the values sent into the sales file using the 2011 AVU. This process was done to make sure that the data that had been used for the measurement process was in fact the 2011 assessed values of the parcels in the sales file. This test of the county assessment practices demonstrated no irregularities. Those practices are expected to also be the same for 2012.

The Department is confident that the current R&O Statistics are meaningful to measure the entire class partly because the sample is adequate and partly because the assessment actions are good. For 2012, the median ratio is 96% for the residential property. The COD is slightly above the acceptable range and PRD is slightly above the acceptable range. The median confidence interval indicates a level of value that is likely within the range of 92 to 100%. The quality statistics can be strongly impacted by the low dollar sales. A review of the Sales Price stratification in the R&O Statistics indicates that as low dollar sales are removed, the quality statistics improve. The 71 sales above \$29,999 show a good COD and a borderline acceptable PRD. Considering all of the factors, the level of value is 96%. There are no notable subclasses outside the acceptable range. There are no recommendations for the adjustment of the class or for any subclasses of the residential class. The quality of assessment based on the assessment actions of the assessor for the residential class is acceptable.

**2012 Correlation Section
for Polk County**

B. Analysis of Sales Verification

Neb. Rev. Stat. § 77-1327(2) (2011) 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 (2010), 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 Nebraska Department of Revenue, Property Assessment Division (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.

2012 Correlation Section for Polk County

C. 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 of 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 International Association of Assessing Officers (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.

**2012 Correlation Section
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D. 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 IAAO 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 on Ratio Studies, adopted by the International Association of Assessing Officers, January, 2010, recommends that the PRD should lie between 98 and 103. This range is

**2012 Correlation Section
for Polk County**

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. 239.

2012 Commercial Assessment Actions for Polk County

For 2012, Polk County has followed their 3 Year Plan which includes the following actions:

The county completed all pickup work of new improvements on commercial parcels.

The county conducted a thorough sale verification and analysis process.

For 2012, Polk County has not done any planned inspections of the commercial parcels. All of the commercial parcels in throughout the county were inspected and reviewed during 2011.

The action in 2011 completed the 6 Year Inspection and Review of commercial property.

2012 Commercial Assessment Survey for Polk County

1.	Valuation data collection done by:	
	Contract Appraiser	
2.	In your opinion, what are the valuation groupings recognized in the County and describe the unique characteristics of each grouping:	
	<u>Valuation Grouping</u>	<u>Description of unique characteristics</u>
	1	All commercial properties are grouped together for valuation. Each of the valuation groups, as described in the residential survey, except the lakes are separately analyzed. However, as a work product, the entire class of commercial is updated, inspected or reappraised in the same assessment period.
3.	List and describe the approach(es) used to estimate the market value of commercial properties.	
	All three approaches are used when they are applicable and reconciled in the commercial valuation. The cost approach is used on all commercial parcels.	
3a.	Describe the process used to value unique commercial properties.	
	Unique commercial property appraisal is usually done by the contract appraiser. They use the cost approach on all parcels and do additional sales research beyond Polk County. Polk County studies the methodologies, approaches to values and values of similar parcels in other counties. This is done to address uniformity as well as develop the best estimate of market value that they can.	
4.	What is the costing year of the cost approach being used for each valuation grouping?	
	2010 for the entire commercial class	
5.	If the cost approach is used, does the County develop the depreciation study(ies) based on local market information or does the county use the tables provided by the CAMA vendor?	
	The county bases their depreciation off of the Marshall and Swift depreciation in the CAMA program and then modifies the result for locational differences.	
6.	Are individual depreciation tables developed for each valuation grouping?	
	There is only one commercial valuation grouping, but depreciation tables are developed on a countywide basis and then are modified with economic depreciation developed for each individual assessor location.	
7.	When were the depreciation tables last updated for each valuation grouping?	
	Whenever the class is revalued or updated, in this case, 2010 for use in 2011.	

8.	When was the last lot value study completed for each valuation grouping?
	Lot values were last analyzed in 2010 for use in 2011 as a part of the commercial reappraisal.
9.	Describe the methodology used to determine the commercial lot values.
	Vacant lot sales were analyzed to determine values.
10.	How do you determine whether a sold parcel is substantially changed?
	<p>If there is a building permit issued or construction operations are observed after a sale, the assessor makes an individual judgment whether the change is substantial. Examples are:</p> <ul style="list-style-type: none"> -The construction of a new structure on a previously vacant or minimally improved lot. -A major addition or alteration to the structure, usually results in a change in square footage. -A dramatic increase in the depreciation and loss of value due to something like fire damage, vandalism or demolition of a structure. -Extensive rehabilitation and remodeling (change to the interior finish, mechanical systems or fixtures) of an existing structure causing a significant reduction of depreciation.

**72 Polk
COMMERCIAL**

PAD 2012 R&O Statistics (Using 2012 Values)

Qualified

Date Range: 7/1/2008 To 6/30/2011 Posted on: 3/21/2012

Number of Sales : 7
 Total Sales Price : 783,792
 Total Adj. Sales Price : 783,792
 Total Assessed Value : 761,850
 Avg. Adj. Sales Price : 111,970
 Avg. Assessed Value : 108,836

MEDIAN : 99
 WGT. MEAN : 97
 MEAN : 99
 COD : 05.18
 PRD : 101.99

COV : 07.18
 STD : 07.12
 Avg. Abs. Dev : 05.11
 MAX Sales Ratio : 111.63
 MIN Sales Ratio : 90.87

95% Median C.I. : 90.87 to 111.63
 95% Wgt. Mean C.I. : 93.02 to 101.38
 95% Mean C.I. : 92.54 to 105.72

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DATE OF SALE *											Avg. Adj. Sale Price	Avg. Assd. Val
RANGE	COUNT	MEDIAN	MEAN	WGT.MEAN	COD	PRD	MIN	MAX	95%_Median_C.I.			
<u>Qtrts</u>												
01-JUL-08 To 30-SEP-08	1	100.30	100.30	100.30	00.00	100.00	100.30	100.30	N/A	10,000	10,030	
01-OCT-08 To 31-DEC-08												
01-JAN-09 To 31-MAR-09	1	103.58	103.58	103.58	00.00	100.00	103.58	103.58	N/A	20,000	20,715	
01-APR-09 To 30-JUN-09												
01-JUL-09 To 30-SEP-09												
01-OCT-09 To 31-DEC-09	1	91.78	91.78	91.78	00.00	100.00	91.78	91.78	N/A	175,000	160,620	
01-JAN-10 To 31-MAR-10	1	97.07	97.07	97.07	00.00	100.00	97.07	97.07	N/A	58,331	56,620	
01-APR-10 To 30-JUN-10	1	90.87	90.87	90.87	00.00	100.00	90.87	90.87	N/A	30,000	27,260	
01-JUL-10 To 30-SEP-10	1	111.63	111.63	111.63	00.00	100.00	111.63	111.63	N/A	19,000	21,210	
01-OCT-10 To 31-DEC-10												
01-JAN-11 To 31-MAR-11	1	98.71	98.71	98.71	00.00	100.00	98.71	98.71	N/A	471,461	465,395	
01-APR-11 To 30-JUN-11												
<u>Study Yrs</u>												
01-JUL-08 To 30-JUN-09	2	101.94	101.94	102.48	01.61	99.47	100.30	103.58	N/A	15,000	15,373	
01-JUL-09 To 30-JUN-10	3	91.78	93.24	92.85	02.26	100.42	90.87	97.07	N/A	87,777	81,500	
01-JUL-10 To 30-JUN-11	2	105.17	105.17	99.21	06.14	106.01	98.71	111.63	N/A	245,231	243,303	
<u>Calendar Yrs</u>												
01-JAN-09 To 31-DEC-09	2	97.68	97.68	92.99	06.04	105.04	91.78	103.58	N/A	97,500	90,668	
01-JAN-10 To 31-DEC-10	3	97.07	99.86	97.91	07.13	101.99	90.87	111.63	N/A	35,777	35,030	
<u>ALL</u>	7	98.71	99.13	97.20	05.18	101.99	90.87	111.63	90.87 to 111.63	111,970	108,836	

VALUATION GROUPING											Avg. Adj. Sale Price	Avg. Assd. Val
RANGE	COUNT	MEDIAN	MEAN	WGT.MEAN	COD	PRD	MIN	MAX	95%_Median_C.I.			
01	7	98.71	99.13	97.20	05.18	101.99	90.87	111.63	90.87 to 111.63	111,970	108,836	
<u>ALL</u>	7	98.71	99.13	97.20	05.18	101.99	90.87	111.63	90.87 to 111.63	111,970	108,836	

PROPERTY TYPE *											Avg. Adj. Sale Price	Avg. Assd. Val
RANGE	COUNT	MEDIAN	MEAN	WGT.MEAN	COD	PRD	MIN	MAX	95%_Median_C.I.			
02												
03	7	98.71	99.13	97.20	05.18	101.99	90.87	111.63	90.87 to 111.63	111,970	108,836	
04												
<u>ALL</u>	7	98.71	99.13	97.20	05.18	101.99	90.87	111.63	90.87 to 111.63	111,970	108,836	

**72 Polk
COMMERCIAL**

PAD 2012 R&O Statistics (Using 2012 Values)

Qualified

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Number of Sales : 7
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 WGT. MEAN : 97
 MEAN : 99
 COD : 05.18
 PRD : 101.99

COV : 07.18
 STD : 07.12
 Avg. Abs. Dev : 05.11
 MAX Sales Ratio : 111.63
 MIN Sales Ratio : 90.87

95% Median C.I. : 90.87 to 111.63
 95% Wgt. Mean C.I. : 93.02 to 101.38
 95% Mean C.I. : 92.54 to 105.72

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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	Asstd. Val	
<u>Low \$ Ranges</u>												
Less Than 5,000												
Less Than 15,000	1	100.30	100.30	100.30	00.00	100.00	100.30	100.30	N/A	10,000	10,030	
Less Than 30,000	3	103.58	105.17	106.03	03.65	99.19	100.30	111.63	N/A	16,333	17,318	
<u>Ranges Excl. Low \$</u>												
Greater Than 4,999	7	98.71	99.13	97.20	05.18	101.99	90.87	111.63	90.87 to 111.63	111,970	108,836	
Greater Than 14,999	6	97.89	98.94	97.16	05.82	101.83	90.87	111.63	90.87 to 111.63	128,965	125,303	
Greater Than 29,999	4	94.43	94.61	96.61	03.47	97.93	90.87	98.71	N/A	183,698	177,474	
<u>Incremental Ranges</u>												
0 TO 4,999												
5,000 TO 14,999	1	100.30	100.30	100.30	00.00	100.00	100.30	100.30	N/A	10,000	10,030	
15,000 TO 29,999	2	107.61	107.61	107.50	03.75	100.10	103.58	111.63	N/A	19,500	20,963	
30,000 TO 59,999	2	93.97	93.97	94.96	03.30	98.96	90.87	97.07	N/A	44,166	41,940	
60,000 TO 99,999												
100,000 TO 149,999												
150,000 TO 249,999	1	91.78	91.78	91.78	00.00	100.00	91.78	91.78	N/A	175,000	160,620	
250,000 TO 499,999	1	98.71	98.71	98.71	00.00	100.00	98.71	98.71	N/A	471,461	465,395	
500,000 TO 999,999												
1,000,000 +												
<u>ALL</u>	7	98.71	99.13	97.20	05.18	101.99	90.87	111.63	90.87 to 111.63	111,970	108,836	

OCCUPANCY CODE											Avg. Adj.	Avg.
RANGE	COUNT	MEDIAN	MEAN	WGT.MEAN	COD	PRD	MIN	MAX	95%_Median_C.I.	Sale Price	Asstd. Val	
Blank	1	98.71	98.71	98.71	00.00	100.00	98.71	98.71	N/A	471,461	465,395	
297	1	90.87	90.87	90.87	00.00	100.00	90.87	90.87	N/A	30,000	27,260	
353	1	103.58	103.58	103.58	00.00	100.00	103.58	103.58	N/A	20,000	20,715	
355	1	91.78	91.78	91.78	00.00	100.00	91.78	91.78	N/A	175,000	160,620	
404	1	97.07	97.07	97.07	00.00	100.00	97.07	97.07	N/A	58,331	56,620	
528	2	105.97	105.97	107.72	05.35	98.38	100.30	111.63	N/A	14,500	15,620	
<u>ALL</u>	7	98.71	99.13	97.20	05.18	101.99	90.87	111.63	90.87 to 111.63	111,970	108,836	

**2012 Correlation Section
for Polk County**

A. Commercial Real Property

Polk County is an agriculturally based county with an array of villages and small towns that exist primarily to support agriculture. Most of the commercial properties in the county either directly service or support agriculture or the people involved in agriculture. There are a few commercial activities operating outside of agricultural uses but they are in the minority. During the past year and even the past 5 to 10 years, commercial property has had no strong economic fluctuations. Some property uses have prospered and grown and some have declined. Some locations have shown positive commercial activity and some have shown decline. In all, the commercial is stable but somewhat flat in terms of value.

The sales in the file have been reviewed and the following is noted:

There was no evidence that there was any value for personal property, inventory or going concern included in the adjusted selling price of any of the commercial parcels. There was no evidence that there was any issue with the verification process and the resulting qualification codes submitted by the assessor. The inspection and review process for commercial property was all completed prior to 2012 and is considered to be current. All of the commercial and industrial records are up to date. Based on that, the process used to value the commercial property is considered to be uniform.

The key statistics considered for measurement are as follows: there are 7 qualified sales; the median ratio is 99%; the weighted mean ratio is 97%; the mean ratio is 99%; the COD is 5.18; the PRD is 101.99 and the 95% median confidence interval is 90.87 to 111.63. There is concern whether the 7 sales in the sales file are representative of the population of commercial and industrial property. Of the qualified sales, 2 occurred in Stromsburg, the predominant town. When the occupancy codes are reviewed, there are 5 different occupancy codes; there are 2 sales in occupancy 528 (service repair garage), and only 1 in the other strata. This is not the picture of a class that is proportional to the population. It is notable that the class of commercial and industrial is so broad that value of the class is impacted by both local and regional economic forces. We must rely on the notion that thorough, timely and consistent assessment actions will produce consistent valuations. The entire class was revalued for use in 2011.

The COD and the PRD of any sample of 7 sales, particularly in a non-homogeneous class is not likely to be stable. In this case, the sample is insufficient to produce meaningful measurement. That leaves the Department to conclude that there simply is not enough information available to determine a level of value for the class or for any subclass of the commercial and industrial property.

**2012 Correlation Section
for Polk County**

B. Analysis of Sales Verification

Neb. Rev. Stat. § 77-1327(2) (2011) 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 (2010), 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 Nebraska Department of Revenue, Property Assessment Division (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.

**2012 Correlation Section
for Polk County**

C. 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 of 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 International Association of Assessing Officers (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.

2012 Correlation Section for Polk County

D. 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 IAAO 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 on Ratio Studies, adopted by the International Association of Assessing Officers, January, 2010, recommends that the PRD should lie between 98 and 103. This range is

**2012 Correlation Section
for Polk County**

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. 239.

2012 Agricultural Assessment Actions for Polk County

For 2012, Polk County has followed their 3 Year Plan which includes the following actions:

The county completed all pickup work of new improvements on agricultural parcels. They also update the land use on all parcels where changes have been reported or observed.

The county conducted a thorough sale verification and analysis process. Following that, they implemented new values for agricultural land throughout the county.

For 2012, Polk County has enhanced their inspection process. They have implemented a parcel by parcel review process using their in-house GIS map base with photos from 2010 and Google Earth with its 2011 map and base. They are able to detect changes to both land use and often to buildings. Where such changes are detected, the county will do an on-site inspection to document the changes.

The county reports that they plan to inspect and review all of the non-urban residences during 2011 and 2012 for implementation in 2013. This process includes rural residences, residences on agricultural parcels and agricultural buildings. They will have over half of this process completed during 2011 and by the end of 2012, will have completed their initial 6 year process of inspection and review.

2012 Agricultural Assessment Survey for Polk County

1.	Valuation data collection done by:	
	Assessor & Staff	
2.	List each market area, and describe the location and the specific characteristics that make each unique.	
	Market Area	Description of unique characteristics
	1	The county verifies sales, and reviews that information for changing market trends. The county has not identified any characteristics that impact value differently in various regions of the county. They also monitor any market differences between NRDs. The Central Platte NRD in the north part of the county is fully appropriated while the Upper Big Blue NRD in the south part is not. Even this has not demonstrated a measureable difference in values. As a result, they only value agricultural land using one market area.
3.	Describe the process that is used to determine and monitor market areas.	
	The county monitors market value of the parcels based on land use and based on the water policy instituted by the Natural Resource District and its effect on value.	
4.	Describe the process used to identify rural residential land and recreational land in the county apart from agricultural land.	
	The determination of predominant use is the key to the identification of use. Agricultural if it is primarily used for the production of an ag product and residential if it is not being used for ag and has a primary residence. The county has not recognized any recreational property beyond the lake properties and they are all surveyed and well established.	
5.	Do farm home sites carry the same value as rural residential home sites or are market differences recognized? If differences, what are the recognized market differences?	
	The two sites are valued the same throughout the county as there are no recognized differences. Currently, the first acre is valued at \$15,000; acres 2-4 are valued at \$3,000; and the fifth and any additional site acres are valued at \$2,500.	
6.	What process is used to annually update land use? (Physical inspection, FSA maps, etc.)	
	Physical inspection, FSA, GIS, Etc. The aerial maps are updated regularly. The county is currently using a 2010 photo base from the GIS. The county also uses the current maps from Google Earth as support since it is a 2011 photo base.	

7.	Describe the process used to identify and monitor the influence of non-agricultural characteristics.
	The sales are all verified, and to date there has been none identified.
8.	Have special valuation applications been filed in the county? If yes, is there a value difference for the special valuation parcels.
	Yes, there are two applications on file. The county has not recognized that there is a value difference in the county.
9.	How do you determine whether a sold parcel is substantially changed?
	In the case of agricultural land, the land use is a key indicator of substantial change. If the use of a parcel of land changes from dry or grass to irrigated the valuation difference is substantial. If there are only a few acres that change, that may not be viewed as substantial. The reasons that pertain to structures may be similar to the residential or commercial reasons, but the threshold for substantial may be greater if the total purchase price for the land is greater. The assessor will decide each situation on a case by case basis.

72 Polk
AGRICULTURAL LAND

PAD 2012 R&O Statistics (Using 2012 Values)

Qualified

Date Range: 7/1/2008 To 6/30/2011 Posted on: 3/21/2012

Number of Sales : 49
Total Sales Price : 24,721,421
Total Adj. Sales Price : 24,754,021
Total Assessed Value : 16,446,900
Avg. Adj. Sales Price : 505,184
Avg. Assessed Value : 335,651

MEDIAN : 74
WGT. MEAN : 66
MEAN : 71
COD : 18.96
PRD : 106.92

COV : 24.31
STD : 17.27
Avg. Abs. Dev : 13.97
MAX Sales Ratio : 100.35
MIN Sales Ratio : 30.63

95% Median C.I. : 65.91 to 78.50
95% Wgt. Mean C.I. : 60.35 to 72.53
95% Mean C.I. : 66.20 to 75.88

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DATE OF SALE *										Avg. Adj. Sale Price	Avg. Assd. Val
RANGE	COUNT	MEDIAN	MEAN	WGT.MEAN	COD	PRD	MIN	MAX	95%_Median_C.I.		
<u>Qtrrs</u>											
01-JUL-08 To 30-SEP-08	2	85.93	85.93	82.31	13.98	104.40	73.92	97.93	N/A	497,750	409,723
01-OCT-08 To 31-DEC-08	6	73.85	72.33	72.96	05.29	99.14	65.91	79.11	65.91 to 79.11	303,259	221,253
01-JAN-09 To 31-MAR-09	7	93.76	90.77	92.00	07.36	98.66	75.52	100.35	75.52 to 100.35	471,489	433,793
01-APR-09 To 30-JUN-09											
01-JUL-09 To 30-SEP-09											
01-OCT-09 To 31-DEC-09	2	75.51	75.51	75.51	03.96	100.00	72.52	78.50	N/A	355,155	268,185
01-JAN-10 To 31-MAR-10	7	62.78	66.67	60.99	17.49	109.31	51.50	91.03	51.50 to 91.03	530,220	323,365
01-APR-10 To 30-JUN-10	6	83.73	78.31	78.51	13.23	99.75	48.39	90.55	48.39 to 90.55	322,215	252,967
01-JUL-10 To 30-SEP-10	1	80.57	80.57	80.57	00.00	100.00	80.57	80.57	N/A	291,500	234,875
01-OCT-10 To 31-DEC-10	10	57.95	58.59	56.38	22.90	103.92	30.63	82.99	41.98 to 81.49	742,841	418,799
01-JAN-11 To 31-MAR-11	7	56.31	62.18	55.97	23.96	111.10	42.79	95.79	42.79 to 95.79	573,357	320,894
01-APR-11 To 30-JUN-11	1	50.28	50.28	50.28	00.00	100.00	50.28	50.28	N/A	550,000	276,545
<u>Study Yrs</u>											
01-JUL-08 To 30-JUN-09	15	79.11	82.75	84.76	12.93	97.63	65.91	100.35	73.92 to 95.42	407,698	345,567
01-JUL-09 To 30-JUN-10	15	73.67	72.50	67.94	15.68	106.71	48.39	91.03	56.67 to 87.83	423,676	287,848
01-JUL-10 To 30-JUN-11	19	57.01	60.63	56.55	23.84	107.21	30.63	95.79	48.26 to 75.56	646,495	365,561
<u>Calendar Yrs</u>											
01-JAN-09 To 31-DEC-09	9	86.05	87.38	89.08	09.96	98.09	72.52	100.35	75.52 to 99.21	445,637	396,991
01-JAN-10 To 31-DEC-10	24	67.97	66.79	61.39	21.32	108.80	30.63	91.03	55.34 to 80.57	556,864	341,842
<u>ALL</u>	49	73.67	71.04	66.44	18.96	106.92	30.63	100.35	65.91 to 78.50	505,184	335,651

AREA (MARKET)										Avg. Adj. Sale Price	Avg. Assd. Val
RANGE	COUNT	MEDIAN	MEAN	WGT.MEAN	COD	PRD	MIN	MAX	95%_Median_C.I.		
1	49	73.67	71.04	66.44	18.96	106.92	30.63	100.35	65.91 to 78.50	505,184	335,651
<u>ALL</u>	49	73.67	71.04	66.44	18.96	106.92	30.63	100.35	65.91 to 78.50	505,184	335,651

72 Polk
AGRICULTURAL LAND

PAD 2012 R&O Statistics (Using 2012 Values)

Qualified

Date Range: 7/1/2008 To 6/30/2011 Posted on: 3/21/2012

Number of Sales : 49
 Total Sales Price : 24,721,421
 Total Adj. Sales Price : 24,754,021
 Total Assessed Value : 16,446,900
 Avg. Adj. Sales Price : 505,184
 Avg. Assessed Value : 335,651

MEDIAN : 74
 WGT. MEAN : 66
 MEAN : 71
 COD : 18.96
 PRD : 106.92

COV : 24.31
 STD : 17.27
 Avg. Abs. Dev : 13.97
 MAX Sales Ratio : 100.35
 MIN Sales Ratio : 30.63

95% Median C.I. : 65.91 to 78.50
 95% Wgt. Mean C.I. : 60.35 to 72.53
 95% Mean C.I. : 66.20 to 75.88

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95%MLU By Market Area

RANGE	COUNT	MEDIAN	MEAN	WGT.MEAN	COD	PRD	MIN	MAX	95%_Median_C.I.	Avg. Adj. Sale Price	Avg. Assd. Val
_____Irrigated_____											
County	21	78.50	76.44	71.69	15.57	106.63	42.79	100.35	67.48 to 87.83	578,604	414,805
1	21	78.50	76.44	71.69	15.57	106.63	42.79	100.35	67.48 to 87.83	578,604	414,805
_____Dry_____											
County	4	74.34	72.79	71.45	04.13	101.88	66.29	76.21	N/A	217,215	155,193
1	4	74.34	72.79	71.45	04.13	101.88	66.29	76.21	N/A	217,215	155,193
_____Grass_____											
County	3	65.91	64.32	61.72	12.17	104.21	51.50	75.56	N/A	100,093	61,780
1	3	65.91	64.32	61.72	12.17	104.21	51.50	75.56	N/A	100,093	61,780
_____ALL_____	49	73.67	71.04	66.44	18.96	106.92	30.63	100.35	65.91 to 78.50	505,184	335,651

80%MLU By Market Area

RANGE	COUNT	MEDIAN	MEAN	WGT.MEAN	COD	PRD	MIN	MAX	95%_Median_C.I.	Avg. Adj. Sale Price	Avg. Assd. Val
_____Irrigated_____											
County	34	73.22	71.27	65.30	20.83	109.14	41.98	100.35	57.01 to 81.49	641,081	418,650
1	34	73.22	71.27	65.30	20.83	109.14	41.98	100.35	57.01 to 81.49	641,081	418,650
_____Dry_____											
County	4	74.34	72.79	71.45	04.13	101.88	66.29	76.21	N/A	217,215	155,193
1	4	74.34	72.79	71.45	04.13	101.88	66.29	76.21	N/A	217,215	155,193
_____Grass_____											
County	3	65.91	64.32	61.72	12.17	104.21	51.50	75.56	N/A	100,093	61,780
1	3	65.91	64.32	61.72	12.17	104.21	51.50	75.56	N/A	100,093	61,780
_____ALL_____	49	73.67	71.04	66.44	18.96	106.92	30.63	100.35	65.91 to 78.50	505,184	335,651

Polk County 2012 Average LCG Value Comparison

	County	Mkt Area	1A1	1A	2A1	2A	3A1	3A	4A1	4A	AVG IRR
72.10	Polk	1	3,626	3,278	3,068	2,862	2,819	2,600	2,512	2,193	3,321
12.10	Butler	1	3,960	3,435	3,382	3,144	2,848	2,706	1,733	1,686	3,355
19.10	Colfax	1	4,410	4,120	4,020	3,880	3,530	3,300	2,800	2,500	3,806
41.10	Hamilton	1	3,550	3,550	3,300	3,100	3,000	2,750	2,650	2,650	3,416
61.10	Merrick	1	2,685	2,685	2,650	2,650	2,285	2,235	1,780	1,570	2,421
63.10	Nance	1	2,700	2,525	2,382	2,275	2,198	2,112	1,859	1,839	2,347
71.60	Platte	6	4,375	4,245	3,939	3,803	3,665	3,528	3,091	2,500	3,808
80.10	Seward	1	3,750	3,700	3,700	3,600	3,600	#DIV/0!	1,950	1,800	3,482
93.20	York	2	3,965	3,965	3,700	3,700	3,400	#DIV/0!	2,990	2,990	3,800

	County	Mkt Area	1D1	1D	2D1	2D	3D1	3D	4D1	4D	AVG DRY
	Polk	1	2,412	2,278	1,730	1,730	1,580	1,530	1,480	1,480	2,111
	Butler	1	3,515	3,285	3,220	3,043	2,825	2,694	1,675	1,590	2,765
	Colfax	1	3,490	3,267	3,210	3,017	2,938	2,675	1,979	1,593	2,831
	Hamilton	1	2,300	2,070	1,900	1,815	1,755	1,455	1,330	1,210	2,004
	Merrick	1	1,185	1,150	1,075	1,035	925	900	850	750	967
	Nance	1	1,315	1,190	1,109	1,073	1,051	1,007	970	910	1,078
	Platte	6	3,437	3,310	2,933	2,819	2,834	2,646	2,134	1,560	2,854
	Seward	1	3,100	3,100	2,600	2,600	2,200	#DIV/0!	1,950	1,500	2,599
	York	2	3,400	3,400	2,800	2,800	2,600	#DIV/0!	2,400	2,399	3,068

	County	Mkt Area	1G1	1G	2G1	2G	3G1	3G	4G1	4G	AVG GRASS
	Polk	1	711	756	819	835	816	836	774	711	776
	Butler	1	1,437	1,591	1,682	1,460	1,564	1,529	1,384	1,319	1,436
	Colfax	1	1,140	1,140	1,040	1,040	985	985	885	885	982
	Hamilton	1	975	935	880	825	770	715	660	605	717
	Merrick	1	1,010	938	872	845	813	799	746	688	775
	Nance	1	874	882	868	879	832	832	818	804	822
	Platte	6	1,369	1,301	1,290	1,332	1,197	1,155	1,171	1,132	1,185
	Seward	1	841	884	732	685	664	900	607	549	635
	York	2	964	945	849	853	816	#DIV/0!	811	803	830

*Land capability grouping averages calculated using data reported on the 2012 Form 45, Abstract of Assessment

Office of the
POLK COUNTY ASSESSOR
P.O. Box 375
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Tammy Jones, Deputy
RaNae Bondegard, Office Clerk
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polkassessor@yahoo.com

Special Valuation Methodology

Currently, Polk County has two applications on file for Special Value. Both parcels meet the criteria for special valuation, so they have been approved and remain on file.

Presently, we are unable to discern a non-agricultural influence affecting the value of these properties. The taxable value is calculated in the same manner on these parcels as it is on all other agricultural land in Polk County.

We continue to analyze the sales market, and if a difference is noted, Special Valuation will be implemented.

Linda D. Anderson

Linda D. Anderson
Polk County Assessor
February 29, 2012

**2012 Correlation Section
for Polk County**

A. Agricultural Land

Polk County is an agriculturally based county with four of small towns that exist primarily to support agriculture. The primary crops are row crops with corn, soybeans, and some grain sorghum. About 66% of the agricultural land is irrigated, 18% dry and 14% grass. The agricultural land is valued using no market areas. Polk County is bordered on the north by Platte and Merrick Counties, on the south by York County, on the east by Butler County and on the west by Merrick and Hamilton Counties. The agricultural economy is strong, driven by a very high grain prices for the past few years. The value of crop land has followed the high grain prices with historic increases in value. The assessed values of agricultural land have likewise increased significantly in recent years.

The measurement process begins with the sample of qualified sales that occurred within the 3 year study period defined for the 2012 R&O agricultural land measurement process. The sample made up of the county sales is not adequate for measurement, so comparable sales from adjacent counties were added to make the base sample adequate to measure the level of value of the agricultural land. In this case 3 comparable sales were borrowed from adjacent counties to make the sample adequate for measurement and be considered both proportional and representative. The strength of this method is that it uses predominantly the subject county sales and only borrows enough additional sales to make the sample statistically adequate. After the data has been analyzed and the county has revalued the agricultural land, the median ratio calculated for the county is 74%. The county has only identified 1 market area.

The key statistics considered for measurement are as follows: there are 46 qualified sales from the subject county, 3 qualified sales borrowed sales for a total of 49 qualified sales used in the analysis; the median ratio is 74%; the weighted mean ratio is 66%; the mean ratio is 71%; the COD is 18.96; the PRD is 106.92 and the 95% median confidence interval is 65.91 to 78.50.

Based on a review of the county schedule of values and a general knowledge of their assessment practices relating to the valuation of agricultural land the county has achieved intra-county equalization. Polk County reported that they will complete the inspection and review of all residences and buildings on agricultural parcels by the end of 2012 for use in 2013. The 6 year process of inspection and review of land and structures in the agricultural class will be completed in a timely manner.

Schedule X of the 2012 Abstract of Polk County and the surrounding counties were compared to test for inter-county equalization. That comparison of the average assessed value for irrigated, dry and grass land uses revealed that the average assessed value for each of the land uses shows a logical progression from county to county. The values tended to be lower in the counties to the west and south and increase as you progress to the east and north, suggesting inter-county equalization. There are minor exceptions among some of the minor subclasses but most of the relevant ones fit the expected pattern.

The COD falls within the desired range and the PRD is above the desired range in the statistical studies. This is not surprising given the rapid upward trend of the value of agricultural land. The county increased irrigated values by nearly 18%, dry values by just over 2%, and grass values were unchanged. Given the current market conditions the Department is not overly concerned that there are any quality issues in the valuation of agricultural land. The county has sound assessment practices relating to the verification and analysis of agricultural values. They have adequate tools and practices to keep land use up to date and there is no

**2012 Correlation Section
for Polk County**

weakness or bias noticed in their assessment practices. The quality of assessment for agricultural land is acceptable.

It is the opinion of the Department that the level of value for agricultural land of value falls at or near the median ratio of the R&O Statistics, since the sample is both proportional and representative. In this case, the apparent level of value is 74% and the quality of the assessment process is acceptable. There are no recommended adjustments to the class or to any subclass of agricultural land.

**2012 Correlation Section
for Polk County**

B. Analysis of Sales Verification

Neb. Rev. Stat. § 77-1327(2) (2011) 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 (2010), 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 Nebraska Department of Revenue, Property Assessment Division (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.

**2012 Correlation Section
for Polk County**

C. 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 of 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 International Association of Assessing Officers (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.

2012 Correlation Section for Polk County

D. 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 IAAO 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 on Ratio Studies, adopted by the International Association of Assessing Officers, January, 2010, recommends that the PRD should lie between 98 and 103. This range is

**2012 Correlation Section
for Polk County**

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. 239.

Total Real Property Sum Lines 17, 25, & 30	Records : 5,505	Value : 973,420,180	Growth 4,704,635	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	177	558,440	9	12,020	35	639,030	221	1,209,490	
02. Res Improve Land	1,350	7,607,120	44	868,300	279	6,588,655	1,673	15,064,075	
03. Res Improvements	1,372	66,988,435	45	3,781,000	347	33,003,055	1,764	103,772,490	
04. Res Total	1,549	75,153,995	54	4,661,320	382	40,230,740	1,985	120,046,055	1,189,770
% of Res Total	78.04	62.60	2.72	3.88	19.24	33.51	36.06	12.33	25.29
05. Com UnImp Land	42	325,680	1	5,500	2	38,255	45	369,435	
06. Com Improve Land	193	1,436,625	15	329,700	21	1,037,135	229	2,803,460	
07. Com Improvements	210	11,943,280	16	5,049,170	25	8,491,865	251	25,484,315	
08. Com Total	252	13,705,585	17	5,384,370	27	9,567,255	296	28,657,210	167,250
% of Com Total	85.14	47.83	5.74	18.79	9.12	33.39	5.38	2.94	3.56
09. Ind UnImp Land	0	0	0	0	0	0	0	0	
10. Ind Improve Land	1	17,350	0	0	1	85,015	2	102,365	
11. Ind Improvements	1	123,380	0	0	1	675,550	2	798,930	
12. Ind Total	1	140,730	0	0	1	760,565	2	901,295	0
% of Ind Total	50.00	15.61	0.00	0.00	50.00	84.39	0.04	0.09	0.00
13. Rec UnImp Land	0	0	0	0	20	1,664,760	20	1,664,760	
14. Rec Improve Land	0	0	0	0	26	741,210	26	741,210	
15. Rec Improvements	0	0	7	291,280	248	7,327,440	255	7,618,720	
16. Rec Total	0	0	7	291,280	268	9,733,410	275	10,024,690	124,025
% of Rec Total	0.00	0.00	2.55	2.91	97.45	97.09	5.00	1.03	2.64
Res & Rec Total	1,549	75,153,995	61	4,952,600	650	49,964,150	2,260	130,070,745	1,313,795
% of Res & Rec Total	68.54	57.78	2.70	3.81	28.76	38.41	41.05	13.36	27.93
Com & Ind Total	253	13,846,315	17	5,384,370	28	10,327,820	298	29,558,505	167,250
% of Com & Ind Total	84.90	46.84	5.70	18.22	9.40	34.94	5.41	3.04	3.56
17. Taxable Total	1,802	89,000,310	78	10,336,970	678	60,291,970	2,558	159,629,250	1,481,045
% of Taxable Total	70.45	55.75	3.05	6.48	26.51	37.77	46.47	16.40	31.48

Schedule II : Tax Increment Financing (TIF)

	Urban			SubUrban		
	Records	Value Base	Value Excess	Records	Value Base	Value Excess
18. Residential	198	5,237,200	4,395,755	0	0	0
19. Commercial	64	1,690,920	979,615	0	0	0
20. Industrial	0	0	0	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	198	5,237,200	4,395,755
19. Commercial	0	0	0	64	1,690,920	979,615
20. Industrial	0	0	0	0	0	0
21. Other	0	0	0	0	0	0
22. Total Sch II				262	6,928,120	5,375,370

Schedule III : Mineral Interest Records

Mineral Interest	Urban		SubUrban		Rural		Total		Growth
	Records	Value	Records	Value	Records	Value	Records	Value	
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. Exempt	176	8	229	413

Schedule V : Agricultural Records

	Urban		SubUrban		Rural		Total	
	Records	Value	Records	Value	Records	Value	Records	Value
27. Ag-Vacant Land	17	221,525	143	33,304,950	1,659	415,997,000	1,819	449,523,475
28. Ag-Improved Land	1	4,645	86	15,001,350	957	269,242,660	1,044	284,248,655
29. Ag Improvements	2	8,155	91	7,846,590	1,035	72,164,055	1,128	80,018,800
30. Ag Total							2,947	813,790,930

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	46	46.00	690,000	
33. HomeSite Improvements	0	0.00	0	48	46.00	5,492,865	
34. HomeSite Total							
35. FarmSite UnImp Land	0	0.00	0	9	28.26	58,480	
36. FarmSite Improv Land	0	0.00	0	84	329.13	900,005	
37. FarmSite Improvements	2	0.00	8,155	87	0.00	2,353,725	
38. FarmSite Total							
39. Road & Ditches	0	0.00	0	0	318.82	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	2	2.00	30,000	2	2.00	30,000	
32. HomeSite Improv Land	561	568.91	8,554,530	607	614.91	9,244,530	
33. HomeSite Improvements	559	557.40	47,034,120	607	603.40	52,526,985	3,223,590
34. HomeSite Total				609	616.91	61,801,515	
35. FarmSite UnImp Land	65	197.30	521,755	74	225.56	580,235	
36. FarmSite Improv Land	934	4,021.62	10,476,180	1,018	4,350.75	11,376,185	
37. FarmSite Improvements	995	0.00	25,129,935	1,084	0.00	27,491,815	0
38. FarmSite Total				1,158	4,576.31	39,448,235	
39. Road & Ditches	0	5,144.13	0	0	5,462.95	0	
40. Other- Non Ag Use	0	0.00	0	0	0.00	0	
41. Total Section VI				1,767	10,656.17	101,249,750	3,223,590

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	79.45	66,685	1	79.45	66,685

Schedule VIII : Agricultural Records : Special Value

	Urban			SubUrban		
	Records	Acres	Value	Records	Acres	Value
43. Special Value	0	0.00	0	0	0.00	0
44. Recapture Value N/A	0	0.00	0	0	0.00	0
	Rural			Total		
	Records	Acres	Value	Records	Acres	Value
43. Special Value	2	275.74	437,665	2	275.74	437,665
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	100,123.12	57.25%	363,050,300	62.52%	3,626.04
46. 1A	22,275.77	12.74%	73,028,165	12.58%	3,278.37
47. 2A1	11,672.45	6.67%	35,813,585	6.17%	3,068.21
48. 2A	10,001.94	5.72%	28,629,650	4.93%	2,862.41
49. 3A1	9,608.76	5.49%	27,085,955	4.66%	2,818.88
50. 3A	7,309.77	4.18%	19,006,465	3.27%	2,600.15
51. 4A1	11,353.87	6.49%	28,525,515	4.91%	2,512.40
52. 4A	2,538.73	1.45%	5,567,620	0.96%	2,193.07
53. Total	174,884.41	100.00%	580,707,255	100.00%	3,320.52
Dry					
54. 1D1	23,117.31	48.13%	55,767,945	54.99%	2,412.39
55. 1D	8,648.07	18.00%	19,696,150	19.42%	2,277.52
56. 2D1	2,335.39	4.86%	4,040,220	3.98%	1,730.00
57. 2D	3,603.99	7.50%	6,234,305	6.15%	1,729.83
58. 3D1	3,027.20	6.30%	4,782,995	4.72%	1,580.01
59. 3D	1,497.05	3.12%	2,290,195	2.26%	1,529.81
60. 4D1	4,589.72	9.55%	6,792,790	6.70%	1,480.00
61. 4D	1,216.93	2.53%	1,801,065	1.78%	1,480.01
62. Total	48,035.66	100.00%	101,405,665	100.00%	2,111.05
Grass					
63. 1G1	1,415.02	3.80%	1,006,510	3.48%	711.30
64. 1G	1,069.85	2.87%	808,965	2.80%	756.15
65. 2G1	1,969.89	5.28%	1,614,085	5.58%	819.38
66. 2G	3,751.37	10.06%	3,133,525	10.83%	835.30
67. 3G1	717.19	1.92%	585,395	2.02%	816.23
68. 3G	9,568.77	25.67%	8,003,760	27.66%	836.45
69. 4G1	6,802.57	18.25%	5,262,735	18.19%	773.64
70. 4G	11,988.11	32.15%	8,523,590	29.45%	711.00
71. Total	37,282.77	100.00%	28,938,565	100.00%	776.19
Irrigated Total					
	174,884.41	66.49%	580,707,255	81.51%	3,320.52
Dry Total					
	48,035.66	18.26%	101,405,665	14.23%	2,111.05
Grass Total					
	37,282.77	14.17%	28,938,565	4.06%	776.19
72. Waste	50.00	0.02%	2,000	0.00%	40.00
73. Other	2,774.88	1.05%	1,359,695	0.19%	490.00
74. Exempt	20.96	0.01%	0	0.00%	0.00
75. Market Area Total	263,027.72	100.00%	712,413,180	100.00%	2,708.51

Schedule X : Agricultural Records :Ag Land Total

	Urban		SubUrban		Rural		Total	
	Acres	Value	Acres	Value	Acres	Value	Acres	Value
76. Irrigated	27.62	95,900	11,669.25	39,464,845	163,187.54	541,146,510	174,884.41	580,707,255
77. Dry Land	66.39	129,375	3,209.80	6,758,445	44,759.47	94,517,845	48,035.66	101,405,665
78. Grass	1.05	895	587.05	433,645	36,694.67	28,504,025	37,282.77	28,938,565
79. Waste	0.00	0	22.00	880	28.00	1,120	50.00	2,000
80. Other	0.00	0	0.00	0	2,774.88	1,359,695	2,774.88	1,359,695
81. Exempt	0.00	0	3.21	0	17.75	0	20.96	0
82. Total	95.06	226,170	15,488.10	46,657,815	247,444.56	665,529,195	263,027.72	712,413,180

	Acres	% of Acres*	Value	% of Value*	Average Assessed Value*
Irrigated	174,884.41	66.49%	580,707,255	81.51%	3,320.52
Dry Land	48,035.66	18.26%	101,405,665	14.23%	2,111.05
Grass	37,282.77	14.17%	28,938,565	4.06%	776.19
Waste	50.00	0.02%	2,000	0.00%	40.00
Other	2,774.88	1.05%	1,359,695	0.19%	490.00
Exempt	20.96	0.01%	0	0.00%	0.00
Total	263,027.72	100.00%	712,413,180	100.00%	2,708.51

2012 County Abstract of Assessment for Real Property, Form 45 Compared with the 2011 Certificate of Taxes Levied (CTL)

72 Polk

	2011 CTL County Total	2012 Form 45 County Total	Value Difference (2012 form 45 - 2011 CTL)	Percent Change	2012 Growth (New Construction Value)	Percent Change excl. Growth
01. Residential	118,331,475	120,046,055	1,714,580	1.45%	1,189,770	0.44%
02. Recreational	9,849,345	10,024,690	175,345	1.78%	124,025	0.52%
03. Ag-Homesite Land, Ag-Res Dwelling	61,042,555	61,801,515	758,960	1.24%	3,223,590	-4.04%
04. Total Residential (sum lines 1-3)	189,223,375	191,872,260	2,648,885	1.40%	4,537,385	-1.00%
05. Commercial	28,388,330	28,657,210	268,880	0.95%	167,250	0.36%
06. Industrial	901,295	901,295	0	0.00%	0	0.00%
07. Ag-Farmsite Land, Outbuildings	37,703,965	39,448,235	1,744,270	4.63%	0	4.63%
08. Minerals	0	0	0		0	
09. Total Commercial (sum lines 5-8)	66,993,590	69,006,740	2,013,150	3.00%	167,250	2.76%
10. Total Non-Agland Real Property	256,216,965	260,879,000	4,662,035	1.82%	4,704,635	-0.02%
11. Irrigated	493,620,625	580,707,255	87,086,630	17.64%		
12. Dryland	99,000,130	101,405,665	2,405,535	2.43%		
13. Grassland	28,993,725	28,938,565	-55,160	-0.19%		
14. Wasteland	2,000	2,000	0	0.00%		
15. Other Agland	1,346,265	1,359,695	13,430	1.00%		
16. Total Agricultural Land	622,962,745	712,413,180	89,450,435	14.36%		
17. Total Value of all Real Property (Locally Assessed)	879,179,710	973,420,180	94,240,470	10.72%	4,704,635	10.18%

**2011 Plan of Assessment for Polk County
Assessment Years 2012, 2013 and 2014
Date: June 15, 2011**

Plan of Assessment Requirements:

Pursuant to Neb. Rev. Stat. §77-1311.02, 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. 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 Revenue, Property Assessment Division, 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.

Assessment levels required for real property are:

- 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.

Reference, Neb. Rev. Stat. §77-201.

General Description of Real Property in Polk County:

Per the 2011 Abstract, Polk County consists of the following real property types:

	Parcels	% of Total Parcels	% of Taxable Value Base
Residential	1987	36%	14%
Commercial	297	5%	3%
Industrial	2	0%	0%
Recreational	276	5%	1%
Agricultural	2940	54%	82%

Agricultural Land: Polk County consists of 262,999 taxable ag land acres. Of those acres, 66% are irrigated cropland, 19% are dry cropland, 14% are grass/pasture and 1% is used for other agricultural purposes.

New Property: In 2010, there were 27 applications approved for new construction in our four towns and 3 in their suburban zoning jurisdictions. 85 Permits were received in 2010 from our County Zoning Administrator, plus an additional 13 permits for demolition or removal of improvements. A total of \$3,245,730 was added for new construction in 2011.

For more information, see the 2011 Reports & Opinions, Abstract and Assessment Survey.

Current Resources:

- A) *Staff/Budget/Training* – The office staff consists of the assessor, a certified deputy assessor and one office clerk. Each staff member is expected to be knowledgeable in all aspects of the daily office operation, with varying degrees of responsibility. A shared employee is available if needed, however, due to continuity and training issues, she is rarely used by our office. Jon Fritz, of Fritz Appraisal Company, is paid a monthly retainer fee, working 2 days per month, for pick-up work and appraisal maintenance. Mr. Fritz is a Certified General Appraiser, who has been involved in mass appraisal for many years. His credentials qualify him for all forms of appraisal work. Our budget for FY 2010-2011 was \$100,399. That budget was limited to a 2½% increase from the previous year. Funding for reappraisal projects, as well as 75% of the monthly retainer for the appraiser, have been paid through Inheritance Tax funds. Employee benefits, such as FICA, health insurance, etc., are funded through a general source, rather than through the assessor's budget. Savings were seen in this year's budget in the area of lodging, mileage and registration fees for continuing education, which allowed us to upgrade three computers instead of only 1 or 2. All but \$1.38 of the 2010-2011 budget was spent.
- B) *Maps and Aerial Photos* – The cadastral maps currently in use were purchased in 1973 and are showing a great deal of wear. Ownership changes are kept current with each group of transfer statements received. Our GIS is linked with the TerraScan system, however the cadastral maps are still maintained. GIS has 2003, 2006, 2007, 2009 and 2010 aerial imagery. Aerial photos of all rural improved properties were taken in the Fall of 2002. Each photo was scanned into the computer and linked to the proper parcel. A hard copy of each photo is filed in the property record card.

- C) *Property Record Cards* – The office still maintains a hard copy of the property record card, even though most of the information can be accessed from the computer. The front of each card lists ownership and assessment information. For improved properties, each card has a photo of the main improvement. The computerized Property Record Card contains ownership and assessment information, scanned & digital photos, sketches, and assessment data.
- D) *Computerization* - Our assessment records are computerized and networked with the County Treasurer’s office. We currently contract with TerraScan, Inc., utilizing their administrative and appraisal programs. We also contract with GIS Workshop for GIS applications. Three computers were updated in 2011. Each staff member has access to TerraScan, word processing, spreadsheet and internet software through a PC terminal. A guest terminal and remote internet access are available for the appraiser. ArcGIS software is available on two terminals for editing GIS information. In November 2006, a grant was received from the Nebraska Secretary of State for assistance in getting assessment information available on our web site. The county continues to support the web site by paying the annual maintenance fees through inheritance tax funds.

Current Assessment Procedures for Real Property:

- A) *Discover, List & Inventory All Property* – The assessor supervises maintenance of the real estate file. Ownership changes are made by the assessor’s office staff, when Real Estate Transfer Statements (Form 521) are received from the County Clerk. When building permits or other information is received regarding potential changes in property, the property record card is flagged, and a notation is made in the “building permits” section in the computer. Cards for pick-up work are given to the appraiser, who reviews the property and lists the changes. Market trends are studied, and economic depreciation adjustments are made to particular sub-classes of property when indicated. We currently maintain 3,602 parcels with improvements of some kind (including IOLL and TIF parcels). Our goal is to systematically reappraise all improved parcels in a 6-year cycle, with 2 years allotted for rural reappraisal, 1 year for the towns of Shelby & Osceola, 1 year for Stromsburg & Polk, 1 year for recreational properties and 1 year for commercial properties. The extent of each reappraisal, of course, depends on the allotment of funds. Unimproved urban properties are included in the 6-year cycle for each specific town. Unimproved ag parcels are viewed/reviewed continually for land use changes, through NRD maps, GIS and drive-by inspection.
- B) *Data Collection* – Information for reappraisals or general pick-up work is done under the direction of the assessor and the contract appraiser. Questionnaires and interviews may be used to gather preliminary data. Field visits and inspection of the property are the primary method used to obtain, update and confirm assessment data.
- C) *Review Assessment/Sales Ratio Studies Before Assessment Actions* – The TerraScan system has an efficient program which can process the sales file and perform assessment/sales ratio studies. Running these figures periodically, assists in identifying areas that may need attention. When problem areas show up, various solutions can be worked into the file to determine the appropriate action to take.
- D) *Sales File* – The assessor supervises maintenance of the real estate sales file. After ownership changes have been made by the office staff, transfer statements are then given to the assessor for sales review, and for electronic transfer of the data to the state sales file. A questionnaire is sent to most buyers and sellers on agricultural and residential sales. If no response is received from the questionnaire, and questions exist, verification

is conducted through a phone call or personal visit. Commercial sales review is done by telephone or through a personal visit. Due to the variables involved with commercial sales, a specific form has not been practical. Standard questions are asked, similar to those on the residential questionnaire, with additional questions depending on the type of business.

E) *Approaches to Value*

Market information – A sales file is maintained on improved properties, both in a paper copy and in the computer. Six sub-class divisions in the file coincide with the “Assessor Location” reported in the sales file maintained by the Property Assessment Division of the Nebraska Department of Revenue (Shelby, Osceola, Stromsburg, Polk, Rural, and Lake). Economic depreciation for each assessor location is derived from this sales file. A sales file is also maintained for ag land sales, with the valuation process being explained in #4 below.

- 1) *Market Approach* – The market approach to value is predominantly used in the valuation of unimproved agricultural land as explained in #4 below. There has been no market-approach-to-value process set up for the residential and commercial appraisal process in the current Terra Scan appraisal package.
- 2) *Cost Approach* – The 2006 Marshall & Swift cost manual is used to price all rural residential properties in Polk County, as well as the four towns (Shelby, Osceola, Stromsburg & Polk). Recreational lake properties are priced using the 2009 cost manual. The depreciation study used for the towns of Shelby & Osceola is from 2007, from 2008 for Polk and from 2011 for Stromsburg. Economic depreciation was updated for lake properties in 2010, when new values were established from the reappraisal. Commercial & Industrial properties are being priced from the 2010 Marshall & Swift manual, using a depreciation study from 2010. All depreciation studies have been prepared by the contract certified general appraiser.
- 3) *Income Approach* – Income and expense data collection and analysis is all done by a Certified General Appraiser. The income approach to value is not conducive to many properties in Polk County, with its use being limited to select commercial and industrial properties.
- 4) *Land Valuation Studies* – Spread sheets are prepared annually by the assessor, to study sales of agricultural land in the County, and updates are made to adjust values to the market trends. Currently the county has not seen a need to establish different ag land market areas, nor has the need for special value been identified, though these possibilities are studied annually.

F) *Reconciliation of Final Value and Documentation* – Residential, commercial and industrial properties are predominately priced using the cost approach, with economic depreciation being derived from the market. When other approaches are used, the contract appraiser reconciles the values. Ag land is predominately priced using the market approach to value.

G) *Review Assessment/Sales Ratio Studies After Assessment Actions* – The TerraScan sales file is updated, and statistics are reviewed to assure that the actions taken were the most appropriate.

H) *Notices and Public Relations* – Per Neb. Rev. Stat. §77-1315, on or before June 1st, a “Notice of Valuation Change” is sent to owners of real property for all parcels which have been assessed at a value different than in the previous year. Real Estate Transfer Statements filed through May 20th are reviewed to assure notification to the proper owner of record of each affected parcel. Property owners with questions about their valuation change, are encouraged to visit with personnel in the assessor’s office. The property record card is reviewed with the owner and explanations are given regarding the change.

Further explanation of the assessment process can be found in the regulations issued by the Nebraska Department Revenue, Property Assessment Division, Title 350, Chapter 50.

Level of Value, Quality and Uniformity for Assessment Year 2011:

	<u>Median</u>	<u>COD*</u>	<u>PRD**</u>
Residential	96%	24.44	112.46
Commercial	Insufficient Sales for Analysis		
Agricultural Land	73%	15.37	108.16

*COD = Coefficient of Dispersion

**PRD = Price-Related Differential

For more information regarding statistical measures, see the 2011 Reports & Opinions.

Real Estate Assessment Actions Planned for Assessment Year 2012:

Residential:

- Continue inspections of rural improved parcels (approximately 1451 parcels), with new values to be established for 2013. This project consists of an exterior inspection of all rural improvements, with an interior inspection when possible (as defined by Title 350, Neb. Admin. Code, REG-50).
- We will review sales for possible economic depreciation adjustments in other locations.
- We will complete pick-up work with the assistance of the contract appraiser.

Commercial:

- With the assistance of the contract appraiser, we will continue to study sales to determine if an economic depreciation adjustment is necessary.
- We will complete pick-up work with the assistance of the contract appraiser.

Agricultural Land:

- We will work with our property owners, with our GIS system, and with the Upper Big Blue and Central Platte Natural Resources Districts, to assure land use accuracy.
- We will review well registration information on the Department of Natural Resources web site to assist with agricultural land use changes.
- The assessor will study sales data for possible agricultural land valuation adjustments.

Real Estate Assessment Actions Planned for Assessment Year 2013:

Residential:

- Complete the reappraisal of rural improved parcels, with new values to be established for 2013.
- Request funds for reappraisal of the towns of Shelby & Osceola, which are the next group in our 6-year inspection cycle.
- Review sales for possible economic depreciation adjustments.
- Complete pick-up work with the assistance of the contract appraiser.

Commercial:

- With the assistance of the contract appraiser, we will study sales to determine if an economic depreciation adjustment is necessary.
- Complete pick-up work with the assistance of the contract appraiser.

Agricultural Land:

- Continue to study land use through aerial photography, personal inspection and working with property owners.
- Continue to review sales for possible valuation adjustments.
- Continue to work with the Natural Resource Districts regarding land use.

Real Estate Assessment Actions Planned for Assessment Year 2014:

Residential:

- Complete the reappraisal of the towns of Shelby & Osceola.
- Request funds for reappraisal of the towns of Stromsburg & Polk, which are the next group in our 6-year inspection cycle.
- Review sales for possible economic depreciation adjustments.
- Complete pick-up work with the assistance of the contract appraiser.

Commercial:

- Review sales for possible economic depreciation adjustments.
- Complete pick-up work with the assistance of the contract appraiser.

Agricultural Land:

- Continue to study land use through aerial photography, personal inspection and working with property owners.
- Continue to review sales for possible valuation adjustments.
- Continue to work with the Natural Resource Districts regarding land use.

Additional Assessment Actions:

- 1) *Record Maintenance, Mapping Updates and Ownership Changes* – Maintain assessment records for changes in real estate ownership.
- 2) *Annual Administrative Reports* required by law and/or regulation –
 - a. Abstracts (Real & Personal Property)
 - b. Assessor Survey (included in the Property Tax Administrator’s annual Reports & Opinions)
 - c. Sales information to PAD for rosters and Assessed Value Update
 - d. Annual Plan of Assessment Report
 - e. Certification of Value to Political Subdivisions
 - f. School District Taxable Value Report
 - g. Report of values for Board of Educational Lands & Funds properties
 - h. Annual Inventory Statement
 - i. Certification of Average Assessed Residential Value
 - j. Homestead Exemption Tax Loss Report (in conjunction with Treasurer)
 - k. Certificate of Taxes Levied Report
- 3) *Personal Property* – Administer annual filing of approximately 1,100 schedules, prepare subsequent notices for incomplete filings or failure to file and apply penalties as required. Review Beginning Farmer Exemption applications and issue notices of approval or denial for exemption of personal property. Personal Property amounts to less than 5% of our county tax base, however, administration is very time consuming. Diligent effort is given to the process by the deputy assessor and office clerk, to ensure that filings are accurate and timely, and that penalties are few.
- 4) *Permissive Exemptions* – Administer annual filings of applications for new or continued exempt use, review and make recommendations to the county board.
- 5) *Taxable Government Owned Property* – Review government owned property not used for public a purpose, and send notices of intent to tax. Facilitate publishing the list in the county newspaper.
- 6) *Homestead Exemptions* – Administer approximately 225 annual filings of applications. Review each application for approval or denial and send taxpayer notifications for denials. Send preprinted applications to all who applied the pervious year. Maintain a list of those who inquire after the filing deadlines, to send a form for next year. Continue to visit homes of those needing assistance in completing the form, but who cannot make it up to the courthouse.
- 7) *Centrally Assessed Property* – Review valuations as certified by Department of Revenue for railroads and public service entities, and establish assessment records for tax list purposes.
- 8) *Tax Increment Financing* – Maintain valuation information for properties in community redevelopment projects for proper reporting on administrative reports and allocation of ad valorem tax.
- 9) *Tax Districts and Tax Rates* – Maintain records of taxing entity boundaries, and review for changes necessary for proper taxation of all property. Input and review tax rates, and export to county treasurer.
- 10) *Tax List & Tax Statements* – Prepare and certify the tax list to the county treasurer for real property, personal property and centrally assessed property. Prepare and deliver tax statements to the county treasurer for mailing, along with a second “drawer copy” for the treasurer’s office use.

- 11) *Tax List Corrections* – Prepare correction documents for approval by the county board.
- 12) *County Board of Equalization* – Attend all meetings pertaining to property valuation. Assemble and provide information for protest hearings.
- 13) *TERC Appeals* – Prepare and submit information and attend taxpayer appeal hearings to defend valuation before the Tax Equalization and Review Commission.
- 14) *TERC Statewide Equalization* – Attend hearings if applicable to our county, defend values and implement any orders received from the Tax Equalization and Review Commission.
- 15) *Education* – Maintain certification for assessor and deputy assessor by attending meetings, workshops and educational classes to obtain continuing education as outlined in Title 350, Neb. Admin. Code, REG-71.

Conclusion:

Budget concerns have been addressed under the Staff/Budget/Training section on Page 2. It is assumed the County Board will request that we adhere to the same budget increases for FY 2011-2012. Problems with budget increases have not been because the county board is unwilling to fund the assessment process, but rather that the statutory percentage increases do not allow much room for expansion. Voters again defeated a request for a levy override in the November 2010 election. The majority of our appraisal budget, along with annual maintenance agreements for assessment/appraisal software, GIS and the county web site, are funded through Inheritance Tax funds. However, with increased estate planning, we have seen significant declines in the amount of Inheritance Tax receipts in the past 5 years. If those funds continue to decline, I'm not sure how the mandated assessment functions will be funded.

Continuing education hours will be needed for the assessor and deputy. The Assessor's Association and the Property Assessment Division offer useful and affordable training courses. Many of the most affordable hours are offered during assessor's workshops, although it is not always practical for both the assessor and the deputy to be gone from the office at the same time.

I am anticipating that Fritz Appraisal Company will continue working with us on our reappraisal projects, as well as continue with annual pick-up work. He has recently hired a lister from the Utica area who is assisting with our rural reappraisal.

Linda D. Anderson
Polk County Assessor
June 15, 2011

2012 Assessment Survey for Polk County

A. Staffing and Funding Information

1.	Deputy(ies) on staff:
	1
2.	Appraiser(s) on staff:
	0
3.	Other full-time employees:
	1
4.	Other part-time employees:
	0
5.	Number of shared employees:
	0
6.	Assessor's requested budget for current fiscal year:
	\$102,909
7.	Adopted budget, or granted budget if different from above:
	\$102,909
8.	Amount of the total budget set aside for appraisal work:
	\$2,400
9.	Appraisal/Reappraisal budget, if not part of the total budget:
	\$48,555; This expenditure comes from the inheritance tax, not the assessor's budget.
10.	Part of the budget that is dedicated to the computer system:
	None: This expenditure comes from the inheritance tax, not the assessor's budget; Total is \$19,900 which includes; \$6,600 for TerraScan maintenance agreement plus \$13,300 for GIS support.
11.	Amount of the total budget set aside for education/workshops:
	\$2,200
12.	Other miscellaneous funds:
	None
13.	Amount of last year's budget not used:
	\$1.38

B. Computer, Automation Information and GIS

1.	Administrative software:
	TerraScan
2.	CAMA software:
	TerraScan
3.	Are cadastral maps currently being used?
	Yes
4.	If so, who maintains the Cadastral Maps?
	Assessor and Staff
5.	Does the county have GIS software?
	Yes
6.	Who maintains the GIS software and maps?
	Assessor and Staff
7.	Personal Property software:
	TerraScan

C. Zoning Information

1.	Does the county have zoning?
	Yes
2.	If so, is the zoning countywide?
	Yes
3.	What municipalities in the county are zoned?
	All municipalities are zoned
4.	When was zoning implemented?
	2001

D. Contracted Services

1.	Appraisal Services:
	Jon Fritz is the contract appraiser
2.	Other services:
	TerraScan and GIS Workshop

2012 Certification for Polk County

This is to certify that the 2012 Reports and Opinions of the Property Tax Administrator have been sent to the following:

One copy by electronic transmission to the Tax Equalization and Review Commission.

One copy by electronic transmission to the Polk County Assessor.

Dated this 9th day of April, 2012.



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

Ruth A. Sorensen
Property Tax Administrator

