

ITEM 18-025

To hear a report from the Assessor re: Property Audit and
Current Ratio Status

Town of Cumberland



Assessment Ratio and Property Audit Presentation

Town Council Meeting
March 12, 2018

Town of Cumberland Tax Assessor

John E. Brushwein, CMA

Maine Constitutional and Statutory Requirements

- Constitutional Requirement – Article IX, Section 8 –
“All taxes upon real and personal estate, assessed by the authority of this State shall be apportioned and assessed equally according to the just value thereof.”
(The Law Court has established that Just Value is synonymous with Fair Market Value)
- Statutory Requirement – Annual Sales Ratio Studies

Ratio Study Purpose

- The assessment ratio study is used by the State to adjust all municipal entities to 100% annually. The 100% valuation is then used in calculating State Aid for Education, State Revenue Sharing, and County funding.
- Municipalities may certify within 10% of the developed parcel ratio.
- The certified ratio must then be applied to all exemptions, and to the rates for properties enrolled in Current Use programs, such as tree growth.

Maine Assessment Standards

- Minimum Assessment Ratio = 70%
 $\text{Assessed Value} / \text{Sale Price} = \text{Assessment Ratio}$
- Maximum Assessment Ratio = 110%
- Maximum Level of Assessment Quality
= 20 (Quality Rating)

Sales Ratio Study Terms

- **Assessment Ratio** = Assessed Value/Sale Price
- **Average Ratio** = Average of all Assessment Ratios in a Sales Analysis
- **Deviation** = Difference of individual ratio from the average Assessment Ratio
- **Quality Rating** = Average Deviation/Average Ratio

Assessment Ratio & Deviation

- Property assessed at \$300,000 sells for \$330,000
- Assessment Ratio = $\$300,000 / \$330,000$ or 91%
- Current Average Ratio is 94% (Total up ratios in sample and divide by the number in the sample)
- Deviation = Average Ratio less individual ratio (94-91) or 3%
- Quality Rating = average deviation / average ratio
 $7.84 / 94 = 8.34$

Cumberland Overall Ratio Analysis

- 2016 Average Ratio = 102% with 159 qualified sales
- 2016 Quality Rating = 8
- 2017 Average Ratio = 96% with 159 qualified sales
- 2017 Quality Rating = 9
- 2018 Average Ratio = 94% with 192 qualified sales
- 2018 Quality Rating = 8

Stratified Sales Ratio Analysis

- West Cumberland - AVG Ratio – 92%
Quality Rating – 6
- Cumberland Center - AVG Ratio – 90%
Quality Rating – 9
- Cumberland Foreside - AVG Ratio – 99%
Quality Rating – 6
- Condominiums - AVG Ratio – 94%
Quality Rating - 8

Cumberland (All)



CUMBERLAND CENTER



Assessment Ratio Results

- The most recent Assessment Ratio of 94% in the developed parcel analysis and Quality Rating of 9 are well within State Standards and indicative of a high level of overall assessment equity .
- The sale of land only parcels does not have a large enough sample upon which to draw a reliable statistical conclusion.

Property Audit

- The most recent valuation update took place in 2008 consisting of a land and building schedule market adjustment. It did not include a full measure/list inventory of all real estate accounts.
- During the past two years it has become apparent that the real estate inventory (current tax database) is not completely accurate. Inspections for new construction and a review of past building permits has revealed omissions and other errors.

Inventory Errors/Omissions

- Additions, finished basements, decks-porches, and outbuildings have been discovered to have either been not included in assessments and/or in some cases, included after having been removed or demolished.
- Current lending practices have resulted in increased scrutiny of permitting records which has led to After the Fact permits being obtained to legitimize construction that took place without permits.

Errors/Omissions

MAP/LOT	PERMIT YEAR	PERMIT TYPE	PROPERTY ALTERATION NOT COVERED BY PERMIT	ASSESSED VALUE
R01/13/B		2016 2ND FLOOR ADD ABOVE EP	438 SF WD	4,100.00
R02/A/15		2016 2 ST GARAGE	544 SF WD	4,900.00
R02/D/2/U13		NO PERMIT	624 SF FIN BSMT & 128 SF WD	13,500.00
R07/59/C		2014 NEW HOUSE	90 SF FOP, 165 SF WD, GARAGE HAD TQS FIN ABOVE	30,100.00
R07/59/E		2013 NEW HOUSE	96 SF FOP, 144 SF WD, PORTION OF GARAGE LIVING AREA	9,300.00
R07/59/I		2013 NEW HOUSE	192 SF FOP, 144 SF WD	4,000.00
R07/70/10		2016 SHED	144 SF WD	1,300.00
U02/32		2016 SHORELAND ZONE	3 CAR GARAGE W/ APT PERMIT 2013	265,500.00
U17/4/H		2013 NEW HOUSE	PROPERTY CARD SHOWED 14 x 28 2S ADDITION THAT DID NOT EXIST	-50,000.00
U14/157		2016 SHED	132 SF WD	1,200.00
R05/19/D		2016 RENOVATION	306 SF 1ST ADD	19,500.00
R05/A/12		2013 PORCH & CARPORT	SAME	8,700.00
R08/42/J		NO PICTURE	LARGER FOP, A44 SF WD, 112SF ADD, HSE SMALLER, GAR LARGER	15,700.00
R05/A/4/B		2015 NEW HOUSE	2ST FEP, 180 SF WD	23,800.00
R03/B/2		2016 SHED	412 SF WD	3,900.00
R08/A/16		2017 SHED	BONUS ROOM OVER GARAGE & 120 SF WD	20,200.00
R07/C/1/5		2016 DECK	HOUSE SIZE WRONG BUILT 2014	20,400.00
R01/2/A		2013 SHED	400 SF DECK	4,300.00
R02/A/35		HOUSE FOR SALE	FULL FIN MASTER SUITE ABOVE GARAGE/ 806 SF DECK, 900 SF FIN BSMT	96,100.00
R02/33/C		2013 DECK & GAZEBO	NEVER PICKED UP	12,100.00
R03/A/8		2013 SHED	792 SF DECK, TQS FIN OVER GAR	52,900.00
R05/19/G		2015 GARAGE	200 SF FSP,	4,400.00
R07/C/14		2015 DETACHED GARAGE W/ APT	256 SF DECK ON MAIN HSE	2,400.00
R07/D/3		2015 SHED	292 SF DECK	2,700.00
R07/D/12		2016 AFTER THE FACT FIN BSMT	144 SF FOP	3,600.00
R07/70/8		2015 FAMILY ROOM ABOVE GAR,	608 SF WD	6,100.00
R08/78/B		HOUSE FOR SALE	780 SF WD, PARTIAL FIN ABOVE GARAGE	15,400.00
U10/A/25		2013 INGROUND POOL	384 SF WD	9,100.00
U03/9		2015 RENOVATION	240 FSP	6,200.00
U13/B/23		2015 BATHROOM RENOVATION	SKETCH SHOWED 12 X 21 WD, ACTUAL 12 X 56 WD	7,400.00
U13/10		2013 ADDITION & SHED	SAME	31,800.00
		30 PROPERTIES	NET ASSESSED VALUE INCREASE	650,600.00
			2018 TAX	12,231.28

Property Audit Outline

- A letter will be mailed to all property owners prior to commencement of the audit outlining the process and will be posted on the Town website.
- The audit will be conducted by the Assessor with contracted assistance.
- Audit personnel will have Town of Cumberland photo identification, and the vehicle year, make, and license plate numbers of personnel will be recorded with the police department.

Property Audit cont.

- The audit will consist of (data collection) physical inspections, exterior measurements of improvements, and a new digital photo of principal structures.
- Interior information will be verified with owners when possible.
- The audit will begin in July of 2018 and the data collection will be complete by December 31, 2018.

Property Audit Results

- Any valuation changes (positive or negative) will be included in the assessments for the April 1, 2019 assessment year.
- Property owners will be notified of assessment valuation changes resulting from the audit in excess of \$5,000.