

2007 Annual Report

Presented Monday, September 10, 2007 at the
2007 Annual Business Meeting



INTERNATIONAL ASSOCIATION
OF ASSESSING OFFICERS

Report from the President

The International Association of Assessing Officers continues to move in a positive direction. In the past year IAAO has strengthened its financial position, continued its commitment to revise and update educational courses and textbooks, and provided improved services to its members. We have actively cultivated strong ties with affiliated groups at the international, regional, and local levels. All of these things combined indicate a very bright future for IAAO.

Some of the highlights of the year include:

- Our financial position continues to be very strong. To date our profit for the year is more than \$400,000. The last time we had a month where we lost money was in April 2004.
- Payment of \$240,000 against the mortgage on the headquarters building. This reduced the loan term by six years.
- An extensive revision of the *Standard on Ratio Studies*. This document is now complete and available to members.
- Our two basic educational offerings, Courses 101 and 102, have been rewritten and are being taught to our students. Our mapping offerings—Courses 600, 601, and Workshop 650—have been rewritten and are available now. Course 171—IAAO Standards of Professional Practice and Ethics has also been revised. Four of our week-long courses are currently being rewritten and should be available in spring 2008.
- 220 courses were offered between August 2006 and July 2007, with more than 3,855 students attending.
- 26 workshops were offered between August 2006 and July 2007, with more than 433 students attending.
- Our membership count continues to increase due to the efforts of our Membership Department, the Membership Services Committee, and the IAAO Representatives.
- Our Professional Designation Program continues to expand. So far this year, 66 candidates have been accepted into this program. The number of new designees this year stands at 21.
- We launched AssessorNET, a new networking tool for our members. So far, more than 500 members have participated in this on-line discussion group.
- We launched a new IAAO Web site in April. In the first two months of operation more than 14,000 individuals visited the site.
- We have begun to evaluate e-learning tools to see if they can be incorporated into the IAAO educational program.
- We published a new text book this year, *Fundamentals of Industrial Valuation*. On September 30, a 2 ½ day workshop on the valuation of industrial properties will also be available.
- Work has begun on a new tax policy textbook. For the first time, IAAO will have a stand-alone tax policy textbook. It should be ready by next year's annual conference.
- We made an agreement with the Royal Institute of Chartered Surveyors in Great Britain to hold an AVM Summit in London in spring 2008. We have also had productive meetings with our international colleagues in Mexico City and Russia.

As you can see it has been a very busy year for IAAO. Our many accomplishments and supporting activities continue to make IAAO the leader in mass appraisal and tax policy around the world.

That is not say that we still don't have some troubling issues in front of us. The big question still facing the association is what we do with the Appraisal Foundation and the January 1 appraiser qualification requirements. No matter what decision the board makes on this issue, not all of our members will be happy.

In closing, I would like to share a comment that Executive Director Lisa Daniels recently made to the board, "There will always be challenges ahead of us. The best we can hope for is to exhibit the kind of leadership necessary to predict, expect, and deal with those challenges in the very best manner possible. This can be accomplished through collective wisdom and a strong partnership between staff, leadership, and IAAO members."

Marion R. Johnson

Marion R. Johnson, CAE

IAAO President

Report from the Executive Director

What a year! All of the things written in last year's report have now been accomplished and our "to do" list at IAAO Headquarters never seems to end!

In the past year we have completely revamped the IAAO Web site. I hope you've had a chance to take it for a test drive and see the improved layout, color scheme and organization. With the recent adoption of a new membership database, comes new capabilities that will at last allow for successful adoption of e-commerce initiatives. Before long members will be able to purchase books, sign up for conferences, and pay for IAAO items without leaving their desktop.

Last year at this time we were discussing "AssessorNET," our e-mail discussion forum. What a great asset it has become to the IAAO membership experience! If you haven't taken the time to subscribe to AssessorNET, I hope that you will. I think the ability to get instant answers to your burning questions is a significant part of the member experience and I wouldn't want you to miss it. Let AssessorNET, a free benefit of membership, serve as your direct pipeline to the answers you need, as you rely on the combined thousands of years of experience of your IAAO colleagues.

No review of 2007 would be complete without bragging on the fiscal responsibility shown by your IAAO Executive Board. At the urging of the Budget Committee, the Executive Board, comprising your elected leaders, showed their superior leadership skills by utilizing budgeted and surplus funds to further the mission and needs of the organization. Significant strides in perpetuating IAAO's financial health were accomplished by making a significant payment toward the debt on the new headquarters building and investing in programs and services that will "pay back" to IAAO members in the years to come.

Finally, anyone who has spent any time around me knows that I never tire of hearing about what a great job your IAAO staff does. I also find myself bragging about them frequently, and for good reason. I think you'll find that they're a wonderful group of talented individuals that work hard every day to try and meet your needs. Having been in the association management industry for more than 20 years, I can tell you that the team we've assembled at IAAO is second to none in their customer service and desire to move this association forward. Collectively, we spend every day trying our best to make IAAO the organization that it can and should be.

So, what can YOU do in the coming year to make IAAO a better organization? Just keep participating. Continue to share your thoughts and needs with IAAO leaders and staff, and by all means share with one another. That's what being a member of a professional society is all about.

Thank you for the opportunity to serve this great organization, and for everything that each of you contribute toward our success!

Lisa Daniels

Lisa Daniels

IAAO Executive Director

Committee Reports

Associate Member Committee

Mark Parish, Chair

The objectives of the Associate Member Committee are to 1) promote and support education and IAAO membership, 2) raise money to meet the unbudgeted needs of IAAO that enhance membership and education, and 3) to improve understanding and communication between Associate Members and Regular members. Our primary source of revenue is the Auction held Tuesday afternoon at the annual conference. This year the auction will be held from 4:30 pm to 6:30 pm on September 11, 2007.

In Milwaukee, the Auction raised \$6,000+ and a new activity was introduced.....a Golf Challenge. For a suggested donation of \$5, one could putt or chip for fun and for prizes. Don't care to donate? Well, step right up nonetheless and take a shot or two! This proved to be a fun time for all and another source of funding to support the IAAO membership. The committee is concerned with ceiling heights in Atlanta, but look for this fun activity to return! Bring your friends and challenge each other, not just yourself.

The 2006 winner of the Rosalyn Johnston award was Robert McGowan. This new award is presented to the person, regardless of membership type or status, who has over the years contributed substantially to the fundraising and other public relations activities of IAAO. Rosalyn's husband, Pete, was on hand to make the presentation and to accept the Harry Galkin award, which had been informally presented to Ros before her passing.

Our committee met via monthly conference calls and in June met at the Atlanta Marriott Marquis. Long hours of effort by many volunteers are required every year. At this point, we have not received a request for funds from the Board or Executive Director, so our funds will grow into 2008. Look for our booth in the Registration Area to drop off your donations for the Auction, then join us Tuesday afternoon for fun and FUNdraising for the support of IAAO!

Audit Committee

Jim Todora, CAE, Chair

IAAO's financial rebound continued with another strong year in 2006. After expenses were subtracted from revenues, the year ended with net income of \$1,168,935 and net assets of \$3,263,039. This revenue has allowed the association to adopt a solid, well-balanced investment plan, fund an aggressive program of updating educational offerings, and end the year with a surplus exceeding forecasts. Cash and cash-equivalents are more than three times those of a year ago, and unrestricted net assets are more than 60% higher than in 2005.

This year's audit was completed on time and without difficulty. (Note that, beginning in 2008, the association's fiscal year will coincide with the calendar year.) The audit firm complimented the IAAO staff for its accuracy, professional level of recordkeeping, and assistance. The auditor noted significant improvement with account reconciliation and commented that it was quite remarkable.

Along with its financial strength, the association is running well. Executive Boards, both current and prospective, are faced with decisions of paying down the loan balance of the headquarters building, adding to a rainy day fund, appropriating monies for future programs, and expanding services for members.

While the association's membership, programs, services, and wealth are expected to grow, future revenues and expenses are likely to become more balanced. IAAO's future continues to shine bright and long.

Awards Committee

Kenneth Stein, CAE, Chair

In the 2006–2007 year, the Awards Committee experienced a major personnel change, with the departure of long-time member and Chair Rande Chmura. Rande's knowledge, experience, work ethic, and enthusiasm have been missed. The year saw several conference calls, e-mail exchanges, and the annual grading marathon at IAAO headquarters in June.

During the year, we discussed in some detail the request of the Executive Board to establish guidelines for a Lifetime Achievement Award. After discussions, taking place over two years, the committee concluded that there was no need for for a special "Lifetime" award and that the president and/or Executive Board, under their own authority, could grant Lifetime Achievement Awards as they thought appropriate. We also spent considerable time looking at specifications for the Clifford B. Allen Most Valuable Member Award.

The Committee is concerned about the relatively small number of nominations for the Zangerle Award (outstanding periodical publications of an assessor's association, an IAAO chapter, or other similar organization). We are suggesting that all such publications that are submitted to the IAAO library be considered for the award.

For the Outstanding Chapter/Affiliate Award, the Committee encourages members to nominate affiliated organizations not characterized as IAAO chapters.

Finally, the Awards Committee would like to open up the awards nomination process at the Leadership Days committee meetings.

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The Appraisal Foundation (TAF)

Robert Latham Harris, CAE, Board of Trustees Representative

This past year, TAF has taken action on some important matters.

The Finance and Audit committees have been divested from each other. This takes care of any conflicts of interest which may have existed.

The Publication Committee has taken steps for a two-year cycle of publishing the USPAP manual. The revenue issue of going to a two-year cycle was resolved.

In addition to the audit of finances, an IT audit has been approved to insure that all firewalls, etc. are in place and appropriate safeguards are functioning.

Last, the rollout of the new Appraisal Qualifications Board (AQB) requirements for appraiser certification are set to take effect January 1, 2008. There are issues with the IAAO designation program which must be addressed.

We all believe that these new requirements will have a long lasting effect on the appraisal and assessment professions. With our Mission Statement “promote innovation and excellence in property appraisal” and our vision “IAAO will be the internationally recognized leader and preeminent source...” we are tasked to set the bar for the assessment profession. We must safeguard our candidates and our designated members alike as we approach these new AQB standards.

During the Admissions Committee meeting of TAF, chaired by Paul Welcome, CAE, the committee discussed the requirements set forth for membership. The committee opened a window of opportunity for IAAO, under President Johnson’s leadership, to bring forward some ideas on the education and experience criteria for the assessment profession. The IAAO USPAP Committee has been asked to submit a white paper identifying these criteria, which was presented to the Executive Board. Ultimately the goal is to seek and attain common ground with the Appraisal Foundation so that we can meet the needs of our candidates and not lose the credibility of our designation program in the courts or among our appraisal peers.

Budget Committee

Guy E. Griscom, CAE, Chair

The 2006–2007 Budget Committee first met in December 2006 by conference call to discuss the reinvestment of 2006 surplus funds of the association. Recommendations were made to the Executive Board at their January 2007 meeting. The board approved designated funds from the surplus. Fund allocation is shown in detail on page 14 of this report.

The pay down on the mortgage not only saves future interest and results in an earlier mortgage payoff but also allows the association to get a letter of credit from the bank, which increases our operating reserve fund.

The committee met again in June 2007 and prepared a proposed 2008 budget for the board to consider. The proposed budget highlights are:

- New position for 2008 formerly funded from 2006 surplus and librarian from part to full time.
- Revised training catalog and revamped professional designation material
- Regular member dues remain at \$175. and Associate member dues remain at \$180.
- 2008 Reno conference registration fees to remain at current levels

A special thanks to Lisa Daniels, Angela Blazevic, and Mary Ann Deming for their assistance and due diligence.

Communications Committee

Marvin M. Anderson, Chair

The IAAO Communications Committee has been busy working on a variety of publications targeted to IAAO members in particular and assessment professionals in general.

The *Fundamentals of Industrial Valuation* textbook, by John Lifflander, was released in April at the Council and Sections Seminar in Seattle. This new offering is a “how to” for valuing large industrial buildings and plants.

The *Fundamentals of Tax Policy* textbook is being written. The targeted release date is next year’s conference in Reno.

Another project just under way is the update of the report on *Property Tax Policies and Administrative Practices in Canada and the United States*, which was last published in 1999. Our intention is to format the report in such a way that it can be updated every other year and be expanded to include information about tax systems in other countries.

The committee is also making plans to update the book *Property Assessment Valuation* as part a larger plan to revise all IAAO core educational textbooks.

IAAO periodicals are the backbone of member communications. *Fair & Equitable* magazine continues to improve and receive many interesting and varied articles. Special themed issues are becoming popular. The committee is also evaluating ways to make F&E available to members on the Web site.

The *Journal of Property Tax Assessment & Administration* has encountered a few difficulties in terms of timely delivery, and

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for this we apologize. IAAO staff has been working with our co-sponsoring organization, the International Property Tax Institute, to smooth out the production process. We hope to be on schedule by the end of 2007.

Two public service brochures, *Understanding Your Property Tax* and *For the Property Owner Who Wants to Know*, have been re-edited and formatted so they can be printed on an inkjet or laser printer. The intent is to post the brochures on the IAAO Web site as a public service and also make them accessible to local assessors. Upon request, IAAO will personalize them with a jurisdiction's information, in addition to IAAO information.

The Communications Committee continues to look for ways to improve how information is provided to members, including e-news updates and new editions of IAAO textbooks.

Conference Content Committee

George Donatello, CMS, Chair

"Rising to the Challenge of Our Changing World" was the theme for this year's IAAO International Conference on Assessment Administration. The Conference Content Committee developed the educational program for the conference in Atlanta, Georgia, with several key objectives in mind: Keep the program current, give members a reason to attend, and try to make every aspect of the conference part of the educational experience. In order to meet these objectives, seven educational topic tracks with eight sessions in each track were developed. The program was published and made available to our members in *Fair & Equitable* as well as on the IAAO Web site for many months prior to the conference.

In addition to the overall educational program, the committee spent a lot of time trying to incorporate vendor activities into the educational process. Also, there was much discussion about how to maintain attendance at the Wednesday sessions since many speakers refused to participate because of low attendance. The committee added a breakfast, developed a Tax Collector Day (in conjunction with the Ad Hoc Tax Collector Committee), and added a plenary session with one of the most pressing issues facing the assessment profession, and added several very controversial issues to the Wednesday agenda. These changes along with the very strong Monday and Tuesday educational offerings will make Atlanta a very successful learning venue.

The committee met two times and had numerous conference calls to plan the conference educational content. This year's theme, "Rising to the Challenge of Our Changing World," leant itself to the uses of new technology in ways that were not possible in the past. In order to recognize these

changes and how they affect our profession a lot of assessment technology was incorporated into this year's program. I want to personally thank the members of the Committee, Cindy Domenico, Ed Crane, Randy Garrett, Larry Macreath, CAE, Marty Marshall, Mary Reavey, Bill Wadsworth, and especially, our staff liaison, Leann Ritter...without their help this would not have been possible.

E-Learning Committee

Bruce Woodzell, Chair

Providing professional assessment education has always been a major goal of IAAO. With an eye on the future, the Executive Board has been contemplating the role of e-learning in providing educational opportunities to members and nonmembers.

In January 2007, the Executive Board approved funding for a readiness study, the first phase of an e-learning assessment. An e-learning ad hoc committee was appointed, and Dr. Graydon Dawson, Director of Professional Development, was named staff liaison. The initial step was to identify a consulting firm to conduct the e-learning readiness review. After careful consideration, the committee selected Intrepid Learning Solutions to perform the study. Intrepid's findings and recommendations were first shared with the ad hoc committee and then with the Executive Board at its April meeting.

The Intrepid report found that in the current culture climate, e-learning has a high level of acceptance from IAAO's learner population, instructors, staff, members, and organizational leaders. However, the committee believed that before making a decision to offer e-learning opportunities, IAAO needs to find a consultant firm as a partner and gather enough data to determine the total learner population, revenue and profit expectations, and the impact of an e-learning workload on IAAO staff.

Ethics Committee

Otho C. W. Fraher, CAE, Chair

The Ethics Committee addressed one alleged ethical violation during the past year. The committee investigated the allegation, carefully examined the submitted documents, and met by conference call. The result of the meeting was exoneration of the member.

Legal Committee

Mark P. Reynolds, Esq., Chair

The Legal Committee had a productive year and is looking forward to another year of providing high quality presenters and papers to the members of the IAAO. The 27th Annual Legal Seminar, held in San Francisco, California, November

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30–December 1, 2006, near Fisherman’s Wharf, provided a great site for both the seminar and relaxation afterwards. Both the program and the papers prepared by presenters have developed a reputation for high quality. The program is recognized by a number of states and a variety of organizations for continuing education purposes. The committee also sponsored the Preparation & Trial of the Property Tax Assessment Appeal Seminar in Las Vegas, Nevada in early May of this year. Las Vegas is a popular destination for both seminars and recreation, and both the Prep & Trial and the Legal Seminar both received very high ratings from attendees.

The committee is also looking to the future. We have been planning a “Best of the Legal Seminar” segment to be offered at the annual conference as well as at the Legal Seminar that will be held in Chicago, Illinois, December 5–6, 2007. Both programs are always well attended and again promise to provide attendees with important information that is useful in preparing and defending assessments.

Once again, committee members have demonstrated a remarkable willingness to expend considerable time and effort to support assessing officials. A number of new presenters and individuals interested in contributing to the committee’s efforts have also been contacted or have volunteered to assist with the programs to be offered later this year. The committee continues to remain cost conscious and is closely monitoring recent developments in the real estate market and the impact of those developments on attendance at seminars. Finally, the entire IAAO staff has been very available, responsive, prompt, and professional in addressing the needs of the Legal Committee.

Local Host Committee

Burton Manning, Chair

Sponsorships were the first item discussed. Members were given a list of potential sponsors and asked to contact these folks encouraging sponsorships and donations from each. \$100,000 was our sponsorship goal this year. As of August 1, 2007 we raised \$111,500.

The Opening Reception was at the Georgia Aquarium Sunday, September 9, during which time the aquarium was closed to the public. Buses were provided at the Marriott for transportation to the Aquarium and back.

Burt Manning made arrangements with the World of Coca Cola to have a tour provided to conference attendees prior to the aquarium event. This was a \$15,000 sponsorship by the World of Coke.

Tony Henderson worked to get Braves tickets and permission to use the Braves logo on volunteer shirts. There were

3 different-color shirts for each volunteer that were coordinated so that everyone wore the same shirt on a given day.

Steve Pruitt was responsible for the golf event and Doug Kirkpatrick headed up the loading of buses for that event.

Burt Manning and Joan Kappers met with the Associate Member Committee at the Marriott on June 21 to discuss the conference, the auction in particular, and how local volunteers might help the Associate Members with anything they might need during the conference.

Nearly 80 volunteers were signed to work at the conference from Atlanta metro counties. They were assigned to various positions as needed by the registration and education coordinators, Sharon Manning and Mary Kirkpatrick.

The Atlanta Convention Bureau donated a goody bag to be given away at the GAAO Conference.

George Donatello donated a collector’s edition knife for the auction at GAAO Conference to heighten awareness of the IAAO Conference.

945 slots have been budgeted by IAAO for the Conference. Burt estimates 1,200.

John Scott placed flyers from both IAAO and the Atlanta Convention Bureau into the registration bags at the GAAO Conference.

Burt Manning announced that Linda Glisson donated a signed baseball for the auction: It’s a secret who signed it!

Membership Definitions Committee

David Sherrill, CAE, Chair

In January, President Johnson appointed the Ad hoc Membership Definitions Committee to review the current membership definitions for regular and associate membership and to address inconsistencies in the current membership listing.

The committee began corresponding by e-mail and conducted a conference call on February 12, 2007. Membership definitions as printed on the membership application and as stated in the Constitution and Bylaws have been reviewed. The committee will continue working to correct discrepancies in the current definitions and also consider future changes in the regular and associate membership definitions.

Membership Services Committee

Bill Carroll, Chair

Our primary 2007 project has been executing the first comprehensive membership survey since 1998. It has been completed with the percentage of participation exceeding our goals. Survey results were submitted to the Executive

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Board at their Atlanta conference meeting for review and development of plans to meet needs defined by the membership.

Significant progress has been made in improving our relationship with Chapters and Affiliates. Our meeting for them at the Milwaukee conference opened good lines of communication with IAAO leadership and four new IAAO Affiliates have been established so far this year. In addition, the Oregon Chapter was reactivated. The Executive Board approved our project plan to clarify the benefits of affiliate membership, as well as a project plan to provide one free conference registration to each Affiliate or Chapter.

We had great regional representative meetings at GIS & CAMA, NRAAO, and NCRAAO. The Top Hat pilot project is being implemented as we develop best approaches to high-level government leaders on behalf of our members.

Innovative membership drives completed by our excellent staff and IAAO representatives have increased IAAO numbers and our membership retention rate is improving steadily.

We are excited about the future of IAAO.

Nominating Committee

Wayne Trout, Chair

The Nominating Committee held one conference call and corresponded on numerous occasions via e-mail. Effective with the 2007 election, several revisions in the nomination and voting process have been implemented. These revisions include:

- Changing the election calendar so that voting is done after the annual IAAO conference
- Instituting qualification requirements for potential candidates
- interviewing potential candidates, as well as announcing the election slate at the annual conference.

Of immediate concern is the ongoing problem of finding members willing to seek office. Numerous appeals to run for the Executive Board were made via *Fair & Equitable*, broadcast e-mails, and personal contacts by Nominating Committee members, individual members, and the officers and Executive Board. Nevertheless, members continue to show a lack of interest in running for elected office.

A complete report will be submitted to the Executive Board following the 2007 elections.

Planning and Rules Committee

Robert M. Boley, AAS, Chair

The Planning and Rules Committee again had a busy year. With the help of staff, the committee updated the IAAO

Bylaws and Procedural Rules were to reflect past Executive Board actions. The committee also implemented new procedures and a new tracking system to ensure the timeliness of future updates. A new numbering system for project plans was developed by staff, reviewed by the committee, and recommended to the Executive Board for approval.

The committee spent significant time reviewing Constitution and Bylaws revisions that will be required if the number of Executive Board positions and the length of those Board terms changes. The results of those efforts are reflected in the committee's recommended Constitutional revisions, which will appear on the 2007 election ballot. The proposed changes to Constitution and Bylaws were exposed in *Fair & Equitable* July and on the IAAO Web site.

The final major project addressed by the committee was a training session for all IAAO committee members at the 2008 Leadership Days meeting, which is scheduled for next March. The training will comprise general orientation, strategic planning activities, project plan analysis, leadership models, and working procedures. Final development of this training will be completed at the committee's October 2007 meeting.

Professional Designations Committee

Edward A. Crapo, AAS, Chair

This ad hoc committee met to deliberate on the Infrastructure Review Committee's recommendation to adopt a single IAAO Professional Designation. For more than a year we discussed the current status of IAAO designation programs and the current and future business environment for IAAO and its members. In the end the committee made the following recommendations to the Board:

- That the current designations programs be maintained and not consolidated into a single designation.
- That a new designation be adopted that would encompass all the the CAE requirements and the new Appraisal Foundation requirements.
- That the mapping section consider expanding the CMS or adopting a new designation (IMS, Information Mapping Specialist) to incorporate and serve the needs of GIS professionals.
- That the CAAS/CAMA section review the track for "modelers" to earn a designation, and recommend improvements to the current track or potentially a new designation (VMS, Valuation Modeler Specialist).
- That the suggestions of this committee be circulated to the membership for comments through inclusion of questions in a membership survey.

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Professional Development Committee

Education Subcommittee

Paul Welcome, CAE, Chair

The education subcommittee developed a plan to have many of the courses, workshops and one day forums rewritten in the new IAAO course format. The following steps are being used for the course development cycle:

1. select a developer
2. have courses evaluated by reviewers,
3. pilot the course in a classroom setting
4. conduct a rollout session with the instructors
5. publish the courses

After the selection of a developer and reviewers for a course, the process takes about 8 months to have a draft course ready for pilot testing. The pilot course tests new material in a live classroom setting with typical students. When corrections, based on feedback from the pilot course, are completed, the instructors attend a rollout session to review the changes in the course, which is then offered to course providers.

Currently, IAAO has Course 101 in publication and course 102 will be rolled out at conference. These are the first two courses to be completed within this course development cycle and Course 101 has been very well received by our clients.

IAAO is very proud of our new course development cycle. The following courses are in revision and will be completed next year.

Title of Course/ Workshop/ODF	Number	Status
Assessment Administration	400	Material due 4th quarter from developer
Assessment of Personal Property	500	Material due 4th quarter from developer
Income Approach to Valuation II	112	Material due 4th quarter from developer
Appraisal of Land Course	201	Material due 4th quarter from developer
Depreciation Analysis	Workshop 155	Developer-rollout phase
Principles of Mapping	600	Rollout at conference
	601	Rollout at conference
Income Approach	102	Rollout at conference

Fundamentals of Industrial Valuation	Workshop 257	Rollout at Leadership Days
Reading and Understanding Leases	ODF 931	Material due 4th quarter from developer
Components of Real Property Transfer: Understanding Conveyances and Legal Descriptions	ODF	Material due 4th quarter from developer
House Construction, Design and Systems	ODF 937	Material due 4th quarter from developer
Golf Course Valuation	New course	Material due 4th quarter from developer
Basic Personal Property Auditing	Workshop 552	Material due 4th quarter from developer

As you can see the Education Subcommittee has been very busy contracting with developers, reviewers and starting to have courses ready for a pilot or bringing the product to final completion. After further corrections from the pilot courses, the courses will be ready for publication. In 2008, the new courses listed above will be finished and ready for the course providers.

Also, the committee has been working with the Communications Committee to rewrite our core educational textbooks. RFP are being issued as each project plan is approved. We are excited about bringing new textbooks and courses to our members.

I wish to express my thanks to the committee for their dedication, ensuring that the courses, workshops and one day forums are being rewritten and getting our new and improved courses developed for students. The committee members are Richard Petree; Steven Thomas, CAE, PPS; Stuart Dalglish, CAE; Stephen C. Behrenbrinker, CAE; Patrick Alesandrini, CAE. We hope to see many members and new employees of assessor's offices enrolling in the course offerings.

Professional Development Committee

Instructor Relations Subcommittee

Doris M. Koch, Chair

The Instructor Relations Subcommittee, as a part of the Professional Development Committee, was involved in the following projects and accomplishments in 2006–2007:

- Planned an Instructor Training Workshop to be held prior to the annual conference.
- Continued exploring options for IAAO instructor training in basic Appraisal Institute courses.

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- Conducted a rollout of the newly revised Courses 101 and 102.
- Began planning the rollout of newly revised Courses 112, 500, 600, and 601 and options for instructor recertification required with the publication of the courses, including offering a pilot course.
- Continued updating—and editing for inconsistencies—the Instructor Manual, Coordinator Manual, list of currently approved instructors, and coordinators list.
- Began in earnest the annual evaluation of instructors.
- Addressed numerous questions and situations regarding instructor qualifications, recertification, examination concerns, classroom procedures, student questions and concerns, and application of IAAO policies and procedures.

Professional Development Committee

Professional Designations Subcommittee

David Sanford, CAE, RES, Chair

Greetings IAAO Members, Candidates, Designees, Affiliates and all interested parties. The news about professional development opportunities with the IAAO just keeps getting better, with interest in the Professional Designation Program continuing to grow. Wanda Musick Witthar, Assistant Director of Professional Development, recently noted that a total of 215 candidates have been accepted into the Professional Designation Program within a 24 month period. During the first 18 months of this period, 149 candidates were accepted into the designation program, an average of about 8 new candidates per month. However, during the past 6 months of this period (January through June 2007), 66 candidates were accepted into the designation program—an average of 11 candidates per month! Applications for candidacy are being received for ALL IAAO designations. Furthermore, many candidates who let their candidacy lapse are now reentering the designation program along with many newcomers. Over the past year, 21 candidates have successfully completed the program and earned a professional designation. IAAO awarded 6 CAE designations, 8 CMS designations, and 7 RES designations. Wanda Musick Witthar is encouraged by the renewed interest in the designation program and notes that new candidates and inquiries are being received from throughout the U.S. and Canada.

In other news, the committee is responsible for scheduling the Professional Seminar at IAAO's 73rd Annual Conference in Atlanta, Georgia. This preconference seminar was held Saturday, September 8 and is approved for continuing education credit. This year, four timely and relevant topics pertaining to our industry will be presented. Four highly qualified professionals will educate attendees about auto-

mated valuation models (AVM's), analyzing the taxpayer's appraisal report, 2008 USPAP changes, and understanding low income tax credit properties. For a complete list of topics and presenters see the conference program. Also note that a Grader's Workshop will be held on September 9, and a presentation introducing the Professional Designation Program is scheduled at the conference for Tuesday, September 11, 3:00–4:30 pm.

Research Committee

Richard Hoffman, CAE, Chair

This is another exciting year for the Research Committee. We have continued working with the Certificate of Excellence in Assessment Administration program. During our first meeting, we spoke with several of the jurisdictions who have already won the award. Our purpose was to expand our overall pool of evaluators. We thought those who had already gone through the process would provide the best understanding of the process and the effort that goes into earning the award.

The Research Committee has also continued working with the Self-Evaluation Guide. At this point, the committee has completed three of the original chapters and one more is under revision. It is our goal to continue revising two chapters per year. This is an ambitious goal, but we have excellent support from our professional staff. We hope, in the next edition of the Self-Evaluation Guide, that we will incorporate these three chapters. The revision of the chapter on ratio studies was completed in time for Board approval of the *Standard on Ratio Studies* (IAAO 2007).

In addition to the Self-Evaluation Guide, technical assistance has consumed a good deal of our time. Our organization has been able to help a number of jurisdictions with office evaluations, problem solving, and recommendations for improvement in the assessment function. In conjunction with an ad hoc committee, chaired by Past President Wayne Trout, we are developing improved procedures for technical assistance, so our Association is able to render the best possible service in an organized and systematic manner.

In conjunction with technical assistance, the Research Committee developed a member talent search survey so we have a pool of technically-qualified and capable individuals who can be assigned to technical assistance projects. The committee is very concerned with ensuring the best possible service and a fair and responsible assignment of these projects.

In addition to these projects, the committee is looking forward to a variety of more research-oriented programs, including several potential surveys of our membership, so we may provide benchmarks and guidelines to our jurisdictions.

Committee Reports

The Research Committee and the Computer-Assisted Appraisal Section sponsored a research project called "Automated Valuation Models by Model Building Practitioners". This project expanded work by the University of Connecticut to review the 25-year history of sold residential properties in Fairfax County, Virginia. Seven participants completed the modeling project and reported results. These seven modelers made presentations at the 2007 Integrating GIS & CAMA Conference. Five modelers wrote papers on their research. Their results and research papers are being reviewed by Professor John Clapp, University of Connecticut. We look forward to seeing the papers and Dr. Clapp's comments in the *Journal of Property Tax Assessment & Administration*.

Scholarship Fund Committee, Trusts and Other Special Funds Committees

Friends of the Paul V. Corusy Library Trust Committee

Sherron Schultz, Chair

2006–2007 Top Contributor:

Minnesota Chapter of IAAO

Jeff Hunt Memorial Candidates Trust Committee

Kirk F. Boone, PPS, Chair

In 1989, Joseph E. Hunt, CAE established a memorial scholarship fund in remembrance of his son Jeff, who died suddenly in an automobile accident. Jeff was a career assessment official who planned to submit his RES demonstration appraisal report as soon as he could save the money to have it typed. In response to these events, Mr. Hunt created this trust to assist candidates in IAAO's Professional Designation Program.

2006-2007 Top Contributor:

The North Carolina Association of Assessing Officers

One of the goals of the committee is to award financial assistance while maintaining a principle balance in the trust capable of providing that assistance only from the accruing interest. This goal will keep the trust in existence for our future IAAO candidates. In order to accomplish this, the committee has organized an annual Jeff Hunt Memorial Trust Professional Development Workshop & Golf Tournament. This year's event was held August 15, 2007 at the Little River Golf & Resort in Carthage, North Carolina (Near Pinehurst, NC). This successful event has not only maintained, but has strengthened the ability of the Trust to continue supporting professional development through scholarship assistance to deserving individuals working towards their IAAO professional designation.

Scholarship Fund Committee

Bruce Sauter, AAS, Chair

While the committee responds to any and all applications received, over the past few years a limited number of members have applied for scholarships. We are considering recommendations to the Executive Board to make the awarding of scholarships a more positive, proactive program. These recommendations include a regular, targeted scholarship award program to encourage IAAO special events, conference participation, education, and organizational development. We also would encourage committee consolidations of Trusts and Scholarship Committees to improve overall responsiveness and reduce infrastructure.

Timothy N. Hagemann Memorial Membership Trust Committee

Elysa Lovelady, Chair

The Hagemann Trust committee corresponded by e-mail and phone. Members are Elysa K. Lovelady, Chair, Butler County, Kansas Appraiser; Mike Brochard CAE, Sedgwick County, Kansas Appraiser; and Leon Samuel, Director of Equalization Morton County, North Dakota.

The committee felt we needed to go back to the original goals when the Trust was established. Tim was a firm believer in IAAO and all the benefits that IAAO membership could provide. The Trust is to provide grants to help those from small jurisdictions become members of IAAO. The committee would like to focus this next year on providing assistance to gain new members for IAAO.

Elysa will be contacting IAAO Membership Director Anne Winter to discuss ideas to advertise and support new membership with assistance from the Trust.

Councils and Sections

Margie Cusack, AAS, Chair

The main focus of our activities this year was the development of a Councils and Sections Seminar that would be as successful and interesting as possible. This year's May seminar in Seattle was both, because of strong support from the King County Assessor's Office and the local chapter. President Johnson and Executive Director Lisa Daniels both traveled many miles to offer opening remarks, which participants appreciated more than they can imagine! A newsletter was sent to all members shortly after the conclusion of the conference. Chairs and Vice Chairs are now using assessorNET and e-mail correspondence to promote their sections and councils. We also use conference calls to conduct business meetings and to prepare for each annual seminar since we meet in person only briefly during the annual conference and the seminar.

Committee Reports

In this year's seminar, the number of offerings for individual speakers in each section and council track was reduced to expand audience size and promote membership participation in all tracks. Although this modification was very successful, for next year's May seminar in New Orleans the total number of speakers and the overall time frame of the conference will be expanded in response to membership feedback on the evaluations and at the seminar. Local assessors from New Orleans's parishes have already offered support and assistance for the next conference.

With the assistance of Director of Membership Anne Winter, we also are drafting revisions to outdated Bylaws. We have developed duties and responsibility guidelines for committee leadership, which previously were not in writing. Filling vice-chair positions has also been a top priority to promote continuity in leadership and membership development. Primary goals in 2007 and 2008 are to increase attendance at the Councils & Sections Seminar, increase participation in the Metropolitan Jurisdictional Council, and provide an enhanced program for the Personal Property Section at the seminar.

75th Anniversary Committee Report

Frederick M. Chmura, AAS, Chair

Last year, then President, Wayne Trout appointed an Ad Hoc Committee to plan for activities for the 75th Anniversary of IAAO that will be occurring in 2009. The Ad Hoc the Anniversary Committee consists of members from the Communications Committee, Membership Services Committee, and the 2009 Local Host Committee, as well as a number of Past Presidents of IAAO.

The committee with the assistance of the Publications and Marketing Department staff has begun a number of activities in preparation for the IAAO 75th Anniversary. A commemorative book on the history of IAAO is planned as a one of the key items that will be distributed for free to all members in 2009. In order to produce this historical reference, we are asking all members for old photographs, memorabilia, and other items related to IAAO. Please contact us so we can incorporate them into the commemorative book. We are also looking for articles of historic interest to be published in *Fair & Equitable* over the next two years. Equally important to us is the gathering of our history and any stories you may have about your experiences over the years with IAAO or stories that you have heard about involving IAAO members. If you have any items or stories that you would like to share, please contact Leann Ritter on the IAAO staff. The IAAO Web site will soon have a link to forward information.

At the Atlanta Conference this year, the 75th Anniversary Committee will have on display a number of items that we have received. Also you will be able to purchase a special 75th Anniversary logo pin that you can wear showing your support for anniversary activities. All monies received from the sales of the pins will be used for funding the commemorative book and activities at the 2009 Conference in Louisville, KY.

Tax Collector Membership Committee

William A. (Pete) Rodda, CAE, Chair

The Tax Collector Membership Committee was reactivated to determine whether there was interest in providing IAAO services and educational opportunities to tax collectors. Obviously the assessment profession would not exist if property tax bills did not have to be collected, and there is universal agreement that assessors and collectors should work together. Although several national organizations seem to offer services and opportunities for tax collectors, none seems to compare in degree and variety with those IAAO offers to assessors.

With the guidance and assistance of the Executive Board and Conference Content Committee, we decided to initiate a special Tax Collector Day at the Atlanta conference. With assistance from IAAO staff, the committee developed a mailing list of tax collectors so that a flyer could be mailed to announce Tax Collector day. In addition to educational sessions, a special Tax Collectors' luncheon was planned to provide an opportunity for attendees to meet with IAAO leadership, learn about IAAO, discuss the needs of tax collectors, and identify the potential role for IAAO in meeting those needs. A survey for the attending tax collectors has been developed to assist in this process. Attendance and participation, coupled with survey responses and the luncheon discussion, should provide the Executive Board with information that will assist in a decision to move forward with this initiative.

Technical Assistance Committee

Wayne Trout, Chair

The Ad Hoc Technical Assistance Committee was created by action of the Executive Board and acceptance of a project plan submitted by the Research Committee. The charge to the committee was to develop policy guidelines for technical assistance and propose a means for determining the type of projects IAAO will bid on and methods for assigning the work.

The committee held three conference calls and one in-person meeting in Kansas City. The focus of our work has been on a technical assistance manual that provides policy guidelines for IAAO staff and project team leaders and serves

Committee Reports

as a resource for potential clients. In addition, the committee developed the IAAO Talent Search survey to build a database of IAAO members interested in participating in the technical assistance program as consultants or project managers.

An interim policy for dealing with technical assistance requests also was proposed by the committee and approved by the board. This short-term solution consists of a three-person panel (Richard Hoffmann, CAE, President Marion Johnson, CAE, and Past President Wayne Trout) that is responsible for responding to technical assistance requests. Initially, it must be determined whether the project serves the mission of IAAO. If so, the panel then makes immediate contact with the potential client to determine the nature of services to be provided. Once the panel is satisfied with the potential scope of services, a project manager is randomly selected from a list of members who have previously managed technical assistance projects.

Technical Standards Committee

Peter L. Davis, Chair

During the past year the Technical Standards Committee focused most of its energy and resources on completing the revision of the *Standard on Ratio Studies*. The committee has prepared 17 major revision drafts for exposure to members for review and comment. This project was completed in early June. A final draft was presented to the IAAO Executive Board in July for approval. Throughout the project, the committee received valuable support and guidance from the Ad Hoc Ratio Study Technical Advisory Subcommittee. The updated standard has been completely reformatted: Part 1 addresses procedures and performance measures designed for local jurisdictions, and Part 2, oversight/equalization activities. The committee believes this design better serves the needs of both assessors and supervisory agencies.

Section 3.5.5 was added to the *Standard on Mass Appraisal of Real Property*. This new language presents an alternative to the physical field review of property data. The option takes advantage of digital image tools that can provide much of

the necessary information through remote sensing. The Executive Board approved the revision in October 2006.

The Executive Board also approved three updates to appendixes in the *Standard on Tax Policy*.

USPAP & Appraiser Regulatory Advisory Committee

Kenneth L. Joyner, RES, Chair

The USPAP and Appraiser Regulatory Committee initially focused its efforts on completing the IAAO white paper that clarifies the scope of work decisions and requirements for members. The white paper was delivered to the Executive Board in April 2007. The paper was forwarded to the Appraisal Standards Board (ASB) in draft form. The paper helped lead the discussion for an Advisory Opinion from the ASB on the subject that will be a part of the 2008 USPAP document. Our committee represented IAAO at ASB meetings twice this year to discuss our position on the proposed Advisory Opinion and submitted written comments.

As its next project, the committee will develop guidelines for experience and qualification requirements for ad valorem mass appraisal. Based on the current direction in the industry, we believed the only alternative to writing the white paper was that another group—a state association or another appraisal discipline—would deal with this important issue. We believe that IAAO is the leader in the ad valorem field and therefore is the only entity capable of producing this document with the level of detail necessary. This white paper should bolster IAAO's position in the appraisal industry and become an asset throughout the organization.

In addition to the white paper and the new appraisal guidelines, committee members were active representing IAAO at numerous Appraisal Foundation or associated group meetings this year to offer comments and suggestions. These meetings included the Appraisal Standards Board, Board of Trustees for The Appraisal Foundation, and the Association of Appraisal Regulatory Officials.

Financial Reports

Board Approved Expenditures from 2006 Operating Surplus

Mortgage paydown.....	\$240,000
Top floor HQ renovation	\$66,100
Hire additional staff.....	\$100,000
Membership Services initiatives	\$100,000
On-line learning	\$150,000
Update "Taxonomy" report.....	\$35,000
75th Anniversary fund.....	\$25,000
Curriculum development fund.....	\$190,500
Database purchase	\$50,000
Additional surplus held	\$43,400
TOTAL EXPENDITURES	\$1,000,000

Restricted Reserve Fund (Managed by Midwest Trust Co.)

As of June 30, 2007

Beginning Market Value, Nov. 1, 2006	\$1,004,712
Interest Income.....	34,241
Net Change in Unrealized Apprec (Deprec)	(3,386)
Distributions—Maintenance Fee	(1,347)
Ending Market Value	\$1,034,220

Grant Funding

In March of 2007, IAAO received notice of a grant award from the Kansas City Tax Increment Financing Commission's Neighborhood Cooperative Improvement Fund for repair of the Adler Building's parking lot. The award, in the amount of \$36,196, was provided to significantly improve the ground level parking facility owned by the Association. The scope of work included repair of a stone retaining wall, installation of a parking gate and fencing of the parking area, and addition of a brick wall across the street side of the lot to conform to new city street-scape standards. Additionally funded was a stone stoop at the entrance to the headquarters building.

Curriculum Development Fund

Projected Fund Balance as of June 28, 2007		
	FY 2006	FY 2007
BEGINNING FUND BALANCE	\$127,764.29	\$55,135.29
ADDITIONS:		
Transfer of 50% of net income not to exceed \$100,000	100,000.00	100,000.00
Transfer of unexpended severance funds	52,575.00	-
6% of Education Program Fees (incl. designated receipts)	52,791.00	71,746.87
Approved transfer from 2006 surplus	-	190,500.00
TOTAL ADDITIONS	205,366.00	362,246.87
DISTRIBUTIONS:		
#355 Exam Questions for Prog. Courses	4,500.00	-
#356 Review 101 & 102	23,600.00	-
#358R Rewrite Course 400	-	39,800.00
#359 Hotel/Motel Workshop	15,500.00	-
#361 Rewrite Workshop 171	3,250.00	-
#363 ODF for Tax Collectors	6,500.00	-
#350 Upgrading & Improving the IAAO Current Course Curr.	62,900.00	59,000.00
#360 Rewrite 600,601,650	60,590.00	-
#369 Rewrite ODF on leases	2,400.00	-
#370R AI Instructor Training	13,625.00	2,375.00
#371 Master Formula Sheet	3,750.00	-
#372 Instructor Recertification Training	3,220.00	-
#353 Submission to Appr. Found.	4,600.00	-
#373 PPS Case Study Exam & Review	4,000.00	-
#374 ITW 2006 Conference	6,300.00	-
#375 Course Development for 2006-2007	-	163,600.00
#376 Workshop 155	19,480.00	1,680.00
#377 Industrial Workshop	20,680.00	2,880.00
#380 AAS Case Study Exam	4,000.00	-
#381 Revisions to Marshall and Swift Workshops	1,400.00	-
#383 Golf Course Valuation Workshop	-	19,480.00
#382 Deeds and Understanding Legal Desc.	8,200.00	-
#384 House Construction, Design and Systems	6,000.00	-
#390 Exam for MRA Workshop	3,500.00	-
#392 Instructional Design Catch-up Meetings	-	15,200.00
#396 Submit Courses 300,310,311,320,350 for CAP	-	29,500.00
#400 ITW for 2007 IAAO Annual Conference	-	5,940.00
#401 Catch Up Issues from Prior Plans	-	30,000.00
TOTAL DISTRIBUTIONS	277,995.00	333,515.00
NET INCREASE/(DECREASE) IN FUND BALANCE	(72,629.00)	28,731.87
PROJECTED ENDING FUND BALANCE	\$55,135.29	\$83,867.16

Financial Reports

International Association of Assessing Officers

Statements of Financial Position

October 31, 2006 and 2005

Assets

	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$ 1,876,767	\$ 616,367
Accounts receivable, net of allowance; 2006 – \$14,361, 2005 – \$6,511	278,621	436,268
Inventories	46,298	60,961
Prepaid expenses	86,336	45,066
Investments	1,343,684	1,237,116
Contributions receivable, net of allowances	27,900	28,950
Property and equipment, net of accumulated depreciation and amortization	<u>1,599,300</u>	<u>1,688,907</u>
Total assets	<u>\$ 5,258,906</u>	<u>\$ 4,113,635</u>

Liabilities and Net Assets

	<u>2006</u>	<u>2005</u>
Liabilities		
Accounts payable and accrued expenses	\$ 130,569	\$ 148,151
Deferred revenue	691,801	671,380
Note payable	<u>1,173,497</u>	<u>1,200,000</u>
Total liabilities	<u>1,995,867</u>	<u>2,019,531</u>
Net Assets		
Unrestricted	3,038,440	1,884,364
Temporarily restricted	<u>224,599</u>	<u>209,740</u>
Total net assets	<u>3,263,039</u>	<u>2,094,104</u>
Total liabilities and net assets	<u>\$ 5,258,906</u>	<u>\$ 4,113,635</u>

Board Position Statement on AQB Requirements

April 28, 2007

The Appraiser Qualifications Board (AQB) of The Appraisal Foundation (TAF) has established new minimum education and experience criteria for the Licensing of Real Estate Appraisers, as it relates to federally regulated transactions. These new regulations are to become effective January 1, 2008.

As a founding sponsor of TAF, IAAO is obligated to observe all of the regulations required of them by TAF. Within those responsibilities we have agreed that, "...appraisal designated members to meet, in areas of education, experience and continuing education, the minimum criteria adopted by the AQB for the corresponding Uniform Standard(s), which were in effect at the time the designation was awarded."

The subject of compliance with the new AQB requirements has been the subject of much discussion by both our members and the Executive Board. The AQB and TAF have stated that Personal Property and Business Valuation professionals are exempt from compliance with these requirements because they do not relate to the uniform standards that provide oversight for those valuation disciplines. Because the new AQB rules speak to real estate valuation under USPAP Standard Rules 1 & 2, rather than Rule 6, it is the Executive Board's position that IAAO and our members are exempt from having to meet the new regulations.

The position of the Executive Board has been communicated to both the AQB and TAF. At this time, we are awaiting their reply. As a means of intervention and in support of our position, IAAO's USPAP committee has been tasked with the responsibility of developing recommended experience and education qualifications for our profession under standard 6.

IAAO Executive Board



INTERNATIONAL ASSOCIATION
OF ASSESSING OFFICERS