

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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Ratio Study Narrative 2022

General Information	
County Name	MONROE COUNTY

Person Performing Ratio Study			
Name	Phone Number	Email	Vendor Name (if applicable)
Ken Surface	317-753-5555	ken@nexustax.com	Nexus Group

Sales Window	1/1/2021 to 12/31/2021
<p>If more than one year of sales were used, was a time adjustment applied?</p> <p>Sales window of 1/1/2021 thru 12/31/2021 was predominately used.</p> <p>The window was expanded to include sales from 1/1/2020 thru 12/31/20 for the following classes and townships due to a lack of sales in 2021. Commercial Vacant: Bloomington, Perry & Richland which were all grouped together. Residential Vacant: Benton and Washington</p> <p>The study used all of the same 2020 sales from the 2021 ratio study within these classes and townships unless a significant change took place</p>	<p>If no, please explain why not.</p> <p>There was no time adjustment of any sales outside of the mandated time period as there isn't enough supporting evidence to accurately adjust with confidence. Very limited sales and zero paired sales of comparable properties</p> <p>If yes, please explain the method used to calculate the adjustment.</p>

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Groupings
<p>Please provide a list of township and/or major class groupings (if any). Additionally, please provide information detailing how the townships and/or major classes are similar in market.</p> <p>**Please note that groupings made for the sole purpose of combining due to a lack of sales with no similarities will not be accepted by the Department**</p>
<p>Commercial Vacant: VacComBPR – the townships of Bloomington, Perry & Richland were grouped together. These three townships border each other and serve as the hub for all desired commercial properties within the county. One of the used sales was a multi-parcel sale incorporating parcels residing in different townships (Bloomington/Richland) due to bordering each other. All other townships lacked enough sales to complete a study.</p> <p>Statistical studies were not completed in the classes of Industrial Vacant and Industrial Improved.</p> <p>Commercial Improved: Statistical studies were not completed for the townships of Bean Blossom, Benton, Clear Creek, Indian Creek, Polk, Salt Creek and Washington due to a lack of sales and they are not comparable to the townships that had studies completed.</p> <p>Residential Vacant: Statistical studies were not completed for the townships of Bean Blossom, Indian Creek and Polk</p> <p>Residential Improved: ResImpPolkSC – The townships of Polk and Salt Creek were grouped together. These two townships border each other, are extremely rural in nature and both reside in the most South East portion of the county. These two townships were required to be grouped together in the 2019 & 2020 study.</p> <p>Other Comments: Class code 419 – designated class code use for other commercial housing – rental properties within residential neighborhoods – assigned to same neighborhood as residential properties in the same area.</p>

AV Increases/Decreases		
If applicable, please list any townships within the major property classes that either increased or decreased by more than 10% in total AV from the previous year. Additionally, please provide a reason why this occurred.		
Property Type	Townships Impacted	Explanation
Commercial Improved	Bean Blossom	Two additional parcels and updated cost tables and land order changes
	Bloomington	The predominate reason was the creation of a parcel in the amount of \$70M, which was deemed tax exempt in prior year.

	Clear Creek, Indian Creek, Richland and Salt Creek.	<p>Transferred to a new owner and has not applied for exemption as of this date. Several large NC projects, updated cost tables and reassessment of Bloomington twp. An additional 166 parcels were added in 2021, which were predominately 419 – other commercial housing. Land order changes also took place</p> <p>Predominate reason was updated cost table changes for these townships.</p> <p>The township of Salt Creek also incurred reassessment</p>
Commercial Vacant	<p>Bloomington</p> <p>Richland</p> <p>Salt Creek</p> <p>Van Buren</p> <p>Washington</p>	<p>Land order changes and Reassessment. Seven (7) parcels switched from improved to vacant. This resulted in a net gain of \$3,267,400 increased AV to this class for this township</p> <p>Two new parcels accounted for more than \$3M of increased AV to this class</p> <p>Only 1 parcel accounting for the entire difference</p> <p>One parcel accounted for almost 100% of the entire change</p> <p>One parcel switched from vacant to improved and this accounted for 100% of the decrease in value for the class</p>
Industrial Improved	<p>Clear Creek</p> <p>Salt Creek</p> <p>Washington</p>	<p>Predominate reason is one parcel switching from vacant commercial class to improved industrial Class</p> <p>One parcel changing in value contributed to the entire percentage change</p> <p>Cost table changes was the contributory factor</p>
Industrial Vacant	<p>Bloomington</p> <p>Perry</p> <p>Richland</p>	<p>One parcel was the contributory factor in increased AV for this class</p> <p>One parcel change in use was the contributory factor in increased AV for this class. The township also had an increase of one parcel</p> <p>The result of one parcel splitting into several parcels and revalued based on their new future use.</p>

Residential Improved	Bean Blossom, Benton, Bloomington, Clear Creek, Indian Creek, Perry, Polk, Richland, Salt Creek, Van Buren, & Washington.	Land order changes, cost table changes and annual trending caused all townships to see an increase of greater than 10%. Additionally, the townships of Bean Blossom, Bloomington and Salt Creek also were reassessed, which had a contributory effect. The township of Richland experienced an abundance of new construction
Residential Vacant	Bean Blossom, Benton, Bloomington, Clear Creek, Creak Polk	Land order changes were the predominate reason for all listed townships One parcel switch from vacant res class in 2020 to tax exempt class in 2021 accounted for more than the total dollar amount reduction

Cyclical Reassessment

Please explain which townships were reviewed as part of the current phase of the cyclical reassessment.

The townships of Bean Blossom, Bloomington and Salt Creek were the predominate Townships reassessed this cycle. Additional individual parcels were also reassessed to complete the required percentage. See the Monroe Workbook file for a complete list of reassessed parcels.

Was the land order completed for the current cyclical reassessment phase? If not, please explain when the land order is planned to be completed.

Annual adjustments to the land order were completed and will be implemented for the 2022 assessment date

Comments

In this space, please provide any additional information you would like to provide the Department in order to help facilitate the approval of the ratio study. Such items could be standard operating procedures for certain assessment practices (e.g. effective age changes), a timeline of changes made by the assessor's office, or any other information deemed pertinent.

When determined appropriate, the standard operating procedure (SOP) for making effective age changes is based upon the following:

- Additions – compute an effective age based upon utilizing the original year constructed, the original square footage, the additional square footage added and any additional renovations taking place in the year of construction establishing a weighted average of all the components of value.
- Remodels/Renovations – compute an effective age based utilizing the original year constructed, the percentage of the entire house that was renovated, utilizing the DLGF percentage of completion chart to assist in establishing a weighted average of all the components of value).

IAAO Ratio Study standards indicate that “outlier ratios” can result from any of the following:

1. An erroneous sale price
2. A nonmarket sale
3. Unusual market variability
4. A mismatch between the property sold and the property appraised
5. An error in the appraisal of an individual parcel
6. An error in the appraisal of a subgroup of parcels
7. Any of a variety of transcription or data handling errors in preparing any ratio study

Outliers should be:

1. Identified
2. Scrutinized to validate the information and correct errors
3. Trimmed if necessary, to improve sample representativeness

As a result, there were individual parcels that met these guidelines and were trimmed. Reference the file titled **Monroe Reconciliation File** for those sales that were trimmed