

Re: Washington County 2009 Ratio Study Overview

Methodology

The sales comparison method was used to make market based adjustments to residential and commercial assessed values, in Washington County for 2009. The assessments were derived using the Real Property Assessment Guidelines for 2002-Version A. The sales used to analyze residential property were from 2007 and 2008. Due to insufficient sales data on improved commercial properties, the window of market activity was expanded to include 2005 and 2006. The land base rates and neighborhood factors were examined in each neighborhood and property class. Neighborhoods with an insufficient number of sales were compared to similar neighborhoods. The criteria for comparison were geographic location, similarity of land size, improvement type and age, and any other factors deemed relevant. The neighborhoods with an insufficient number of sales were then adjusted in a similar manner to those with sufficient sales to which they had been compared. Comparisons were also made between adjoining neighborhoods and townships to insure equity and continuity of land base rates and neighborhood factors.

Commercial - Improved and Vacant

Due to a lack of market activity, all Townships were grouped together for the improved commercial ratio study. In addition, sales occurring in 2005 and 2006 were included in the study and have had a 0.0167% per month time adjustment applied to reflect market value as of January 1, 2008.

There were no valid commercial vacant sales within a reasonable time horizon for this study. An analysis was performed to verify that in all cases, commercial land values were greater than or equal to the corresponding residential land values.

Industrial - Improved and Vacant

There are a total of 13 vacant and 22 improved industrial properties in Washington County. Since there were no valid improved industrial sales within the timeframe of this study the cost approach was used. A cost factor was calculated using Marshall and Swift Comparative Cost Multipliers for the Indianapolis area from January 1, 2007 to January 1, 2008 for the three building types most common to Washington County. A cost multiplier of 1.012 was calculated and applied to all industrial building improvements. An additional year of depreciation was also applied to each improvement. The previous building values were then compared to the newly factored values to derive the 2007 to 2008 adjustment factor of 0.98.

There were no valid industrial vacant sales within the timeframe for this study. An analysis was performed to verify that in all cases, industrial land values were greater than or equal to the corresponding residential land values.

Residential - Improved and Vacant

The PRD for improved residential properties in Franklin, Gibson, Jefferson and Madison Townships are outside the boundaries of statistical tolerance. As a result, the Spearman Rank test was performed and indicated that the vertical equity for improved residential sales showed significant positive correlation within a 95% confidence interval. According to analysis of the 2007 and 2008 sales, very little overall change has occurred in the residential market in Washington County.

There were no valid residential vacant sales for Jefferson, Madison and Monroe Townships. The Spearman Rank test was performed on Washington Township to verify equity between low and high value unimproved sale properties. Sales combined from all Townships shows that countywide statistical indices are within tolerance.

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