



*Boone County, Indiana*

*Established 1830*

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Date: March 1, 2017

To: J. Barry Wood  
Director of Assessments  
Indiana Department of Local Government Finance

Re: SUMMARY REPORT  
***2017 BOONE COUNTY ANNUAL ADJUSTMENT RATIO STUDY***

The following document is issued as supporting documentation to the 2017 Boone County Internal Ratio Study submitted to the Indiana Department of Local Government Finance on March 1, 2017. The Ratio Study was submitted via e-mail, to your attention, in Microsoft Excel format.

The annual adjustment process was performed by Government Utilities Technology Service (GUTS). The assessed values in Boone County were established by implementing the latest updated depreciation calculation date suggested by The Department and adjusted using local Sales, Income & Expense, and Market data. The attached ratio study was performed in accordance with the *IAAO Standard on Ratio Studies*.

**RESIDENTIAL PROPERTIES**

- **Vacant vs. Improved Sales in Ratio Study - *NOTE:*** While extracting sales for the 2017 Boone County Ratio study, vacant vs. improved sales were determined by Box 3 (Vacant Land) in the Conditions Section (B) of the Sales Disclosure Form, ***not*** by Property Subclass. In the past, this has been an issue during the review process by the DLGF representative. If box 3 is checked 'Yes', those sales will be in the Vacant Residential Ratio Study. If box 3 is checked 'No', those sales will be in the Improved Residential Ratio Study.

At the time many Sales Disclosures were filed with the Assessor, data entry on new construction had not been completed. Many parcels involved with improved sales still had a subclass of vacant (500, 501, etc) and the dwellings had not been entered into the system. In order to maximize the number of sales deemed valid and used in the study, the PVDNet Trending/Ratio Study Module points to Box 3 (Vacant Land) when gathering sales, not a subclass that may have been changed after the Sales Disclosure Form was filed. Using Box 3 (Vacant Land) instead of subclass insures that upon signing their names, buyers and sellers are certifying they paid X number of dollars for either Vacant Land or Improved Property.

- **Methodology:** The annual adjustment process for residential properties in Boone County was conducted by calculating new neighborhood factors based upon sales deemed valid for trending.

- **Application of Factor (50 IAC21-5-2)** Regarding residential improved property classes, new neighborhood factors were calculated and applied in accordance with IC6-1.1-4 and the Real Property Assessment Guidelines as sales data dictated. For neighborhoods with zero or insufficient sales data, the neighborhood factor was changed based on comparable neighborhoods in that specific residential real estate market. Where sales and/or other market derived data dictated, some properties were left the same for 2017.
- **Sales Data:** Boone County used sales from the mandated sales window of 1/1/2016 through 12/31/2016 to trend each individual neighborhood except for Perry and Harrison Township neighborhoods. The sales for these two townships were somewhat scarce and when studied with only 2016 sales data, the assessment levels were erratic and different than the rest of the County and adjacent, comparable Townships. Therefore, 2015 sales were included here for Improved Residential. The inclusion of the 2015 sales resulted in a larger sale sample and assessment changes more consistent with the rest of the County. There is not significant data that supports sales adjustments so none were made. There were no Townships that had less than 5 sales therefore there was no grouping for this year.
- **Neighborhood Delineations (50 IAC 31-4-1):** A review of the existing residential neighborhood structure for Boone County indicated that the current numbering format and stratification was deemed acceptable in displaying homogenous qualities. The numbering format is such that each neighborhood can be identified by Township by numerical order. As in previous years, some residential neighborhoods required further stratification for differences in lot size and selling price in 2017. New neighborhoods were also created and applicable parcels moved as supported by sales data.
- **Land Values Reviewed:** Upon review of the existing 2017 land values, vacant land sales indicated the need for adjustments to home site base rates, residual/excess rates and primary base rates in some areas. Using vacant lot sales, adjustments were made to residential land rates.
- **Addressing properties that have been remodeled or extensively updated.** In Book 1, Chapter1, page 3 of the Indiana Assessment manual under Appraisal and Examination of Buildings, it states that the Assessor “*is responsible for keeping the assessment data and records current by securing the necessary field data and making changes in the assessment as changes occur*”. When the Assessor discovers properties that have undergone remodeling or updating, the change may be reflected by updating the effective age of the dwelling. In Appendix B, page 5 under Effective Age, the manual states that Effective Age “*can be thought of as the actual age less the years that have been removed from the actual age by such things as maintenance, repair, upgrading, and change. The items that would tend to reduce the effective age might include: new paint, carpeting, roof, furnace, electrical system, windows, plumbing, room additions or general home remodeling*”. If the effective age has been changed in Boone County, the procedure is to follow the chart referenced below as a guideline as to assure uniformity. The contribution chart referenced below is taken from the Indiana Cost Guidelines. Using these categories, the Assessor determines a range of acceptable overall increase in value related to the accumulated remodel items. The overall charge is up to the discretion of the Assessor as many updates are grouped and/or vary in quality.

Windows, exterior door and floor cover	5%
Exterior	6%
Interior drywall and ceiling finish	8%
Built-ins, cabinets, interior doors, trim	13%
Plumbing fixtures	5%
Floor covering	6%
Light Fixtures, Painting and decorating	6%

### COMMERCIAL-INDUSTRIAL PROPERTIES

- **Methodology:** Boone County considered all valid approaches to value (Sales, Cost, and Income) for Commercial/Industrial properties. Upon review of the sales data, if it was determined that there were not sufficient sales to utilize the sales comparison approach exclusively, other approaches to valuation were considered and implemented in accordance with IAAO standards.
- **Sales Data (50 IAC 21-3-3):** Only sales from the mandated sales window of 1/1/2016 through 12/31/2016 were considered and no sales were adjusted.
- **Income data/Income Approach to Valuation (50 IAC 21-3-3):** The sources for the data (Rents, Vacancy Rates, Expense Ratios, Capitalization Rates, etc.) used in these assessments were gathered from individual taxpayer income & expense data, individual property appraisals, public access documentation and historical data from IncomeWorks software.
- **Neighborhood Delineations (50 IAC 31-4-1)** All Commercial/Industrial neighborhoods were evaluated and subtle changes were made to neighborhood delineations. New boundaries were established and some combined as to maintain consistency and equality across jurisdictions.

### CYCLICAL REASSESSMENT

- **Status (IC 6-1.1-4-4.2):** Guts has completed Phase I, II, and III of the Cyclical Reassessment process. To date, roughly 24,000 parcels have been inspected as part of the overall process. Those inspected have been documented with a “Y” in the workbook submitted as part of the 2017 Ratio Study. Phase IV will begin in May, 2017.

### COEFFECIENT OF DISPERSION < 5

- **The C.O.D. for the Worth Township Improved Residential study is 3.95.** This study group contains 249 sales. 234 of these sales (94%) are for new homes added in one subdivision (#18525 – Walker Farms) for 2017. The homes in this new subdivision are tract homes and are all very similar in nature. The sales for these new homes are all very consistent as well. Due to the uniform structure of this homogeneous environment, the C.O.D will tend to be lower than normal.