



Boone County, Indiana

Established 1830

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Date: February 20, 2020

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

Re: NARRATIVE
2020 BOONE COUNTY ANNUAL ADJUSTMENT RATIO STUDY

Party Performing Raito Study: Dan Spiker
Contact Information: Phone: 765-483-5783 email: dans@g-uts.com
Vendor: GUTS
Sales Window Range: 1/1/2019 – 12/31/2019 *Except where noted

The following document is issued as supplemental documentation to the 2020 Boone County Internal Ratio Study submitted to the Indiana Department of Local Government Finance on February 20, 2020. The Ratio Study was submitted via Microsoft Teams, in the required Microsoft Excel formatting.

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*.

RATIO STUDY

- **Groupings** - There are no groupings for any of the classes in the Boone County Ratio Study
- **AV Increases/Decreases** – There are no increase/decrease statistics included in this submittal. Last year significant effort was given to provide a list of increase/decrease stats by Township and Property Type. However, the stats that we calculated were significantly different than those subsequently provided by the Department in the ratio study submittal follow-up. We conversed with several members of the Department staff in effort understand the programming criteria used to replicate the same data results, but we kept coming up with differing results. For this reason, we will wait for the list provided by the department.

- **Sales - *HARRISON RESIDENTIAL IMPROVED**: This study was conducted using predominantly 2019 sales with one 2018 sale. The inclusion of this sale brought the sale quantity to >5. There is no data to support adjustment to the 2018 sales as there was no measurable difference from prior to current markets.
- **Vacant vs. Improved Sales in Ratio Study - *NOTE***: While extracting sales for the 2020 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 updated 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 2020.
- **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 help 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%

- **The C.O.D. for several Townships in the study is under 5.00.** Most of these areas generally consist of the majority being either newly constructed homes or newly platted land lots with immediate follow-up sales. The new homes and lots are all very similar in nature and related selling price. Due to the uniform structure of this homogeneous environment, the C.O.Ds will tend to be lower than normal.

- **Due to insufficient sales**, there was no ratio study performed on the following classes:

LAND RESIDENTIAL:	CLINTON, HARRISON, JEFFERSON, MARION, PERRY, SUGAR CREEK, WASHINGTON, WORTH
LAND COMMERCIAL:	ALL TOWNSHIPS
LAND INDUSTRIAL:	ALL TOWNSHIPS
IMPROVED COMMERCIAL:	ALL TOWNSHIPS EXCEPT CENTER
IMPROVED INDUSTRIAL:	ALL TOWNSHIPS

CYCLICAL REASSESSMENT

- **Status (IC 6-1.1-4-4.2):** Guts has completed Phase II of the 2018 Cyclical Reassessment process. The workbook has been updated with the appropriate phase marking for every parcel included.

The following Townships were reviewed as part of the current phase of the cyclical reassessment:

CENTER
HARRISON
PERRY
CLINTON
EAGLE
WORTH
JACKSON
SUGAR CREEK
JEFFERSON

- **The Land Order** will be completed and implemented in Phase III of the Boone County Cyclical process.

EXPLANATION FOR ISSUE WITH SALES FILE SUBMITTAL:

- **The following 16 sale parcels have a unique situation in Boone County.** Zionsville’s Consolidation allows them to add parcels to the Urban Districts every other year. District 005 parcels become District 029, and District 016 parcels become District 034. For 2019 pay 2020 the County Auditor and Assessor were unaware Zionsville was planning to consolidate parcels until the last minute. These consolidations were not worked in PVDNet until 3/22/2019, just prior to the Auditor roll. Of the 733 parcels consolidated, the 16 parcels below were transferred between 1/1/2019 and 3/22/2019. The sales were recorded on the now *inactive* original parcels.

These sales are present in the Sales files recently submitted for 2020 pay 2021 ratio study. Unfortunately, because of this unique situation these sales will not appear in the 2020 pay 2021 Ratio Study. After speaking with Barry Wood and James Johnson, they suggested we add this explanation to our narrative.

The below sales are located in developing subdivisions of Zionsville. We do not feel these sales would have any substantial impact since the subdivisions involved have numerous sales in the ratio study. The below sales are in line with the rest of the sales in those subdivisions.

060403000043012005
060403000043022005
060404000123004005
060411000050022005
060404000002016005
060411000036000005
060411000050067005

060403000043017005
060403000043024005
060813000021049016
060403000043023005
060813000021069016
060813000029112016
060404000124000005
060403000043019005
060411000050055005