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Barry Wood
Director Assessment Division
Department of Local Government Finance
Indiana Government Center North
100 North Senate Avenue N1058 (B)
Indianapolis, IN 46204

Dear Barry,

We have completed the ratio study for the 2010 pay 2011 Spencer County Annual Adjustments. All sales that we deemed Valid were used in the ratio study, including multi-parcel sales and vacant land sales which are currently improved. We also used all valid 2008 sales to increase the number of sales used in the ratio study in areas that showed little market activity. We feel this allows us to analyze our market areas in a more proficient manner by increasing the number of sales to assist in determining any changes in value for specific markets. The 2008 sales were not time adjusted based on information provided by local realtors and appraisers who are familiar with the county's market areas. No sales prior to January 2008 were used because we feel they may not represent the current market conditions in Spencer County.

Residential and Ag Home Sites

Luce and Clay Townships were the only townships to have sufficient sales to run an individual township vacant residential land study. Luce and Clay Townships seem to be the areas with the most expected growth in residential parcels. All other townships were grouped together in a county wide vacant residential study based upon similar economic and market influences and conditions. Land Rates were adjusted where necessary.

Parcels were adjusted in neighborhoods in which we had significant sales to run a ratio study to produce the necessary Market Adjustment Factor. Any Neighborhood which was found to be out of line was updated with new Market Adjustment Factors. Any neighborhood which had insufficient sales for analysis was compared to a similar neighborhood with enough sales for a ratio study based on location and improvement characteristics which are similar and adjusted in the same manner. Grass Twp had only four valid improved residential sales. Grass Twp sales were combined with the Jackson Twp Wide Residential Improved ratio study due to similar location and economic conditions and influences.

Commercial and Industrial

Commercial and Industrial properties were grouped together in a countywide ratio study due to lack of sales for each property class. We feel that in Spencer County there are many similarities between the commercial and industrial properties based on location and access to major roads as well as the size and availability of currently existing structures and improvements and similar economic conditions throughout the county.

Golf courses in Spencer County saw a decrease in value of up to 65%. A cap rate of 12% was used. This rate was determined after local sales research had been completed and then referenced to a national and regional study to ensure accuracy. We applied this cap rate to both golf courses in Spencer County.

Summary

Overall we saw a slight increase in the value of Residential properties, but overall the individual neighborhoods appear to be in line with IAAO standards. A minimum amount of neighborhoods showed a need to increase factors or an adjustment to land rates, these changes have been made. There are very few Commercial and Industrial vacant land sales in Spencer County. This is due to the majority of land available is currently agricultural land. If you have any questions or comments, please feel free to contact me.

Sincerely,

Sara Arnold
Spencer County Assessor