

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: County Assessors

FROM: Jeffrey A. Volz, Director of Data Analysis *JAV*

SUBJECT: Sales Disclosure Data Review Process for 2009 Sales

DATE: February 15, 2010

This memorandum offers guidance on the submission of 2009 sales data to the Department of Local Government Finance ("Department").

Sales Data Submission Protocols for 2009 Sales

As a result of Public Law 136-2009 (House Enrolled Act 1094-2009), the valuation date and assessment date are both March 1, 2010 for 2010 pay 2011 annual adjustments. As such, the 2009 sales year includes January 1, 2009 through March 1, 2010. Sales from this period should form the basis of 2010-pay-2011 ratio studies. All sales disclosure data should be entered and validated on or before **March 31, 2010**. Counties are encouraged to continue to enter and validate sales on an ongoing basis.

Indicating that Sales Disclosure Data is Ready for Department Review

The following steps should be taken to indicate sales disclosure data is ready for Department review. Once all sales data has been entered, validated, and transmitted to the Department (if not on the State Sales Disclosure Program), please advise via e-mail by sending notice to data@dlgf.in.gov. The Department will then begin the sales data review process.

If using vendor sales disclosure program:

The same or similar steps to those noted below for those using the state sales disclosure program should be completed within the vendor's software program. Additionally, the county or vendor should submit an update file containing any sales disclosure information contained only in the vendor's software system.

If using state sales disclosure program:

- Make sure all sales disclosures are entered by the public or the county in the program.
- For each sales disclosure that is complete and correct, check the box in Part 2, #11: "Is the form complete?"

Part 2 items 10-14 below specific to each SDF must be completed by the assessor.

10. Identify any physical changes to property between March 1 and date of sale.

11. Is the form complete?

12. Sales fee required?

13. Date of sale (mm/dd/yyyy):

14. Date form received (mm/dd/yyyy):

Assessor Stamp on Form?

- Under Part 2, Items 15-18, check box #16 if the sale is valid for trending and check #17 for every sale that has been reviewed, regardless of whether the sale is valid for trending.

Sales Data Compliance Checks for 2009

The Department will continue to test sales data using a number of different data benchmarks, all of which are designed to answer two key questions:

1. Does the data file contain all recorded sales disclosures from the January 1, 2009 through March 1, 2010 time period?
2. Is the sales data presented complete and correct?

To answer these questions, the Department will conduct a number of tests, each of which is designed to test a different piece of the total sales data picture:

1. Number of sales disclosure records received versus number expected. This analysis has multiple tests. First, any duplicate sales records, any invalid multiple parcel sales, or any records where critical data (like sales price, taxing district, property class) is missing are deducted from the total number of sales records marked as non-fee exempt (meaning that a \$10 state fee was/should have been charged for the filing). The resulting figure represents all usable sales in the data submission.

Next, the percentage of sales records marked valid for trending is compared to the total number of sales records reported, and also to the total number of sales marked as non-fee exempt, for valuable consideration. These percentages are compared to historical figures for a county to establish a benchmark for what is expected within a reasonable tolerance. This test is designed to determine if sales were correctly recorded as valid for trending.

Finally, the number of non-fee exempt sales is compared against figures provided by the Auditor of State as an additional measure to test whether the data submission contains all the appropriate sales records. For 2009 sales, due to the change in the valuation date, this test will compare sales with conveyance dates between January 1, 2009 and December 31, 2009 to the revenue figures from the Auditor of State for a county for the same time period. As in prior years, the sales data submission should contain at least 90 percent of the records that the revenue figures suggest should be present.

2. Number of non-fee exempt duplicate records. The sales data submission is examined for records that are most likely duplicates – that is two or more records with identical parcel number, sales date, sales price fields, and similar buyer or seller names.

3. Number of non-fee exempt duplicate multiple parcel records. Any multiple-parcel sales recorded with multiple records instead of a single record are identified. Records with the same sales date and seller are used to identify these.

4. Range of conveyance dates in the data submission. The Department verifies that the data submission only contains records in the appropriate time period – for this review period, that will be January 1, 2009 through March 1, 2010, inclusive.

5. Number of non-fee exempt records missing critical data. If any record is missing one or more of the critical data fields, it is unusable for ratio study analysis. As such, records that are missing one or more of the following are identified: state-assigned taxing district number (missing or invalid), property class code (missing or invalid), total sales price (0 or missing), and buyer or seller basic information. If the total of non-fee exempt records missing critical data exceeds 2 percent of the total number of non-fee exempt records in the sales data submission, it will be rejected.

6. Number of records in the sales data submission marked as splits. The Department verifies that all splits are included in the sales data file. Generally about 10 percent of the total non-fee exempt sales result in a split. If the total number of splits in the data submission is significantly below this 10 percent benchmark or is significantly different from historical split counts for the county, a warning or rejection item may be issued.

7. Matching of non-fee exempt sales disclosure parcel numbers to parcel numbers in real property files. *Sales data must contain the correct, 18-digit parcel number for each sold parcel, and this parcel number must match a record in the compliant real property data for 2009-pay-2010.* This match is necessary for a proper ratio study analysis as the real property data contains the latest assessed value for the sold parcels. Allowances will be made for splits, but generally the sales data submission parcel numbers should match those in the compliant real property data at least 99 percent of the time.

If a data submission does not pass any of the benchmark tests, warnings or rejection of the data submission will result. If a warning or rejection is issued, the Department's data analysis team will provide as much feedback as possible regarding the nature of the problem(s) and what may be done to correct them.

Further questions on the 2009 sales data process and expectations should be directed to Jeff Volz at jvolz@dlgf.in.gov or (317) 232-3759.