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In the Matter of:)
Douglas County)
Humboldt County)
Lyon County) 2013-2014 Ratio Study
Nye County)
Washoe County)

NOTICE OF DECISION

Appearances

Bruce Bartolowits, Supervisor of the Locally Assessed Section, appeared on behalf of the Department of Taxation.

Douglas Sonnemann, Douglas County Assessor; Jeff Johnson, Humboldt County Assessor; Linda Whalin, Lyon County Assessor; and Josh Wilson, Nye County Assessor, appeared for their respective counties. Shirley Matson, Nye County Assessor, made no appearance as required by NRS 361.333(4)(a) and (b).

Summary

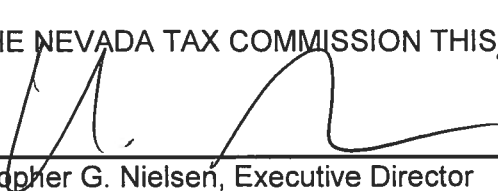
The matter of the approval of the 2013-2014 Ratio Study came before the Nevada Tax Commission (Commission) for hearing in Reno and via video conference to Las Vegas, Nevada, on May 6, 2013 after due notice to each Assessor. The Commission reviewed the ratio study and the report of the Department. Using statistical tests designed for mass appraisal, the Commission found all types of property fell within the range required by NRS 361.333. The Commission adopted the recommendations of the Department with regard to work practices, as follows:

Table with 1 column and 7 rows containing directives for Douglas County, Lyon County, Nye County, and Nye County offices regarding property appraisal and valuation.

DECISION

The Commission, having considered all evidence and testimony pertaining to the matter, hereby approves the 2013-2014 Ratio Study as reported by the Department and finds no further action is required, except as listed above, pursuant to the authority granted in NRS 361.333.

BY THE NEVADA TAX COMMISSION THIS 29th DAY OF MAY, 2013



Christopher G. Nielsen, Executive Director

cc: County Assessors
Gina Session, Chief Deputy Attorney General



NEVADA DEPARTMENT OF TAXATION
Division of Local Government Services

2013-2014 REPORT OF
ASSESSMENT RATIO STUDY

Division of Local Government Services

2013 - 2014

Report of Assessment Ratio Study

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Nevada Tax Commission
May 6, 2013

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INTRODUCTION

2013 - 2014 RATIO STUDY

AUTHORITY, OVERSIGHT AND REPORTING

Under NRS 361.333, the Nevada Tax Commission is obligated to equalize property under its jurisdiction. Equalization is the process by which the Commission ensures “that all property subject to taxation within the county has been assessed as required by law.”¹

There are two types of information which the Commission considers to determine whether property has been assessed equitably. The first type of information comes from a ratio study, which is a statistical analysis designed to study the level and uniformity of the assessments. The second type of information comes from a procedural audit which is designed to fulfill the requirements of NRS 361.333(1)(b)(2). The procedural audit examines the work practices of the assessor to determine whether all property is being assessed in a correct and timely manner.

It is important to note that the statistical analysis required by NRS 361.333 is a quality control technique designed for mass appraisal. Mass appraisal, like single-property appraisal, is a “systematic method for arriving at estimates of value.”² The difference between mass appraisal and single-property appraisal is only a matter of scope:

Mass appraisal models have more terms because they attempt to replicate the market for one or more land uses across a wide geographic area. Single-property models, on the other hand, represent the market for one kind of land use in a limited area.

Quality is measured differently in mass appraisal and single-property appraisal. The quality of a single-property appraisal is measured against a small number of comparable properties that have sold. The quality of mass appraisals is measured with statistics developed from a sample of sales in the entire area appraised by the model.³

Typically, mass appraisal techniques using valuation models for groups and classes of property are used by county assessors to determine taxable value. For example, mass appraisal techniques for land valuation are described in NAC 361.11795, and reference the use of base lot values as benchmarks for valuing properties within a stratum. In addition an assessor is required to use the IAAO “Standard on Automated Valuation Models” when developing mass appraisal models, pursuant to NAC 361.1216.

NRS 361.333(2) permits the Department to conduct a ratio study on smaller groups of counties instead of the entire state in any one year. The ratio study is therefore conducted over a three year cycle. The counties reviewed for 2013 - 2014 are Douglas, Humboldt, Lyon, Nye, and Washoe Counties.

¹ NRS 361.333(4)(a) “The board of county commissioners and the county assessor, or their representatives, shall present evidence to the Nevada Tax Commission of the steps taken to ensure that all property subject to taxation within the county has been assessed as required by law.” Compare this statutory requirement to the International Association of Assessing Officers definition of equalization: “The process by which an appropriate governmental body attempts to ensure that property under its jurisdiction is appraised equitably at market value or as otherwise required by law.”

² Eckert, Joseph K., Ed., Property Appraisal and Assessment Administration (IAAO: Chicago, 1990), p. 35.

³ Ibid.

If inequity or bias is discovered, NRS 361.333 provides the Nevada Tax Commission the authority to apply factors designed to correct inequitable conditions to classes of property or it may order reappraisal, the goal of which is to determine whether all real and personal property is assessed at 35% of taxable value. In addition, NRS 360.215 authorizes the Department of Taxation to assist county assessors in appraising property which the ratio study shows to be in need of reappraisal. The Department also consults on the development and maintenance of standard assessment procedures to ensure that property assessments are uniformly made.

RATIO STUDY DESIGN PARAMETERS AND STANDARDS FOR ANALYSIS

Generally speaking, a "ratio study" is "designed to evaluate appraisal performance by comparing the estimate of assessed value produced by the assessor on each parcel in the sample to the estimate of taxable value produced by the Department. The comparison is called a "ratio."

The properties comprising the sample are physically inspected by Department appraisers and valued according to statutory and regulatory requirements. For instance, the Department valued improvements using the Valuation Cost Service published by Marshall Swift, pursuant to NAC 361.128. Land was valued for each sample property by using comparable sales and analyzed pursuant to NAC 361.118. In the event there were insufficient sales of vacant land, Department staff extracted land values using allocation or abstraction methods authorized pursuant to NAC 361.119.

The appraisals conducted by the Department comprise a *sample* of the *universe or population* of all properties within the jurisdiction being reviewed. From the information about the *sample*, the Department *infers* what is happening to the population as a whole.

The Department examines the ratio information for *appraisal level* and *appraisal uniformity*. Appraisal level compares how close the assessor's estimate of assessed value is to the legally mandated standard of 35% of taxable value. Appraisal level is measured by a descriptive statistic called a *measure of central tendency*. A measure of central tendency, such as the mean, median, or aggregate ratio, is a single number or value that describes the center or the middle of a set of data. In the case of this ratio study, the median describes the middle of the array of all ratios comparing the assessed value to the taxable value established for each parcel.

Assessment uniformity refers to the degree to which different properties are assessed at equal percentages of taxable value. If taxable value could be described as the center of a "target," then assessment uniformity looks at how much dispersion or distance there is between each ratio and the "target." The statistical measure known as the coefficient of dispersion (COD) measures uniformity or the distance from the "target."

The ratio study by law must include the median ratio of the total property within each subject county and each class of property. The study must also include two comparative statistics known as the overall ratio (also known as the aggregate ratio or weighted mean ratio) and the coefficient of dispersion (COD) of the median, for both the total property in each subject county and for each major class of property within the county. NRS 361.333 (5)(c) defines the major classes of property as:

- I. Vacant land;
- II. Single-family residential;
- III. Multi-residential;
- IV. Commercial and industrial; and
- V. Rural

In addition, the statistics are calculated specifically for improvement, land, and total property values. The classes are further defined as those within the reappraisal area.

The median is a statistic describing the measure of central tendency of the sample. It is the middle ratio when all the ratios are arrayed in order of magnitude, and divides the sample into two equal parts. The median is the most widely used measure of central tendency by equalization agencies because it is less affected by extreme ratios or "outliers," and is therefore the preferred measure for monitoring appraisal performance or evaluating the need for a reappraisal.⁴ NRS 361.333(5)(c) states that under- or over assessment may exist if the median of the ratios falls in a range less than 32% or more than 36%.

The Department calculates the overall or aggregate ratio by dividing the total assessed value of all the observations (parcels) in the sample by the total taxable value of all the observations (parcels) in the sample. This produces a ratio weighted by dollar value. Because of the weight given to each dollar of value, parcels with higher values exert more influence than parcels with lower values. The aggregate ratio helps identify under or over assessment of higher valued property. For instance, an unusually high aggregate ratio might indicate that higher valued property is over assessed, or valued at a rate higher than other property. The statutory and regulatory framework does not dictate any range of acceptability for the aggregate ratio.

The COD is a measure of dispersion relating to the uniformity of the ratios and is calculated for all property within the subject jurisdiction and for each class of property within the subject jurisdiction. The COD measures the deviation of the individual ratios from the median ratio as a percentage of the median and is calculated by (1) subtracting the median from each ratio; (2) taking the absolute value of the calculated differences; (3) summing the absolute differences; (4) dividing by the number of ratios to obtain the "average absolute deviation;" and (5) dividing by the median. The COD has "the desirable feature that its interpretation does not depend on the assumption that the ratios are normally distributed."⁵ The COD is a relative measure and useful for comparing samples from different classes of property within counties, as well as among counties.

In 2010, the Nevada Tax Commission adopted NAC 361.1216. The regulation adopted the Standard on Automated Valuation Models, September 2003 edition published by the International Association of Assessing Officers. The Standard on Automated Valuation Models, Section 8.4.2.1, discusses the coefficient of dispersion and Table 2 references Ratio Study Performance Standards with regard to the COD. The IAAO Standard on Ratio Studies states that "the smaller the measure, the better the uniformity, but extremely low measures can signal acceptable causes such as extremely homogeneous properties or very stable markets; or unacceptable causes such as lack of quality control, calculation errors, poor sample representativeness or sales chasing. Note that as market activity changes or as the complexity of properties increases, the measures of variability usually increase, even though appraisal procedures may be equally valid."⁶ The IAAO recommended ratio study performance standards are as follows:

⁴ International Association of Assessing Officers, Standard on Ratio Studies, (2010), p.12; 27.

⁵ International Association of Assessing Officers, Standard on Ratio Studies, (2010), p. 13.

⁶ International Association of Assessing Officers, Standard on Ratio Studies, (2013), p. 17.

<u>Type of Property</u>	<u>COD</u>
Single-family Residential	
Newer, more homogenous areas	5.0 to 10.0
Older, heterogeneous areas	5.0 to 15.0
Rural residential and seasonal	5.0 to 20.0
Income-producing properties	
Larger, urban jurisdictions	5.0 to 15.0
Smaller, rural jurisdictions	5.0 to 20.0
Vacant land	5.0 to 25.0
Other real and personal property	Varies with local conditions ⁷

RATIO STUDY CONCLUSIONS

The 2013 - 2014 Ratio Study presentation includes the comparison of the median and aggregate ratios and the COD of all 17 counties required by NRS 361.333(1)(b)(1)⁸. These charts show the aggregate and median ratios and the coefficient of dispersion for the past three study years (2011 - 2013) across all counties for all properties.

Similar data is shown just for the counties in the 2013 study year⁸. Here the aggregate and median ratios, the COD, and the median related differential (MRD) are compared across types of property in the six counties. Data for each individual county is displayed for each type of property across all appraisal areas within the county, not just the reappraisal area⁸.

Median Related Differential

The median related differential⁹ is a statistic that tends to indicate regressivity when it is above 1.03 and progressivity when it is below .98. It is an indication of whether high-value properties are appraised higher or lower than low-value properties. The standard is not an absolute when samples are small or when wide variations in prices exist. In that case, other statistical tests may be more useful. This particular test is not required by statute.

The chart indicates that of the five counties studied for 2013 - 2014, regressivity is present for vacant land in Washoe County; improved land in Humboldt County, and improved land and commercial / industrial properties in Lyon County. Progressivity is present for vacant land in Lyon County. Other counties where progressivity or regressivity occurred in prior years are also listed. The Department recommends reviewing

⁷ International Association of Assessing Officers, Standard on Ratio Studies, (2010), p. 17; and Standard on Automated Valuation Models (2003), p. 25 and p. 28.

⁸ See Contents for page numbers of referenced reports

⁹ See Contents for page numbers of referenced reports

stratifications of property and neighborhoods to ensure sufficient sales data is available, or use alternate methods of land valuation.

Aggregate Ratio

The data for the aggregate (overall) ratio, or weighted mean, for the subject counties are within the range of 32% to 36% on a composite basis, except improved land in Lyon County which is slightly out at 31.9%

Median Ratio

The median ratios of assessed value to taxable value generally indicate over-or-undervaluation of those types of property taken as a whole within the entire appraisal jurisdiction. This is not to say that inequity might not exist in pocket areas. However, this study makes these inferences for property groups as a whole within the jurisdiction, without regard to individual market areas. As noted above, for purposes of monitoring appraisal performance and for direct equalization, the median ratio is the preferred measure of central tendency.

Based on the median ratio, we can infer the appraisal level for all classes of property in each county included in this study fell between 32% and 36% using the results of the sample taken by the Department. The land, improvement, and the overall ratios of the assessed value established by each county assessor, measured against the taxable value established by the Department, are within statutory limits.

In addition, the COD for each reappraisal area for each county indicate the appraisals are relatively uniform. However, the Lyon County COD for improvements is slightly outside of the IAAO standards.

PROCEDURAL AUDIT/OFFICE REVIEW AND PERFORMANCE AUDIT

2013 - 2014 RATIO STUDY

NRS 361.333 (1)(b)(2) requires the Department to make a determination about whether each county has adequate procedures to ensure that all property subject to taxation is being assessed in a correct and timely manner, and to note any deficiencies. The Department historically used Procedural Audits / Office Reviews to obtain information used in this determination. The Department now conducts Performance Audits to build on the past Procedural Audits / Office Reviews for this determination. However, Department appraisers continue to make observations and recommendations regarding appraisal and assessment methodologies which are included in the Outlier reports.

PERFORMANCE AUDIT PROGRAM

In January 2010, the Department implemented its Performance Audit Program. The Performance Audit Program is designed to provide a much more in depth analysis of specific areas of the Nevada property tax system. Topics are selected for performance audits based on assessment of risk, current circumstances, significance, and cost/benefit analysis. Performance Audits are performed in compliance with Generally Accepted Government Auditing Standards.

The first performance audit evaluated each of the 17 counties' practices related to valuation of land for property tax assessment, including whether activities were carried out in accordance with applicable state laws, regulations, policies, and procedures. The audit focused on each of the 17 counties' activities for the 2010 - 2011 secured roll cycle beginning in May 2009 and ending October or November 2010. The audits also included activities through June 2011 for certain areas.

Information about the Performance Audit Program, the definition of the program, as well as the actual Performance Audit #1001 on Land Valuation and the associated 2012 Economic and Demographic Report may be downloaded from the Taxation website at <http://tax.state.nv.us> . Select "Publications;" then "Local Government Services Publications"; then "Performance Audit Program."

The 2013 – 2014 Ratio Study reviewed the findings from this audit for the counties in the study. There were no findings for either Douglas or Washoe Counties. Humboldt County had one finding, providing supporting documentation for site adjustments. This has been fully implemented. Lyon County had two findings, providing supporting documentation for site adjustments and correctly valuing the surface of patented mining claims. Lyon County has started work on both projects and the Department will continue to monitor their progress. Nye County had five findings. The first finding, golf course valuation, has been fully implemented. The final four findings, correctly valuing the surface of patented mining claims, parceling and mapping of patented mining claims, supporting documentation of site adjustments, and some land not included in the parceling system, have been started but are not complete. The Department will continue to monitor the progress until fully implemented.

LAND AND IMPROVEMENT FACTORS

The Department reviews assessments in those areas where land and improvement factors are applied pursuant to NRS 361.260(5) to ensure the factors are appropriately applied. In the last fiscal year no counties in the State used the factor for land values since all counties annually reappraise land in each county. Improvement Factors for the 2013 - 2014 tax year are also available on the Taxation website at <http://tax.state.nv.us> .

2013-2014

REPORT OF ASSESSMENT RATIO STUDY

STATISTICAL TABLES

NEVADA DEPARTMENT OF TAXATION
2013-2014 RATIO STUDY
AGGREGATE RATIOS

SUBJECT COUNTY	STUDY YEAR	ALL PROPERTY	IMPROVEMENTS	IMPROVED LAND	VACANT LAND	SINGLE FAMILY RESIDENCE	MULTI-FAMILY RESIDENCE	COMMERCIAL INDUSTRIAL	RURAL LAND & IMPROVEMENTS
CARSON CITY	2011	32.9	31.5	34.3	34.9	33.6	33.3	31.1	34.9
CHURCHILL	2011	34.1	34.0	34.4	33.8	33.3	33.5	36.3	35.0
CLARK	2012	34.2	34.2	34.4	34.2	33.8	34.0	34.3	34.9
DOUGLAS	2013	34.3	34.0	34.8	34.1	34.7	34.0	34.2	35.4
ELKO	2011	33.1	33.0	33.5	33.6	33.0	31.8	33.6	34.8
ESMERALDA	2012	32.9	32.7	33.2	33.0	33.4	30.5	32.2	35.0
EUREKA	2012	34.1	34.1	34.5	33.4	34.8	32.2	34.6	35.0
HUMBOLDT	2013	33.7	34.1	32.5	33.9	33.8	33.6	33.6	35.1
LANDER	2011	33.3	34.5	30.6	29.0	33.9	30.0	33.8	34.7
LINCOLN	2012	33.1	33.2	34.2	28.8	33.2	34.2	32.6	35.0
LYON	2013	32.9	33.0	31.9	35.5	34.0	33.5	32.1	35.0
MINERAL	2012	32.1	31.4	34.0	33.3	31.1	30.0	33.2	34.4
NYE	2013	34.2	34.1	34.6	33.6	33.8	34.5	34.2	35.1
PERSHING	2011	34.3	34.2	34.4	34.8	34.1	34.1	34.5	35.1
STOREY	2012	33.9	34.3	33.7	32.6	34.6	33.2	34.1	35.0
WASHOE	2013	34.3	34.6	34.0	33.3	34.1	33.7	34.6	35.1
WHITE PINE	2011	29.5	28.6	32.1	33.6	30.9	33.4	24.6	30.3
STATEWIDE	2013	33.9	33.8	34.0	33.7	33.7	33.6	34.0	33.5

NEVADA DEPARTMENT OF TAXATION
2013-2014 RATIO STUDY
MEDIAN RATIOS

SUBJECT COUNTY	STUDY YEAR	ALL PROPERTY	IMPROVEMENTS	IMPROVED LAND	VACANT LAND	SINGLE FAMILY RESIDENCE	MULTI-FAMILY RESIDENCE	COMMERCIAL INDUSTRIAL	RURAL LAND & IMPROVEMENTS
CARSON CITY	2011	34.1	33.4	34.7	35.0	34.0	33.7	33.6	34.9
CHURCHILL	2011	34.5	34.6	34.5	34.4	34.2	33.8	36.3	35.0
CLARK	2012	34.4	34.4	34.0	34.5	34.5	34.1	34.1	35.0
DOUGLAS	2013	34.8	34.8	34.9	34.9	34.9	34.4	34.8	35.0
ELKO	2011	33.3	33.1	34.0	34.0	33.0	32.9	34.0	35.0
ESMERALDA	2012	33.2	33.3	34.4	32.7	33.2	30.2	32.4	35.0
EUREKA	2012	34.5	34.9	34.7	34.2	35.0	33.1	34.7	35.0
HUMBOLDT	2013	34.2	33.7	34.4	34.7	34.2	33.8	33.9	35.0
LANDER	2011	33.3	34.2	34.1	32.1	34.0	29.3	33.3	35.0
LINCOLN	2012	33.7	33.3	34.0	33.3	33.2	33.8	32.9	35.0
LYON	2013	34.0	33.8	35.0	34.6	34.3	33.9	33.6	35.0
MINERAL	2012	33.3	32.0	34.0	33.9	30.0	30.1	33.1	34.9
NYE	2013	34.3	34.1	34.0	34.6	34.0	34.1	34.1	35.0
PERSHING	2011	34.9	33.9	34.8	35.0	33.8	33.4	33.6	35.0
STOREY	2012	33.9	33.7	34.2	33.4	33.7	34.2	33.9	35.0
WASHOE	2013	34.2	34.0	34.9	34.7	34.2	33.9	34.9	35.0
WHITE PINE	2011	32.9	32.5	33.5	34.0	32.2	33.5	32.2	31.8
STATEWIDE	2013	34.1	33.9	34.5	34.4	34.1	33.8	34.1	35.0

NEVADA DEPARTMENT OF TAXATION
2013-2014 RATIO STUDY
COEFFICIENTS OF DISPERSION

SUBJECT COUNTY	STUDY YEAR	ALL PROPERTY	IMPROVEMENTS	IMPROVED LAND	VACANT LAND	SINGLE FAMILY RESIDENCE	MULTI-FAMILY RESIDENCE	COMMERCIAL INDUSTRIAL	RURAL LAND & IMPROVEMENTS
CARSON CITY	2011	3.2	4.2	3.3	2.8	2.6	2.7	5.3	0.3
CHURCHILL	2011	4.1	5.5	2.7	5.4	3.7	2.2	3.5	0.1
CLARK	2012	3.0	3.8	2.9	2.7	3.0	2.7	3.1	1.3
DOUGLAS	2013	2.1	3.1	1.6	2.8	1.8	1.8	2.0	0.4
ELKO	2011	3.6	4.4	5.4	2.8	3.2	3.0	4.6	0.6
ESMERALDA	2012	6.7	3.5	8.9	10.5	1.4	10.7	5.7	0.0
EUREKA	2012	3.6	5.7	2.6	2.7	4.7	2.7	2.2	0.0
HUMBOLDT	2013	5.2	10.1	3.0	3.0	3.4	4.0	10.3	0.2
LANDER	2011	11.8	5.6	15.5	20.9	4.8	8.9	7.1	2.0
LINCOLN	2012	7.6	5.6	3.7	15.9	5.2	3.6	2.7	0.0
LYON	2013	6.3	23.2	4.9	4.8	10.8	3.4	6.3	0.0
MINERAL	2012	13.0	20.4	10.5	5.0	18.4	30.5	14.4	1.6
NYE	2013	4.8	2.9	21.1	8.3	3.4	1.8	5.8	1.1
PERSHING	2011	3.0	4.8	2.2	1.9	3.7	4.5	2.5	0.3
STOREY	2012	6.7	11.7	3.2	5.1	10.7	4.0	4.2	0.0
WASHOE	2013	1.7	1.8	1.7	2.9	1.0	2.3	1.4	0.2
WHITE PINE	2011	6.7	9.5	4.9	2.1	5.5	4.1	11.7	20.4
STATEWIDE	2013	5.8	6.9	5.3	5.5	4.5	4.2	5.7	1.7

NEVADA DEPARTMENT OF TAXATION
2013-2014 RATIO STUDY
MEDIAN RELATED DIFFERENTIALS

SUBJECT COUNTY	STUDY YEAR	ALL PROPERTY	IMPROVEMENTS	IMPROVED LAND	VACANT LAND	SINGLE FAMILY RESIDENCE	MULTI-FAMILY RESIDENCE	COMMERCIAL INDUSTRIAL	RURAL LAND & IMPROVEMENTS
CARSON CITY	2011	1.03	1.06	1.01	1.00	1.01	1.01	1.08	1.00
CHURCHILL	2011	1.01	1.02	1.00	1.02	1.03	1.01	1.00	1.00
CLARK	2012	1.00	1.01	0.99	1.01	1.02	1.00	0.99	1.00
DOUGLAS	2013	1.02	1.02	1.00	1.02	1.01	1.01	1.02	0.99
ELKO	2011	1.01	1.00	1.01	1.01	1.00	1.04	1.01	1.01
ESMERALDA	2012	1.01	1.02	1.03	0.99	0.99	0.99	1.01	1.00
EUREKA	2012	1.01	1.02	1.01	1.02	1.01	1.03	1.00	1.00
HUMBOLDT	2013	1.02	0.99	1.06	1.02	1.01	1.01	1.01	1.00
LANDER	2011	1.00	0.99	1.11	1.11	1.00	0.98	0.98	1.01
LINCOLN	2012	1.02	1.00	0.99	1.16	1.00	0.99	1.01	1.00
LYON	2013	1.04	1.02	1.09	0.97	1.01	1.01	1.04	1.00
MINERAL	2012	1.04	1.02	1.00	1.02	0.96	1.01	1.00	1.01
NYE	2013	1.00	1.00	0.98	1.03	1.01	0.99	1.00	1.00
PERSHING	2011	1.02	0.99	1.01	1.00	0.99	0.98	0.97	1.00
STOREY	2012	1.00	0.99	1.01	1.02	0.97	1.03	0.99	1.00
WASHOE	2013	1.00	0.98	1.03	1.04	1.00	1.01	1.01	1.00
WHITE PINE	2011	1.11	1.14	1.04	1.01	1.04	1.00	1.31	1.05
STATEWIDE	2013	1.01	1.00	1.01	1.02	1.01	1.01	1.00	1.04

NEVADA DEPARTMENT OF TAXATION
 2013-2014 RATIO STUDY
 ALL APPRAISAL AREAS
 OVERALL (AGGREGATE) RATIO

Subject County	All Property
DOUGLAS	34.3
HUMBOLDT	33.7
LYON	32.9
NYE	34.2
WASHOE	34.3
ALL COUNTIES	34.0

Class of Property							
Improvements	Improved Land	Vacant Land	Family Residence	Multi-Family Residence	Commercial Industrial	Rural Land & Improvements	
34.0	34.8	34.1	34.7	34.0	34.2	35.4	
34.1	32.5	33.9	33.8	33.6	33.6	35.1	
33.0	31.9	35.5	34.0	33.5	32.1	35.0	
34.1	34.6	33.6	33.8	34.5	34.2	35.1	
34.6	34.0	33.3	34.1	33.7	34.6	35.1	
34.1	33.8	33.9	34.1	33.8	34.0	35.1	

MEDIAN RATIO

Subject County	All Property
DOUGLAS	34.8
HUMBOLDT	34.2
LYON	34.0
NYE	34.3
WASHOE	34.2
ALL COUNTIES	34.3

Class of Property							
Improvements	Improved Land	Vacant Land	Family Residence	Multi-Family Residence	Commercial Industrial	Rural Land & Improvements	
34.8	34.9	34.9	34.9	34.4	34.8	35.0	
33.7	34.4	34.7	34.2	33.8	33.9	35.0	
33.8	35.0	34.6	34.3	33.9	33.6	35.0	
34.1	34.0	34.6	34.0	34.1	34.1	35.0	
34.0	34.9	34.7	34.2	33.9	34.9	35.0	
34.0	34.8	34.7	34.2	34.0	34.3	35.0	

NEVADA DEPARTMENT OF TAXATION
 2013-2014 RATIO STUDY
 ALL APPRAISAL AREAS
 COEFFICIENT OF DISPERSION (COD)

Subject County	All Property
DOUGLAS	2.1
HUMBOLDT	5.2
LYON	6.3
NYE	4.8
WASHOE	1.7
ALL COUNTIES	3.8

Class of Property							
Improvements	Improved Land	Vacant Land	Family Residence	Multi-Family Residence	Commercial Industrial	Rural Land & Improvements	
3.1	1.6	2.8	1.8	1.8	2.0	0.4	
10.1	3.0	3.0	3.4	4.0	10.3	0.2	
23.2	4.9	4.8	10.8	3.4	6.3	0.0	
2.9	21.1	8.3	3.4	1.8	5.8	1.1	
1.8	1.7	2.9	1.0	2.3	1.4	0.2	
7.0	5.7	4.3	3.0	2.7	5.4	0.4	

MEDIAN RELATED DIFFERENTIAL

Subject County	All Property
DOUGLAS	1.02
HUMBOLDT	1.02
LYON	1.04
NYE	1.00
WASHOE	1.00
ALL COUNTIES	1.01

Class of Property							
Improvements	Improved Land	Vacant Land	Family Residence	Multi-Family Residence	Commercial Industrial	Rural Land & Improvements	
1.02	1.00	1.02	1.01	1.01	1.02	0.99	
0.99	1.06	1.02	1.01	1.01	1.01	1.00	
1.02	1.09	0.97	1.01	1.01	1.04	1.00	
1.00	0.98	1.03	1.01	0.99	1.00	1.00	
0.98	1.03	1.04	1.00	1.01	1.01	1.00	
1.00	1.03	1.02	1.00	1.01	1.01	1.00	

DOUGLAS COUNTY
2013-2014 RATIO STUDY

ALL APPRAISAL AREAS

REAL PROPERTY	AGGREGATE RATIO	MEDIAN RATIO	COD MEDIAN	SAMPLE SIZE
COUNTYWIDE TOTAL PROPERTY	34.3%	34.8%	2.1%	126
COUNTYWIDE IMPROVEMENTS	34.0%	34.8%	3.1%	91
COUNTYWIDE IMPROVED LAND	34.8%	34.9%	1.6%	96
COUNTYWIDE VACANT LAND	34.1%	34.9%	2.8%	30
SINGLE FAMILY IMPROVEMENTS	34.7%	35.0%	3.1%	30
SINGLE FAMILY LAND	34.7%	34.7%	2.0%	30
SINGLE FAMILY TOTAL PROPERTY	34.7%	34.9%	1.8%	30
MULTIPLE FAMILY IMPROVEMENTS	33.4%	33.9%	2.7%	30
MULTIPLE FAMILY LAND	34.7%	34.9%	1.3%	30
MULTIPLE FAMILY TOTAL PROPERTY	34.0%	34.4%	1.8%	30
COMMERCIAL/INDUSTRIAL IMPROVEMENTS	34.0%	35.0%	2.7%	30
COMMERCIAL/INDUSTRIAL LAND	34.9%	34.9%	1.8%	30
COMMERCIAL/INDUSTRIAL TOTAL PROPERTY	34.2%	34.8%	2.0%	30
RURAL IMPROVEMENTS	35.2%	35.2%	0.0%	1
RURAL LAND	35.6%	35.0%	0.5%	6
RURAL TOTAL PROPERTY	35.4%	35.0%	0.4%	6
SECURED PERSONAL PROPERTY				
ALL SECURED	35.0%	35.0%	0.1%	18
AIRCRAFT	n/a	n/a	n/a	-
AGRICULTURAL	35.0%	35.0%	0.0%	6
BILLBOARDS	n/a	n/a	n/a	-
COMMERCIAL/INDUSTRIAL	35.0%	35.0%	0.1%	6
MOBILE HOMES	35.0%	35.0%	0.0%	6
UNSECURED PERSONAL PROPERTY				
ALL UNSECURED	35.0%	35.0%	0.1%	19
AIRCRAFT	35.0%	35.0%	0.0%	6
AGRICULTURAL	n/a	n/a	n/a	-
BILLBOARDS	35.0%	35.0%	0.0%	2
COMMERCIAL/INDUSTRIAL	35.0%	35.0%	0.2%	5
MOBILE HOMES	35.0%	35.0%	0.0%	6
TOTAL PERSONAL PROPERTY	35.0%	35.0%	0.1%	37

**HUMBOLDT COUNTY
2013-2014 RATIO STUDY**

ALL APPRAISAL AREAS

REAL PROPERTY	AGGREGATE RATIO	MEDIAN RATIO	COD MEDIAN	SAMPLE SIZE
COUNTYWIDE TOTAL PROPERTY	33.7%	34.2%	5.2%	129
COUNTYWIDE IMPROVEMENTS	34.1%	33.7%	10.1%	93
COUNTYWIDE IMPROVED LAND	32.5%	34.4%	3.0%	98
COUNTYWIDE VACANT LAND	33.9%	34.7%	3.0%	31
SINGLE FAMILY IMPROVEMENTS	33.8%	33.8%	4.7%	30
SINGLE FAMILY LAND	33.9%	34.0%	2.7%	30
SINGLE FAMILY TOTAL PROPERTY	33.8%	34.2%	3.4%	30
MULTIPLE FAMILY IMPROVEMENTS	33.3%	33.4%	5.5%	30
MULTIPLE FAMILY LAND	34.6%	34.8%	2.6%	30
MULTIPLE FAMILY TOTAL PROPERTY	33.6%	33.8%	4.0%	30
COMMERCIAL/INDUSTRIAL IMPROVEMENTS	34.7%	33.4%	19.8%	32
COMMERCIAL/INDUSTRIAL LAND	30.8%	34.1%	3.6%	32
COMMERCIAL/INDUSTRIAL TOTAL PROPERTY	33.6%	33.9%	10.3%	32
RURAL IMPROVEMENTS	35.7%	35.7%	0.0%	1
RURAL LAND	35.0%	35.0%	0.1%	6
RURAL TOTAL PROPERTY	35.1%	35.0%	0.2%	6
SECURED PERSONAL PROPERTY				
ALL SECURED	35.0%	35.0%	0.0%	18
AIRCRAFT	35.0%	35.0%	0.0%	2
AGRICULTURAL	35.0%	35.0%	0.1%	6
BILLBOARDS	n/a	n/a	n/a	-
COMMERCIAL/INDUSTRIAL	35.0%	35.0%	0.0%	6
MOBILE HOMES	35.0%	35.0%	0.0%	4
UNSECURED PERSONAL PROPERTY				
ALL UNSECURED	35.0%	35.0%	1.1%	28
AIRCRAFT	35.0%	35.0%	0.0%	6
AGRICULTURAL	35.0%	35.0%	3.5%	8
BILLBOARDS	35.0%	35.0%	0.0%	3
COMMERCIAL/INDUSTRIAL	35.0%	35.0%	0.3%	6
MOBILE HOMES	35.0%	35.0%	0.0%	5
TOTAL PERSONAL PROPERTY	35.0%	35.0%	0.7%	46

LYON COUNTY
2013-2014 RATIO STUDY

ALL APPRAISAL AREAS

REAL PROPERTY	AGGREGATE RATIO	MEDIAN RATIO	COD MEDIAN	SAMPLE SIZE
COUNTYWIDE TOTAL PROPERTY	32.9%	34.0%	6.3%	126
COUNTYWIDE IMPROVEMENTS	33.0%	33.8%	23.2%	90
COUNTYWIDE IMPROVED LAND	31.9%	35.0%	4.9%	96
COUNTYWIDE VACANT LAND	35.5%	34.6%	4.8%	30
SINGLE FAMILY IMPROVEMENTS	34.3%	34.2%	52.9%	30
SINGLE FAMILY LAND	32.5%	35.4%	4.7%	30
SINGLE FAMILY TOTAL PROPERTY	34.0%	34.3%	10.8%	30
MULTIPLE FAMILY IMPROVEMENTS	33.5%	33.8%	4.9%	30
MULTIPLE FAMILY LAND	33.6%	33.9%	3.4%	30
MULTIPLE FAMILY TOTAL PROPERTY	33.5%	33.9%	3.4%	30
COMMERCIAL/INDUSTRIAL IMPROVEMENTS	32.4%	31.8%	10.7%	30
COMMERCIAL/INDUSTRIAL LAND	31.2%	35.0%	6.8%	30
COMMERCIAL/INDUSTRIAL TOTAL PROPERTY	32.1%	33.6%	6.3%	30
RURAL IMPROVEMENTS	n/a	n/a	n/a	-
RURAL LAND	35.0%	35.0%	0.0%	6
RURAL TOTAL PROPERTY	35.0%	35.0%	0.0%	6
SECURED PERSONAL PROPERTY				
ALL SECURED	35.0%	35.0%	0.1%	15
AIRCRAFT	n/a	n/a	n/a	-
AGRICULTURAL	35.0%	35.0%	0.2%	6
BILLBOARDS	n/a	n/a	n/a	-
COMMERCIAL/INDUSTRIAL	35.0%	35.0%	0.0%	3
MOBILE HOMES	35.0%	35.0%	0.0%	6
UNSECURED PERSONAL PROPERTY				
ALL UNSECURED	35.0%	35.0%	0.2%	20
AIRCRAFT	35.0%	35.0%	0.5%	6
AGRICULTURAL	n/a	n/a	n/a	-
BILLBOARDS	35.0%	35.0%	0.0%	3
COMMERCIAL/INDUSTRIAL	35.0%	35.0%	0.3%	5
MOBILE HOMES	35.0%	35.0%	0.0%	6
TOTAL PERSONAL PROPERTY	35.0%	35.0%	0.2%	35

NYE COUNTY
2013-2014 RATIO STUDY

ALL APPRAISAL AREAS

REAL PROPERTY	AGGREGATE RATIO	MEDIAN RATIO	COD MEDIAN	SAMPLE SIZE
COUNTYWIDE TOTAL PROPERTY	34.2%	34.3%	4.8%	128
COUNTYWIDE IMPROVEMENTS	34.1%	34.1%	2.9%	97
COUNTYWIDE IMPROVED LAND	34.6%	34.0%	21.1%	98
COUNTYWIDE VACANT LAND	33.6%	34.6%	8.3%	30
SINGLE FAMILY IMPROVEMENTS	34.4%	34.3%	2.7%	30
SINGLE FAMILY LAND	29.3%	34.1%	8.7%	30
SINGLE FAMILY TOTAL PROPERTY	33.8%	34.0%	3.4%	30
MULTIPLE FAMILY IMPROVEMENTS	34.5%	34.2%	2.5%	30
MULTIPLE FAMILY LAND	34.0%	33.8%	1.9%	30
MULTIPLE FAMILY TOTAL PROPERTY	34.5%	34.1%	1.8%	30
COMMERCIAL/INDUSTRIAL IMPROVEMENTS	33.9%	33.9%	3.6%	30
COMMERCIAL/INDUSTRIAL LAND	36.3%	33.6%	57.9%	30
COMMERCIAL/INDUSTRIAL TOTAL PROPERTY	34.2%	34.1%	5.8%	30
RURAL IMPROVEMENTS	32.9%	33.1%	1.4%	2
RURAL LAND	35.4%	35.1%	0.7%	8
RURAL TOTAL PROPERTY	35.1%	35.0%	1.1%	8
SECURED PERSONAL PROPERTY				
ALL SECURED	36.8%	35.7%	1.4%	13
AIRCRAFT	n/a	n/a	n/a	-
AGRICULTURAL	38.2%	36.3%	2.0%	4
BILLBOARDS	n/a	n/a	n/a	-
COMMERCIAL/INDUSTRIAL	n/a	n/a	n/a	-
MOBILE HOMES	35.5%	35.5%	0.6%	6
UNSECURED PERSONAL PROPERTY				
ALL UNSECURED	33.5%	35.0%	12.3%	18
AIRCRAFT	54.9%	35.0%	36.9%	6
AGRICULTURAL	35.0%	35.0%	0.0%	3
BILLBOARDS	35.0%	35.0%	0.0%	3
COMMERCIAL/INDUSTRIAL	n/a	n/a	n/a	-
MOBILE HOMES	35.0%	35.0%	0.0%	6
TOTAL PERSONAL PROPERTY	34.4%	35.0%	8.2%	31

WASHOE COUNTY
2013-2014 RATIO STUDY

ALL APPRAISAL AREAS

REAL PROPERTY	AGGREGATE RATIO	MEDIAN RATIO	COD MEDIAN	SAMPLE SIZE
COUNTYWIDE TOTAL PROPERTY	34.3%	34.2%	1.7%	223
COUNTYWIDE IMPROVEMENTS	34.6%	34.0%	1.8%	189
COUNTYWIDE IMPROVED LAND	34.0%	34.9%	1.7%	193
COUNTYWIDE VACANT LAND	33.3%	34.7%	2.9%	30
SINGLE FAMILY IMPROVEMENTS	33.9%	34.0%	1.0%	126
SINGLE FAMILY LAND	34.5%	35.0%	1.5%	126
SINGLE FAMILY TOTAL PROPERTY	34.1%	34.2%	1.0%	126
MULTIPLE FAMILY IMPROVEMENTS	33.8%	33.8%	3.1%	24
MULTIPLE FAMILY LAND	33.7%	35.0%	1.6%	24
MULTIPLE FAMILY TOTAL PROPERTY	33.7%	33.9%	2.3%	24
COMMERCIAL/INDUSTRIAL IMPROVEMENTS	34.9%	35.0%	1.4%	37
COMMERCIAL/INDUSTRIAL LAND	34.0%	34.5%	2.2%	37
COMMERCIAL/INDUSTRIAL TOTAL PROPERTY	34.6%	34.9%	1.4%	37
RURAL IMPROVEMENTS	35.2%	35.3%	0.7%	2
RURAL LAND	35.0%	35.0%	0.1%	6
RURAL TOTAL PROPERTY	35.1%	35.0%	0.2%	6
SECURED PERSONAL PROPERTY				
ALL SECURED	n/a	n/a	n/a	-
AIRCRAFT	n/a	n/a	n/a	-
AGRICULTURAL	n/a	n/a	n/a	-
BILLBOARDS	n/a	n/a	n/a	-
COMMERCIAL/INDUSTRIAL	n/a	n/a	n/a	-
MOBILE HOMES	n/a	n/a	n/a	-
UNSECURED PERSONAL PROPERTY				
ALL UNSECURED	35.2%	35.0%	0.3%	26
AIRCRAFT	34.6%	35.0%	1.1%	6
AGRICULTURAL	35.0%	35.0%	0.0%	6
BILLBOARDS	35.3%	35.0%	0.6%	3
COMMERCIAL/INDUSTRIAL	35.0%	35.0%	0.1%	5
MOBILE HOMES	35.0%	35.0%	0.0%	6
TOTAL PERSONAL PROPERTY	35.2%	35.0%	0.3%	26

**ALL COUNTIES INCLUDED IN
2013-2014 RATIO STUDY**

ALL APPRAISAL AREAS

REAL PROPERTY	AGGREGATE RATIO	MEDIAN RATIO	COD MEDIAN	SAMPLE SIZE
ALL COUNTIES TOTAL PROPERTY	34.0%	34.3%	3.8%	732
ALL COUNTIES IMPROVEMENTS	34.1%	34.0%	7.0%	560
ALL COUNTIES IMPROVED LAND	33.8%	34.8%	5.7%	581
ALL COUNTIES VACANT LAND	33.9%	34.7%	4.3%	151
SINGLE FAMILY IMPROVEMENTS	34.1%	34.0%	8.4%	246
SINGLE FAMILY LAND	34.2%	34.8%	3.1%	246
SINGLE FAMILY TOTAL PROPERTY	34.1%	34.2%	3.0%	246
MULTIPLE FAMILY IMPROVEMENTS	33.6%	33.9%	3.8%	144
MULTIPLE FAMILY LAND	34.1%	34.7%	2.5%	144
MULTIPLE FAMILY TOTAL PROPERTY	33.8%	34.0%	2.7%	144
COMMERCIAL/INDUSTRIAL IMPROVEMENTS	34.3%	34.5%	7.9%	159
COMMERCIAL/INDUSTRIAL LAND	33.5%	34.5%	13.7%	159
COMMERCIAL/INDUSTRIAL TOTAL PROPERTY	34.0%	34.3%	5.4%	159
RURAL IMPROVEMENTS	35.1%	35.1%	2.5%	6
RURAL LAND	35.2%	35.0%	0.3%	32
RURAL TOTAL PROPERTY	35.1%	35.0%	0.4%	32
SECURED PERSONAL PROPERTY				
ALL SECURED	35.1%	35.0%	0.6%	64
AIRCRAFT	35.0%	35.0%	0.0%	2
AGRICULTURAL	35.2%	35.0%	1.0%	22
BILLBOARDS	n/a	n/a	n/a	-
COMMERCIAL/INDUSTRIAL	35.0%	35.0%	0.1%	15
MOBILE HOMES	35.2%	35.0%	0.3%	22
UNSECURED PERSONAL PROPERTY				
ALL UNSECURED	34.9%	35.0%	2.4%	111
AIRCRAFT	36.7%	35.0%	7.7%	30
AGRICULTURAL	35.0%	35.0%	1.6%	17
BILLBOARDS	35.2%	35.0%	0.1%	14
COMMERCIAL/INDUSTRIAL	35.0%	35.0%	0.2%	21
MOBILE HOMES	35.0%	35.0%	0.0%	29
TOTAL PERSONAL PROPERTY	35.0%	35.0%	1.7%	175

**STATEWIDE
2011-2014 RATIO STUDIES**

ALL APPRAISAL AREAS

REAL PROPERTY	AGGREGATE RATIO	MEDIAN RATIO	COD MEDIAN	SAMPLE SIZE
STATEWIDE TOTAL PROPERTY	33.9%	34.2%	4.9%	2,003
STATEWIDE IMPROVEMENTS	33.8%	33.9%	6.9%	1,420
STATEWIDE IMPROVED LAND	34.0%	34.5%	5.3%	1,498
STATEWIDE VACANT LAND	33.7%	34.4%	5.5%	505
SINGLE FAMILY IMPROVEMENTS	33.6%	34.0%	7.3%	762
SINGLE FAMILY LAND	34.0%	34.3%	3.9%	763
SINGLE FAMILY TOTAL PROPERTY	33.7%	34.1%	4.5%	763
MULTIPLE FAMILY IMPROVEMENTS	33.4%	33.7%	4.7%	269
MULTIPLE FAMILY LAND	33.9%	34.3%	5.8%	269
MULTIPLE FAMILY TOTAL PROPERTY	33.6%	33.8%	4.2%	269
COMMERCIAL/INDUSTRIAL IMPROVEMENTS	34.0%	34.1%	7.6%	340
COMMERCIAL/INDUSTRIAL LAND	34.0%	34.4%	9.0%	345
COMMERCIAL/INDUSTRIAL TOTAL PROPERTY	34.0%	34.1%	5.7%	345
RURAL IMPROVEMENTS	31.6%	33.6%	10.0%	18
RURAL LAND	34.8%	35.0%	1.3%	121
RURAL TOTAL PROPERTY	33.5%	35.0%	1.7%	121
SECURED PERSONAL PROPERTY				
ALL SECURED	34.8%	35.0%	10.3%	219
AIRCRAFT	35.0%	35.0%	0.0%	2
AGRICULTURAL	34.5%	35.0%	11.2%	62
BILLBOARDS	32.8%	35.0%	2.0%	4
COMMERCIAL/INDUSTRIAL	35.0%	35.0%	14.2%	65
MOBILE HOMES	35.0%	35.0%	7.5%	83
UNSECURED PERSONAL PROPERTY				
ALL UNSECURED	34.3%	35.0%	7.0%	380
AIRCRAFT	35.2%	35.0%	6.3%	86
AGRICULTURAL	35.0%	35.0%	8.3%	47
BILLBOARDS	34.8%	35.0%	1.5%	41
COMMERCIAL/INDUSTRIAL	32.9%	35.0%	11.0%	82
MOBILE HOMES	35.0%	35.0%	6.1%	124
TOTAL PERSONAL PROPERTY	34.5%	35.0%	8.2%	599

2013-2014

REPORT OF ASSESSMENT RATIO STUDY

OUTLIER REPORTS

DOUGLAS COUNTY NARRATIVE

2013 - 2014 RATIO STUDY

Douglas County annually reappraises all land and improvements. The assessor's website includes the previous year and current assessed and taxable values for land and improvements, previous sale data, a photograph of the property when applicable, plat maps, and other valuable information for each parcel. Detailed computerized building sketches are also available at the assessor's office.

NRS 361.333 requires a comparison of the assessed value of each type or class of property determined by the county assessor to the taxable value of that type or class of property within that county determined by the Department through appraisals of individual parcels. The comparison, or "ratio," is in compliance with statutory requirements if the ratio of assessed value to taxable value is 35%. Ratios less than 32% or more than 36% are considered to be under-or-over assessed. See *NRS 361.333(5)(c)*.

(a) Property Type	(b) Sample Size	(c) Samples in Compliance	(d) Samples out of Compliance	(e) Exception Rate
Vacant Land	30	30	0	0%
Single-Family Residential Land	30	30	0	0%
Multi-Family Residential Land	30	30	0	0%
Commercial and Industrial Land	30	30	0	0%
Agricultural Land	6	6	0	0%
Single Family Residential Improvements	30	24	6	20%
Multi-family Residential Improvements	30	28	2	7%
Commercial and Industrial Improvements	30	26	4	13%

PROCEDURES, ISSUES AND RECOMMENDATIONS

Overall Improvement Discovery / Identification:

Procedure – (New Construction and Building Permits) The Douglas County appraisers perform site inspections of improvements at various times throughout the construction or addition process and prior to completion. They also inspect interiors and current on-site minor improvements including porches, patios, and driveway areas. However, once the construction or addition is complete, the assessor's office relies on building permits and/or annual aerial photography to capture any changes or new improvements to existing properties throughout the county.

Issue - During the physical inspection portion of this year's study, the department appraiser discovered some properties that included minor improvements that were not valued by the assessor's office. While most of these discoveries did not result in the properties being out of the range of tolerance for the level of assessment (32-36%), the issue still exists that undiscovered improvements may be escaping assessment on a larger scale since the department sample is small when compared to the total property count throughout the entire county. These were items that were most likely added without the proper building permits, or were simply over-looked during the review of aerial photography overlays by staff.

Recommendation - In past years, Douglas County was divided into 5 separate reappraisal areas. Prior to amendment of NRS 361.260(6) in 2005, at least one-fifth of each county experienced full reappraisal of both land and improvements which included some form of a physical inspection of all properties within the given reappraisal area on a rotating 5-year cycle. Physical inspection is no longer mandatory. Although the Assessor is now faced with yearly "mass appraisal" of all land and improvements throughout Douglas County, the Department recommends that the appraisal staff continue to perform some type of physical re-inspection of all properties on a rotating basis in order to minimize property escaping taxation.

See Assessor response in Appendix.

Minor Improvement Valuation - Central Air-Conditioning/Residential:

Procedure – The Assessor does not discover and/or value central air-conditioning systems for residential properties (component "Warmed & Cooled Air" per Marshall & Swift Valuation Service).

Issue - A review of thirty single family and thirty multi-family property samples used in this study revealed no accounting for central air- conditioning (where

visually captured) which results in a material property characteristic escaping taxation. This component is very common in higher quality homes and multi-residential properties. The Assessor does, however; value this component on Commercial/Industrial properties throughout the county.

Directive #1 – Upon approval of the ratio study by the Tax Commission the Assessor is directed to identify all residential properties that have central air-conditioning systems during New Construction inspections as well as when performing reappraisal field inspections and value those systems accordingly.

See Assessor response in appendix.

Minor Improvement Valuation - Converted Shipping Container Box (Conex Box):

Procedure – The Assessor no longer discovers and/or values shipping container boxes (also known as Conex Boxes) that have been converted to storage units. This was revealed when a conex box was discovered on a multi-residential sample property, but not indicated on the Assessor records. It appears that the Assessor has valued this type of storage container in the past as a category referred to as “Sea Box” is part of their “Miscellaneous Costs” sheet provided to the Department appraiser.

Issue – Guidance Letter 10-004 (issued July 14, 2010) discusses how to determine whether a Converted Shipping Container Box (Conex Box) is a fixture and if it is a fixture, the application of Marshall Valuation Service or Marshall & Swift Residential Cost Handbook information.

Directive #2 – Upon approval of the ratio study by the Tax Commission the Assessor is directed to determine whether the conex box meets the criteria of a fixture as defined in NAC 361.1127 or as described in Schedule “E” of the 2013-14 Personal Property Manual. In general, conex boxes are converted shipping containers which have been physically or constructively annexed to the land and are intended to remain as a permanent fixture. Exceptions to this generality must be based on the conditions present for the individual conex box, consistent with the requirements of NAC 361.1127. If the conex box is determined to be a fixture, and is 120 square feet or greater, it must be valued as a shed. The square footage is an important component in determining whether the conex box should be treated as a shed, in order to be consistent with NAC 361.085. NAC 361.085 states that a storage shed 120 square feet or greater in area and which does not have a foundation is excepted from the household goods and furniture exemption provided in NRS 361.069.

See Assessor response in Appendix.

Marshall & Swift - Use of Proper Adjustments – Seismic Zone 3:

Procedure – Marshall & Swift utilizes quarterly “Current Cost” and “Local Conditions” multipliers that trend the published costs to a current date and adjust the costs by location. There are also multipliers that adjust the base cost of a structure to account for climate, foundation, hillside location, proximity to areas of seismic activity, and extreme wind areas (“Energy”, “Foundation”, “Hillside”, “Seismic”, and “Wind”). The Douglas County Assessor currently applies the “Energy”, “Foundation”, and “Hillside” (where applicable) adjustments correctly.

Issue – Guidance Letter 10-003 (issued July 14, 2010) discusses the appropriate use of “Seismic” and “Wind” cost adjustments when using the Marshall & Swift Residential Cost Handbook or Marshall Valuation Service. At the time of the valuation portion of this year’s Ratio Study, it was discovered that the “Seismic” adjustment was not being applied by the Assessor in the valuation of single-family and multi-family residential properties in Douglas County.

Recommendation – It should be noted that upon a discussion with the Douglas County Assessor regarding the proper application of the “Zone 3” “Seismic” adjustment when valuing all single-family and multi-family residential properties, he agreed to correct this issue immediately and made the appropriate change prior to the closure of the 2013-'14 tax roll. This was verified upon a random review of a revised cost sheet indicating the “Zone 3” adjustment under the “county override” column on the sheet. A “Wind” adjustment should not be applied in Nevada, as it is specific only to hurricane prone coastal areas.

Obsolescence - Due to the recent economic decline, the Assessor has applied obsolescence to improvements in various market areas throughout Douglas County as a result of an extensive analysis of recent sales data. The Assessor maintains a listing of sales of improved and vacant properties within the county. Once a median land value is established for a given market area, the Assessor’s taxable improvement values for these properties are then compared to their total sales prices, and a ratio of taxable value to sales price is calculated for each property. Properties with a taxable value that exceeds the sales price can then be identified and the proper lump sum or percentage reduction applied to that market area. This is a best practice.

Agricultural Parcels – Six agricultural samples were reviewed for this year’s Ratio Study. One sample included a single-family residence on a one acre parcel with minor improvements attached to 18 acres of agriculturally classified (1st Class Pasture) land (Land Use Code 602). All were found to be accurately classified and within ratio tolerance.

Personal Property - The personal property portion of the ratio study examined 2 Billboard accounts; 12 Commercial/Industrial accounts; 6 Agricultural accounts; 12 Mobile Home accounts; and 6 Aircraft accounts, with a total of 525 records. There were 8 records out of ratio tolerance; however, most were the result of rounding issues or items with minimal values. Items are entered into the computer via a county specific code to assure the correct age-life is applied to each coded property category type. Hard copy documents (declarations, Dealers Report of Sale, etc.) are kept in file cabinets and were reviewed for each account.

DOUGLAS COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

APN	L	I	T	ENTITY I. D.	COMMENTS
1220-17-610-017	33.57%	36.77%	36.17%	SFR	DLGS Appraiser valued Quality Class 3.5 vs. Assessor valued Quality Class 4.00 / Zone 3 Seismic Adjustment vs. No Adjustment / Warmed & Cooled Air vs. Forced Air Furnace / Direct-Vented Gas FP vs. Single 1-Story Fireplace / 2,815 sq ft CFW vs. 1,150 sq ft CFW / \$3,006 in fencing & curbing vs. \$3,500 VSI. <i>Per discussion with Assessor, COUNTY WILL stay with 4.00 quality class; change to Zone 3 Seismic Adjustment; stay with Forced Air Furnace; change to Direct-Vented Gas FP; change CFW to 2,815 sq ft; and stay with \$3,500 of VSI.</i>
1318-15-820-006	35.00%	36.55%	36.26%	SFR	DLGS Appraiser valued Quality Class 3.0 vs. Assessor valued Quality Class 3.25 The Department questions whether there is sufficient documentation to support a 3.25 Quality Class / Zone 3 Seismic Adjustment vs. No Adjustment / Common Area CFWT @ \$6.50 per sq ft vs. CFW @ \$5.50 per sq ft. <i>Per discussion with Assessor, COUNTY WILL stay with 3.25 quality class; change to Zone 3 Seismic Adjustment; change to Common Area CFWT @ \$6.50 per sq ft.</i>
1318-23-811-004	35.21%	36.26%	35.41%	SFR	DLGS Appraiser valued Quality Class 2.5 vs. Assessor valued Quality Class 3.00 / Zone 3 Seismic Adjustment vs. No Adjustment. <i>Per discussion with Assessor, COUNTY WILL change to 2.50 quality class; and change to Zone 3 Seismic Adjustment.</i>
1320-29-111-002	34.51%	36.45%	35.97%	SFR	DLGS Appraiser valued Quality Class 3.0 vs. Assessor valued Quality Class 3.25 The Department questions whether there is sufficient documentation to support a 3.25 Quality Class / Zone 3 Seismic Adjustment vs. No Adjustment. <i>Per discussion with Assessor, COUNTY WILL stay with 3.25 quality class; and change to Zone 3 Seismic Adjustment.</i>
1320-30-811-007	33.79%	36.61%	35.59%	SFR	DLGS Appraiser valued Quality Class

DOUGLAS COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

APN	L	I	T	ENTITY I. D.	COMMENTS
					3.0 vs. Assessor valued Quality Class 3.25 The Department questions whether there is sufficient documentation to support a 3.25 Quality Class / Zone 3 Seismic Adjustment vs. No Adjustment / Brick Veneer vs. Masonry Veneer. <i>Per discussion with Assessor, COUNTY WILL stay with 3.25 quality class; change to Zone 3 Seismic Adjustment; and stay with Masonry Veneer.</i>
1320-32-811-013	32.93%	37.16%	34.87%	SFR	DLGS Appraiser valued Quality Class 2.5 vs. Assessor valued Quality Class 3.00 / Zone 3 Seismic Adjustment vs. No Adjustment / Composition Shingle Roofing vs. Wood Shake Roofing / \$3,726 in fencing vs. \$4,000 VSI. <i>Per discussion with Assessor, COUNTY WILL change to 2.75 quality class; change to Zone 3 Seismic Adjustment; change to Composition Shingle Roofing; and stay with \$4,000 of VSI.</i>
1219-03-002-099	33.56%	31.63%	34.87%	MFR	DLGS Appraiser valued MAIN RES: Zone 3 Seismic Adjustment vs. Assessor valued No Adjustment / Warmed & Cooled Air vs. Forced Air Furnace / Direct-Vented Gas FP vs. Single 1-Story Fireplace / GUEST RES: Zone 3 Seismic Adjustment vs. No Adjustment / Warmed & Cooled Air vs. Forced Air Furnace PLUS 3,875 sq ft CFW vs. 2,823 sq ft CFW / 1,720L' of 3-rail vinyl fencing + 30L' of 6' solid-board fencing + 320L' of concrete curbing vs. no VSI. <i>Per discussion with Assessor, COUNTY WILL (re MAIN RES) change to Zone 3 Seismic Adjustment; stay with Forced Air Furnace; and change to Direct-Vented Gas FP; (re GUEST RES) change to Zone 3 Seismic Adjustment; and stay with Forced Air Furnace; PLUS change CFW to 4,000 sq ft; value 1,700L' of 3-rail vinyl fencing; value 30L' of 6' solid-board fencing; and value 5 units VSI (\$5,000) to account for curbing, etc.</i>

DOUGLAS COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

APN	L	I	T	ENTITY I. D.	COMMENTS
1320-32-613-019	35.41%	27.66%	32.18%	MFR	DLGS Appraiser valued 1502 CIRCLE DRIVE: Frame, Siding/Shingle vs. Assessor valued Frame, Stucco / Zone 3 Seismic Adjustment vs. No Adjustment / Warmed & Cooled Air vs. Forced Air Furnace / Built-In Garage vs. No Garage - 1502 GARDNER STREET: Frame, Siding/Shingle vs. Frame, Siding, Wood / Zone 3 Seismic Adjustment vs. No Adjustment / Warmed & Cooled Air vs. Forced Air Furnace PLUS 170 sq ft CFW vs. 40 sq ft CFW / 1 Flight Wood Stairs up to a 40 sq ft Balcony Deck vs. None (at 1502 Circle Drive) / \$4,278 of solid-board fencing vs. \$4,000 of VSI. <i>Per discussion with Assessor, COUNTY WILL (re 1502 Circle Dr.) change to Frame, Siding/Shingle; change to Zone 3 Seismic Adjustment; stay with Forced Air Furnace; and value the Built-In Garage; (re 1502 Gardner St.) change to Frame, Siding/Shingle; change to Zone 3 Seismic Adjustment; and stay with Forced Air Furnace; PLUS change CFW to 170 sq ft; value 1 Flight Wood Stairs; value 40 sq ft Balcony Deck; and stay with \$4,000 of VSI.</i>
1022-12-002-005	35.00%	29.40%	29.77%	COM	DLGS Appraiser valued as 5 separate "D" class buildings; 3,900 sq ft Mini-Warehouse (1992); 3,600 sq ft Mini-Warehouse (1994); 3,600 sq ft Mini-Warehouse (1994); 8,305 sq ft (3,775) Mini-Warehouse and (4,530) Equipment Shed (1997); and 4,800 sq ft Mini-Warehouse (1998) vs. Assessor valued as 19,675 sq ft of combined Mini-Warehouse space + 4,530 sq ft of Equip. Storage Bldg. (Obsolete)- year built: 1996. <i>Per discussion with Assessor, COUNTY WILL value all of the buildings ("D" Class) individually.</i>
1220-03-310-012	35.00%	39.04%	37.56%	COM	DLGS Appraiser valued as code 453 Industrial Flex Building vs. Assessor valued as code 528 Service Repair Garage; 2,628 sq ft CFW vs. 2,308 sq ft CFW; 80L' of 6' chain-link fence with 3-

DOUGLAS COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

APN	L	I	T	ENTITY I. D.	COMMENTS
					strand barbed wire. vs. 80L' of 6' chain-link fence. <i>Per discussion with Assessor, COUNTY WILL change to code 453 Industrial Flex Building; change to 2,628 sq ft CFW; not value the 3-strand barbed wire on the fencing.</i>
1220-21-101-007	35.63%	31.69%	33.59%	COM	DLGS Appraiser valued 630 sq ft CFW plus 1,309 sq ft of Pattern Concrete (PCFW) vs. Assessor valued 686 sq ft CFW; valued trash enclosure (TRASHE1) vs. None; valued 13 Barrier Posts vs. None; valued eight 30' Light Poles w/Mercury Vapor Lighting vs. PS1 (Parking Spaces rank 1). <i>Per discussion with Assessor, COUNTY WILL change to 630 sq ft CFW plus 1,309 sq ft of Pattern Concrete (PCFW); value the trash enclosure (TRASHE1); not value the Barrier Posts; and change from PS1 to PS2 (Parking Spaces-Rank 2) while DLGS appraiser will remove lighting and upgrade to the PS2 cost as well (lighting included).</i>
1320-32-601-001	34.98%	31.42%	33.00%	COM	DLGS Appraiser valued as code 344 Office Building (rank 1.5) with Exterior Walls Component: Stud Walls-Wood Siding (code 896) and HVAC (Heating) Component: Warmed and Cooled Air (code 612) vs. Assessor valued as code 353 Retail Store (rank 2.00) with base cost exterior walls and heating & cooling; valued 175 sq ft CFW vs. 120 sq ft CFW; valued trash enclosure (TRASHE1) vs. None; valued 30 sq ft brick pavers vs. None; valued 32L' of 4' chain-link fence vs. None; valued 117L' of 6' chain-link fence vs. None; and 310L' of curbing vs. None. <i>Per discussion with Assessor, COUNTY WILL make all changes to match the DLGS discovery (above) with the exception of the 310L' of curbing (AO did not value).</i>

HUMBOLDT COUNTY NARRATIVE

2013 - 2014 RATIO STUDY

All land is reappraised each year in Humboldt County. The Nevada Tax Commission approved the Assessor's¹ request to reappraise all land, rather than apply a land factor in non-reappraisal areas, in October, 2006. Humboldt County conducts a full physical reappraisal of all improvements in 1/5 of the county each year and applies the NTC approved improvement factor to the improvements in the other non-reappraisal areas.

NRS 361.333 requires a comparison of the assessed value of each type or class of property determined by the county assessor to the taxable value of that type or class of property within that county determined by the Department through appraisals of individual parcels. The comparison, or "ratio," is in compliance with statutory requirements if the ratio of assessed value to taxable value is 35%. Ratios less than 32% or more than 36% are considered to be under-or-over assessed. See *NRS 361.333(5) (c)*.

(a) Property Type	(b) Sample Size	(c) Observations in Compliance	(d) Observations out of Compliance	(e) Exception Rate
Vacant Land	30	29	1	3%
Single-Family Residential Land	30	30	0	0%
Multi-Family Residential Land	30	30	0	0%
Commercial and Industrial Land	30	29	1	3%
Agricultural Land	8	8	0	0%
Single Family Residential Improvements	30	27	3	10%
Multi-family Residential Improvements	30	26	4	13%
Commercial and Industrial Improvements	30	18	10	33%
Agricultural Improvements	1	1	0	0%

¹ All references to the Assessor means the Assessor or the Assessor's staff.

Note 1: Single-family Residential Improvements: Twenty-eight observations in the non-reappraisal area, two observations were located in the re-appraisal area. Three properties were out of compliance in the non-reappraisal area, and no properties were found to be out of compliance in the reappraisal area.

Note 2: Multi-family Residential Improvements: There were twenty-seven observations in the non-reappraisal area three observations located in the re-appraisal area. Four were out of compliance in the non-reappraisal area and none out of compliance in the reappraisal area.

Note 3: Commercial and Industrial Improvements: Twenty-six in the non-reappraisal area four observations located in the reappraisal area. Nine were out in non-reappraisal area. One was out of compliance in the reappraisal area.

Note 4: Agricultural Improvements: Three observations were located in the non-reappraisal area. Five observations were in the reappraisal area. None were out of compliance.

PROCEDURES, ISSUES AND RECOMMENDATIONS

Minor Improvements: Minor improvements were identified by the assessor and valued from either the Marshall & Swift cost manuals or the Rural Building Cost Manual. The preferred method is to value all improvements by what is actually on the parcel. In addition, proper classification of property is necessary in order to appropriately cost and depreciate property. For example, two items now being classified as personal property, tanks and truck scales, should be added to the real improvement list because they are structures pursuant to NRS 361.035(1)(a).

Use of Rural Building Manual: Costs from the Rural Building Manual were inappropriately used. The Rural Building Manual provides information regarding the valuation of structures where unprofessional or unskilled labor was used to build the improvement; Marshall-Swift Costing Service should be used when a building or structure is built with professional labor. We observed costs from the Rural Building Manual were applied to certain improvements which were built by professional labor, resulting in the under valuation of improvements. After these observations were made, the Assessor addressed the issue and corrections were implemented.

New Construction Valuation: The Assessor discovers nearly all new construction using information from the county building inspector and permits. New construction that is discovered before the close of the roll in December is included at that time. New construction that is discovered after the close of the roll, but before July 1st, is included on the supplemental roll. However, many

improvements are put in place by property owners without the need or use of a county permit and therefore are not discovered until reappraisal. The Assessor is correctly valuing and depreciating new improvements once discovered. A review of several properties with new construction revealed that the improvements are being captured and when measured and valued, are done so correctly, with the exception of those stated in the minor improvement section above.

Marshall & Swift:

Quality classes are not consistently being used to accurately classify commercial buildings, resulting in undervaluation. The Department recommends the Assessor review the quality class of all commercial properties during reappraisal to make accurate identifications, using the information provided in Marshall & Swift.

Single Family Residence: Three properties in the non-reappraisal area were out of ratio due to Quality Class and one had a new addition that will require age weighting was noted as not complete.

Multi Family Residence: One property in the non-reappraisal area should be done before the cycle reaches it again. It is listed as a duplex. It is a four plex and needs to be re-assessed. We also observed on other properties an additional shed, an entry way on a mobile property, appliance allowance not computed and quality class difference. We also observed a new cover on porch since last inspected, in non re appraisal area.

Commercial Property: One property in Golconda requires inspection and obsolescence to be applied. Attached tanks and truck scales need to be assessed as real property. Lump sums should not be used for improvements. The assessor should cost what is actually on the property, being careful of wall height and quality class. We observed one property in the reappraisal area used the Rural Manual costing a brick garage/shop as General Purpose Building. Commercial cost should be used.

Appraisal Records: Files are efficiently maintained and a minimum of one prior reappraisal cycle can be found for comparison. Agricultural property records are in general good order, but care should be taken with land taken in and out of agricultural use. The Department recommends review of patented mining claims to ensure properties are properly valued.

Land Sales Coding: The value of commercial land is more difficult to establish due to the small number of commercial properties in the county. To better adjust sales and assessed value, square foot cost should be used. Internet sales should be coded for validity and not excluded. The Department recommends coding be added to reference "utilities available" for vacant land. All outliers have been corrected or addressed by the Assessor .

Personal Property: The Assessor organizes Personal Property records very efficiently. 46 Accounts with a total of 511 records were examined. After adjusting for rounding there were 0 outliers.

There is a record keeping problem with the on line filing of Declarations of Value. All aircraft did not have valid bill of sale or valid proof of sale. The same statement on bottom of list of assets should appear on the electronic file. A signature is required. NRS 361.265. Electronic signatures are accepted per NRS 719.100 Assessor to update web.

ⁱ Please see Outlier Report for details.

HUMBOLDT COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

APN	L	I	T	ENTITY I. D.	COMMENTS
Non Re-Appraisal Areas					
010-474-13	35.05%	36.30%	36.09%	SFR	Quality Class
010-533-05	35.27%	31.42%	31.85%	SFR	Quality Class
016-155-06	33.16%	24.91%	27.03%	SFR	480 s.f. new addition and age weighting
010-063-30	34.16%	30.96%	31.51%	MFR	3 sided entryway and more sheds
013-533-08	33.94%	31.77%	31.99%	MFR	New covered porch since last inspection, to be inspected.
015-212-12	32.16%	30.74%	30.85%	MFR	No appliance allowance, quality class
015-412-04	34.00%	25.15%	26.41%	MFR	Needs to be re-measured appraise as 4-plex not duplex.
008-152-02	34.80%	151.16%	90.01%	COM	Warehouse needs inspection, damaged
007-161-53	36.14%	—	36.14%	VAC	Vacant land 20 acres priced the same as 40 acres in same Book.
010-172-06	35.56%	30.30%	31.44%	COM	Wall height
013-021-04	35.22%	28.53%	30.18%	COM	Wall height, barrier post , lights
015-028-14	33.83%	21.66%	23.77%	COM	Tanks and scales are real property, containment walls.
015-143-05	32.28%	42.94%	38.14%	COM	Age, shed cost,
015-222-02	33.94%	25.73%	27.60%	COM	Truck scale needs to be removed from PP and placed on real as improvement.
015-251-18	21.26%	53.52%	37.35%	COM	Wrong s.f. for show room, land should break down to s.f. cost to better reflect sales and have more adjustability.
015-371-10	32.94%	28.05%	30.57%	COM	Age weighting, lights, handicap, asphalt size
Re-appraisal Areas					
003-411-05	32.69%	27.42%	27.78%	COM	Outdoor lights, new chain link, wire, Rural Manual GP bldg. on brick commercial part of building.

LYON COUNTY NARRATIVE

2013 - 2014 RATIO STUDY

All land is reappraised each year in Lyon County. The Nevada Tax Commission approved the Assessor's¹ request to reappraise all land, rather than apply a land factor in non-reappraisal areas in September, 2008. Lyon County conducts a full physical reappraisal of all improvements in 1/5 of the county each year and applies the NTC approved improvement factor to the other 4/5. Beginning in 2013 Lyon County will begin annual revaluation of all improvements.

NRS 361.333 requires a comparison of the assessed value of each type or class of property determined by the county assessor to the taxable value of that type or class of property within that county determined by the Department through appraisals of individual parcels. The comparison, or "ratio," is in compliance with statutory requirements if the ratio of assessed value to taxable value is 35%. Ratios less than 32% or more than 36% are considered to be under-or-over assessed. See *NRS 361.333(5)(c)*.

Property Type	Sample Size	Samples in Compliance	Samples out of Compliance	Exception Rate
Vacant Land	30	26	4	13%
Single-Family Residential Land	30	28	2	7%
Multi-Family Residential Land	30	29	1	3%
Commercial and Industrial Land	30	28	2	7%
Agricultural Land/Mining	6	6	0	0%
Single Family Residential Improvements (Note 1)	30	23	7	23%
Multi-family Residential Improvements (Note 2)	30	27	3	10%
Commercial and Industrial Improvements (Note 3)	30	20	10	33%

¹ All references to the Assessor means the Assessor or the Assessor's staff.

Note 1: Single Family Residential Improvements: Of the 7 outliers listed above, 4 were found to be in the 4/5 of the county which had the improvement factor applied for the 2013-2014 tax year. The home at 1 of the outliers in the reappraisal area burned down and the assessor's office had not been notified. It is unknown if it occurred before or after the county appraiser inspected that area.

Note 2: Multi-Family Residential Improvements: Of the 3 outliers listed above, 2 were found to be in the 4/5 of the county which had the improvement factor applied for the 2013-2014 tax year.

Note 3: Commercial and Industrial Improvements: Of the 10 outliers listed above, 7 were found to be in the 4/5 of the county which had the improvement factor applied for the 2013-2014 tax year.

PROCEDURES, ISSUES AND RECOMMENDATIONS

Minor Improvements: Minor improvements were identified by the assessor and valued from either the Marshall & Swift cost manuals or the Assessor's Handbook of Rural Building Costs. The Assessor's Office inconsistently utilizes lump sum and actual square feet on concrete which results in unequal valuation of this improvement type. They have been inconsistent in accurately estimating both concrete and fencing which has led to both over and under valuation of these improvements. It is recommended that lump sums not be used for the valuing of concrete. The preferred method is that all improvements be valued by what is actually on the parcel, but if lump sum values are used, they must be reflective of what is on the parcel.

Conex Boxes: Guidance Letter 10-004 (issued July 14, 2010) discusses how to determine whether a Converted Shipping Container (Conex Box) is a fixture and if it is a fixture, the application of Marshall Valuation Service or Marshall & Swift Residential Cost Handbook information. Based on the field inspections in the Ratio Study sample reviewed, it appears that the Assessor's Office is currently not valuing existing conex boxes.

Directive # 1 - Upon approval of the ratio study by the Tax Commission the Assessor is directed to determine whether any given conex box meets the criteria of a fixture as defined in NAC 361.1127 or as described in Schedule "E" of the 2013 - 2014 Personal Property Manual; and value conex boxes accordingly.

See Assessor response in Appendix.

Seismic Zones: Seismic Zone 3 is being utilized and applied as properties come up for re-inspection and revaluation in accordance with Guidance Letter 10-003 (issued July 14, 2010). Once the Assessor's Office begins annual reappraisal of all improvements, all parcels will be valued with the correct seismic zoning. No action is needed.

New Construction Valuation: The assessor discovers new construction using the county building permits. Nearly all new construction is discovered in this manner. New construction that is discovered before the close of the roll in December is included at that time. New construction that is discovered after the close of the roll, but before July 1st, is included on the supplemental unsecured roll. However, many improvements are put in place without the need or use of a county permit and therefore are not discovered until reappraisal. It was found that the assessor is correctly valuing and depreciating most new improvements once discovered. A review of several properties with new construction revealed that most of the improvements are being captured and when measured, are done so correctly and valued, with the exception of those stated in the minor improvement section above, accurately by the assessor's staff. There was one property in the sample with both non-permitted and permitted improvements that were not captured thus creating a significant outlier. As in previous studies, there were also improvements that were discovered by the Assessor's office but not valued creating outliers and property escaping taxation. It is recommended that the Staff review the improvements as they visit the each parcel in the 1/5 of the county each year being re-appraised to verify all improvements have not only been captured but valued as well.

Improvement Factors: The assessor uses the improvement factor approved by the Commission. Each parcel is factored and depreciated individually. No properties are depreciated beyond the 75% maximum. The Assessor's Office will begin doing annual revaluation of all improvements in the coming year eliminating the need for the improvement factor in the future. Staff will continue to visit 1/5 of the county each year to capture improvements and changes made without permits.

Obsolescence: The assessor has applied obsolescence in areas throughout the county. The Department reviewed the data on these parcels and found the assessor's final value to be supportable. The Assessor's Office has made significant improvements to this area in both the determination and application of obsolescence. As a matter of record keeping, it is recommended that the staff maintain a log of parcels which were given obsolescence and how much was applied during each given year and keep a running history for defense of values.

Land: In order to properly adjust land for various positive or negative characteristics, all adjustments must be supported by market data and documented. The Assessor's Office is in the process of documenting all adjustments in the parcel map books on the page that the parcel adjustments are being applied and includes the supporting documentation.

Marshall& Swift: In review of the quality classes on commercial properties noted in the previous ratio study, it was found that the Assessor's Office has improved the determination of what class to apply since the last ratio study, thus more accurately valuing commercial improvements.

Appraisal Records: Due to flooding and damage to appraisal records within the Assessor's Office, they have progressed to the electronic storing of paper records. Some information only available in paper form was destroyed and unable to be salvaged, recreated or replaced. With IT backup capability in place this should no longer occur. The Department anticipates that as the office grows with this new system, it will be able to integrate document imaging to organize and store this data in a more efficient and user friendly manner allowing access to an entire parcel's record without having to move through several different file applications.

Personal Property: Lyon County scans Personal Property documents so they are digitally maintained. 36 accounts with 306 records were examined. After adjusting for rounding, there were two outliers, one caused by incorrect year and one by a piece of secured agriculture equipment which was not entered into the personal property account to which it was reported totaling \$24,325 purchased in 2011. Both items have been corrected.

Some of the older mobile home files, 30 years and older, do not have Dealer Record of Sale (DRS) or purchase price documentation making verification of purchase price impossible. These accounts are fully depreciated and have minimal assessed value. They do not pose a significant problem and attempting to correct this issue is not feasible or cost effective.

LYON COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

APN	L	I	T	ENTITY I.D.	COMMENTS
001-011-36	10.79%	29.00%	19.98%	COM	Department value higher than Assessor based on current sales. Historical analysis shows same approximate cost per square foot. Use of obsolete occupancy code. Proper code is 410 Automotive Center. Assessor will use code 410 Automotive Center.
001-011-51	26.09%	35.49%	34.00%	COM	Department value higher than Assessor based on current sales. Historical analysis shows same approximate cost per square foot.
001-058-01	25.68%	17.52%	22.98%	MFR	Department value higher than Assessor due to percentage decrease applied in error. MH park space should be valued as average, permanent spaces not transient spaces. Department discovered a greater quantity of small improvements than Assessor. Assessor will change classification.
014-311-04	19.00%	34.99%	24.87%	SFR	Department value higher than Assessor based on county-wide search of comparable land of this size. No sales of similar property within the subject area.
016-041-08	47.04%	18.96%	33.76%	COM	Assessor has sheds at no value. Sheds have power and/or are over 120 square feet in size. CFW and fencing lump sum improvement cost too low. Awning gone on COM and MH has addition and RP improvements attached. Assessor has land valued higher than Department. Assessor will check Improvements during new construction and remedy
018-011-02	24.00%	--	24.00%	VAC	Department value higher than Assessor. Sales are scarce in this area. Parcel was included into a blanket reduction area. Assessor will review parcel in 2013.
020-016-14	34.27%	28.67%	31.36%	COM	Incorrect square footage on buildings, lump sum value of CFW too low. Department discovered less fencing than Assessor. Assessor will check Improvements during new construction and remedy
020-057-12	35.90%	31.15%	31.70%	COM	Quality class difference, Department has 2.0 class while Assessor has 1.5 class. Assessor will check Improvements during new construction and remedy

LYON COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

APN	L	I	T	ENTITY I.D.	COMMENTS
020-101-06	33.65%	29.81%	30.54%	COM	Quality class difference, Department has 2.0 class while Assessor has 1.5 class. Assessor only has building valued, asphalt, curbing MV lighting, trash enclosure and escaping taxation. Assessor will check Improvements during new construction and remedy
020-122-19	35.77%	520.86%	91.56%	SFR	House burned down, still on tax roll. Corrected per Assessor.
020-672-07	39.42%	33.87%	35.04%	SFR	Department value lower than Assessor.
020-852-07	35.97%	36.36%	36.26%	SFR	Quality class difference, Department has 2.5 class while Assessor has 2.75 class. Assessor will change to proper classification.
021-082-07	34.02%	25.20%	30.94%	MFR	Property escaping taxation. Small improvements on property are not captured by Assessor. Assessor will check Improvements during new construction and remedy
021-221-14	36.67%	--	36.67%	VAC	Department value lower than Assessor. Land slightly out of ratio however sales within subject area are scarce. No action is required.
021-221-27	37.38%	35.98%	36.41%	COM	Department value lower than Assessor, however sales within the subject area are scarce. No action is required.
021-251-12	35.85%	31.23%	32.97%	COM	Property escaping taxation. Assessor too much asphalt and CFW. Assessor has no curbing valued and fencing is missing barb wire and privacy slat value. Tanks valued do not match what exists on property, CCP not valued by Assessor. Assessor will check Improvements during new construction and remedy
022-342-13	32.93%	37.91%	37.26%	SFR	Quality class difference. Department has 3.0 class while Assessor has 3.25 class. Assessor will change classification.
022-423-21	29.80%	--	29.80%	VAC	Department value higher than Assessor. Assessor needs to look at Improved sales as well... insufficient vacant sales
029-352-02	29.38%	--	29.38%	VAC	Department value higher than Assessor. Assessor needs to look at Improved sales as well... insufficient vacant sales

NYE COUNTY NARRATIVE

2013 - 2014 RATIO STUDY

All land is reappraised each year in Nye County. The Nevada Tax Commission approved the Assessor's¹ request to reappraise all land, rather than apply a land factor in non-reappraisal areas on June 25, 2007. Assessor is physically reappraising 1/5 of the county each year. Reappraisal area for this ratio study is County Reappraisal Group 2 (Tax Districts 5.0, 10.0, 11.0, 12.0 and 6.5)

NRS 361.333 requires a comparison of the assessed value of each type or class of property determined by the county Assessor to the taxable value of that type or class of property within that county determined by the Department through appraisals of individual parcels. The comparison, or "ratio," is in compliance with statutory requirements if the ratio of assessed value to taxable value is 35%. Ratios less than 32% or more than 36% are considered to be under-or-over assessed. See *NRS 361.333(5)(c)*.

Property Type	Sample Size	Samples in Compliance	Samples out of Compliance	Exception Rate
Vacant Land	30	23	7	23%
Single-Family Residential Land	30	27	3	10%
Multi-Family Residential Land	30	30	0	0%
Commercial and Industrial Land	30	22	8	27%
Agricultural Land	8	6	2	25%
Single Family Residential Improvements	30	30	0	0%
Multi-family Residential Improvements	30	0	0	0%
Commercial & Industrial Improvements	30	29	1	3%

¹ All references to the Assessor means the Assessor or the Assessor's staff.

PROCEDURES, ISSUES AND RECOMMENDATIONS

Marshall & Swift: Assessor uses the ADS version of M&S for costing residential and commercial properties.

The Assessor is using the zone 3 seismic adjustment beginning in 2011 since the default seismic adjustment was updated in M&S.

In general there has been a tendency in the past for the quality class to be on the high side though Assessor is making a concerted effort and noticeable progress to bring quality more in line with recommendations in the Residential Cost Handbook.

The Assessor is directly entering multipliers and not relying on the M&S ZIP code defaults.

Regarding the use of multipliers other than the LCM and CCM, the Department recommends the Assessor re-affirm with the appraisers that any reductions (or increases) deemed necessary in the calculated M&S replacement values are adjusted up or down using the M&S recommended percentage reductions/increases depending on the nature of the change (e.g. amateur workmanship, repair/remodels, the use of architect fees, etc.). This information is documented in the Cost Multiplier sections of both the commercial and residential sections of the M&S hand books

Minor Improvements: Minor improvements are identified by the Assessor and valued from either the Marshall Swift cost manuals, the Assessor's Handbook of Rural Building Costs and most commonly internally prepared tables (Property Appraisal Value tables and Property Appraisal Category tables) summarizing the most commonly used (in Nye County) appraisal categories and property appraisal values. These documents are updated annually. These costs are derived directly from the statutorily approved cost manuals (Marshall & Swift and the Rural Manual), and the values include the appropriate local multiplier.

The Assessor does not employ lump sum costing but instead values minor improvements individually. When practical this is a best practice.

There are instances where buildings are valued from the Rural Building manual data as "General Purpose" buildings or "Bunk Houses" (implying built by unskilled labor even when that does not seem to be the case). The Department recommends using M&S in these instances and if necessary incorporating an adjustment for very low quality or when using the Rural Building manual insure that labor costs are adjusted to reflect professional construction when that's the case.

It appears that the Assessor does not always pick up permanently mounted flag poles. These are valid minor improvements and in the interest of fair and equal taxation must be picked up.

Directive # 1 - Upon approval of the ratio study by the Tax Commission the Assessor is directed to value permanently mounted flag poles on residential and commercial property.

See Assessor response in Appendix.

Improvement Factor: The Assessor uses the improvement factor approved by the Tax Commission. Each parcel is factored and depreciated individually. No properties are depreciated beyond the 75% maximum. The minimal numbers of improvement outliers suggests that the improvement factor in the non-reappraisal areas is working.

New Construction Valuation: Nye County does not have a building permit system in place except in Pahrump Valley where the use of permits is relatively new and not always adhered to. Assessor is (and still needs to be) proactive in communications with the building department in efforts to discover new construction. The Department recommends the Assessor be as proactive as possible following up with the issuance of permits by the building department prior to the end of the tax year as well as estimating the completion date for follow up on a completed project. In addition the Assessor should consider developing a list of building/minor improvements that can be erected without permits in order to alert field appraisers of improvements to watch for when in the field.

Discovery outside of Pahrump is still a function of 'local knowledge', the appraiser's field observations and during the physical reappraisal of each area.

Land: Nye County has two distinct land markets; Pahrump Valley, handled by the Pahrump office and everything north of the valley (i.e. the rest of the county) handled by the Tonopah office.

The Pahrump office has dealt with land values during the last few years of declining sales in the following manner:

2010-11 tax year:

This was the last year the previous assessor calculated land values.

All values since 2010-11 have been based on these historic values. Essentially the staff of 3 real property appraisers has had the sole responsibility for handling land values since that time.

2011-12 tax year

Numerous sales available from previous 3 years (July 2007 – June 2010) so staff feels confident regarding 2011-12 land values.

Note: In 2010 a consultant spent some time with the staff discussing land valuation though nowhere near the amount of time previously spent with the Tonopah appraiser.

2012-13 tax year

Due to declining sales the staff created a sales ratio study using the previous tax years land sales. Median value of resulting factors is approximately 1.30 indicating median sales prices are approximately 30% lower than taxable values. Pahrump office elected to apply an across the board 30% reduction to 2011-12 land values to arrive at 2012-13 land values.

2013-14 tax year

Sales have declined even further so another land sales ratio study is conducted using previous tax years land sales. Resulting factor is approximately 1.40. 2012-13 land values are reduced another 40% to arrive at the 2013-14 land values.

Note: For 2012-13 and 2013-14 tax years the Pahrump office staff also attempted to break sales into categories with further breakdown into lot and acreage size. Both attempts proved useful in some categories' but totally "fell apart" in others. For that reason the staff elected to go with the median factors from the sales ratio studies and apply the calculated across the board reductions.

The Department's calculations of land values for this ratio study are – where possible - based on independently selected sales of similar parcels. In some instances these sales (when they exist) have supported the across the board (ATB) reductions and in other instances have indicated that the ATB reductions result in an assessed value that is higher than what the sales suggest. In a few instances the opposite has been true. In all most all cases, the value reflected by the sales (again, when they exist) has been relatively close to the ATB reduction. However, while the ATB reductions do appear warranted in those instances of no relevant sales, the Department recommends that the staff attempt to use existing sales to supplement the ATB reductions when sufficient sales exist for a given neighborhood or market. Staff agrees with this assessment and will attempt to follow the recommendation when possible in the future.

The following reductions are applied to vacant land values:

75% reduction when no existing access and no utilities (category 999)

50% reduction when no utilities (category 998)

0% reduction when access and proximity to utilities exists. (category 997)

Assessor applies discounts to vacant parcels depending on the availability of utilities and reasonable access. Documentation justifying the amount of these discounts (for property classes 997,998,999) should be developed and applied consistently throughout the county.

Directive # 2 – Upon approval of the ratio study by the Tax Commission the Assessor is directed to document support for all adjustments made to land for factors effecting value.

See Assessor response in Appendix.

The Tonopah office has dealt with land values during the last few years of declining sales in the following manner:

Because there have been almost no land sales in the rest of Nye Co. and for the most part the few improved sales that did occur involved improvements that are too old to result in useful land values (almost all attempts at using abstraction result in negative land values). Thus the Tonopah appraiser has resorted to (scant) sales ratio studies for each year and compared the median sales prices (in each of several known market areas) from one year to the same value calculated for the next year in order to calculate a percent drop in land values from year to year. This decline percentage drop has been applied to the historic values from 2010-11. This approach evolved from the input received from a consultant in 2009. Note that this calculation involves a “2% reduction in value / month No documentation exists justifying this percentage but should be able to be created by using existing sales ratio studies.

Directive # 3 – Upon approval of the ratio study by the Tax Commission the Assessor is directed to document support for market adjustments to land valuation and obsolescence.

See Assessor response in Appendix.

The Department’s attempts to derive land values from the scant sales resulted in a few instances where sales did substantiate a different value than that developed by the appraiser however those cases were few and far between.

Note that the Tonopah appraiser has been implementing this land valuing technique in a new reappraisal area each year. The majority of the outliers the Department found based on recent sales occurred in the reappraisal area (Reappraisal Group 2) that had not yet been reviewed by the appraiser but will be reviewed during this next reappraisal cycle.

As in the case with the Pahrump office, the Department recommends that the staff attempt to use existing sales to supplement the across the board reductions

when sufficient sales exist. Staff agrees with this assessment and will attempt to follow the recommendation when possible in the future.

Appraisal Records: Nye County hard copy parcel files are neat, organized and generally up to date. Paper folders are not kept for vacant parcels. This is generally not a problem though having a place (other than online) to note and track parcel history (such as splits, mergers, APN changes, etc.) as well as applicable discounts such as developer's discount, topography, access, lack of utilities discounts (along with justification for such) etc. would be convenient.

NRS 361.310 specifies that on or before January 1st of each year, the County Assessor shall deliver a complete assessment roll to the Department along with the appropriate affidavit. A complete assessment roll for 2013-14 – including all exempt properties – was not delivered to the Department until 1/29/13.

NAC 361.151 specifies that on or before April 1st of each year the County Assessor shall deliver the previous year's sales data to the Department along with the appropriate affidavit. Sales data for the years 2010 and 2011 were not delivered to the Department until 1/31/13.

Directive # 4 – Upon approval of the ratio study by the Tax Commission the Assessor is directed to develop a method for insuring that statutorily required deadlines are met.

See Assessor response in Appendix.

Nye Co. does provide online access to most of the parcel file information (except APEX drawings and above mentioned discounts) via the county website. In addition the county provides online access to their GIS along with recent aerial photos.

Personal Property: Nye County maintains proper records for Personal Property. The physical account folders (as well as responsibility for maintaining them) are divided between the two Assessor's offices. Files for personal property manufactured homes located outside of Pahrump Valley are maintained in the Tonopah office. All other personal property files are maintained in the Pahrump office.

Thirty-two accounts comprising 258 records were examined. After discounting rounding errors there were a total of 4 outliers. Two were the result of incorrect life applied to experimental/homebuilt aircraft and another two were the result of manufactured homes with no cost verification documentation in the file. The "life" related outliers were corrected by the Assessor's office.

NYE COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

APN	L	I	T	ENTITY I. D.	COMMENTS
027-031-12	41.12%	--	41.12%	VAC	Based on the sales of 5 similar parcels reviewed by Department and a sales ratio study of all Nye Co. 10 acre vacant land sales over the last 3 years the Assessor value is high
027-211-26	41.12%	--	41.12%	VAC	Based on the sales of 4 similar parcels reviewed by Department and a sales ratio study of all Nye Co. 10 acre vacant land sales over the last 3 years the Assessor value is high
027-261-24	36.51%	--	36.51%	VAC	Assessor applied an across the board 40% reduction of 2012-13 land values (see supporting sales ratio study in file). However a separate land analysis for the same period (see supporting doc. In file) reviewing sales of 2 acre parcels (size adjusted to 2.5 acre) indicates the Assessor ATB (across the board) reduction results in a slightly high valuation.
030-472-17	21.02%	--	21.02%	VAC	Based on the sales of 5 similar parcels reviewed by Department of all Nye Co. vacant land sales of similar size parcels over the last 3 years the Assessor value is high.
045-593-23	18.99%	32.35%	19.11%	VAC	Assessor applied an across the board 40% reduction of 2012-13 land values (see supporting sales ratio study in file). However a separate land analysis for the same period (see supporting doc. In file) reviewing sales of residential lots indicates the Assessor ATB (across the board) reduction results in value that is too low.
045-623-11	18.99%	33.85%	9.11%	VAC	Assessor applied an across the board 40% reduction of 2012-13 land values (see supporting sales ratio study in file). However a separate land analysis for the same period (see supporting doc. In file) reviewing sales of residential lots indicates the Assessor ATB (across the board) reduction results in value that is too low.
046-071-24	45.41%	33.99%	42.42%	VAC	2012-13 tax roll value for this parcel was incorrect (Assessor oversight). 40%

NYE COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

APN	L	I	T	ENTITY I. D.	COMMENTS
					Across the board reduction to 2012-13 value therefore produced an incorrect 2013-14 value. (see file for copy of 2013-14 land analysis verifying 40% decline in land values.)
002-281-04	32.05%	32.50%	32.39%	SFR	"In Ratio" improvement outlier. Assessor failed to pick up an original fire-place / chimney that has been there since original construction.
010-381-34	35.70%	35.26%	35.27%	SFR	"In Ratio" improvement outlier. 010-381-34 file folder and records contained some correct data for this parcel along with other (majority) data from the 010-381-52 file. Valued first APN and Assessor was eventually able to straighten out the two files.
036-021-18	16.04%	35.15%	30.20%	SFR	Assessor applied an across the board (ATB) 40% reduction of 2012-13 land values (see supporting sales ratio study in file). However a separate Department review of 5 similar sales for the same period (see supporting doc. In file) indicates the Assessor ATB reduction resulted in a value that is low and not within the 32% to 36% ratio.
036-024-01	16.04%	35.52%	29.62%	SFR	Assessor applied an across the board (ATB) 40% reduction of 2012-13 land values (see supporting sales ratio study in file). However a separate Department review of 5 similar sales for the same period (see supporting doc. In file) indicates the Assessor ATB reduction resulted in a value that is low and not within the 32% to 36% ratio.
045-511-01	8.13%	35.70%	29.04%	SFR	Assessor applied an across the board (ATB) 40% reduction of 2012-13 land values (see supporting sales ratio study in file). However a separate Department review of 5 similar sales for the same period (see supporting doc. In file) indicates the Assessor ATB reduction resulted in a value that is low and not within the 32% to 36% ratio..
001-283-08	35.14	33.37	33.45	COM	"In Ratio" outlier. Assessor mistakenly thought lot extended further to the rear than it actually did. As a result picked up a shed and Conex box that is not on subject parcel.

NYE COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

APN	L	I	T	ENTITY I. D.	COMMENTS
004-147-03	11.49%	35.74%	30.63%	COM	Assessor has not changed land values in many years due to lack of sales however 5 sales of similar parcels in 2009-10 indicate Assessor value is low. Assessor will be working this area during next reappraisal cycle (first time since Tonopah appraiser has been on the job) and will bring values up to date.
008-291-03	39.37%	25.61%	32.05%	COM	Assessor has ranked the building too low (.5) and without AC even though units are visible on roof. (Pressure from owner & Co. Board to reduce value). Assessor land value is low based on sales ratio study for sub-prime commercial properties in the Tonopah area (see file for study and calculations).
018-266-05	458.18%	34.02%	57.68%	COM	Assessor based current land value on one sale. Result is a very high value relative to other assessed values in the area. AV is considerably higher than what the value would have been using assessor's value for of \$.19/sf for "prime" in-town commercial lots (which this parcel is not).
018-272-05	8.02%	33.61%	29.41%	COM	Assessor based current land value on one combined sale. Result is a very high value for this parcel relative to other values in the area. AV is considerably higher than what the value would have been using assessor's TLV of \$.19/sf for "prime" in-town commercial lots (e.g. this property). Note that Assessor also failed to update the tax roll for other identical prime COM properties to reflect the new \$1.20/sf value.
042-472-07	9.26%	32.96%	57.68%	COM	Assessor applied an across the board (ATB) 40% reduction of 2012-13 land values (see supporting sales ratio study in file). However a separate Department review of 5 sales of similar size lots (see supporting doc. In file) – though not on a golf course as this parcel - indicates the Assessor ATB reduction resulted in a value that is not only low but fails to pass the "common sense" test for golf course lots. Assessor will review value in light of golf course frontage and COM use.
045-261-17	53.67%	32.92%	35.63%	COM	Assessor applied an across the board

NYE COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

APN	L	I	T	ENTITY I. D.	COMMENTS
					(ATB) 40% reduction of 2012-13 land values (see supporting sales ratio study in file). However a separate Department review of 4 similar sales for the same period indicates the Assessor ATB reduction resulted in a value that is high and not within the 32% to 36% ratio. Conclusion is backed up by a separate sales ratio study of vacant 1 acre lots.
045-264-17	53.67%	32.43%	38.73%	COM	Assessor applied an across the board (ATB) 40% reduction of 2012-13 land values (see supporting sales ratio study in file). However a separate Department review of 4 similar sales for the same period indicates the Assessor ATB reduction resulted in a value that is high and not within the 32% to 36% ratio. Conclusion is backed up by a separate sales ratio study of vacant 1 acre lots.
045-271-14	53.67%	35.40%	37.62%	COM	Assessor applied an across the board (ATB) 40% reduction of 2012-13 land values (see supporting sales ratio study in file). However a separate Department review of 4 similar sales for the same period indicates the Assessor ATB reduction resulted in a value that is high and not within the 32% to 36% ratio. Conclusion is backed up by a separate sales ratio study of vacant 1 acre lots.
019-131-26	35.69%	33.50%	35.53%	AGR	"In Ratio" outlier. No new AG form was ever requested after parcel split. Thus folder with new (from split) APN did not have correct AG form (was in old parcel # folder which also needed updating)

NYE COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

Notes to Assessor Regarding Parcels in Non-Reappraisal Areas				
045-021-25			AGR	Parcel Detail web site display: Update "AG Acres" Follow up on AG form for 10 new acres of Sudan grass.
045-041-04			AGR	Parcel Detail web site display: Update "AG Acres" Note re. "½ price for Sudan grass.
021-256-01			VAC	Parcels in the Johnnie area have not been revalued for many years due to unique nature and no equivalent sales. Assessor has committed to work on this area during next re-appraisal cycle.
021-286-11			VAC	Parcels in the Johnnie area have not been revalued for many years due to unique nature and no equivalent sales. Assessor has committed to work on this area during next re-appraisal cycle.
018-251-04			MFR	Construction of several minor improvements (decks, patio cover, shed, etc.) is underway or recently completed. Assessor to re-visit property.
019-411-01			MFR	2 nd MH has not been removed as indicated in file (or another has been added). Fencing is gone. Assessor needs to re-visit property.
044-161-13			MFR	3 flag poles that have not been picked up since Assessor last visit.
006-201-17			COM	New CFW has been added in rear since Assessor's last visit. Assessor needs to revisit property.
006-201-35			COM	CLF has been extended from 6' to 8'
019-551-14			COM	Seemingly residential use parcel classified as COM (surrounding properties are RES)
044-011-24			COM	Quality level of MH appears too high / Assessor indicates it's a function of this particular manufacturer. File should contain documentation to that effect.
045-084-01			COM	CLI3 shed in N. end of property is fully finished inside. (Used as a "trophy room", bar, etc.). Assessor should re-value.

WASHOE COUNTY NARRATIVE

2013 - 2014 RATIO STUDY

The Washoe County Assessor's Office appraises all real and personal property within the County each year¹. Historically, the County comprised five appraisal areas which are no longer valid due to annual re-appraisal of the entire County.

NRS 361.333 requires a comparison of the assessed value of each type or class of property determined by the county assessor to the taxable value of that type or class of property within that county determined by the Department through appraisals of individual parcels. The comparison, or "ratio," is in compliance with statutory requirements if the ratio of assessed value to taxable value is 35%. Ratios less than 32% or more than 36% are considered to be under-or-over assessed. See *NRS 361.333(5)(c)*.

Property Type	Sample Size	Samples in Compliance	Samples out of Compliance	Exception Rate
Vacant Land	7	7	0	0%
Single-Family Residential Land	19	19	0	0%
Multi-Family Residential Land	1	1	0	0%
Commercial and Industrial Land	3	3	0	0%
Agricultural Land	6	6	0	0%
Single Family Residential Improvements	126	126	0	0%
Multi-family Residential Improvements	24	19	5	21%
Commercial and Industrial Improvements	37	37	0	0%

Marshall & Swift: The Assessor values real property using AssessPro software, a Computer Assisted Mass Appraisal (CAMA) application that incorporates Marshall & Swift Valuation Service (Marshall Swift) cost tables, pursuant to NAC 361.128. This system uses "current cost" and "local conditions" multipliers that trend the published costs to a current date and adjust the costs by location.

¹ All references to the Assessor means the Assessor or the Assessor's staff.

PROCEDURES, ISSUES AND RECOMMENDATIONS

These location multipliers vary by area and are based upon the United States Postal Service, Zone Improvement Plan (ZIP) Codes. The Assessor is using the zip code multipliers within the CAMA system for all classes of improved property. These multipliers have been confirmed correct by the Department.

There are also multipliers within the CAMA system that adjust the base cost of a structure to account for climate, hillside location, foundation and proximity to areas of seismic activity.

The proper seismic category for the State of Nevada is Zone 3. A review of the Assessor's files indicates that the seismic adjustment is not currently being used in the valuation of single family and multi-family residential properties. By default commercial properties are not modified with a seismic adjustment multiplier. Pursuant to NRS 360.215(2), the Department issued each County Assessor Guidance Letter 10-003 dated July 14, 2010. This letter served to assist the Assessor with the correct application of the seismic cost adjustment when using the Marshall and Swift Residential Cost Handbook or Marshall Valuation Service.

The Assessor indicated that the office anticipates applying the seismic adjustment during future re-appraisal of real, single-family and multi-family residential property.

Minor Improvements: Washoe County utilizes a comprehensive list of various minor improvements referred to as computer cost additives which include but are not limited to: flatwork, curbs, outdoor lighting, porches, decks and awnings. A variance study was conducted to determine whether the computer additive costs were comparable to similar component costs published in the Marshall Swift cost manuals, and the Department has validated these additive costs. The Assessor also employs lump sum values for certain yard item costs that typically include fencing, walls, and/or lawn sprinkler areas. The Department has determined the lump sum costs are comparable to those of Marshall Swift.

Certain minor improvements are published within cost tables that indicate a unit cost based on a specific area that is usually expressed in square footage. These tables typically require interpolation to derive a proper unit cost for the area being valued. Interpolation is the process of finding the value that lies between two other values. When the area of the subject falls between two areas in the cost tables, the cost for the subject area is interpolated from the known data. A review of the County's appraisal records reveals that interpolation is being properly applied.

PROCEDURES, ISSUES AND RECOMMENDATIONS

New Construction Improvement Valuation: The Assessor discovers and follows the progress of new construction using a tracking system developed by the Washoe County Assessor's Office. Construction permits are received on a monthly basis from Washoe County, the City of Reno and the City of Sparks. The progress of property under construction is physically examined at a minimum of once per year. Certain higher quality properties are visited more frequently.

The Assessor attempts to view new construction prior to the lien date so that all of the existing improvements are discovered and valued accordingly. These parcels are then placed on the proper tax roll by using the re-opened roll log option that is available to the assessor. This is a best practice.

Improvement Factor: Washoe County has conducted a full re-appraisal of all major improvements within the county since 2005. Certain minor improvements that comprise the "special features/yard improvements" portion of a property are not updated annually. These improvements have a State-wide improvement factor applied to them that is approved by the Nevada Tax Commission. A majority of the minor "special features/yard improvements" are revalued annually.

NRS 361.260 (6.) states "the county assessor shall re-appraise all real and secured personal property at least once every 5 years". While Washoe County has met the criteria with a full re-appraisal of all major improvements throughout the County since 2005, the Department recommends that this complete re-appraisal continue to take place annually, so that the improvements being valued are up to date with the costs published in the Marshall Swift manuals. Reliance on factors is less accurate than re-appraisal.

Improvement Discovery/Identification: Since physical re-inspection of property is no longer mandatory, Washoe County relies on aerial photography and their in-house permit tracking system to capture new improvements.

Although the Assessor has elected to annually appraise all land and improvements throughout the County, the Department recommends that the appraisal staff continue to perform some type of physical re-inspection on a rotating basis in order to minimize property escaping taxation.

Obsolescence: Due to economic and property value decline, the Assessor has applied economic obsolescence to improvements in various market areas throughout the County. NRS 361.227(5) states that "the computed taxable value of any property must not exceed its full cash value".

In order to comply with NRS 361.227, the Assessor maintains a list of sales of improved and vacant properties within the county. Once a median land value is established for a given market area, the Assessor's taxable improvement values

PROCEDURES, ISSUES AND RECOMMENDATIONS

are compared to their total sales prices, and a ratio of taxable value to sales price is calculated. Any property with a taxable value that exceeds the sales price has a percentage reduction applied to that market area.

Appraisal Records: The information contained within the Assessor's files is complete, correct and up to date. Most improved property files having sketches have been scanned and are available via computer imaging. The remaining hand-drawn sketches will be digitally converted in the future. All assessment and tax information is made available on-line to the general public via the Washoe County Assessor's Office website.

Personal Property: Washoe County identifies personal property pursuant to NRS 361.030. The Department examined 27 personal property accounts that comprised 213 records. The Department concluded that Washoe County has correctly applied valuation to all accounts that were subject to review.

WASHOE COUNTY OUTLIER REPORT

2013 - 2014 RATIO STUDY

APN	L	I	T	ENTITY I.D.	COMMENTS
013-461-12	33.11%	31.54%	32.29%	MFR	Improvement outlier the result of Washoe County not applying the zone 3 seismic adjustment in Marshall Swift.
020-312-02	34.76%	30.66%	32.15%	MFR	Improvement outlier the result of Washoe County not applying the zone 3 seismic adjustment in Marshall Swift.
026-311-07	34.76%	31.78%	32.68%	MFR	Improvement outlier unknown. Application of zone 3 seismic adjustment by Department still results in improvement outlier. Possible basic structure cost difference within Washoe County CAMA system.
031-352-18	35.28%	31.29%	31.90%	MFR	Improvement outlier the result of Washoe County not applying the zone 3 seismic adjustment in Marshall Swift.
031-392-20	34.15%	31.35%	32.01%	MFR	Improvement outlier the result of Washoe County not applying the zone 3 seismic adjustment in Marshall Swift.

2013 – 2014

REPORT OF ASSESSMENT RATIO STUDY

ASSESSOR RESPONSES

From: Sonnemann, Doug [<mailto:DSonnemann@co.douglas.nv.us>]
Sent: Thursday, April 25, 2013 8:01 AM
To: Greg Worms
Subject: RE: Response Verification

DOUGLAS COUNTY 2013 - 2014

Assessor Responses to Ratio Study Narrative Recommendations

Recommendation - Although the Assessor is now faced with yearly “mass appraisal” of all land and improvements throughout Douglas County, the Department recommends that the appraisal staff continue to perform some type of physical re-inspection of all properties on a rotating basis in order to minimize property escaping taxation.

Response to Recommendation - With current resources and additional complications of the job it is not possible to do a physical reappraisal of a fifth of the county as was done in the past. The market is much more challenging to be able to find comparable sales and data with which to establish values. With less staff and fewer market sales, our resources have been concentrated on establishing current values for reappraisal; particularly land values. Part of the recent personnel loss was our summer internship program that provided the staffing to do many of these types of inspections. Those positions were lost with the downturn of the economy and subsequent county budget constraints. We have recently used our technology fund to provide an expanded use of aerial photography. New tools allow much easier use of the images to find property improvements that need to be inspected. The technology is such that we can have the clerical staff review the imagery and note the differences. Those properties that indicate a change will then be given to the appraisers to do a field inspection. This process should greatly alleviate the lack of inspections we have experienced due to the budget constraints and provide adequate and efficient use of resources.

Directive # 1 - The Department recommends that the Tax Commission direct the Assessor to identify all residential properties that have central air-conditioning systems during New Construction inspections as well as when performing reappraisal field inspections and value those systems accordingly.

Response to Directive # 1 - We had not valued air conditioners on residential properties as they were not required to have a building permit and it was therefore felt to be difficult to pick them up in a fair and equitable manner. We have always picked up air conditioners on commercial buildings. Per this recommendation we will value all air conditioners on all properties.

Directive # 2 – The Department recommends that the Tax Commission direct the Assessor to determine whether the Conex Box meets the criteria of a fixture as defined in LCB File No. R039-10, Section 16 or as described in Schedule “F” of the Personal Property Manual. If the Conex Box is determined to be a fixture, and is 120 square feet or greater, it must be valued as a shed.

Response to Directive # 2 - Until about two years ago, Conex Boxes were illegal in Douglas County so they were not a valuation issue. As with the discovery issue previously mentioned we have not had the resources to find these items since the ordinance change. The use of the enhanced aerial photography will be invaluable to find and value the Conex Boxes and eliminate the valuation problem.

From: Jeff [<mailto:assessor@hcnv.us>]
Sent: Wednesday, May 01, 2013 4:48 PM
To: Bruce Bartolowits
Subject: RE: Ratio Study

HUMBOLDT COUNTY 2013-2014

Assessor Responses to Ratio Study Narrative Recommendations

PARAGRAPH 1

“Humboldt County conducts a full physical reappraisal of all improvements in 1/5 of the county each year and applies the NTC approved improvement factor to the improvements in the other non-reappraisal areas.”

This is an incorrect statement. Humboldt County has not used the Tax Commission factor since 2011-12. We have been re-costing all improvements every year. However, we do physically reappraise 1/5 every year.

NEW CONTRUCTION VALUATION

“New construction that is discovered after the close of the roll, but before July 1st, is included on the supplemental roll.”

This statement is not quite accurate. New construction is discovered, valued and placed on the real property roll between July and December of each year. Any new construction discovered and entered on the real property roll after the close of the roll in December is entered on the Re-opened roll log between January and June 30th. It is not entered on the supplemental roll. The only property that ends up on the supplemental roll is mining property provided to us by the Department of Taxation. The only other time we have a supplemental billing is if there was a property escaping taxation. This would be real property not added to the real roll before it closed on July 1st, which is rare.

MULTI-FAMILY RESIDENCE:

“One property in the non-reappraisal area should be done before the cycle reaches it again. It is listed as a duplex. It is a four plex and needs to be re-assessed.”

All of us are wrong on this property. The property is actually a tri-plex. This has been verified by a permit on file with the City Building Department as well as a conversation with the owner. It has been corrected to reflect three residential units instead of two. See attached “new” sketch (Exhibit A). We did not have this prior to the ratio study. Good catch!

We also observed a new cover on porch since last inspected, in non re appraisal area.

This is partially correct. This porch was in new construction. As a matter of fact, the roof cover was being added when the Department appraiser arrived for the inspection. As already mentioned, new construction is added in December and June and this property was slated to be re-visited and added to the roll when the construction was complete (prior to July 1).

COMMERCIAL PROPERTY:

“Lump sums should not be used for improvements.”

Lump sums are not used for commercial properties. When an improvement is valued using the Marshall Swift Estimator, the calculated value that transfers to the Property Appraisal portion of the program “appears” in the lump sum line even though it has been valued using Marshall Swift. See Exhibit B.

“We observed one property in the reappraisal area used the Rural Manual costing a brick garage/shop as General Purpose Building. Commercial cost should be used. In outlier table: 003-411-05 32.69% 27.42% 27.78% COM Outdoor lights, new chain link, wire, Rural Manual GP bldg. on brick commercial part of building.”

This property is a mixed use property as it has a residence and a business. The general purpose building cost is not being used for the cinder block garage/shop. It is being used for the Maintenance and Equipment shed located behind the residence that is also on this commercial property and is valued using the rural manual. The building referred to by the Department appraiser is the commercial garage plus additions and is being valued using the Commercial Estimator. See Exhibit C. We agree this may be confusing to anyone outside our office and endeavor to correct the sketch to make it clear.

Land Sales Coding:

“To better adjust sales and assessed value, square foot cost should be used.”

Typically, site values are used for commercial properties. Values vary so drastically, it is difficult to verify if a property was sold on a front foot, square foot or site basis. It is generally believed most are sold on a site basis, taking into account location, zoning, traffic patterns, visibility and utilities. Regarding the particular property noted by the Department, we do not dispute that we may be a bit low on the value, but with a parcel that is over 5 acres, we are likely going to use more of a per acre than per square foot value.

Internet sales should be coded for validity and not excluded.

On rare occasions we will use Internet sales when there are absolutely no other sales available. We have used them in certain rural areas. As a general rule however, they are not valid sales. We send questionnaires that verify these are not valid sales. NRS 361.025 defines full cash value, which is the value to be used by tax appraisers to

determine value of land. "Full cash value" means the most probable price which property would bring in a competitive and open market under all conditions requisite to a fair sale. Apparently "fair sale" is not defined in statute or regulations that this office could find so we look to appraisal textbooks to help us determine what that must mean. Most appraisal textbooks define a market value similar to the Nevada law's fair market value. Fair sale would seem to indicate that neither party was under some type of stress to buy or sell. Knowledge of a market generally also comes into play when discussing what is often referred to as "arms length transactions." It is very clear from the questionnaires and phone calls we receive that the buyers are not knowledgeable. Nearly every questionnaire received has the buyer stating they do not know if the purchase price represented a market value. Callers ask questions about location to water and sewer when the property they are inquiring about is 20+ miles from any type of utilities. Also, we are familiar with a majority of the sellers and they have no idea about the property they are selling. On their own websites they make a statement **Call the County** with reference to power, water, sewer, etc. At one point, one of the websites had a photo of the Humboldt County Nevada Courthouse and right next to it a photo of the Humboldt County California redwoods. It was not until I contacted them and explained the redwoods were in Humboldt County California and not Humboldt County Nevada that they took that photo down. We also have no way of "coding" Internet sales. To this point all are included as valid sales and are not determined to be invalid until the analysis begins. They are all included in the sales data bank as a general rule.

The Department recommends coding be added to reference "utilities available" for vacant land.

I would like more information on what this actually means. We do have some coding for properties that have utilities but we do not have enough places for all of the coding the Department seems to indicate we need. Currently we use a field called Special Prop. for this type of coding but there is not enough room for all of the possibilities. Therefore, I am unsure of where this coding should be located. Adding additional fields requires more programming costs. However, the biggest question is what does "utilities available" mean and how do we get all of that information? For example, we recently had a property that was surrounded by properties that had electricity. However, this particular parcel did not have power. When investigating this problem through Nevada Energy, it was explained it would cost approximately \$10,000 for this property to receive power. However, they would not give me any information regarding what properties have power and which do not. They refuse to provide that information except on a one parcel at a time basis. We use maps that we either receive from the City or we create ourselves noting utilities, but we have much work to do entering this information into the system.

APPRAISAL RECORDS:

Agricultural property records are in general good order, but care should be taken with land taken in and out of agricultural use.

We would like to know what we should do different here. Currently we track all AG properties that have been removed from AG which indicates the number of years left on the AG lien.

PERSONAL PROPERTY:

There is a record keeping problem with the on line filing of Declarations of Value. All aircraft did not have valid bill of sale or valid proof of sale.

Yes, it would be nice if declarations all came with bills of sale, signatures and everything else required but sometimes they just don't. We don't think we have any kind of leverage to "make" someone provide us with these items. We are typically just glad we get them back!

NRS 719.100 "Electronic signature" defined. "Electronic signature" means an electronic sound, symbol or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

While we may be completely misunderstanding this statute, it seems the declarations we receive contain an electronic signature according to this law. It says a process is attached to a record and executed which we would believe happens with the unique pin assigned. When a declaration is created, it contains a pin number that is specific to the individual to whom the declaration was sent and must be used for the taxpayer to file their declaration online. The pin number system is similar to the system used by the IRS.

USE OF RURAL BUILDING MANUAL OUTLIER REPORT

The Department appraiser says that the containment walls were not being valued and that was a problem that will be corrected. However, the tanks on APN 15-028-14 should remain as personal property. Referenced by the Department is 361.035 which provides the definition of real property. In the Personal Property manual is a definition of trade fixture and is provided below:

LCB File No. R068-12

Section 1. Chapter 361 of NAC is hereby amended by adding thereto a new section to read as follows:

"Trade fixture" means an item of personal property that:

- 1. Is installed or attached nonpermanently to real property by an owner or tenant for the purpose of conducting a business or trade and not for the enhancement of the real property to which it is installed or attached; and*
- 2. Has a unique identity and function which is related to the business or trade for which it is installed or attached and which is distinct from the real property to which it is installed or attached.*

Since 15-028-14 is J.R. Simplot Company, it is hard for us to see that the tanks do not fit the definition as provided in this trade fixture regulation. If Simplot were no longer to occupy this space, would the tanks remain or would they be removed? It is our belief the tanks would no longer remain. The tanks in question belong to Simplot and are

pertinent to their business. If another company that was not in the fertilizer business occupied this property, it is unlikely the tanks would remain. The tanks can be and in fact have been moved. While this is not necessarily an easy task, it can be done without damage to the real estate. These tanks also do not enhance the real property. Plus, if we move these off of the unsecured roll to the real property roll, we will be inconsistent with other counties.

07-161-53

Vacant land 20 acres priced the same as 40 acres in same Book.

Without additional research these two different size parcels may have the same value. This is a very remote area with very few good sales.

15-371-10

“Age weighting, lights, handicap, asphalt size.”

We agree with all of these except the handicap comment. We cannot agree to adding painting on asphalt for handicap parking. This is nitpicking.



From: Linda Whalin [<mailto:lwhalin@lyon-county.org>]

Sent: Friday, April 26, 2013 10:08 AM

To: Bruce Bartolowits

Subject: Re: Ratio Study

LYON COUNTY 2013 - 2014

Assessor Responses to Ratio Study Narrative Recommendations

Directive # 1 - Upon approval of the ratio study by the Tax Commission the Assessor is directed to determine whether any given conex box meets the criteria of a fixture as defined in NAC 361.1127 or as described in Schedule "E" of the 2013 - 2014 Personal Property Manual; and value conex boxes accordingly.

Response to Directive # 1 –

The Lyon County Assessor's Office will value all conex boxes as described in Schedule NAC 361.1127 or as described in Schedule "E" of the 2013-2014 Personal Property Manual.

From: Shirley Matson [<mailto:smatson@co.nye.nv.us>]
Sent: Friday, May 03, 2013 8:39 AM
To: Bruce Bartolowits
Subject: Response

NYE COUNTY 2013 - 2014

Assessor Responses to Ratio Study Narrative Recommendations

Directive # 1 - Upon approval of the ratio study by the Tax Commission the Assessor is directed to value permanently mounted flag poles on residential and commercial property.

Response to Directive # 1 –

All permanently mounted flag poles on commercial property will be valued.

Directive # 2 - Upon approval of the ratio study by the Tax Commission the Assessor is directed to document support for all adjustments made to land for factors effecting value.

Response to Directive # 2 –

As a team we agree this is already being done.

Directive # 3 – Upon approval of the ratio study by the Tax Commission the Assessor is directed to document support for market adjustments to land valuation and obsolescence.

Response to Directive # 3 –

As a team we agree this is already being done.

Directive # 4 - Upon approval of the ratio study by the Tax Commission the Assessor is directed to develop a method for insuring that statutorily required deadlines are met.

Response to Directive # 4 –

A method has been set up.

From: Wilson, Josh G. (Assessor) [<mailto:JGWilson@washoecounty.us>]

Sent: Monday, April 29, 2013 10:40 AM

To: Bruce Bartolowits

Subject: RE: Ratio Study

WASHOE COUNTY 2013 - 2014

Assessor Responses to Ratio Study Narrative :

Thank you for the opportunity to comment on the 2013-14 Ratio Study. The Washoe County Assessor's Office offers the following response:

- The Washoe Assessor's office will utilize the seismic Zone 3 adjustment provided by the Marshall and Swift Residential Cost Handbook or Marshall Valuation Service in future reappraisals.
- The Washoe Assessor's office wants to assure both the Department and the Nevada Tax Commission that the comprehensive list of various improvements referred to as "computer cost additives" referenced on page 54 of the report are generated from either the Marshall and Swift Residential or Commercial Cost Handbooks.