



**A MASS APPRAISAL REPORT
OF AND PREPARED FOR THE**

**Town of Salem,
Located in the County of Kenosha,
In the State of Wisconsin**

Presided Over By
Diann Tesar, Chairperson

PREPARED BY

Rocco Vita
Assessment Administrator
Village of Pleasant Prairie
9915 39th Avenue
Pleasant Prairie, WI 53158



**EFFECTIVE VALUE DATE
JANUARY 1, 2011**

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LETTER OF TRANSMITTAL

August 3, 2011

Town of Salem, Kenosha County, Wisconsin

9814 Antioch Road
Salem, WI 53168

Dear Chairwoman Diann Tesar:

According to Wisconsin Law I am aware of and understand I have correctly used recognized methods and techniques necessary to produce a credible mass appraisal of the locally assessable property in the Town of Salem as of January 1, 2011.

The municipality is the client, the intended user, and authorized user of this report. Property tax distribution is the intended use. Neither I nor my staff is responsible for any unauthorized use of this report.

This report conforms to the requirements of the current *Uniform Standards of Professional Appraisal Practice* and Wisconsin Statutes, case law, administrative rules, and the *Wisconsin Property Assessment Manual*.

We have inspected the properties based upon guidelines in the *Wisconsin Property Assessment Manual* and further described in this report. Please understand that the detail of our inspection was within the scope of property appraisal versus that of a building inspector or engineer. Other than those items identified in this report and on the property record cards, the appraiser knows of no adverse physical conditions or restrictions affecting the properties as of the effective date of the assignment. It should be noted that any undisclosed or undiscovered physical issue or restriction could adversely affect a property's value.

Authorized users are cautioned that the final opinions of value are based on certain information, assumptions, and possible limiting and hypothetical conditions. When and if these exist, they are identified in the body of this report and in the individual property record files. Any change to these conditions could significantly affect the appraiser's opinion of value. A due diligence review of this report by the client and any other authorized user is strongly recommended.

Respectfully submitted,

Rocco Vita
Assessment Administrator
WI Assessor 2 Certification ASR123456D
WI Assessor 3 Certification LUV123456E

SUMMARY

Date of Value: January 1, 2011

Date of Report: August 3, 2011

Interest Appraised: Pursuant to §70.03, §70.32 and WI case law

Level of Assessment: 100%

Description of the Property: All property subject to taxation by local assessment within the Town of Salem, Wisconsin

Value Summary: Real Estate: \$1,025,509,300; Personal Property: \$4,973,300

Summary of Activities:

Art. IV Sec. 28	On what date did you take the oath of office as assessor?	12/19/1995
70.35(1), 70.35(2)	On what date did you send personal property returns to property owners?	12/22/2010
70.365	On what date did you mail the notices of changed assessment?	07/11/2011
70.10, 70.49(1), 70.32(2), 70.30	Did you sign the affidavit and attach it to the roll? Yes	08/03/2011
79.095	On what date did you submit the Exempt Computer Report to DOR?	04/25/2011
73.03(5)	On what date did you submit the Municipal Assessment Report to DOR? Estimated Report: 06/13/2011; Final Report: 08/04/2011	08/04/2011
66.1105(6)(a)	Did you submit all required TID information by the second Monday in June to DOR?	<input type="checkbox"/> Yes <input type="checkbox"/> No X NA
70.44(1) 70.44(3)	Did you discover any omitted real or personal property?	<input type="checkbox"/> Yes X No
	If discovered, did you correct the omission?	<input type="checkbox"/> Yes <input type="checkbox"/> No X NA
	If discovered, did you provide written notice the property owner about appeal rights?	<input type="checkbox"/> Yes <input type="checkbox"/> No X NA
70.45	On what date was the open book held? 9 Hours daily from 7/11 thru 7/28/2011	07/11 – 07/28/2011
	How many property owners attended the open book?	Walk-ins: 4 Telephone: 46
	How many changes to value did you make as a result of the open book?	12
	On what date(s) did you send out the revision notices?	Various – As made
70.47(1)	On what date did the BOR meet? Initial statutory meeting on 05/17/2011; One hearing date of 08/03/2011	08/03/2011
	If the BOR met and needed to adjourn, to what date did they reschedule?	N/A
70.47(3)(ag)	Were you or your authorized representative present at the first meeting of the BOR	X Yes <input type="checkbox"/> No
70.52	Were you informed by the clerk of any double assessments, imperfect descriptions or other errors?	<input type="checkbox"/> Yes X No
	Were you informed by the clerk of any omitted parcels of real or personal property accounts omitted?	<input type="checkbox"/> Yes X No
	If informed of palpable or omitted parcels, did you view and value the property in error and certify the value to the clerk?	<input type="checkbox"/> Yes <input type="checkbox"/> No X NA
	If informed of palpable or omitted property, did you verify that it was added to the roll by the clerk?	<input type="checkbox"/> Yes <input type="checkbox"/> No X NA
70.73(1m)	Were you informed by the clerk or treasurer the correction of a palpable error in the assessment roll after the BOR adjourned?	<input type="checkbox"/> Yes <input type="checkbox"/> No X NA

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. This appraisal is done based using the guidelines and standards prescribed in the *Wisconsin Property Assessment Manual* published for the assessment year.
2. The appraiser is not responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser believes the title is correct and marketable.
3. The appraiser will provide testimony and appear in court as required for the office of municipal assessor.
4. The appraiser has noted on the individual property record cards any adverse conditions observed during the inspection of the subject properties. Unless otherwise stated on the property record card, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property.
5. This appraisal is prepared for ad-valorem tax purposes. Property is valued according to statutes §§ 70.32 and 70.03, case law and the *Wisconsin Property Assessment Manual*. Depending on the class of property there may be specific valuation guidelines and the reconciliation of data is performed according to statutes. Because of this the Jurisdictional Exception applies in some instances.
6. Each property has been appraised as though under responsible ownership and competent management.
7. Surveys of the appraised properties have not been provided. We have relied on tax maps and other materials in the course of estimating physical dimensions and the acreage associated with assessed properties.
8. We assume the utilization of land and any improvements is located within the boundaries of the property described. It is assumed that there are no easements or encroachments for any parcel that have not been addressed on the property record card or addressed in the mass appraisal.
9. In the preparation of the mass appraisal interior inspections have been made for some but not all property located within the Town of Salem as discussed in the scope of work section of this report. Where exterior-only inspections have been made it is assumed that the condition of the interior is similar to the exterior condition unless appraisal staff has received additional information from qualified sources giving more specific detail to the interior condition.

10. Property inspection dates will have ranged in time from both before and after the January, 1 assessment date. It is assumed that there has been no material change in condition from the latest property inspection unless noted on the property records retained in the assessor's office.
11. We assume that there are no hidden or unapparent conditions associated with the properties, subsoil or structures, which would render the properties (land or improvements) less valuable.
12. It is assumed that all required licenses, certificates of occupancy, consents or other instruments of legislative or administrative authority from any private, local, state, or national government entity have been obtained for any use on which the value opinions contained within this report are based.
13. We have not been provided a hazardous condition's report, nor are we qualified to detect hazardous materials. Therefore, evidence of hazardous materials, which may or may not be present on a property, was not observed. As a result, the final opinion of value is predicated upon the assumption that there is no such material of any of the properties that might result in a loss or change of value unless such report has been provided and is part of the property's file.
14. Information, estimates, and opinions furnished to appraisal staff and incorporated into the analysis and final report was obtained from sources assumed to be reliable and a reasonable effort has been made to verify such information. However, no warranty is given for the reliability of this information.
15. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made compliance surveys nor conducted a specific analysis of any property to determine if it conforms to the various detailed requirements identified in the ADA. It is possible that such a survey might identify non-conformity with one or more ADA requirements, which could lead to a negative impact on the value of the property(s). Because such a survey has not been requested and is beyond the scope of this appraisal assignment, we did not take into consideration adherence or non-adherence to
16. Possession of this report does not carry with it the right of reproduction or disclosure of this report. Use of this appraisal and its conclusions is limited to the administration of property taxes according to the governing laws of the State of Wisconsin and the municipality the report is prepared for.

CLIENT AND INTENDED USERS

The Town of Salem is the client and intended user of this report. The official address of the client and intended user is 9814 Antioch Road, Highway 83, PO Box 443, Salem, WI 53168.

INTENDED USE

This report is a mass appraisal report made for ad valorem tax purposes and it is specifically made for property tax distribution. Use of this report and its conclusions is limited to the administration of property taxes according to the governing laws of the State of Wisconsin and specifically to the Town of Salem, Kenosha County, Wisconsin.

EFFECTIVE DATE OF APPRAISAL AND REPORT

This appraisal is for ad valorem tax purposes. The State of Wisconsin requires all property to be valued as of January 1st in any given year. The appraisal date for this report is January 1, 2011. The report was completed August 3, 2011, prior to the Board of Review hearing for the municipality.

DEFINITION OF VALUE

Definition of Market Value:

According to the Uniform Standards of Professional Appraisal Practice, the definition of market value is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

JURISTICTIONAL EXCEPTIONS

Since 1998, the assessed value of “farmland” for property tax purposes has been based on the productive capacity of the land. The 1995-1997 Budget Act changed the standard for assessing farmland from market value to “use value” assessment. In a use value assessment system, an agricultural property’s use is the most important factor in determining its assessment classification. Chapter Tax 18 specifies the use value calculation. Land necessary for the location and convenience of agricultural buildings and residences of the farm operator’s spouse, children, parents, or grandparents are classified as “Other” and shall be assessed at market value.

Section 70.32(2)(c)1d Wis. Stats. defines “agricultural forest” as “land that is producing or is capable of producing commercial forest product . . . and shall be assessed at 50% of its full value”.

Wisconsin Act 33 specifies how “undeveloped land” is valued for assessment purposes under sec. 70.32(4) at 50% of its full value. Undeveloped land includes areas commonly called marshes, swamps, thickets, bog, or wet meadows.

Two unique agricultural products, cranberries and fish, are produced on “specialty land” and are assessed at use value rates. Fish ponds used for animal aquaculture qualify as agricultural as they are analogous to pasture.

IDENTIFICATION OF THE PROPERTY RIGHTS AND PROPERTY BEING APPRAISED

Property Rights Appraised: The property rights appraised are defined in Chapter 70,03 Wis. Stats., case law and further described in the *Wisconsin Property Assessment Manual*. The attributes of each property can be found in the property records maintained in the assessor’s office. These include legal descriptions, parcel identifiers, addresses, photos and sketches or computerized links to those attributes. Assessors are directed by statute to value real property. Real property includes more than just physical components of property such as land and its improvements. It also includes the rights, privileges and benefits of owning the real estate. §70.03 Wis. Stats, reads, in part, as follows:

70.03 Definition of Real Property. “Real property”, “real estate” and “land” when used in chs 70-76, 78, and 79, include not only the land itself but all buildings, and improvements thereon, and all fixtures and rights and privileges appertaining thereto,...

As stated in the Wisconsin Property Assessment Manual (WPAM) page 7-8, “*The goal of the assessor is to estimate the current market value of the bundle of rights for a particular property, considering only those rights and privileges that the owner, or beneficial owner, can transfer to a willing buyer in an arms-length transaction.*” This means the assessor values the interest that can be transferred.

The subject properties being appraised include all the taxable parcels in the Town of Salem. This municipality is located in Kenosha County, Wisconsin. The taxable parcels consist of 5,881 residential properties and 153 commercial properties at the time the assessment notices were mailed. This report does not include manufacturing, utility, or telco properties in the municipality since they are state assessed by the Department of Revenue.

Each parcel, including exempt property is described on the Kenosha County internet site: (http://www.co.kenosha.wi.us/apps/propinq/propinq_policy.phtml). The listing typically includes the legal description of the property, the name and address of the owner, the land value, the improvement value, the total value, land use and certain property characteristics, the last sale date as well as property tax information. The Kenosha County website also has links to GIS property maps that include zoning information, district, and other information and can be found at: (http://www.co.kenosha.wi.us/plandev/mapping/interactive_map.html)

HIGHEST AND BEST USE

According to the Wisconsin Property Assessment Manual at 7.2.4.2 on page 7-10:

“highest and best use is defined as that use which over a period of time produces the greatest net return to the property owner. The possible uses of a property have a significant influence on its value. Because most properties could be put to a number of different uses, it is necessary to determine which of the possible uses is the highest and best use. There are a number of factors that influence the highest and best use of a property.

The contemplated use must be legal. That is, it must not violate any government regulations. This would include such items as zoning, building codes, health codes, criminal laws, and other regulations. For example, an office building may represent the greatest net return on a parcel of real estate; however, if this use is prohibited by zoning laws, it does not represent the highest and best use.

The use must be complementary. It must be in balance with the uses of the property around it. This is explained in the principle of conformity.

The highest and best use should not be a highly speculative use. The use should produce the greatest net return over a reasonable time period. An income stream of high return over a short time may not be as valuable as that use which generates a smaller income but over a longer period of time.

The highest and best use of a property can change over time. Changes in the economy, society, and neighborhood can result in new uses of properties. Therefore, the assessor should be periodically reviewing the data on highest and best use and change the conclusions if necessary.

It's important to recognize that the current use of a particular property does not necessarily represent the highest and best use or the full market value of the property. All of the available uses of the property should be considered. According to the book, Readings in Highest and Best Use, “The fact that a property is adaptable to secondary uses may be an important consideration to a prospective buyer and thus influence market value.”

In summary, highest and best use represents the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value. For purposes of this report it is assumed that the current use of the property represents the highest and best use unless stated otherwise on the property record card or file.

SCOPE OF WORK

As stated in the letter of transmittal this report is produced as a result of the assessor's assignment to value property in the Town of Salem. The use of the values determined is for the fair and equitable distribution of the tax burden for said municipality. In order to accomplish this task and produce credible results the assessor and assessment staff completed the following tasks:

- analyzed sales of all the major classes of property,
- conducted ratio studies,
- reviewed and/or inspected properties where building permits were issued to assign a percentage of completion for the January 1, 2011 assessment date,
- mailed, collected and evaluated income and expense statements to leased commercial properties,
- investigated information from national and regional data sources such as the MLS, Korpaz, cost manuals, business publications, etc.,
- analyzed, evaluated and calculated data to determine appropriate capitalization rates for income producing property,
- inspected 284 properties due to sales, building permits and requests for inspections
- reviewed foreclosure information as provided by the real estate transfer returns
- reviewed 1 application/request for property tax exemption,
- made credible attempts to discover, list and value new personal property and leased personal property subject to assessment,
- mailed 2011 personal property report forms to 303 personal property and leased personal property accounts that existed in 2010 and valued those accounts where personal property still existed

The Scope of Work includes the analysis and consideration of the highest and best use of property, along with the locational, physical, economic, and legal aspects associated with the taxable properties. Parcel maps and physical attributes can be found on the County's website at (http://www.co.kenosha.wi.us/plandev/mapping/interactive_map.html) or (<http://co.kenosha.wi.us>)

Listed below are the steps that were taken to determine market values for all classes of property as required by §70.32 Wis. Stats. In completing this task the assessor used the three recognized approaches to value; the sales comparison approach, the income approach and the cost approach however not every approach was used for each property. The valuation method applied is indicated on the chart in the section titled "Application of the Valuation Method used to Appraise Property". Due to the nature and complexity of this assignment the appraiser

employs mass appraisal techniques. These techniques include the following activities:

- a. Identifying the properties subject to property assessment and taxation;
- b. Defining the market area of consistent behavior that applies to property;
- c. Identifying the characteristics that affect the creation of value in that market area;
- d. Developing a model structure that reflects the relationship among the characteristics affecting value in the market area;
- e. Calibrating the model structure to determine the contribution of the individual characteristics affecting value;
- f. Applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
- g. Reviewing the mass appraisal results.

Market Analysis: For the properties appraised the effect on use and value for factors such as: existing land use regulations, reasonably probable modifications of such regulations, economic supply and demand, the physical adaptability of the real estate, neighborhood trends, and highest and best use of the real estate has been analyzed. Also analyzed are the supply and demand market trends for the assessment year to the extent that the data is available and reliable. If any required data is unavailable or is considered unreliable, an explanation is provided within the property record card. The following information is the basis for my conclusions, and provides support for those conclusions regarding trends and overall market conditions as reported in this report. When necessary, I have identified the supply and demand market trends by neighborhood/market area.

Neighborhood/Market Area Map, Identification: For assessment purposes the Town of Salem is divided into different property types based on residential and commercial environment. This delineation lends itself to better value analysis, appraiser assignments, identifying comparable property and valuation. These include:

- Residential property – includes 1-3 family property. Residential properties are further grouped into residential environments based on the following criteria:
 - Rural
 - Subdivision
 - Hamlet
 - Waterfront

The rural neighborhoods include the statutory property class of 'Other' that includes dwellings and outbuildings related to agricultural use as well as the agricultural properties with varying land classifications.

- Condominium property – includes all declared condominium property with sold units.
- Local commercial property – includes commercial property throughout the town whose values are strongly influenced by the property's neighborhood. Examples include storefront property, neighborhood restaurants, taverns, retail, automotive service, and small strip centers, etc.

- Highway commercial property – includes highway property due to business function or building size. Examples include hotels, motels, office buildings, major shopping centers, etc.
- Apartments – includes multi-family rental properties of 4 or more living units used solely for residential purposes.

Maps of the municipality with delineated neighborhood groups and neighborhoods are presented in the addenda. There is a separate map for each of the following types of property: residential, condominiums, and commercial. More detail about each of the property types follows.

Residential property consists of 1-3 family properties which have been divided into 12 neighborhood groups and 85 different neighborhoods for assessment purposes. Salem has 4,721 residential 1-3 family properties. Each neighborhood group consists of environmentally similar neighborhoods that are in spatially different locations within the town. Each neighborhood is considered to be an area of homogeneous property that a potential buyer would consider in making a purchasing decision. When analyzing sales within these neighborhoods the appraiser does not need to make a location adjustment. When sales volume is low the assessor will expand analysis to the neighborhood group level to include more properties so that a significant sample of sales is available for analysis and valuing a group of property. This is similar to a private fee appraiser who may need to expand their area further away from the subject property to find comparable properties during times of lesser sales volume. The residential neighborhood group numbers range from 100- 1100 in multiples of 100 and the neighborhood numbers are any number within and between the group numbers. A list of all residential neighborhoods with parcel counts and assessment information is presented in the addenda.

Condominium property is generally assessed at the condominium project or neighborhood level when enough sales are available. This is done for ease in determining adjustments for the amenities and location on a mass appraisal basis. If there are inadequate sales within a specific project the analysis is expanded to the neighborhood group level. Salem has 259 condominium properties. The condominium neighborhood numbers range from 1200-1299. A list of all condominium neighborhoods with parcel counts and assessment information is presented in the addenda.

Local Commercial property is commercial property types typically found on a commercial street or corner within a residential neighborhood, within Salem's hamlets, and in the more rural areas of Salem. There are 89 properties located in these neighborhoods. These support and balance the surrounding neighborhood and consist of small strip centers, restaurants, taverns, corner grocery stores, hair/nail shops, etc. These are properties that are part of a local versus regional. They are often purchased and used by an owner-operator or may have one unit that is owner-occupied. We have identified 2 local commercial neighborhoods within Salem – 1301 and 1303. A list of all local commercial neighborhoods with parcel counts and assessment information is presented in the addenda.

Highway Commercial property is property that is located on state highways 50 and 83 as well as county highway C. Salem has 64 properties in this group. These properties are often bought by regional or local investors and include triple net lease properties. Because of their appeal to regional investors the buyers and sellers of these properties are sophisticated. The highway commercial neighborhood number is 1302.

Apartment property: includes all structures that house 4 or more residential units. It does not include mixed use property. There are 13 apartment properties in this neighborhood. This neighborhood number is 1304.

Parcel Data Collection and Validation: Property data is collected throughout the one-year assessment cycle. Attributes collected are noted on the property record card for the different classes of property. Sample record cards are included in the addendum of this report.

The validation process takes place at the appraiser level. The validation process is initially completed at the neighborhood level by the appraiser assigned to that municipality. Management provides staff with instructions for the validation process. These instructions are updated and modified over time in response to external demands, to create efficiencies, to adapt to the availability of human resources, and the evolving use of data in determining property values.

The following table identifies the level of information about the current year’s assessment activity. See page 4-2 in the WPAM for definitions of full revaluations, exterior revaluation, interim market update, annual review/maintenance. Each percentage indicates an approximate number of properties. In this table the residential class includes 1-3 family properties and condominiums while the commercial class includes apartments with 4 or more units, local commercial and highway commercial properties. This classification scheme follows what is outlined in the WPAM.

Class Code	Class Type	Full Revaluation	Exterior Revaluation	Interim Market Update	Review/ Maintenance
Class 1	Residential			100%	6%
Class 2	Commercial			100%	9%
Class 4	Agricultural			100%	
Class 5	Undeveloped			100%	
Class 5m	Agri Forest			100%	
Class 6	Prod Forest			100%	
Class 7	Other			100%	8%
Personal Property				100%	100%

Analysis of Local Trend: Various statistical analyses were performed to determine the current trend in real estate sales for the Town of Salem. Included in this analysis were 148 sales dating from January 1, 2009 through December 31, 2010. Because the market is dynamic and continually changing, assessors need to determine if the market is stable, appreciating or depreciating. The results of the ratio studies performed for each of our NBHD groups indicate a declining market real estate in the Town of Salem. Foreclosure-related sales have continued to play a role in this declining market but as time moves forward their role is expected to diminish.

	Market Analysis Methods – X denotes methods used
X	Land ratio analysis
	Paired Land Sales Analysis – Not enough current sales evidence to be relevant.
X	Ratio analysis of improved residential property by NBHD or NBHD Group
	Paired Imp Res Sales – Not enough sales evidence in the current market to be relevant
X	Weighted sales ratio analysis

Improved Residential Neighborhood Group (NBHD GRP) Ratio Analysis							
NBHD GRP#	100/200/300	400/500	600	700	800 Thru 1100	1200	All Sales
2009 Sale Count	9	15	0	30	5	2	61
2009 Sale Price	2,145,300	3,371,000		4,608,600	1,596,000	329,900	12,050,800
2009 Asmt	2,258,500	3,578,500		4,557,000	1,537,300	413,500	12,344,800
Avg Sale Price	238,367	224,733		153,620	319,200	164,950	197,554
Agg Ratio	105.3%	106.2%		98.9%	96.3%	125.3%	102.4%
Mean Ratio	103.6%	106.7%		99.6%	98.9%	123.1%	102.6%
Median Ratio	102.1%	106.9%		97.4%	101.6%	123.1%	102.8%
Coeff of Disp	5.05%	6.75%	N/A	9.10%	9.44%	11.41%	8.58%
2010 Sale Count	10	7	4	29	4	5	59
2010 Sale Price	2,213,000	1,960,600	1,536,000	4,038,200	1,249,500	860,400	11,857,700
2010 Asmt	2,340,900	2,075,000	1,701,000	4,660,900	1,235,400	1,005,800	13,019,000
Avg Sale Price	221,300	280,086	384,000	139,248	312,375	172,080	200,978
Agg Ratio	105.8%	105.8%	110.7%	115.4%	98.9%	116.9%	109.8%
Mean Ratio	108.1%	105.4%	108.5%	119.4%	113.3%	117.4%	114.5%
Median Ratio	104.1%	104.5%	106.4%	112.4%	97.8%	122.2%	109.9%
Coeff of Disp	10.24%	5.11%	9.91%	14.58%	10.22%	20.74%	12.41%
Estimated Trend	-5.0%	-5.0%	-10.0%	-15.0%	0.0%	-20.0%	-10.0%

Weighted Sales Analysis	Weighted ratio	Count
2009 Res Sales	101.5%	70
2010 Res Sales	109.6%	72

Sales Analysis 2	Aggregate	Median	Mean	Count
2009 Res Imp Sales	102.4%	102.6%	102.8%	61
2010 Res Imp Sales	109.5%	114.5%	109.9%	59

Land Sales Analysis	Aggregate	Median	Mean	Count
2009 Residential	91.7%	98.3%	92.6%	5
2010 Residential	99.6%	119.1%	117.9%	3
2011 Residential Thru April	144.3%	161.2%	143.2%	4

Local trends for the period January 1, 2009, to January 1, 2011: Overall residential property recorded an overall change of minus 10%, a negative 15% land value change, and a resultant negative 7% improvement value change.

Trend Results	2010 Average	Trend	Estimated Result	
Residential Total Value	227,700	-10%	204,900	Total
Residential Land Value	81,300	-15%	69,100	Land
Residential Imp Value	146,400	-7%	135,800	Imp

VALUATION METHODS

Where appropriate, the following model specification and calibration has been used. The addendum contains additional information on the valuation method including the specific residential model used. The income models are determined by analyzing sales of income producing property to determine appropriate overall capitalization rates. When the cost approach is used to value commercial property, Marshall & Swift cost estimation software is used. The table below gives a synopsis of how all property subject to local valuation is made. Wisconsin Property Assessment Manual (WPAM) Volume II cost tables are used as a beginning point to value outbuildings and attachments to dwellings. WPAM is also used as a beginning basis of Mobile Home valuation. To value personal property, conversion factors provided annually by the Wisconsin Department of Revenue are used.

Model: According to IAAO's "Mass Appraisal of Real Property," a model is a "representation of how something works. For purposes of appraisal, a representation (in words or equation) that explains the relationship between value and variables representing supply and demand factors."

Model Specification: According to the IAAO's "Mass Appraisal of Real Property", "Model Specification is the formal development of a model in a statement or equation, based on data analysis and appraisal theory. During model specification, one determines what variables to test or use in a mass appraisal model."

Model Calibration: From IAAO’s “Mass Appraisal of Real Property”, “Model Calibration is the development of the adjustments or coefficients from market analysis of the variables to be used in a mass appraisal model.”

Model Validation: Validation of the model is accomplished by a ratio study showing the results of the model before and after changes in model specification or calibration.

Application of the Valuation Method used to Appraiser Property: The following table shows the approximate percentage of properties in each class for which the indicated method was applied.

Class Code	Class Type	Cost Models				Sales Models		Income Model
		Land Values from Market	WPAM Costs Volume II	Marshall Cost Manual	Composite Conversion Factor	Comp Adjust Grid	Statistical Model	Direct or Yield Method
1	Residential	100%	0%	%		%	100%	%
2	Commercial	100%		46%		%	4%	50%
4	Agricultural							N.A.
5	Undeveloped @ 50%	100%						
5m	Agri Forest @ 50%	100%						
6	Prod Forest Land	100%	%	%		%	%	%
7	Other	100%	58%	%		%	42%	%
P1	Boats & Other Watercraft				100%			
P2	Machinery, Tools & Equipment				100%			
P3	Furniture, Fixtures & Equipment				100%			
P4A	Other				100%			
P4B	Buildings on Leased Land				%			100%
	Mobile Homes	%	100%	%		%	%	%

LAND VALUATION

A separate valuation is required for land and improvements for entry onto the assessment roll according to sec. 70.32, Wis. Stats. Further, the estimation of land value as a separate entity is required when using the cost approach. There are several ways to estimate land value depending on the data available and the type of property.

The subject municipality had the following land sales during the year previous to the assessment date.

Class Code	Class Type	Number of Bare Land Sales
Class 1	Residential	10
Class 2	Commercial	0
Class 4	Agricultural	0
Class 5	Undeveloped	0
Class 5m	Agricultural Forest	0
Class 6	Productive Forest	0
Class 7	Other	0

Model Specification:

An **X** in the left column indicates that I have used the following method(s) for appraising land.

X	Comparative Unit Method
X	Base-Lot Method
X	Allocation Method
	Abstraction Method
	Anticipated Use or Development Method
	Capitalization of Ground Rent
	Land Residual Capitalization
	Other - Explain

Model Calibration:

Class Code	Class Type	Approximate Unit Value Range
Class 1	Residential	300 – 4,850/FF 2.20 – 3.45/SQFT 17,500 – 40,000/Site Various/Acre – see appendix for tiered valuation schedule
Class 2	Commercial	500 – 1,150/FF Various/Acre – see appendix for specific schedules
Class 4	Agricultural	Use Value: 69 – 282/Acre; Market Value: 6,000/Acre
Class 5	Undeveloped	2,000/Acre
Class 5m	Agricultural Forest	7,000/Acre
Class 6	Productive Forest	7,000/Acre
Class 7	Other	Various/Acre – see appendix for tiered valuation schedule

Model Validation: If there are sufficient vacant land sales, a ratio study of those sales follows.

Influence Factors: Influence factors are applied to individual parcels to account for external influences due to location, shape, size, view or topography. Those influences can be either positive or negative. An example of a positive influence might be a location adjacent to a park. A negative example might be a residential lot located next to a busy manufacturing plant. Influence factors are determined in the same way land values are determined – by analyzing vacant sales and looking at the indicated land residual of improved sales. Influence factors in this jurisdiction were applied for the following reasons:

Class Code	Class Type	Reasons for influence factors
Class 1	Residential	Shape; size; location; topography; regulatory restrictions
Class 2	Commercial	Shape size
Class 4	Agricultural	
Class 5	Undeveloped	
Class 5m	Agri Forest	
Class 6	Prod Forest	
Class 7	Other	

Land Tables: Table driven land values ensure equity throughout the jurisdiction. The land tables are presented in the addenda. These tables show the figures that were applied to the subject land parcels within the municipality.

IMPROVED PROPERTY VALUATION

COST APPROACH

Model Specification:

An **X** in the left column indicates that I used the technique(s):

X	Volume II of the <i>Wisconsin Property Assessment Manual</i> is being used to specify residential attachments and outbuildings, and agricultural outbuildings.
X	Marshall & Swift Valuation Services is being used to specify commercial property.
	I have developed my own model specification.

Building Units vary depending on the type of property. Cost-per-square-foot is used for most building improvements. However, volume units are used for such things as storage bins, tanks, and silos. Units usually reflect the attribute by which the asset sells in the marketplace.

Model Calibration:

The cost model is calibrated by studies of new construction. These studies can be extensive and appraisers usually contract for cost figures through professional cost services. Volume II of the *Wisconsin Property Assessment Manual* provides cost figures for residential, apartment, and agricultural property. The figures in this Manual were developed by a professional mass appraisal firm and were published as of 2001 and are maintained annually by the publication of local modifiers. The local modifiers have two components. The first is a modifier for location and the second is a modifier for time. The location modifier is an adjustment from a central geo-source to all other locations. For example, the central source in year one would have a location modifier of 1.00. A distant location where materials and labor are less expensive may have a location modifier of 0.95 or 5% less.

The time modifier represents a component that reflects the change in material and labor cost from year to year. For example, three years after the original cost analysis, the costs may have increased by 15% indicating a modifier of 1.15.

Depending on the cost service, the modifiers may be combined and provided as one figure or they may have to be built-up from individual figures. Modifiers are usually presented by factors which can be chain-multiplied to derive a final figure.

An **X** in the left column indicates that I used the technique(s):

X	Volume II of the <i>Wisconsin Property Assessment Manual</i> is being used to calibrate residential attachments and outbuildings and agricultural outbuildings.
X	Marshall Valuation Services is being used to calibrate commercial property.
	I have developed my own cost figures.
	I have validated the multiplier (as supplied in WPAM, Volume II).
	I have developed my own depreciation tables.

Validation of Costs and the Multiplier: Under any of the calibration methods, it is prudent to validate the multiplier. Chapter 8 of WPAM states, "Actual known costs of construction should be compared with the costs as estimated by the tables whenever possible. Such comparisons will help to build the assessor's confidence in the validity of the cost tables, and provide the basis for warranted adjustments to the local modifier."

If data is available, I have included a table in the Addenda showing the relationship between the costs of new construction and the effects of the multiplier recommended by the cost service I use.

Validation of Depreciation: Under any of the calibration methods, it is prudent to validate the depreciation tables. According to WPAM, "The assessor should study the CDU rating system with its definitions, keeping in mind that the tables are only guides and the true measure of depreciation must be obtained from market studies. With valuation experience, the tables can

be refined to give adequate residual, or percent good estimates . . . the assessor will find these tables extremely useful for being consistent in depreciation considerations.”

A step-by-step discussion of depreciation analysis is presented on pages 135 through 156 of IAAO’s *Mass Appraisal of Real Property*.

If there is an adequate number of sales (20 or more), I have included a ratio study before changes were made to the depreciation table and again after changes.

SALES COMPARISON APPROACH:

Model Specification:

There are several models that can be typically applied using sales comparison. The first is the traditional sales comparison approach whereby the appraiser selects recent sales of similar properties that are located in the same neighborhood as the subject property. The appraiser then adjusts the sales to make them similar to the subject. The resulting adjusted sales prices are then used to estimate the likely selling price of the subject.

A second method, multiple regression analysis, uses a statistical method to analyze sales. The process analyses the variance in selling price in terms of property attributes. The result is an equation that can be used to estimate value for unsold properties. The process also generates figures that can be used in the traditional sales comparison approach as described above. The method requires a number of sales that represent a sufficient sample of the total parcel base.

An **X** in the left column indicates that I used the following specification(s):

	Sales comparison
	Multiple regression analysis
X	Other: Hybrid model analysis

Model Calibration:

The process of determining the actual adjustment amounts for the traditional sales comparison approach is calibration. There are several ways to determine the adjustment factors for use in the sales comparison approach. The appraiser can (a) simply compare unadjusted sale prices, (b) use cost figures for adjustment, (c) used paired-sales analysis to determine adjustments, or (d) use a statistical analysis such as regression to determine the adjustments.

An **X** in the left column indicates that I used the following calibration technique(s):

	Sales listing showing property attributes
	Sales comparison approach with adjusted comparables
	Multiple regression analysis
X	Other: Component factor analysis
	Not Applicable—insufficient sales

Model Validation:

The appraiser should validate any selected model by comparing the estimated values for those properties that sold to the actual sale prices. The smaller the degree of variance between the estimate and the actual or adjusted sale price, the more accurate the model becomes.

An **X** in the left column indicates that I validated the sales comparison model by:

X	Comparing the value estimates using the model against the sale prices
	Other
	Not Applicable—insufficient sales

INCOME APPROACH:

Model Specification:

There are two models that can be used to appraise commercial properties using the income approach.

An **X** in the left column indicates the specification(s) used for the income approach:

X	Direct Capitalization
	Yield Capitalization
	Other
	Not Applicable

Model Calibration:

An **X** in the left column indicates the calibration(s) used for the income approach:

X	Data from Market
X	Data from Professionally Acceptable Sources
	Other
	Not Applicable

Model Validation:

An **X** in the left column indicates the validations used to test the income model:

X	Comparing the value estimates using the model against the sale prices
	Other
	Not Applicable—insufficient sales

ALL MODELS ARE INCLUDED IN THE ADDENDA.

RECONCILIATION AND VALUE SUMMARY

The reconciliation for a mass appraisal occurs at the parcel level and is included on the property record card, the valuation printout, or in the work file. The approaches to value are considered in conjunction with Wisconsin case law and statute. The mass appraisal results have been reviewed to ensure fairness and equity. The data has been reconciled based on the quality and quantity of data available and the relevance of the approaches, methods and techniques used. Recognized and professional acceptable mass appraisal techniques have been used.

PERFORMANCE & TEST MEASURES

Calculate and report the performance/test statistics for each class. The “before” ratio study compares the prior year assessments to the sales of the prior year. The “before” test statistics for January 1, 2011 compare the 2010 assessments to the sales that occurred during 2010.

Pre-Revaluation: *Actual 2010 sale price* compared to last year’s 2010 assessed value.

Major Class =>	Residential 2010	Commercial	Other
Number of Valid Sales	57	3	0
Total Assessed Value of Valid Sale Parcels	12,794,100		
Total Sales Price of Valid Sale Parcels	11,845,200		
Aggregate Sales Ratio	108.01%		
Mean Ratio	111.37%		
Median Ratio	109.93%		
Coefficient of Dispersion	11.14%		
Coefficient of Concentration	74%		
Price Related Differential	103%		

The new values are tested a by second ratio study to verify the changes are credible results. Below are the results of comparing the 2010 sales to the new, 2011 assessed values.

These measurements indicate ‘*Excellent*’ revaluation results based on standards of the International Association of Assessing Officers (IAAO) and WPAM.

Post Revaluation1: *Time adjusted 2010 sale price* compared to the 2011 assessed value.

Major Class =>	Residential 2011	Commercial	Other
Number of Valid Sales	57	3	0
Total Assessed Value of Valid Sale Parcels	11,237,600		
Total TA Sales Price of Valid Sale Parcels	11,431,300		
Aggregate Sales Ratio	98.31%		
Mean Ratio	100.75%		
Median Ratio	98.70%		
Coefficient of Dispersion	9.43%		
Coefficient of Concentration	81%		
Price Related Differential	102%		

Post Revaluation2: *Actual 2010 sale price* compared to the 2011 assessed value.

Major Class =>	Residential 2011	Commercial	Other
Number of Valid Sales	57	3	0
Total Assessed Value of Valid Sale Parcels	11,237,600		
Total Sales Price of Valid Sale Parcels	11,845,200		
Aggregate Sales Ratio	94.87%		
Mean Ratio	96.75%		
Median Ratio	95.02%		
Coefficient of Dispersion	9.15%		
Coefficient of Concentration	84%		
Price Related Differential	102%		

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved. If either my property or property owned by any family member is within the municipality, I certify that I have complied with the ethical provisions of Wisconsin Statute and USPAP when appraising these properties.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Inspections of properties that are the subject of this report are outlined in the “Scope of Work” section of this report.
- I affirm that my data collection program incorporates quality control measures including checks and audits to ensure current and consistent records.
- If anyone provided significant mass appraisal assistance, I have provided their name, certification level, certification number, and a description of the work provided by those individuals in the addenda of this report.

PRIMARY ASSESSOR / USPAP Appraiser (person who signs the roll)

Rocco Vita
(Printed Name)

(Signature)

WI Assessor 2 Certification ASR123456D
Certification Expiration Date: May 31, 2014

WI Assessor 3 Certification LUV123456E
Certification Expiration Date: June 1, 2012

(262)_925-6707
(Telephone Number)

Email Address: rvita@plprairiewi.com

Date of Signature and Report: August 3, 2011

Effective Date of Appraisal: January 1, 2011

Client Name: Town of Salem, Kenosha County, Wisconsin

The names and certification level of the employees who provided significant appraisal assistance in the revaluation process are included in the addenda.

