



2021

# CUSTER COUNTY PROPERTY ASSESSMENT STUDY

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**WILDROSE**  
APPRAISAL, INCORPORATED  
Audit Division



September 15, 2021

Ms. Natalie Mullis  
Director of Research  
Colorado Legislative Council  
Room 029, State Capitol Building  
Denver, Colorado 80203

**RE: Final Report for the 2021 Colorado Property Assessment Study**

Dear Ms. Mullis:

Wildrose Appraisal Inc.-Audit Division is pleased to submit the Final Reports for the 2021 Colorado Property Assessment Study.

These reports are the result of two analyses: A procedural audit and a statistical audit.

The procedural audit examines all classes of property. It specifically looks at how the assessor develops economic areas, confirms and qualifies sales, develops time adjustments and performs periodic physical property inspections. The audit reviews the procedures for determining subdivision absorption and subdivision discounting. Valuation methodology is examined for residential properties and commercial properties. Procedures are reviewed for producing mines, oil and gas leaseholds and lands producing, producing coal mines, producing earth and stone products, severed mineral interests, and non-producing patented mining claims.

Statistical audits are performed on vacant land, residential properties, commercial/industrial properties and agricultural land. A statistical analysis is performed for personal property compliance on the eleven largest counties: Adams, Arapahoe, Boulder, Denver, Douglas, El Paso, Jefferson, Larimer, Mesa, Pueblo and Weld. The remaining counties receive a personal property procedural study.

Wildrose Appraisal Inc. – Audit Division appreciates the opportunity to be of service to the State of Colorado. Please contact us with any questions or concerns.

A handwritten signature in black ink that reads "Harry J. Fuller". The signature is written in a cursive, flowing style.

Harry J. Fuller  
Project Manager  
Wildrose Appraisal Inc. – Audit Division

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# INTRODUCTION

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## Colorado

The State Board of Equalization (SBOE) reviews assessments for conformance to the Constitution. The SBOE will order revaluations for counties whose valuations do not reflect the proper valuation period level of value.

The statutory basis for the audit is found in C.R.S. 39-1-104 (16)(a)(b) and (c).

The legislative council sets forth two criteria that are the focus of the audit group:

To determine whether each county assessor is applying correctly the constitutional and statutory provisions, compliance requirements of the State Board of Equalization, and the manuals published by the State Property Tax Administrator to arrive at the actual value of each class of property.

To determine if each assessor is applying correctly the provisions of law to the actual values when arriving at valuations for assessment of all locally valued properties subject to the property tax.

The property assessment audit conducts a two-part analysis: A procedural analysis and a statistical analysis.

The procedural analysis includes all classes of property and specifically looks at how the assessor develops economic areas, confirms and qualifies sales, and develops time adjustments. The audit also examines the procedures for adequately discovering, classifying and valuing agricultural outbuildings, discovering subdivision build-out and subdivision discounting procedures. Valuation methodology for vacant land, improved residential properties and commercial properties is examined. Procedures for producing mines, oil and gas leaseholds and lands producing, producing coal mines, producing earth and stone products, severed mineral interests and non-producing patented mining claims are also reviewed.

Statistical analysis is performed on vacant land, residential properties, commercial industrial properties, agricultural land, and personal property. The statistical study results are compared with State Board of Equalization compliance requirements and the manuals published by the State Property Tax Administrator.

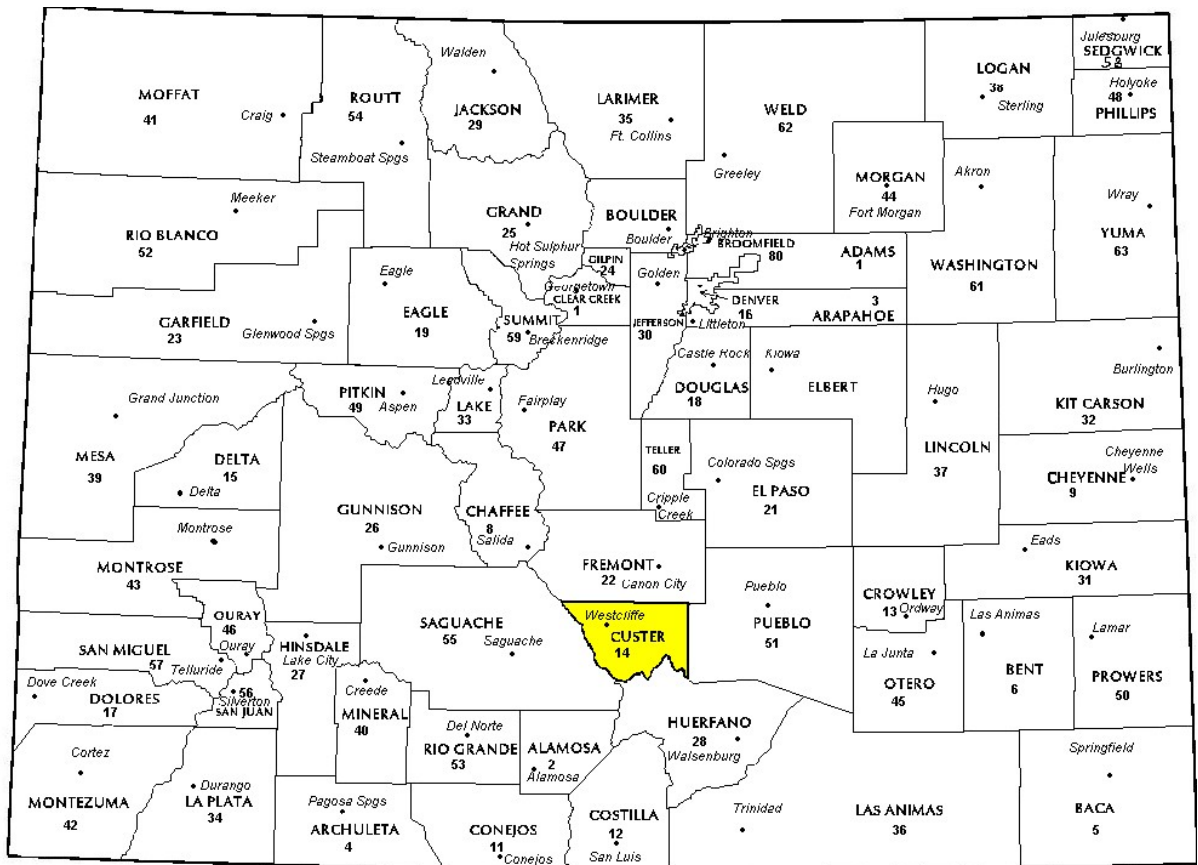
Wildrose Audit has completed the Property Assessment Study for 2021 and is pleased to report its findings for Custer County in the following report.

# REGIONAL/HISTORICAL SKETCH OF CUSTER COUNTY

## Regional Information

Custer County is located in the Central Mountains region of Colorado. The Central Mountains Region is in the central portion of Colorado. It extends from the northern Gilpin county boundary approximately 210 miles

southeasterly to the southern boundary of Colorado, including Chaffee, Clear Creek, Custer, Fremont, Gilpin, Huerfano, Lake, Las Animas, Park, and Teller counties.



## Historical Information

Custer County has approximately 738.6 square miles and an estimated population of 5,068 people with 5.8 people per square mile, according to the U.S. Census Bureau's 2020 estimated census data. This represents a 19.2 percent change from April 1, 2010 to July 1, 2019.

Custer County was created by the Colorado legislature on March 9, 1877 out of the southern half of Fremont County. Originally set in Ula, the county seat moved to Rosita in 1878, and to Silver Cliff in 1886 before settling in Westcliffe in 1928. It was named in honor of Lt. Colonel George Armstrong Custer, who had died the previous year.

The county was the site of a silver rush during the 1870s. Thousands of men poured into the county during this time in the hunt for silver. Some of the notable mines include the Geyser Mine (on the north edge of the town of Silver Cliff), the Bassick Mine (near the ghost town of Querida) and the Bull Domingo (north of Silver Cliff).

During the late 1800s a railroad line was connected through the Grape Creek Canyon but was permanently closed after a few disastrous floods. The old railhouse has been

turned into a historical landmark in the town of Westcliffe.

After the mines dried up, the population dropped considerably and was replaced by cattle ranchers. An extensive system of irrigation ditches were built throughout the valley. The tradition of ranching in the Wet Mountain Valley continues to this day.

The county is very rugged and would be virtually inaccessible without roads. The lowest point of the county is around 6,000 feet in elevation, but most of the county is rugged and mountainous. The county seat of Westcliffe is about 7,800 feet and along with nearby town Silver Cliff lies in the Wet Mountain Valley which sits at the base of the Sangre de Cristo Mountains. The peaks of the Sangre de Cristo Mountains to the west reach heights in excess of 14,000 feet with Crestone Peak being the highest at 14,294 feet.

A large percentage of the county is National Forest land in the Sangre de Cristo Mountains on the west side and in the Wet Mountains on the east. The only lake of size is the Deweese Reservoir in the north end of the Wet Mountain Valley. (*Wikipedia.org*)

# RATIO ANALYSIS

## Methodology

All significant classes of property were analyzed. Sales were collected for each property class over the eighteen month period from January 1, 2019 through June 30th, 2020. Property classes with less than thirty sales had the sales period extended in six month increments up to an additional forty-two months. If this extended sales period did not produce the minimum thirty qualified sales, the Audit performed supplemental appraisals to reach the minimum.

Although it was required that we examine the median and coefficient of dispersion for all counties, we also calculated the weighted mean and price-related differential for each class of property. Counties were not passed or failed by these latter measures, but were counseled if there were anomalies noted during our analysis. Qualified sales were based on the qualification code used by each county, which were typically coded as either “Q” or “C.” The ratio analysis included all sales. The data was trimmed for counties with obvious outliers using IAAO standards for data analysis. In

every case, we examined the loss in data from trimming to ensure that only true outliers were excluded. Any county with a significant portion of sales excluded by this trimming method was examined further. No county was allowed to pass the audit if more than 5% of the sales were “lost” because of trimming.

All sixty-four counties were examined for compliance on the economic area level. Where there were sufficient sales data, the neighborhood and subdivision levels were tested for compliance. Although counties are determined to be in or out of compliance at the class level, non-compliant economic areas, neighborhoods and subdivisions (where applicable) were discussed with the Assessor.

**Data on the individual economic areas, neighborhoods and subdivisions are found in the STATISTICAL APPENDIX.**

## Conclusions

For this final analysis report, the minimum acceptable statistical standards allowed by the State Board of Equalization are:

ALLOWABLE STANDARDS RATIO GRID		
Property Class	Unweighted Median Ratio	Coefficient of Dispersion
Commercial/Industrial	Between .95-1.05	Less than 20.99
Residential Condominium	Between .95-1.05	Less than 15.99
Residential	Between .95-1.05	Less than 15.99
Vacant Land	Between .95-1.05	Less than 20.99

The results for Custer County are:

<b>Custer County Ratio Grid</b>					
<b>Property Class</b>	<b>Number of Qualified Sales</b>	<b>Unweighted Median Ratio</b>	<b>Price Related Differential</b>	<b>Coefficient of Dispersion</b>	<b>Time Trend Analysis</b>
Commercial/Industrial	36	0.995	1.014	9.9	Compliant
Residential	297	1.004	1.000	14.1	Compliant
Vacant Land	290	1.000	1.031	13.6	Compliant

After applying the above described methodologies, it is concluded from the sales ratios that Custer County is in compliance with

SBOE, DPT, and Colorado State Statute valuation guidelines.

**Recommendations**

None





## TIME TRENDING VERIFICATION

### Methodology

While we recommend that counties use the inverted ratio regression analysis method to account for market (time) trending, some counties have used other IAAO-approved methods, such as the weighted monthly median approach. We are not auditing the methods used, but rather the results of the methods used. Given this range of methodologies used to account for market trending, we concluded that the best validation method was to examine the sale ratios for each class across the appropriate sale period. To be specific, if a county has considered and adjusted correctly for market trending, then the sale ratios should remain stable (i.e. flat) across the sale period. If a residual market trend is detected, then the county may or may not have addressed market

trending adequately, and a further examination is warranted. This validation method also considers the number of sales and the length of the sale period. Counties with few sales across the sale period were carefully examined to determine if the statistical results were valid.

### Conclusions

After verification and analysis, it has been determined that Custer County has complied with the statutory requirements to analyze the effects of time on value in their county. Custer County has also satisfactorily applied the results of their time trending analysis to arrive at the time adjusted sales price (TASP).

### Recommendations

None

## SOLD / UNSOLD ANALYSIS

### Methodology

Custer County was tested for the equal treatment of sold and unsold properties to ensure that “sales chasing” has not occurred. The auditors employed a multi-step process to determine if sold and unsold properties were valued in a consistent manner.

We test the hypothesis that the assessor has valued unsold properties consistent with what is observed with the sold properties based on several units of comparison and tests. The units of comparison include the actual value per square foot and the change in value from the previous base year period to the current base year. The first test compares the actual value per square foot between sold and unsold properties by class. The median and mean value per square foot is compared and tested for any significant difference. This is tested using non-parametric methods, such as the Mann-Whitney test for differences in the distributions or medians between sold and unsold groups. It is also examined graphically and from an appraisal perspective. Data can be stratified based on location and subclass. The second test compares the difference in the median change in value from the previous base year to the current base year between sold and unsold properties by class. The same combination of non-parametric and appraisal testing is used as with the first test. A third test employing a valuation model testing a sold/unsold binary variable while controlling for property attributes such as location, size, age and other attributes. The model determines if the sold/unsold variable is statistically and empirically significant. If all three tests indicate a significant difference between sold and unsold properties for a given class, the Auditor may meet with the county to determine if sale chasing is actually occurring,

or if there are other explanations for the observed difference.

If the unsold properties have a higher median value per square foot than the sold properties, or if the median change in value is greater for the unsold properties than the sold properties, the analysis is stopped and the county is concluded to be in compliance with sold and unsold guidelines. All sold and unsold properties in a given class are first tested, although properties with extreme unit values or percent changes can be trimmed to stabilize the analysis. The median is the primary comparison metric, although the mean can also be used as a comparison metric if the distribution supports that type of measure of central tendency.

The first test (unit value method) is applied to both residential and commercial/industrial sold and unsold properties. The second test is applied to sold and unsold vacant land properties. The second test (change in value method) is also applied to residential or commercial sold and unsold properties if the first test results in a significant difference observed and/or tested between sold and unsold properties. The third test (valuation modeling) is used in instances where the results from the first two tests indicate a significant difference between sold and unsold properties. It can also be used when the number of sold and unsold properties is so large that the non-parametric testing is indicating a false rejection of the hypothesis that there is no difference between the sold and unsold property values.

These tests were supported by both tabular and graphics presentations, along with written documentation explaining the methodology used.

<b>Sold/Unsold Results</b>	
<b>Property Class</b>	<b>Results</b>
Commercial/Industrial	Compliant
Residential	Compliant
Vacant Land	Compliant

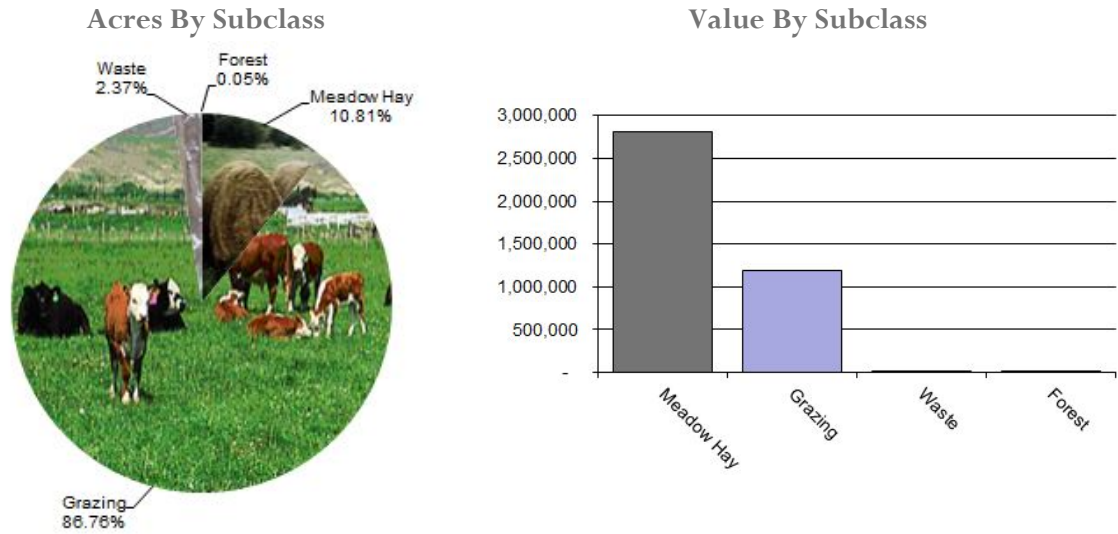
**Conclusions**

After applying the above described methodologies, it is concluded that Custer County is reasonably treating its sold and unsold properties in the same manner.

**Recommendations**

None

# AGRICULTURAL LAND STUDY



## Agricultural Land

County records were reviewed to determine major land categories such as irrigated farm, dry farm, meadow hay, grazing and other lands. In addition, county records were reviewed in order to determine if: Aerial photographs are available and are being used; soil conservation guidelines have been used to classify lands based on productivity; crop rotations have been documented; typical commodities and yields have been determined; orchard lands have been properly classified and valued; expenses reflect a ten year average and are typical landlord expenses; grazing lands have been properly classified and valued; the number of acres in each class and subclass have been determined; the capitalization rate was properly applied. Also, documentation was required for the valuation methods used and any locally developed yields, carrying capacities, and expenses. Records were also checked to ensure that the commodity prices and expenses, furnished by the Property Tax

Administrator (PTA), were applied properly. (See Assessor Reference Library Volume 3 Chapter 5.)

### Conclusions

An analysis of the agricultural land data indicates an acceptable appraisal of this property type. Directives, commodity prices and expenses provided by the PTA were properly applied. County yields compared favorably to those published by Colorado Agricultural Statistics. Expenses used by the county were allowable expenses and were in an acceptable range. Grazing lands carrying capacities were in an acceptable range. The data analyzed resulted in the following ratios:

<b>Custer County Agricultural Land Ratio Grid</b>						
<b>Abstract Code</b>	<b>Land Class</b>	<b>Number Of Acres</b>	<b>County Value Per Acre</b>	<b>County Assessed Total Value</b>	<b>WRA Total Value</b>	<b>Ratio</b>
4137	Meadow Hay	23,205	120.77	2,802,542	2,807,112	1.00
4147	Grazing	186,161	6.38	1,188,181	1,188,181	1.00
4177	Forest	106	12.60	1,336	1,336	1.00
4167	Waste	5,092	2.42	12,313	12,313	1.00
<b>Total/Avg</b>		<b>214,564</b>	<b>18.66</b>	<b>4,004,372</b>	<b>4,008,943</b>	<b>1.00</b>

### Recommendations

None

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## Agricultural Outbuildings

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### Methodology

Data was collected and reviewed to determine if the guidelines found in the Assessor's Reference Library (ARL) Volume 3, pages 5.74 through 5.77 were being followed.

Property Taxation for the valuation of agricultural outbuildings.

### Recommendations

None

### Conclusions

Custer County has substantially complied with the procedures provided by the Division of

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## Agricultural Land Under Improvements

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### Methodology

Data was collected and reviewed to determine if the guidelines found in the Assessor's Reference Library (ARL) Volume 3, pages 5.19 and 5.20 were being followed.

### Conclusions

Custer County has used the following methods to discover land under a residential improvement on a farm or ranch that is determined to be not integral under 39-1-102, C.R.S.:

- Questionnaires
- Field Inspections
- Phone Interviews
- In-Person Interviews with Owners/Tenants
- Personal Knowledge of Occupants at Assessment Date
- Aerial Photography/Pictometry

Custer County has used the following methods to discover the land area under a residential improvement that is determined to be not integral under 39-1-102, C.R.S.:

- Property Record Card Analysis
- Questionnaires
- Field Inspections
- Phone Interviews
- In-Person Interviews with Owners/Tenants
- Personal Knowledge of Occupants at Assessment Date
- Aerial Photography/Pictometry

Custer County has substantially complied with the procedures provided by the Division of Property Taxation for the valuation of land under residential improvements that may or may not be integral to an agricultural operation.

### Recommendations

None

## SALES VERIFICATION

According to Colorado Revised Statutes:

*A representative body of sales is required when considering the market approach to appraisal.*

*(8) In any case in which sales prices of comparable properties within any class or subclass are utilized when considering the market approach to appraisal in the determination of actual value of any taxable property, the following limitations and conditions shall apply:*

*(a)(I) Use of the market approach shall require a representative body of sales, including sales by a lender or government, sufficient to set a pattern, and appraisals shall reflect due consideration of the degree of comparability of sales, including the extent of similarities and dissimilarities among properties that are compared for assessment purposes. In order to obtain a reasonable sample and to reduce sudden price changes or fluctuations, all sales shall be included in the sample that reasonably reflect a true or typical sales price during the period specified in section 39-1-104 (10.2). Sales of personal property exempt pursuant to the provisions of sections 39-3-102, 39-3-103, and 39-3-119 to 39-3-122 shall not be included in any such sample.*

*(b) Each such sale included in the sample shall be coded to indicate a typical, negotiated sale, as screened and verified by the assessor. (39-1-103, C.R.S.)*

*The assessor is required to use sales of real property only in the valuation process.*

*(8)(f) Such true and typical sales shall include only those sales which have been determined on an individual basis to reflect the selling price of the real property only or which have been adjusted on an individual basis to reflect the selling price of the real property only. (39-1-103, C.R.S.)*

Part of the Property Assessment Study is the sales verification analysis. WRA has used the above-cited statutes as a guide in our study of the county's procedures and practices for verifying sales.

WRA reviewed the sales verification procedures in 2021 for Custer County. This study was conducted by checking selected sales from the master sales list for the current valuation period. Specifically WRA selected 33 sales listed as unqualified.

All of the sales in the unqualified sales sample had reasons that were clear and supportable.

For residential, commercial, and vacant land sales with considerations over \$100,000, the contractor has examined and reported the ratio of qualified sales to total sales by class and performed the following analyses of unqualified sales:

The contractor has examined the manner in which sales have been classified as qualified or unqualified, including a listing of each step in the sales verification process, any adjustment procedures, and the county official responsible for making the final decision on qualification.

When less than 50 percent of sales are qualified in any of the three property classes (residential, commercial, and vacant land), the contractor analyzed the reasons for disqualifying sales in any subclass that constitutes at least 20 percent of the class, either by number of properties or by value, from the prior year. The contractor has

reviewed with the assessor any analysis indicating that sales data are inadequate, fail to reflect typical properties, or have been disqualified for insufficient cause. In addition, the contractor has reviewed the disqualified sales by assigned code. If there appears to be any inconsistency in the coding, the contractor has conducted further analysis to determine if the sales included in that code have been assigned appropriately.

If 50 percent or more of the sales are qualified, the contractor has reviewed a statistically significant sample of

unqualified sales, excluding sales that were disqualified for obvious reasons.

The following subclasses were analyzed for Custer County:

0100 Residential Lots

### **Conclusions**

Custer County appears to be doing an adequate job of verifying their sales. WRA agreed with the county's reason for disqualifying each of the sales selected in the sample. There are no recommendations or suggestions.

### **Recommendations**

None



# ECONOMIC AREA REVIEW AND EVALUATION

## **Methodology**

Custer County has submitted a written narrative describing the economic areas that make up the county's market areas. Custer County has also submitted a map illustrating these areas. Each of these narratives have been read and analyzed for logic and appraisal sensibility. The maps were also compared to the narrative for consistency between the written description and the map.

## **Conclusions**

After review and analysis, it has been determined that Custer County has adequately

identified homogeneous economic areas comprised of smaller neighborhoods. Each economic area defined is equally subject to a set of economic forces that impact the value of the properties within that geographic area and this has been adequately addressed. Each economic area defined adequately delineates an area that will give "similar values for similar properties in similar areas."

## **Recommendations**

None

# NATURAL RESOURCES

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## Earth and Stone Products

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### Methodology

Under the guidelines of the Assessor's Reference Library (ARL), Volume 3, Natural Resource Valuation Procedures, the income approach was applied to determine value for production of earth and stone products. The number of tons was multiplied by an economic royalty rate determined by the Division of Property Taxation to determine income. The income was multiplied by a recommended Hoskold factor to determine the actual value. The Hoskold factor is determined by the life of the reserves or the lease. Value is based on two

variables: life and tonnage. The operator determines these since there is no other means to obtain production data through any state or private agency.

### Conclusions

The County has applied the correct formulas and state guidelines to earth and stone production.

### Recommendations

None

## VACANT LAND

### **Subdivision Discounting**

Subdivisions were reviewed in 2021 in Custer County. The review showed that subdivisions were discounted pursuant to the Colorado Revised Statutes in Article 39-1-103 (14). Discounting procedures were applied to all subdivisions where less than 80 percent of all sites were sold using the present worth method. The market approach was applied where 80 percent or more of the subdivision sites were sold. An absorption period was estimated for each subdivision that was discounted. An appropriate discount rate was

developed using the summation method. Subdivision land with structures was appraised at full market value.

### **Conclusions**

Custer County has implemented proper procedures to adequately estimate absorption periods, discount rates, and lot values for qualifying subdivisions.

### **Recommendations**

None

# POSSESSORY INTEREST PROPERTIES

## Possessory Interest

Possessory interest property discovery and valuation is described in the Assessor's Reference Library (ARL) Volume 3 section 7 in accordance with the requirements of Chapter 39-1-103 (17)(a) (II) C.R.S. Possessory Interest is defined by the Property Tax Administrator's Publication ARL Volume 3, Chapter 7: A private property interest in government-owned property or the right to the occupancy and use of any benefit in government-owned property that has been granted under lease, permit, license, concession, contract, or other agreement.

Custer County has been reviewed for their procedures and adherence to guidelines when

assessing and valuing agricultural possessory interest properties. The county has also been queried as to their confidence that the possessory interest properties have been discovered and placed on the tax rolls.

## Conclusions

Custer County has implemented a discovery process to place possessory interest properties on the roll. They have also correctly and consistently applied the correct procedures and valuation methods in the valuation of possessory interest properties.

## Recommendations

None

## PERSONAL PROPERTY AUDIT

Custer County was studied for its procedural compliance with the personal property assessment outlined in the Assessor's Reference Library (ARL) Volume 5, and in the State Board of Equalization (SBOE) requirements for the assessment of personal property. The SBOE requires that counties use ARL Volume 5, including current discovery, classification, documentation procedures, current economic lives table, cost factor tables, depreciation table, and level of value adjustment factor table.

The personal property audit standards narrative must be in place and current. A listing of businesses that have been audited by the assessor within the twelve-month period reflected in the plan is given to the auditor. The audited businesses must be in conformity with those described in the plan.

Aggregate ratio will be determined solely from the personal property accounts that have been physically inspected. The minimum assessment sample is one percent or ten schedules, whichever is greater, and the maximum assessment audit sample is 100 schedules.

For the counties having over 100,000 population, WRA selected a sample of all personal property schedules to determine whether the assessor is correctly applying the provisions of law and manuals of the Property Tax Administrator in arriving at the assessment levels of such property. This sample was selected from the personal property schedules audited by the assessor. In no event was the sample selected by the contractor less than 30 schedules. The counties to be included in this study are Adams, Arapahoe, Boulder, Denver, Douglas, El Paso, Jefferson, Larimer, Mesa, Pueblo, and Weld. All other counties received a procedural study.

Custer County is compliant with the guidelines set forth in ARL Volume 5 regarding discovery procedures, using the following methods to discover personal property accounts in the county:

- Public Record Documents
- MLS Listing and/or Sold Books
- Chamber of Commerce/Economic Development Contacts
- Local Telephone Directories, Newspapers or Other Local Publications
- Personal Observation, Physical Canvassing or Word of Mouth
- Questionnaires, Letters and/or Phone Calls to Buyer, Seller and/or Realtor

The county uses the Division of Property Taxation (DPT) recommended classification and documentation procedures. The DPT's recommended cost factor tables, depreciation tables and level of value adjustment factor tables are also used.

Custer County submitted their personal property written audit plan and was current for the 2021 valuation period. The number and listing of businesses audited was also submitted and was in conformance with the written audit plan. The following audit triggers were used by the county to select accounts to be audited:

- Accounts with obvious discrepancies
- New businesses filing for the first time
- Accounts with greater than 10% change
- Incomplete or inconsistent declarations
- Accounts with omitted property
- Same business type or use



- Businesses with no deletions or additions for 2 or more years
- Non-filing Accounts - Best Information Available
- Accounts close to the \$7,900 actual value exemption status
- Accounts protested with substantial disagreement

### **Conclusions**

Custer County has employed adequate discovery, classification, documentation, valuation, and auditing procedures for their personal property assessment and is in statistical compliance with SBOE requirements.

### **Recommendations**

None

## WILDROSE AUDITOR STAFF

**Harry J. Fuller**, *Audit Project Manager*

**Suzanne Howard**, *Audit Administrative Manager*

**Steve Kane**, *Audit Statistician*

**Carl W. Ross**, *Agricultural/Natural Resource Analyst*

**J. Andrew Rodriguez**, *Field Analyst*

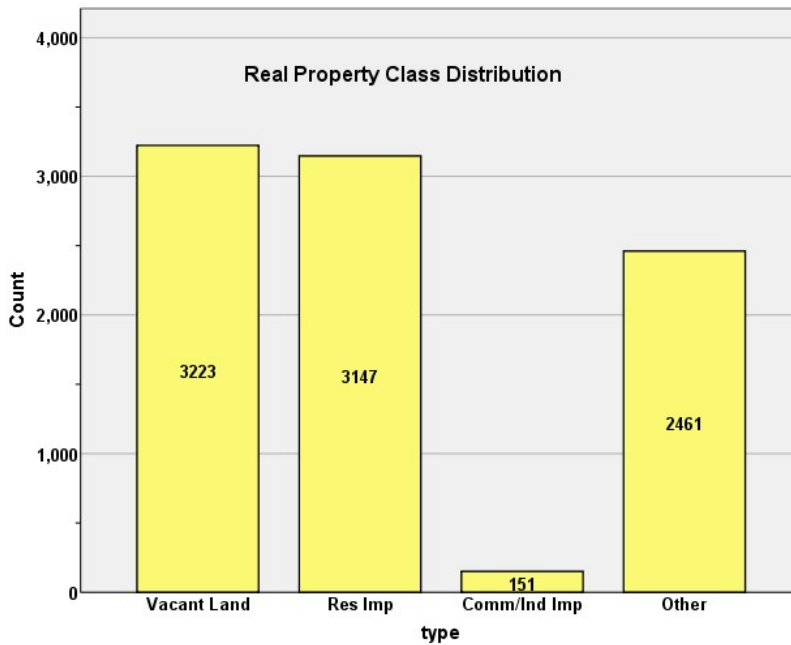
# STATISTICAL APPENDIX



**STATISTICAL COMPLIANCE REPORT  
FOR CUSTER COUNTY  
2021**

**I. OVERVIEW**

Custer County is located in south central Colorado. The county has a total of 8,982 real property parcels, according to data submitted by the county assessor’s office in 2021. The following provides a breakdown of property classes for this county:



The vacant land class of properties was dominated by residential land. Residential lots (coded 100) accounted for 85.2% of all vacant land parcels.

For residential improved properties, single family properties accounted for nearly 99.2% of all residential properties.

Commercial and industrial properties represented a much smaller proportion of property classes in comparison. Commercial/industrial properties accounted for 1.7% of all such properties in this county.

Based on the Audit questionnaire, we stratified the residential sales ratio and sold/unsold analysis by economic area. Neighborhood areas are equivalent to the economic areas.

## II. DATA FILES

The following sales analyses were based on the requirements of the 2021 Colorado Property Assessment Study. Information was provided by the Custer Assessor's Office in April 2021. The data included all 5 property record files as specified by the Auditor.

## III. RESIDENTIAL SALES RESULTS

There were 297 qualified residential sales in the 24-month sale period ending June 30, 2020. The sales ratio analysis was analyzed as follows:

Median	<b>1.004</b>
Price Related Differential	<b>1.000</b>
Coefficient of Dispersion	<b>14.1</b>

We next stratified the sale ratio analysis by economic area, which is the same grouping as the neighborhood variable. The following are the results of this stratification analysis:

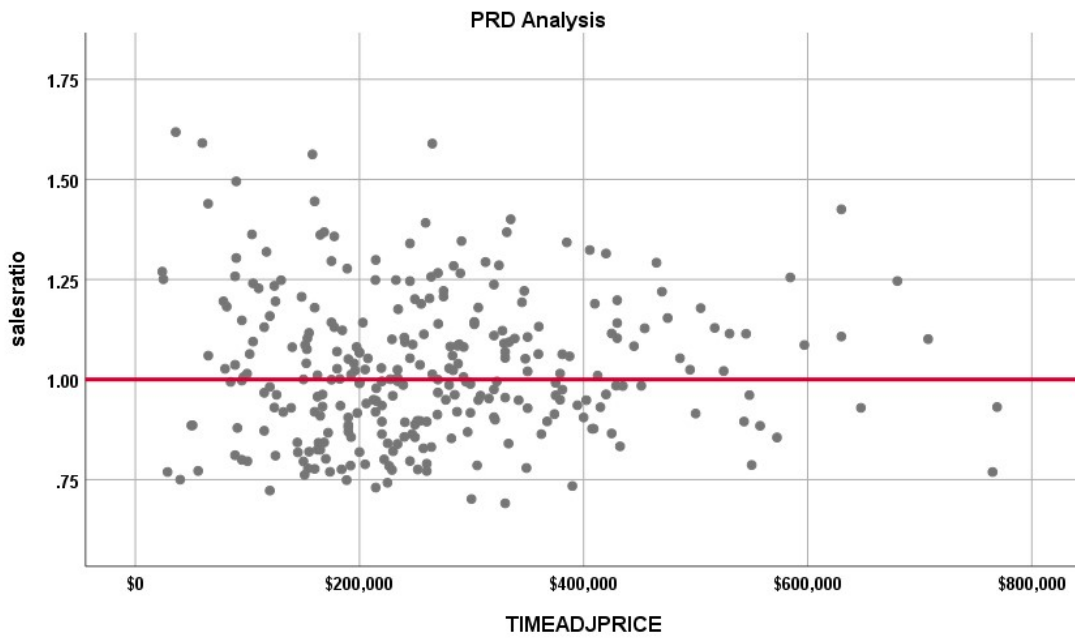
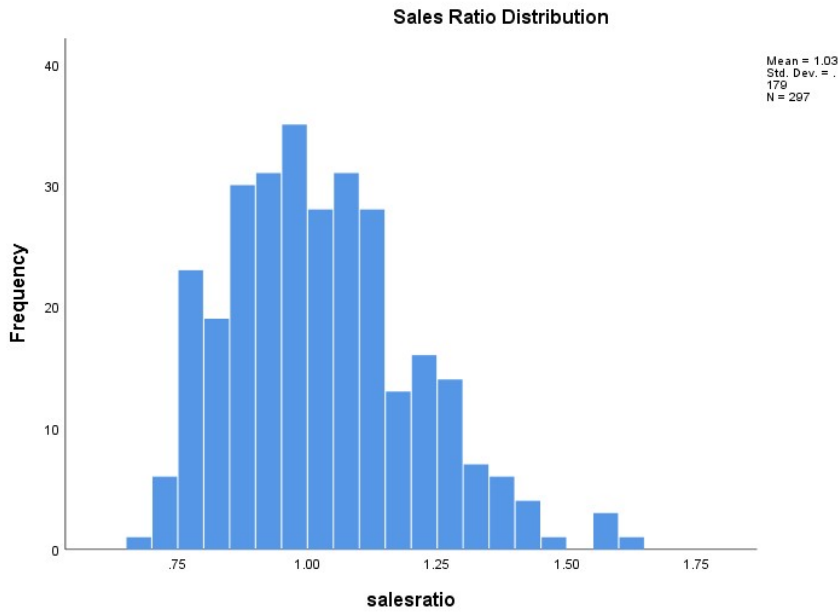
### Case Processing Summary

		Count	Percent
ECONAREA	1.00	57	19.2%
	2.00	111	37.4%
	3.00	100	33.7%
	4.00	29	9.8%
Overall		297	100.0%
Excluded		0	
Total		297	

### Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion
1.00	1.013	.989	.141
2.00	1.010	.993	.149
3.00	.996	1.004	.135
4.00	.996	1.038	.132
Overall	1.004	1.000	.141

The above class-level and economic area level ratio statistics were in compliance with the standards set forth by the Colorado State Board of Equalization (SBOE) for the overall residential sales. The following graphs describe further the sales ratio distribution for these properties:



## PRD Analysis

The above residential properties are identified as 1050, which is the same as the 1212 state abstract code for single family residences, town homes and purged manufactured homes.

The Price-Related Differential (PRD) for the residential sales is 1.000, which is within IAAO standards for the PRD. We also performed a regression analysis between the sales ratio and the assessor's current value to further test for regressivity or progressivity in the residential sales valuation, as follows:

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.938	.021		45.326	.000
	CURRTOT	.000000330	.000	.277	4.947	.000

a. Dependent Variable: salesratio

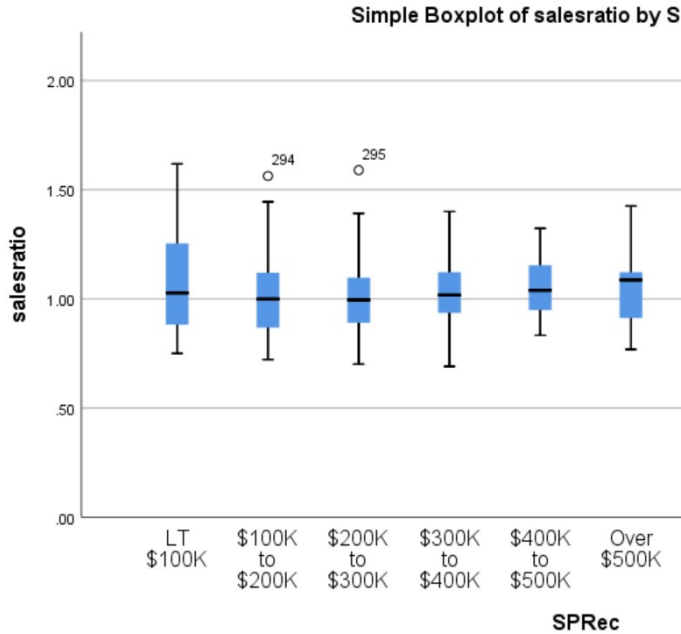
The slope of the line at 0.000003 indicates that there is virtually no slope in the regression line, which indicates that sales ratios are similar across the entire sale price array. We also stratified the sales ratio analysis by the sale price range, as follows:

### Case Processing Summary

		Count	Percent
SPRec	LT \$100K	27	9.1%
	\$100K to \$200K	83	27.9%
	\$200K to \$300K	92	31.0%
	\$300K to \$400K	50	16.8%
	\$400K to \$500K	26	8.8%
	Over \$500K	19	6.4%
Overall		297	100.0%
Excluded		0	
Total		297	

### Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion
LT \$100K	1.027	1.010	.198
\$100K to \$200K	1.000	1.006	.147
\$200K to \$300K	.995	.997	.133
\$300K to \$400K	1.018	1.002	.123
\$400K to \$500K	1.039	.999	.115
Over \$500K	1.086	1.002	.128
Overall	1.004	1.000	.141



**Note: Blue box area in chart above denotes 25% to 75% of sales ratios per category, while the whiskers beyond the blue boxes denote 10% to 90% of the sales ratios by category.**

The above box and whisker chart indicates that the sales ratio distribution was more or less consistent across the sale price range for Custer County, with sales ratios consistently above 1.0 for both low valued and high valued residential properties.

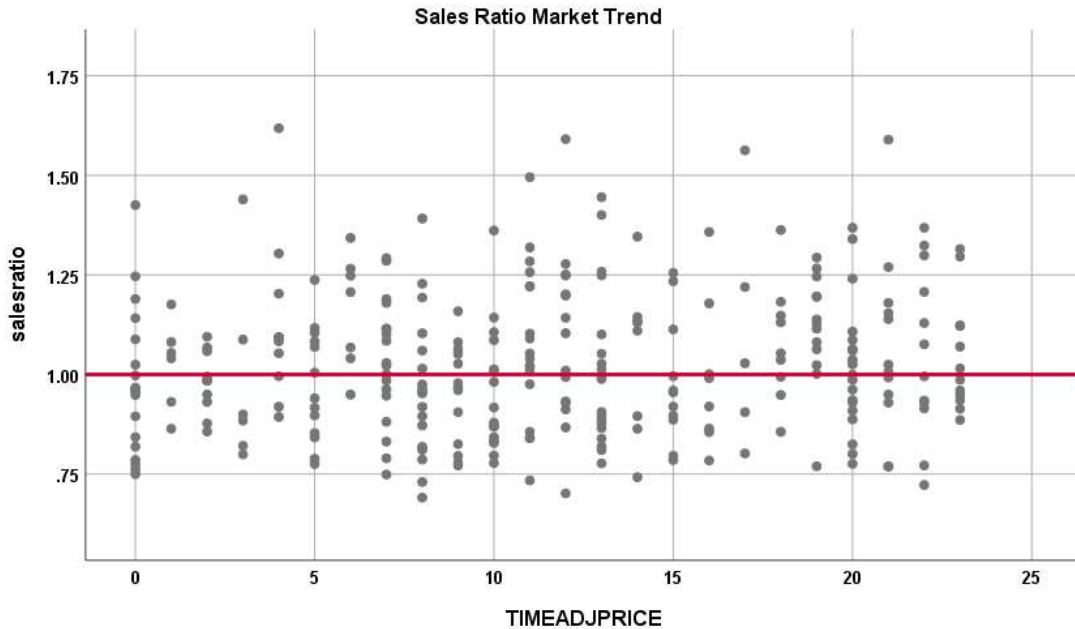
### Residential Market Trend Analysis

We next analyzed the residential dataset using the 24-month sale period for any residual market trending. The following indicates that there was no statistically significant residual trend based on the sale ratios:

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.996	.021		48.357	.000
	SalePeriod	.003	.002	.105	1.807	.072

a. Dependent Variable: salesratio



### Sold/Unsold Analysis

In terms of the valuation consistency between sold and unsold residential properties, we compared the median actual value per square foot for 2021 between each group, as follows:

#### Report

VALSF			
sold	N	Median	Mean
UNSOLD	2843	\$136	\$143
SOLD	295	\$156	\$162

#### Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of VALSF is the same across categories of sold.	Independent-Samples Mann-Whitney U Test	.000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .01.

Given that there was a significant difference between sold and unsold residential properties based on the distribution of the actual value per square foot, we next compared the change in actual value per square foot between taxable years 2019 and 2021, as follows:

**Report**

DIFF			
sold	N	Median	Mean
UNSOLD	2813	1.0934	1.3299
SOLD	292	1.1017	1.2340

We also compared the change in value between sold and unsold residential properties stratified by Economic Area, as follows:

**Report**

DIFF				
ECONAREA	sold	N	Median	Mean
1.00	UNSOLD	399	1.1002	1.8619
	SOLD	56	1.1135	1.3834
2.00	UNSOLD	1373	1.0901	1.2221
	SOLD	110	1.0989	1.2328
3.00	UNSOLD	658	1.0940	1.3422
	SOLD	97	1.0991	1.1448
4.00	UNSOLD	383	1.0995	1.1410
	SOLD	29	1.1266	1.2481

The above results indicate that sold and unsold residential properties were valued in a consistent manner overall.

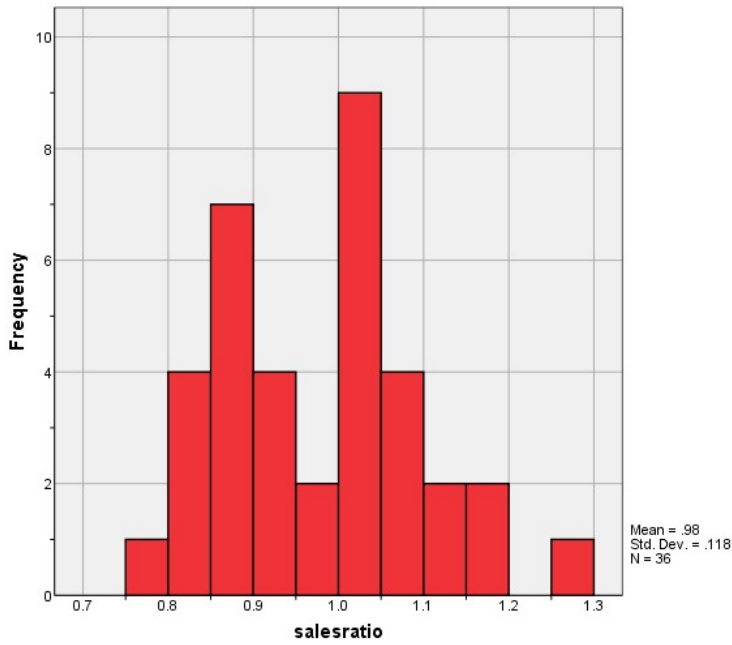
**IV. COMMERCIAL/INDUSTRIAL SALE RESULTS**

There were 36 qualified commercial and industrial sales in the 60-month sale period ending June 30, 2020.

The sales ratio analysis results were as follows:

Median	<b>0.995</b>
Price Related Differential	<b>1.014</b>
Coefficient of Dispersion	<b>9.9</b>

The above table indicates that the Custer County commercial/industrial sale ratios were in compliance with the SBOE standards. The following histogram and scatter plot describe the sales ratio distribution further:



### Commercial Market Trend Analysis

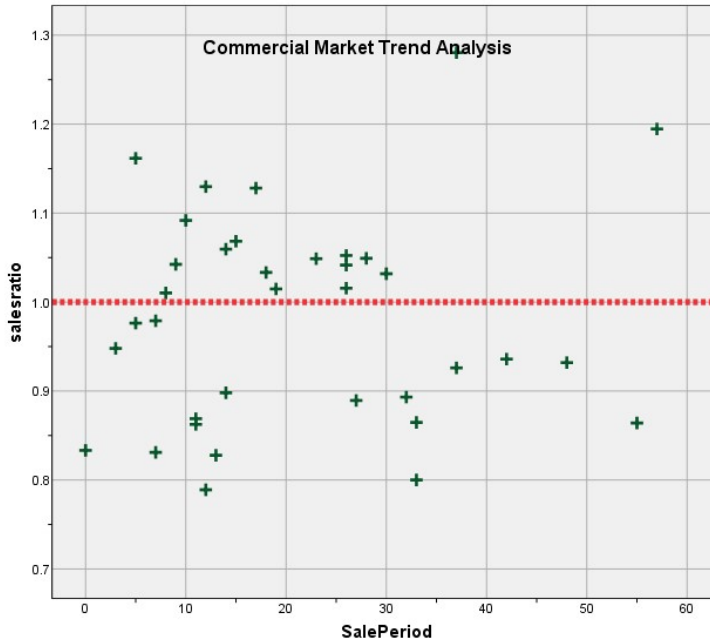
We next analyzed the commercial sale data to determine if the assessor has adequately addressed market trending. The following analyzes the sale trend over the 5 year period prior to June 30, 2020:



**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	.967	.036		27.096	.000
	SalePeriod	.001	.001	.090	.526	.602

a. Dependent Variable: salesratio



The market trend results indicated no statistically significant market trend. We concur that no market trend adjustments were warranted for properties in this class for Custer County.

**Sold/Unsold Analysis**

We compared the change in actual value per square foot between taxable years 2019 and 2021 between sold and unsold commercial/industrial properties in Custer County to determine if sold and unsold properties were valued consistently, as follows:

**Report**

DIFF	N	Median	Mean
UNSOLD	119	1.0465	1.0696
SOLD	36	1.0622	1.2071

### Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of DIFF is the same across categories of sold.	Independent-Samples Mann-Whitney U Test	.040	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .00.

We also compared commercial sold and unsold properties stratified by subclass, as follows:

#### Report

DIFF	ABSTRIMP	sold	N	Median	Mean
2212.00	UNSOLD		22	1.0455	1.0613
	SOLD		7	1.2169	1.2443
2220.00	UNSOLD		27	1.0440	1.0649
	SOLD		6	1.0265	1.0450
2230.00	UNSOLD		19	1.0469	1.0814
	SOLD		11	1.0649	1.2139

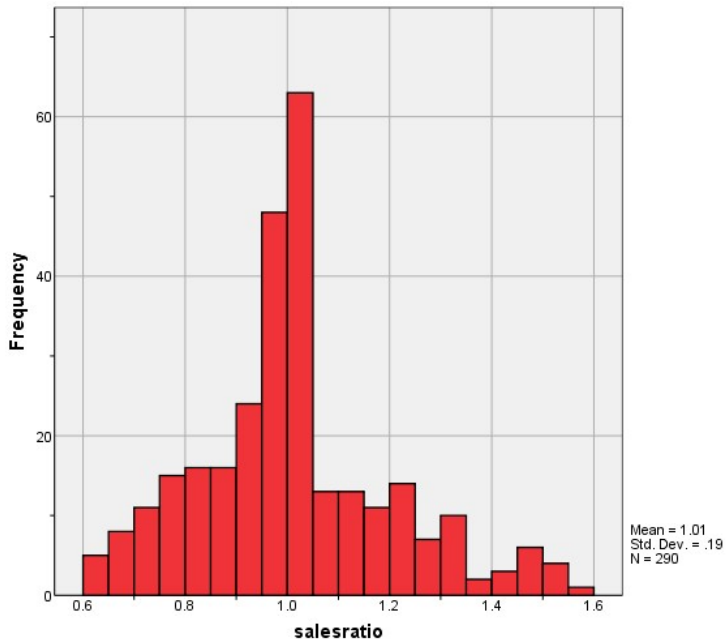
The above results indicate that sold and unsold commercial properties were valued in a consistent manner overall.

#### V. VACANT LAND SALE RESULTS

There were 290 qualified vacant land sales in the 24-month sale period ending June 30, 2020. The sales ratio analysis results are as follows:

Median	<b>1.000</b>
Price Related Differential	<b>1.031</b>
Coefficient of Dispersion	<b>13.6</b>

The above table indicates that the Custer County vacant land sale ratios were in compliance with the SBOE standards. The following histogram and scatter plot describe the sales ratio distribution further:



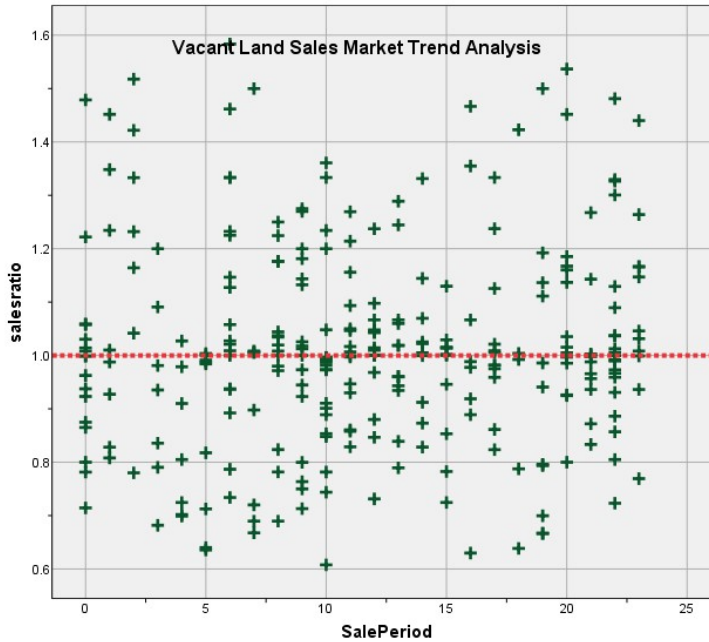
### Vacant Land Market Trend Analysis

The vacant land sales were next analyzed for residual market trending, examining the sale ratios across the 24-month sale period with the following results:

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized	t	Sig.	
	B	Std. Error	Coefficients Beta			
1	(Constant)	.992	.022		44.448	.000
	SalePeriod	.002	.002	.058	.994	.321

a. Dependent Variable: salesratio



The above analysis indicated that no statistically significant market trend was present in the sales ratio for vacant land. We therefore concluded that the assessor considered market trending appropriately for this class of property.

**Sold/Unsold Analysis**

We compared the median change in actual value between taxable years 2019 and 2021 for vacant land properties to determine if sold and unsold properties were valued consistently. We performed the analysis overall and by stratifying the properties by subdivisions with at least 5 sales, as follows:

**Report**

DIFF	N	Median	Mean
UNSOLD	2894	1.0000	1.0405
SOLD	266	1.0000	1.0691

**Report**

DIFF

SUBDIVNO	sold	N	Median	Mean
	UNSOLD	152	1.0000	1.0022
	SOLD	9	1.0476	1.1762
00032	UNSOLD	19	1.0000	1.0000
	SOLD	5	1.0000	1.0280
00053	UNSOLD	25	1.2000	1.2240
	SOLD	9	1.2000	1.2400
00130	UNSOLD	169	1.2500	1.1663
	SOLD	16	1.2500	1.2180
00233	UNSOLD	13	1.0000	1.0154
	SOLD	6	1.0000	1.0818
00602	UNSOLD	58	1.0000	1.0000
	SOLD	6	1.0000	1.1642
00620	UNSOLD	161	1.0000	1.0596
	SOLD	15	1.0000	1.0086
00646	UNSOLD	36	1.0000	1.0000
	SOLD	5	1.0000	1.0071
00940	UNSOLD	33	1.0000	1.0000
	SOLD	7	1.0000	1.0038
00941	UNSOLD	51	1.2500	1.2500
	SOLD	8	1.2500	1.2040
00942	UNSOLD	38	1.0000	1.0155
	SOLD	11	1.0000	.8837
00943	UNSOLD	66	1.0000	1.0000
	SOLD	20	1.0000	1.0155
00945	UNSOLD	15	1.0000	1.0000
	SOLD	8	1.0000	1.0296
00990	UNSOLD	55	1.0000	1.0036
	SOLD	6	1.0000	1.0714
00991	UNSOLD	32	1.0000	1.0156
	SOLD	9	1.0000	.9444

The above results indicated that sold and unsold vacant land properties were valued consistently.

**V. CONCLUSION**

Based on this statistical analysis, there were no significant compliance issues concluded for Custer County as of the date of this report.

**STATISTICAL ABSTRACT**

**Residential**

Mean	95% Confidence Interval for Mean		Median	95% Confidence Interval for Median			Weighted Mean	95% Confidence Interval for Weighted Mean		Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Mean Centered
	Lower Bound	Upper Bound		Lower Bound	Upper Bound	Actual Coverage		Lower Bound	Upper Bound			
1.028	1.007	1.048	1.004	.987	1.027	95.2%	1.028	1.007	1.049	1.000	.141	17.5%

The confidence interval for the median is constructed without any distribution assumptions. The actual coverage level may be greater than the specified level. Other confidence intervals are constructed by assuming a Normal distribution for the ratios.

**Commercial/Industrial**

Mean	95% Confidence Interval for Mean		Median	95% Confidence Interval for Median			Weighted Mean	95% Confidence Interval for Weighted Mean		Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Mean Centered
	Lower Bound	Upper Bound		Lower Bound	Upper Bound	Actual Coverage		Lower Bound	Upper Bound			
.983	.943	1.023	.995	.898	1.042	97.1%	.969	.917	1.021	1.014	.099	12.0%

The confidence interval for the median is constructed without any distribution assumptions. The actual coverage level may be greater than the specified level. Other confidence intervals are constructed by assuming a Normal distribution for the ratios.

**Vacant Land**



**Residential Median Ratio Stratification**

**Subclass**

**Case Processing Summary**

		Count	Percent
ABSTRIMP	.00	2	0.7%
	1212.00	295	99.3%
Overall		297	100.0%
Excluded		0	
Total		297	

**Ratio Statistics for CURRTOT / TASP**

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
.00	1.004	.912	.253	35.8%
1212.00	1.004	1.000	.140	18.0%
Overall	1.004	1.000	.141	18.0%

**Age**

**Case Processing Summary**

		Count	Percent
AgeRec	Over 100	19	6.4%
	75 to 100	8	2.7%
	50 to 75	22	7.4%
	25 to 50	96	32.3%
	5 to 25	123	41.4%
	5 or Newer	29	9.8%
Overall		297	100.0%
Excluded		0	
Total		297	

**Ratio Statistics for CURRTOT / TASP**

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
Over 100	.998	1.011	.148	18.4%
75 to 100	1.011	.941	.097	15.1%
50 to 75	.960	1.044	.168	23.7%
25 to 50	.983	.996	.137	17.8%
5 to 25	.995	.997	.140	17.3%
5 or Newer	1.093	1.020	.108	16.5%
Overall	1.004	1.000	.141	18.0%

## Improved Area

### Case Processing Summary

		Count	Percent
ImpSFRec	LE 500 sf	12	4.0%
	500 to 1,000 sf	50	16.8%
	1,000 to 1,500 sf	73	24.6%
	1,500 to 2,000 sf	66	22.2%
	2,000 to 3,000 sf	60	20.2%
	3,000 sf or Higher	36	12.1%
Overall		297	100.0%
Excluded		0	
Total		297	

### Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
LE 500 sf	.886	.966	.206	31.3%
500 to 1,000 sf	.909	1.060	.152	20.6%
1,000 to 1,500 sf	.992	1.012	.132	17.0%
1,500 to 2,000 sf	1.024	1.012	.120	16.2%
2,000 to 3,000 sf	1.033	1.018	.116	15.2%
3,000 sf or Higher	1.115	1.023	.119	15.1%
Overall	1.004	1.000	.141	18.0%

## Improvement Quality

### Case Processing Summary

		Count	Percent
QUALITY		2	0.7%
	03	4	1.3%
	04	23	7.7%
	05	248	83.5%
	06	20	6.7%
Overall		297	100.0%
Excluded		0	
Total		297	

### Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
	1.004	.912	.253	35.8%
03	1.223	1.026	.040	5.2%
04	1.037	1.026	.139	17.4%
05	1.000	.997	.139	18.1%
06	.942	.974	.138	18.6%
Overall	1.004	1.000	.141	18.0%



## Improvement Condition

### Case Processing Summary

	Count	Percent
CONDITION	2	0.7%
03	3	1.0%
04	31	10.4%
05	242	81.5%
06	19	6.4%
Overall	297	100.0%
Excluded	0	
Total	297	

### Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
	1.004	.912	.253	35.8%
03	1.251	1.021	.020	3.3%
04	1.037	.990	.153	19.9%
05	1.000	.999	.139	17.9%
06	.948	.975	.118	14.8%
Overall	1.004	1.000	.141	18.0%

### Commercial Median Ratio Stratification

#### Sale Price

### Case Processing Summary

		Count	Percent
SPRec	\$50K to \$100K	2	5.6%
	\$100K to \$150K	6	16.7%
	\$150K to \$200K	8	22.2%
	\$200K to \$300K	12	33.3%
	\$300K to \$500K	4	11.1%
	\$500K to \$750K	3	8.3%
	Over \$1,000K	1	2.8%
Overall		36	100.0%
Excluded		0	
Total		36	

### Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
\$50K to \$100K	.961	1.009	.136	19.2%
\$100K to \$150K	.973	1.002	.079	10.4%
\$150K to \$200K	1.004	.997	.092	11.0%
\$200K to \$300K	.997	1.002	.112	14.5%
\$300K to \$500K	1.060	1.011	.074	12.0%
\$500K to \$750K	.948	.996	.032	5.3%
Over \$1,000K	.828	1.000	.000	.
Overall	.995	1.014	.099	12.0%

### Subclass

### Case Processing Summary

	Count	Percent	
ABSTRIMP	.00	2	5.6%
	1212.00	1	2.8%
	1713.50	2	5.6%
	1716.00	1	2.8%
	1723.50	1	2.8%
	1884.00	1	2.8%
	2212.00	7	19.4%
	2215.00	1	2.8%
	2220.00	6	16.7%
	2230.00	11	30.6%
	2232.50	1	2.8%
	2235.00	1	2.8%
	3215.00	1	2.8%
Overall	36	100.0%	
Excluded	0		
Total	36		

### Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
.00	.934	1.000	.002	0.3%
1212.00	.976	1.000	.000	.
1713.50	.940	1.067	.119	16.9%
1716.00	.926	1.000	.000	.
1723.50	.979	1.000	.000	.
1884.00	.800	1.000	.000	.
2212.00	.893	.993	.115	15.4%
2215.00	1.068	1.000	.000	.
2220.00	1.015	.984	.086	12.0%
2230.00	1.042	1.012	.086	11.6%
2232.50	1.280	1.000	.000	.
2235.00	.948	1.000	.000	.
3215.00	1.032	1.000	.000	.
Overall	.995	1.014	.099	12.0%

## Age

### Case Processing Summary

		Count	Percent
AgeRec	Over 100	8	22.2%
	75 to 100	1	2.8%
	50 to 75	8	22.2%
	25 to 50	8	22.2%
	5 to 25	11	30.6%
Overall		36	100.0%
Excluded		0	
Total		36	

### Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
Over 100	.877	1.008	.061	8.6%
75 to 100	.948	1.000	.000	.
50 to 75	.993	1.013	.087	10.7%
25 to 50	1.015	1.042	.079	11.0%
5 to 25	1.049	.975	.086	12.9%
Overall	.995	1.014	.099	12.0%

## Improved Area

### Case Processing Summary

		Count	Percent
ImpSFRec	LE 500 sf	4	11.1%
	500 to 1,000 sf	2	5.6%
	1,000 to 1,500 sf	5	13.9%
	1,500 to 2,000 sf	4	11.1%
	2,000 to 3,000 sf	4	11.1%
	3,000 sf or Higher	17	47.2%
Overall		36	100.0%
Excluded		0	
Total		36	

### Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
LE 500 sf	.934	1.007	.071	11.6%
500 to 1,000 sf	.964	1.003	.099	14.0%
1,000 to 1,500 sf	1.049	.994	.079	13.4%
1,500 to 2,000 sf	.891	1.012	.076	15.5%
2,000 to 3,000 sf	1.042	1.001	.092	14.3%
3,000 sf or Higher	1.010	1.024	.090	12.3%
Overall	.995	1.014	.099	12.0%

## Improvement Quality

### Case Processing Summary

	Count	Percent
QUALITY	2	5.6%
01	1	2.8%
02	19	52.8%
03	11	30.6%
04	1	2.8%
05	2	5.6%
Overall	36	100.0%
Excluded	0	
Total	36	

### Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
	.934	1.000	.002	0.3%
01	1.042	1.000	.000	.
02	.948	1.001	.103	13.4%
03	1.033	1.000	.086	11.8%
04	1.068	1.000	.000	.
05	.940	1.067	.119	16.9%
Overall	.995	1.014	.099	12.0%

### Vacant Land Median Ratio Stratification

#### Sale Price

### Case Processing Summary

	Count	Percent
SPRec		
LT \$25K	128	44.1%
\$25K to \$50K	122	42.1%
\$50K to \$100K	32	11.0%
\$100K to \$150K	6	2.1%
\$150K to \$200K	2	0.7%
Overall	290	100.0%
Excluded	0	
Total	290	

### Ratio Statistics for CURRLND / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
LT \$25K	1.045	1.008	.151	19.5%
\$25K to \$50K	.970	1.004	.121	17.4%
\$50K to \$100K	.995	.998	.107	15.4%
\$100K to \$150K	.994	1.000	.039	6.9%
\$150K to \$200K	.988	1.000	.013	1.8%
Overall	1.000	1.031	.136	19.0%

**Subclass**

**Case Processing Summary**

		Count	Percent
ABSTRLND	.00	1	0.3%
	100.00	219	75.5%
	151.00	8	2.8%
	200.00	1	0.3%
	315.00	1	0.3%
	400.00	1	0.3%
	520.00	1	0.3%
	530.00	2	0.7%
	540.00	1	0.3%
	550.00	5	1.7%
	1112.00	43	14.8%
	1621.00	1	0.3%
	2112.00	1	0.3%
	5140.00	5	1.7%
Overall		290	100.0%
Excluded		0	
Total		290	

**Ratio Statistics for CURRLND / TASP**

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
.00	1.583	1.000	.000	.
100.00	1.000	1.037	.135	18.6%
151.00	.998	1.011	.149	19.1%
200.00	.769	1.000	.000	.
315.00	1.005	1.000	.000	.
400.00	1.013	1.000	.000	.
520.00	1.019	1.000	.000	.
530.00	1.017	1.001	.002	0.3%
540.00	.992	1.000	.000	.
550.00	.988	.998	.011	1.4%
1112.00	.987	1.023	.176	23.3%
1621.00	1.143	1.000	.000	.
2112.00	.923	1.000	.000	.
5140.00	1.013	1.004	.022	2.8%
Overall	1.000	1.031	.136	19.0%