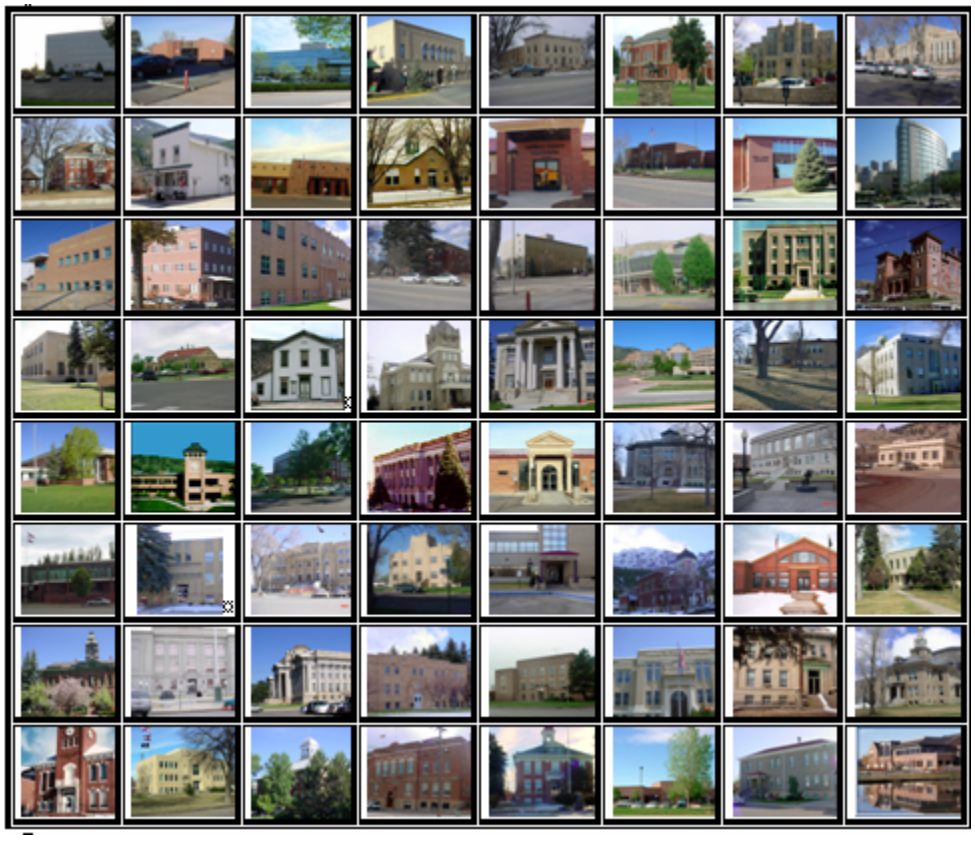
DOUGLAS COUNTY

2009
DOUGLAS COUNTY
PROPERTY ASSESSMENT
STUDY



WILDROSE
APPRAISAL, INCORPORATED
Audit Division

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September 15, 2009

Mr. Mike Mauer
Director of Research
Colorado Legislative Council
Room 029, State Capitol Building
Denver, Colorado 80203

RE: Final Report for the 2009 Colorado Property Assessment Study

Dear Mr. Mauer:

Wildrose Appraisal Inc.-Audit Division is pleased to submit the Final Reports for the 2009 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.

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

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INTRODUCTION

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 2009 and is pleased to report its findings for Douglas County in the following report.

REGIONAL/HISTORICAL SKETCH OF DOUGLAS COUNTY

Regional Information

Douglas County is located in the Front Range region of Colorado. The Colorado Front Range is a colloquial geographic term for the populated areas of the State that are just east of the foothills of the Front Range. It includes Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer, Pueblo, and Weld counties.

Historical Information

Douglas County was one of the original 17 counties created in the Colorado Territory by the Colorado Territorial Legislature on November 1, 1861. The county was named in honor of U.S. Senator Stephen A. Douglas of Illinois, who died five months before the county was created. The county seat was originally Franktown, but was moved to California Ranch in 1863, and then to Castle Rock in 1874. Although the county's boundaries originally extended eastward to the Kansas state border, in 1874 most of the eastern portion of the county became part of Elbert County.

Douglas County is the eighth most populous of the 64 counties of the State of Colorado. The county, sometimes nicknamed Dougco, is located midway between Colorado's two largest cities: Denver and Colorado Springs. The United States Census Bureau estimates that the county population was 280,621 in 2008, a 59.7% increase since U.S. Census 2000, making Douglas County one of the fastest growing counties in the United States. The county seat is Castle Rock, named after a small butte just north of the town.

Douglas County is lightly wooded, mostly with ponderosa pine, with broken terrain characterized by mesas and small streams. Cherry Creek and Plum Creek rise in Douglas County and flow north toward Denver and into the South Platte River. Both were subject to flash flooding in the past, Plum Creek being partially responsible for the Denver flood of 1965. Cherry Creek is now dammed. (*Wikipedia.org*)

RATIO ANALYSIS

Methodology

All significant classes of properties were analyzed. Sales were collected for each property class over the appropriate sale period, which was typically defined as the 18-month period between January 2007 and June 2008. Counties with less than 30 sales typically extended the sale period back up to 5 years prior to June 30, 2008 in 6-month increments. If there were still fewer than 30 sales, supplemental appraisals were performed and treated as proxy sales. Residential sales for all counties using this method totaled at least 30 per county. For commercial sales, the total number analyzed was allowed, in some cases, to fall below 30. There were no sale quantity issues for counties requiring vacant land analysis or condominium analysis. 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. For the largest 11 counties, the residential ratio statistics were broken down by economic area as well.

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
Condominium	Between .95-1.05	Less than 15.99
Single Family	Between .95-1.05	Less than 15.99
Vacant Land	Between .95-1.05	Less than 20.99

The results for Douglas County are:

Douglas County Ratio Grid					
Property Class	Number of Qualified Sales	Unweighted Median Ratio	Price Related Differential	Coefficient of Dispersion	Time Trend Analysis
Commercial/Industrial	104	0.971	1.036	6.7	Compliant
Condominium	N/A	N/A	N/A	N/A	N/A
Single Family	7,473	0.997	1.017	7.4	Compliant
Vacant Land	514	0.975	1.121	16.3	Compliant

Ratio Statistics for currtot / tasp

Group	Median	Price Related Differential	Coefficient of Dispersion
	.255	1.961	.813
1	1.000	1.015	.074
2	.994	1.011	.063
3	.995	1.024	.090
4	1.004	1.025	.081
5	.987	1.010	.116
6	.953	1.016	.124
7	.905	1.009	.119
Overall	.997	1.017	.074

After applying the above described methodologies, it is concluded from the sales ratios that Douglas County is in compliance with SBOE, DPT, and Colorado State Statute valuation guidelines.

Recommendations

None

Random Deed Analysis

An additional analysis was performed as part of the Ratio Analysis. Ten randomly selected deeds with documentary fees were obtained from the Clerk and Recorder. These deeds were for sales that occurred from January 1, 2007 through June 30, 2008. These sales were then checked for inclusion on the Assessor's qualified or unqualified database.

Conclusions

After comparing the list of randomly selected deeds with the Assessor's database, Douglas County has accurately transferred sales data from the recorded deeds to the qualified or unqualified database.

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 methodology 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 Douglas County has complied with the statutory requirements to analyze the effects of time on value in their county. Douglas 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

Douglas 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.

All qualified residential and commercial class properties were examined using the unit value method, where the actual value per square foot was compared between sold and unsold properties. A class was considered qualified if it met the criteria for the ratio analysis. The median value per square foot for both groups was compared from an appraisal and statistical perspective. If no significant difference was indicated, then we concluded that no further testing was warranted and that the county was in compliance in terms of sold/unsold consistency.

If either residential or commercial differences were significant using the unit value method, or if data limitations made the comparison invalid, then the next step was to perform a ratio analysis comparing the 2008 and 2009 actual values for each qualified class of property. All qualified vacant land classes were tested using this method. The sale property ratios were arrayed using a range of 0.8 to 1.5, which theoretically excluded changes between years that were due to other unrelated changes in the property. These ratios were also stratified at the appropriate level of analysis. Once the percent change was determined for each appropriate class and sub-class, the next step was to select the unsold sample. This sample was at least 1% of the total population of unsold properties and excluded any sale properties. The unsold sample was filtered based on the attributes of the sold dataset to closely correlate both groups. The ratio analysis was then performed on the unsold properties and stratified. The median and mean ratio distribution was then compared between the sold and unsold group. A non-parametric test such as the Mann-Whitney test for differences between independent samples was undertaken to determine whether any observed differential was significant. If this test determined that the unsold properties were treated in a manner similar to the sold properties, it was concluded that no further testing was warranted and that the county was in compliance.

If a class or sub-class of property was determined to be significantly different by this method, the final step was to perform a multi-variate mass appraisal model that developed ratio statistics from the sold properties that were then applied to the unsold sample. This test compared the measures of central tendency and confidence intervals for the sold properties with the unsold property sample. If this comparison was also determined to be significantly different, then the conclusion was that the county had treated the unsold properties in a different manner than sold properties.

These tests were supported by both tabular and chart presentations, along with saved sold and unsold sample files.

Sold/Unsold Results	
Property Class	**Results**
Commercial/Industrial	Compliant
Condominium	N/A
Single Family	Compliant
Vacant Land	Compliant

Conclusions

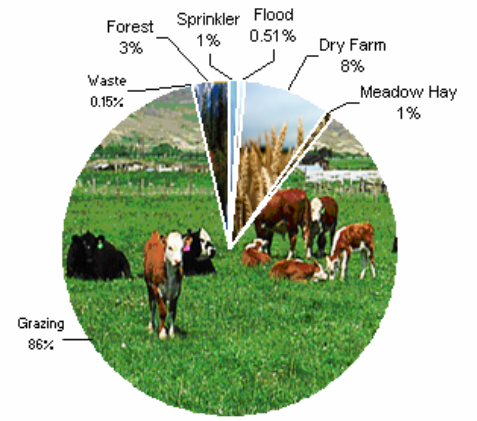
After applying the above described methodologies, it is concluded that Douglas County is reasonably treating its sold and unsold properties in the same manner.

Recommendations

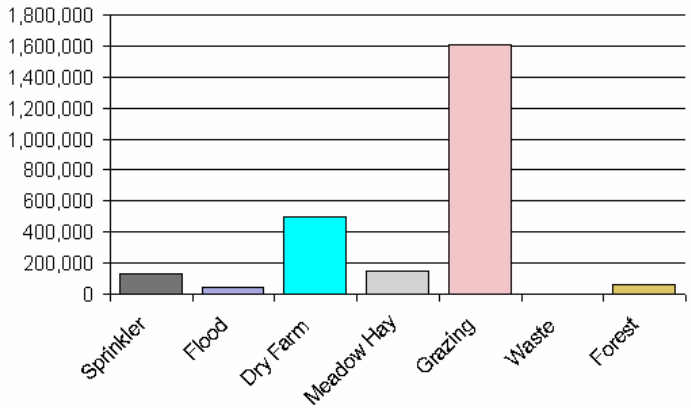
None

AGRICULTURAL LAND STUDY

Acres By Subclass



Value By Subclass



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:

Douglas County Agricultural Land Ratio Grid						
Abstract Code	Land Class	Number Of Acres	County Value Per Acre	County Assessed Total Value	WRA Total Value	Ratio
4107	Sprinkler	1,691	75.75	128,086	128,086	1.00
4117	Flood	1,043	42.83	44,673	44,673	1.00
4127	Dry Farm	17,380	28.77	500,054	489,200	1.02
4137	Meadow Hay	1,437	103.09	148,136	148,136	1.00
4147	Grazing	175,528	9.17	1,610,449	1,610,449	1.00
4177	Forest	7,113	8.95	63,692	63,692	1.00
4167	Waste	297	1.62	480	480	1.00
Total/Avg		**204,489**	**12.20**	**2,495,570**	**2,484,715**	**1.00**

Recommendations

None

Agricultural Outbuildings

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.

Conclusions

Douglas County has substantially complied with the procedures provided by the Division of Property Taxation for the valuation of agricultural outbuildings.

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 2009 for Douglas County. This study was conducted by checking selected sales from the master sales list for the Jan 1, 2007 - June 30, 2008 valuation period. Specifically WRA selected 45 sales listed as unqualified. All but three of the sales selected in the sample gave reasons that were clear and supportable. Three sales had insufficient documentation.

Conclusions

Douglas County appears to be doing a good job of verifying their sales. There are no recommendations.

Recommendations

None

ECONOMIC AREA REVIEW AND EVALUATION

Methodology

Douglas County has submitted a written narrative describing the economic areas that make up the county's market areas. Douglas 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 Douglas 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

Earth and Stone Products

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 2009 in Douglas 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 and market/investor surveys. Subdivision land with structures was appraised at full market value.

Conclusions

Douglas 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.

Douglas County has been reviewed for their procedures and adherence to guidelines when assessing and valuing agricultural and commercial 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

Douglas 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

Douglas 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.

Douglas 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
- Commercial sales confirmation and income data gathering

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.

Douglas County submitted their personal property written audit plan and was current for the 2009 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:

- Businesses in a selected area
- 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
- Businesses with no deletions or additions for 2 or more years
- Non-filing Accounts - Best Information Available
- Accounts close to the $4,000 actual value exemption status
- Accounts protested with substantial disagreement

Douglas County's median ratio is 1.00. This is in compliance with the State Board of Equalization (SBOE) compliance requirements which range from .90 to 1.10 with no COD requirements.

Conclusions

Douglas 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/Field Analyst*

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

Andy Rodriguez, *Field Analyst*

APPENDICES

STATISTICAL COMPLIANCE RESULTS
FOR DOUGLAS COUNTY
2009

I. OVERVIEW

Douglas County is an urban county located along Colorado's Front Range urban corridor. The county has a total of 126,066 real property parcels, according to data submitted by the county assessor's office in 2009. 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 and 1112) accounted for over 90% of all vacant land parcels.

For residential improved properties, single family properties accounted for 93% 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.

II. DATA FILES

The following sales analyses were based on the requirements of the 2009 Colorado Property Assessment Study. Information was provided by the Douglas Assessor's Office on May 11, 2009. The data included all 5 property record files as specified by the Auditor.

III. RESIDENTIAL SALES RESULTS

The following steps were taken to analyze the residential sales:

1. All sales	29,220
2. Qualified sales	16,499
3. Improved sales	15,260
3. Select residential sales only	15,061
4. Sales between January 1, 2007 and June 30, 2008	7,473

The sales ratio analysis was analyzed as follows:

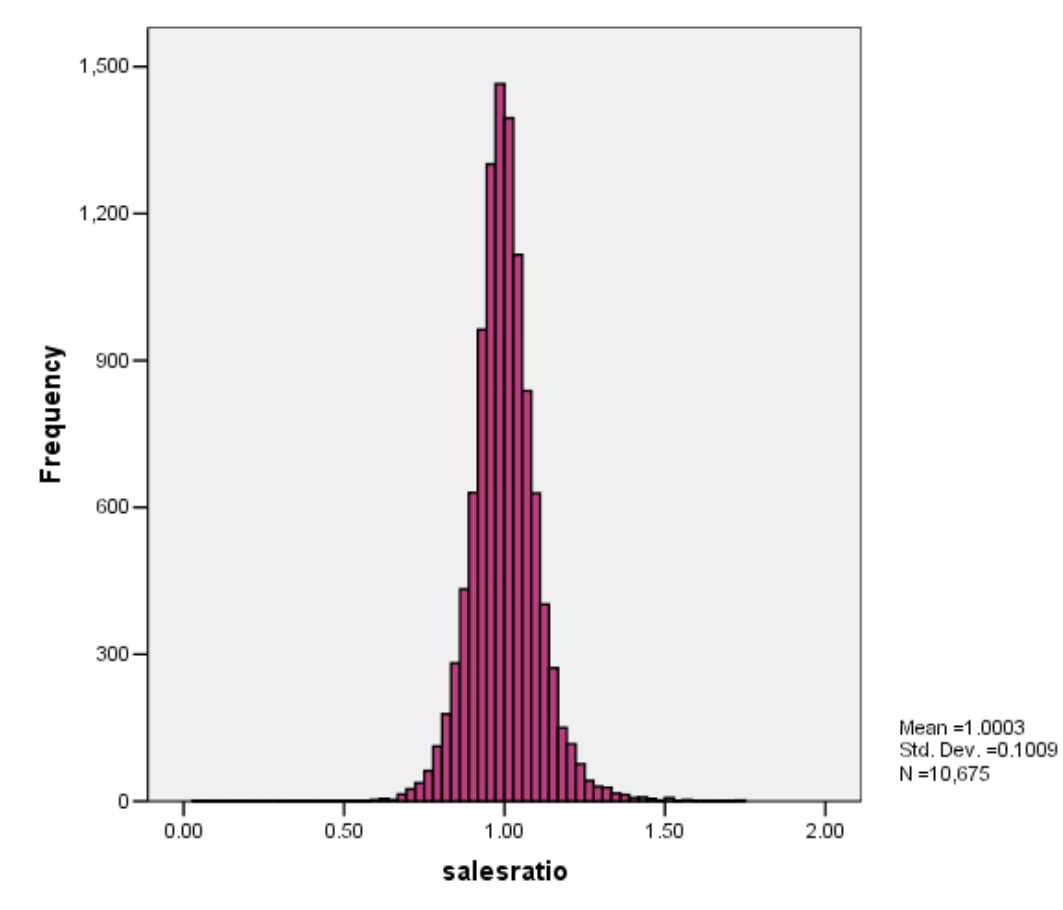
Case Processing Summary

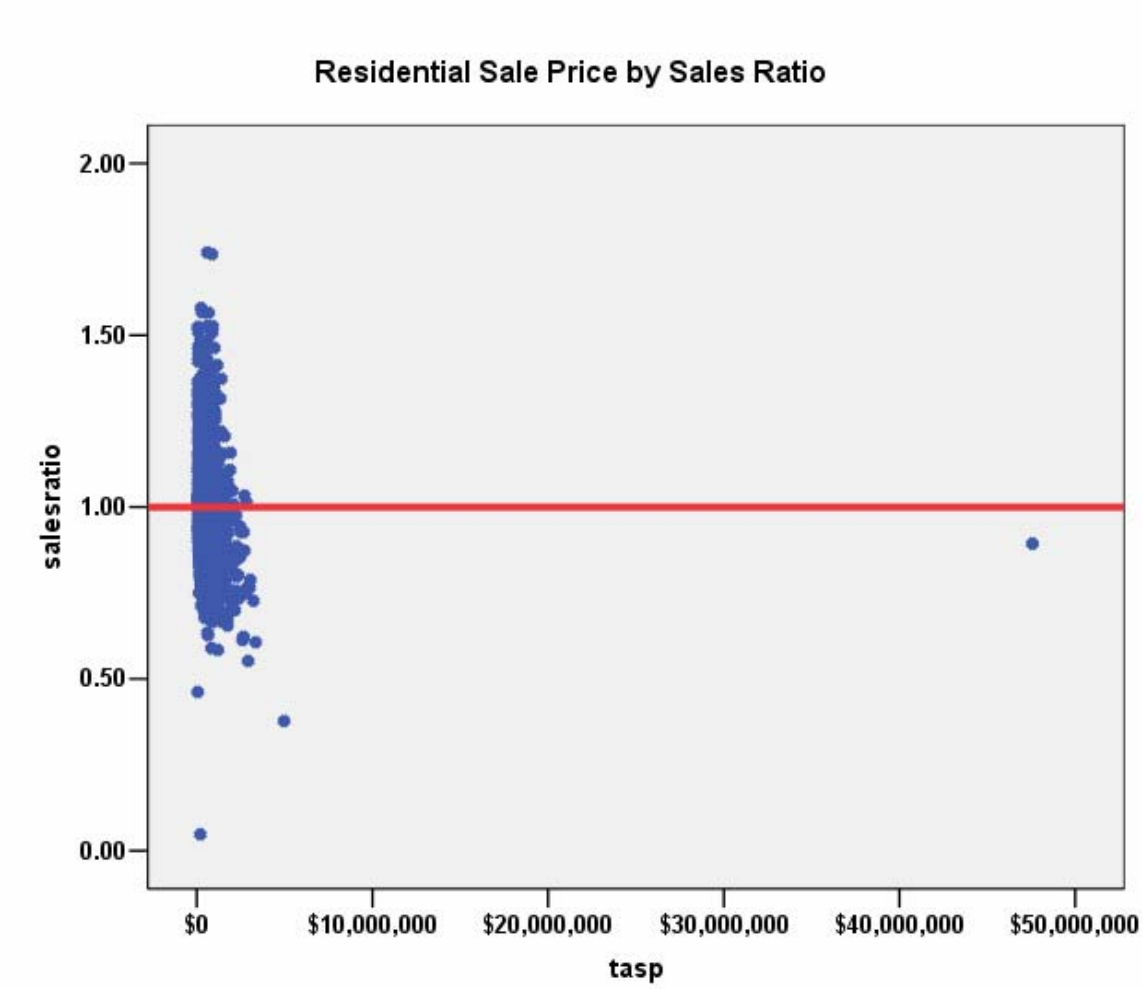
		Count	Percent
econarea		2	.0%
	1	3045	28.5%
	2	4100	38.4%
	3	715	6.7%
	4	2486	23.3%
	5	101	.9%
	6	208	1.9%
	7	18	.2%
Overall		10675	100.0%
Excluded		0	
Total		10675	

Ratio Statistics for currtot / tasp

Group	Median	Price Related Differential	Coefficient of Dispersion
	.255	1.961	.813
1	1.000	1.015	.074
2	.994	1.011	.063
3	.995	1.024	.090
4	1.004	1.025	.081
5	.987	1.010	.116
6	.953	1.016	.124
7	.905	1.009	.119
Overall	.997	1.017	.074

The above ratio statistics were in compliance with the standards set forth by the Colorado State Board of Equalization (SBOE) for residential sales. Please note that Economic Area 7 had only 18 sales, so its ratio analysis results were not valid. The residential properties lacking an economic area identifier had only 2 sales and were also excluded from this analysis. The following graphs describe further the sales ratio distribution for these properties:





The above graphs indicate that the distribution of the sale ratios was within state mandated limits.

Residential Market Trend Analysis

We next analyzed the residential dataset using the 18-month sale period for any residual market trending and stratified by economic area, as follows:

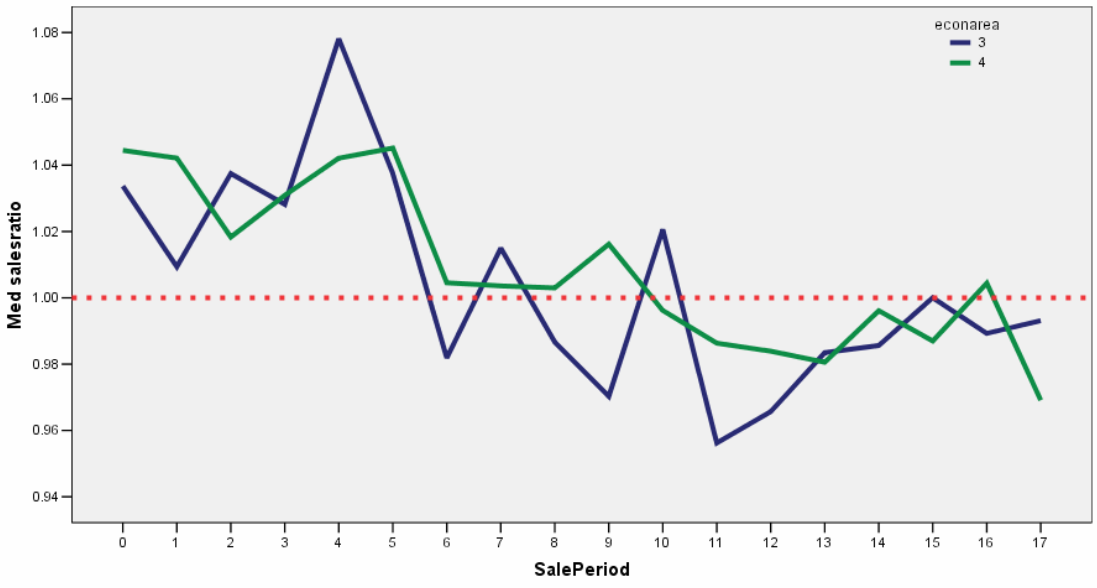
Coefficients[a]

econarea	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
	1	(Constant)	4.606	.000		.	.
		SalePeriod	-.414	.000	-1.000	.	.
1	1	(Constant)	1.032	.004		288.555	.000
		SalePeriod	-.003	.000	-.162	-9.064	.000
2	1	(Constant)	1.007	.003		396.771	.000
		SalePeriod	-.001	.000	-.082	-5.268	.000
3	1	(Constant)	1.033	.009		112.494	.000
		SalePeriod	-.004	.001	-.164	-4.449	.000
4	1	(Constant)	1.050	.004		233.589	.000
		SalePeriod	-.005	.000	-.203	-10.355	.000
5	1	(Constant)	1.077	.033		32.714	.000
		SalePeriod	-.008	.003	-.244	-2.502	.014
6	1	(Constant)	.963	.022		43.488	.000
		SalePeriod	8.39E-005	.002	.003	.039	.969
7	1	(Constant)	.923	.066		13.979	.000
		SalePeriod	.002	.007	.087	.348	.732

a. Dependent Variable: salesratio

Economic Areas 1 through 4 had statistically significant market trends, indicating that there may be some residual market trend remaining in the sales ratios. We concluded that Economic Area 1 and 2 had very slight trends in terms of magnitude and were not significant in terms of the magnitude of the residual trend.

For Economic Areas 3 and 4, we tracked the sale ratios by month in the following graph:



While there was a clear downward trend in the residential median sales ratios for these two economic areas, the magnitude was small and the trend was most significant in the early portion of the sales period.

When broken down by neighborhood, the residual market trending was virtually eliminated, indicating that the residential valuation at that level had adequately considered market trending. We therefore concluded that the assessor has adequately considered market trending in their residential valuations overall.

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 2009 between each group. The data was analyzed both as a whole and broken down by economic area, as follows:

Group	N	Median	Mean
Unsold	79,292	$145	$152
Sold	10,406	$149	$156

ECONAREA	Group	N	Median	Mean
1	**Unsold**	22,407	$138	$145
	Sold	2,998	$141	$148
2	**Unsold**	31,388	$150	$155
	Sold	4,075	$158	$162
3	**Unsold**	6,340	$155	$166
	Sold	693	$156	$170
4	**Unsold**	13,797	$134	$145
	Sold	2,343	$137	$146
5	**Unsold**	1,755	$179	$180
	Sold	96	$197	$196
6	**Unsold**	2,658	$184	$186
	Sold	181	$216	$207
7	**Unsold**	457	$149	$156
	Sold	18	$155	$160

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

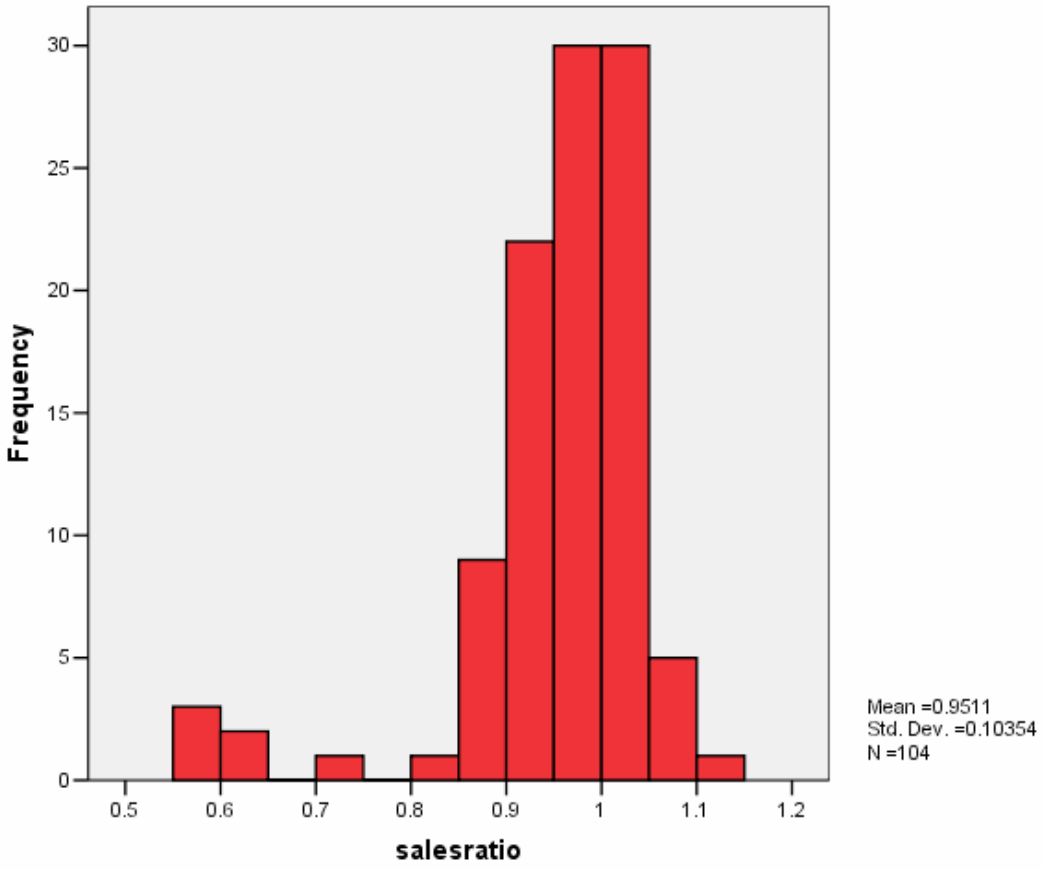
IV. COMMERCIAL/INDUSTRIAL SALE RESULTS

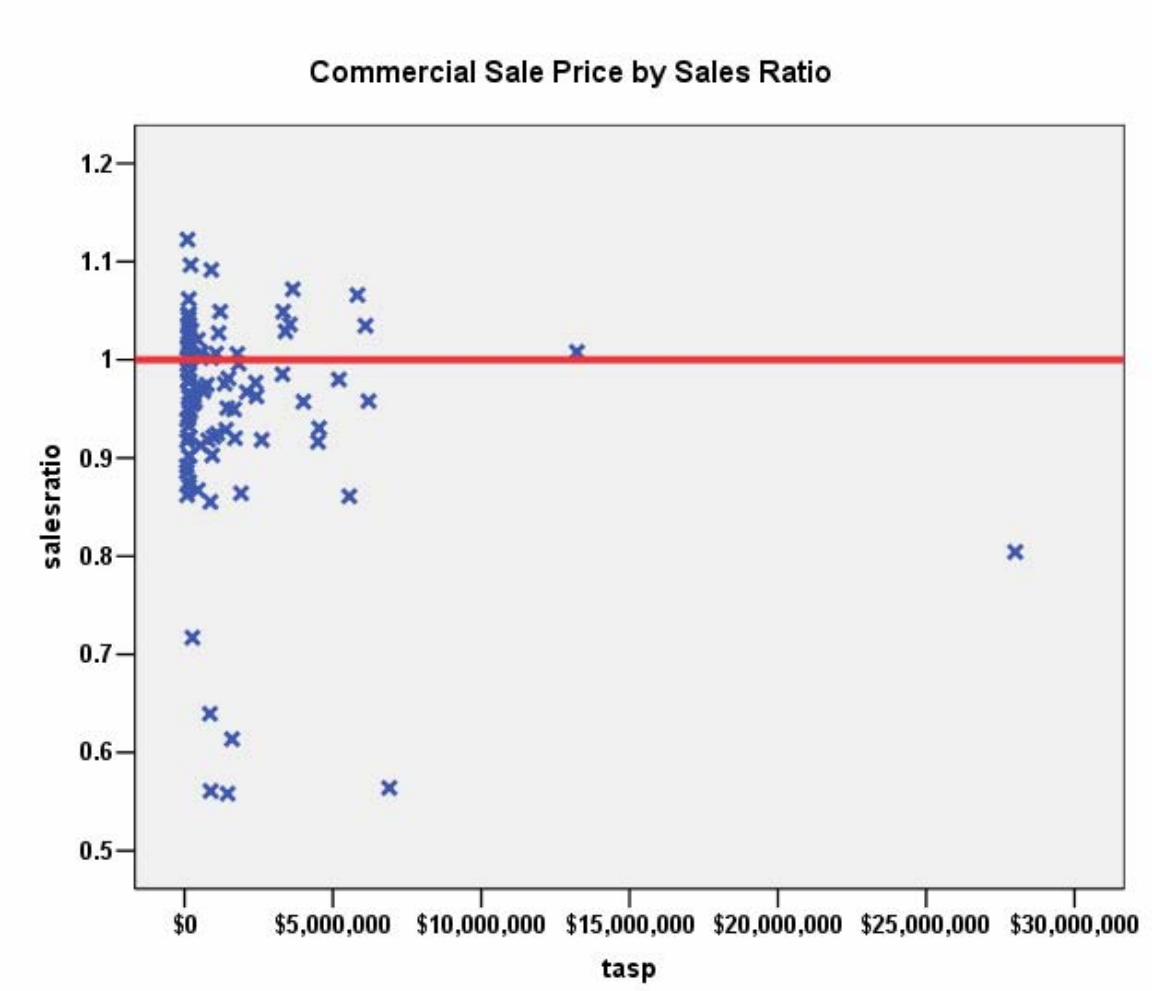
1. All sales	29,220
2. Qualified sales	16,499
3. Improved sales	15,260
3. Select commercial/industrial sales only	158
4. Sales between January 1, 2007 and June 30, 2008	104

The sales ratio analysis was analyzed as follows:

Median	**0.971**
Price Related Differential	**1.036**
Coefficient of Dispersion	**.067**

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





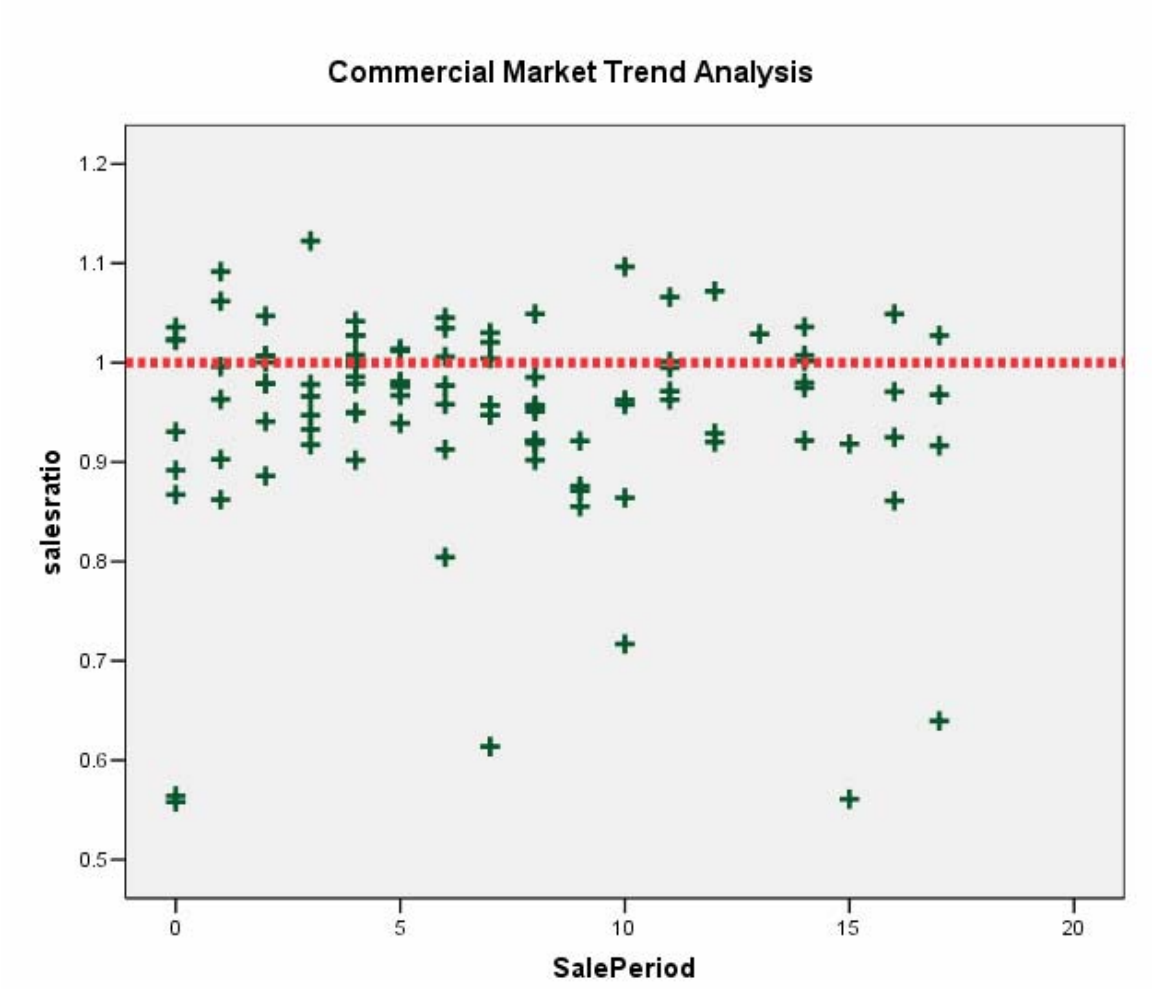
Commercial/Industrial Market Trend Analysis

The 104 commercial/industrial sales were next analyzed, examining the sale ratios across the 18 month sale period with the following results:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.961	.018		54.331	.000
	SalePeriod	-.001	.002	-.067	-.683	.496

a. Dependent Variable: salesratio



There was no residual market trending present in the commercial/industrial sale ratios. We concluded that the assessor has adequately considered market trending adjustments as part of the commercial/industrial valuation.

Sold/Unsold Analysis

We compared the median change in actual value between 2008 and 2009 for commercial/industrial properties to determine if sold and unsold properties were valued consistently, as follows:

Group	N	Median	Mean
Unsold	1,538	$130	$145
Sold	99	$133	$148

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

V. VACANT LAND SALE RESULTS

The following steps were taken to analyze the vacant land sales:

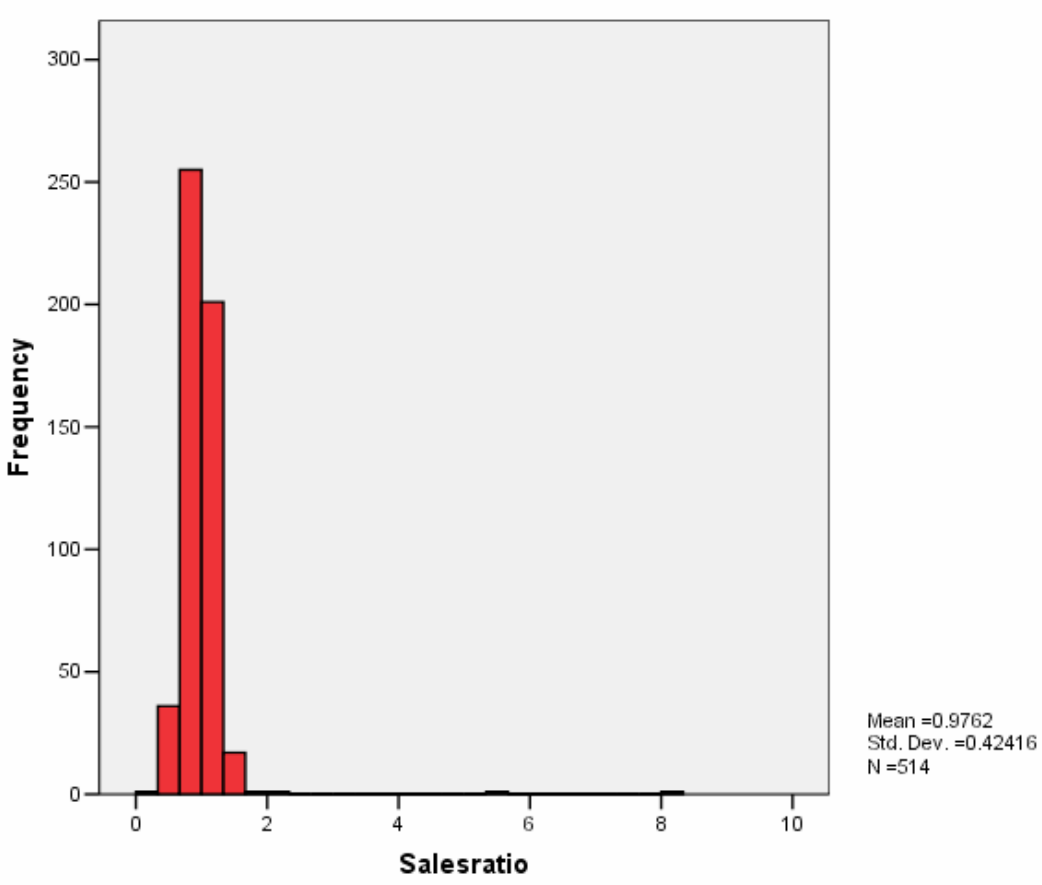
1. All sales	29,220
2. Qualified sales	16,499
3. Vacant land sales	803
4. Residential & commercial/ind vacant land sales	748
4. Sales between January 1, 2007 and June 30, 2008	514

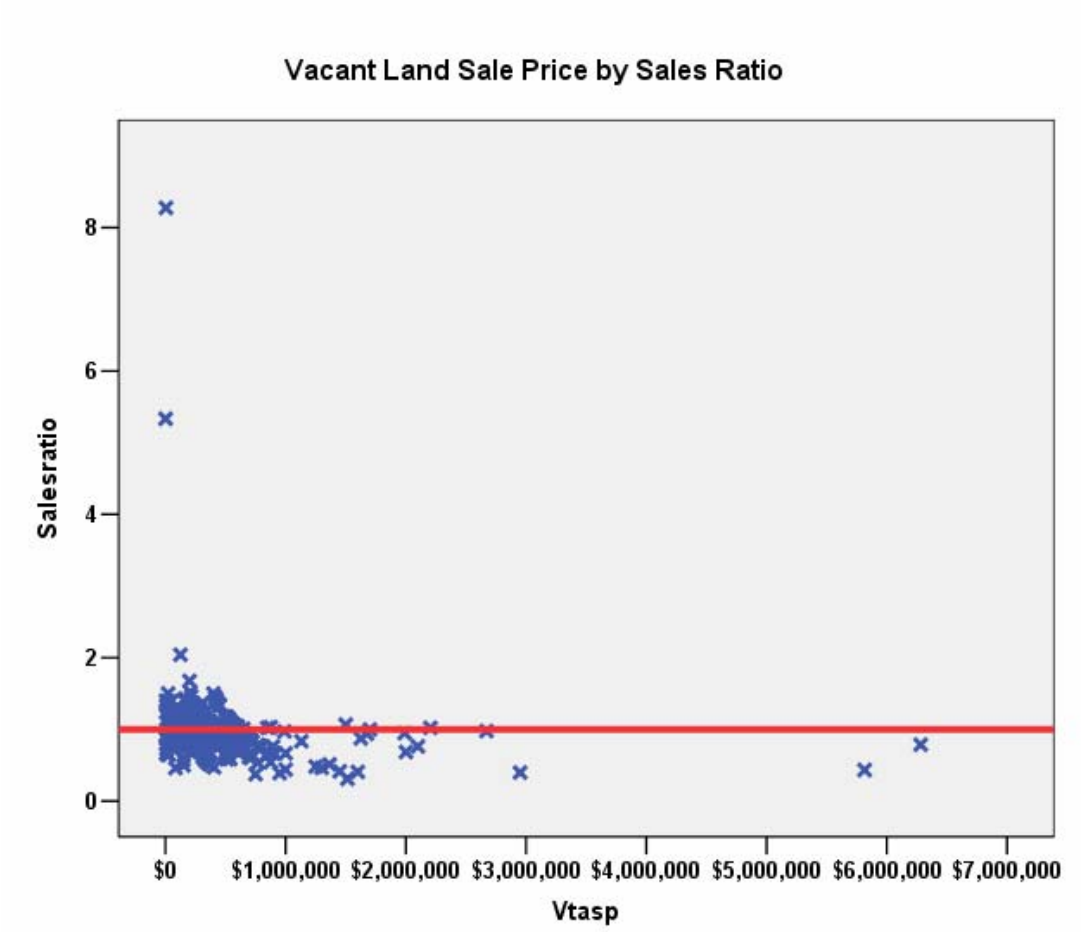
The sales ratio analysis was analyzed as follows:

Ratio Statistics for currlnd / Vtasp

Median	**0.975**
Price Related Differential	**1.121**
Coefficient of Dispersion	**.163**

The above ratio statistics were in compliance overall with the standards set forth by the Colorado State Board of Equalization (SBOE) for the overall vacant land sales. The following graphs describe further the sales ratio distribution for all of these properties:





The above histogram indicates that the distribution of the vacant land sale ratios was within state mandated limits. No sales were trimmed.

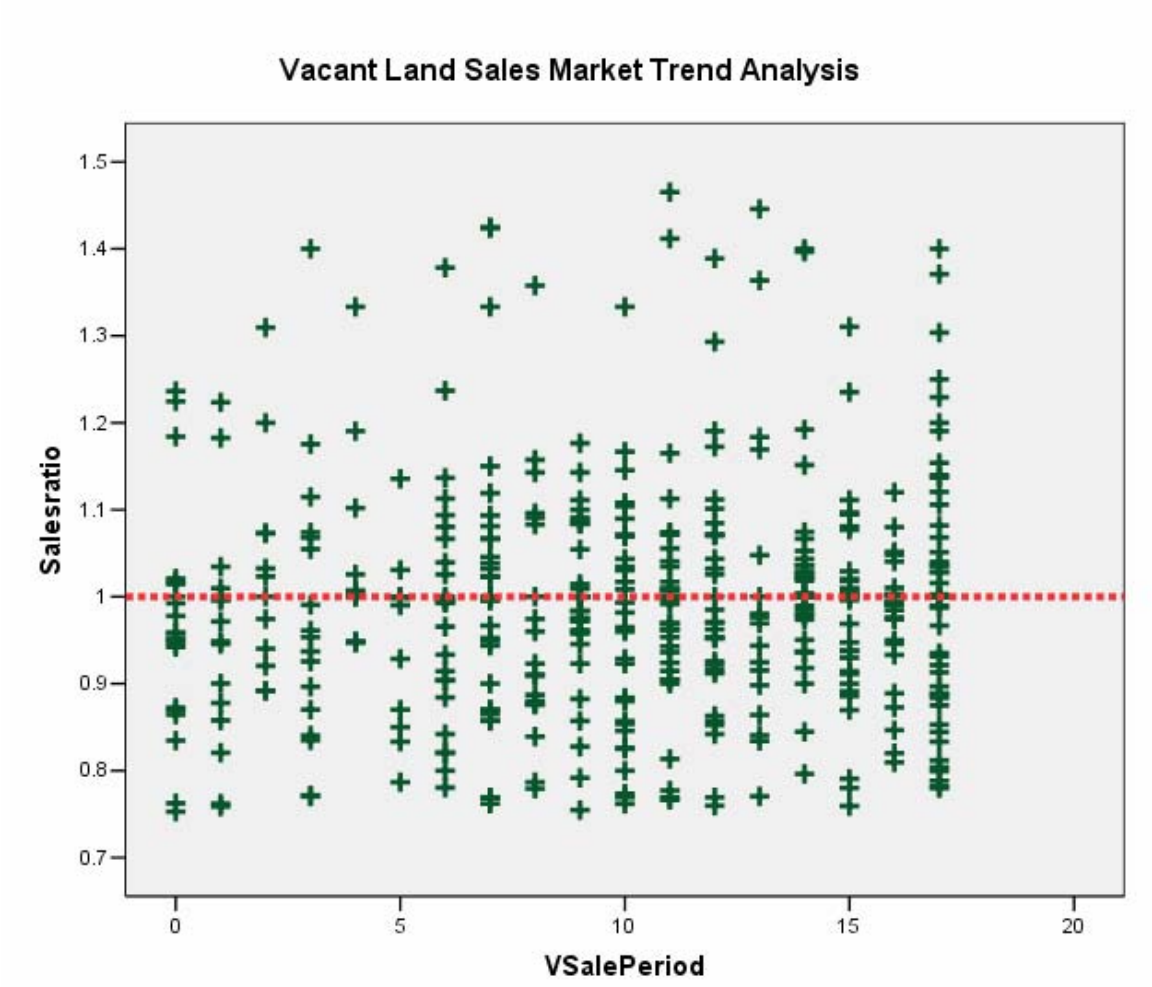
Vacant Land Market Trend Analysis

We next analyzed the vacant land dataset using the 18-month sale period, with the following results:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.981	.014		70.145	.000
	VSalePeriod	.001	.001	.046	.973	.331

a. Dependent Variable: Salesratio



The above analysis indicated that no significant market trending was present in the vacant land sale data. We concluded that the assessor has adequately dealt with market trending for vacant land properties.

Sold/Unsold Analysis

In terms of the valuation consistency between sold and unsold vacant land properties, we compared the median change in value for 2008 and 2009 between each group. We stratified the vacant land properties by subdivision and found overall consistency. The following results present the comparison results by subdivision for sold and unsold properties for subdivisions with at least 6 sales:

Subdivno	Group	N	Median	Mean
51	**Unsold**	733	1.00	134.34
	Sold	20	1.21	79.56
28002	**Unsold**	7	.96	1.00
	Sold	7	.96	1.00
44700	**Unsold**	37	1.17	1.06
	Sold	7	1.17	1.13
134957	**Unsold**	377	1.00	1.11

	Sold	10	1.15	1.15
139958	**Unsold**	29	1.21	1.21
	Sold	6	1.21	1.21
144032	**Unsold**	32	1.18	1.18
	Sold	7	1.18	1.26
144862	**Unsold**	464	1.33	1.33
	Sold	7	1.33	1.33
164775	**Unsold**	53	1.18	1.19
	Sold	8	1.18	1.18
2067849	**Unsold**	12	1.29	1.37
	Sold	7	1.29	1.32
2002137766	**Unsold**	44	1.00	1.00
	Sold	7	1.00	1.00
2003012671	**Unsold**	4	1.11	1.18
	Sold	6	1.11	1.10
2003034870	**Unsold**	25	1.15	1.15
	Sold	15	1.15	1.28
2004034855	**Unsold**	47	1.00	.94
	Sold	20	1.06	1.04
2005008723	**Unsold**	24	1.26	1.47
	Sold	9	1.26	1.26
2005056875	**Unsold**	5	1.03	1.03
	Sold	9	1.03	1.03
2005122094	**Unsold**	77	1.00	.98
	Sold	48	1.00	1.03
2006007568	**Unsold**	60	1.12	1.04
	Sold	11	1.20	1.08
2006019898	**Unsold**	77	1.91	1.50
	Sold	6	1.91	1.66
2006078510	**Unsold**	148	.66	.89
	Sold	23	.98	.96
2006080858	**Unsold**	121	1.46	1.01
	Sold	12	2.67	2.87
2007037986	**Unsold**	101	1.67	1.52
	Sold	8	2.67	2.83
2007078916	**Unsold**	10	1.73	1.73
	Sold	7	1.73	1.73
2007095994	**Unsold**	21	1.38	1.38
	Sold	6	1.38	1.38
Total	**Unsold**	2508	1.13	40.10
	Sold	266	1.15	7.17

Overall, we concluded that the county assessor valued sold and unsold vacant properties consistently.

V. AGRICULTURAL IMPROVEMENTS ANALYSIS

Based on the parameters of the state audit analysis, this county was exempt from this analysis for 2009.

VI. CONCLUSIONS

Based on this 2009 audit statistical analysis, residential and vacant land properties were found to be in compliance with state guidelines.

STATISTICAL ABSTRACT

Residential

Ratio Statistics for currtot / tasp

Mean		1.000
95% Confidence Interval for Mean	Lower Bound	.998
	Upper Bound	1.002
Median		.997
95% Confidence Interval for Median	Lower Bound	.995
	Upper Bound	.999
	Actual Coverage	95.2%
Weighted Mean		.984
95% Confidence Interval for Weighted Mean	Lower Bound	.980
	Upper Bound	.988
Price Related Differential		1.017
Coefficient of Dispersion		.074
Coefficient of Variation	Mean Centered	10.1%

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 Land

Ratio Statistics for currtot / tasp

Mean		.951
95% Confidence Interval for Mean	Lower Bound	.931
	Upper Bound	.971
Median		.971
95% Confidence Interval for Median	Lower Bound	.957
	Upper Bound	.981
	Actual Coverage	96.1%
Weighted Mean		.918
95% Confidence Interval for Weighted Mean	Lower Bound	.861
	Upper Bound	.976
Price Related Differential		1.036
Coefficient of Dispersion		.067
Coefficient of Variation	Mean Centered	10.9%

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

Ratio Statistics for currInd / Vtasp

Mean		.976
95% Confidence Interval for Mean	Lower Bound	.939
	Upper Bound	1.013
Median		.975
95% Confidence Interval for Median	Lower Bound	.960
	Upper Bound	.993
	Actual Coverage	95.3%
Weighted Mean		.871
95% Confidence Interval for Weighted Mean	Lower Bound	.832
	Upper Bound	.910
Price Related Differential		1.121
Coefficient of Dispersion		.163
Coefficient of Variation	Mean Centered	43.5%

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.

Residential Median Ratio Stratification

Sale Price

Case Processing Summary

		Count	Percent
SPRec	$25K to $50K	2	.0%
	$50K to $100K	35	.3%
	$100K to $150K	190	1.8%
	$150K to $200K	733	6.9%
	$200K to $300K	3866	36.2%
	$300K to $500K	4027	37.7%
	$500K to $750K	1171	11.0%
	$750K to $1,000K	354	3.3%
	Over $1,000K	297	2.8%
Overall		10675	100.0%
Excluded		0	
Total		10675	

Ratio Statistics for currtot / tasp

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
$25K to $50K	.700	1.000	.340	48.1%
$50K to $100K	1.193	1.000	.138	16.1%
$100K to $150K	1.026	1.002	.083	11.2%
$150K to $200K	1.033	1.000	.073	9.5%
$200K to $300K	1.005	1.000	.060	8.1%
$300K to $500K	.989	1.002	.072	9.4%
$500K to $750K	.976	1.000	.089	12.1%
$750K to $1,000K	.972	1.000	.120	16.1%
Over $1,000K	.913	1.020	.115	15.2%
Overall	.997	1.017	.074	10.1%

Subclass

Case Processing Summary

		Count	Percent
PredUse	1112	9634	90.2%
	1115	1	.0%
	1120	2	.0%
	1125	1	.0%
	1212	2	.0%
	1230	1035	9.7%
Overall		10675	100.0%
Excluded		0	
Total		10675	

Ratio Statistics for currtot / tasp

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
1112	.996	1.015	.074	10.0%
1115	.969	1.000	.000	.
1120	.991	1.000	.009	1.2%
1125	.894	1.000	.000	.
1212	.729	.772	.366	51.8%
1230	1.005	1.014	.077	10.9%
Overall	.997	1.017	.074	10.1%

Age

Case Processing Summary

		Count	Percent
AgeRec	Over 100	3	.0%
	75 to 100	6	.1%
	50 to 75	17	.2%
	25 to 50	469	4.4%
	5 to 25	6057	56.7%
	5 or Newer	4123	38.6%
Overall		10675	100.0%
Excluded		0	
Total		10675	

Ratio Statistics for currtot / tasp

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
Over 100	.933	1.075	.160	24.1%
75 to 100	.932	1.012	.074	9.7%
50 to 75	1.074	.973	.135	19.9%
25 to 50	.991	1.028	.086	11.7%
5 to 25	1.000	1.011	.070	9.7%
5 or Newer	.992	1.022	.079	10.4%
Overall	.997	1.017	.074	10.1%

Improved Area

Case Processing Summary

		Count	Percent
ImpSFRec	LE 500 sf	4	.0%
	500 to 1,000 sf	150	1.4%
	1,000 to 1,500 sf	1743	16.3%
	1,500 to 2,000 sf	2788	26.1%
	2,000 to 3,000 sf	3968	37.2%
	3,000 sf or Higher	2022	18.9%
Overall		10675	100.0%
Excluded		0	
Total		10675	

Ratio Statistics for currtot / tasp

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
LE 500 sf	.731	1.309	.535	67.5%
500 to 1,000 sf	1.025	1.021	.091	12.7%
1,000 to 1,500 sf	1.000	1.006	.065	9.1%
1,500 to 2,000 sf	1.000	1.006	.063	8.4%
2,000 to 3,000 sf	.995	1.011	.075	10.0%
3,000 sf or Higher	.990	1.026	.093	12.6%
Overall	.997	1.017	.074	10.1%

Quality

Case Processing Summary

		Count	Percent
Cond	2.00	1101	10.3%
	2.50	3	.0%
	2.60	2	.0%
	2.75	2	.0%
	3.00	11	.1%
	3.14	1	.0%
	3.50	48	.4%
	3.67	1	.0%
	4.00	6	.1%
	4.25	2	.0%
	4.67	1	.0%
	5.00	9491	88.9%
	5.67	1	.0%
	6.00	5	.0%
Overall		10675	100.0%
Excluded		0	
Total		10675	

Ratio Statistics for currtot / tasp

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
2.00	.992	1.012	.081	10.8%
2.50	1.049	1.004	.026	4.2%
2.60	.909	1.056	.090	12.7%
2.75	.694	1.142	.456	64.6%
3.00	1.082	1.051	.155	24.2%
3.14	.891	1.000	.000	.
3.50	1.014	1.008	.113	15.5%
3.67	1.046	1.000	.000	.
4.00	.988	.977	.066	8.6%
4.25	.933	1.008	.048	6.9%
4.67	.948	1.000	.000	.
5.00	.998	1.016	.073	10.0%
5.67	.989	1.000	.000	.
6.00	1.069	1.004	.043	6.2%
Overall	.997	1.017	.074	10.1%

Commercial Median Ratio Stratification

Sale Price

Case Processing Summary

		Count	Percent
SPRec	$50K to $100K	7	6.7%
	$100K to $150K	21	20.2%
	$150K to $200K	17	16.3%
	$200K to $300K	4	3.8%
	$300K to $500K	6	5.8%
	$500K to $750K	6	5.8%
	$750K to $1,000K	8	7.7%
	Over $1,000K	35	33.7%
Overall		104	100.0%
Excluded		0	
Total		104	

Ratio Statistics for currtot / tasp

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
$50K to $100K	.917	.996	.046	6.0%
$100K to $150K	1.014	1.001	.032	4.3%
$150K to $200K	.947	1.000	.038	4.6%
$200K to $300K	.992	1.013	.115	17.4%
$300K to $500K	.961	1.003	.036	5.6%
$500K to $750K	.971	.999	.018	3.2%
$750K to $1,000K	.910	.997	.134	20.3%
Over $1,000K	.967	1.023	.080	13.4%
Overall	.971	1.036	.067	10.9%

Subclass

Case Processing Summary

		Count	Percent
PredUse	2112	16	15.4%
	2120	11	10.6%
	2125	1	1.0%
	2130	9	8.7%
	2135	42	40.4%
	2212	1	1.0%
	2220	1	1.0%
	2235	15	14.4%
	3112	5	4.8%
	3115	3	2.9%
Overall		104	100.0%
Excluded		0	
Total		104	

Ratio Statistics for currtot / tasp

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
2112	.946	1.067	.093	13.4%
2120	.971	.988	.029	4.0%
2125	.958	1.000	.000	.
2130	.925	.977	.119	19.3%
2135	.986	1.023	.054	8.8%
2212	.561	1.000	.000	.
2220	.962	1.000	.000	.
2235	.921	1.005	.035	4.9%
3112	1.006	.970	.038	7.1%
3115	.951	1.008	.037	5.5%
Overall	.971	1.036	.067	10.9%

Vacant Land Median Ratio Stratification

Case Processing Summary

		Count	Percent
VPredUse	100	268	52.1%
	200	23	4.5%
	300	3	.6%
	510	1	.2%
	520	3	.6%
	530	1	.2%
	540	2	.4%
	550	2	.4%
	1112	193	37.5%
	1120	1	.2%
	2112	4	.8%
	2115	1	.2%
	2120	3	.6%
	2130	8	1.6%
	3112	1	.2%
Overall		514	100.0%
Excluded		0	
Total		514	

Ratio Statistics for currlnd / Vtasp

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
100	.952	1.096	.184	36.3%
200	.873	1.171	.203	26.6%
300	.993	.995	.025	5.1%
510	8.276	1.000	.000	.
520	.875	.918	.164	33.6%
530	1.005	1.000	.000	.
540	.714	.926	.200	28.3%
550	1.054	.992	.013	1.9%
1112	.995	1.017	.084	12.4%
1120	1.021	1.000	.000	.
2112	.553	.828	.320	39.2%
2115	.946	1.000	.000	.
2120	1.021	1.058	.139	24.1%
2130	.700	1.068	.292	36.7%
3112	1.088	1.000	.000	.
Overall	.975	1.121	.163	43.5%