2016
ELBERT COUNTY
PROPERTY ASSESSMENT
STUDY

WILDROSE
APPRAISAL, INCORPORATED
Audit Division

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Audit Division

September 15, 2016

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

RE: Final Report for the 2016 Colorado Property Assessment Study

Dear Mr. Mauer:

Wildrose Appraisal Inc.-Audit Division is pleased to submit the Final Reports for the 2016 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.

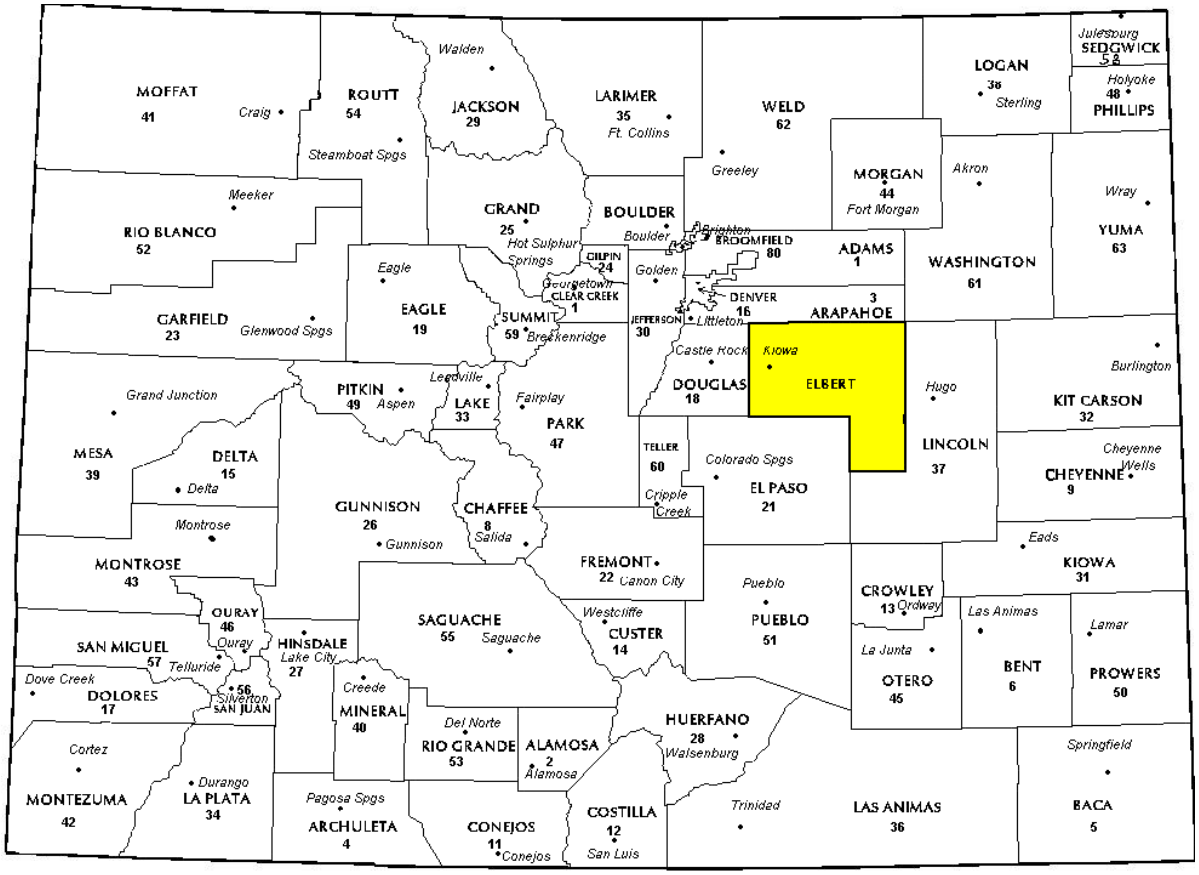
Statistical analysis is performed on vacant land, residential properties, commercial/industrial properties, agricultural land, and personal property. The statistical study results are compared with State Board of Equalization compliance requirements and the manuals published by the State Property Tax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

Wildrose Audit has completed the Property Assessment Study for 2016 and is pleased to report its findings for Elbert County in the following report.

REGIONAL/HISTORICAL SKETCH OF ELBERT COUNTY

Regional Information

Elbert County is located in the Eastern Plains region of Colorado. The Eastern Plains of Colorado refer to the region on the east side of the Rocky Mountain. It is east of the population centers of the Front Range, including Baca, Bent, Cheyenne, Crowley, Elbert, Kiowa, Kit Carson, Lincoln, Logan, Morgan, Otero, Phillips, Prowers, Sedgwick, Washington, and Yuma counties.



Historical Information

Elbert County had an estimated population of approximately 24,195 people with 12.5 people per square mile, according to the U.S. Census Bureau's 2014 estimated census data. This represents a 4.8 percent change from April 1, 2010 to July 1, 2014.

Elbert County was created on February 2, 1874, from the eastern portions of Douglas County. On February 6, 1874, the county was enlarged to include part of northern Greenwood County upon Greenwood's dissolution, and originally extended south and east of its present boundaries to reach to the Kansas state line. The county was named for Samuel Hitt Elbert, the Governor of the Territory of Colorado when the county was formed. In 1889, Elbert County was reduced to its modern size when its eastern portions were taken to create Lincoln, Kit Carson, and Cheyenne counties. The county seat is Kiowa, named for the Kiowa Indian tribe of the southern Plains, who called themselves Kae-gua.

Elbert County is bordered on the west by Douglas, the north by Arapahoe and the south by El Paso County. During the 1990's Elbert was the second fastest growing county in Colorado (after Douglas) and it continues to grow at a rapid pace. It currently has over 20,000 residents, mostly living on two to 60-acre lots on the western side. Most residents commute to Denver or Colorado Springs for work. The eastern side of the county continues to be sparsely populated ranchland.
(Wikipedia.org &centennialmhc.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 2013 and June 2014. Counties with less than 30 sales typically extended the sale period back up to 5 years prior to June 30, 2014 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 Elbert County are:

Elbert County Ratio Grid					
Property Class	Number of Qualified Sales	Unweighted Median Ratio	Price Related Differential	Coefficient of Dispersion	Time Trend Analysis
*Commercial/Industrial	26	0.983	1.040	19.8	Compliant
Condominium	N/A	N/A	N/A	N/A	N/A
Single Family	872	0.998	1.021	13.8	Compliant
Vacant Land	N/A	N/A	N/A	N/A	N/A

**County Sales Files augmented by 4 supplemental appraisals*

After applying the above described methodologies, it is concluded from the sales ratios that Elbert 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 Elbert County has complied with the statutory requirements to analyze the effects of time on value in their county. Elbert 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

Elbert 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.

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

Conclusions

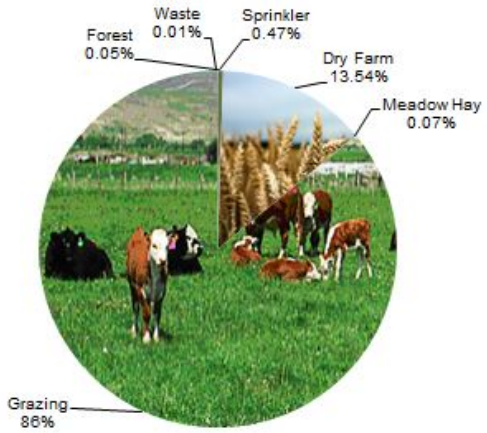
After applying the above described methodologies, it is concluded that Elbert County is reasonably treating its sold and unsold properties in the same manner.

Recommendations

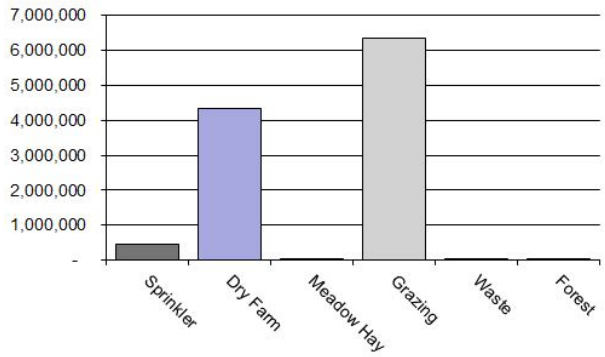
None

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:

Elbert 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	4,597	96.10	441,757	452,476	0.98
4127	Dry Farm	131,272	32.71	4,293,811	4,336,016	0.99
4137	Meadow Hay	642	30.26	19,429	19,429	1.00
4147	Grazing	832,270	7.63	6,346,082	6,346,082	1.00
4177	Forest	456	7.30	3,327	3,327	1.00
4167	Waste	122	1.99	242	242	1.00
Total/Avg		**969,359**	**11.46**	**11,104,649**	**11,157,572**	**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

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

Recommendations

None

Agricultural Land Under Improvements

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

Elbert 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
- Aerial Photography/Pictometry

Elbert 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
- Aerial Photography/Pictometry

Elbert 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 2016 for Elbert County. This study was conducted by checking selected sales from the master sales list for the current valuation period. Specifically WRA selected 30 sales listed as unqualified.

All but one of the sales selected in the sample gave reasons that were clear and supportable. One sale had insufficient reason for disqualification.

For residential, commercial, and vacant land sales with considerations over $500, 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.
>
> 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.

Conclusions

Elbert County appears to be doing a good job of verifying their sales.

Recommendations

None

ECONOMIC AREA REVIEW AND EVALUATION

Methodology

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

Producing Oil and Gas

Methodology

Assessors Reference Library (ARL) Volume 3, Chapter 6: Valuation of Natural Resources

STATUTORY REFERENCES

Section § 39-1-103, C.R.S., specifies that producing oil or gas leaseholds and lands are valued according to article 7 of title 39, C.R.S.

Actual value determined - when.

(2) The valuation for assessment of leaseholds and lands producing oil or gas shall be determined as provided in article 7 of this title.

§ 39-1-103, C.R.S.

Article 7 covers the listing, valuation, and assessment of producing oil and gas leaseholds and lands.

Valuation:

Valuation for assessment.

(1) Except as provided in subsection (2) of this section, on the basis of the information contained in such statement, the assessor shall value such oil and gas leaseholds and lands for assessment, as real property, at an amount equal to eighty-seven and one-half percent of:

(a) The selling price of the oil or gas sold there from during the preceding calendar year, after excluding the selling price of all oil or gas delivered to the United States government or any agency thereof, the state of Colorado or any agency thereof, or any political subdivision of the state as royalty during the preceding calendar year;

(b) The selling price of oil or gas sold in the same field area for oil or gas transported from the premises which is not sold during the preceding calendar year, after excluding the selling price of all oil or gas delivered to the United States government or any agency thereof, the state of Colorado or any agency thereof, or any political subdivision of the state as royalty during the preceding calendar year.

§ 39-7-102, C.R.S.

Conclusions

The county applied approved appraisal procedures in the valuation of oil and gas.

Recommendations

None

VACANT LAND

Subdivision Discounting

Subdivisions were reviewed in 2016 in Elbert County. The review showed that subdivisions were discounted pursuant to the Colorado Revised Statutes in Article 39-1-103 (14) and by applying the recommended methodology in ARL Vol 3, Chap 4. Subdivision Discounting in the intervening year was accomplished by reducing the absorption period by one year. In instances where the number of sales within an approved plat was less than the absorption rate per year calculated for the plat, the absorption period was left unchanged.

Conclusions

Elbert 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.

Elbert 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

Elbert 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

Elbert 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.

Elbert 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
- Local Business Notification

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.

Elbert County submitted their personal property written audit plan and was current for the 2016 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
- 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 $7,300 actual value exemption status
- Accounts protested with substantial disagreement

Conclusions

Elbert 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

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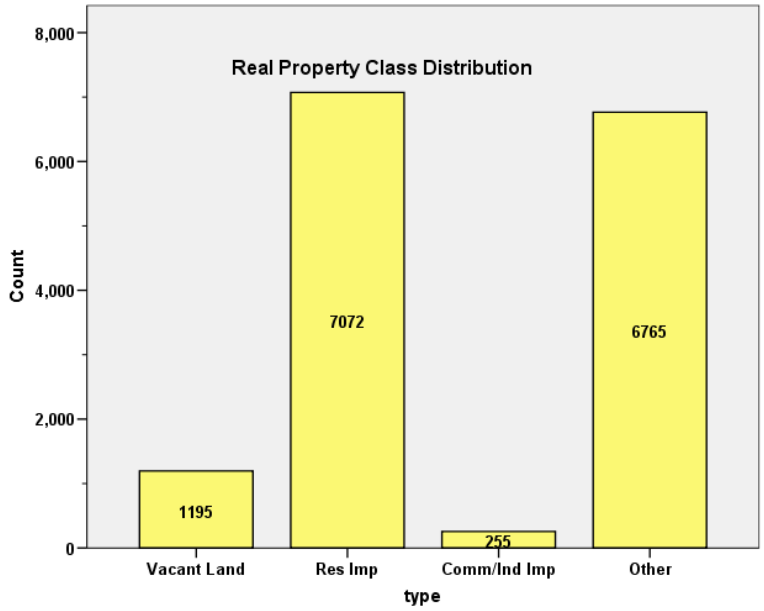
APPENDICES

STATISTICAL COMPLIANCE REPORT FOR ELBERT COUNTY 2016

I. OVERVIEW

Elbert County is located in eastern Colorado. The county has a total of 15,287 real property parcels, according to data submitted by the county assessor's office in 2016. The following provides a breakdown of property classes for this county:



The vacant land class of properties was dominated by residential and PUD land. Residential lots (coded 100, 400 and 1112) accounted for 72.8% of all vacant land parcels. Because there were fewer than 1,200 vacant land parcels, no statistical compliance tests were run for 2016.

For residential improved properties, single family properties accounted for 98.6% of all residential properties.

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

II. DATA FILES

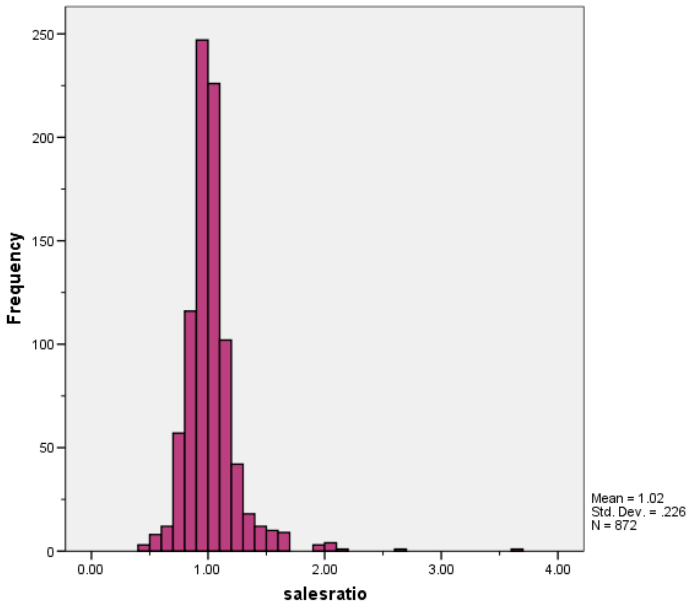
The following sales analyses were based on the requirements of the 2016 Colorado Property Assessment Study. Information was provided by the Elbert Assessor's Office in May 2016. The data included all 5 property record files as specified by the Auditor.

III. RESIDENTIAL SALES RESULTS

There were 872 qualified residential sales for the 24-month sale period ending June 30, 2014 in Elbert County. The sales ratio analysis results were as follows:

Median	**0.998**
Price Related Differential	**1.021**
Coefficient of Dispersion	**13.8**

The above 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:



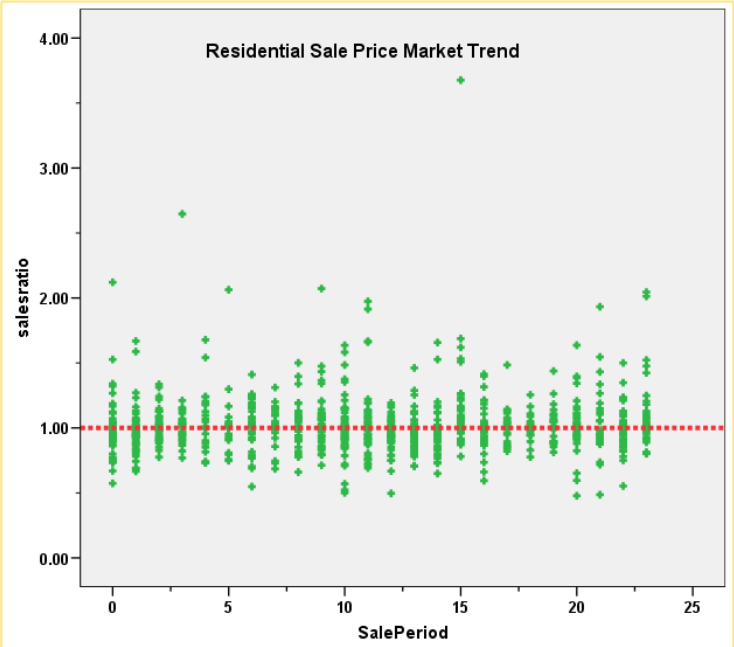
The above graphs indicate that the distribution of the sale ratios was within state mandated limits. No sales were trimmed.

Residential Market Trend Analysis

We next analyzed the residential dataset using the 24-month sale period for any residual market trending, with the following results:

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.006	.014		69.553	.000
	SalePeriod	.001	.001	.040	1.180	.238

a. Dependent Variable: salesratio



The above analysis indicated that the assessor has adequately addressed market trending in the valuation of residential properties.

Sold/Unsold Analysis

In terms of the valuation consistency between sold and unsold residential properties, we compared the median change in value from 2014 to 2016 between each group.

Report

DIFF

sold	N	Median	Mean
UNSOLD	5999	1.149	1.159
SOLD	857	1.210	1.223

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	.000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Given that the class-level comparison indicated a statistically significant difference between sold and unsold residential properties, we next stratified the comparison by subdivision, which indicated overall

consistent treatment between sold and unsold residential properties. The following table indicates the results of this comparison for subdivisions with at least 10 sales:

Report

DIFF

SUBDIVNO	sold	N	Median	Mean
55	UNSOLD	41	1.122	1.133
	SOLD	12	1.128	1.230
77	UNSOLD	47	1.212	1.219
	SOLD	10	1.218	1.251
83	UNSOLD	65	1.306	1.319
	SOLD	11	1.300	1.301
114	UNSOLD	73	1.041	1.059
	SOLD	13	1.041	1.080
124	UNSOLD	64	1.244	1.241
	SOLD	11	1.468	1.435
228	UNSOLD	55	1.252	1.243
	SOLD	10	1.289	1.317
232	UNSOLD	57	1.144	1.145
	SOLD	11	1.161	1.177
258	UNSOLD	63	1.136	1.160
	SOLD	18	1.137	1.160
266	UNSOLD	253	1.173	1.168
	SOLD	19	1.182	1.207
271	UNSOLD	81	1.208	1.208
	SOLD	12	1.217	1.246
297	UNSOLD	96	1.309	1.318
	SOLD	12	1.364	1.428
298	UNSOLD	101	1.304	1.313
	SOLD	19	1.340	1.368
322	UNSOLD	120	1.146	1.147
	SOLD	10	1.171	1.172
340	UNSOLD	76	1.151	1.152
	SOLD	12	1.196	1.249
356	UNSOLD	95	1.276	1.274
	SOLD	18	1.308	1.306
393	UNSOLD	81	1.206	1.207
	SOLD	31	1.207	1.268
405	UNSOLD	54	1.216	1.210
	SOLD	24	1.221	1.258
487	UNSOLD	17	1.169	1.169
	SOLD	14	1.182	1.198
534	UNSOLD	55	1.219	1.215
	SOLD	15	1.221	1.244

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

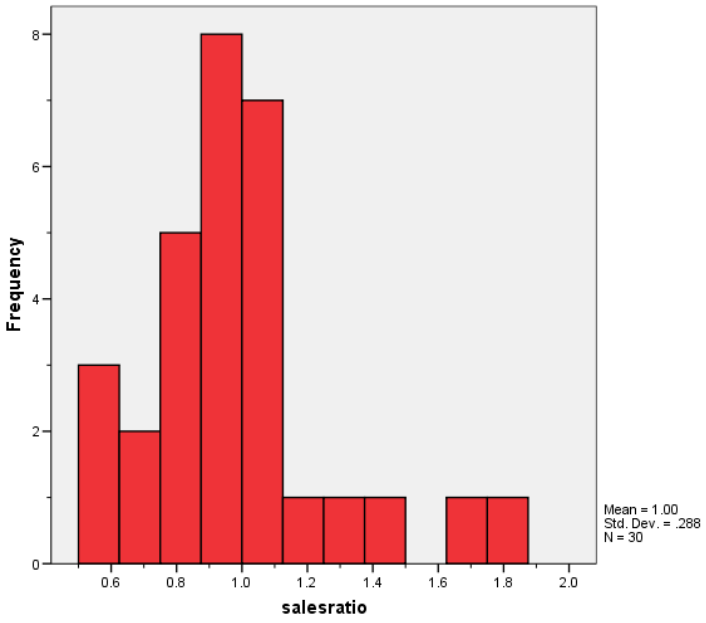
IV. COMMERCIAL/INDUSTRIAL SALE RESULTS

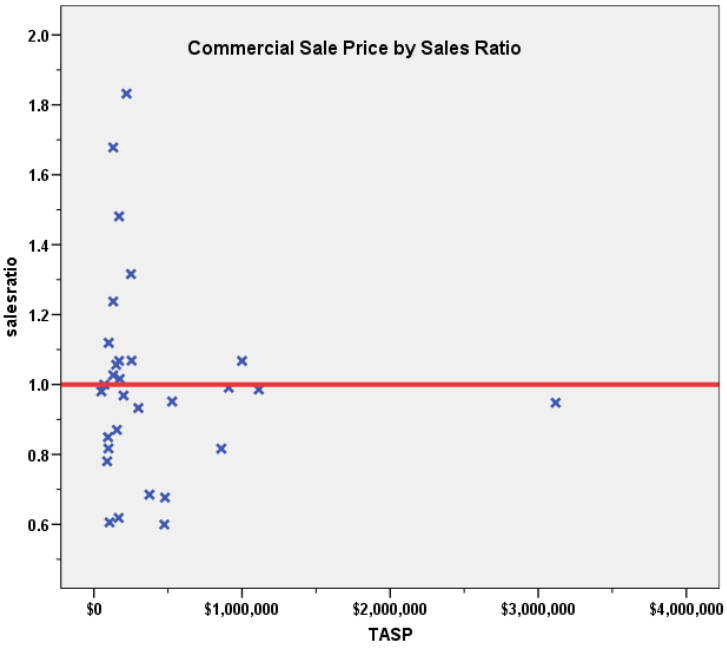
There were 26 qualified commercial sales between July 1, 2009 and June 30, 2014. Since there were fewer than 30 sales, we augmented the commercial sale dataset with 4 supplemental appraisals. The following sales ratio analysis was performed on the 26 sales and 4 supplemental appraisals; the market trending and sold/unsold analysis will use the 26 sales only.

The sales ratio analysis results were as follows:

Median	**0.983**
Price Related Differential	**1.040**
Coefficient of Dispersion	**19.8**

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



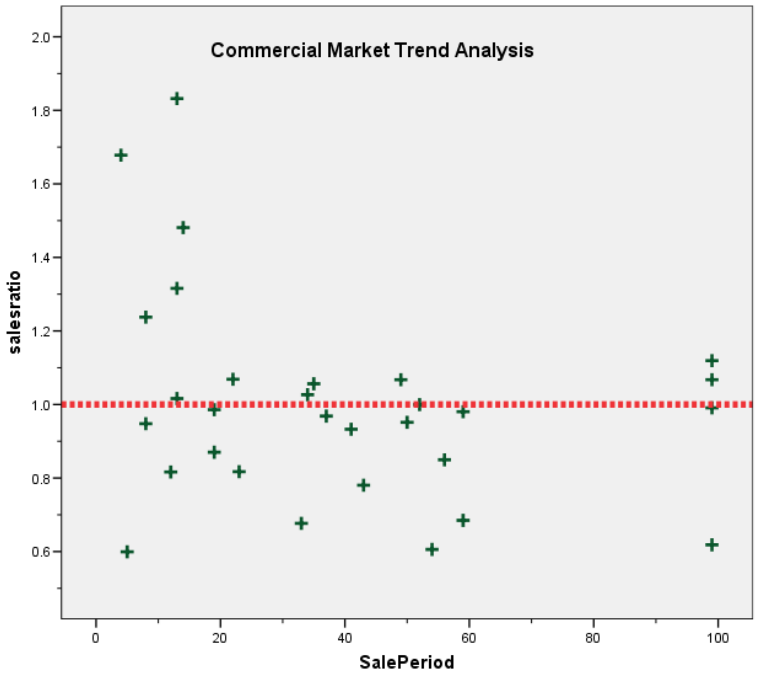


Commercial Market Trend Analysis

The 26 commercial/industrial sales were next analyzed, examining the sales ratios across the 60-month sale period with the following results:

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.118	.085		13.089	.000
	SalePeriod	-.003	.002	-.305	-1.697	.101

a. Dependent Variable: salesratio



The market trend results indicated no statistically significant trend, indicating that the assessor has adequately addressed the issue of market trending for commercial/industrial properties in Elbert County.

Sold/Unsold Analysis

In terms of the valuation consistency between sold and unsold commercial/industrial properties, we compared the median and mean change in value from 2014 to 2016 between each group, as follows:

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DIFF

sold	N	Median	Mean
UNSOLD	226	1.000	10.238
SOLD	26	1.000	1.017

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	.119	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Based on the similar median and mean change in value, we concluded that the assessor has valued sold and unsold commercial properties in a similar manner.

VI. AGRICULTURAL IMPROVEMENTS ANALYSIS

The final statistical verification concerned the assigned actual values for agricultural residential improvements. We compared the actual value per square foot rate for this group and compared it to rates assigned to residential single family improvements in Elbert County. The following indicates that agricultural residential improvements were valued in a manner similar to the single family residential improvements in this county:

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ImpValSF

ABSTRIMP	N	Median	Mean
1212	136	$59.76	$61.54
4277	347	$58.47	$56.55

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of ImpValSF is the same across categories of ABSTRIMP.	Independent-Samples Mann-Whitney U Test	.081	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

VI. CONCLUSIONS

Based on this statistical analysis, there were no significant compliance issues concluded for Elbert 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
	Lower Bound	Upper Bound		Lower Bound	Upper Bound	Actual Coverage		Lower Bound	Upper Bound			Mean Centered
1.020	1.005	1.035	.998	.988	1.003	95.4%	.999	.988	1.010	1.021	.138	22.2%

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
	Lower Bound	Upper Bound		Lower Bound	Upper Bound	Actual Coverage		Lower Bound	Upper Bound			Mean Centered
1.001	.894	1.109	.983	.870	1.056	95.7%	.962	.894	1.031	1.040	.198	28.7%

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 Sale Ratio Stratification

Sale Price

Case Processing Summary

		Count	Percent
SPRec	LT $25K	4	0.5%
	$25K to $50K	5	0.6%
	$50K to $100K	24	2.8%
	$100K to $150K	37	4.2%
	$150K to $200K	73	8.4%
	$200K to $300K	207	23.7%
	$300K to $500K	425	48.7%
	$500K to $750K	91	10.4%
	$750K to $1,000K	6	0.7%
Overall		872	100.0%
Excluded		0	
Total		872	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
LT $25K	1.894	1.086	.344	56.3%
$25K to $50K	1.022	1.030	.299	52.1%
$50K to $100K	1.322	.992	.314	39.7%
$100K to $150K	1.115	1.001	.211	29.3%
$150K to $200K	1.016	1.000	.192	25.7%
$200K to $300K	.985	1.003	.136	19.3%
$300K to $500K	.995	1.000	.096	13.5%
$500K to $750K	.976	1.005	.103	14.1%
$750K to $1,000K	.903	1.009	.081	14.0%
Overall	.998	1.021	.138	22.8%

Subclass

Case Processing Summary

		Count	Percent
ABSTRIMP	1212	864	99.1%
	1215	2	0.2%
	1230	3	0.3%
	4278	1	0.1%
	4278	1	0.1%
	4278	1	0.1%
Overall		872	100.0%
Excluded		0	
Total		872	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
1212	.999	1.021	.137	22.7%
1215	.965	1.000	.015	2.1%
1230	.994	1.058	.185	31.4%
4278	.594	1.000	.000	.
4278	.787	1.000	.000	.
4278	.478	1.000	.000	.
Overall	.998	1.021	.138	22.8%

Improvement Age

Case Processing Summary

		Count	Percent
AgeRec	Over 100	10	1.1%
	75 to 100	15	1.7%
	50 to 75	16	1.8%
	25 to 50	233	26.7%
	5 to 25	536	61.5%
	5 or Newer	62	7.1%
Overall		872	100.0%
Excluded		0	
Total		872	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
Over 100	.764	1.219	.429	71.1%
75 to 100	.749	1.079	.487	74.6%
50 to 75	.928	1.218	.396	82.5%
25 to 50	.962	1.031	.154	25.3%
5 to 25	1.003	1.017	.116	17.2%
5 or Newer	1.028	1.014	.095	12.5%
Overall	.998	1.021	.138	22.8%

Improved Area

Case Processing Summary

		Count	Percent
ImpSFRec	500 to 1,000 sf	5	0.6%
	1,000 to 1,500 sf	40	4.6%
	1,500 to 2,000 sf	83	9.5%
	2,000 to 3,000 sf	238	27.3%
	3,000 sf or Higher	506	58.0%
Overall		872	100.0%
Excluded		0	
Total		872	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
500 to 1,000 sf	.913	1.093	.316	43.5%
1,000 to 1,500 sf	.933	1.029	.186	24.2%
1,500 to 2,000 sf	1.016	1.066	.202	30.5%
2,000 to 3,000 sf	.993	1.028	.141	27.6%
3,000 sf or Higher	1.000	1.015	.121	18.1%
Overall	.998	1.021	.138	22.8%

Improvement Quality

Case Processing Summary

		Count	Percent
QUALITY	1	2	0.2%
	2	71	8.1%
	3	665	76.3%
	4	127	14.6%
	5	7	0.8%
Overall		872	100.0%
Excluded		0	
Total		872	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
1	1.345	1.032	.240	34.0%
2	.848	1.081	.298	43.7%
3	.994	1.027	.126	22.0%
4	1.048	1.015	.111	16.1%
5	.999	1.011	.091	15.1%
Overall	.998	1.021	.138	22.8%

Improvement Condition

Case Processing Summary

		Count	Percent
CONDITION	1	5	0.6%
	2	47	5.4%
	3	761	87.3%
	4	59	6.8%
Overall		872	100.0%
Excluded		0	
Total		872	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
1	1.205	1.017	.202	27.9%
2	.951	1.053	.270	37.4%
3	.995	1.020	.128	21.1%
4	1.050	1.020	.150	27.7%
Overall	.998	1.021	.138	22.8%

Commercial Sale Ratio Stratification

Sale Price

Case Processing Summary

		Count	Percent
SPRec	$25K to $50K	1	3.3%
	$50K to $100K	5	16.7%
	$100K to $150K	5	16.7%
	$150K to $200K	6	20.0%
	$200K to $300K	4	13.3%
	$300K to $500K	3	10.0%
	$500K to $750K	1	3.3%
	$750K to $1,000K	3	10.0%
	Over $1,000K	2	6.7%
Overall		30	100.0%
Excluded		0	
Total		30	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
$25K to $50K	.980	1.000	.000	.
$50K to $100K	.850	1.002	.123	18.7%
$100K to $150K	1.056	.984	.243	37.4%
$150K to $200K	.992	.998	.186	28.5%
$200K to $300K	1.192	1.027	.240	34.5%
$300K to $500K	.677	1.003	.042	8.1%
$500K to $750K	.951	1.000	.000	.
$750K to $1,000K	.991	.994	.084	13.6%
Over $1,000K	.967	1.009	.020	2.8%
Overall	.983	1.040	.198	29.3%

Subclass

Case Processing Summary

		Count	Percent
ABSTRIMP	1212	1	3.3%
	2212	12	40.0%
	2216	1	3.3%
	2220	5	16.7%
	2230	6	20.0%
	2233	1	3.3%
	2235	2	6.7%
	3220	1	3.3%
	3278	1	3.3%
Overall		30	100.0%
Excluded		0	
Total		30	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
1212	1.678	1.000	.000	.
2212	.986	1.046	.134	21.3%
2216	1.027	1.000	.000	.
2220	.850	1.018	.158	21.0%
2230	.747	1.088	.394	68.1%
2233	1.316	1.000	.000	.
2235	.901	.988	.094	13.3%
3220	.951	1.000	.000	.
3278	1.067	1.000	.000	.
Overall	.983	1.040	.198	29.3%

Improvement Age

Case Processing Summary

		Count	Percent
AgeRec	.00	28	93.3%
	25 to 50	1	3.3%
	5 to 25	1	3.3%
Overall		30	100.0%
Excluded		0	
Total		30	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
.00	.974	1.032	.185	27.4%
25 to 50	1.678	1.000	.000	.
5 to 25	1.067	1.000	.000	.
Overall	.983	1.040	.198	29.3%

Improved Area

Case Processing Summary

		Count	Percent
ImpSFRec	500 to 1,000 sf	2	6.7%
	1,000 to 1,500 sf	3	10.0%
	2,000 to 3,000 sf	7	23.3%
	3,000 sf or Higher	18	60.0%
Overall		30	100.0%
Excluded		0	
Total		30	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
500 to 1,000 sf	.734	1.045	.158	22.3%
1,000 to 1,500 sf	1.000	.973	.096	16.2%
2,000 to 3,000 sf	1.016	.973	.120	19.1%
3,000 sf or Higher	.983	1.096	.235	35.0%
Overall	.983	1.040	.198	29.3%