Gunnison County
Colorado

2011
GUNNISON COUNTY
PROPERTY ASSESSMENT
STUDY

WILDROSE
APPRAISAL, INCORPORATED
Audit Division

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APPRAISAL, INCORPORATED
Audit Division
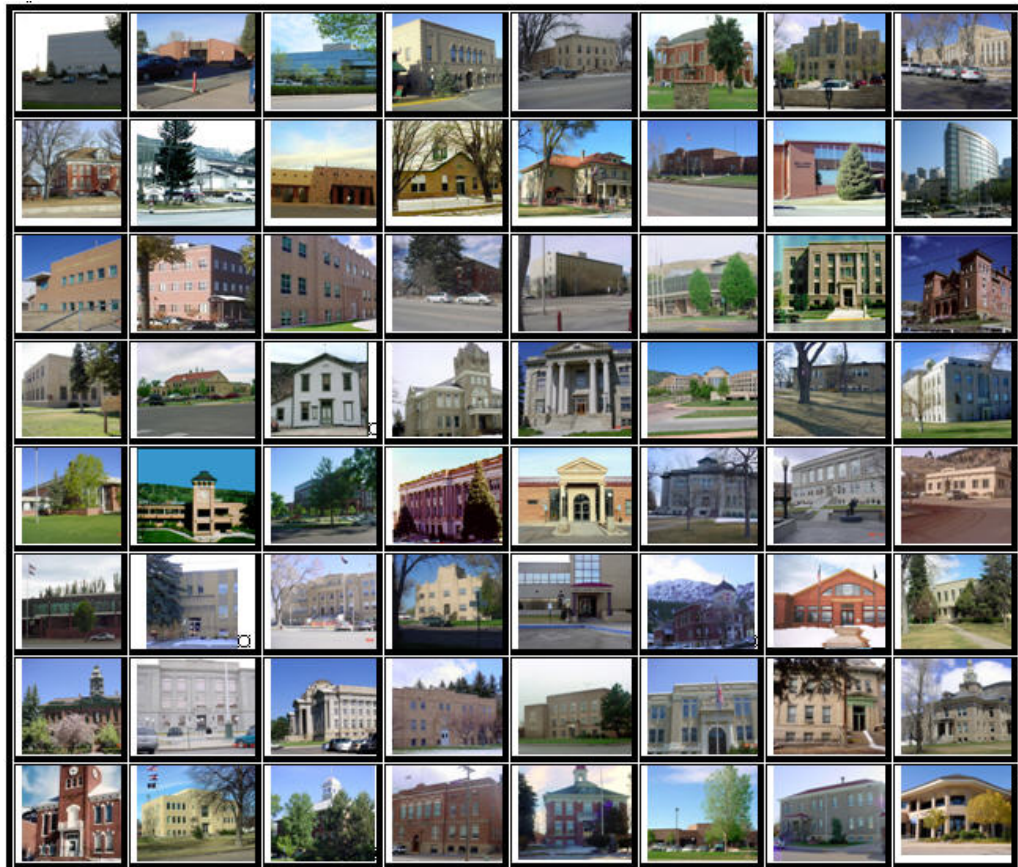
September 15, 2011

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

RE: **Final Report for the 2011 Colorado Property Assessment Study**

Dear Mr. Mauer:

Wildrose Appraisal Inc.-Audit Division is pleased to submit the Final Reports for the 2011 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

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 2011 and is pleased to report its findings for Gunnison County in the following report.

REGIONAL/HISTORICAL SKETCH OF GUNNISON COUNTY

Regional Information

Gunnison County is located in the Western Slope region of Colorado. The Western Slope of Colorado refers to the region west of the Rocky Mountains. It includes Archuleta, Delta, Dolores, Eagle, Garfield, Grand, Gunnison, Hinsdale, Jackson, La Plata, Mesa, Moffat, Montezuma, Montrose, Ouray, Pitkin, Rio Blanco, Routt, San Juan, San Miguel, and Summit counties.

Historical Information

Gunnison County has a population of approximately 15,324 people with 4.7 people per square mile, according to the U.S. Census Bureau's 2010 census data. This represents a 9.8 percent change from the 2000 Census.

The county was named for John W. Gunnison, a United States Army officer and captain in the Army Topographical Engineers, who surveyed for the transcontinental railroad in 1853. The county seat is the City of Gunnison.

Long before today's residents settled in, Ute Indians roamed the area's valleys and mountains. As early as 1810, fur traders came to the region in search of animal pelts. The 1860's brought placer miners to the rivers and streams. Sylvester Richardson, regarded as the founder of Gunnison, established a colony along the Gunnison River in 1874. Hopes of establishing a farming community were dashed as these early settlers learned the hardships imposed by a 70-day growing season. Ranching quickly emerged as the agricultural mainstay of the region. Silver brought tens of thousands to the area during the 1870s and 80s and Gunnison developed into a smelting, railroad and supply town. After the turn of the century, coal and cattle ruled the area. Today, Western State College is a major employer, as are the county hospital, City of Gunnison and the recreation industry.

Crested Butte, a former coal mining town now called "the last great Colorado ski town," is a destination for skiing, mountain biking, and a variety of other outdoor activities.

The area has what many consider to be the country's best fly-fishing and big game hunting. Snow sports abound during winter, while warm summer months provide some of the most scenic hiking and camping in the Rockies. Bird watchers will enjoy sighting an American Bald Eagle or Red Tailed Hawk, while botanists will delight at the bloom of summer wildflowers throughout the local mountains. (*Wikipedia.org* & *Visitgunnison.com*)

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 2009 and June 2010. Counties with less than 30 sales typically extended the sale period back up to 5 years prior to June 30, 2010 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 Gunnison County are:

Gunnison County Ratio Grid					
Property Class	Number of Qualified Sales	Unweighted Median Ratio	Price Related Differential	Coefficient of Dispersion	Time Trend Analysis
Commercial/Industrial	74	0.996	1.028	14.6	Compliant
Condominium	100	0.992	1.032	10.9	Compliant
Single Family	219	1.011	1.022	14.2	Compliant
Vacant Land	566	1.000	1.039	17	Compliant

After applying the above described methodologies, it is concluded from the sales ratios that Gunnison 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, 2009 through June 30, 2010. 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, Gunnison 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 Gunnison County has complied with the statutory requirements to analyze the effects of time on value in their county. Gunnison 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

Gunnison 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 2010 and 2011 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	Compliant
Single Family	Compliant
Vacant Land	Compliant

Conclusions

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

Recommendations

None

AGRICULTURAL LAND STUDY

Acres By Subclass

Waste
1.34%

Meadow Hay
12.69%

Grazing
85.98%

Value By Subclass
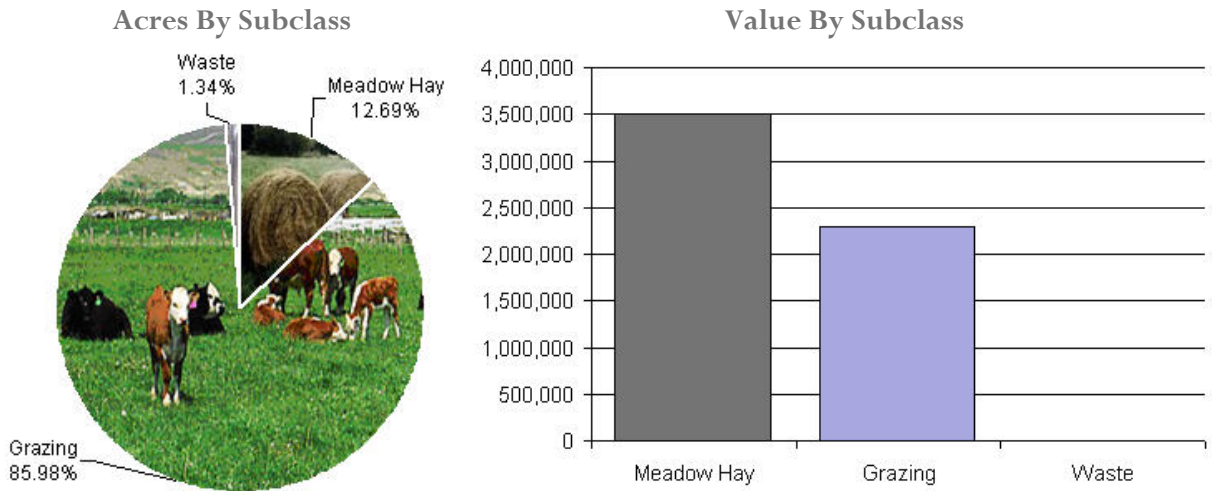
Agricultural Land

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:

Gunnison County Agricultural Land Ratio Grid						
Abstract Code	Land Class	Number Of Acres	County Value Per Acre	County Assessed Total Value	WRA Total Value	Ratio
4137	Meadow Hay	40,851	86.00	3,497,540	3,497,540	1.00
4147	Grazing	276,873	8.00	2,294,969	2,294,969	1.00
4167	Waste	4,308	2.00	6,953	6,953	1.00
Total/Avg		**322,032**	**18.00**	**5,799,462**	**5,799,462**	**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

Gunnison 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 2011 for Gunnison County. This study was conducted by checking selected sales from the master sales list for the current valuation period. Specifically WRA selected 33 sales listed as unqualified.

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

Conclusions

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

Recommendations

None

ECONOMIC AREA REVIEW AND EVALUATION

Methodology

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

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

Producing Coal Mines

Methodology

Under the guidelines of the Assessor's Reference Library (ARL), Volume 3, Section 6, Valuation of Producing Coal Leaseholds and Lands, the income approach is the primary method applied to find value for the valuation of coalmines. This methodology estimates annual economic royalty income based on previous year's production, then capitalizes that income to value using a Hoskold factor to estimate the present worth of the permitted acres. The operator provides production data and the life of the leases.

Conclusions

County has applied the correct formulas and state guidelines to coal mine valuation.

Recommendations

None

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Subdivision Discounting

Subdivisions were reviewed in 2011 in Gunnison County. The review showed that subdivisions were discounted pursuant to the Colorado Revised Statutes in Article 39-1-103 (14). Discounting procedures were applied to all subdivisions where less than 80 percent of all sites were sold using the present worth method. The market approach was applied where 80 percent or more of the subdivision sites were sold. An absorption period was estimated for each subdivision that was discounted. An appropriate discount rate was developed using the summation method.

Subdivision land with structures was appraised at full market value.

Conclusions

Gunnison 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.

Gunnison County has been reviewed for their procedures and adherence to guidelines when assessing and valuing agricultural, commercial and ski area 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

Gunnison 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

Gunnison 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.

Gunnison 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
- 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
- Physical Inspections

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.

Gunnison County submitted their personal property written audit plan and was current for the 2011 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
- 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 $5,500 actual value exemption status
- Accounts protested with substantial disagreement
- Questionable information on declarations

Conclusions

Gunnison 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*

J. Andrew Rodriguez, *Field Analyst*

STATISTICAL COMPLIANCE REPORT
FOR GUNNISON COUNTY
2011

I. OVERVIEW

Gunnison County is a mountain resort located in western Colorado. The county has a total of 19,976 real property parcels, according to data submitted by the county assessor's office in 2011. The following provides a breakdown of property classes for this county:
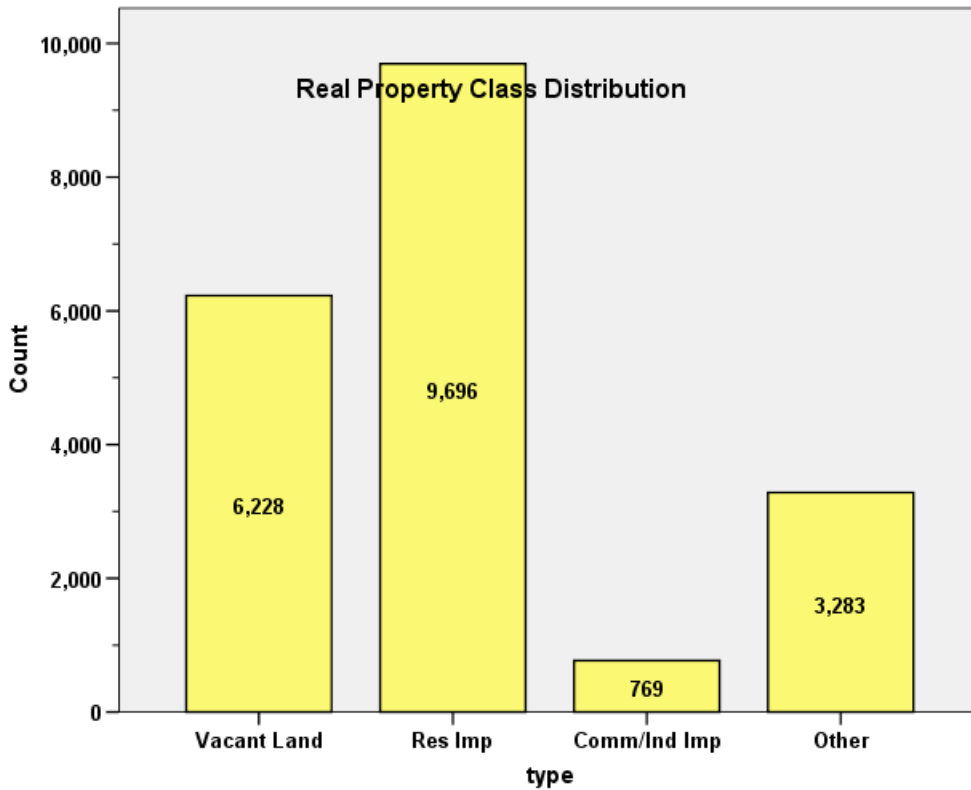
The vacant land class of properties was dominated by residential land. Residential lots (coded 100) accounted for 67% of all vacant land parcels.

For residential improved properties, single family properties accounted for 69% of all residential properties. Residential condominiums accounted for 27% of all residential improved properties. Based on the guidelines for the state audit statistical compliance analysis, we will analyze residential condominiums separately.

Commercial and industrial properties represented a much smaller proportion of property classes in comparison. Commercial/industrial sales accounted for 3.8% of all such properties in this county.

II. DATA FILES

The following sales analyses were based on the requirements of the 2011 Colorado Property Assessment Study. 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. Total sales	10,471
2. Selected qualified sales	3,269
3. Select improved sales	1,890
4. Select residential sales only	1,772
7. Sales between January 1, 2009 and June 30, 2010	319

The sales ratio analysis was analyzed as follows:

Residential Non-Condominiums (219 Sales)

Median	**1.011**
Price Related Differential	**1.022**
Coefficient of Dispersion	**.142**

Residential Condominiums (100 Sales)

Median	**0.992**
Price Related Differential	**1.032**
Coefficient of Dispersion	**.109**

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:

Residential Non-Condominiums

ResCondo: .00

Mean = 1.04
Std. Dev. = 0.228
N = 219

ResCondo: .00
Residential Sale Price by Sales Ratio
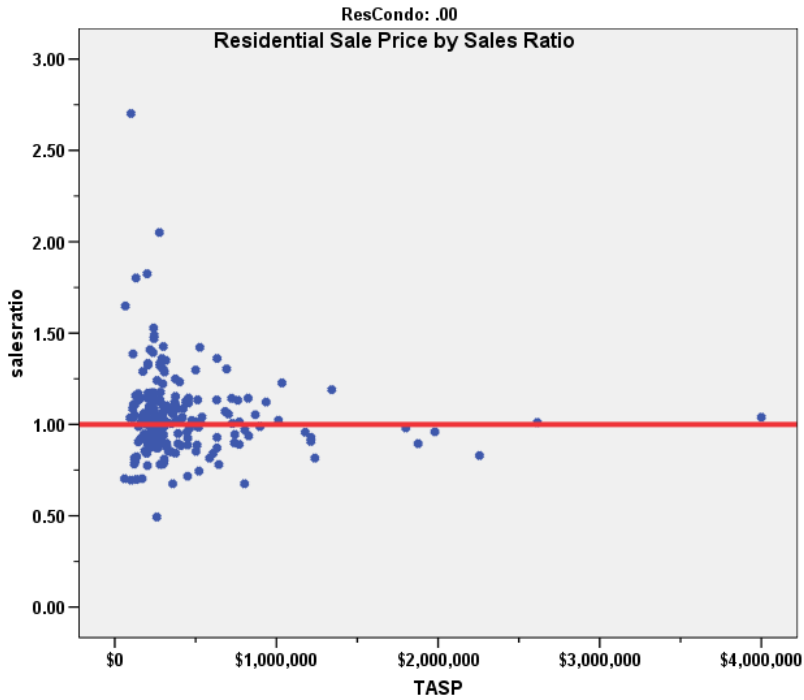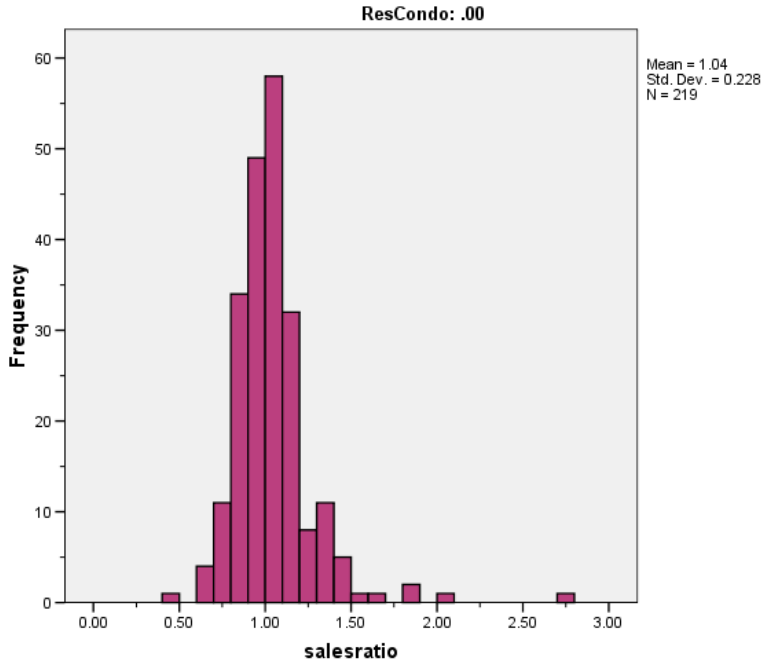
Residential Condominiums
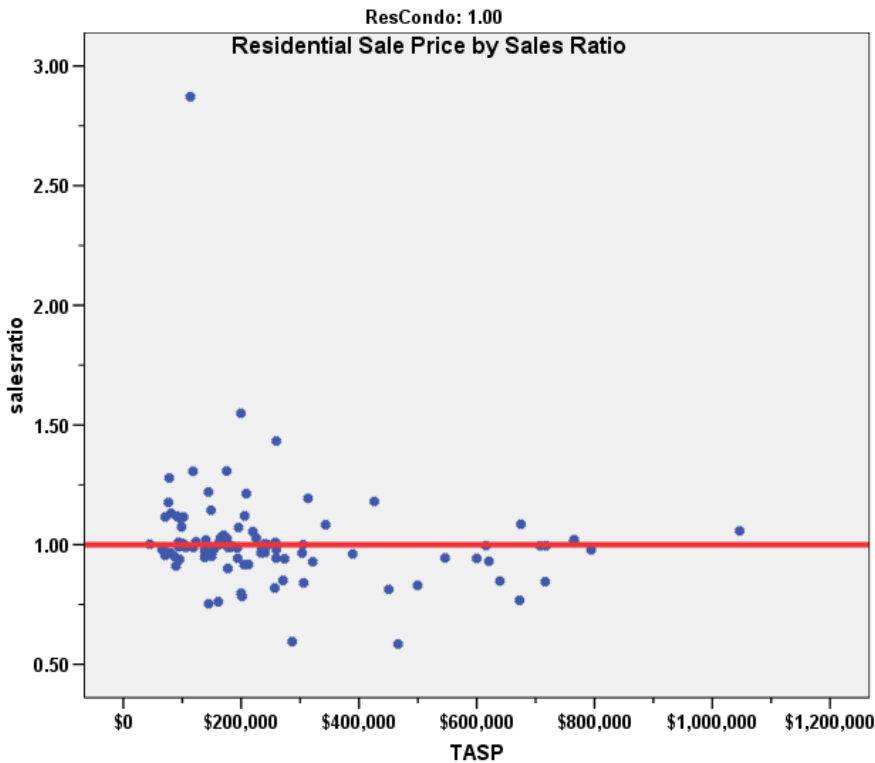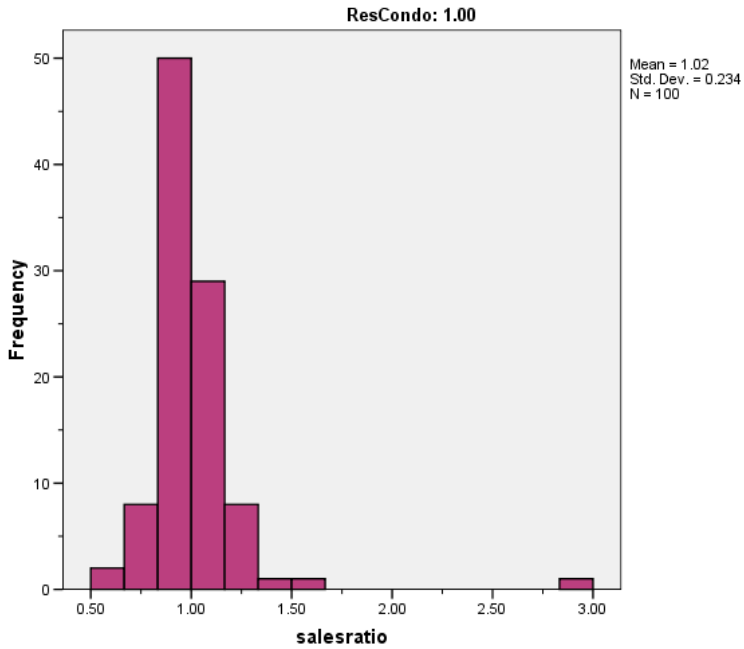
The above graphs indicate that the distribution of the sale ratios was within state mandated limits. No sales were trimmed.

Residential Market Trend Analysis

We next analyzed the residential dataset using the 18-month sale period for any residual market trending. We stratified the sales by residential non-condominiums and residential condominiums (0 = residential non-condominiums, 1 = residential condominiums), with the following results:

Coefficients[a]

ResCondo	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
.00	1	(Constant)	1.047	.030		34.500	.000
		SalePeriod	-.001	.003	-.016	-.234	.815
1.00	1	(Constant)	.955	.047		20.510	.000
		SalePeriod	.008	.005	.151	1.514	.133

a. Dependent Variable: salesratio

0 = Residential non-condominiums, 1 = residential condominiums

The above analysis indicated that the assessor has adequately addressed market trending in the valuation of residential properties (both condominium and non-condominium).

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 2011 between each group, as follows:

RESIDENTIAL NON-CONDOMINIUMS

Group	No.	Median	Mean
Unsold	9,297	$164	$185
Sold	219	$186	$230

RESIDENTIAL CONDOMINIUMS

Group	No.	Median	Mean
Unsold	2,513	$191	$253
Sold	100	$199	$241

The above results indicate that sold and unsold residential properties were valued in a consistent manner; the condominium differential is insignificant when stratified by condominium project..

IV. COMMERCIAL/INDUSTRIAL SALE RESULTS

The following steps were taken to analyze the commercial sales:

1. Total sales	10,471
2. Selected qualified sales	3,269
3. Select improved sales	1,890
4. Select commercial/industrial sales only	74
5. Sales between July 1, 2005 and June 30, 2010	74

The sales ratio analysis was analyzed as follows:

Median	**0.996**
Price Related Differential	**1.028**
Coefficient of Dispersion	**.146**

The above tables indicate that the Gunnison County commercial/industrial sale ratios were in compliance with the SBOE standards. The following histogram and scatter plot describe the sales ratio distribution further:
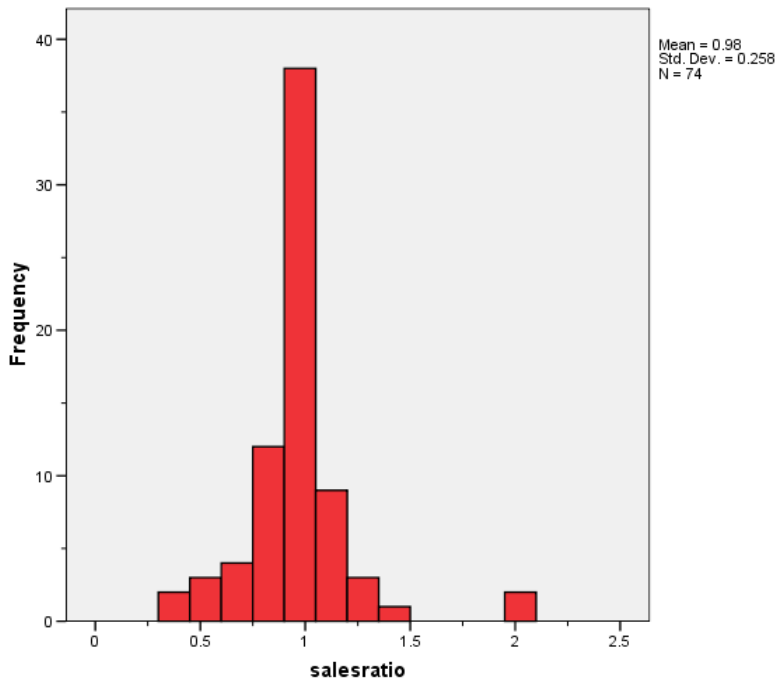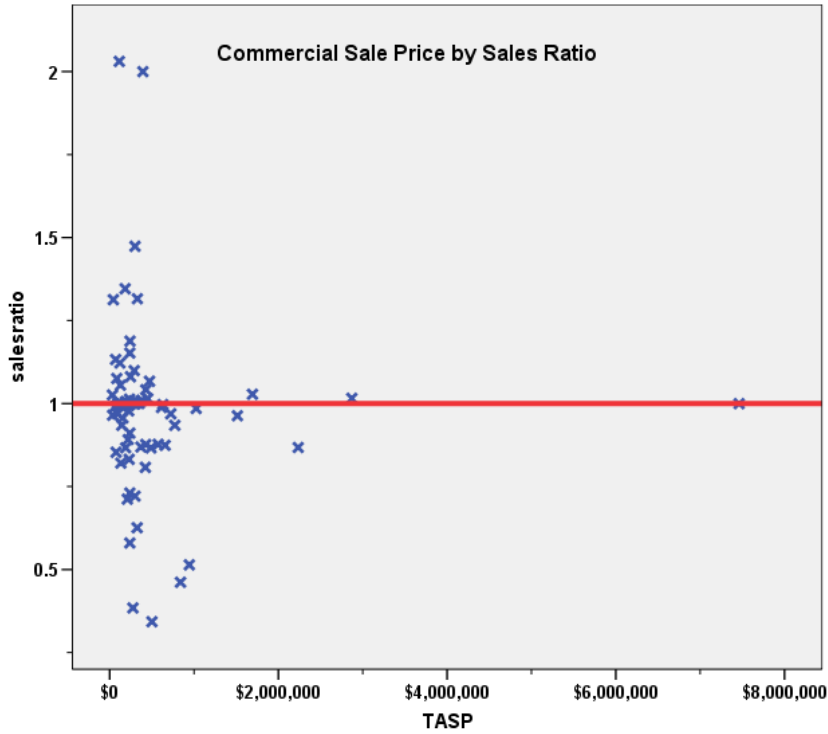
Commercial Market Trend Analysis

We next analyzed the 74 commercial/industrial sales to determine if there was any residual market trending across the 60 month sale period, with the following results:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.909	.075		12.162	.000
	SalePeriod	.002	.002	.121	1.034	.305

a. Dependent Variable: salesratio
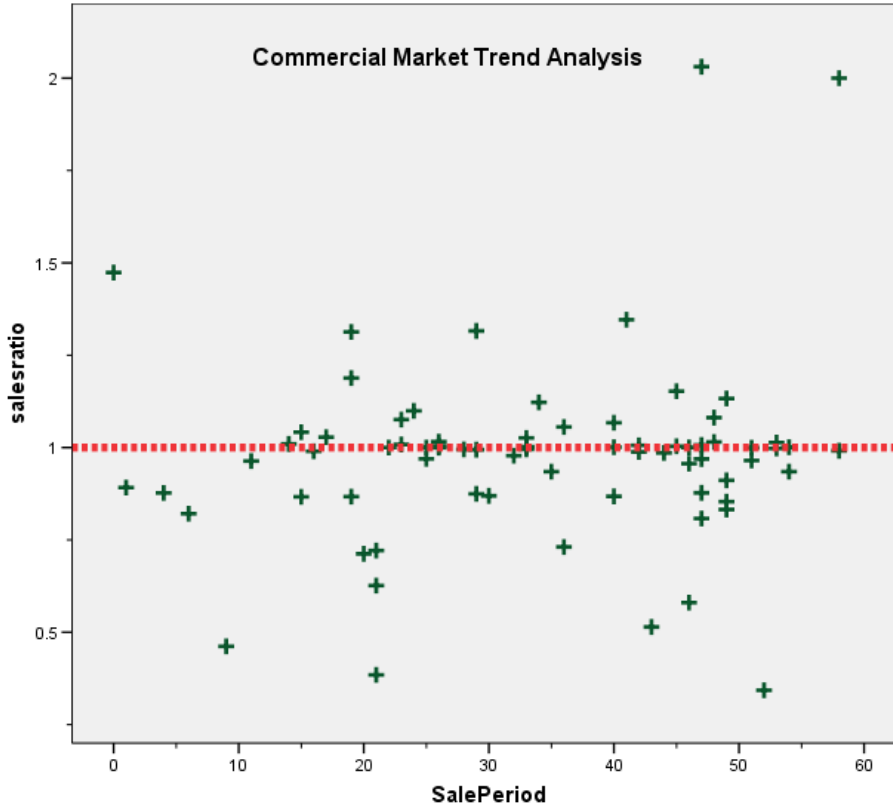
The market trend results indicated no statistically significant trend. We concur that the assessor has adequately accounted for market trending in Gunnison County.

Sold/Unsold Analysis

We compared the median actual value per square foot between sold and unsold commercial properties to determine if the assessor was valuing each group consistently. We stratified the analysis by subclass in the following table, which indicated that sold and unsold commercial properties were valued consistently:

Group	No.	Median	Mean
Unsold	666	$121	$146
Sold	74	$114	$148

V. VACANT LAND SALE RESULTS

The following steps were taken to analyze vacant land sales:

1. Total sales	10,471
2. Selected qualified sales	3,269
3. Select vacant land sales	1,057
4. Select non-agricultural sales	958
5. Sales between July 1, 2006 and June 30, 2010	566

The sales ratio analysis was analyzed as follows:

Median	**1.000**
Price Related Differential	**1.039**
Coefficient of Dispersion	**.170**

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

Mean = 1.01
Std. Dev. = 0.264
N = 566
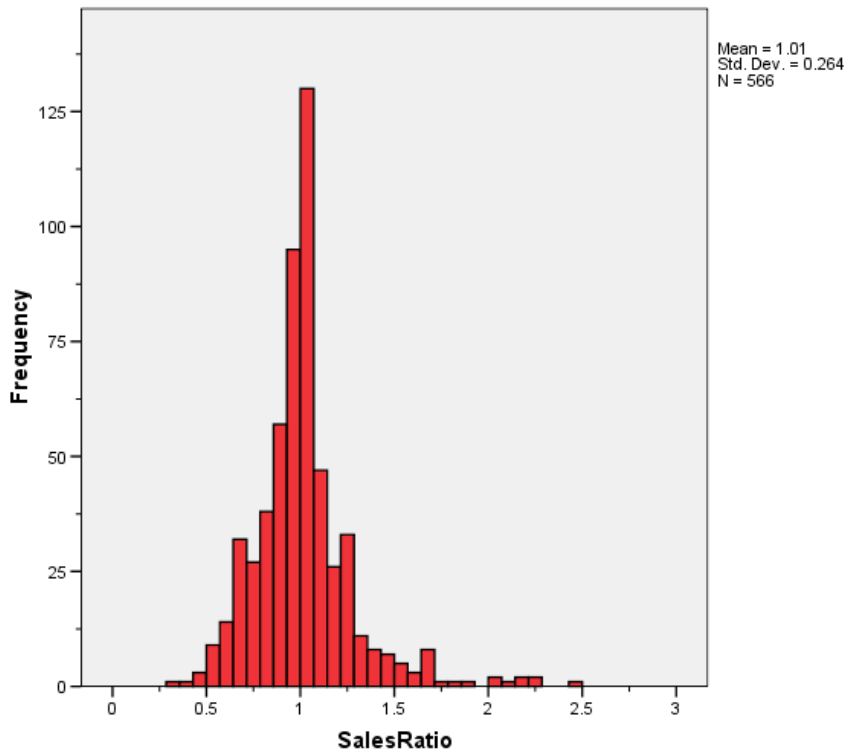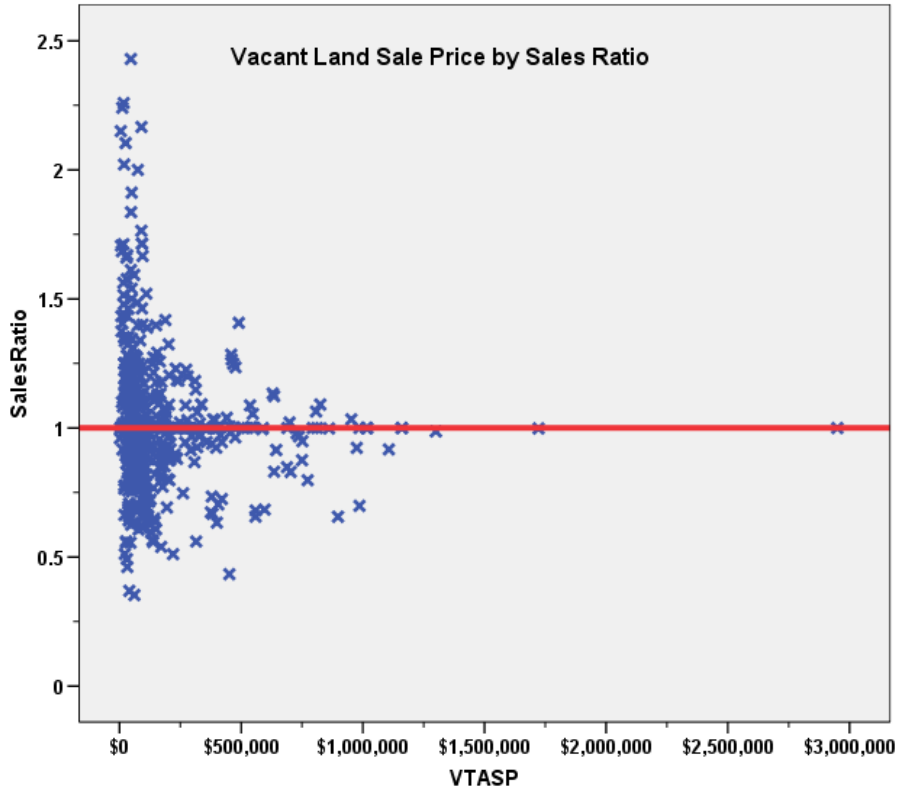
Vacant Land Market Trend Analysis

The assessor did not apply any market trend adjustment to the vacant land dataset. The 566 vacant land sales were analyzed, examining the sale ratios across the 48 month sale period with the following results:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.092	.027		40.955	.000
	VSalePeriod	-.003	.001	-.134	-3.207	.001

a. Dependent Variable: SalesRatio
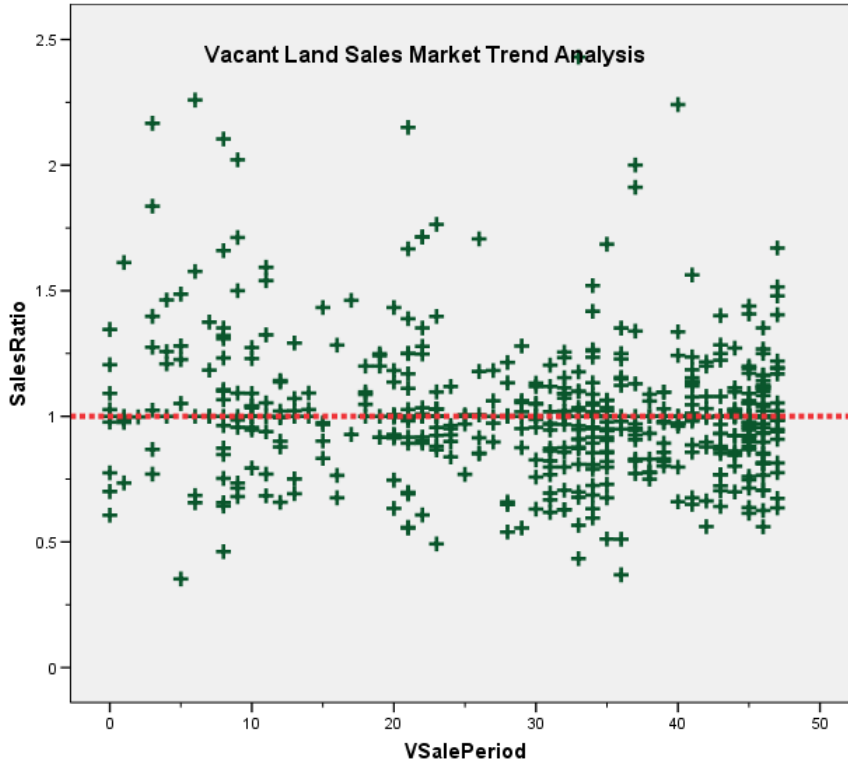
The market trend results indicated a statistically significant trend, but the magnitude of that trend was not significant. We concur that the assessor has adequately addressed market trending for vacant land in Gunnison County.

Sold/Unsold Analysis

We compared the median change in actual value between 2010 and 2011 for vacant land properties to determine if sold and unsold properties were valued consistently, with the following results:

Group	No. Props	Median Chg Val	Mean Chg Val
Unsold	5,309	1.0000	1.0000
Sold	566	1.0000	1.0000

The above results when stratified by subdivision indicated that sold and unsold vacant land properties were valued consistently overall.

V. 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 Gunnison County.

The following indicates that agricultural residential improvements were valued in a manner similar to the single family residential improvements in this county when stratified by economic area:

Report

ImpValSF

EconArea	Abstrimp	N	Median	Mean
1	1212	958	$115.08	$116.62
	4277	16	$131.95	$133.10
	Total	974	$115.21	$116.89
2	1212	202	$239.54	$226.63
	Total	202	$239.54	$226.63
6	1212	629	$198.75	$213.10
	4277	5	$167.80	$173.92
	Total	634	$198.61	$212.79
8	1212	1196	$119.06	$127.97
	4277	164	$79.94	$98.05
	Total	1360	$115.33	$124.37
Total	1212	2985	$129.03	$148.95
	4277	185	$86.05	$103.13
	Total	3170	$127.91	$146.27

VI. Conclusions

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

STATISTICAL ABSTRACT
Residential

Ratio Statistics for CurrTot / TASP

ResCondo	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
.00	1.041	1.010	1.071	1.011	.989	1.030	95.8%	1.018	.993	1.043	1.022	.142	21.9%
1.00	1.016	.970	1.063	.992	.979	1.002	96.5%	.985	.949	1.021	1.032	.109	23.1%

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/Industrial

Ratio Statistics for CurrTot / TASP

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
.980	.920	1.040	.996	.969	1.001	95.3%	.953	.900	1.007	1.028	.146	26.3%

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	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
1.014	.992	1.036	1.000	.999	1.000	95.2%	.975	.956	.994	1.039	.170	26.0%

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

Residential Median Ratio Stratification

Sale Price

Case Processing Summary

ResCondo			Count	Percent
.00	SPRec	$50K to $100K	5	2.3%
		$100K to $150K	17	7.8%
		$150K to $200K	20	9.1%
		$200K to $300K	84	38.4%
		$300K to $500K	47	21.5%
		$500K to $750K	23	10.5%
		$750K to $1,000K	10	4.6%
		Over $1,000K	13	5.9%
	Overall		219	100.0%
	Excluded		0	
	Total		219	
1.00	SPRec	$50K to $100K	17	17.0%
		$100K to $150K	17	17.0%
		$150K to $200K	19	19.0%
		$200K to $300K	21	21.0%
		$300K to $500K	11	11.0%
		$500K to $750K	10	10.0%
		$750K to $1,000K	3	3.0%
		Over $1,000K	1	1.0%
		$25K to $50K	1	1.0%
	Overall		100	100.0%
	Excluded		0	
	Total		100	

Ratio Statistics for CurrTot / TASP

ResCondo	Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
.00	$50K to $100K	1.036	.970	.570	88.7%
	$100K to $150K	1.050	1.002	.174	25.1%
	$150K to $200K	1.011	.997	.129	22.4%
	$200K to $300K	1.016	1.000	.138	21.0%
	$300K to $500K	1.015	.998	.116	15.0%
	$500K to $750K	.993	.997	.137	18.1%
	$750K to $1,000K	1.001	.998	.100	14.1%
	Over $1,000K	.960	1.003	.091	12.9%
	Overall	1.011	1.022	.142	22.8%
1.00	$50K to $100K	1.005	1.001	.078	10.6%
	$100K to $150K	.995	1.011	.185	48.8%
	$150K to $200K	.992	.997	.090	17.2%
	$200K to $300K	.980	1.004	.105	16.6%
	$300K to $500K	.961	1.016	.135	18.5%
	$500K to $750K	.944	1.000	.072	9.9%
	$750K to $1,000K	1.011	1.000	.014	2.4%
	Over $1,000K	1.058	1.000	.000	.%
	$25K to $50K	1.002	1.000	.000	.%
	Overall	.992	1.032	.109	23.8%

Subclass

Case Processing Summary

		Count	Percent
Abstrimp	1212	216	67.7%
	1215	3	.9%
	1230	100	31.3%
Overall		319	100.0%
Excluded		0	
Total		319	

Ratio Statistics for CurrTot / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
1212	1.011	1.023	.142	22.8%
1215	1.007	.945	.161	24.6%
1230	.992	1.032	.109	23.8%
Overall	1.001	1.022	.133	23.2%

Age

Case Processing Summary

ResCondo			Count	Percent
.00	AgeRec	Over 100	11	5.0%
		75 to 100	5	2.3%
		50 to 75	12	5.5%
		25 to 50	51	23.3%
		5 to 25	97	44.3%
		5 or Newer	43	19.6%
	Overall		219	100.0%
	Excluded		0	
	Total		219	
1.00	AgeRec	Over 100	1	1.0%
		75 to 100	2	2.0%
		25 to 50	59	59.0%
		5 to 25	24	24.0%
		5 or Newer	14	14.0%
	Overall		100	100.0%
	Excluded		0	
	Total		100	

Ratio Statistics for CurrTot / TASP

ResCondo	Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
.00	Over 100	.906	.925	.135	17.9%
	75 to 100	.979	1.071	.220	37.4%
	50 to 75	.981	.944	.165	20.7%
	25 to 50	1.055	1.033	.164	30.5%
	5 to 25	1.009	1.027	.138	20.4%
	5 or Newer	1.005	1.019	.094	13.0%
	Overall	1.011	1.022	.142	22.8%
1.00	Over 100	.999	1.000	.000	.%
	75 to 100	.984	1.005	.018	2.5%
	25 to 50	.992	1.026	.087	13.6%
	5 to 25	.978	1.069	.154	41.9%
	5 or Newer	1.025	1.050	.135	20.8%
	Overall	.992	1.032	.109	23.8%

Improved Area

Case Processing Summary

ResCondo			Count	Percent
.00	ImpSFRec	LE 500 sf	1	.5%
		500 to 1,000 sf	27	12.3%
		1,000 to 1,500 sf	69	31.5%
		1,500 to 2,000 sf	64	29.2%
		2,000 to 3,000 sf	43	19.6%
		3,000 sf or Higher	15	6.8%
	Overall		219	100.0%
	Excluded		0	
	Total		219	
1.00	ImpSFRec	LE 500 sf	16	16.0%
		500 to 1,000 sf	36	36.0%
		1,000 to 1,500 sf	33	33.0%
		1,500 to 2,000 sf	10	10.0%
		2,000 to 3,000 sf	4	4.0%
		3,000 sf or Higher	1	1.0%
	Overall		100	100.0%
	Excluded		0	
	Total		100	

Ratio Statistics for CurrTot / TASP

ResCondo	Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
.00	LE 500 sf	.703	1.000	.000	.%
	500 to 1,000 sf	.989	1.004	.131	16.8%
	1,000 to 1,500 sf	.970	1.018	.112	15.3%
	1,500 to 2,000 sf	1.021	1.049	.175	30.0%
	2,000 to 3,000 sf	1.041	1.049	.154	24.3%
	3,000 sf or Higher	1.053	1.037	.094	11.2%
	Overall	1.011	1.022	.142	22.8%
1.00	LE 500 sf	.996	1.010	.074	10.4%
	500 to 1,000 sf	.993	1.025	.111	18.2%
	1,000 to 1,500 sf	.978	1.019	.079	12.0%
	1,500 to 2,000 sf	1.003	1.170	.281	63.7%
	2,000 to 3,000 sf	.998	.981	.030	4.8%
	3,000 sf or Higher	.943	1.000	.000	.%
	Overall	.992	1.032	.109	23.8%

Improvement Quality

Case Processing Summary

ResCondo			Count	Percent
.00	Quality	1	1	.5%
		2	3	1.4%
		3	78	35.6%
		5	102	46.6%
		7	30	13.7%
		8	5	2.3%
	Overall		219	100.0%
	Excluded		0	
	Total		219	
1.00	Quality	3	33	33.0%
		5	35	35.0%
		7	15	15.0%
		8	2	2.0%
		10	15	15.0%
	Overall		100	100.0%
	Excluded		0	
	Total		100	

Ratio Statistics for CurrTot / TASP					
ResCondo	Group				Coefficient of Variation
		Median	Price Related Differential	Coefficient of Dispersion	Median Centered
.00	1	.703	1.000	.000	.%
	2	.871	1.152	.316	63.2%
	3	1.009	1.019	.165	27.6%
	5	1.026	1.009	.129	18.8%
	7	1.008	1.019	.111	19.3%
	8	.960	.999	.056	8.1%
	Overall	1.011	1.022	.142	22.8%
1.00	3	.992	1.040	.091	15.6%
	5	.986	1.044	.128	34.3%
	7	.988	1.056	.088	12.5%
	8	.970	.988	.026	3.7%
	10	1.011	1.045	.129	20.6%
	Overall	.992	1.032	.109	23.8%

Commercial Median Ratio Stratification

Sale Price

Case Processing Summary

		Count	Percent
SPRec	$25K to $50K	3	4.1%
	$50K to $100K	7	9.5%
	$100K to $150K	9	12.2%
	$150K to $200K	5	6.8%
	$200K to $300K	21	28.4%
	$300K to $500K	15	20.3%
	$500K to $750K	5	6.8%
	$750K to $1,000K	3	4.1%
	Over $1,000K	6	8.1%
Overall		74	100.0%
Excluded		0	
Total		74	

Ratio Statistics for CurrTot / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
$25K to $50K	1.026	.984	.113	20.2%
$50K to $100K	.995	1.001	.056	8.8%
$100K to $150K	1.003	1.011	.162	37.1%
$150K to $200K	1.000	1.000	.106	18.7%
$200K to $300K	.999	.995	.157	23.8%
$300K to $500K	1.001	1.013	.204	35.5%
$500K to $750K	.969	.999	.048	7.0%
$750K to $1,000K	.514	1.021	.307	58.3%
Over $1,000K	.992	.993	.038	6.1%
Overall	.996	1.028	.146	25.9%

Subclass

Case Processing Summary			
		Count	Percent
Abstrimp	2212	9	12.2%
	2215	4	5.4%
	2220	4	5.4%
	2230	17	23.0%
	2235	6	8.1%
	2240	3	4.1%
	2245	29	39.2%
	3230	1	1.4%
	9259	1	1.4%
Overall		74	100.0%
Excluded		0	
Total		74	

Ratio Statistics for CurrTot / TASP				Coefficient of Variation
Group	Median	Price Related Differential	Coefficient of Dispersion	Median Centered
2212	.969	1.024	.170	26.9%
2215	1.014	1.224	.283	58.2%
2220	.932	.987	.197	28.0%
2230	.963	.993	.111	17.3%
2235	1.078	.966	.205	40.0%
2240	.877	1.083	.228	48.1%
2245	1.000	1.031	.089	17.1%
3230	.995	1.000	.000	.%
9259	.462	1.000	.000	.%
Overall	.996	1.028	.146	25.9%

Vacant Land Median Ratio Stratification

Case Processing Summary

		Count	Percent
AbstrInd	100	405	71.6%
	200	16	2.8%
	300	4	.7%
	400	6	1.1%
	510	1	.2%
	520	2	.4%
	530	5	.9%
	540	8	1.4%
	550	18	3.2%
	560	3	.5%
	1112	91	16.1%
	1135	5	.9%
	2112	1	.2%
	2130	1	.2%
Overall		566	100.0%
Excluded		0	
Total		566	

Ratio Statistics for CurrInd / VTASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation Median Centered
100	1.000	1.052	.182	27.7%
200	1.028	1.033	.081	13.0%
300	.939	.997	.030	4.3%
400	1.000	1.002	.030	5.8%
510	1.000	1.000	.000	.%
520	.826	1.100	.233	33.0%
530	1.083	1.232	.429	66.1%
540	1.001	.962	.176	26.8%
550	1.000	1.116	.183	30.3%
560	1.018	1.065	.248	39.3%
1112	1.000	.998	.120	17.9%
1135	1.000	1.005	.147	31.0%
2112	.831	1.000	.000	.%
2130	.659	1.000	.000	.%
Overall	1.000	1.039	.170	26.4%