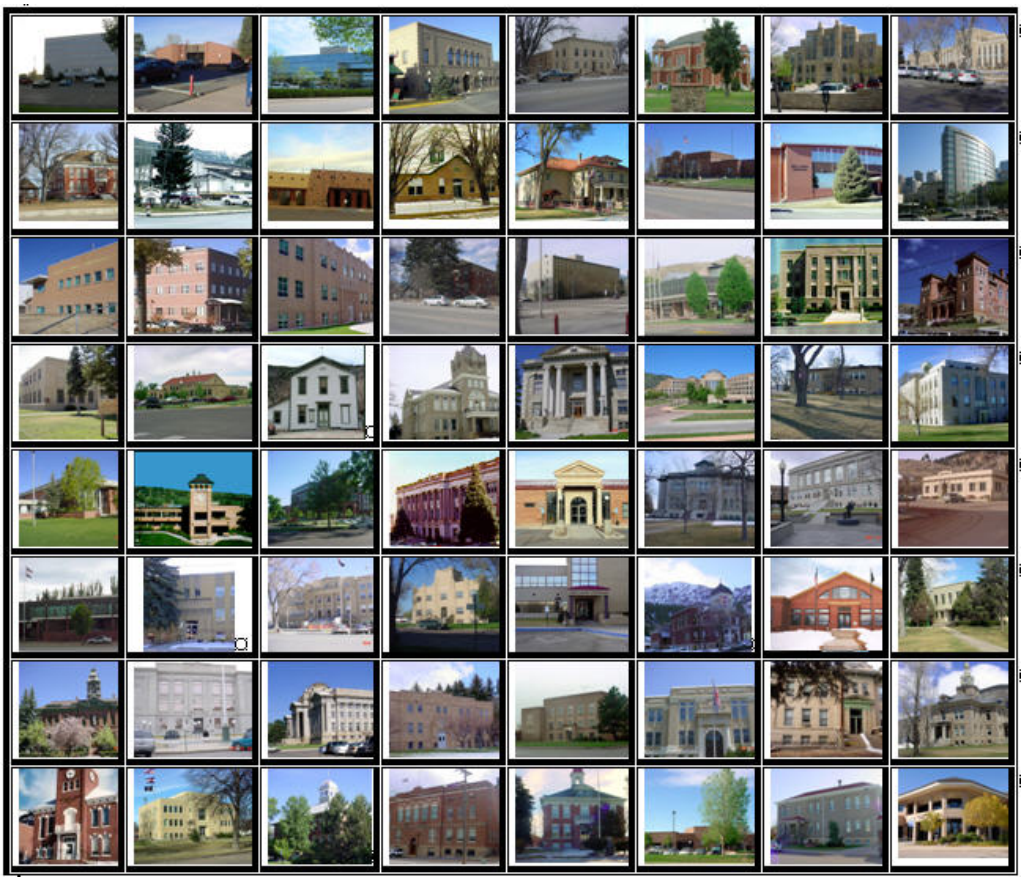
2014
MESA COUNTY
PROPERTY ASSESSMENT
STUDY



WILDROSE
APPRAISAL, INCORPORATED
Audit Division

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September 15, 2014

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

RE: Final Report for the 2014 Colorado Property Assessment Study

Dear Mr. Mauer:

Wildrose Appraisal Inc.-Audit Division is pleased to submit the Final Reports for the 2014 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 2014 and is pleased to report its findings for Mesa County in the following report.

REGIONAL / HISTORICAL SKETCH OF MESA COUNTY

Regional Information

Mesa 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

Mesa County has a population of approximately 146,723 people with 44.09 people per square mile, according to the U.S. Census Bureau's 2010 census data. This represents a 26.21 percent change from the 2000 Census.

The County, formed from a portion of Gunnison County, was established in 1883 with an area of 3,301 square miles. Its name is Spanish for 'table' and refers to the tablelands and plateaus prevalent in the county. The county seat is Grand Junction, so named for its location at the junction of the Gunnison and Grand (later Colorado) rivers. The Grand Mesa National Forest encompasses the Grand Mesa, which is one of the world's largest flattop mountains and has an average elevation of 10,000 feet, dotted with over 300 alpine lakes and reservoirs. The Uncompahgre National Forest includes the Uncompahgre Plateau, portions of the San Juan Mountains and three wilderness areas.

Grand Junction which sits near the mid-point of a 30-mile arcing valley, known as the Grand Valley, is a major fruit-growing region, historically home to the Ute people and settled by white farmers in the 1880s. In recent years, several wineries have been established in the area as well. The Colorado National Monument, a series of canyons and mesas similar to the Grand Canyon, overlooks the city, while most of the area is surrounded by public lands managed by the Bureau of Land Management.

Grand Junction has a strong history that dates back more than 100 years. In the 1880s, the area was part of the Northern Ute Reservation, although the Native Americans were later moved west into Utah. In September 1881, the area experienced a land rush settlement and a town site was staked. This town, located in the Grand Valley, was first called Ute, then West Denver and finally came to be known as Grand Junction.

By 1883, Mesa County was created from neighboring counties and Grand Junction was named the county seat. Grand Junction began to thrive when the main line of the Denver and Rio Grande Railroad came into the area in 1887. Soon after, major irrigation turned the Grand Valley into a fertile agricultural area.
(www.rootsweb.com,www.gjchamber.org, Wikipedia.org)

RATIO ANALYSIS

Methodology

All significant classes of properties were analyzed. Sales were collected for each property class over the appropriate sale period, which was typically defined as the 18-month period between January 2011 and June 2012. Counties with less than 30 sales typically extended the sale period back up to 5 years prior to June 30, 2012 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 Mesa County are:

Mesa County Ratio Grid					
Property Class	Number of Qualified Sales	Unweighted Median Ratio	Price Related Differential	Coefficient of Dispersion	Time Trend Analysis
Commercial/Industrial	106	0.982	1.014	17.7	Compliant
Condominium	N/A	N/A	N/A	N/A	N/A
Single Family	3,004	0.986	1.032	11.7	Compliant
Vacant Land	258	1.000	1.850	16.3	Compliant

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion
10	.994	1.039	.156
12	.980	1.060	.183
15	.983	1.048	.103
19	.982	1.034	.128
22	.988	1.022	.116
25	.980	1.012	.091
27	.983	1.043	.129
29	.985	1.016	.108
30	.989	1.010	.083
31	.997	1.062	.180
Overall	.986	1.032	.117

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

Mesa 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 2012 and 2014 actual values for each qualified class of property. All qualified vacant land classes were tested using this method. The sale property ratios were arrayed using a range of 0.8 to 1.5, which theoretically excluded changes between years that were due to other unrelated changes in the property. These ratios were also stratified at the appropriate level of analysis. Once the percent change was determined for each appropriate class and sub-class, the next step was to select the unsold sample. This sample was at least 1% of the total population of unsold properties and excluded any sale properties. The unsold sample was filtered based on the attributes of the sold dataset to closely correlate both groups. The ratio analysis was then performed on the unsold properties and stratified. The median and mean ratio distribution was then compared between the sold and unsold group. A non-parametric test such as the Mann-Whitney test for differences between independent samples was undertaken to determine whether any observed differential was significant. If this test determined that the unsold properties were treated in a manner similar to the sold properties, it was concluded that no further testing was warranted and that the county was in compliance.

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

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

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

Conclusions

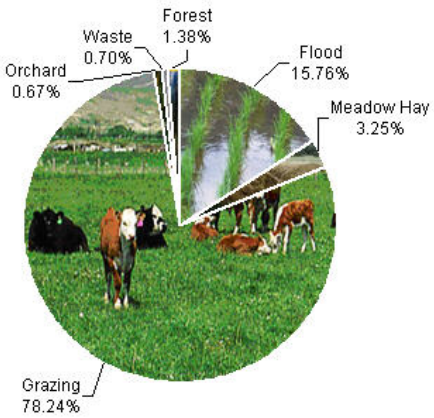
After applying the above described methodologies, it is concluded that Mesa County is reasonably treating its sold and unsold properties in the same manner.

Recommendations

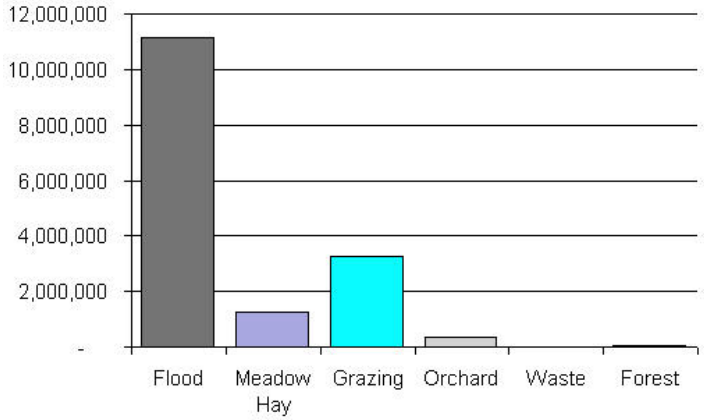
None

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:

Mesa County Agricultural Land Ratio Grid						
Abstract Code	Land Class	Number Of Acres	County Value Per Acre	County Assessed Total Value	WRA Total Value	Ratio
4117	Flood	67,897	164.00	11,140,309	11,428,853	0.97
4137	Meadow Hay	14,018	88.00	1,232,782	1,228,009	1.00
4147	Grazing	337,180	10.00	3,266,108	3,266,108	1.00
4157	Orchard	2,882	128.00	367,643	367,643	1.00
4177	Forest	5,944	8.00	47,150	47,150	1.00
4167	Waste	3,011	2.00	5,256	5,256	1.00
Total/Avg		**430,932**	**37.00**	**16,059,249**	**16,343,020**	**0.98**

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

Mesa 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

Mesa 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 2014 for Mesa County. This study was conducted by checking selected sales from the master sales list for the current valuation period. Specifically WRA selected 58 sales listed as unqualified.

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

Conclusions

Mesa 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

Mesa County has submitted a written narrative describing the economic areas that make up the county's market areas. Mesa 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 Mesa 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 2014 in Mesa 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

Mesa 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.

Mesa 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

Mesa 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

Mesa 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.

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

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

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

Mesa County submitted their personal property written audit plan and was current for the 2014 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
- 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 $7,000 actual value exemption status

Mesa County's median ratio is 1.01. This is in compliance with the State Board of Equalization (SBOE) compliance requirements which range from .90 to 1.10 with no COD requirements.

Conclusions

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

Recommendations

None

WILDROSE AUDITOR STAFF

Harry J. Fuller, *Audit Project Manager*

Suzanne Howard, *Audit Administrative Manager*

Steve Kane, *Audit Statistician*

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

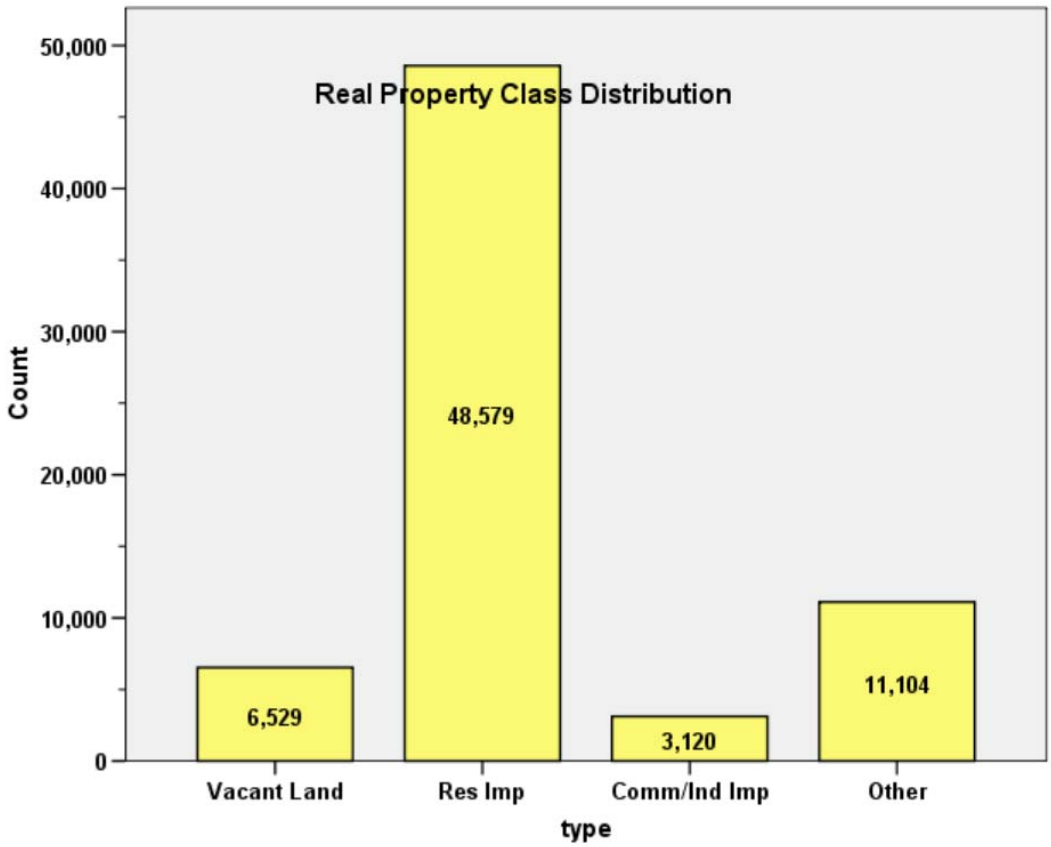
J. Andrew Rodriguez, *Field Analyst*

APPENDICES

STATISTICAL COMPLIANCE REPORT
FOR MESA COUNTY
2014

I. OVERVIEW

Mesa County is an urban county located along Colorado's western slope. The county has a total of 69,332 real property parcels, according to data submitted by the county assessor's office in 2014. The following provides a breakdown of property classes for this county:



The vacant land class of properties was dominated by residential and commercial lots. These land subclasses (coded 100 and 200) accounted for 56.8% of all vacant land parcels.

For residential improved properties, single family properties accounted for 92.5% of all residential properties.

Commercial and industrial properties represented a much smaller proportion of property classes in comparison. Commercial/industrial properties accounted for 4.5% of all such properties in this county.

II. DATA FILES

The following sales analyses were based on the requirements of the 2014 Colorado Property Assessment Study. Information was provided by the Mesa Assessor's Office in May 2014. The data included all 5 property record files as specified by the Auditor.

III. RESIDENTIAL SALES RESULTS

There were 3,004 qualified residential sales over the 18 month sale period ending June 30, 2012. The sales ratio analysis results were as follows:

Case Processing Summary

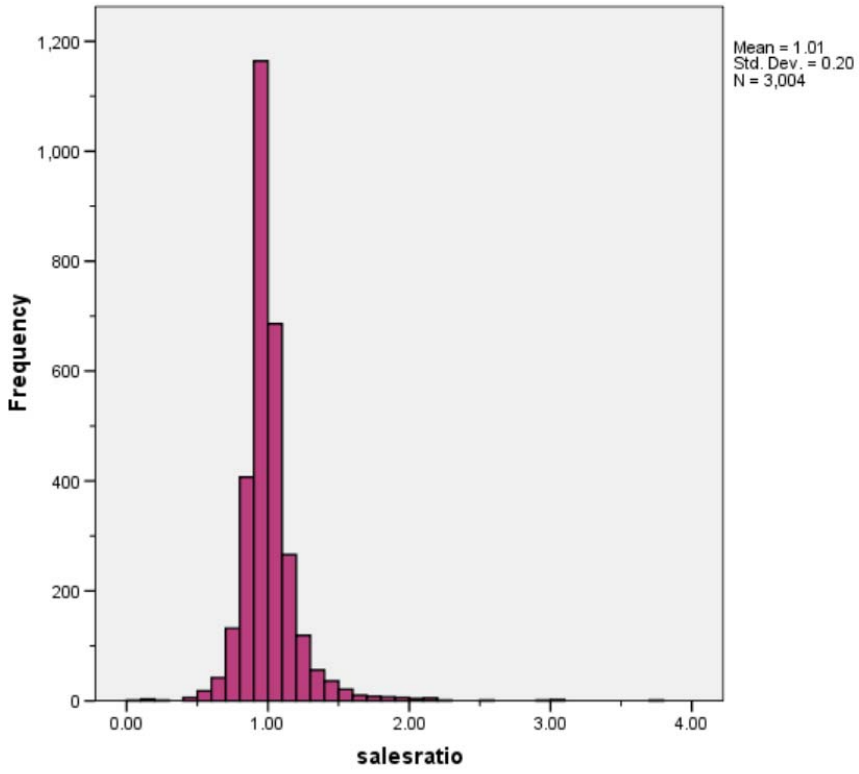
		Count	Percent
ECONAREA	10	70	2.4%
	12	131	4.5%
	15	435	15.1%
	19	401	13.9%
	22	439	15.2%
	25	57	2.0%
	27	451	15.6%
	29	364	12.6%
	30	464	16.1%
	31	74	2.6%
Overall		2886	100.0%
Excluded		118	
Total		3004	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion
10	.994	1.039	.156
12	.980	1.060	.183
15	.983	1.048	.103
19	.982	1.034	.128
22	.988	1.022	.116
25	.980	1.012	.091
27	.983	1.043	.129
29	.985	1.016	.108
30	.989	1.010	.083
31	.997	1.062	.180
Overall	.986	1.032	.117

NOTE: ECONOMIC AREA 1 = CONDOMINIUMS

All of the residential sales in economic areas were within the median sales ratio compliance range of 0.95 to 1.05. The following graphs describe further the sales ratio distribution for these properties:



The above graph indicates that the distribution of the sale ratios was within state mandated limits.

Residential Market Trend Analysis

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

Coefficients[a]

ECONAREA	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
10	1	(Constant)	1.032	.048		21.665	.000
		SalePeriod	-.004	.005	-.112	-.926	.358
12	1	(Constant)	1.090	.047		23.089	.000
		SalePeriod	-.009	.005	-.164	-1.891	.061
15	1	(Constant)	.974	.014		71.908	.000
		SalePeriod	.002	.001	.074	1.535	.126
19	1	(Constant)	1.048	.020		52.793	.000
		SalePeriod	-.004	.002	-.100	-2.017	.044
22	1	(Constant)	.993	.016		62.524	.000
		SalePeriod	.001	.002	.024	.512	.609
25	1	(Constant)	1.036	.052		19.997	.000
		SalePeriod	-.005	.006	-.129	-.965	.339
27	1	(Constant)	1.034	.024		43.309	.000
		SalePeriod	.001	.003	.009	.201	.841
29	1	(Constant)	.961	.015		63.344	.000
		SalePeriod	.005	.002	.173	3.341	.001
30	1	(Constant)	.954	.011		85.439	.000
		SalePeriod	.005	.001	.209	4.599	.000
31	1	(Constant)	1.125	.050		22.287	.000
		SalePeriod	-.013	.006	-.243	-2.123	.037

a. Dependent Variable: salesratio

The sales ratios in all economic areas either had insignificant trends statistically, or had trends with insignificant monthly rates; residential condominium sales had a market trend of less than 1% per month, but we concluded that this was adequate based on the number of condominium projects and the results from the ratio analysis. We therefore concluded that the assessor has adequately considered market trending in the residential valuation of Mesa County.

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 2014 between each group, as follows:

Group	N	Median	Mean
Unsold	45,574	$101	$102
Sold	3,004	$103	$102

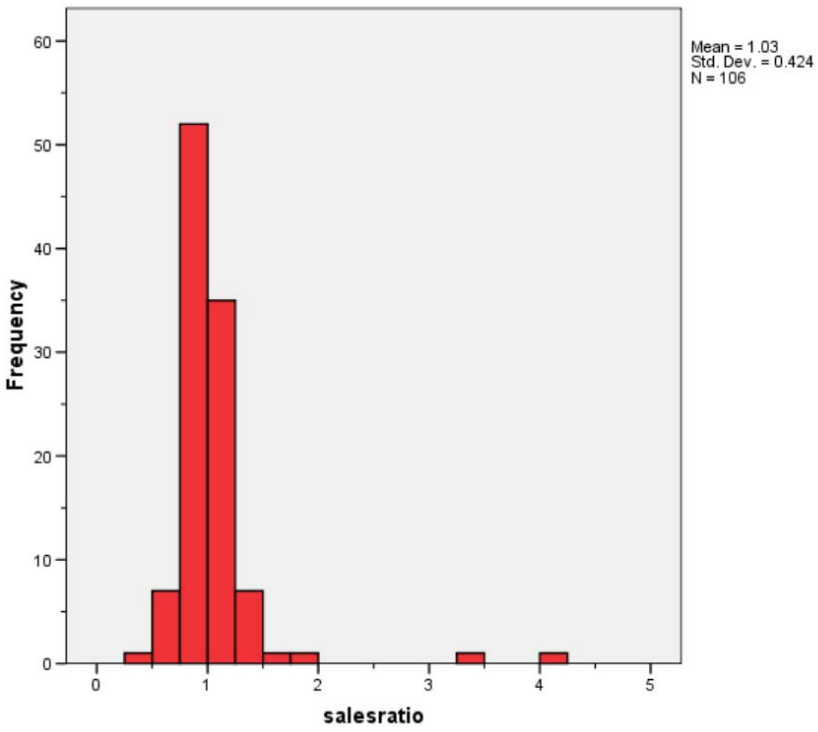
The above results indicate that sold and unsold residential properties were valued in a consistent manner.

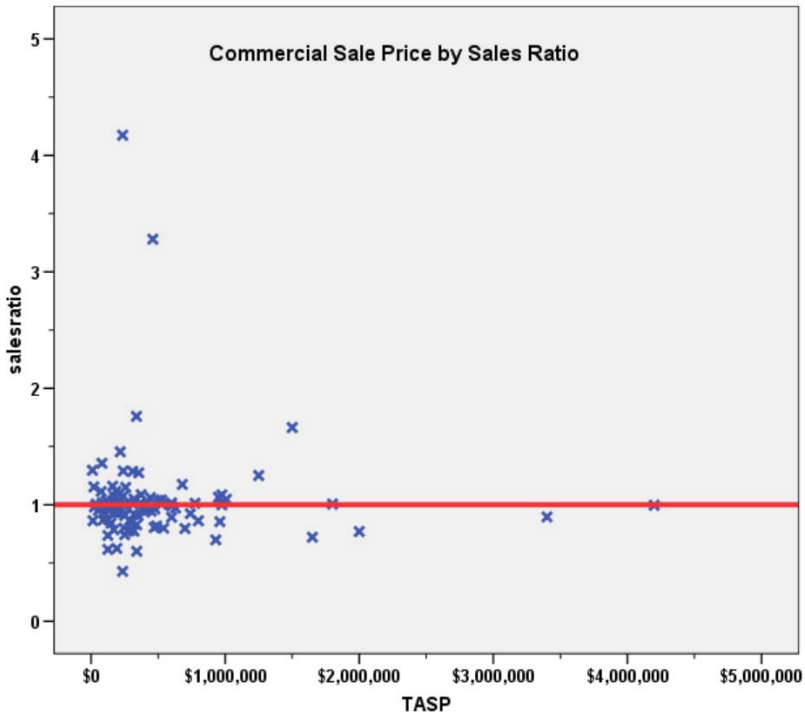
IV. COMMERCIAL/INDUSTRIAL SALE RESULTS

There were 106 qualified commercial sales over the 18 month sale period ending June 30, 2012. The sales ratio analysis results were as follows:

Median	**0.982**
Price Related Differential	**1.014**
Coefficient of Dispersion	**.177**

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





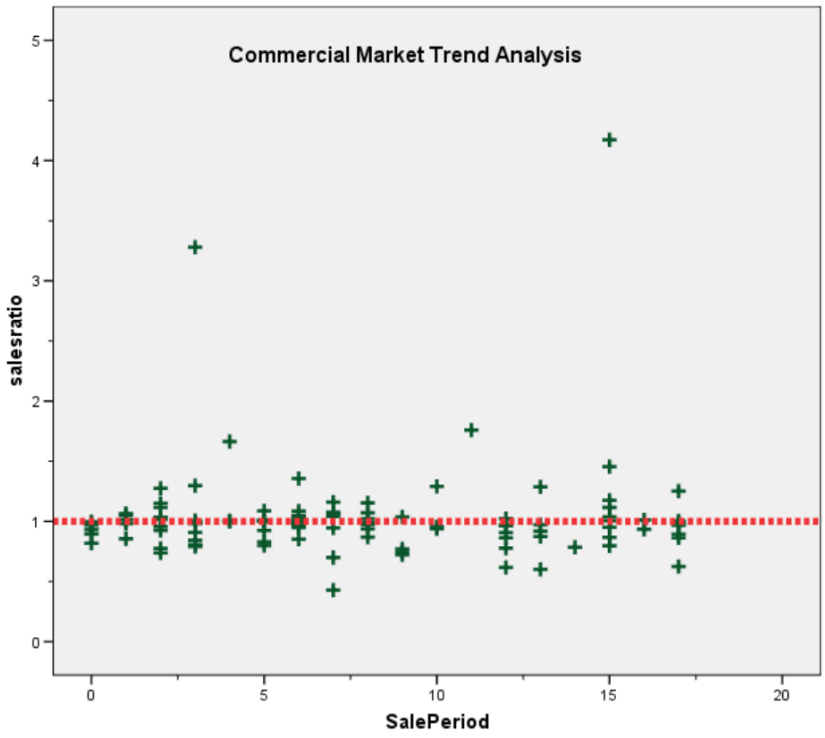
Commercial/Industrial Market Trend Analysis

The 106 commercial/industrial sales were next analyzed for residual market trending. We examined the sales ratios across the 18-month sale period with the following results:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.001	.074		13.506	.000
	SalePeriod	.004	.008	.047	.475	.636

a. Dependent Variable: salesratio



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

Sold/Unsold Analysis

We compared the median actual value per square foot between sold and unsold commercial properties to determine if sold and unsold properties were valued consistently, as follows:

Group	N	Median	Mean
Unsold	3,011	$84	$111
Sold	106	$90	$94

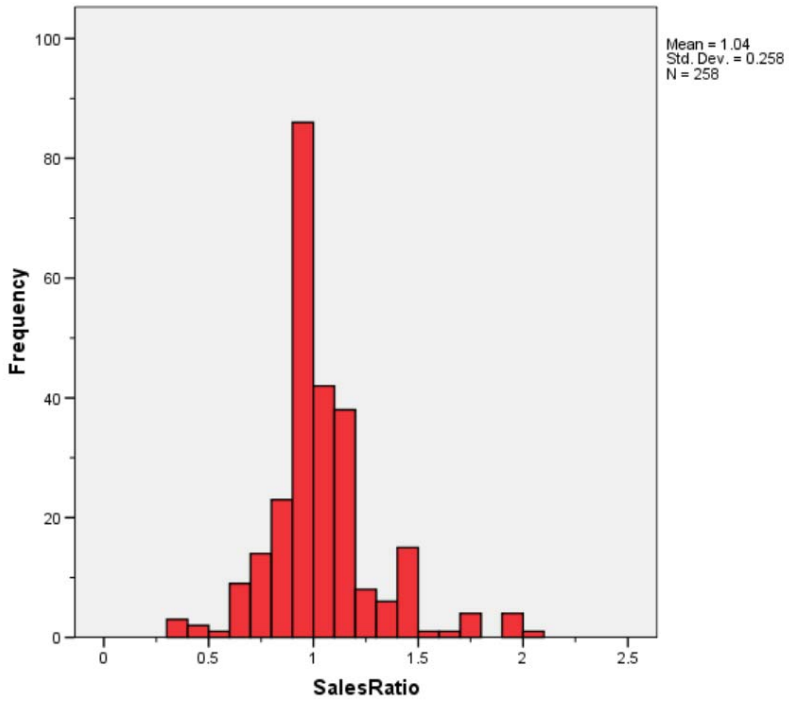
The above results indicated that sold and unsold commercial/industrial properties were valued consistently.

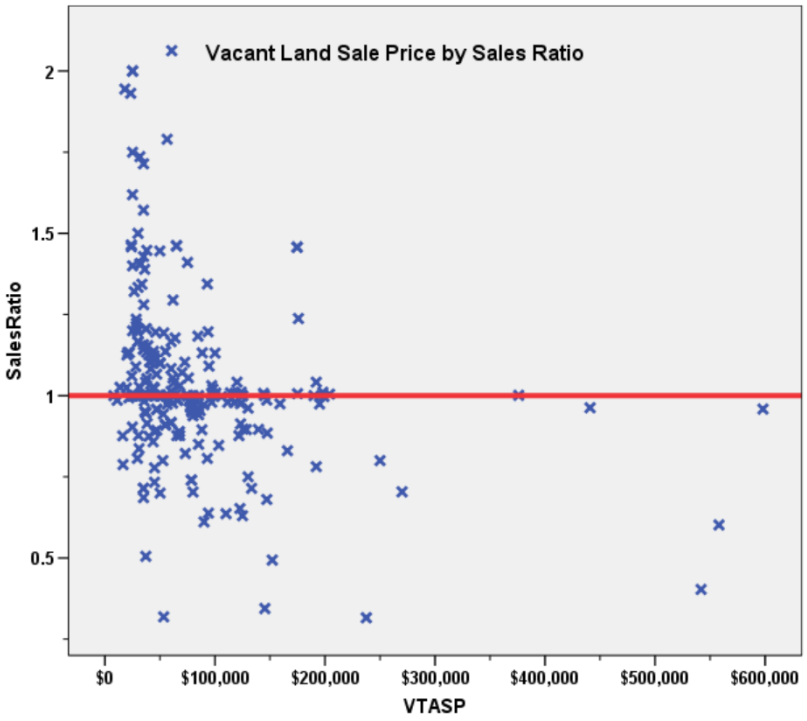
V. VACANT LAND SALE RESULTS

There were 258 qualified vacant land sales over the 18 month sale period ending June 30, 2012. The sales ratio analysis results were as follows:

Median	**1.000**
Price Related Differential	**1.085**
Coefficient of Dispersion	**.163**

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





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

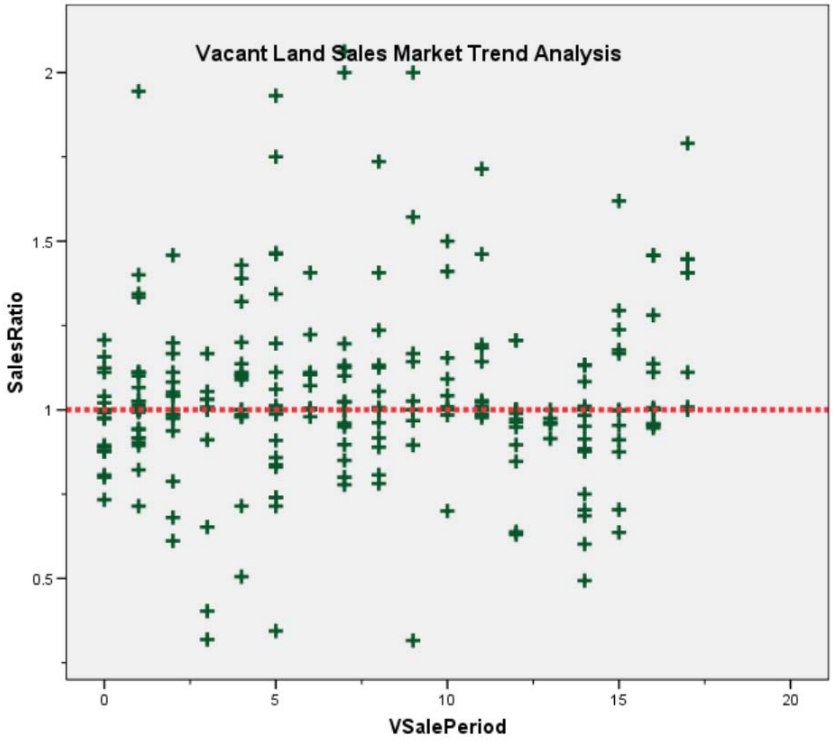
Vacant Land Market Trend Analysis

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

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.016	.028		36.830	.000
	VSalePeriod	.004	.003	.076	1.222	.223

a. Dependent Variable: SalesRatio



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

Sold/Unsold Analysis

In terms of the valuation consistency between sold and unsold vacant land properties, we compared the median change in value between 2012 and 2014 values, as follows:

Group	N	Median	Mean
Unsold	6,062	0.7681	0.7899
Sold	254	0.8549	0.8527

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

V. AGRICULTURAL IMPROVEMENTS ANALYSIS

The final verification concerned the assigned actual values for agricultural residential improvements. We compared the actual improved value per square foot rate for this group and compared it to rates assigned to residential single family improvements in Mesa County.

The following indicates that both groups were valued in essentially the same manner:

Descriptives

	Abstrimp			Statistic	Std. Error
ImpValSF	SFR	Mean		$74.22	$.112
		95% Confidence Interval for Mean	Lower Bound	$74.00	
			Upper Bound	$74.44	
		5% Trimmed Mean		$73.92	
		Median		$74.67	
		Variance		564.959	
		Std. Deviation		$23.769	
		Minimum		$0	
		Maximum		$394	
		Range		$394	
		Interquartile Range		$28	
		Skewness		.662	.012
		Kurtosis		5.427	.023
	Ag Res	Mean		$87.40	$.773
		95% Confidence Interval for Mean	Lower Bound	$85.89	
			Upper Bound	$88.92	
		5% Trimmed Mean		$84.63	
		Median		$84.39	
		Variance		2214.457	
		Std. Deviation		$47.058	
		Minimum		$0	
		Maximum		$1,576	
		Range		$1,576	
		Interquartile Range		$42	
		Skewness		10.108	.040
		Kurtosis		281.595	.080

VI. CONCLUSIONS

Based on this 2014 audit statistical analysis, residential, commercial/industrial and vacant land properties were found to be in compliance with state guidelines.

STATISTICAL ABSTRACT
Residential

Ratio Statistics for CURRTOT / TASP

ECONAREA	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
10	.994	.946	1.043	.994	.930	1.030	95.9%	.957	.907	1.007	1.039	.156	20.3%
12	1.015	.964	1.066	.980	.956	.992	96.4%	.958	.919	.996	1.060	.183	29.1%
15	.992	.977	1.006	.983	.976	.993	95.6%	.946	.899	.993	1.048	.103	15.6%
19	1.015	.993	1.036	.982	.976	.994	95.4%	.982	.968	.995	1.034	.128	21.5%
22	1.000	.983	1.016	.988	.977	.993	95.5%	.979	.964	.993	1.022	.116	17.5%
25	.994	.937	1.051	.980	.965	.992	96.7%	.982	.952	1.013	1.012	.091	21.8%
27	1.038	1.012	1.063	.983	.975	.993	95.2%	.995	.983	1.007	1.043	.129	26.4%
29	1.003	.986	1.020	.985	.977	.996	95.9%	.987	.969	1.004	1.016	.108	16.4%
30	.997	.985	1.009	.989	.983	.995	95.4%	.987	.977	.997	1.010	.083	13.2%
31	1.037	.978	1.097	.997	.981	1.035	95.3%	.977	.933	1.021	1.062	.180	24.9%

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

Commercial Land

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
1.030	.948	1.112	.982	.957	1.003	95.9%	1.016	.935	1.096	1.014	.177	41.2%

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.

Vacant Land

Ratio Statistics for CURRLND / 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
1.044	1.012	1.075	1.000	1.000	1.007	96.0%	.962	.914	1.010	1.085	.163	24.8%

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

Residential Median Ratio Stratification

Sale Price

Case Processing Summary

		Count	Percent
SPRec	LT $25K	10	.3%
	$25K to $50K	70	2.3%
	$50K to $100K	340	11.3%
	$100K to $150K	820	27.3%
	$150K to $200K	793	26.4%
	$200K to $300K	687	22.9%
	$300K to $500K	240	8.0%
	$500K to $750K	34	1.1%
	$750K to $1,000K	3	.1%
	Over $1,000K	7	.2%
Overall		3004	100.0%
Excluded		0	
Total		3004	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
LT $25K	1.958	1.057	.479	53.5%
$25K to $50K	1.286	1.007	.269	33.3%
$50K to $100K	1.036	1.010	.176	25.4%
$100K to $150K	.990	1.003	.104	15.6%
$150K to $200K	.986	1.001	.089	13.8%
$200K to $300K	.969	1.001	.083	12.3%
$300K to $500K	.962	.999	.091	13.4%
$500K to $750K	.950	1.000	.128	18.1%
$750K to $1,000K	.861	1.019	.179	27.4%
Over $1,000K	.741	1.162	.360	47.7%
Overall	.985	1.031	.117	20.4%

Subclass

Case Processing Summary

		Count	Percent
Abstrimp	1212	2850	94.9%
	1215	19	.6%
	1220	15	.5%
	1225	2	.1%
	1230	118	3.9%
Overall		3004	100.0%
Excluded		0	
Total		3004	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
1212	.986	1.025	.115	20.3%
1215	.877	1.059	.223	29.4%
1220	.868	1.602	.323	48.1%
1225	.690	1.585	.615	86.9%
1230	.969	1.027	.112	15.9%
Overall	.985	1.031	.117	20.4%

Age

Case Processing Summary

		Count	Percent
AgeRec	Over 100	73	2.4%
	75 to 100	61	2.0%
	50 to 75	254	8.5%
	25 to 50	768	25.6%
	5 to 25	1366	45.5%
	5 or Newer	482	16.0%
Overall		3004	100.0%
Excluded		0	
Total		3004	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
Over 100	.996	1.085	.230	34.9%
75 to 100	.992	1.037	.173	24.1%
50 to 75	.983	1.044	.157	24.3%
25 to 50	.983	1.017	.127	19.0%
5 to 25	.987	1.033	.111	21.7%
5 or Newer	.980	1.027	.069	10.4%
Overall	.985	1.031	.117	20.4%

Improved Area

Case Processing Summary

		Count	Percent
ImpSFRec	500 to 1,000 sf	197	6.6%
	1,000 to 1,500 sf	1014	33.8%
	1,500 to 2,000 sf	989	32.9%
	2,000 to 3,000 sf	645	21.5%
	3,000 sf or Higher	159	5.3%
Overall		3004	100.0%
Excluded		0	
Total		3004	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
500 to 1,000 sf	.983	1.045	.171	25.4%
1,000 to 1,500 sf	.983	1.034	.128	24.7%
1,500 to 2,000 sf	.985	1.019	.099	16.5%
2,000 to 3,000 sf	.986	1.019	.099	15.3%
3,000 sf or Higher	.995	1.070	.154	23.4%
Overall	.985	1.031	.117	20.4%

Improvement Quality

Case Processing Summary

		Count	Percent
QUALITY	1	2	.1%
	2	47	1.6%
	3	2550	84.9%
	4	348	11.6%
	5	53	1.8%
	6	4	.1%
Overall		3004	100.0%
Excluded		0	
Total		3004	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
1	1.238	.914	.191	27.0%
2	.996	1.065	.261	34.9%
3	.984	1.035	.117	20.8%
4	.990	1.016	.090	14.4%
5	.993	1.012	.120	17.9%
6	1.104	1.048	.089	12.5%
Overall	.985	1.031	.117	20.4%

Improvement Condition

Case Processing Summary

		Count	Percent
CONDITION	0	2292	80.1%
	1	1	.0%
	2	8	.3%
	3	553	19.3%
	4	9	.3%
Overall		2863	100.0%
Excluded		141	
Total		3004	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
0	.986	1.016	.105	16.0%
1	.564	1.000	.000	.%
2	.792	.895	.278	40.3%
3	.985	1.085	.173	33.9%
4	.798	2.073	.207	32.0%
Overall	.986	1.032	.119	20.8%

Commercial Median Ratio Stratification

Sale Price

Case Processing Summary

		Count	Percent
SPRec	LT $25K	4	3.8%
	$25K to $50K	1	.9%
	$50K to $100K	8	7.5%
	$100K to $150K	12	11.3%
	$150K to $200K	15	14.2%
	$200K to $300K	18	17.0%
	$300K to $500K	23	21.7%
	$500K to $750K	10	9.4%
	$750K to $1,000K	7	6.6%
	Over $1,000K	8	7.5%
Overall		106	100.0%
Excluded		0	
Total		106	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation: Median Centered
LT $25K	1.068	1.018	.142	17.9%
$25K to $50K	1.006	1.000	.000	.%
$50K to $100K	.984	1.000	.089	15.9%
$100K to $150K	.967	1.007	.092	14.4%
$150K to $200K	.983	1.004	.086	13.3%
$200K to $300K	.985	1.018	.341	81.8%
$300K to $500K	.966	.990	.244	56.2%
$500K to $750K	.981	1.001	.086	11.8%
$750K to $1,000K	1.000	.999	.107	15.4%
Over $1,000K	1.001	1.039	.198	30.3%
Overall	.982	1.014	.177	43.5%

Subclass

Case Processing Summary

		Count	Percent
Abstrimp	1721	1	.9%
	2212	9	8.5%
	2220	8	7.5%
	2225	2	1.9%
	2230	18	17.0%
	2235	6	5.7%
	2240	1	.9%
	2245	36	34.0%
	3212	13	12.3%
	3215	6	5.7%
	3230	6	5.7%
Overall		106	100.0%
Excluded		0	
Total		106	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
1721	.843	1.000	.000	.%
2212	.992	.965	.045	6.5%
2220	1.043	1.032	.084	12.7%
2225	1.241	.852	.340	48.1%
2230	.971	1.149	.309	82.3%
2235	.980	1.020	.088	11.1%
2240	.971	1.000	.000	.%
2245	.980	1.041	.133	19.4%
3212	.999	1.027	.298	68.3%
3215	.982	1.100	.198	36.7%
3230	.984	1.073	.078	11.8%
Overall	.982	1.014	.177	43.5%

Age

Case Processing Summary

		Count	Percent
AgeRec	Over 100	5	4.7%
	75 to 100	2	1.9%
	50 to 75	13	12.3%
	25 to 50	30	28.3%
	5 to 25	46	43.4%
	5 or Newer	10	9.4%
Overall		106	100.0%
Excluded		0	
Total		106	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
Over 100	.964	1.013	.042	7.8%
75 to 100	.909	.984	.044	6.2%
50 to 75	1.011	.999	.091	12.7%
25 to 50	.987	1.022	.125	17.8%
5 to 25	.980	.989	.185	41.4%
5 or Newer	.993	1.174	.470	108.9%
Overall	.982	1.014	.177	43.5%

Improved Area

Case Processing Summary

		Count	Percent
ImpSFRec	500 to 1,000 sf	11	10.4%
	1,000 to 1,500 sf	15	14.2%
	1,500 to 2,000 sf	8	7.5%
	2,000 to 3,000 sf	17	16.0%
	3,000 sf or Higher	55	51.9%
Overall		106	100.0%
Excluded		0	
Total		106	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
500 to 1,000 sf	1.003	1.028	.090	15.1%
1,000 to 1,500 sf	.969	1.016	.070	12.2%
1,500 to 2,000 sf	.975	1.040	.142	18.2%
2,000 to 3,000 sf	.957	1.002	.101	13.1%
3,000 sf or Higher	.996	1.049	.246	58.1%
Overall	.982	1.014	.177	43.5%

Improvement Quality

Case Processing Summary

		Count	Percent
QUALITY	2	6	5.7%
	3	99	93.4%
	4	1	.9%
Overall		106	100.0%
Excluded		0	
Total		106	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
2	1.041	.746	.221	31.6%
3	.982	1.033	.174	44.3%
4	1.061	1.000	.000	.%
Overall	.982	1.014	.177	43.5%

Improvement Condition

Case Processing Summary

		Count	Percent
CONDITION	1	2	1.9%
	2	9	8.5%
	3	94	88.7%
	4	1	.9%
Overall		106	100.0%
Excluded		0	
Total		106	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
1	.890	.994	.053	7.4%
2	1.006	1.036	.132	20.4%
3	.984	1.010	.181	45.5%
4	.699	1.000	.000	.%
Overall	.982	1.014	.177	43.5%

Vacant Land Median Ratio Stratification

Sale Price

Case Processing Summary

		Count	Percent
SPRec	LT $25K	31	12.0%
	$25K to $50K	97	37.6%
	$50K to $100K	78	30.2%
	$100K to $150K	30	11.6%
	$150K to $200K	13	5.0%
	$200K to $300K	4	1.6%
	$300K to $500K	2	.8%
	$500K to $750K	3	1.2%
Overall		258	100.0%
Excluded		0	
Total		258	

Ratio Statistics for CURRLND / VTASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
LT $25K	1.024	.986	.243	40.4%
$25K to $50K	1.100	1.010	.138	19.2%
$50K to $100K	.987	1.005	.135	23.3%
$100K to $150K	.969	1.005	.117	19.0%
$150K to $200K	1.000	.996	.166	26.0%
$200K to $300K	.752	1.013	.261	39.1%
$300K to $500K	.982	1.002	.019	2.7%
$500K to $750K	.602	.986	.308	48.0%
Overall	1.000	1.085	.163	26.2%

Subclass

Case Processing Summary

		Count	Percent
AbstrInd	100	56	21.7%
	200	22	8.5%
	300	8	3.1%
	520	3	1.2%
	530	1	.4%
	540	7	2.7%
	550	4	1.6%
	1112	144	55.8%
	1120	1	.4%
	1135	5	1.9%
	2112	1	.4%
	2130	5	1.9%
	3112	1	.4%
Overall		258	100.0%
Excluded		0	
Total		258	

Ratio Statistics for CURRLND / VTASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation: Median Centered
100	1.000	1.112	.164	28.2%
200	.900	.995	.116	16.3%
300	1.007	.935	.161	25.5%
520	.979	1.194	.232	46.0%
530	1.410	1.000	.000	.%
540	1.089	.947	.189	30.1%
550	1.111	.991	.029	4.0%
1112	1.006	1.057	.167	26.5%
1120	1.022	1.000	.000	.%
1135	1.000	1.012	.084	13.3%
2112	.714	1.000	.000	.%
2130	.963	1.097	.144	29.3%
3112	1.004	1.000	.000	.%
Overall	1.000	1.085	.163	26.2%