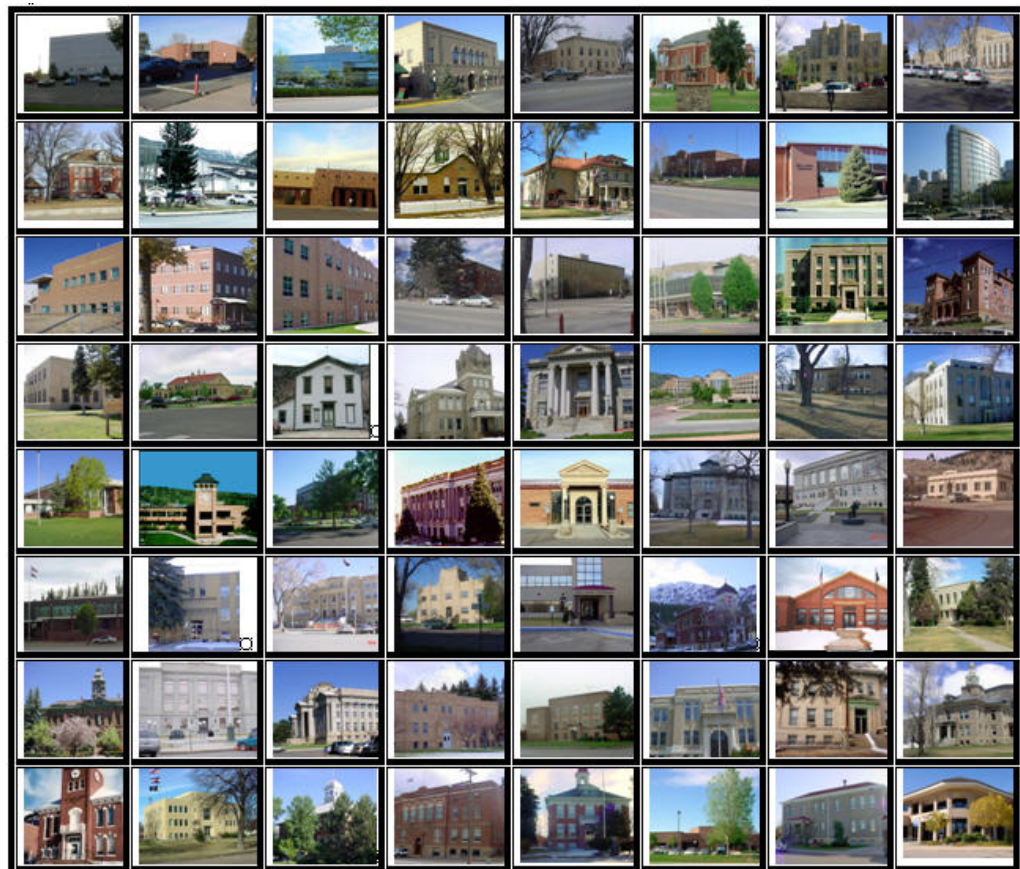




2012
PITKIN COUNTY
PROPERTY ASSESSMENT
STUDY





September 15, 2012

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

RE: Final Report for the 2012 Colorado Property Assessment Study

Dear Mr. Mauer:

Wildrose Appraisal Inc.-Audit Division is pleased to submit the Final Reports for the 2012 Colorado Property Assessment Study.

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

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

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

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

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

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

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INTRODUCTION



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 2012 and is pleased to report its findings for Pitkin County in the following report.

REGIONAL/HISTORICAL SKETCH OF PITKIN COUNTY

Regional Information

Pitkin 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

Pitkin County has a population of approximately 17,148 people with 25.59 people per square mile, according to the U.S. Census Bureau's 2010 census data. This represents a 15.3 percent change from the 2000 Census.

Pitkin County was created in 1881 from a part of Gunnison County. The county was named for Governor Frederick W. Pitkin.

The county seat is Aspen, named by town site surveyor, B. Clark Wheeler, for the quaking aspen trees growing in the area. Originally named Ute City, the community was renamed Aspen in 1880 and in its peak production years of 1891 and 1892 surpassed Leadville as the United States' most productive silver-mining district.

Aspen's development as a ski resort first flickered in the 1930s when investors conceived of a ski area, but the project was interrupted by World War II. Friedl Pfeifer, a member of the 10th Mountain Division who had trained in the area, returned to the area and linked up with industrialist Walter Paepcke and his wife Elizabeth. The Aspen Skiing Corporation was founded in 1946 and the town quickly became a well-known resort.

The city sits along the southeast (upper) end of the Roaring Fork Valley, along the Roaring Fork River, a tributary of the Colorado River. It is surrounded by mountain and wilderness areas on three sides: Red Mountain to the north, Smuggler Mountain to the east, and Aspen Mountain to the south. (*www.Wikipedia.org*, *William Bright, Colorado Place Names, 3rd Edition, Johnson Books, 2004, p. 141 and 11*)

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 Pitkin County are:

Pitkin County Ratio Grid					
Property Class	Number of Qualified Sales	Unweighted Median Ratio	Price Related Differential	Coefficient of Dispersion	Time Trend Analysis
Commercial/Industrial	36	0.992	1.019	10.9	Compliant
Condominium	136	0.998	0.999	5.5	Compliant
Single Family	191	0.999	1.023	7.8	Compliant
Vacant Land	N/A	N/A	N/A	N/A	N/A

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

Pitkin 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 2012 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	N/A

Conclusions

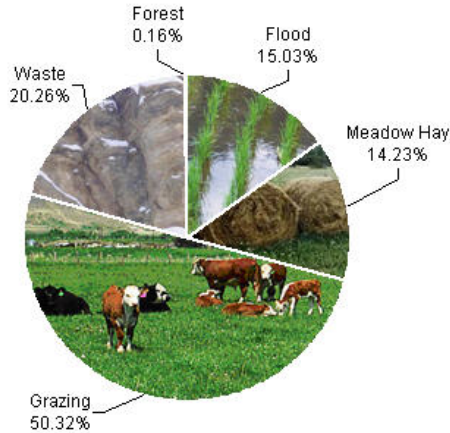
After applying the above described methodologies, it is concluded that Pitkin County is reasonably treating its sold and unsold properties in the same manner.

Recommendations

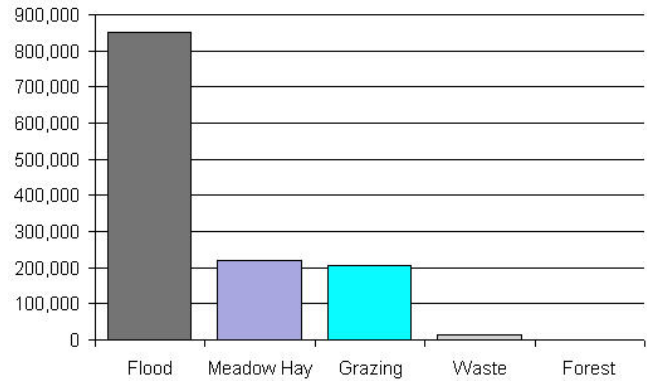
None

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:

Pitkin 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	6,677	127.00	850,503	829,501	1.03
4137	Meadow Hay	6,318	35.00	218,977	218,977	1.00
4147	Grazing	22,347	9.00	206,740	206,740	1.00
4177	Forest	70	13.00	899	899	1.00
4167	Waste	8,999	2.00	14,524	14,524	1.00
Total/Avg		44,411	29.00	1,291,643	1,270,642	1.02

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

Pitkin 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.

Property Taxation for the valuation of land under residential improvements that may or may not be integral to an agricultural operation.

Recommendations

None

Conclusions

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

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 2012 for Pitkin County. This study was conducted by checking selected sales from the master sales list for the current valuation period. Specifically WRA selected 32 sales listed as unqualified.

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

Conclusions

Pitkin 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

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

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

Recommendations

None

NATURAL RESOURCES

Earth and Stone Products

Methodology

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

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

Conclusions

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

Recommendations

None

VACANT LAND

**Pitkin County is exempt from the Vacant Land Subdivision
Discount Study.**

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.

Pitkin 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

Pitkin 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

Pitkin 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.

Pitkin 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
- Websites
- Property Management

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.

Pitkin County submitted their personal property written audit plan and was current for the 2012 valuation period. The number and listing of businesses audited was also submitted and was in conformance with the written audit plan. The following audit triggers were used by the county to select accounts to be audited:

- Accounts with obvious discrepancies
- New businesses filing for the first time
- 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 protested with substantial disagreement

Conclusions

Pitkin 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*

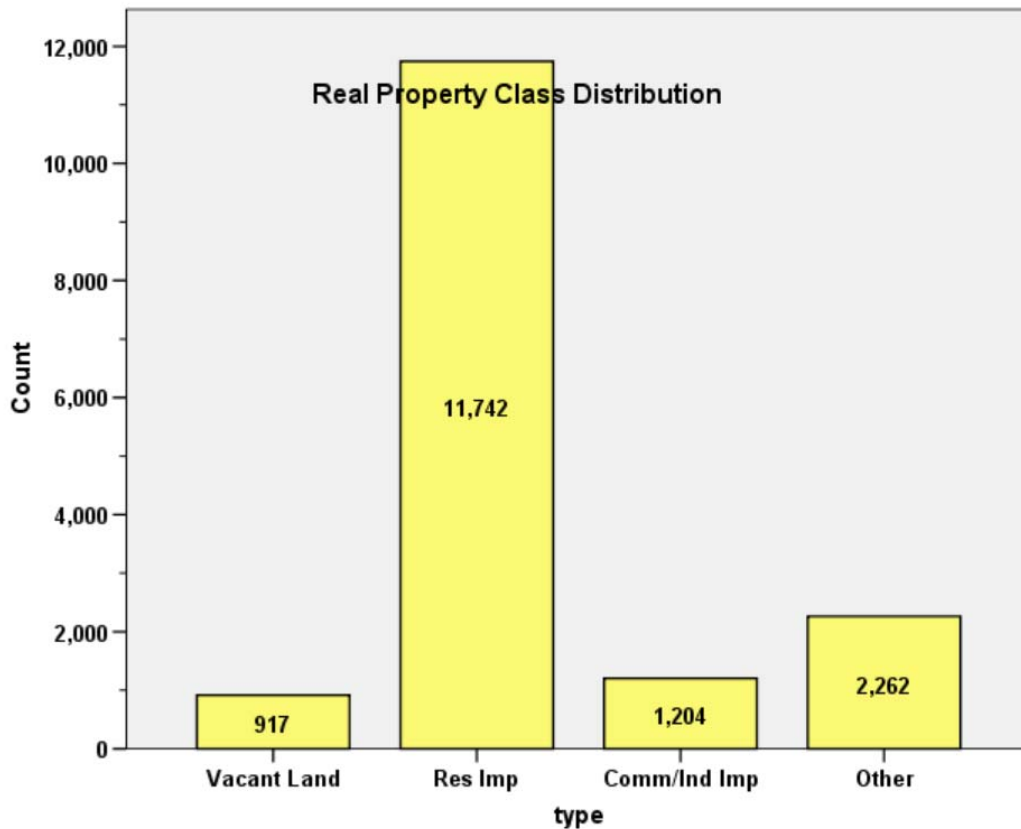
J. Andrew Rodriguez, *Field Analyst*

APPENDICES

STATISTICAL COMPLIANCE REPORT FOR PITKIN COUNTY 2012

I. OVERVIEW

Pitkin County is a mountain resort located in western Colorado. The county has a total of 16,125 real property parcels, according to data submitted by the county assessor's office in 2012. 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 48.5% of all vacant land parcels. Because there are fewer than 1,200 vacant land parcels, this county is exempt from statistical compliance analysis.

For residential improved properties, single family properties accounted for 42.7% of all residential properties. Residential condominiums accounted for 50.8% 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 7% of all such properties in this county.

II. DATA FILES

The following sales analyses were based on the requirements of the 2012 Colorado Property Assessment Study. Information was provided by the Pitkin Assessor’s Office in May 2012. 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 1,487
- 2. Selected qualified sales 384
- 3. Residential sales between July 1, 2008 and June 30, 2010 327

The sales ratio analysis was analyzed as follows:

Residential Non-Condominiums (191 Sales)

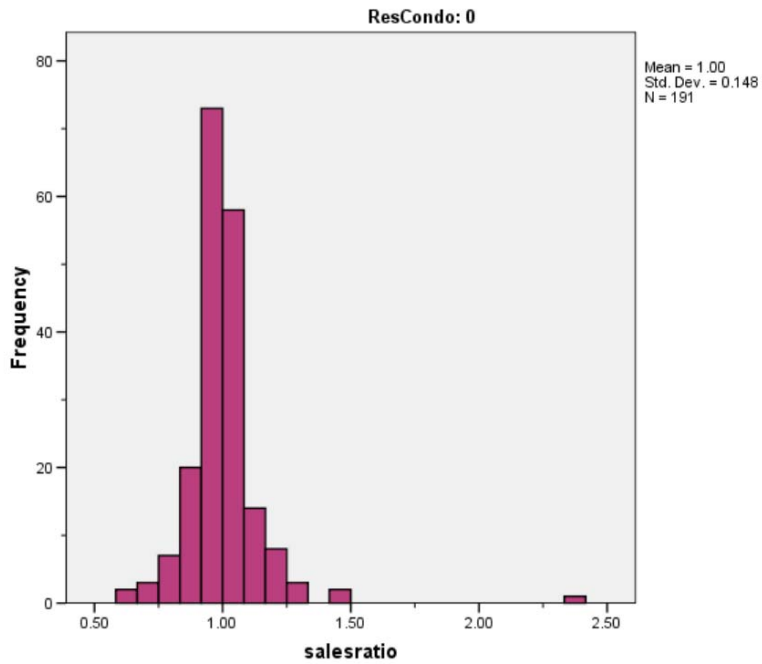
Median	0.999
Price Related Differential	1.023
Coefficient of Dispersion	.078

Residential Condominiums (136 Sales)

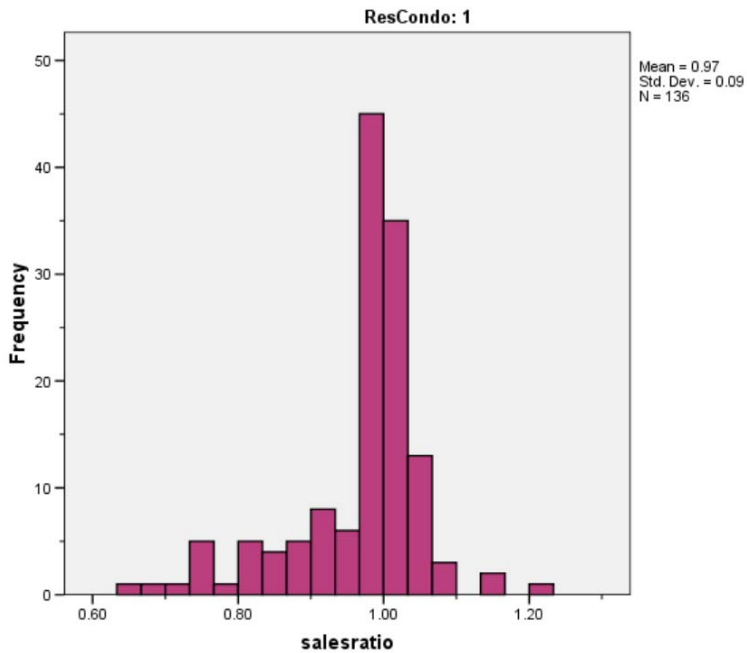
Median	0.998
Price Related Differential	0.999
Coefficient of Dispersion	.055

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



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 24-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		
0	1	(Constant)	1.016	.018		55.758	.000
		SalePeriod	-1.659E-5	.001	-.001	-.012	.991
1	1	(Constant)	.997	.011		89.286	.000
		SalePeriod	-.001	.001	-.100	-1.127	.262

a. Dependent Variable: salesratio

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

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 2012 between each group, stratified by residential non-condominiums and condominiums, as follows:

Type	Group	N	Median	Mean
Non-Condo	Unsold	5,499	\$747	\$882
	Sold	191	\$942	\$1,016
Condos	Unsold	5,686	\$747	\$754
	Sold	134	\$934	\$956

When these numbers are broken down by subdivision, the comparison results indicate that sold and unsold residential properties were valued in a consistent manner.

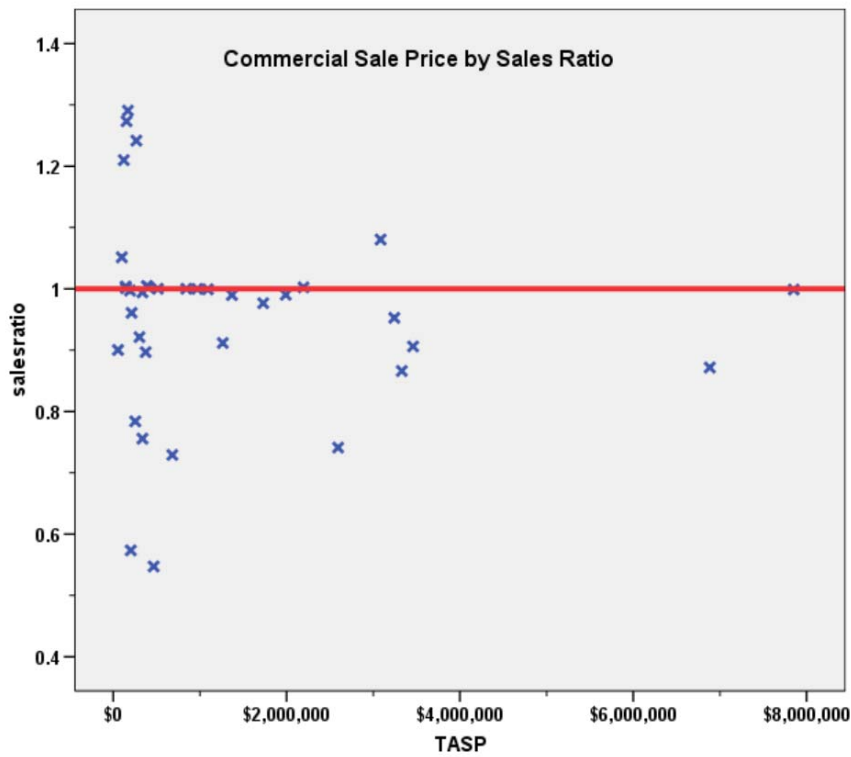
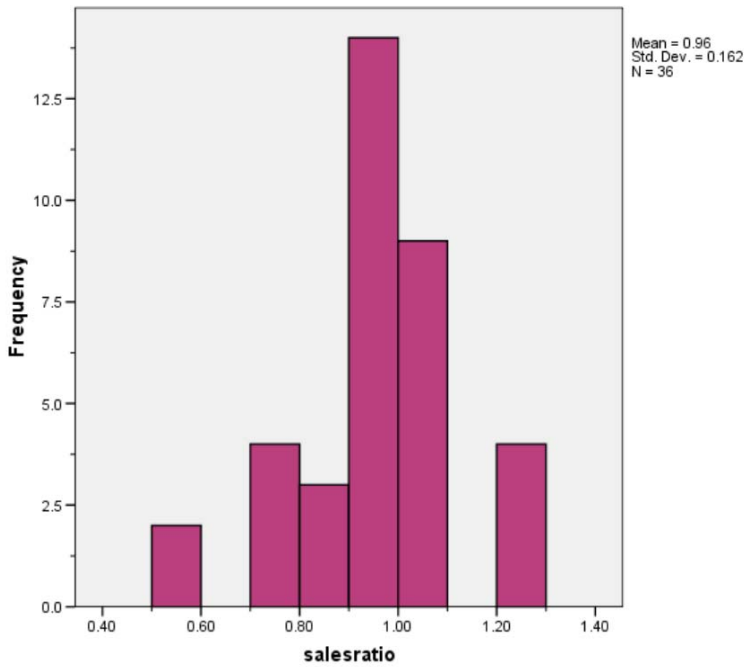
IV. COMMERCIAL/INDUSTRIAL SALE RESULTS

The Pitkin County assessor provided a separate 3-year commercial sale file for this analysis. There were a total of 36 qualified commercial sales, with one sale trimmed.

The sales ratio analysis was analyzed as follows:

Median	0.992
Price Related Differential	1.019
Coefficient of Dispersion	.109

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



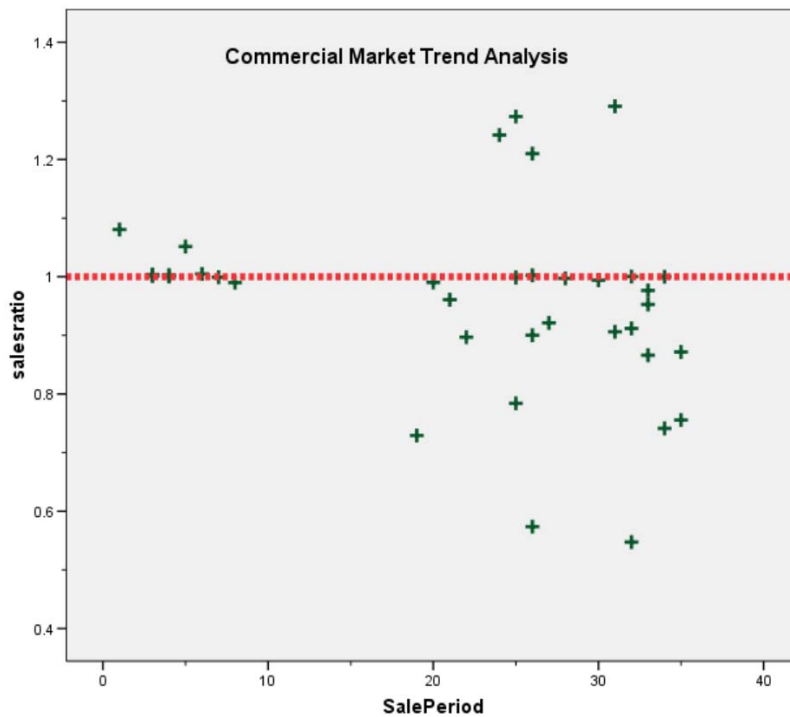
Commercial Market Trend Analysis

The assessor did not apply any market trend adjustment to the commercial dataset. The 36 commercial sales were analyzed, examining the sale ratios across the 36 month sale period with the following results:

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.037	.060		17.409	.000
	SalePeriod	-.004	.002	-.251	-1.512	.140

a. Dependent Variable: salesratio



The market trend results indicated no statistically significant trend. We concur that no market trend adjustments were warranted for properties in this class for Pitkin 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, as follows:

Group	N	Median	Mean
Unsold	781	\$574	\$713
Sold	25	\$403	\$550

Based on the above results, there was no evidence that sold properties were valued consistently higher than unsold properties.

V. VACANT LAND SALE RESULTS

Based on the guidelines of the 2012 audit, vacant land properties were exempt from analysis.

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 Pitkin County.

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

Report
ImpValSF

econarea	abstrimp	N	Median	Mean
1082	1212	266	\$156.80	\$299.24
	- 4277	4	\$83.88	\$91.02
	Total	270	\$156.38	\$296.16
1091	1212	289	\$141.77	\$167.68
	- 4277	6	\$125.74	\$153.19
	Total	295	\$141.77	\$167.39
1111	1212	427	\$148.38	\$162.80
	- 4277	8	\$114.69	\$136.68
	Total	435	\$148.34	\$162.32
Total	1212	982	\$148.01	\$201.19
	- 4277	18	\$103.41	\$132.04
	Total	1000	\$147.85	\$199.95

VI. CONCLUSIONS

Based on this statistical analysis, there were no significant compliance issues concluded for Pitkin 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			
0	1.003	.981	1.024	.999	.994	1.001	95.8%	.980	.948	1.011	1.023	.078	14.8%
1	.969	.954	.985	.998	.995	1.000	95.2%	.970	.948	.991	.999	.055	9.3%

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.

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			
.956	.902	1.011	.992	.912	1.000	97.1%	.939	.893	.984	1.019	.109	16.9%

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.

Residential Median Ratio Stratification

Sale Price

Case Processing Summary

	Count	Percent
SPRec \$100K to \$150K	2	.6%
\$150K to \$200K	3	.9%
\$200K to \$300K	16	4.9%
\$300K to \$500K	37	11.3%
\$500K to \$750K	45	13.8%
\$750K to \$1,000K	14	4.3%
Over \$1,000K	210	64.2%
Overall	327	100.0%
Excluded	0	
Total	327	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
\$100K to \$150K	.995	1.001	.006	.9%
\$150K to \$200K	.930	.997	.058	9.0%
\$200K to \$300K	1.009	.998	.131	34.6%
\$300K to \$500K	.998	1.001	.053	8.9%
\$500K to \$750K	.998	1.002	.065	10.5%
\$750K to \$1,000K	1.001	1.000	.017	3.1%
Over \$1,000K	.998	1.009	.071	11.4%
Overall	.998	1.011	.068	12.9%

Subclass

Case Processing Summary

		Count	Percent
abstrimp	1212	160	48.9%
	1230	136	41.6%
	1231	31	9.5%
Overall		327	100.0%
Excluded		0	
Total		327	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
1212	.999	1.028	.078	15.3%
1230	.998	.999	.055	9.5%
1231	1.000	.989	.076	11.9%
Overall	.998	1.011	.068	12.9%

Improvement Age

Case Processing Summary

		Count	Percent
AgeRec	0	141	43.1%
	Over 100	14	4.3%
	50 to 75	8	2.4%
	25 to 50	51	15.6%
	5 to 25	93	28.4%
	5 or Newer	20	6.1%
Overall		327	100.0%
Excluded		0	
Total		327	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
0	.998	1.000	.056	9.5%
Over 100	.992	1.015	.104	14.1%
50 to 75	.994	.980	.041	6.2%
25 to 50	.997	1.045	.080	20.9%
5 to 25	1.000	1.015	.070	10.8%
5 or Newer	1.000	1.055	.102	17.6%
Overall	.998	1.011	.068	12.9%

Improved Area

Case Processing Summary

		Count	Percent
ImpSFRec	LE 500 sf	22	6.7%
	500 to 1,000 sf	62	19.0%
	1,000 to 1,500 sf	48	14.7%
	1,500 to 2,000 sf	50	15.3%
	2,000 to 3,000 sf	46	14.1%
	3,000 sf or Higher	99	30.3%
Overall		327	100.0%
Excluded		0	
Total		327	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
LE 500 sf	.996	1.024	.060	8.7%
500 to 1,000 sf	.999	1.003	.049	8.8%
1,000 to 1,500 sf	.990	1.010	.068	11.0%
1,500 to 2,000 sf	.999	1.006	.090	21.6%
2,000 to 3,000 sf	1.000	1.012	.059	9.4%
3,000 sf or Higher	.999	1.020	.076	12.3%
Overall	.998	1.011	.068	12.9%

Commercial Median Ratio Stratification

Sale Price

Case Processing Summary

	Count	Percent
SPRec \$50K to \$100K	2	5.6%
\$100K to \$150K	3	8.3%
\$150K to \$200K	3	8.3%
\$200K to \$300K	4	11.1%
\$300K to \$500K	7	19.4%
\$500K to \$750K	2	5.6%
\$750K to \$1,000K	2	5.6%
Over \$1,000K	13	36.1%
Overall	36	100.0%
Excluded	0	
Total	36	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
\$50K to \$100K	.976	.978	.077	11.0%
\$100K to \$150K	1.004	1.007	.069	14.5%
\$150K to \$200K	1.273	1.010	.077	15.4%
\$200K to \$300K	.872	.979	.242	32.5%
\$300K to \$500K	.921	1.012	.124	19.2%
\$500K to \$750K	.865	1.022	.157	22.2%
\$750K to \$1,000K	1.000	1.000	.000	.0%
Over \$1,000K	.977	1.006	.064	9.4%
Overall	.992	1.019	.109	16.7%

Subclass

Case Processing Summary

	Count	Percent
abstrimp 1714	1	2.8%
1716	1	2.8%
1718	1	2.8%
1721	1	2.8%
1726	1	2.8%
2212	4	11.1%
2240	1	2.8%
2245	26	72.2%
Overall	36	100.0%
Excluded	0	
Total	36	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
1714	.912	1.000	.000	.%
1716	1.080	1.000	.000	.%
1718	.872	1.000	.000	.%
1721	.866	1.000	.000	.%
1726	.990	1.000	.000	.%
2212	.824	.914	.173	22.9%
2240	.999	1.000	.000	.%
2245	1.000	1.009	.100	16.2%
Overall	.992	1.019	.109	16.7%

Improvement Age

Case Processing Summary

	Count	Percent
AgeRec 0	32	88.9%
50 to 75	1	2.8%
25 to 50	3	8.3%
Overall	36	100.0%
Excluded	0	
Total	36	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
0	.998	1.005	.111	17.4%
50 to 75	.912	1.000	.000	.%
25 to 50	.872	1.022	.048	9.6%
Overall	.992	1.019	.109	16.7%

Improved Area

Case Processing Summary

		Count	Percent
ImpSFRec	LE 500 sf	14	38.9%
	500 to 1,000 sf	10	27.8%
	1,000 to 1,500 sf	3	8.3%
	1,500 to 2,000 sf	1	2.8%
	2,000 to 3,000 sf	3	8.3%
	3,000 sf or Higher	5	13.9%
Overall		36	100.0%
Excluded		0	
Total		36	

Ratio Statistics for CURRTOT / TASP

Group	Median	Price Related Differential	Coefficient of Dispersion	Coefficient of Variation
				Median Centered
LE 500 sf	1.003	1.052	.114	17.5%
500 to 1,000 sf	.997	1.007	.091	15.0%
1,000 to 1,500 sf	.729	.902	.202	30.8%
1,500 to 2,000 sf	.741	1.000	.000	%
2,000 to 3,000 sf	.953	1.015	.033	4.9%
3,000 sf or Higher	.977	.987	.043	6.7%
Overall	.992	1.019	.109	16.7%