



2008
PUEBLO COUNTY
PROPERTY ASSESSMENT
STUDY



ROCKY MOUNTAIN
VALUATION SPECIALISTS



September 15, 2008

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

**RE: Final Report for the 2008 Colorado Property Assessment Study
for Colorado's sixty four counties**

Dear Mr. Mauer:

Rocky Mountain Valuation Specialists LLC is pleased to submit the Final Reports for the 2008 Colorado Property Assessment Study for all sixty four counties that make up the State of Colorado.

These reports represent the result of a two-part analysis and audit for each county: A procedural analysis and a statistical analysis.

The procedural analysis, for each county, included all classes of property and specifically looked at how the assessor developed economic areas, confirmed and qualified their sales, developed their time adjustments, and performed their periodic physical property inspections. The audit also reviewed the procedures for discovering, classifying and valuing agricultural outbuildings, discovering subdivision build-out and subdivision discounting procedures. Valuation methodology for residential properties and commercial properties was examined. Procedures for producing mines, oil and gas leaseholds and lands producing, producing coalmines, producing earth and stone products, severed mineral interests, and non-producing patented mining claims were also reviewed. Starting in 2007, procedural analyses of agricultural outbuildings were performed for each county.



Statistical analysis was also performed, for each county, on vacant land, residential properties, commercial/industrial properties, and agricultural land. A statistical analysis was performed to check for personal property compliance on the top 11 counties: Adams, Arapahoe, Boulder, Denver, Douglas, El Paso, Jefferson, Larimer, Mesa, Pueblo, and Weld. All other counties received a procedural study.

Throughout this project RMVS has remained committed to its belief that for an ad valorem system to be successful, values must be equitable and market-driven in all parts of Colorado. Only then is the taxpayer assured of a fair property tax.

RMVS appreciates the opportunity to be of service to the State of Colorado.

A handwritten signature in black ink, reading "Mark R. Linné".

Mark R. Linné **MAI, CAE, ASA, CRE, FRICS**
Managing Director
Rocky Mountain Valuation Specialists LLC



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INTRODUCTION



Colorado

The Colorado Constitution directs that each property tax levy shall be uniform upon all real and personal property not exempt from taxation. The constitution goes on to direct that the actual value of all applicable real and personal property shall be determined under general laws, which shall prescribe such methods and regulations as shall secure just and equalized valuations (Colo. Const., Art. X, Sec. 3 (1)(a)).

In order to check that all applicable property has been valued with just and equalized valuations, the Constitution states that commencing in 1983 the general assembly shall cause a valuation for assessment study to be conducted. Such study shall determine whether or not the assessor of each county has complied with the property tax provisions of this constitution and of the statutes in valuing property and has determined the actual value and valuation for assessment of each and every class of taxable real and personal property consistent with such provisions. Such study shall sample at least one percent of each and every class of taxable real and personal property in the county (Colo. Const., Art. X, Sec. 3 (2)(a)).

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.

C.R.S. 39-1-104 (16)(a)(b) and (c) outlined how this was to be accomplished by stating that during each property tax year, the director of research of the legislative council shall contract with a private person for a valuation for assessment study to be conducted as set forth in this subsection (16). The study shall be conducted in all counties of the state to determine whether or not the assessor of each county has, in fact, used all manuals, formulas, and other directives required by law to arrive at the valuation for assessment of each and every class of real and personal property in the county. The person conducting the study shall sample each class of property in a statistically valid manner, and the aggregate of such sampling shall equal at least one percent of all properties in each county of the state. The sampling shall show that the various areas, ages of buildings, economic conditions, and uses of properties have been sampled. Such study shall be completed, and a final report of the findings and conclusions thereof shall be submitted to the state board of equalization, by September 15 of the year in which the study is conducted.

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.

RMVS has completed the Property Assessment Study for 2008 and is pleased to report its findings for Pueblo County in the following report.



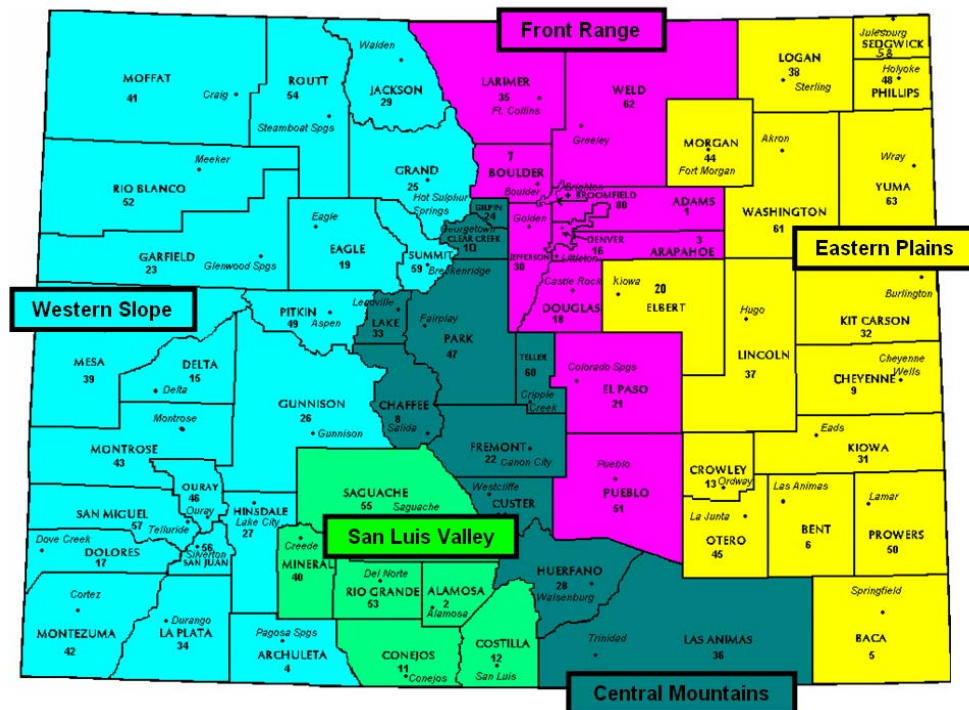
REGIONAL/HISTORICAL SKETCH OF PUEBLO COUNTY

Regional Information

Pueblo County is located in the Front Range region of Colorado. The Colorado Front Range is a colloquial geographic term for the populated areas of the State of Colorado which are just east of the foothills of the Front Range, from which the region takes its name. The region contains the largest cities and the majority of the population of Colorado, aligned in a north-south configuration on the western edge of the Great Plains, where they meet the Rockies. Geologically, the region lies mostly within the Colorado Piedmont, in the valley

of the South Platte and Arkansas rivers on the east side of the Rockies.

The Front Range includes Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer, Pueblo, and Weld counties. The Colorado Front Range communities include (in a roughly north-to-south order): Fort Collins, Greeley, Loveland, Longmont, Boulder, Denver-Aurora Metropolitan Area, Castle Rock, Colorado Springs, Pueblo.





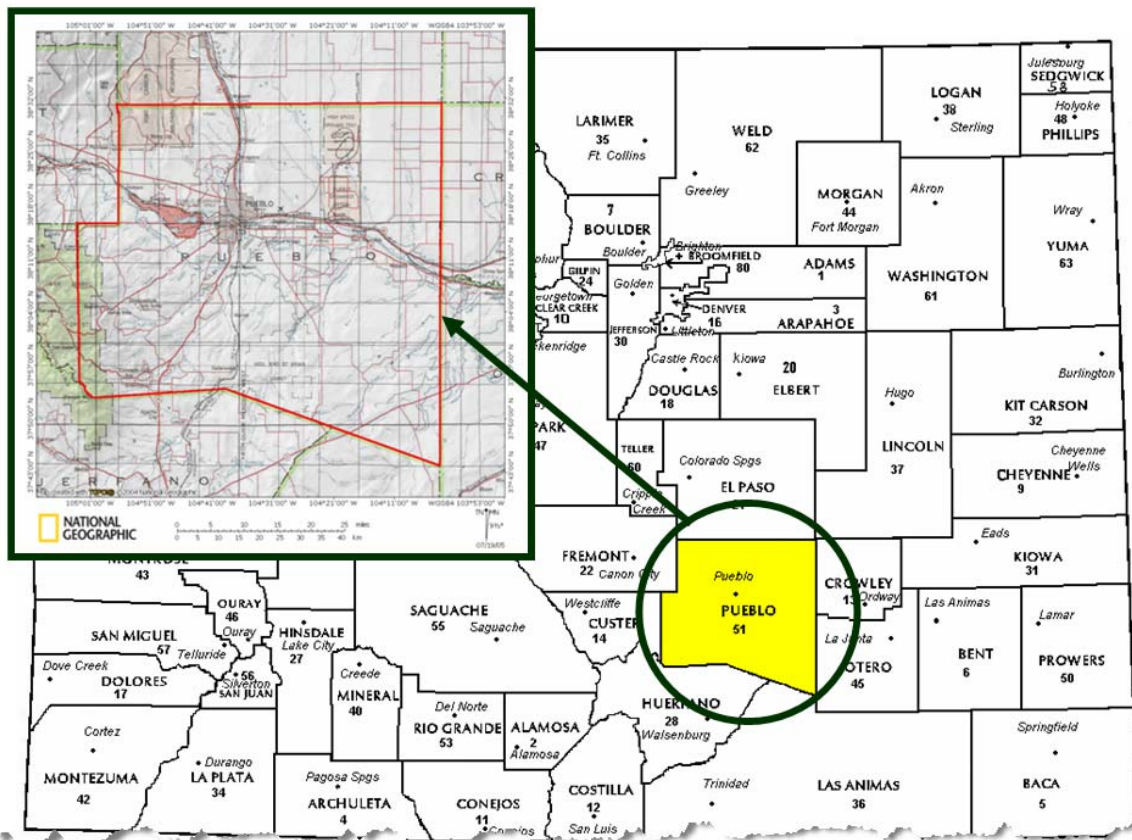
Historical Information

Pueblo County has a population of approximately 152,912 people with 59.2 people per square mile, according to the U.S. Census Bureau's 2006 estimated population data.

Pueblo County, one of the original seventeen original territorial counties, was established in 1861 with an area of 2,405 square miles. The county was named for its

county seat, Pueblo, Spanish for 'town' or 'village.'

Originally called Independence, it had been a settlement for many years, occupied at times by Spaniards, trappers, Indian traders, and Mexicans. (William Bright, Colorado Place Names, 3rd Edition, Johnson Books, 2004, p. 143)





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 2005 and June 2006. Counties with less than 30 sales typically extended the sale period back up to 5 years prior to June 30, 2006 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 insure that only true outliers were excluded. Any county with a significant portion of sales excluded by this trimming method were 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 Pueblo County are:

Pueblo County Ratio Grid					
Property Class	Number of Qualified Sales	Unweighted Median Ratio	Price Related Differential	Coefficient of Dispersion	Time Trend Analysis
Commercial/Industrial	61	0.971	1.034	10.5	Compliant
Condominium	N/A	N/A	N/A	N/A	N/A
Single Family	4,550	0.999	1.015	8.8	Compliant
Vacant Land	784	0.958	1.083	20.4	Compliant

Ratio Statistics

ECON AREA	Sale Count	Median	Weighted Mean	Price Related Differential	Coefficient of Dispersion
1	214	1.002	1.003	1.020	.130
2	316	.999	.988	1.027	.090
3	470	1.002	.997	1.013	.091
4	146	.998	.982	1.017	.114
5	400	.997	.981	1.020	.105
6	358	.999	.992	1.006	.068
7	441	.997	.993	1.006	.068
8	1,036	1.009	1.000	1.015	.080
9	310	.975	.954	1.034	.130
10	158	.992	.983	1.014	.051
11	144	.987	.970	1.007	.061
12	137	1.004	1.004	1.020	.119
13	420	1.000	.995	1.010	.076
Overall	4,550	.999	.991	1.015	.088

RATIO = CURRENT ASMT / TASP

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

Pueblo County was tested for the equal treatment of sold and unsold properties to insure 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 2006 and 2008 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 Pueblo County is reasonably treating its sold and unsold properties in the same manner.

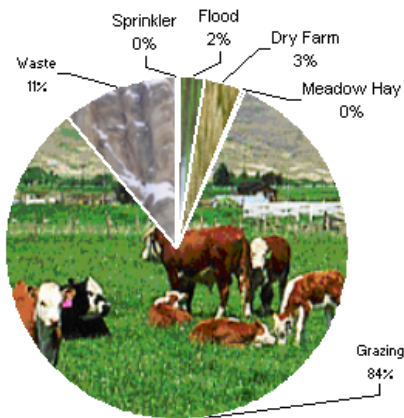
Recommendations

None

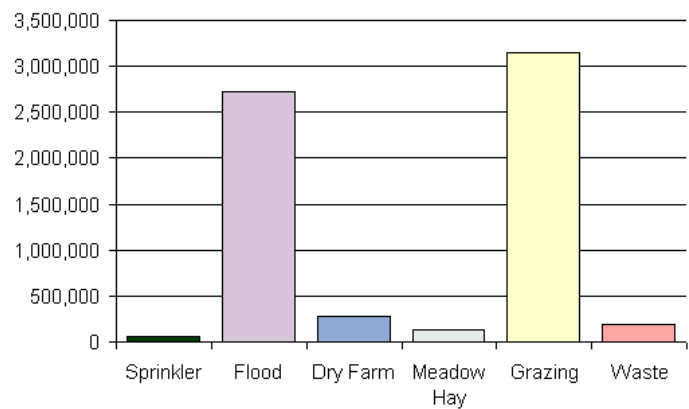


AGRICULTURAL LAND STUDY

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:



Pueblo County Agricultural Land Ratio Grid						
Abstract Code	Land Class	Number Of Acres	County Value Per Acre	County Assessed Total Value	RMVS Total Value	Ratio
4107	Sprinkler	2,034	27.87	56,689	56,976	0.99
4117	Flood	25,009	109.07	2,727,688	2,751,223	0.99
4127	Dry Farm	35,345	7.89	278,801	296,200	0.94
4137	Meadow Hay	3,091	43.95	135,838	135,838	1.00
4147	Grazing	860,794	3.65	3,144,865	3,144,865	1.00
4167	Waste	115,009	1.63	187,801	187,801	1.00
Total/Avg		1,041,282	6.27	6,531,683	6,572,903	0.99

Recommendations

None

Agricultural Outbuildings

Methodology

A sample of various use types of agricultural outbuildings with varying ages was reviewed to see if the guidelines found in the Assessor's Reference Library (ARL) Volume 3, pages 5.73 through 5.78 were being followed.

Conclusions

Pueblo County has complied with all of the recommended procedures provided by the Division of Property Taxation for the valuation of agricultural outbuildings.

Recommendations

None



SALES VERIFICATION

According to Colorado Revised Statutes:

A representative body of sales is required when considering the market approach to appraisal.

(8) In any case in which sales prices of comparable properties within any class or subclass are utilized when considering the market approach to appraisal in the determination of actual value of any taxable property, the following limitations and conditions shall apply:

(a)(I) Use of the market approach shall require a representative body of sales, including sales by a lender or government, sufficient to set a pattern, and appraisals shall reflect due consideration of the degree of comparability of sales, including the extent of similarities and dissimilarities among properties that are compared for assessment purposes. In order to obtain a reasonable sample and to reduce sudden price changes or fluctuations, all sales shall be included in the sample that reasonably reflect a true or typical sales price during the period specified in section 39-1-104 (10.2). Sales of personal property exempt pursuant to the provisions of sections 39-3-102, 39-3-103, and 39-3-119 to 39-3-122 shall not be included in any such sample.

(b) Each such sale included in the sample shall be coded to indicate a typical, negotiated sale, as screened and verified by the assessor. (39-1-103, C.R.S.)

The assessor is required to use sales of real property only in the valuation process.

(8)(f) Such true and typical sales shall include only those sales which have been determined on an individual basis to reflect the selling price of the real property only or which have been adjusted on an individual basis to reflect the selling price of the real property only. (39-1-103, C.R.S.)

Part of the Property Assessment Study is the sales verification analysis. RMVS has used the above-cited statutes as a guide in our study of the county's procedures and practices for verifying sales.

RMVS reviewed the sales verification procedures in 2008 for Pueblo County. This study was conducted by checking selected sales from the master sales list for the valuation period. Specifically RMVS selected 45 sales listed as unqualified.

All but three of the sales selected in the sample gave reasons that were clear and supportable. Three sales had insufficient documentation.

Conclusions

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

Recommendations

None



ECONOMIC AREA REVIEW AND EVALUATION

Methodology

Pueblo County has submitted a written narrative describing the economic areas that make up the county's market areas. Pueblo 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 Pueblo 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 the primary method applied to find value for production of earth and stone products. The number of tons was multiplied by an economic location factor that represented the landlord's royalty. The landlord's share was multiplied by a recommended Hoskold factor to determine the actual value. The Hoskold factor was determined by the life of the reserves, or the lease. The value was

primarily 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

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

Recommendations

None



VACANT LAND

Subdivision Discounting

In 2008 subdivisions were reviewed in Pueblo 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

Pueblo 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 property discovery and valuation is described in the Assessor's Reference Library (ARL) Volume 3 section 7 in accordance with the requirements of 39-1-103 (17)(a) (II) C.R.S. Possessory Interest is defined by the Property Tax Administrator's Publication ARL Volume 3, Section 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.

Pueblo County has been reviewed for their procedures and adherence to guidelines when assessing and valuing 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

Pueblo 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

Pueblo 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 requirements are outlined as follows:

Use ARL Volume 5 including current discovery, classification, and documentation procedures, and including 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, RMVS 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.

Pueblo 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
- Physical canvassing

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.

Pueblo County submitted their personal property written audit plan and was current for the 2008 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
- Accounts with omitted property
- Same business type or use
- Non-filing Accounts - Best Information Available
- Accounts protested with substantial disagreement

Pueblo County's median ratio is 1.00. This is in compliance with the State Board of Equalization (SBOE) compliance

requirements which range from .90 to 1.10 with no COD requirements.

Conclusions

Pueblo 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



ROCKY MOUNTAIN
VALUATION SPECIALISTS

RMVS AUDITOR STAFF

Mark Linné, MAI, CRE, CAE, ASA, FRICS, *Corporate Managing Director of RMVS*

Suzanne J. Howard, *Audit Manager for RMVS*

Uwe Hohoff, *Chief Statistician for RMVS, Audit Division*

James Gresham, *Audit Chief Data Analyst for RMVS*

Garth Thimgan, CAE, *General Audit Support and Consultant for RMVS*

Helen D. Powszukiewicz, *General Audit Support Administrative Assistant*

Carl W. Ross, *Agricultural Coordinator and Supervisor for RMVS*

Cathie E. Ross, *General Audit Support Administrative Assistant*

Katie Linné, *Administrative Assistant*



ROCKY MOUNTAIN
VALUATION SPECIALISTS

APPENDICES

STATISTICAL ANALYSIS PUEBLO COUNTY 2008

I. OVERVIEW

Pueblo County is located in the central portion of Colorado. The County has a total of 98,270 parcels based on the data submitted by the County Assessor's office in 2008. The breakdown by property type is listed in the table below.

PROPERTY TYPE

	Frequency	Percent
VACANT LAND	31,226	31.8
RESIDENTIAL	54,108	55.1
COMMERCIAL	2,527	2.6
INDUSTRIAL	339	.3
OTHER	10,070	10.2
Total	98,270	100.0

Vacant Land

The vacant land class of properties has a total of 31,226 parcels. The majority (87%) of the parcels are classified as residential land (100,1112,1130). The remaining vacant parcels are mix of commercial/industrial, mobile home, or have a subclass code that is delineated by the acreage of the parcel.



SUBCLASS CODE

	Frequency	Percent
100 Residential Lots	26,484	84.8
200 Commercial Lots	1,600	5.1
300 Industrial Lots	489	1.6
510 Less Than 1.0 ACRES	101	.3
520 1.0 to 4.99 ACRES	111	.4
530 5.0 to 9.99 ACRES	72	.2
540 10.0 to 34.99 ACRES	126	.4
550 35.0 to 99.99 ACRES	193	.6
560 100.0 ACRES and Up	20	.1
600 Minor Structures on Vacant Land	134	.4
1112 Single Family Residence Land	930	3.0
1130 Condominiums Land	3	.0
1135 Manuf Housing (Mobile Homes) Land	961	3.1
1140 Manuf Housing (Land, Park, Etc.) Land	1	.0
1150 Partially Exempt (Taxable Part) Land	1	.0
Total	31,226	100.0

Residential

The residential subclass category has a total of 54,108 parcels. Over 94% of the parcels have a single-family (1212) subclass code. The remaining parcels in this category are multi-unit, condominiums and mobile homes.

SUBCLASS CODE

	Frequency	Percent
1212 Single Family Residence	51,083	94.4
1215 Duplexes-Triplexes	1,145	2.1
1220 Multi-Units (4-8)	518	1.0
1225 Multi-Units (9 & Up)	113	.2
1230 Condominiums	1,225	2.3
1240 Manuf Housing (Land, Park, Etc.)	23	.0
1250 Partially Exempt (Taxable Part)	1	.0
Total	54,108	100.0

Commercial/Industrial

The commercial/industrial subclass category has a total of 2,866 properties. This category represents 2.9% of the total property inventory. The majority (88%) of these parcels have a commercial use. The breakdown by subclass code is listed below.



SUBCLASS CODE

	Frequency	Percent
2020 Airport Possessory Interest	10	.3
2022 Recreation Possessory Interest	1	.0
2023 Other Commercial Possessory Int	8	.3
2112 Merchandising	4	.1
2115 Lodging	2	.1
2120 Offices	2	.1
2125 Recreation	2	.1
2130 Special Purpose	16	.6
2135 WareHouse/Strg	1	.0
2212 Merchandising	517	18.0
2215 Lodging	38	1.3
2220 Offices	256	8.9
2225 Recreation	70	2.4
2230 Special Purpose	1,262	44.0
2235 WareHouse/Strg	190	6.6
2240 Multi-Use (3+)	34	1.2
2245 Commercial Condo	108	3.8
2250 Partially Exempt (Taxable Part)	6	.2
3115 Manuf/Processing	5	.2
3212 Contract/Service	183	6.4
3215 Manuf/Processing	149	5.2
3230 Industrial Condos	2	.1
Total	2,866	100.0

Other

The majority of the remaining 10,070 parcels have an agricultural use.

II. SALES FILE

The sale file provided by the Pueblo County Assessor's Office contained 10,144 sales between the dates of January 2005 and June 2006. The breakdown of sales activity by sale month and year is as follows:



Count

		SALE YEAR		Total
		2005	2006	
SALE MONTH	January	388	525	913
	February	461	509	970
	March	547	628	1,175
	April	575	628	1,203
	May	510	603	1,113
	June	576	645	1,221
	July	594	0	594
	August	625	0	625
	September	611	0	611
	October	580	0	580
	November	542	0	542
	December	597	0	597
Total		6,606	3,538	10,144

**Note: Sales without current assessed values were excluded from the above analysis.*

Once the sales were edited to keep the most recent sale, transactions that were coded as unqualified by the County were excluded from the analysis. The following table provides a breakdown of the qualified and unqualified sales.

SALE INVESTIGATION CODE

	Frequency	Percent
QUALIFIED	6,721	71.1
UNQUALIFIED	2,736	28.9
Total	9,457	100.0

There were 6,721 sales classified as qualified. The breakdown of the sales with the current property type is listed in the following table.



SALE TYPE

	Frequency	Percent
VACANT	784	11.7
VACANT SALE WITH NON-VACANT LAND SUBCLAS	1,265	18.8
RESIDENTIAL	4,605	68.5
COMM/IND	61	.9
IMPROVED SALE WITH VACANT SUBCLASS	3	.0
OTHER	3	.0
Total	6,721	100.0

III. RESIDENTIAL SALES RESULTS

For the residential analysis, 4,605 sales between the dates January 2005 and June 2006 were analyzed. A breakdown of the sales by subclass is listed below.

SUBCLASS CODE

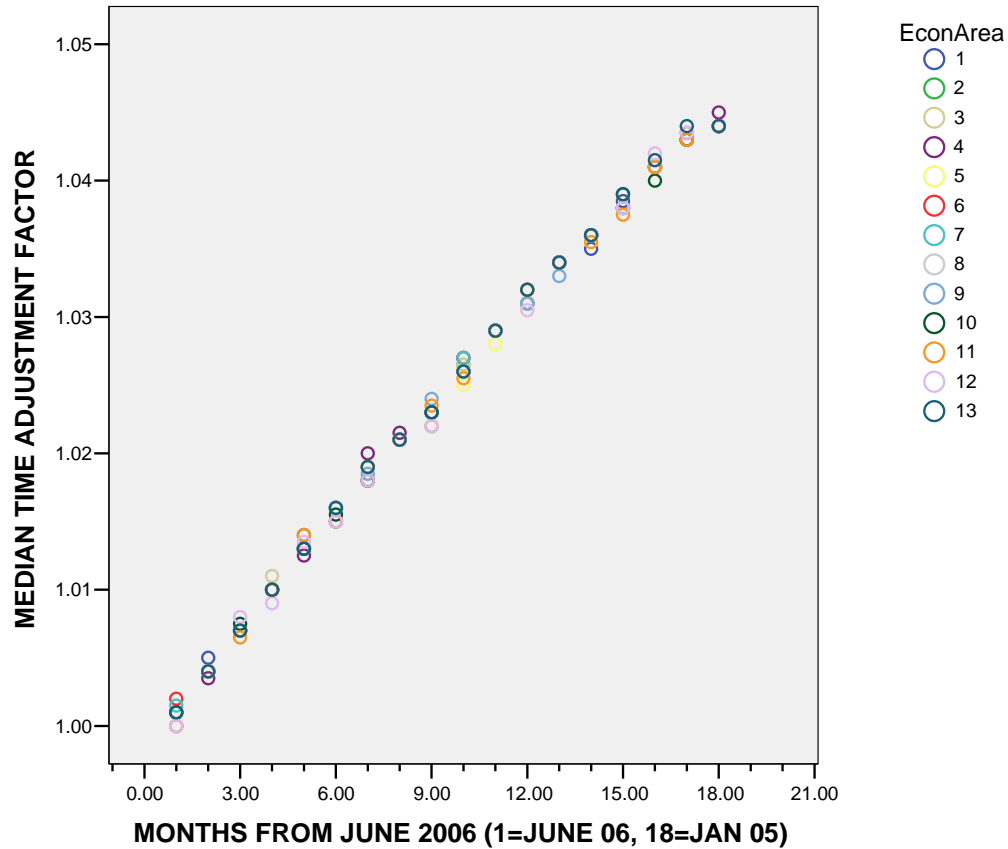
	Frequency	Percent
1212 Single Family Residence	4,266	92.6
1215 Duplexes-Triplexes	120	2.6
1220 Multi-Units (4-8)	43	.9
1225 Multi-Units (9 & Up)	5	.1
1230 Condominiums	171	3.7
Total	4,605	100.0

These sales were used to perform a sales ratio analysis to determine whether the statutory guidelines for the level and quality of the assessments have been satisfied. In order to perform a sales ratio analysis all sales must reflect market conditions as of June 30, 2006.

Based on an examination of the sales file, the County applied time adjustments to the sales during this time period. The following graph illustrates the various time adjustment factors applied to the residential sales.



PUEBLO RESIDENTIAL TIME ADJUSTMENT FACTORS



The following table outlines the sales ratio statistics by economic area for residential properties in Pueblo County.



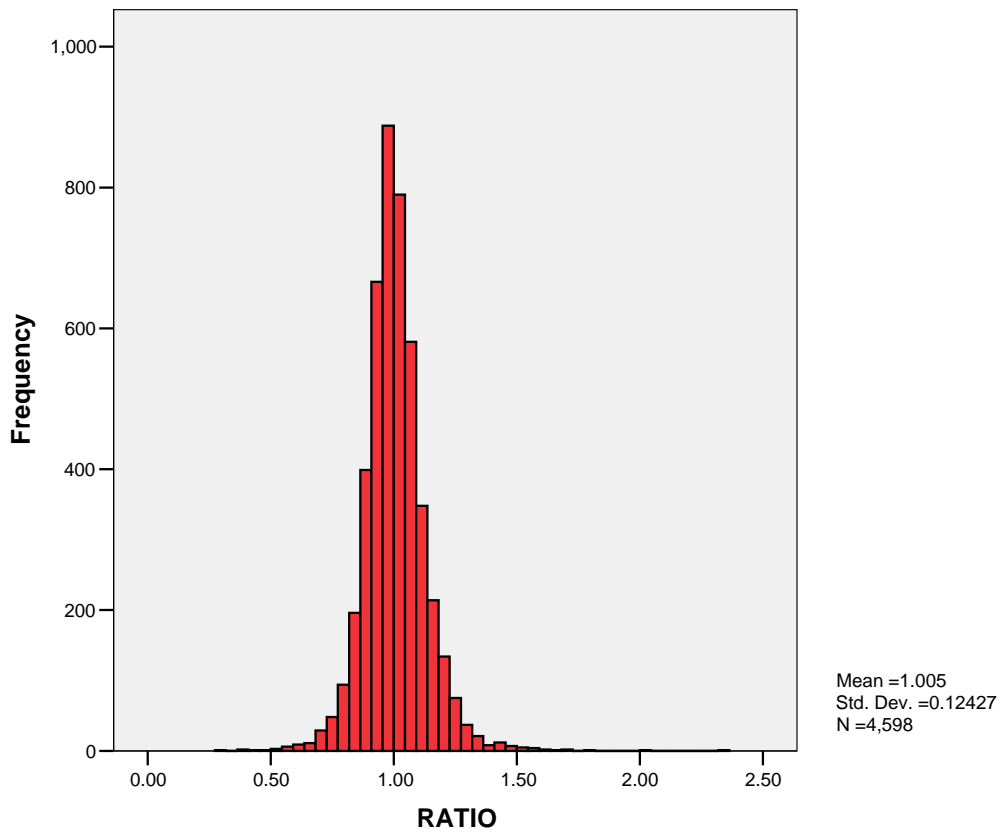
Ratio Statistics

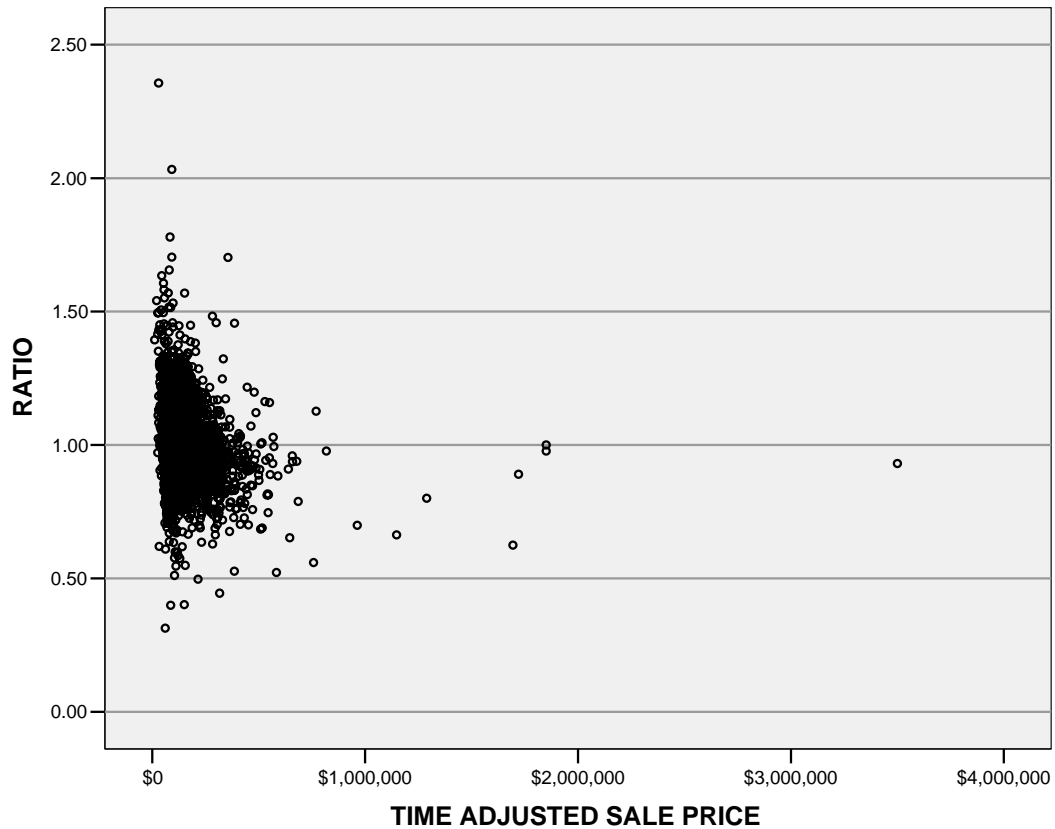
ECON AREA	Sale Count	Median	Weighted Mean	Price Related Differential	Coefficient of Dispersion
1	214	1.002	1.003	1.020	.130
2	316	.999	.988	1.027	.090
3	470	1.002	.997	1.013	.091
4	146	.998	.982	1.017	.114
5	400	.997	.981	1.020	.105
6	358	.999	.992	1.006	.068
7	441	.997	.993	1.006	.068
8	1,036	1.009	1.000	1.015	.080
9	310	.975	.954	1.034	.130
10	158	.992	.983	1.014	.051
11	144	.987	.970	1.007	.061
12	137	1.004	1.004	1.020	.119
13	420	1.000	.995	1.010	.076
Overall	4,550	.999	.991	1.015	.088

RATIO = CURRENT ASMT / TASP

**Note: 3 sales with sale ratios > 2.5 and 4 sales with an effective year built > sale year were excluded from the above analysis.*

The residential sale ratios are in compliance with the standards set forth by the Colorado State Board of Equalization (SBOE) for the overall sales. The following graphical exhibits describe further the sales ratio distribution for all of these properties:

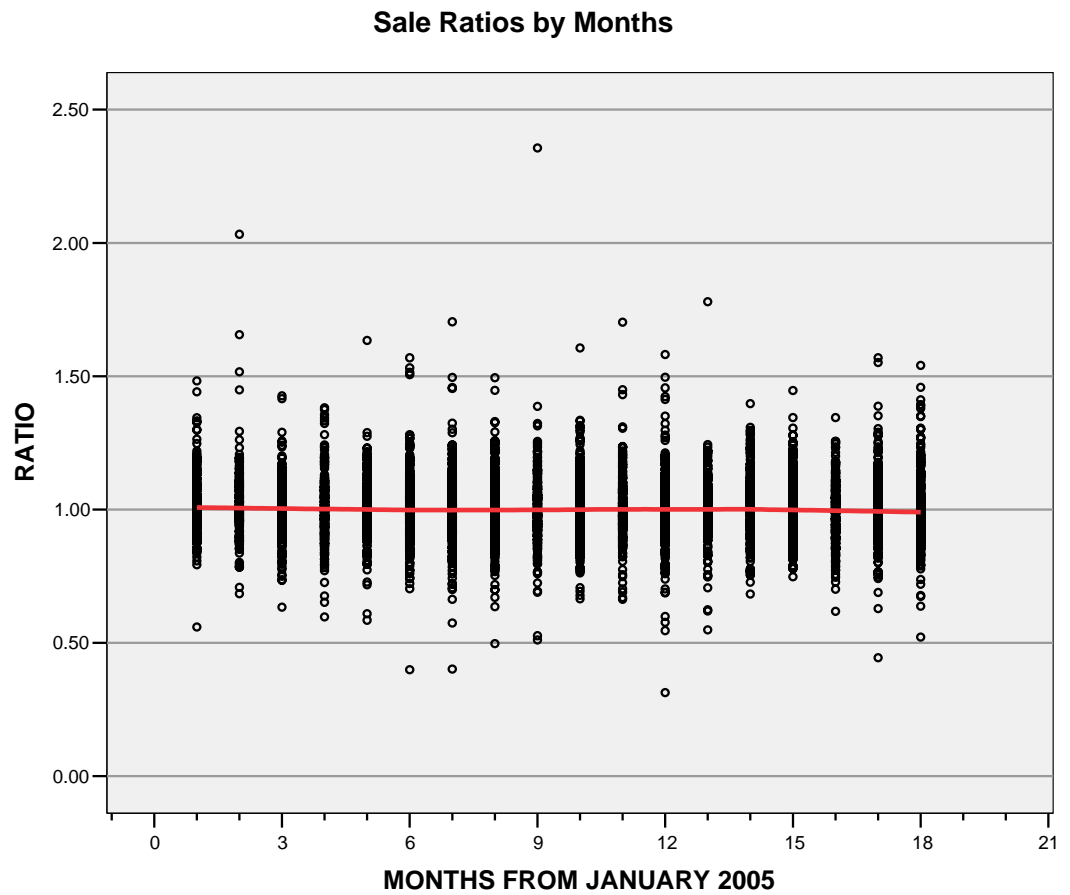




The above graphs indicate the distribution of the sale ratios are within state mandated limits, and that there are no significant price related differential issues.

Residential Market Trend Analysis

We verified that market trending was accounted for in the residential valuations by analyzing the sale ratios over the 18 month time period. The following graph indicates that there is no trend in sale ratios during this time period when evaluated on a countywide basis.



Time trends were next analyzed for each economic area. The results are as follows:



TIME TREND SIGNIFICANCE TEST BY ECONOMIC AREA

EconArea	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
.	1	(Constant)	-.042	.056		-.752	.456
		MONTHS	-.004	.005	-.122	-.831	.410
1	1	(Constant)	-.035	.025		-1.429	.155
		MONTHS	.004	.002	.137	2.007	.046
2	1	(Constant)	.017	.015		1.171	.242
		MONTHS	-.001	.001	-.044	-.779	.436
3	1	(Constant)	.000	.012		-.039	.969
		MONTHS	.000	.001	.010	.214	.831
4	1	(Constant)	-.035	.026		-1.347	.180
		MONTHS	.003	.002	.102	1.227	.222
5	1	(Constant)	-.011	.015		-.730	.466
		MONTHS	.001	.001	.022	.446	.656
6	1	(Constant)	.020	.011		1.869	.063
		MONTHS	-.003	.001	-.140	-2.659	.008
7	1	(Constant)	-.004	.009		-.407	.684
		MONTHS	-.0001	.001	-.005	-.112	.911
8	1	(Constant)	.022	.007		3.086	.002
		MONTHS	-.001	.001	-.060	-1.930	.054
9	1	(Constant)	-.027	.020		-1.311	.191
		MONTHS	-.0001	.002	-.002	-.030	.976
10	1	(Constant)	-.023	.014		-1.623	.107
		MONTHS	.002	.001	.100	1.252	.212
11	1	(Constant)	.006	.016		.404	.687
		MONTHS	-.004	.001	-.203	-2.467	.015
12	1	(Constant)	-.021	.029		-.726	.469
		MONTHS	.003	.003	.086	.998	.320
13	1	(Constant)	.034	.011		3.015	.003
		MONTHS	-.003	.001	-.164	-3.404	.001

a. Dependent Variable: LNRATIO

Economic areas that have significant trends (at the 95% confidence level) are highlighted in red. The four economic areas (1,6,11,13) that indicate a significant trend suggest time trends that range from -.4% to +.4% per month. The following graph outlines the trend in sale ratios in these areas.



A visual interpretation of the above graph indicates that the target assessment level (95-105) has been maintained in each economic area during the 18-month study period, therefore no further analysis is necessary.

Sold/Unsold Analysis

For the 2007 revaluation year audit, an analysis was performed that confirmed the median assessed value per square foot for sold and unsold residential property was similar. This analysis was performed for each economic area. Since tax year 2008 is the intervening year, this relationship should not change. If there is no change in either category, the conclusions from the 2007 audit would also be applicable to the current year.



2007 - 2008 PERCENT CHANGE

CHANGE

EconArea	CATEGORY	Median	N
1	SOLD	.0000	214
	UNSOLD	.0000	4,389
2	SOLD	.0000	315
	UNSOLD	.0000	3,653
3	SOLD	.0000	470
	UNSOLD	.0000	4,432
4	SOLD	.0000	147
	UNSOLD	.0000	3,300
5	SOLD	.0000	401
	UNSOLD	.0000	5,242
6	SOLD	.0000	358
	UNSOLD	.0000	3,742
7	SOLD	.0000	441
	UNSOLD	.0000	4,858
8	SOLD	.0000	1,036
	UNSOLD	.0000	6,767
9	SOLD	.0000	307
	UNSOLD	.0000	6,946
10	SOLD	.0000	158
	UNSOLD	.0000	818
11	SOLD	.0000	142
	UNSOLD	.0000	979
12	SOLD	.0000	137
	UNSOLD	.0000	2,242
13	SOLD	.0000	420
	UNSOLD	.0000	1,429

The median percent change table of sold and unsold residential property indicates that there is no change in either category. Therefore, we can conclude that the analysis performed for the 2007 audit is also applicable for the 2008 intervening year.

IV. COMMERCIAL/INDUSTRIAL SALES RESULTS

For the commercial/industrial analysis, 61 sales between the dates of January 2005 and June 2006 were analyzed. A breakdown of the sales by subclass is as follows:



SUBCLASS CODE

	Frequency	Percent
2212 Merchandising	14	23.0
2220 Offices	10	16.4
2230 Special Purpose	24	39.3
2235 WareHouse/Strg	3	4.9
2240 Multi-Use (3+)	1	1.6
2245 Commercial Condo	5	8.2
3212 Contract/Service	2	3.3
3215 Manuf/Processing	2	3.3
Total	61	100.0

In order to perform a sales ratio analysis all commercial/industrial sales must reflect market conditions as of June 30, 2006. Based on an examination of the sales file, the County did not apply time adjustments to the sales during this time period. The following table outlines the sales ratio statistics for commercial and industrial properties in Pueblo County.

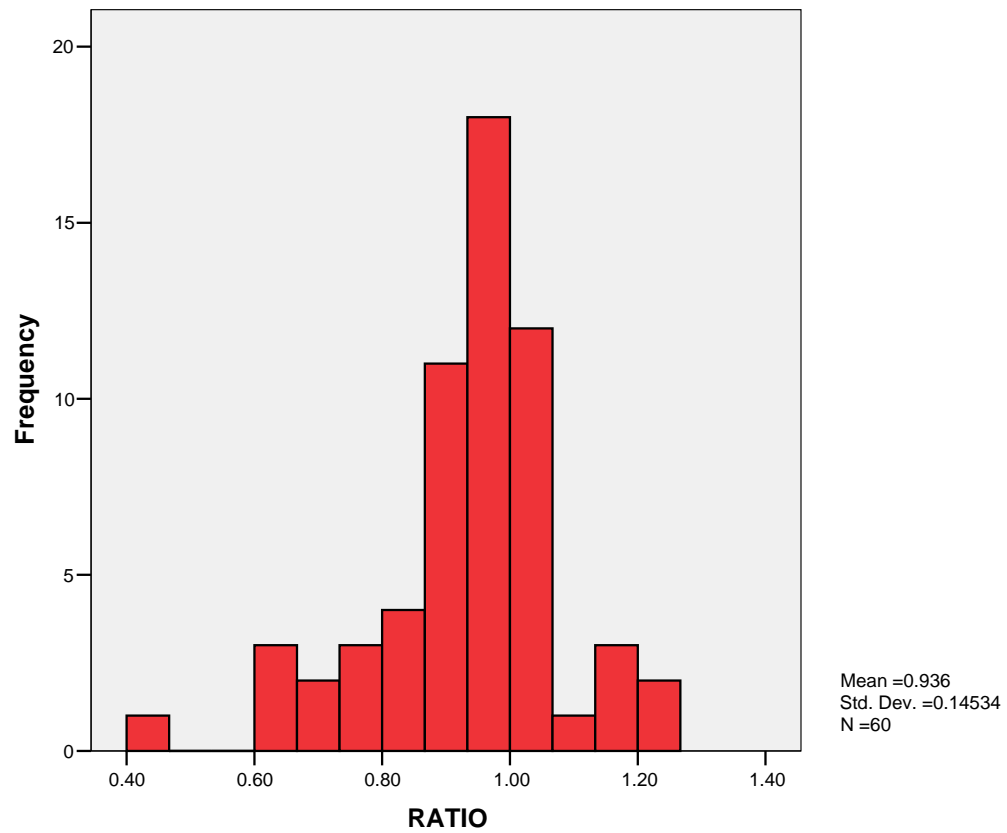
Ratio Statistics

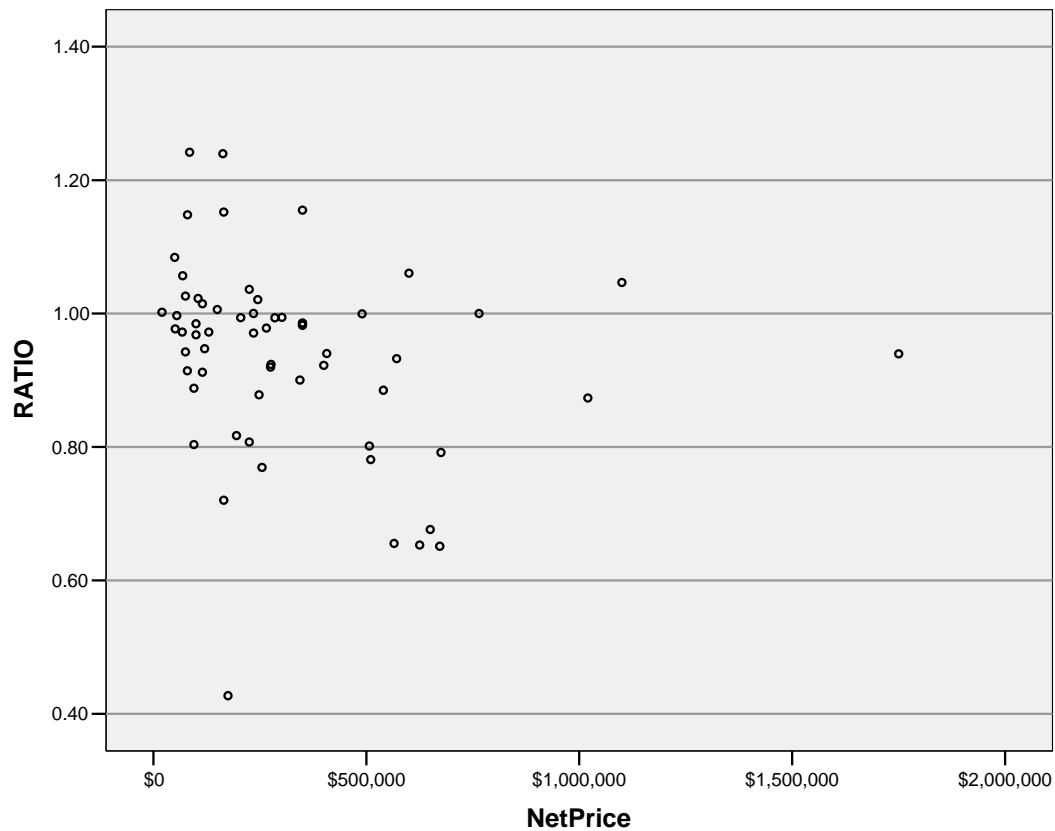
Mean	.936
Median	.971
Weighted Mean	.905
Price Related Differential	1.034
Coefficient of Dispersion	.105

RATIO = CURRENT ASMT / NET PRICE

**Note: 1 sale with ratio > 2.6 was excluded from the analysis.*

The above ratios are in compliance with the standards set forth by the Colorado State Board of Equalization (SBOE) for the overall sales. The following graphical exhibits describe further the sales ratio distribution for all of these properties:



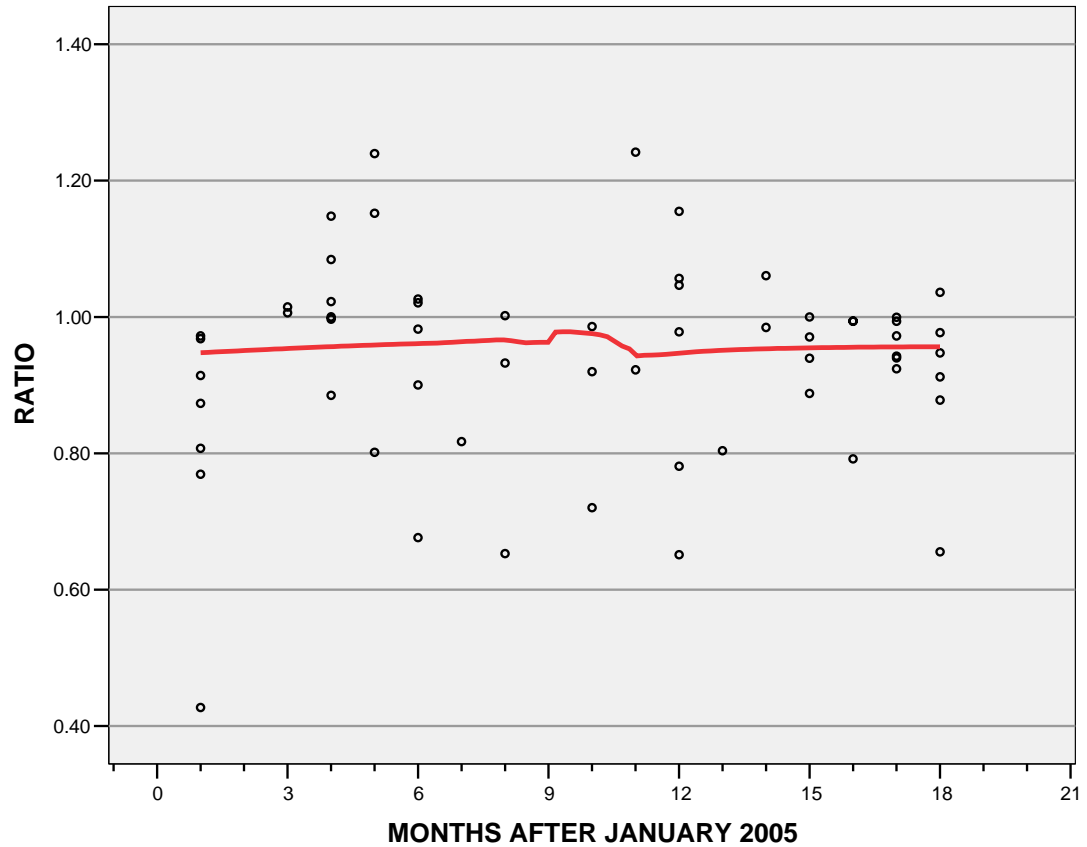


Commercial Market Trend Analysis

We verified that market trending was accounted for in the commercial/industrial valuations by analyzing the sale ratios over the 18 month time period. The following graph illustrates a horizontal pattern indicating no significant changes in sale ratios during the study period.



Sale Ratio By Months



Sold/Unsold Analysis

For the 2007 revaluation year audit, an analysis was performed that confirmed that the median change in value between sold and unsold commercial/industrial property was similar. This analysis was performed by commercial subclass. Since tax year 2008 is the intervening year, this relationship should not change. If there is no change in either category, the conclusions from the 2007 audit would also be applicable for the current year.

2007 - 2008 PERCENT CHANGE

CHANGE

SUBCLASS CODE	CATEGORY	Median	N
2212 Merchandising	SOLD	.0000	14
	UNSOLD	.0000	490
2220 Offices	SOLD	.0000	10
	UNSOLD	.0000	244
2230 Special Purpose	SOLD	.0000	24
	UNSOLD	.0000	1220
2235 WareHouse/Strg	SOLD	.0000	3
	UNSOLD	.0000	183
2240 Multi-Use (3+)	SOLD	.0000	1
	UNSOLD	.0000	33
2245 Commercial Condo	SOLD	.0000	4
	UNSOLD	.0000	62
3212 Contract/Service	SOLD	.0000	2
	UNSOLD	.0000	159
3215 Manuf/Processing	SOLD	.0000	2
	UNSOLD	.0000	143

The median percent change table of sold and unsold commercial/industrial property indicates that there is no change in either category. Therefore, we can conclude that the analysis performed for the 2007 audit is also applicable for the 2008 intervening year.

V. VACANT LAND SALE RESULTS

For the vacant land analysis, 2,049 sales between the dates of January 2005 and June 2006 were analyzed. A breakdown of the sales by current property type is listed below.

PROPERTY TYPE

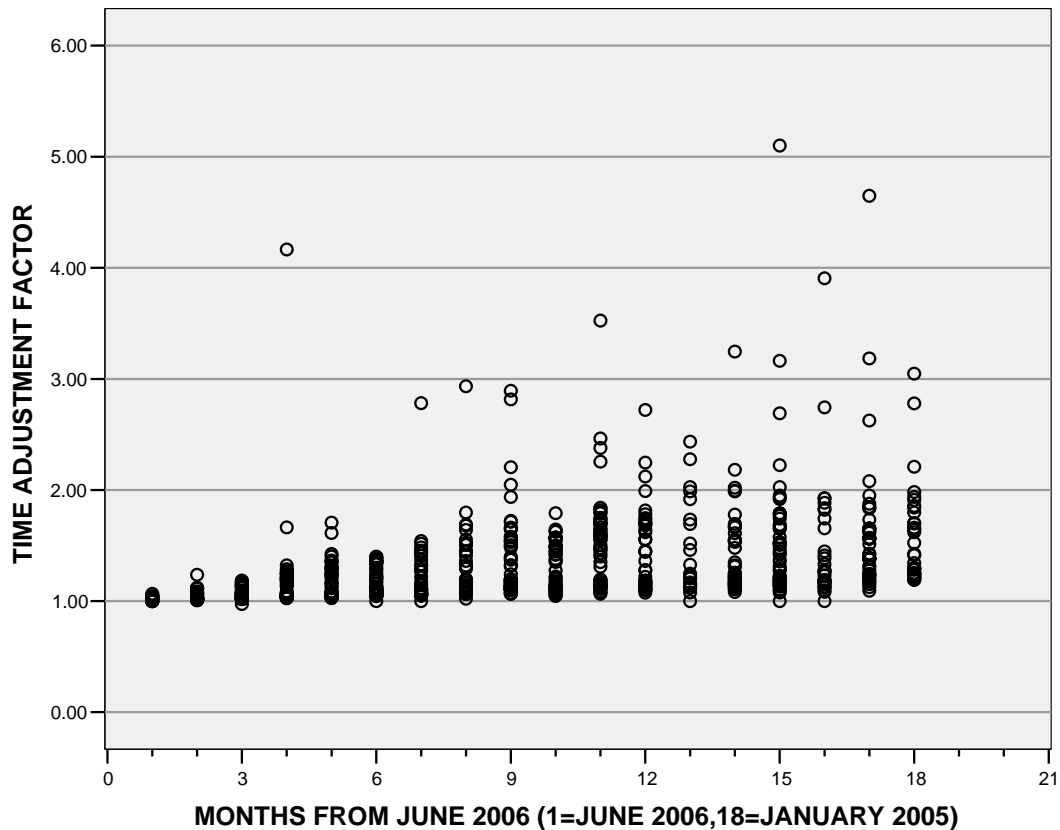
	Frequency	Percent
VACANT LAND	784	38.3
RESIDENTIAL	1,235	60.3
COMMERCIAL	21	1.0
INDUSTRIAL	8	.4
OTHER	1	.0
Total	2,049	100.0

Sales that were coded as vacant (784) were used in the vacant land sale ratio study. The remaining sales were excluded from the analysis.

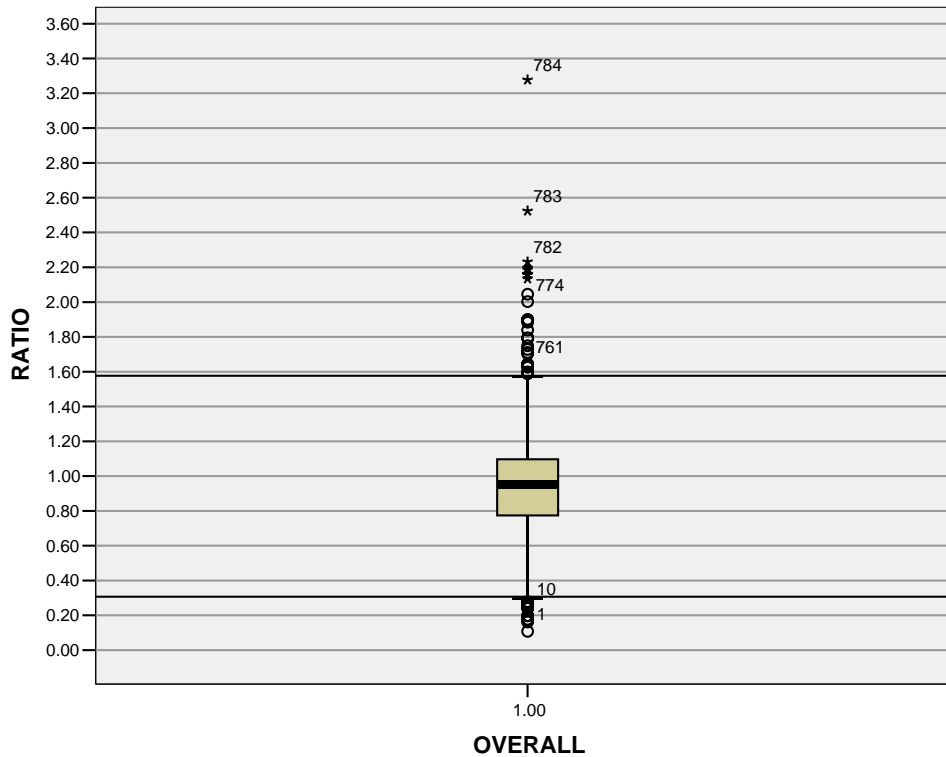


In order to perform a sales ratio analysis all vacant land sales must reflect market conditions as of June 30, 2006. Based on an examination of the sales file, the County applied time adjustments to the sales during this time period. The following graph illustrates the various time adjustment factors that were applied to the vacant land sales.

PUEBLO COUNTY VACANT LAND TIME ADJUSTMENT FACTORS



An analysis of the sale ratios indicated that there were a significant number of outlier sale ratios. Since the presence of outlier ratios can influence sale ratio results, a ratio trim was applied in accordance with IAAO standards.



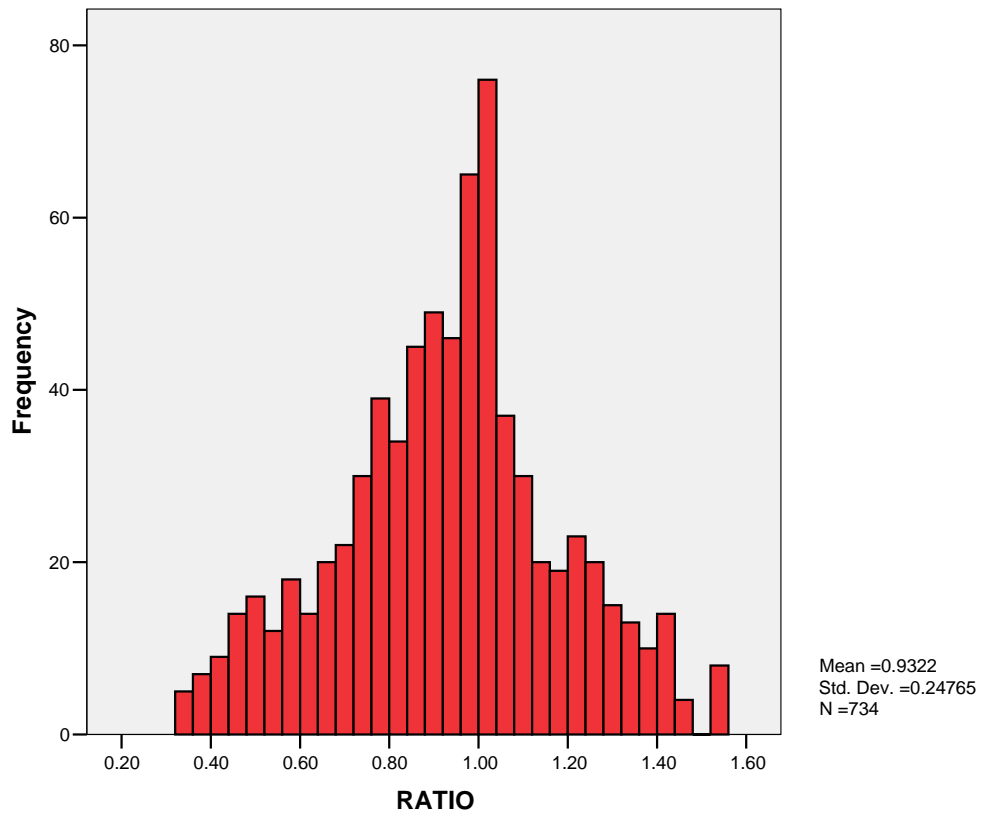
The above graph indicates that sale ratios outside of the range of .31 and 1.57 are classified as outlier ratios and are candidates for exclusion from the ratio study. In total, 50 sales were excluded from the ratio statistic calculations. Once the sale ratio trim was applied, sales ratio statistics were calculated as follows:

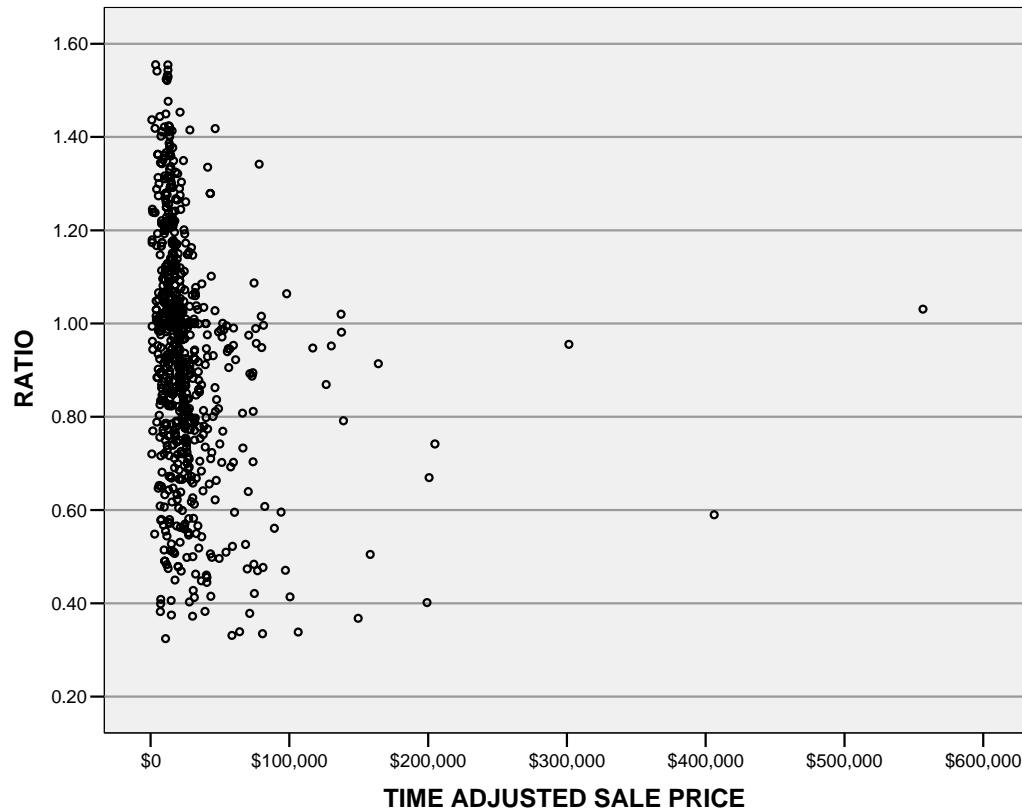
Ratio Statistics

Median		.944
95% Confidence Interval for Median	Lower Bound	.923
	Upper Bound	.974
	Actual Coverage	95.8%
Price Related Differential		1.083
Coefficient of Dispersion		.204

$$\text{RATIO} = \text{CURRENT LAND VALUE} / \text{TASP}$$

The median vacant land sale ratio for Pueblo County is 94.4%. Since the upper bound of the 95% median confidence limits exceeds 95%, no corrective action is recommended. Also, uniformity (as measured by the coefficient of dispersion) within the vacant land class of properties is close to being classified as non-compliant.



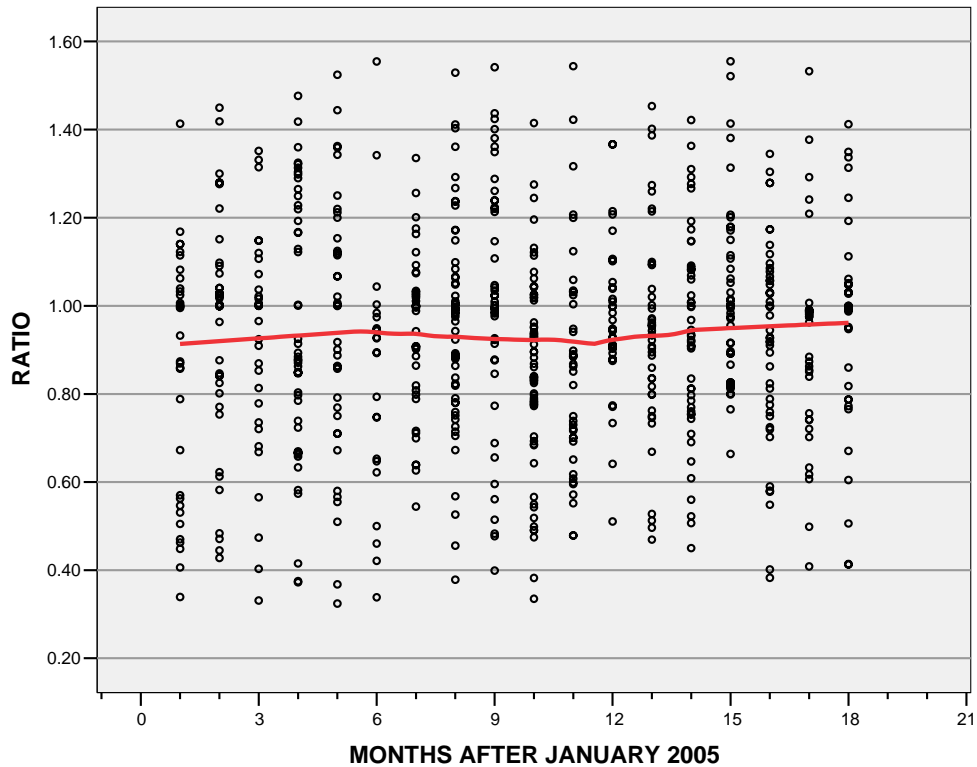


Vacant Land Market Trend Analysis

We verified that market trending was accounted for in the vacant land valuations by analyzing the sale ratios over the 18 month time period. The following graph illustrates a slight upward pattern in sale ratios during the study period. This trend was tested and was not significant at a 95% confidence level. However, it should be noted that the sale ratios in the last four months of 2006 are all above the 95% median target level. This suggests that the County's vacant land valuations are within the expected range at the end of the time period. Since the County is within the acceptable assessment to sale ratio level standards at the end of the study period, there may be issues with the time trend that was developed by the County for the vacant land sales.



Sale Ratio By Months



RATIO

SALE YEAR	SALE MONTH	Median	N
2005	1.0 January	.9030	32
	2.0 February	1.0025	40
	3.0 March	.9827	30
	4.0 April	.8784	49
	5.0 May	.9588	38
	6.0 June	.8946	23
	7.0 July	.9924	38
	8.0 August	.9819	53
	9.0 September	1.0094	43
	10.0 October	.8611	63
	11.0 November	.8625	39
	12.0 December	.9473	36
	Total	.9319	484
2006	1.0 January	.9341	43
	2.0 February	.9330	48
	3.0 March	1.0005	45
	4.0 April	.9614	46
	5.0 May	.9689	34
	6.0 June	.9972	34
	Total	.9698	250



Sold/Unsold Analysis

For the 2007 revaluation year audit, an analysis was performed that confirmed that the median change in value between sold and unsold land was consistent. This analysis was performed on a subdivision level for vacant land parcels that have a sample of 3 sold and unsold parcels. Since tax year 2008 is the intervening year, this relationship should not change. If there is no change in either category, the conclusions from the 2007 audit would also be applicable for the current year.

2007 - 2008 PERCENT CHANGE

CHANGE

SubdivNum	CATEGORY	Median	N
813.0	SOLD	.0000	3
	UNSOLD	.0000	134
817.0	SOLD	.0000	5
	UNSOLD	.0000	54
818.0	SOLD	.0000	3
	UNSOLD	.0000	128
824.0	SOLD	.0000	15
	UNSOLD	.0000	426
827.0	SOLD	.0000	8
	UNSOLD	.0000	145
828.0	SOLD	.0000	8
	UNSOLD	.0000	91
1042.0	SOLD	.0000	4
	UNSOLD	.0000	130
1043.0	SOLD	.0000	13
	UNSOLD	.0000	138
1044.0	SOLD	.0000	16
	UNSOLD	.0000	85
1045.0	SOLD	.0000	13
	UNSOLD	.0000	149
1046.0	SOLD	.0000	6
	UNSOLD	.0000	270
1048.0	SOLD	.0000	29
	UNSOLD	.0000	599
1051.0	SOLD	.0000	19
	UNSOLD	.0000	442
1052.0	SOLD	.0000	15
	UNSOLD	.0000	168
1053.0	SOLD	.0000	3
	UNSOLD	.0000	110
1054.0	SOLD	.0000	14
	UNSOLD	.0000	244
1057.0	SOLD	.0000	12
	UNSOLD	.0000	215
1059.0	SOLD	.0000	3
	UNSOLD	.0000	99



2007 - 2008 PERCENT CHANGE

CHANGE

SubdivNum	CATEGORY	Median	N
1062.0	SOLD	.0000	3
	UNSOLD	.0000	56
1064.0	SOLD	.0000	39
	UNSOLD	.0000	578
1066.0	SOLD	.0000	15
	UNSOLD	.0000	228
1067.0	SOLD	.0000	17
	UNSOLD	.0000	242
1070.0	SOLD	.0000	3
	UNSOLD	.0000	234
1071.0	SOLD	.0000	10
	UNSOLD	.0000	359
1072.0	SOLD	.0000	6
	UNSOLD	.0000	284
1073.0	SOLD	.0000	11
	UNSOLD	.0000	485
1074.0	SOLD	.0000	4
	UNSOLD	.0000	108
1075.0	SOLD	.0000	4
	UNSOLD	.0000	287
1078.0	SOLD	.0000	4
	UNSOLD	.0000	214
1079.0	SOLD	.0000	5
	UNSOLD	.0000	160
1082.0	SOLD	.0000	5
	UNSOLD	.0000	174
1084.0	SOLD	.0000	3
	UNSOLD	.0000	113
1085.0	SOLD	.0000	10
	UNSOLD	.0000	195
1092.0	SOLD	.0000	5
	UNSOLD	.0000	32
1096.0	SOLD	.0000	4
	UNSOLD	.0000	328
1097.0	SOLD	.0000	3
	UNSOLD	.0000	59
1102.0	SOLD	.0000	5
	UNSOLD	.0000	134
1104.0	SOLD	.0000	18
	UNSOLD	.0000	284
1106.0	SOLD	.0000	3
	UNSOLD	.0000	343
1110.0	SOLD	.0000	17
	UNSOLD	.0000	57
1118.0	SOLD	.0000	3
	UNSOLD	.0000	206
1132.0	SOLD	.0000	3
	UNSOLD	.0000	162
1133.0	SOLD	.0000	3
	UNSOLD	.0000	130
1134.0	SOLD	.0000	8
	UNSOLD	.0000	74
1135.0	SOLD	.0000	5
	UNSOLD	.0000	137



2007 - 2008 PERCENT CHANGE

CHANGE

SubdivNum	CATEGORY	Median	N
1137.0	SOLD	.0000	6
	UNSOLD	.0000	51
1141.0	SOLD	.0000	29
	UNSOLD	.0000	466
1142.0	SOLD	.0000	20
	UNSOLD	.0000	226
1143.0	SOLD	.0000	29
	UNSOLD	.0000	361
1144.0	SOLD	.0000	15
	UNSOLD	.0000	304
1163.0	SOLD	.0000	10
	UNSOLD	.0000	1289
1164.0	SOLD	.0000	5
	UNSOLD	.0000	203
1166.0	SOLD	.0000	10
	UNSOLD	.0000	114
1167.0	SOLD	.0000	9
	UNSOLD	.0000	606
1170.0	SOLD	.0000	10
	UNSOLD	.0000	284
1171.0	SOLD	.0000	10
	UNSOLD	.0000	901
1173.0	SOLD	.0000	4
	UNSOLD	.0000	248
1191.0	SOLD	.0000	8
	UNSOLD	.0000	694
2734.0	SOLD	.0000	5
	UNSOLD	.0000	47
2752.0	SOLD	.0000	3
	UNSOLD	.0000	8
2769.0	SOLD	.0000	4
	UNSOLD	.0000	27
2770.0	SOLD	.0000	3
	UNSOLD	.0000	40
2826.0	SOLD	.0000	6
	UNSOLD	.0000	110

The above median percent change table of sold and unsold vacant land indicates that there is no change in either category. Therefore, we can conclude that the analysis performed for the 2007 audit is also applicable for the 2008 tax year.

VI. AGRICULTURAL IMPROVEMENTS ANALYSIS

For the 2007 revaluation year audit, a comparison was made between the improvement value per square foot of agricultural residential improvements and the rates assigned to single-family residential improvements in Pueblo County. This analysis concluded that the County valued its



agricultural residential improvements in a manner consistent with single-family residential improvements. Since tax year 2008 is the intervening year, this relationship should not change. If there is no change in the improvement values for both categories, the conclusions from the 2007 audit would also be applicable for the current year.

2007 - 2008 IMPROVEMENT CHANGE

IMPCHANGE

SUBCLASS CODE	Median	N
1212 Single Family Residence	.0000	50,290
4277 Farm/Ranch Residences	.0000	1,258

VII. CONCLUSIONS

Based on this statistical analysis, there were no intervening year compliance issues concluded for Pueblo County.