Teller County
COLORADO
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2008 TELLER COUNTY PROPERTY ASSESSMENT STUDY

ROCKY MOUNTAIN
VALUATION SPECIALISTS

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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.

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

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INTRODUCTION

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

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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.

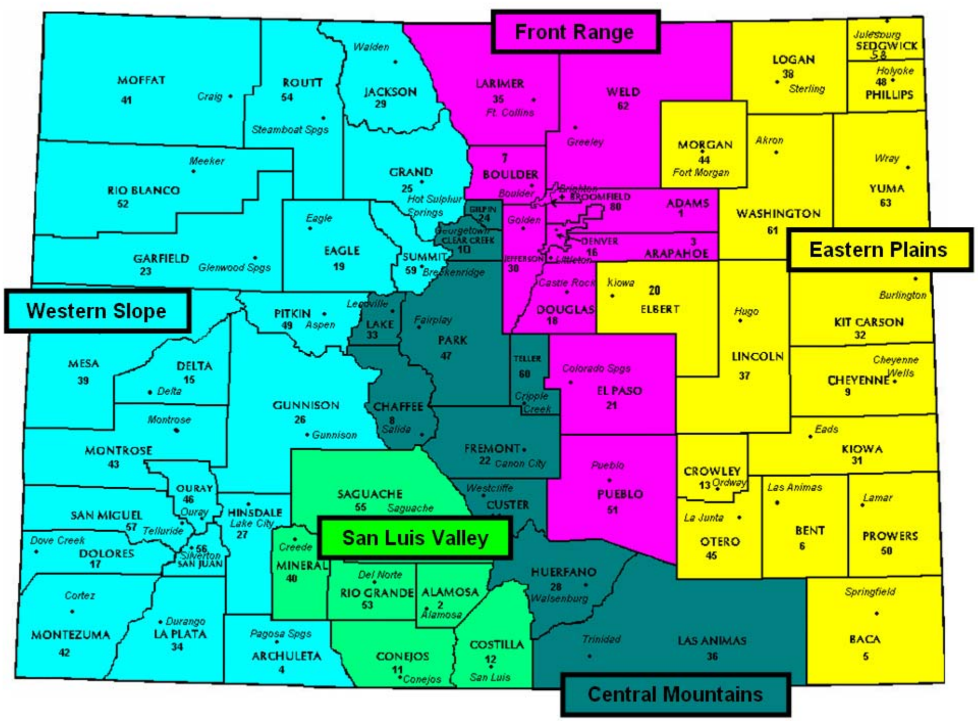
RMVS has completed the Property Assessment Study for 2008 and is pleased to report its findings for Teller County in the following report.

REGIONAL/HISTORICAL SKETCH OF TELLER COUNTY

Regional Information

Teller County is located in the Central Mountains region of Colorado. The Central Mountains Region is in the central portion of Colorado and extends from the northern Gilpin county boundary approximately 210 miles southeasterly to the southern boundary of Colorado. This region has portions of the Gore Mountain Range, Mosquito and 10 mile mountain range, Sawatch Mountain range, the Sangre de Cristo Mountain Range and a portion of the Wet Mountain Range.

The Central Mountains Region includes Chaffee, Clear Creek, Custer, Fremont, Gilpin, Huerfano, Lake, Las Animas, Park, and Teller counties.

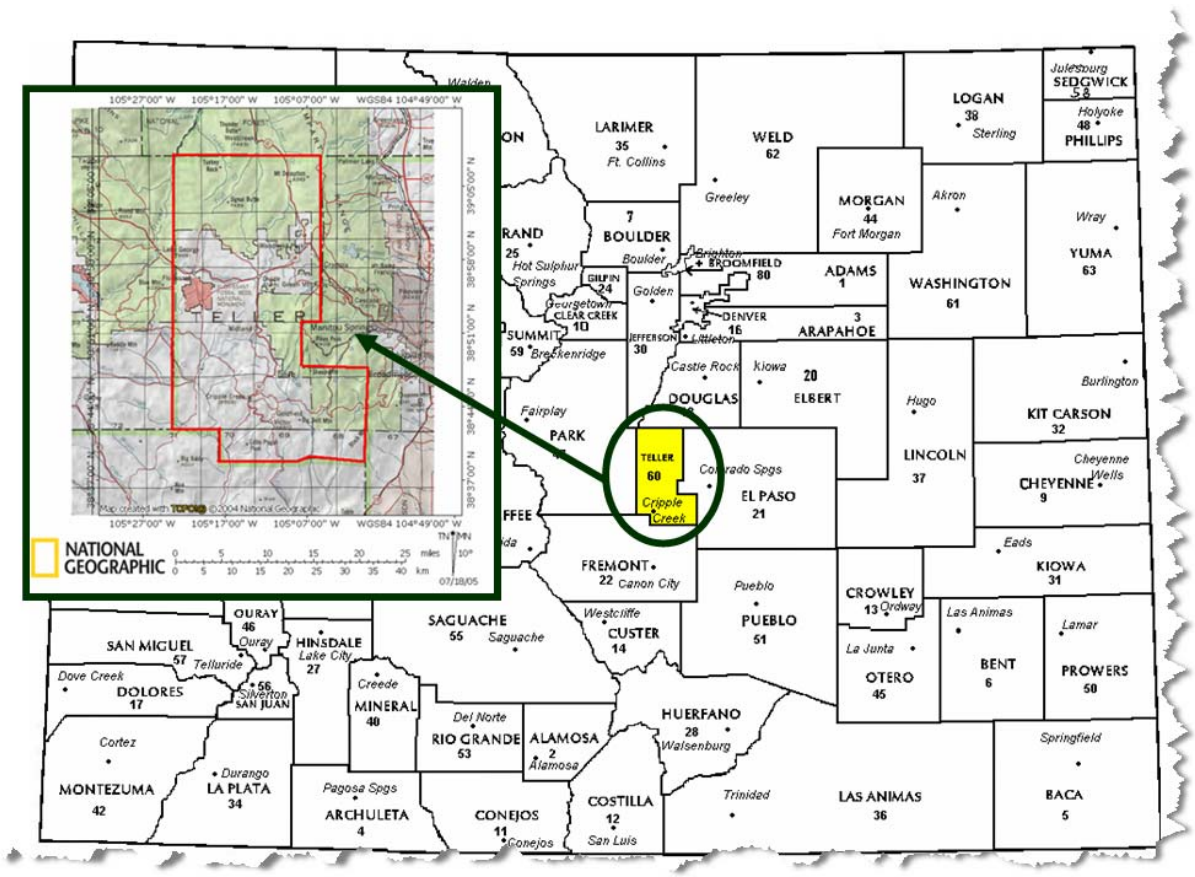


Historical Information

Teller County has a population of approximately 22,243 people with 36.9 people per square mile, according to the U.S. Census Bureau's 2006 estimated population data.

Teller County, formed from portions of El Paso and Fremont counties, was established in 1899 with an area of 553 square miles. The county was named in honor of U.S. Senator Henry M. Teller, called the 'Silver Senator' because of his role in advocating free silver.

The county seat, Cripple Creek, was named for a stream so named by early cowboys because a cow was crippled in it when trying to cross to the other side. When early settler 'Bob' Womack struck gold in the area, it was a mining camp known as Fremont and one of the great gold camps of the early West. The name was changed to Cripple Creek when the town was platted in 1891. (William Bright, Colorado Place Names, 3rd Edition, Johnson Books, 2004, p. 172 and 46)



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 Teller County are:

Teller County Ratio Grid					
Property Class	Number of Qualified Sales	Unweighted Median Ratio	Price Related Differential	Coefficient of Dispersion	Time Trend Analysis
Commercial/Industrial	53	1.001	1.058	16.8	Compliant
Condominium	N/A	N/A	N/A	N/A	N/A
Single Family	1,199	0.998	1.019	9.5	Compliant
Vacant Land	438	0.991	1.068	20.6	Compliant

After applying the above described methodologies, it is concluded from the sales ratios that Teller 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 Teller County has complied with the statutory requirements to analyze the effects of time on value in their county. Teller County has also satisfactorily applied the results of their time trending analysis to arrive at the time adjusted sales price (TASP).

Recommendations

None

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SOLD/UNSOLD ANALYSIS

Methodology

Teller 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

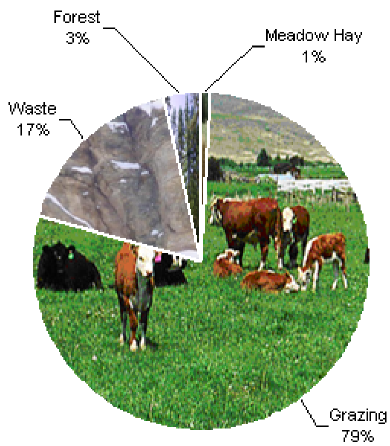
After applying the above described methodologies, it is concluded that Teller County is reasonably treating its sold and unsold properties in the same manner.

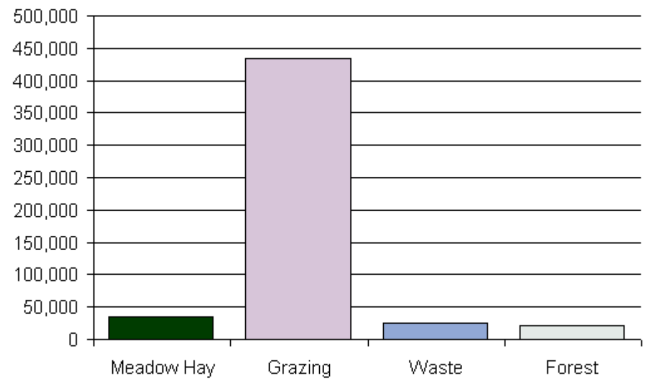
Recommendations

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:

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Teller County Agricultural Land Ratio Grid						
Abstract Code	**Land Class**	**Number Of Acres**	**County Value Per Acre**	**County Assessed Total Value**	**RMVS Total Value**	**Ratio**
4137	Meadow Hay	692	50.00	34,912	34,814	1.00
4147	Grazing	69,985	6.00	428,531	428,531	1.00
4177	Forest	3,108	30.00	22,212	22,178	1.00
4167	Waste	15,314	2.00	25,007	25,007	1.00
Total/Avg		**89,099**	**6.00**	**510,661**	**510,529**	**1.00**

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

Teller 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 Teller County. This study was conducted by checking selected sales from the master sales list for the valuation period. Specifically RMVS selected 30 sales listed as unqualified.

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

Conclusions

Teller County appears to be doing an excellent job of verifying their sales. RMVS 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

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

Producing Mine Valuation Procedures

Methodology

The Colorado Revised Statutes (CRS) in Article 39, Section 6, and the Assessor's Reference Library (ARL), volume 3 were the basis for valuing producing mine property. The gross value of the ore extracted during the preceding year is determined. All costs of treatment, reduction, transportation and sale are deducted to estimate gross proceeds. The costs of extraction are deducted from the gross proceeds to estimate net proceeds.

The current value for assessment is determined by determining if 25% of the gross proceeds or 100% of the net proceeds is greater then applying that number as the valuation for assessment.

Conclusions

The County valued the producing mine production using acceptable appraisal procedures.

Recommendations

None

VACANT LAND

Subdivision Discounting

In 2008 subdivisions were reviewed in Teller 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 accomlished 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

Teller 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.

Teller 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

Teller 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

Teller 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.

Teller 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
- Chamber of Commerce/Economic Development Contacts
- Local Telephone Directories, Newspapers or Other Local Publications
- Personal Observation, Physical Canvassing or Word of Mouth
- Questionnaires, Letters and/or Phone Calls to Buyer, Seller and/or Realtor

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

Teller 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
- Accounts with greater than 10% change
- Incomplete or inconsistent declarations
- Businesses with no deletions or additions for 2 or more years
- Non-filing Accounts - Best Information Available
- Accounts close to the $2,500 actual value exemption status
- Accounts protested with substantial disagreement

Conclusions

Teller 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

RMVS AUDITOR STAFF

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

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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*

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APPENDICES

STATISTICAL ANALYSIS TELLER COUNTY
2008

I. OVERVIEW

Teller County is located in the central mountain region of Colorado. The County has a total of 25,101 real property 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	10,582	42.2
RESIDENTIAL	10,958	43.7
COMMERCIAL	600	2.4
INDUSTRIAL	12	.0
OTHER	2,949	11.7
Total	25,101	100.0

Vacant Land

The vacant land class of properties has a total of 10,582 parcels. The majority (80%) of these parcels fall into the residential (100,101,903,1112,1113) use category. The remaining vacant parcels are a mix of commercial/industrial, multi-unit and mobile home, or have a subclass code that is delineated by the acreage of the parcel.

SUBCLASS CODE

	Frequency	Percent
100 Residential Lots	7,924	74.9
101 Residential Lots	146	1.4
200 Commercial Lots	138	1.3
201 Commercial Lots	116	1.1
210 Commercial Lots	73	.7
220 Commercial Lots	1	.0
300 Industrial Lots	2	.0
510 Less Than 1.0 ACRES	161	1.5
520 1.0 to 4.99 ACRES	411	3.9
530 5.0 to 9.99 ACRES	410	3.9
540 10.0 to 34.99 ACRES	322	3.0
550 35.0 to 99.99 ACRES	161	1.5
560 100.0 ACRES and Up	6	.1
913 Residential Lots	2	.0
1112 Single Family Residence Land	404	3.8
1113 Residential Lots	12	.1
1115 Duplexes-Triplexes Land	1	.0
1125 Multi-Units (9 & Up) Land	2	.0
1135 Manuf Housing (Mobile Homes) Land	78	.7
1213 Minor Structures on Vacant Land	212	2.0
Total	10,582	100.0

Residential

The residential subclass category has a total of 10,958 parcels. Over 94% of the parcels have a single-family (1212) designation. The remaining parcels in this category are condominiums, townhomes, mobile homes and multi-unit properties.

SUBCLASS CODE

	Frequency	Percent
912 Manuf Housing (Mobile Homes)	238	2.2
1212 Single Family Residence	10,363	94.6
1214 Townhouse	13	.1
1215 Duplexes-Triplexes	48	.4
1220 Multi-Units (4-8)	37	.3
1225 Multi-Units (9 & Up)	2	.0
1230 Condominiums	122	1.1
1235 Manuf Housing (Mobile Homes)	126	1.1
1240 Manuf Housing (Land, Park, Etc.)	9	.1
Total	10,958	100.0

Commercial/Industrial

The commercial/industrial subclass category has a total of 612 properties. This category represents 2.4% of the total real property inventory. The majority (98%) of these parcels have a commercial use. The breakdown by subclass code is listed below.

SUBCLASS CODE

	Frequency	Percent
104 Recreation	120	19.6
204 Recreation	2	.3
2112 Merchandising	4	.7
2115 Lodging	1	.2
2120 Offices	2	.3
2125 Recreation	21	3.4
2130 Special Purpose	5	.8
2135 WareHouse/Strg	3	.5
2210 Special Purpose	28	4.6
2212 Merchandising	116	19.0
2213 Special Purpose	4	.7
2215 Lodging	23	3.8
2220 Offices	77	12.6
2225 Recreation	5	.8
2227 Ltd Gaming	17	2.8
2230 Special Purpose	90	14.7
2235 WareHouse/Strg	46	7.5
2240 Multi-Use (3+)	2	.3
2245 Commercial Condo	34	5.6
3120 Manuf/Milling	2	.3
3212 Contract/Service	2	.3
3215 Manuf/Processing	7	1.1
3220 Manuf/Milling	1	.2
Total	612	100.0

Other

The majority of the remaining 2,949 parcels have an agricultural subclass code.

II. SALES FILE

The sale file provided by the Teller County Assessor's Office contained 2,782 real property sales between the dates of January 2003 and June 2006. The breakdown of sales activity by sale month and year is as follows:

Count

		SALE YEAR 2003	2004	2005	2006	Total
SALE MONTH	January	1	4	79	84	168
	February	0	2	77	84	163
	March	2	2	106	111	221
	April	3	2	121	97	223
	May	0	1	133	129	263
	June	1	2	136	176	315
	July	1	122	138	0	261
	August	1	127	143	0	271
	September	3	139	123	0	265
	October	1	93	129	0	223
	November	1	118	98	0	217
	December	4	88	100	0	192
Total		18	700	1,383	681	2,782

**Note: Sales without current assessed values were excluded from the 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	2511	90.3
UNQUALIFIED	271	9.7
Total	2782	100.0

There were 2,511 sales that were classified as qualified. The breakdown of the sale property type by the current use of the property is as follows:

Count

		SALE PROPERTY TYPE				Total
		VACANT LAND	RESIDENTIAL	COMMERCIAL	OTHER	
PROPERTY TYPE	VACANT LAND	595	2	0	1	598
	RESIDENTIAL	38	1,738	6	0	1,782
	COMMERCIAL	0	3	53	1	57
	OTHER	5	0	0	69	74
Total		638	1,743	59	71	2,511

III. RESIDENTIAL SALES RESULTS

For the residential analysis, 1,312 sales between the dates of January 2005 and June 2006 were analyzed. A breakdown of the sales by subclass is listed below.

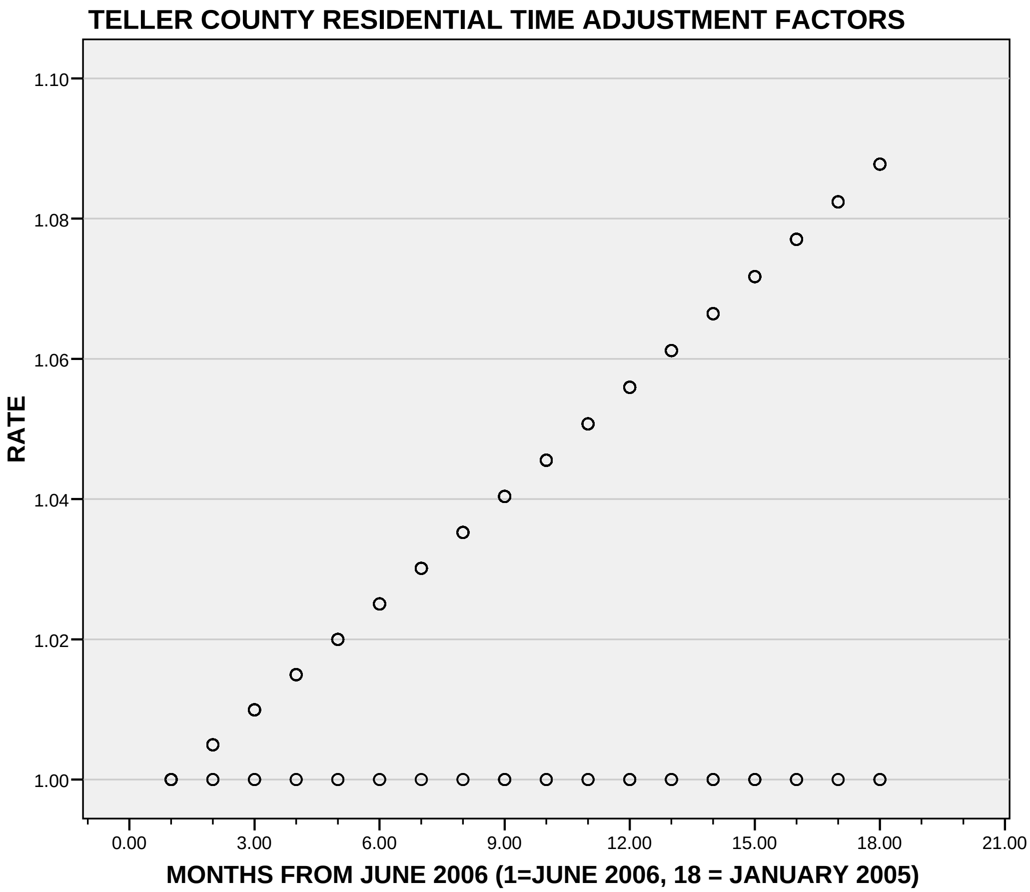
SUBCLASS CODE

	Frequency	Percent
1212 Single Family Residence	1,288	98.2
1215 Duplexes-Triplexes	2	.2
1220 Multi-Units (4-8)	5	.4
1230 Condominiums	16	1.2
1235 Manuf Housing (Mobile Homes)	1	.1
Total	1,312	100.0

**Note: Sales (1) with a subclass code of 1235 were excluded from the analysis.*

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.



The following table outlines the sales ratio statistics for all residential properties in Teller County. A total of 1,199* sales were used in this analysis.

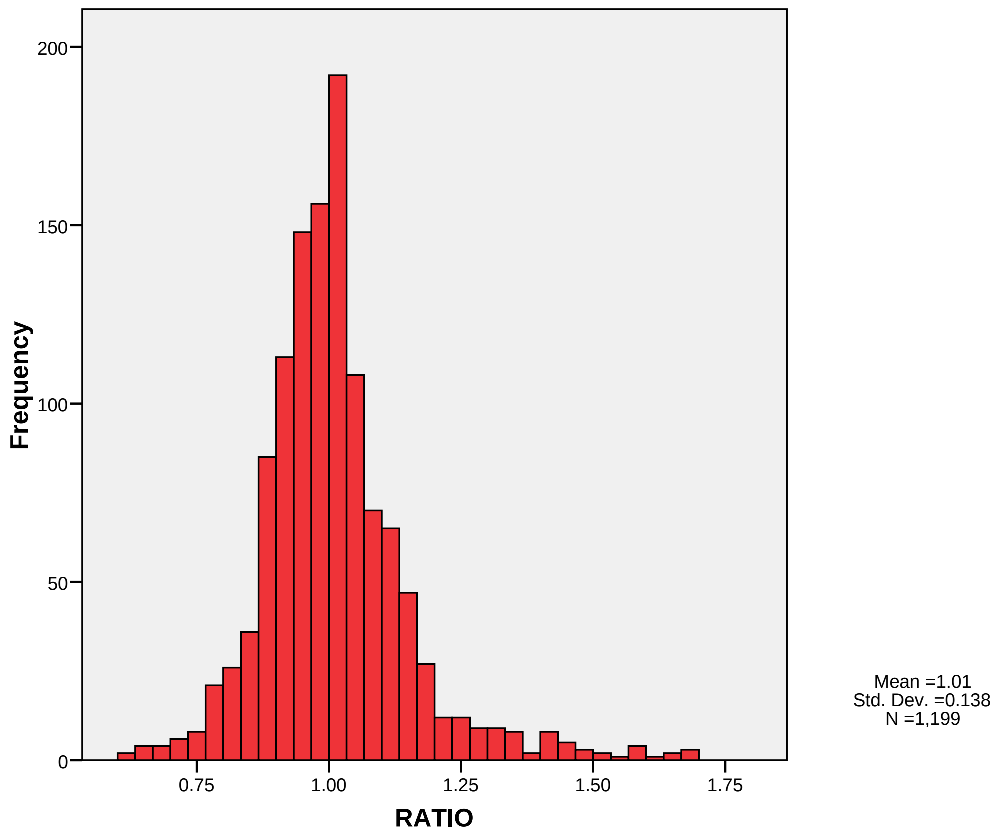
Ratio Statistics

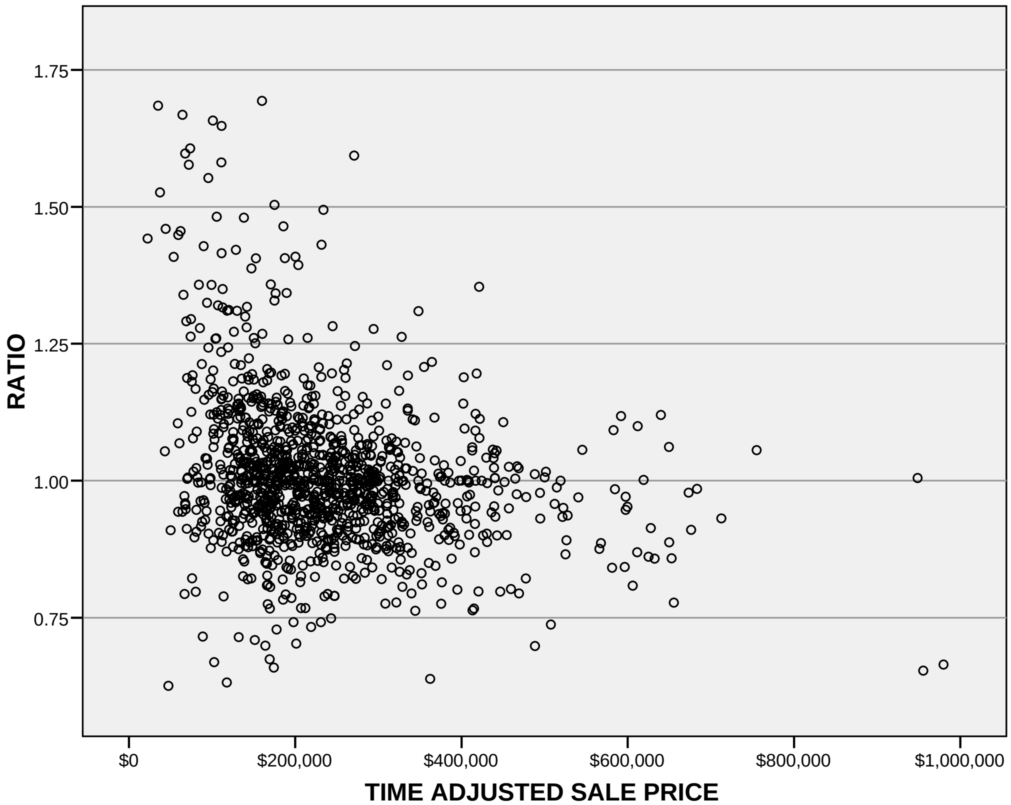
Mean	1.010
Median	.998
Weighted Mean	.991
Price Related Differential	1.019
Coefficient of Dispersion	.095

RATIO = CURRENT ASMT / TASP

**Note: 112 sales were excluded from the analysis. These sales all appeared to be vacant land sales that are now improved.*

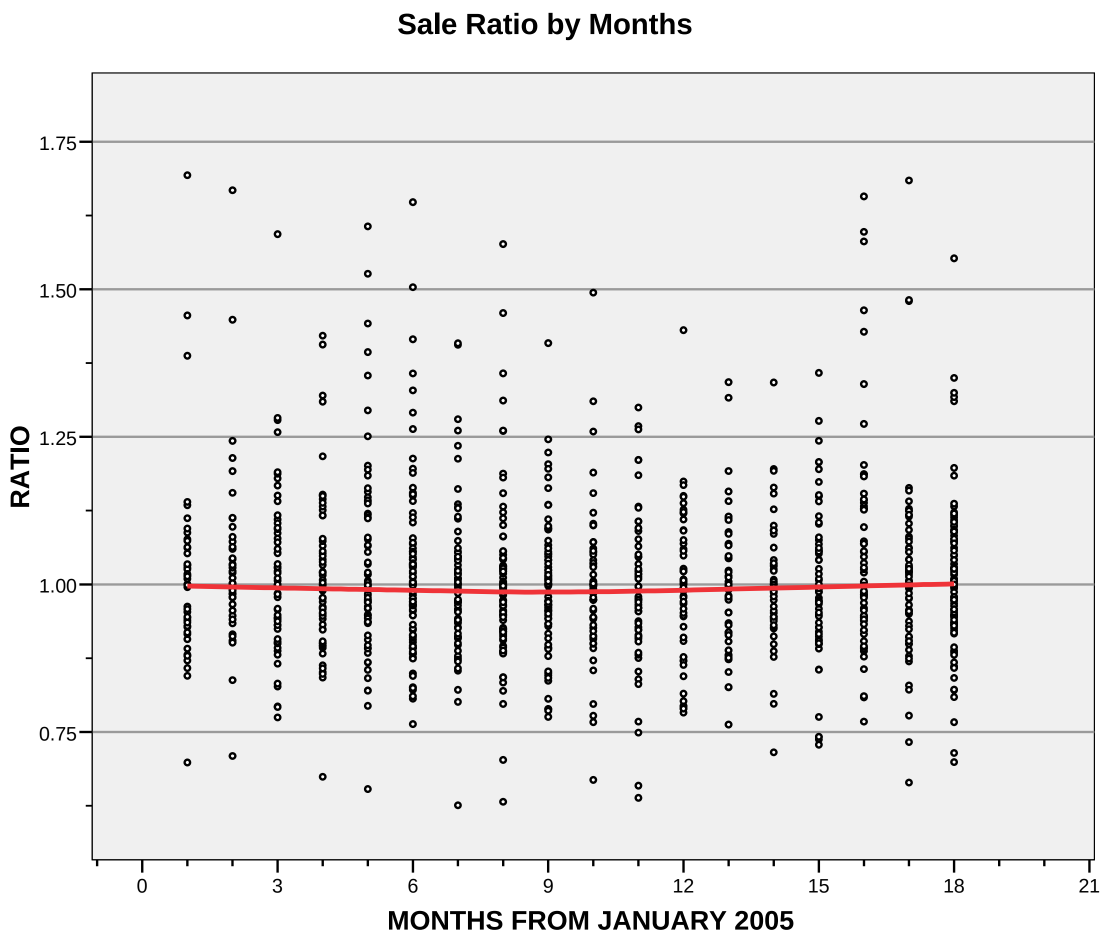
The residential sale ratios are in compliance with the standards set forth by the Colorado State Board of Equalization (SBOE) for the overall sales. The following graphical exhibits describe further the sales ratio distribution for all of these properties:





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 illustrates that there is no trend in sale ratios during this time period.



Sold/Unsold Analysis

For the 2007 revaluation year audit, an analysis was performed that confirmed that the median assessed value per square foot for sold and unsold residential property was similar. 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.

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CATEGORY	Median	N
SOLD	.0000	1,198
UNSOLD	.0000	9,713

The median percent change table of sold and unsold residential properties indicates that there is no change in the residential 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, 53 sales between the dates of January 2005 and June 2006 were analyzed. A breakdown of the sales by subclass is listed below.

SUBCLASS CODE

	Frequency	Percent
2212 Merchandising	13	24.5
2213 Special Purpose	1	1.9
2215 Lodging	3	5.7
2220 Offices	12	22.6
2227 Ltd Gaming	1	1.9
2230 Special Purpose	13	24.5
2235 WareHouse/Strg	7	13.2
2240 Multi-Use (3+)	1	1.9
2245 Commercial Condo	2	3.8
Total	53	100.0

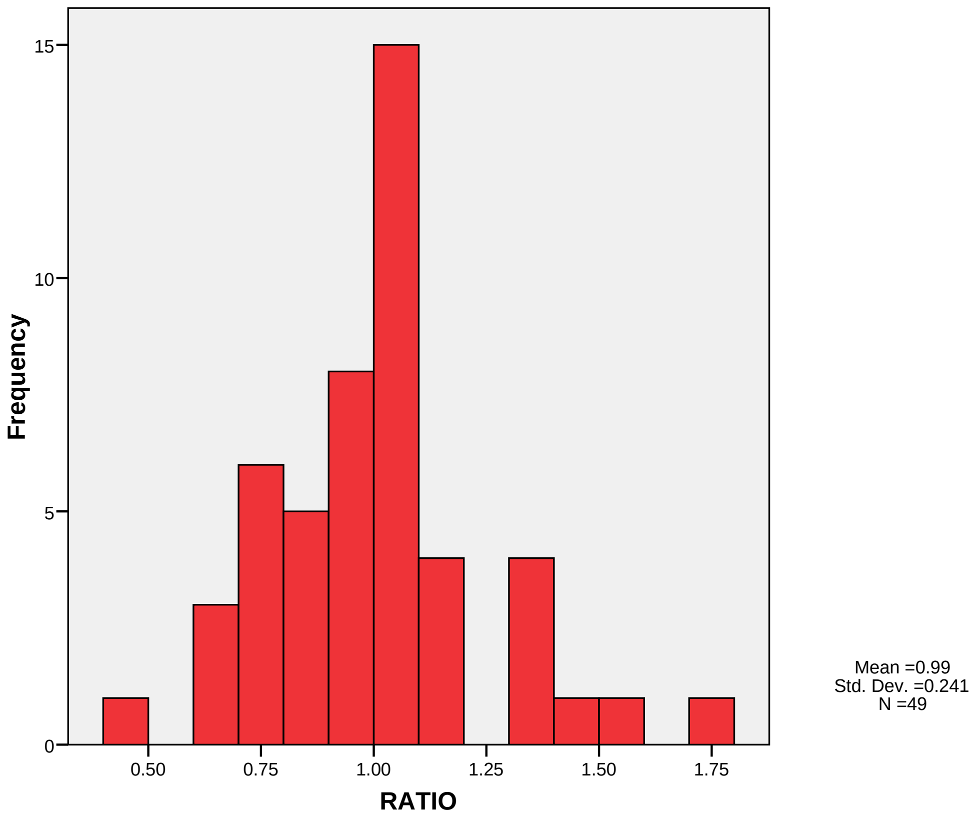
In order to perform a sales ratio analysis all commercial/industrial sales must reflect market conditions as of June 30, 2006. Based on an examination of the sales file, the County did not apply time adjustments to the sales during this time period. The following table outlines the sales ratio statistics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

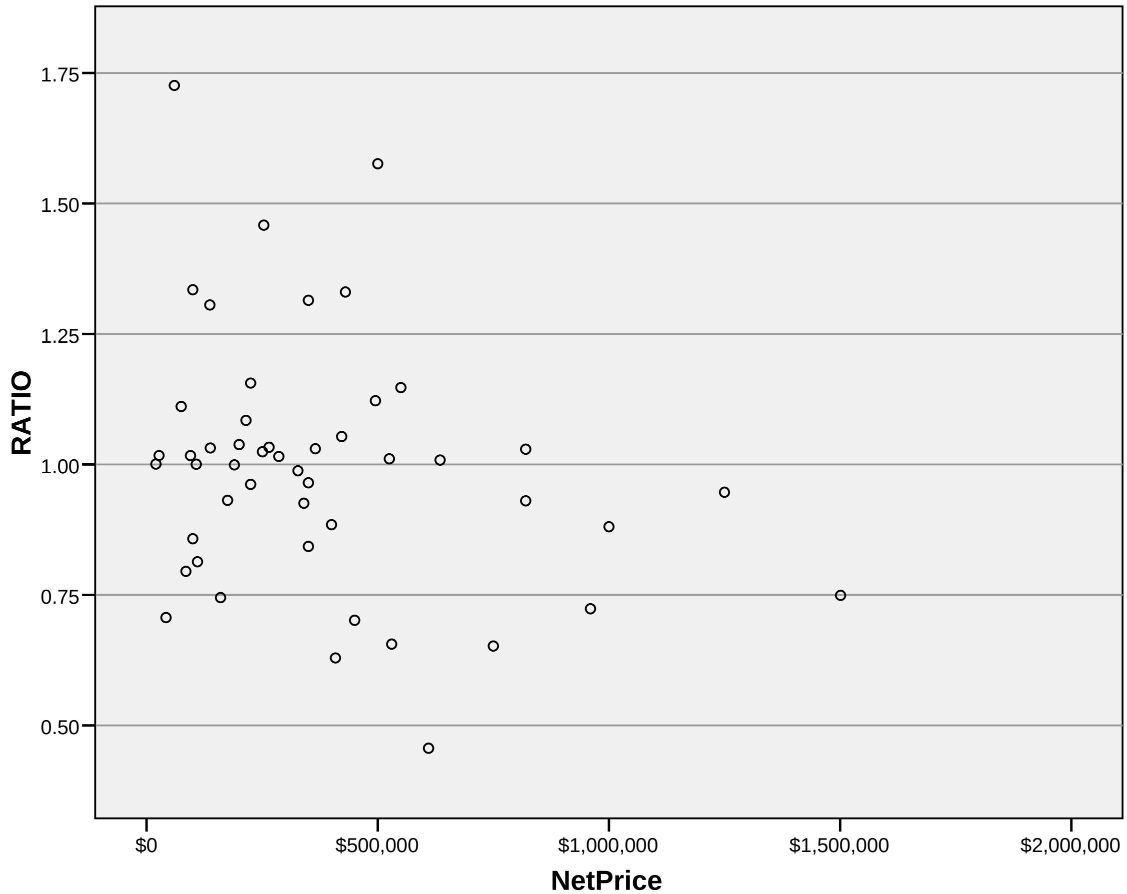
Ratio Statistics

Mean	.994
Median	1.001
Weighted Mean	.939
Price Related Differential	1.058
Coefficient of Dispersion	.168

**Note: 4 sales were excluded from the above analysis. These sales had ratios < .35 and > 4.*

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:

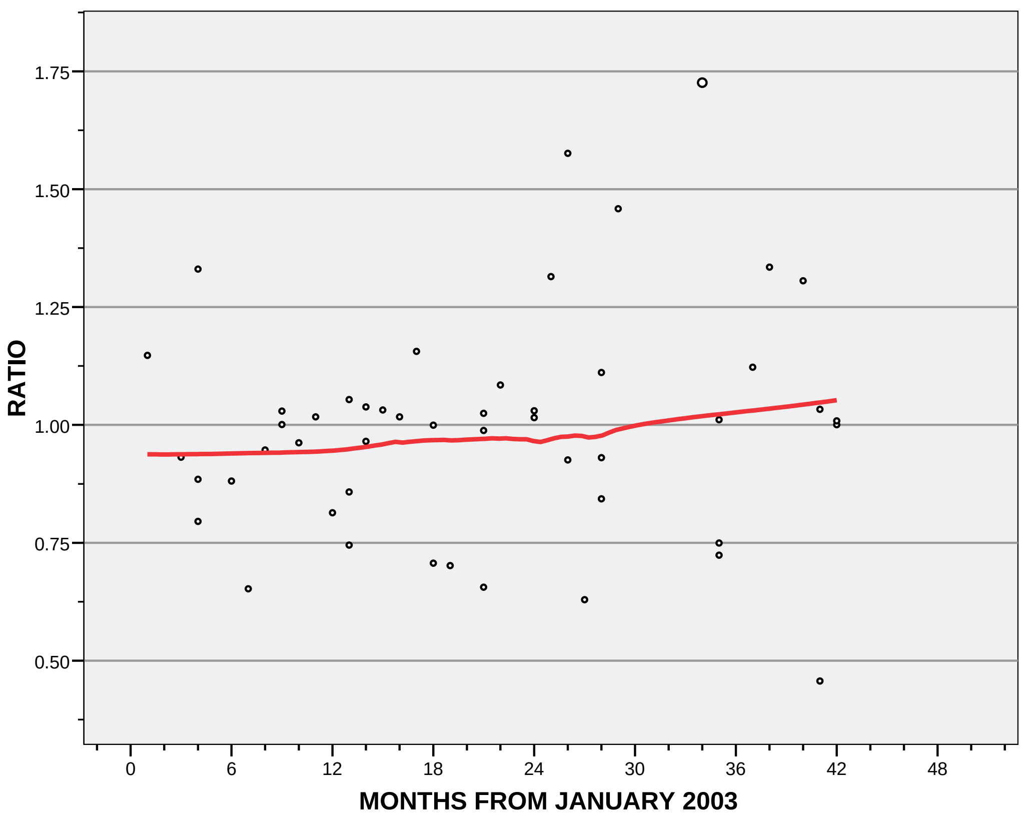




Commercial Market Trend Analysis

Sale ratios were analyzed over the 42 month time period to determine whether market trending was accounted for in the commercial valuations. The following graph illustrates an upward trend in sales ratios. This trend was tested and was not significant at a 95% confidence level. Therefore, no further analysis is necessary.

Sale Ratio by Months



Sold/Unsold Analysis

For the 2007 revaluation year audit, an analysis was performed that confirmed that the median assessed value per square foot for sold and unsold commercial/industrial property was similar. 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

CATEGORY	Median	N
SOLD	.0000	53
UNSOLD	.0000	435

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, 476 sales between the dates of January 2005 and June 2006 were analyzed. A breakdown of the sales by the current property type is listed below.

PROPERTY TYPE

	Frequency	Percent
VACANT LAND	438	92.0
RESIDENTIAL	33	6.9
OTHER	5	1.1
Total	476	100.0

Sales that were coded as vacant (438) 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 did not apply time adjustments to the sales during this time period. The following table outlines the sales ratio statistics for all vacant land properties in Teller County.

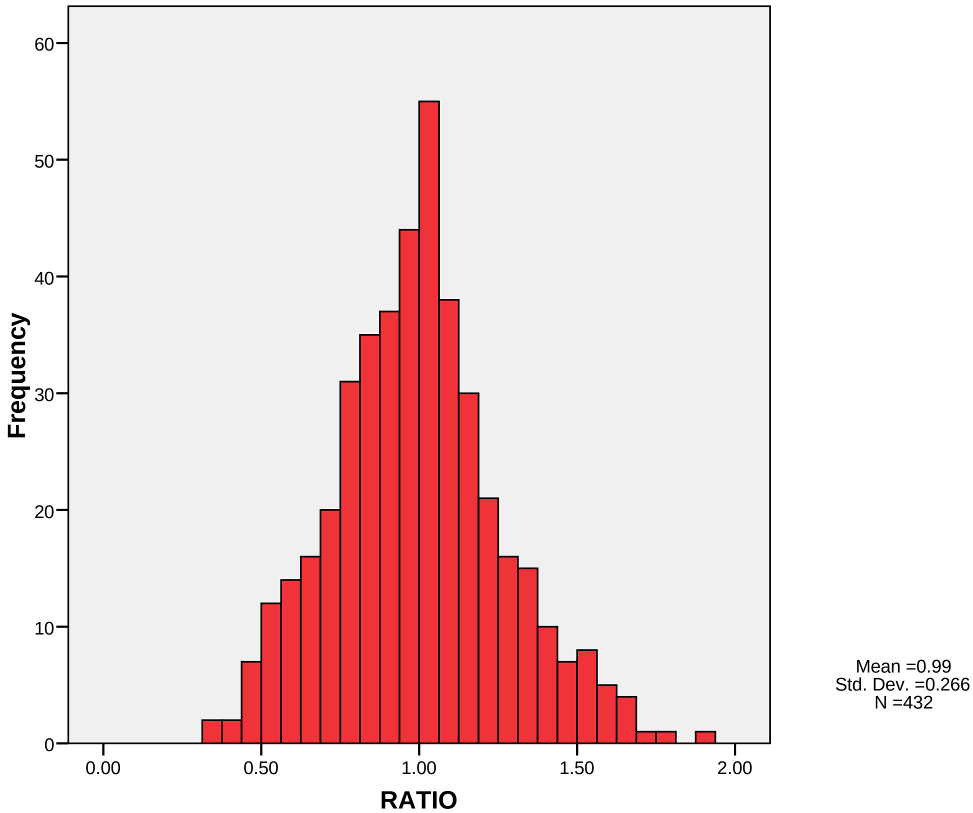
Ratio Statistics

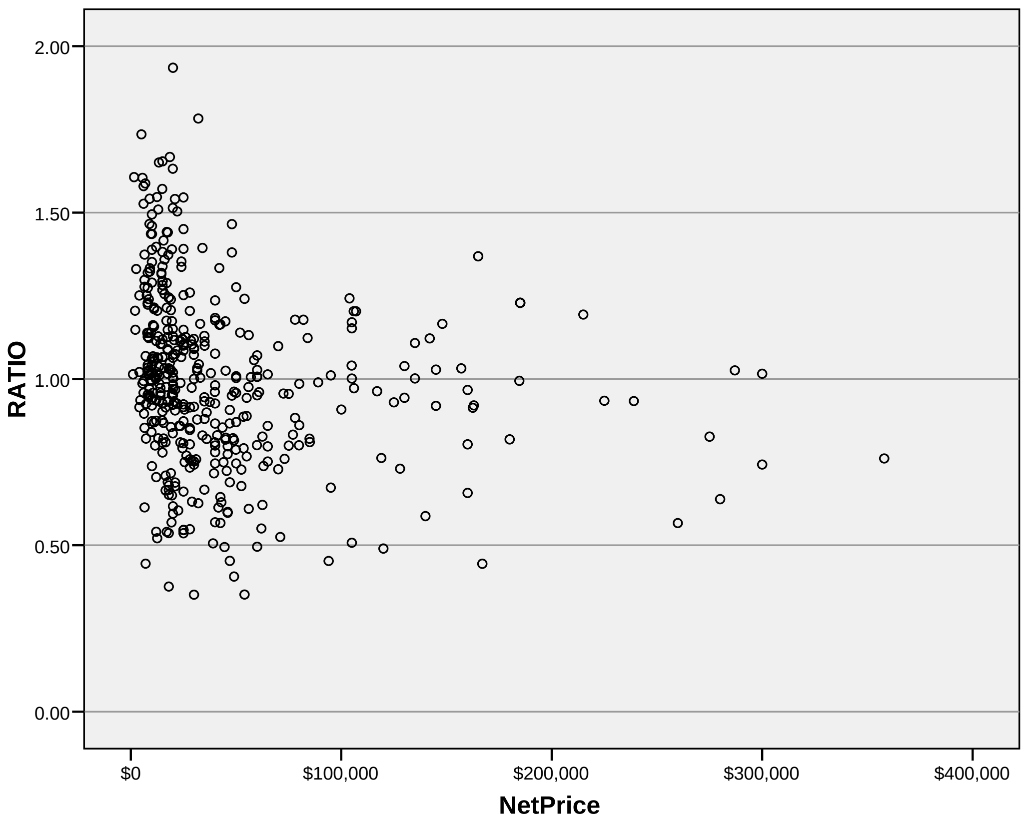
Mean	.995
Median	.991
Weighted Mean	.931
Price Related Differential	1.068
Coefficient of Dispersion	.206

RATIO = CURRENT LAND VALUE / TASP

**Note: 6 sales were excluded from the above analysis. These sales had ratios < .35 and > 2.*

The vacant land sales 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:


Frequency
60
50
40
30
20
10
0
0.00
0.50
1.00
1.50
2.00
RATIO
Mean =0.99
Std. Dev. =0.266
N =432



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 that there is no significant trend in sales ratios during this time period.

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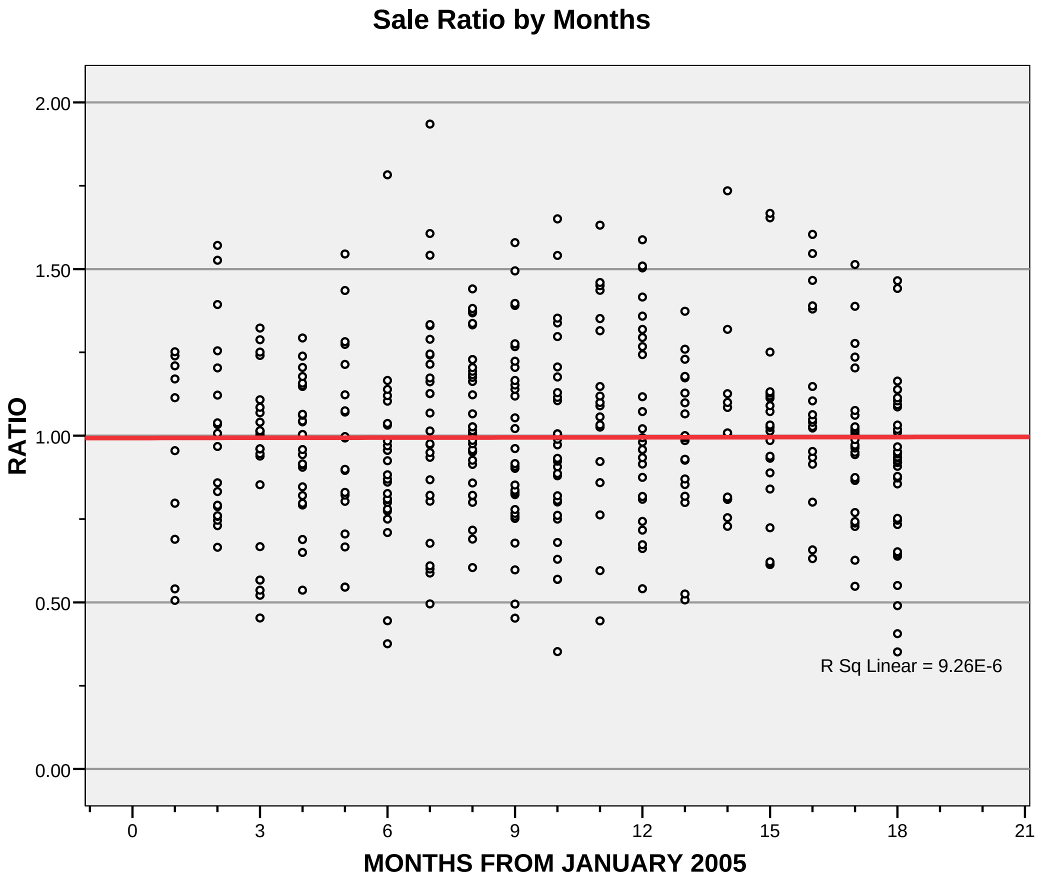

Sold/Unsold Analysis

For the 2007 revaluation year audit, an analysis was performed that confirmed that the median change in value between sold and unsold land was similar. 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

CATEGORY	Median	N
SOLD	.0000	437
UNSOLD	.0000	10,220

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 intervening 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 Teller County. This analysis concluded that the County valued its agricultural residential improvements in a manner consistent with the 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	10,235
4277 Farm/Ranch Residences	.0000	281

Since single family and agricultural improvement values did not change, we can conclude that the analysis performed for the 2007 audit is applicable for the 2008 intervening year.

VII. CONCLUSIONS

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