

# Castro County Appraisal District 2018 Mass Appraisal Report

Prepared Pursuant to Standard 6 of the Uniform Standards of Professional Appraisal Practice

## TABLE OF CONTENTS

Introduction	3
Listing of Taxing Jurisdictions in Castro County	4
Summary of Properties Appraised	5
General Assumptions and Limiting Conditions	6
Definition of Market Value	8
Property Classifications	9
Highest and Best Use Analysis	10
Market Analysis	10
Data Collection and Validation	11
Valuation Analysis	12
Appraisal Methods	12
Market Area	13
Individual Value Review Procedures	13
Certification	14

## **Introduction**

The Castro County Appraisal District has prepared and published this report to provide our citizens and taxpayers with a better understanding of the District's responsibilities and activities. This mass appraisal report was written in compliance with Standard 6-8 of the Uniform Standards of Professional Appraisal Practice (USPAP), as developed by the Appraisal Standards Board of the Appraisal Foundation, and the Texas Property Tax Code.

Taxing jurisdictions that participate in the district must use the appraisals as the basis for imposition of property taxes. The State of Texas allocates state funds to school districts based upon the district's appraisals, as tested and modified by the Property Tax Assistance Division, State Comptroller of Public Accounts.

The 2018 mass appraisal results in an estimate of the market value of each taxable property within the District's boundaries. Where required by law to appraise property at a value other than market value, the district also estimates value on said requirement. These situations are described where applicable later in this report.

The Chief Appraiser is the chief administrative and executive officer of the appraisal district. The Chief appraiser employs and directs the district's staff, oversees all aspects of the appraisal districts operations and performs either directly or through the district staff a variety of operations.

The Chief Appraiser's responsibilities are as follows:

- 1) Discover, list and appraise property
- 2) Determine exemption and special use valuation requests
- 3) Organize periodic reappraisals
- 4) Notify taxpayers, taxing units and the public about matters that affect property values

The Castro County Appraisal District (CCAD) is budgeted for three (3) positions and currently consists of the Chief Appraiser and two (2) Appraisal/Collection Clerks. All properties in Castro County are appraised by Pritchard & Abbott Inc.

It is the goal of CCAD staff to provide the best possible service to the property owners and taxing entities. It promotes and adheres to the professional standards and ethics as set forth by the Texas Department of Licensing and Regulation and the Texas Association of Appraisal Districts.

## **LISTING OF TAXING JURISDICTIONS LOCATED IN CASTRO COUNTY**

Castro County

Castro County Lateral Road

Castro County Hospital District

High Plains Underground Water Conservation District #1

Dimmitt ISD

Hart ISD

Nazareth ISD

City of Dimmitt

City of Hart

City of Nazareth

Happy ISD

Hereford ISD

Lazbuddie ISD

Springlake-Earth ISD

Amarillo Junior College District

## SUMMARY OF PROPERTIES APPRAISED

The 2018 certified roll for Castro County Appraisal District consists of 7,673 parcels. The breakdown of these parcels is as follows:

Single Family Residence	2201
Multifamily Residence	14
Vacant Lots and Land Tracts	474
Qualified Open-Space Land	2259
Improvements on Qualified Open Space	515
Farm and Ranch Real & Improvements	712
Commercial Real Property	319
Industrial and Manufacturing	81
Oil and Gas	0
Tangible Personal Property: Personal Vehicles	341
Gas Distribution System	43
Electric Company (Including Co-op)	58
Telephone Co (Including Co-op)	49
Railroad	6
Pipeline Company	45
Cable Television Company	1
Other Utility	4
Commercial Personal Property	219
Industrial and Manufacturing – Personal	74
Tangible Other Personal (Mobile Home)	65
Special Inventory Tax	8
Totally Exemption Property	228

## **GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

The appraised value estimates provided by the district are subject to the following conditions:

- The appraisals were prepared exclusively for ad valorem tax purposes.
- The property characteristic data upon which the appraisals are based is assumed to be correct.
- Physical inspections of the property appraised were performed as CAD resources and time allowed. Inspections were scheduled based upon the biennial Reappraisal Plan developed by the Chief Appraiser and approved by the board of directors pursuant to Sec 6.05(i) of the Texas Property Tax Code.
- Validation of sales transactions occurred through Sales Letters to the buyer and seller.
- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to any property is assumed to be good and marketable, unless otherwise stated.
- All property is appraised as if free and clear of any or all liens or encumbrances, unless otherwise stated. All taxes are assumed to be current.
- All property is appraised as though under responsible, adequately capitalized ownership and competent property management.
- All parcel boundary data and structure sketches are assumed to be correct. Any plot plans and / or illustrative material contained with the appraisal records are included only to assist in visualizing the property.
- It assumes that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the mass appraisal report.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless a nonconformity has been stated, defined and considered in the mass appraisal report.
- It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or nation government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- It is assumed that the utilization of the land and improvements or the properties described are within the boundaries or property lines, and that there are no encroachments or trespasses unless noted on the appraisal record.
- Unless otherwise state in this report, the appraiser is not aware of the existence of hazardous substances or other environmental conditions. The value estimates are predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

**EFFECTIVE DATE OF APPRAISAL AND DATE OF THE REPORT**

All appraisals are as of January 1, 2018. The effective date of this report is July 25, 2018.

## **DEFINITION OF MARKET VALUE**

Except as otherwise provided by the Texas Property Tax Code (hereafter referred to as Tax Code), all taxable property is appraised at its "market value" as of January 1. Under the tax code "market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- Exposed for sale in the open market with a reasonable time for the seller to find a purchaser
- Both the seller and the buyer know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use
- Both the seller and buyer seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other

Specially appraised property is taxed on a basis, other than market value, as defined above. These categories include:

- residential homestead property (Sec 23.23, Tax Code),
- agricultural and timber property (Chapter 23, Subchapter C and D, Tax Code),
- real and personal property inventory (Sec 23.12, Tax Code),
- certain types of dealer inventory (Sec 23.121, 23.124, 23.1241 and 23.127, Tax Code)
- nominal (Sec 23.18, Tax Code) or restricted use properties (Sec 23.83, Tax Code).

## **AREA ANALYSIS**

Castro County Appraisal District appraises all properties within the physical boundaries of Castro County. Castro County is located in the Panhandle of Texas and is bordered by Deaf Smith County, Parmer County, Lamb County and Swisher County.

Castro County is predominantly an agricultural area. Crops for Castro County are cotton, corn, wheat and sorghum.

## **PROPERTY CLASSIFICATIONS**

The Property Tax Assistance Division of the State Comptroller's office requires properties to be identified by using a standard property classification as follows:

- A: Real Property: Single-family residential
- B: Real Property: Multifamily Residential
- C: Real Property: Vacant Lots and Tracts
- D1: Real Property: Qualified Agricultural Land

### **Sub Classifications for Agricultural**

- Irrigated Cropland
  - Dry Land Cropland
  - Native Pastureland
- D2: Real Property: Improvements on Qualified Open-Space
  - E: Real Property: Farm and Ranch Improvements, Non-qualified Open-Space
  - F1: Real Property: Commercial
  - F2: Real Property: Industrial (Manufacturing)
  - G1: Real Property: Oil, Gas and Other Minerals
  - H: Tangible Personal Property: Personal Use Vehicles
  - J2: Gas Distribution System
  - J3: Electric Company (including co-op)
  - J4: Telephone Company (including co-op)
  - J5: Railroad
  - J6: Pipeline Company
  - J7: Cable Television Company
  - J8: Other Utility
  - L1: Personal Property: Commercial
  - L2: Personal Property: Industrial (Manufacturing)
  - M: Mobile Homes/Other Tangible Personal Property
  - S: Special Inventory
  - X: Totally Exempt Property

## **HIGHES AND BEST USE ANALYSIS**

The district's market value appraisals are performed pursuant to Article VIII, Sec 1, Texas Constitution, which provides that property must be taxed in proportion to its value as determined by law. Sec 23.01, Texas Property Tax Code, implements this provision as follows:

- (a) Except as otherwise provided by this chapter, all taxable property is appraised at its market value as of January 1.
- (b) The market value of property shall be determined by the application of generally accepted appraisal methods and techniques. If the appraisal district determines the appraised value of a property using mass appraisal standards, the mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice. The same or similar appraisal methods and techniques shall be used in appraising the same or similar kinds of property. However, each property shall be appraised based upon the individual characteristics that affect the property's market value.

Castro County Appraisal District appraises all properties in accordance with their highest and best use, except when prohibited to do so by the Texas Property Tax Code.

In determining highest and best use, preliminary judgements are made by appraisers. Changes in property use require a more detailed and technical highest and best use analysis

## **MARKET ANALYSIS**

Economic trends affect the universe of property appraised in Castro County. These trends typically involve the relocation of taxpayers in a residential area. Castro County is not known for a dramatic influx of new residents or businesses since our area is predominantly agricultural with a population that includes families with ties to early settlers to the county.

Sales information is obtained from multiple sources, but most from Sales Survey's sent to both the buyer and seller of a property transaction.

CCAD receives monthly updates of deeds that have been filed with the Castro County Clerk. This enables CCAD to maintain an accurate listing of property owners.

The field appraisers for Pritchard & Abbot make inspections every 3 years of all real property in the county. Currently, reappraisal of all property is conducted in the odd numbered years, as stated in the 2017-2018 Reappraisal Plan. As the field appraiser reviews the property for any changes, he carries a current appraisal card which includes a listing of the property characteristics. Updates are made as necessary. If additions or additional structures are observed those are measured and added to the property records. Also, if noted that a structure has been removed this correction will also be made.

## **DATA COLLECTION AND VALIDATION**

### **APPRAISAL PERFORMANCE TESTS AND PERFORMANCE MEASURE ATTAINED**

The Property Tax Assistance Division of the Texas Comptroller of Public Accounts conducts a biennial study to determine the degree of uniformity and the median level of appraisals by the district within each major category of property constituting at least 5% of the total value in each school district, as required by Sec 5.10, Texas Property Tax Code.

2017 was the last year the study was performed for Castro County Appraisal District with all school districts being found to be within the confidence interval. The next Property Value Study will be performed for 2019.

## **VALUATION ANALYSIS**

Castro CAD valuation schedules are divided into four main classifications: residential, commercial, land and business personal property. Depreciation tables and schedules are also included within these schedules. These schedules are determined from sales data for real property and updated as needed.

Agricultural productivity is appraised with the income approach to value and determined annually pursuant to Sec 23.51(4) Texas Property Tax Code.

## **APPRAISAL METHODS**

Castro CAD will consider the three approaches to value to determine the most accurate value for each property. The three approaches to value to be considered are:

- Cost Approach – This approach to value considers the actual cost of construction.
- Income Approach – This approach to value considers the income less the expense of a property. This approach is typically used to value commercial property such as hotel / motel, apartment complex or retail rental property.
- Market Approach – This approach to value considers the actual market data through analysis of sales of similar properties in a specific area during a determined date range.

### **COST APPROACH**

The cost approach is best used for newer or unique properties. The property schedule is based on cost per square foot.

The field appraiser measures and classifies properties in accordance with the proper classification code. The appraiser also estimates the condition and effective age of the improvements, if the actual built date is not known. Additional depreciation may be estimated for a variety of reasons including functional obsolescence due to bad floor plans or out of date construction methods. Economic obsolescence results from a loss of value due to adverse influences from outside the physical boundaries of the property. Examples of economic obsolescence may be proximity to a landfill, an airport flight path, etc.

The basic formula for the cost approach to value is:

$$\text{Market Value} = \text{Replacement Cost New Less Depreciation} + \text{Land Value}$$

### **INCOME APPROACH**

Typically commercial properties are best valued through the income approach to value. This approach is derived from data collected from landlords, tenants, and market surveys. In Castro County the predominant properties that are valued by this method are the motels.

Productivity value is also determined through the income approach to value.

## **MARKET APPROACH**

The market approach to value is predominantly used for the residential property located in Castro County. This is the preferred method of valuation because the data is taken directly from the current market.

Sales letters are mailed to the buyer and seller of a property. Response typically is moderate, at best.

All schedules are reviewed annually with sales ratio studies verifying the accuracy of the schedules.

## **MARKET AREA**

The market areas in Castro County are the City of Dimmitt, City of Hart, City of Nazareth and all rural areas. Most areas in the cities have mixed classification codes therefore a neighborhood is the entire city. Subdivisions typically do not differentiate in price per square foot.

Ratio studies are done by school district and classification code. The median ratio within each classification is compared to the desired ratio to determine if adjustments should be made. After any adjustments are made to the schedule another set of ratio studies are done for comparison. When the desired ratio has been attained the schedules are then accepted and values are set for the year.

## **INDIVIDUAL VALUE REVIEW PROCEDURES**

In order for comparable sales data to be considered reliable it must contain a sales date, sales price, financing information, tract size and details of the improvements. Sales data is gathered by sending Sales Surveys to the buyer and seller of properties that have an ownership change.

Individual sales are analyzed to meet the test of market value as defined by Sec 1.04(7) of the Texas Property Tax Code. Examples of reasons why sales may be deleted or not considered are:

1. Transfer between family members
2. Owner financing
3. Considerable improvements or remodeling has been done since the date of sale
4. Sales may be unusually high or low when compared with typical sales located in the market area – typically known as outliers
5. The sale involves personal property, such as furnishing or in the case of agricultural land a pivot sprinkler system
6. Property use change after the date of sale

## **CERTIFICATION**

I, Jerry Heller, Chief Appraiser for Castro County Appraisal District, certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my person, impartial and unbiased professional analyses, opinions and conclusions
- I have no present or prospective interest in the properties subject to this report and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the taxing jurisdiction, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*, the International Association of Assessing Officers and the Texas Department of Licensing and Regulation
- This report has been prepared utilizing certified appraisal data