

LIPSCOMB COUNTY APPRAISAL DISTRICT

REAPPRAISAL PLAN

FOR **2025 & 2026**

AS ADOPTED BY THE BOARD OF DIRECTORS

**SEPTEMBER 4, 2024**

STATE OF TEXAS

COUNTY OF LIPSCOMB

RESOLUTION

ADOPTING REAPPRAISAL PLAN FOR 2025-2026

WHEREAS, pursuant to the Texas Tax Code, each appraisal district board of directors is required to approve, by resolution, a periodic reappraisal plan,

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Lipscomb County Appraisal District hereby adopts and approves the reappraisal plan attached hereto.

THIS RESOLUTION, passed on this 4th day of SEPTEMBER, 2024.

CAD BOARD OF DIRECTORS

Susie Wynn  
Jeremy Anderson  
Mark McKnight  
Randy Miller – Chairman  
Neal Ashpaugh  
Ben Gribble  
Kinsey Burrus  
Scotty Schilling  
Rodney Anderson  
Gailan Winegarner – Tax A/C

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## **EXECUTIVE SUMMARY**

### **TAX CODE REQUIREMENT**

Passage of S. B. 1652 amended the Tax Code to require a written biennial reappraisal plan. The following details the changes to the Tax Code:

#### **The Written Plan**

Section 6.05, Tax Code, is amended by adding Subsection (i) to read as follows:

(i) To ensure adherence with generally accepted appraisal practices, the Board of Directors of an appraisal district shall develop biennially a written plan for periodic reappraisal of all property within the boundaries of the district according to the requirements of section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each even numbered year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date.

## **INTRODUCTION**

The purpose of this summary report is to aid the taxpaying public in better understanding the methods and techniques utilized by the Lipscomb County Appraisal District (LCAD) in the valuation and revaluation of taxable property within Lipscomb County. This report attempts to comply with Standard 6 of the Uniform Standards of Professional Appraisal Practice, effective September 9, 2014 - September 15, 2018. LCAD maintains a more detailed Operations manual for appraisal use.

LCAD is a Central Appraisal District formed by the Texas Legislature in 1979 and is charged with the appraisal of all taxable property within the taxing entities within the District's Boundaries. Currently these taxing entities are as follows:

- Lipscomb County
- North Plains Water District
- City of Booker
- City of Darrouzett
- City of Follett
- City of Higgins
- Booker ISD
- Darrouzett ISD
- Follett ISD
- Canadian ISD
- Booker Hospital District
- Darrouzett Hospital District
- Follett Hospital District
- Higgins Hospital District

Booker ISD and Booker City are entities which overlap between Lipscomb, Ochiltree and Hemphill Counties but due to legislative changes, LCAD no longer appraises beyond the county line. These counties have agreed to share information, data and ownership records of real property with Lipscomb County's Assessor/Collector.

Lipscomb CAD was formed in 1981 and became active in 1982. As of December 2015, Lipscomb CAD has a total of two full-time staff positions, with one being a supervisory position and one part-time employee. None of the positions are full-time appraisers. Lipscomb CAD contracts with Morgan Ad Valorem for professional appraisal services in mineral and industrial properties. The staff members appraise all real property and personal property in the district.

Lipscomb CAD's current organization chart is as follows. The chief appraiser reports directly to the board of directors and the deputy appraiser reports to the chief appraiser. The chief appraiser also manages the outside appraisal consultant.

## **Lipscomb CAD Organization**

### BOARD OF DIRECTORS

ADMINISTRATOR FINANCIAL  
DUTIES

CHIEF APPRAISER

INDEPENDENT CONTRACTED  
APPRAISER

DEPUTY APPRAISER

SECRETARIAL DUTIES

DATA ENTRY

The Lipscomb CAD board of directors has no authority to set values or determine appraisal methods under Property Tax Code Section 6.05(a). The chief appraiser carries out the CAD's legal duties, hires its staff, performs appraisals and operates the appraisal office.

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 on a variety of operations.*

The Chief Appraiser's responsibilities are as follows: Discover, list, and appraise all property  
Determine exemption and special use requests

Organize periodic appraisals

Notify taxpayers, taxing units and the public about matters that affect property values LCAD is a small office consisting of the Chief Appraiser, Deputy Appraiser. The Chief Appraiser performs all fieldwork on the appraisal of real and personal property. The Deputy Appraiser assists the Chief Appraiser in the day to day operations of the District office.

The District employs the services of Morgan Ad Valorem Services, an appraisal firm, to appraise all mineral and industrials within the boundaries of the appraisal district. The District also uses Southwest Data Solutions for its data processing of all appraisal records.

## Plan for Periodic Reappraisal

Subsections (a) and (b), Section 25.18, Tax Code, are amended to read as follows:

- (a) Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years
  - (1) Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, land -based photographs, surveys, maps, and property sketches;
  - (2) Identifying and updating relevant characteristics of each property in the appraisal records;
  - (3) Defining market areas in the district; Lipscomb's defines the whole county as one market area.
  - (4) Identifying property characteristics that affect property value in each market area, including:
    - (A) the location and market area of property
    - (B) physical attributes of property, such as size, age, and condition;
    - (C) legal and economic attributes; and
    - (D) easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
  - (5) Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
  - (6) Applying the conclusions reflected in the characteristics of the properties being appraised; and
  - (7) Reviewing the appraisal results to determine value.

Pursuant to Section 1.111(e) of the Texas Property Tax Code the Chief Appraiser may enter into an agreement with an owner or owner's agent if the agreement relates to a matter:

which may be protested to the Appraisal Review Board or on which a protest has been filed but not determined by the board; or

which may be corrected under Section 25.25 or on which a motion for correction under that section has been filed but not determined by the board.

Section 6.05(e) states that "the Chief Appraiser may delegate authority to his employees."

Expressly included in this delegation is the authority of appraisal staff registered with the Texas Department of Licensing and Regulation to enter into informal agreements with owners and agents.

## **REVALUATION DECISION (REAPPRAISAL CYCLE)**

The Lipscomb County Appraisal District by policy adopted by the Chief Appraiser and Board of Directors reappraises all property in the district at least once every three years and performs a mass application mail out requesting updated or new/changed information on all properties subject to agricultural 1-D-1 and/or any exemption at least once every 10 years. The CAD is divided into three areas, following this schedule ensures a complete reappraisal of all properties is performed within the Tax Code's requirements:

**Area One:** All Higgins City real property and Canadian ISD rural property to be completed in 2026.

**Area Two:** All Follett City, Darrouzett City real property and Follett ISD, Darrouzett ISD rural property to be completed in 2027.

**Area Three:** All Booker City real property and Booker ISD rural property to be completed in 2025.

**All personal and mineral properties will be reappraised each year.**

These yearly plans are designed to be flexible within the overall reappraisal plan. The specific work load within and between plan years may need to be adjusted to provide for complete and accurate appraisals.

## **REAPPRAISAL YEAR ACTIVITIES**

1. Performance Analysis – the equalized values from the previous appraisal year are analyzed with ratio studies to determine appraisal accuracy and appraisal uniformity overall and by market area within property categories. Ratio studies are conducted in compliance with the current Standard on Ratio Studies of the International Association of Assessing Officers.

2. Analysis of Available Resources – staffing and budget requirements for appraisal year 2017 are detailed in the 2017 budget, as adopted by the board of directors. This reappraisal plan may be adjusted as needed to reflect the available staffing. Budget restraints can impact the cycle of real property re-inspection and personal property on-site review. Existing appraisal practices, which are continued from year to year, are identified and district staff is appropriately trained in order to keep their skills current. Revisions to cost models, income models, and market models are specified, updated and tested each tax year.

The preliminary values produced by these updates are tested against verified sales data and adjustments are made as necessary to fit the local market area to ensure the appraisal district is in compliance with Texas Property Tax Code, Section 23.011.

Replacement-Cost-New tables as well as depreciation tables are tested for accuracy and uniformity using ratio study tools and compared with cost data from recognized industry leaders, such as Marshall & Swift. Land schedules are updated using current market data (sales) and then tested with ratio study tools. Value schedules are developed and tested on a pilot basis with ratio study tools.

Personal Property Valuation: Density schedules are tested using data received during the previous tax year from renditions and hearing documentation. Valuation procedures are reviewed, modified as needed, and tested. The latest edition of the Comptroller's Guide is utilized heavily in the appraisal of personal property in the district. Information Systems (IS) support is detailed with year specific functions identified and system upgrades scheduled with the district's software vendor. Computer generated forms are reviewed for revisions based on year and reappraisal status.

Legislative changes are scheduled for completion and also tested through coordination between the district's employee and its software vendor. Existing maps and data requirements are specified and updates scheduled as required.

3.

Planning and Organization — a calendar of key events with critical completion dates is prepared for the district. This calendar identifies the key events for the preparation of the appraisal roll, clerical, customer service, and information systems. A calendar is prepared and included for appraisal years 2015 and 2016. Production standards for field activities are calculated and incorporated in the planning and scheduling process in order to reach goals / mandates set by both district management and the Tax Code. This plan encompasses the normal processes carried out for each year by the district, therefore catastrophic events or significant legislative action may have a detrimental effect to the district's operations and require changes to this plan. Long term plans include mailing out applications for agriculture and exemption applications every 10 years.

4.

Mass Appraisal Systems-Computer Assisted Mass Appraisal (CAMA) system revisions required are specified and scheduled with Information Systems and the district's software vendor. All computer forms and IS procedures are reviewed and revised as required.

5.

Data Collection Requirements — field office procedures are reviewed and revised as required for data collection. Activities scheduled for each appraisal year include new The Lipscomb County Appraisal District, as well as all appraisal districts in Texas, is specifically hindered when valuing property due to the lack of mandatory sales disclosure. The lack of mandatory sales disclosure restricts the information that is available to CAD's when using the Sales Comparison Approach, especially on the high end of the value spectrum of residential property and with regard to most non-residential real property. Should mandatory sales price disclosure become law; the district will have an additional tool with which to value property which will foster further accuracy and equity in appraisals.

6.

Pilot study by appraisal year-new and/or revised mass appraisal models / schedules are tested each appraisal year. Ratio studies, by market area, are conducted using proposed values each appraisal year. Proposed values in each category are tested for accuracy and reliability using standardized testing procedures and ratio study statistics.

7.

Valuation by appraisal year-using market analysis of comparable sales and locally tested cost data, valuation models are specified and calibrated in compliance with supplemental standards from the International Association of Assessing Officers and the *Uniform Standards of Professional Appraisal Practice*. The calculated values are tested for accuracy and uniformity using ratio studies.

8.

The Mass Appraisal Report-each appraisal year the required Mass Appraisal Report will be prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar.

The Mass Appraisal Report is completed in compliance with STANDARD RULE 6-8 of the *Uniform Standards of Professional Appraisal Practice*. The signed certification by the Chief Appraiser is compliant with STANDARD RULE 6-9 of USPAP.

9.

Value defense-evidence to be used by the appraisal district to meet its burden of proof for market value and appraisal equity in both informal and formal hearings is specified and tested as applicable.

2023 CALENDAR OF KEY EVENTS  
2025 Appraisal Year

| EVENT                                                                                                                                                     | BEGINNING DATE | ENDING DATE   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------|
| Create 2023 Year Layer in System                                                                                                                          | 8/1/2024       | 8/1/2024      |
| Field Operations - Begin with Higgins City real properties, then Canadian ISD real properties. Starting in the south part of the district and work north. | 1/1/2025       | 4/15/2025     |
| DiscoveryProcess-Building Permits,Rechecks                                                                                                                | 8/1/2024       | 4/15/2025     |
| Adopt Biennial Reappraisal Plan for 2023-2024                                                                                                             | August 2024    | August 2024   |
| Adopt 2025 Appraisal District Budget                                                                                                                      | August 2024    | August 2024   |
| TDLR Education Courses                                                                                                                                    | 8/1/2024       | 12/31/2025    |
| Statutory Date of Appraisal                                                                                                                               | 1/1/2025       | 1/1/2025      |
| Preliminary Property Value Study Released                                                                                                                 | 1/31/2025      | 1/31/2025     |
| Personal Property Renditions Mail out                                                                                                                     | 1/1/2025       | 1/15/2025     |
| PVS Protest Deadline if Necessary                                                                                                                         | 3/12/2025      | 3/12/2025     |
| Send 25.19 Appraisal Notices                                                                                                                              | 5/1/2025       | 5/15/2025     |
| Submit Records to ARB                                                                                                                                     | 4/1/2025       | 4/15/2025     |
| Informal Hearings Scheduled                                                                                                                               | 5/15/2025      | 6/30/2025     |
| Formal Hearings Scheduled                                                                                                                                 | 6/1/2025       | 7/20/2025     |
| Send Subsequent Batches of Appraisal Notices                                                                                                              | 5/20/2025      | 6/30/2025     |
| Protest Deadline                                                                                                                                          | 6/21/2025      | 6/21/2025     |
| Certified Estimate of Value to School Districts                                                                                                           | 4/24/2025      | 4/24/2025     |
| Mineral Import from Vendor                                                                                                                                | 7/5/2025       | 7/25/2025     |
| Industrial Import from Vendor                                                                                                                             | 7/5/2025       | 7/25/2025     |
| Certification of Appraisal Roll                                                                                                                           | 7/25/2025      | 7/25/2025     |
| Quarterly Board of Directors Meeting                                                                                                                      | Every quarter  | Every quarter |
| ARB Meeting                                                                                                                                               | March          | July          |
| Mail Ag 1-D-1Applications                                                                                                                                 | December       | May           |

**2026 CALENDAR OF KEY EVENTS****2026 Appraisal Year**

|                                                                                                                                                                                                                                 | BEGINNING DATE | ENDING DATE   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------|
| Create 2024 Year Layer in System                                                                                                                                                                                                | 8/1/2025       | 8/1/2025      |
| Field Operations - Begin with Darrouzett City, then City of Follett real property, followed by Darrouzett ISD and Follett ISD rea; property starting with properties in Blk 10 the properties in blk 43 working north to south. | 1/1/2026       | 4/15/2026     |
| Discovery Process - Building Permits, Rechecks                                                                                                                                                                                  | 8/1/2026       | 4/15/2026     |
| Adopt 2025 Appraisal district Budget                                                                                                                                                                                            | 9/14/2026      | 9/14/2026     |
| TDLR Education Courses                                                                                                                                                                                                          | 1/1/2026       | 12/31/2026    |
| Statutory Date of Appraisal                                                                                                                                                                                                     | 1/1/2026       | 1/1/2026      |
| Preliminary Property Value Study Released                                                                                                                                                                                       | 1/31/2026      | 1/31/22026    |
| Personal Property Renditions Mailout                                                                                                                                                                                            | 1/1/2026       | 1/15/2026     |
| PVS Protest Deadline if Necessary                                                                                                                                                                                               | 3/12/2026      | 3/12/2026     |
| Send 25.19 Appraisal Notices                                                                                                                                                                                                    | 5/1/2026       | 5/31/2026     |
| Submit Records to ARB                                                                                                                                                                                                           | 4/1/2026       | 7/15/2026     |
| Informal Hearings Scheduled                                                                                                                                                                                                     | 6/1/2026       | 7/15/2026     |
| Formal Hearings Scheduled                                                                                                                                                                                                       | 7/1/2026       | 7/15/2026     |
| Send Subsequent Batches of Appraisal Notices                                                                                                                                                                                    | 5/15/2026      | 6/1/2026      |
| Protest Deadline                                                                                                                                                                                                                | 5/31/2026      | 6/31/2026     |
| Certified Estimate of Value to School Districts                                                                                                                                                                                 | 4/25/2026      | 4/25/2026     |
| Mineral Import from Vendor                                                                                                                                                                                                      | 7/15/2026      | 7/15/2026     |
| Industrial Import from Vendor                                                                                                                                                                                                   | 7/15/2026      | 5/15/22026    |
| Certification of Appraisal Roll                                                                                                                                                                                                 | 7/25/2026      | 7/25/2026     |
| ARB Meeting                                                                                                                                                                                                                     | June           | July          |
| Quarterly Board of Directors Meeting                                                                                                                                                                                            | Every quarter  | Every quarter |
| Bids for New Bank Depository Contract                                                                                                                                                                                           | 10/01/2024     | 10/31/2024    |

## **YEARLY CALENDAR OF PROCEDURES**

### **-GENERAL-**

**NOTE: IN NOV. OF EVEN YEARS MAIL ENTITIES LETTER FOR THEM TO APPOINT A CAD BOARD MEMBER FOR A 2 YEAR TERM (EXP: NOV-98 MAIL LETTER FOR 99-2000 TERM)  
ARB BOARD MEMBERS CAN SERVE 3 TERMS AND THEN MUST SIT OUT 1 TERM BEFORE RETURNING**

#### **JANUARY**

1. Mail Homestead exemption forms to all flagged accts
2. Enter over-65 freeze amounts for past year
3. Get Voter Reg. print out from A/C and mail out over-65 Homestead Exemption forms
4. Clear Notice of Appraised Value flags
5. Clear new property flags and personal prop flags
6. Check all Mobile Homes
7. Update USPAP <annual
8. Mail renditions/resolutions
9. Check all veteran exemptions for changes, mail HS applications again
10. Mail resolutions to all entities Jan 1st, include a pers prop est showing levy & cost
11. Publish exemption information in the local paper
12. Mail D.O. requests for new leases
13. Mail Freeport exemption forms
14. Check all loan company codes
15. Update USPAP Manual and reprint

#### **FEBRUARY**

1. Check all addresses for zip-plus four and changes/corrections
2. Request from all cities a list of people moving in and out
3. Check for new businesses to be added to personal prop file
4. Send Comptrollers required publications to newspaper for printing
5. Check personal prop accts for addresses out of county
6. Calculate new vehicle depreciation chart if needed
7. Re-Mail HS forms to flagged accts

#### **MARCH**

1. Start courtesy calling business personal property accounts reminding them to render
2. April 15 is last day to file rendition without filing an extension, extension deadline is May 15th
3. Mail entity quarterly payment notices

#### **APRIL**

1. Remail HS exemption forms
2. Flag business personal prop accounts with penalty if not rendered by April 15<sup>th</sup>
3. Send all entities certified estimate of value

#### **MAY**

1. Publish notice of protest procedures in paper
2. Load mineral values
3. Print D.O.'s and check for any errors
4. Mail Notices (make sure all values have been rolled to master file)
  1. Allow at least 45 days from time notices are mailed to ARB hearing date
  2. Only mail the pers prop accts that ARE taxing pers prop
5. Mail proposed budget sheet to all entities

## **JUNE**

1. ARB Hearings-Mail notice of Protest, Rights & Remedies, & ARB rules
2. 100% certification of appraisal roll sent to entities after ARB hearings are complete
3. Mail entity quarterly payment notices
4. By June 15 the Chief Appraiser needs to submit the proposed budget for the next year (this budget needs to be published in the local paper at least 10 days prior to the meeting adopting the budget)

## **JULY**

1. Print Appraisal cards for the current year
2. Print appraisal cards (geo order) for A/C and personal prop list
3. By July 25 certify 100% appraisal roll
4. Print pers prop list and put in rendition file (stamp renditions with date & signature)
5. Calculate Avg Home values for each school for "Notice of Public Hearing" Publication

## **AUGUST**

1. Send newspapers a budget information sheet at least ten days prior to board meeting to approve budget. Budget must be approved by Sept 15th.
2. Complete the State Prop Value reports for each school and the appraisal district report
3. Mail all entities a copy of the prior year's audit

## **SEPTEMBER**

1. Mail entity quarterly payment notices
2. Taxing entities must adopt a new tax rate by the 1st or soon thereafter
3. After the new tax rate is set, print the new appraisal roll
4. Begin the reappraisal process every third year
5. Mail a letter to each taxing entity telling them if they want a copy of the appraisal roll

## **OCTOBER**

1. Tax statements are to be mailed October 1st or soon after
2. Calculate the next year's qtr payment schedule and mail copy to each entity

## **NOVEMBER**

1. Mail entities (with board members) letter for them to appoint a new member (even yrs only)

## **DECEMBER**

1. Mail entity quarterly payment notices
2. Print all A2's and M3's to be checked on Jan 1st
3. Prepare resolutions to be mailed Jan 1st

## VALUATION APPROACH BY APPRAISAL YEAR

### MARKET APPROACH

The definition of market value as established by the State Property Tax Code differs from the definition established by USPAP therefore, a JURISDICTIONAL EXCEPTION applies.

The following definition of market value, Sec. 1.04 of the Texas Property Tax Code, 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 purchaser know all of 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 the purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other

The effective date of appraisals is January 1st with the exception of inventory, which may be appraised at its market value as of September 1st. To receive the September 1st appraisal date, a taxpayer must file an application by July 31st.

The purpose of and intended use of the appraisal performed by LCAD is to estimate market value for ad valorem tax purposes for the taxing entities located within the boundaries of the LCAD. It is the goal of the staff of LCAD to provide the best possible service to the taxpaying public and the taxing entities. The LCAD staff promotes and adheres to the professional standards and ethics as set forth by the Texas Association of Appraisal Districts and the Texas Association of Assessing Officers.

### AREA ANALYSIS

The universe of properties appraised by LCAD falls within the physical boundaries of Lipscomb County and extends into Ochiltree and Hemphill Counties along the boundaries of the Booker Independent School District. Lipscomb County is located in the Northeast Texas Panhandle and is bordered to the north by the State of Oklahoma, to the east by the State of Oklahoma, to the south by Hemphill County and to the west by Ochiltree County.

Lipscomb County is a rural county with 4 towns, Booker, Darrouzett, Follett, and Higgins, and one small community, Lipscomb. The Wolf Creek River cuts the county from west to east across the middle part of the county with the Community of Lipscomb next to the river.

While minerals contribute most of the economic wealth to the county, agriculture is the main economic livelihood of the residents in the county. The majority of the land within the county is rural land with cattle production the number one business followed by some farming of mostly dry land wheat.

With the large number of minerals in the county, there is several oil and gas based businesses, which support the oil and gas production within the county. These companies provide for a fairly stable work environment and wage base for the county.

The closest city of any size from Lipscomb County is the City of Pampa located 90 miles to the southwest of the County. The closest urban areas are Amarillo which is 100 miles southwest of the County and Oklahoma City, 250 miles east of the county. The location of Lipscomb County has a large effect on the values of properties within the county.

## OVERVIEW OF TYPES OF PROPERTIES APPRAISED

There are four (4) major categories of property appraised by LCAD. These categories are:

*Real Properties:* Residential, Multi-Family, Commercial, Vacant Lots, Commercial Vacant Lots, Vacant Rural Land and Improvements on Rural Land

*Personal Properties:* Business Personal Properties, and Industrial Personal Properties.

*Utilities:* Telephone Companies, Cable Companies, Pipelines and Etc.

*Minerals:* Oil & Gas

The Property Tax Division of the State Comptroller's Office requires properties to be identified by type using a standard identification code. Codes currently used by LCAD are:

|       |                                                                   |
|-------|-------------------------------------------------------------------|
| A1    | Real Residential Single Family                                    |
| A2    | Mobile Homes where land and Mobile Home owned by same person Real |
| B 1   | Residential Multifamily                                           |
| C1    | Vacant Lots (residential in City)                                 |
| C2    | Vacant Lots (commercial in City)                                  |
| D1-D4 | Rural Acreage                                                     |
| E1    | Rural Improvements                                                |
| F1    | Real Commercial Real                                              |
| F2    | Industrial Minerals                                               |
| G 1   | Personal Property-Vehicles Utilities                              |
| H 1   | Commercial Personal Property                                      |
| J     | Industrial Personal Property Drilling                             |
| L1    | Drilling Rigs                                                     |
| L2    | Farm/Ranch Business Vehicle                                       |
| L3    | Mobile Homes                                                      |
| L4    | Travel Trailers                                                   |
| M3    | Personal Property - Boats, Aircraft, Motor Homes Exempt           |
| M4    | Travel Trailers                                                   |
| X     | Exempt Property                                                   |

## HIGHEST AND BEST USE ANALYSIS

The highest and best use of real estate is defined as the most reasonable and probable use of land that will generate the highest return to the property over a period of time. This use must be legal, physically possible, economically feasible and the most profitable of the potential uses. An appraiser's identification of a property's highest and best use is always a statement of opinion never a statement of fact.

In order to complete the highest and best use analysis of a property, an appraiser must estimate its highest and best use as if the land were vacant. This estimate ignores the value of the restrictions created by existing improvements. It is the highest value the land could have if it were available for any legal, physically possible, and economically feasible kind of development. In determining highest and best use, preliminary judgments are made in the field by appraisers. The appraisers are normally aware of zoning regulations within physical boundaries of the city. LCAD property cards contain information regarding lot size and frontage, therefore, appraisers normally make judgments on physical possible use of sites in the field. Economically feasible and most profitable uses are determined by observing surrounding property. However, changes in property use require a more detailed and technical highest and best use analysis. These studies are usually performed in the office.

## MARKET ANALYSIS

Economic trends, national, regional and local trends affect the universe of property appraised in Lipscomb County. An awareness of social, economic, governmental and environmental conditions is essential in understanding, analyzing and identifying local trends that affect the real estate market.

Market analysis is performed throughout the year. Both general and specific data is collected and analyzed. Examples of sources of general data include "Trends" issued by the Real Estate Center at Texas A&M University. "The Statement" published by the State Comptroller's Office. "The Appraiser" published by the Texas Association of Appraisal Districts and "Texas Assessor's News" published by the Texas Association of Assessing Officers. When possible local sources such as lending institutions are used to obtain financing information, demographics and labor statistics.

Sales information is received from various sources. Asking prices are gathered from the local newspaper and Realtor listings. Information is also gathered from conversations with local real estate appraisers, agents and brokers. The LCAD receives a weekly computer print-out of all deed transactions from the Lipscomb County Clerk. From this information, sales letters are mailed to the buyer to obtain information of the sales. This information is not mandatory in the State of Texas therefore only a small percentage of letters are received back with useful information. This is a serious problem in that there is usually inadequate sales data to perform as thorough analysis of sales data as USPAP would require. However, every effort is made to use what data is available.

LCAD currently does revaluation of all properties once every three years. This revaluation includes a visual inspection and updating of all information on the properties within the city limits and rural properties. Sales and market analysis are performed each year on residential properties, as information is available. Each year new properties are inspected, measured, and added to the roll.

In addition, building permits within the City Limits of all towns are obtained and changes to accounts are made as indicated. Individual properties are also reappraised as condition of the property warrants: for example, fire, remodeling, or an addition or demolition of a portion of the improvement. Appraisers will perform detailed field inspections of properties if requested by the owner.

The appraiser's performing reevaluations in the field have property record cards that contain specific information regarding the property being appraised. These cards contain legal descriptions, ownership interest, property use codes, property addresses, land size, sketches of improvements as well as any available detailed information of the improvements.

Revaluation field inspections require the appraisers to check all information on the property record

cards and to update if necessary. If a physical inspection of the property indicates changes to the improvements, the appraiser notes these changes in the field. Examples of these types of changes may be the condition or effective age of the improvements as well as additions to the improvements. The classification of residential properties is also reviewed during the revaluation process. New improvements are also added at this time.

## **DATA COLLECTION/VALIDATION**

### **DATA COLLECTION AND SOURCES**

LCAD cost and value schedules include land and residential improvements. Commercial schedules, the district refers to Marshall and Swift Valuation Service and personal property schedules come from the Property Tax Division appraisal manual or Marshall and Swift is often used as a reference but the district converts its data codes to fit with the district's codes already set in the computer system. Personal Property renditions provided by property owners are also used in the valuation of business personal and personal property. Marshall and Swift Valuation Service is a national based cost manual and is generally accepted throughout the nation by the real estate industry. The cost manual is based on cost per square foot and also the unit in place method. The unit in place method involves the estimated cost by using actual building components. This national based cost information service provides the base price of buildings as per classification with modifications for equipment and additional items. The schedule is then modified for time and location.

Renditions are confidential sources and cannot be used for specific information. However, data from renditions may be compared with data from cost manuals and used to test for their accuracy. LCAD schedules are then formulated from a combination of these sources. Schedules may also be modified by use of local market data (sales information) to further insure accuracy of the cost and value schedules. Data on individual properties is also collected from the field, compiled and analyzed. Buildings and other improvement are inspected in the field, measured and classified. The appraiser estimates the age of the improvements and determines the condition of the improvements. This data is used to compile depreciation (loss of value) Tables, and any notes pertaining to the improvements are made at this time.

Currently, single family dwellings are classified for quality and type of construction whether frame or brick veneer. The classifications range from class 1 to class 7. Class 1 being the most basic of structures using the poorest quality materials and lowest workmanship while a class 7 structure is of the highest possible quality using only the best of materials and the highest and best quality workmanship available. Currently, both ends of the spectrum have zero properties being listed (Class 1 and 7)

The age of a building is used to estimate depreciation and the bases of the effective age of improvements. Effective age is the age the property appears to be due to maintenance and upkeep. Effective age for a house that is properly maintained may be its actual or chronological age. However, if a structure suffers from deferred maintenance due to neglect, its effective age may be older than the actual age. In contrast, if a house is an older structure and has been remodeled or updated, its effective age may be less than its actual age.

Depreciation is also estimated by the condition of the improvements. Condition ranges from unsound to excellent. Appraisers in the field usually inspect structures from exterior perspectives. The interior condition is assumed to be similar to the exterior however if the taxpayer requests, an interior inspection will be made by appointment.

Foundation failure may occur in varying degrees and may also result in loss of value. LCAD makes allowances for foundation problems on a case by case basis. Additional depreciation may be stimulated for a variety of reasons including functional obsolescence resulting from bad floor plans or out of date construction methods. Economic obsolescence results from a loss of value to a property due to adverse influence from outside the physical boundaries of the property. Examples of economic obsolescence may be proximity to correctional facilities, location of residences outside city limits with no access to city amenities, residences located on farm and ranch land, etc.

## **DEFINING MARKET AREAS**

The neighborhood additions and market areas are comprised of the land area and commercially classed properties located within the boundaries of this appraisal jurisdiction. These areas consist of how wide variety of property types including multiple-family residential, commercial and industrial. Neighborhood Additions and area analysis involves the examination of how physical, economic, governmental and social forces and other influences may affect property values within subgroups of property locations. The effects of these forces are also used to identify, classify, and organize comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. In the mass appraisal of commercial and industrial properties these subsets of a universe of properties are generally referred to as market areas, neighborhoods, or economic areas. Due to property sales being equivalent in the entire county, the district uses one market segment/area for the whole county.

### **Data Collection Requirements**

Field and office procedures are reviewed and revised as required for data collection. Projects for each tax year include the definition of market areas, new construction, demolition, remodeling, re-inspection of problematic market areas, and re-inspected of the universe of properties on a specific cycle, and office (or field) verification of sales data and property characteristics.

#### **New Construction/Demolition**

New Construction field and office review procedure are identified and revised as required. Field production standards are established and procedures for monitoring tested. Sources of building permits are confirmed. Municipal and county offices provide, as available, notification of utility hookups, septic system installation, development permits, demolition orders, etc. Process of verifying demolition of improvements is specified.

#### **Remodeling**

Market Areas with extensive improvement remodeling are identified, verified and field activities scheduled to update property characteristic data. Official Public Records provide indications of properties that may be undergoing enhancement through Deeds of Trust, Mechanics Liens, etc. Property identified as having remodel or improvement updates will be scheduled for onsite inspection to verify property characteristic data.

#### **Re-Inspection of Problematic Market Area**

Real property market areas, stratified by property classification, will be tested for low or high sale ratios, and high COD (coefficients of dispersion). Market area that fail and or all of these test will be reviewed. Field reviews will be schedules to verify and correct property characteristics data. Additional sales data will be researched and verified in order to assess whether the market area is correctly defined and stratified.

#### **Re-Inspection of the Universe of Properties**

The International Association of Assessing Officers' Standard on Mass Appraisal of Real Property, specifies that the universe of properties should be re-inspected on a cycle of 4 to 6 years. The re-inspection includes physically viewing the property, photographing (if possible), and verifying the accuracy of the existing data. The field appraiser has an appraisal card of each property to be inspected and makes notes of changes, depreciation, remodeling, additions, etc. The re-inspection requirements for 2017-2018 Tax Years are identified and scheduled in the reappraisal plan.

#### **Field or Office Verification of Sales Data and Property Characteristics**

Sales information must be verified and property data (characteristics), contemporaneous with the date of sale, must be captured. Valid statistical analyses for direct and indirect equalization using sales ratios require the appraisal data to reflect the condition of the property at the time of sale.

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## **RESIDENTIAL SCHEDULES**

Residential valuation schedules are cost based tables modified by actual sales data from the title company. That is, the cost reflects replacement cost new of the subject property. Market Research indicates that the common unit of comparison for new residential construction as well as existing housing is the price paid per square foot. The value of extra items is based on their contributory value to the property. This value may be estimated by the price per square foot or a value of the item as a whole. This data is extracted from the market by paired sales analysis and conversations with local appraisers and brokers. Comparison ratio studies between Marshall and Swift, the Property Tax Division, and LCAD cost schedules are included in the Addendum II to this report.

The residential schedule is based on the size, age, and condition of the structure, quality of construction, contributory value of extra items and the land value. Each of these variables has a direct impact on the cost as well as the value of the property. The following is an example of each of the variables and how they may affect market value:

**Quality of Construction** - Residential construction may vary greatly in quality of construction. The type of construction affects the quality and cost of material used, the quality of the workmanship as well as the attention paid to detail. The cost and value of residential property will vary greatly depending on the quality of the construction. As stated above, LCAD residential schedules currently class houses based on quality of construction from 1 to 7. This classification schedule is based on the Property Tax Divisions definitions of residential classes of dwellings with modifications for local market.

**Size of Structure** - The size of a structure also has a direct impact on its cost as well as value. The larger the structure the less the cost per square foot. LCAD schedules are graduated in size increments from 100 to 200 square feet, depending on market conditions. The property Tax Division and Marshall and Swift also support the size factor.

**Condition of Improvements** - LCAD rates conditions from unsound to excellent. Properties that in the opinion of the appraiser are unlivable may be taken off the schedule and given a Fair Market Value or salvage value.

**Age of Structure** - LCAD residential depreciation schedule groups age categories from 0 to 4 years of age, 4 to 8 years and in increments of 5 years up to 38 years and 39 to 50 years in increments of 10 years. Age 51 and over is given the maximum amount of depreciation. As stated above, effective age and chronological age may be the same or different depending on the condition of the structure.

**Extra Items** - As stated above, extra items are valued according to their contributory value to the whole. Examples of extra items include storage buildings, swimming pools, etc.

**Land Value** - LCAD values land based on market transactions when possible. As there is not always market transactions available, other recognized methods of land valuation may be used. The two most common methods are the land residual method and the land ratio method. Land schedules are available at the Appraisal District Office.

#### COMMERCIALSCHEDULES

Commercial properties are valued using Marshall and Swift Valuation schedules for commercial property. Replacement cost new is determined and then adjusted for location. Depreciation is then applied using physical observation of the property.

#### PERSONALPROPERTYSCHEduLES

The Personal Property Schedules value business furniture, fixtures, and equipment as well as inventory that is taxable by law. Business vehicles located within the Appraisal District boundaries and personal vehicles located within the county are also valued, but not taxed at this time.

Business Personal Property values are derived from several sources. Business owners are required by Texas Law to render their business personal property each year. A 10% penalty will be applied to all unrendered business properties. It is the experience of the District that we receive approximately 98% of business renditions each year. Rendered values are used on business personal property if the value is reasonable for the type of business and is within acceptable ranges when compared to the PTD or Marshall and Swift personal property schedules for the type of business rendered. Should the rendered values not be acceptable then PTD or Marshall and Swift schedules are applied to establish a value. Value on all business personal property not rendered is established using PTD or Marshall and Swift schedules for the type of business being valued. Depreciation is determined by the age of the property and its expected life. Schedules are available in the appraisal district office.

Both business and personal vehicles are valued based on NADA book official used car valuations wholesale value for the particular make, model, and age of the vehicle. The appraisal district uses a report obtained from Just Texas which lists vehicles registered in Lipscomb County on January 1st of each year. This report uses the vehicle identification number to determine make, model, and vehicle characteristics to determine NADA Book wholesale value. This report along with renditions, physical observations and city reports are used to discover and list vehicles that are taxable within the county. When adverse factors such as high mileage are known then the appropriate adjustments are made to value.

#### STATISTICAL ANALYSIS

Statistics are a way to analyze data and study characteristics of a collection of properties. In general it is not feasible to study the entire population therefore; statistics are introduced into the process. LCAD statistical analysis for real estate is based on measures of central tendency and measures of dispersion. The measure of central tendency determines the center of a distribution. The measures of central tendency utilized with the aid of computer based programs are the mean, median, mode and the weighted mean.

The measure of dispersion calculated is the coefficient of dispersion. This analysis is used to indicate the spread from the measure of central tendency. Statistical bias is measured by the Price Related Differential (PRD) The PRD indicates how high price properties are appraised in relation to low price properties.

## INDIVIDUAL VALUE REVIEW PROCEDURES

In order for comparable sales data to be considered reliable it must first contain a sales date, sales price, financing information, tract size and details of the improvements. Sales data is gathered by sending sales letters to the buyer of properties that the district knows changed ownership. Commercial sales are confirmed from the direct parties involved whenever possible. Confirmation of sales from local real estate appraisers is also considered a reliable source.

Sales data is compiled and the improved properties are physically inspected and photographed. All data listed on the property record card is verified and updated as needed including building classification, building size, additions or added out buildings, condition of structures and any type change in data or characteristics that would affect the value of the property.

Individual sales are analyzed to meet the test of market value. Only arms length transactions are considered. Examples of reasons why sales may be deleted or not considered are:  
Properties are acquired through foreclosures or auction.

Properties are sold between relatives.  
The buyer or seller is under duress and may be compelled to sell or purchase.  
Financing may be non-typical or below or above prevailing market rates.

Considerable improvements or remodeling have been done since the date of the sale and the appraiser is unable to make judgments on the property's condition at the time of the transaction.  
Sales may be unusually high or low when compared with typical sales located in the market area. Some sales may be due to relocation or through divorce proceedings.  
The property is purchased through an estate sale.

The sale involves personal property that is difficult to value.  
There are value-related data problems associated with the sale.  
Property use changes occurring after the sale.

Due to the population size and nature of Lipscomb County, it is extremely difficult to obtain sufficient sales data to meet USPAP standards for analysis of sales and exception is taken to USPAP Standard Six in this area.

## PERFORMANCE TESTS/PILOT STUDY

Sales ratio studies are used to evaluate the districts mass appraisal performance. These studies not only provide a measure of performance but also are an excellent means of improving mass appraisal performance. LCAD uses ratio studies not only to aid in the revaluation of properties, but also to test the Comptroller's Property Tax Division annual value study results.

Sales ratio studies are usually performed in the fall and spring of the year to test cost schedules. At this time individual properties which have sold are reviewed for accuracy in their data. Property record cards indicating the results of the field inspections are used to further aid in the analysis and decision making.

Ratio studies are usually done on a countywide basis of all residential sales in the county and then by residential classification. The median ratio within each classification is then compared to the desired ratio to determine if schedule adjustments should be made. The coefficient of dispersion is also studied to indicate how tight the ratios are in relation to measures of central tendency. The median and coefficient of dispersion are good indicators of the types of changes, if any, that need to be made.

