

Mass Appraisal Report

Palo Pinto Appraisal District

May 10, 2017

MASS APPRAISAL REPORT

Palo Pinto Appraisal District

2017

USPAP Compliance

Intended Use of the Appraisal:

This summary mass appraisal report is intended for use only by the Palo Pinto Appraisal District. Use of this report by others is not intended. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Texas State law. As such it is written in condensed form to minimize paperwork. The chief appraiser intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a summary mass appraisal report. To fully understand this report the reader may need to refer to the CADs property appraisal cards, the PPAD real property data base, studies, appraisal procedures and appraisal district field maps.

The purpose of this report is to explain and document the methods, data and analysis used by the Palo Pinto Appraisal District. PPAD is on a 3 year physical inspection cycle with annual statistical updates. This plan is approved by Palo Pinto Appraisal District Board of Directors.

Governance:

The appraisal district is governed by a Board of Directors whose primary responsibilities include the following:

- Establish the district office
- Appoint the Chief Appraiser
- Approve the district's annual budget
- Contract for necessary services
- Appoint the Appraisal Review Board
- Provide advise and consent to the Chief Appraiser in the appointment of an Agricultural Advisory Board

The Board of Directors are nominated and elected by the taxing entities in Palo Pinto County.

Definition and date of value estimate:

This report is referring to the estimation of value determined by Palo Pinto Appraisal District as of January 1, 2017.

Palo Pinto Appraisal District is required by state law to appraise all properties that are not exempted by state law to be appraised at 95 to 105% of their market value as of January 1, 2017. This is done using Mass Appraisal Standards.

Reference should be made to the property card or computer file as to when each property was appraised. Sales consummating before and after the appraisal date are used within a 24 month period of the appraisal date with time adjustments being made. If necessary, sales older than 24 months will be used. Sales are analyzed as to their indication of value.

- (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. This appraisal district determined 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 are 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.

In preparation of this Mass Appraisal for 2017, interior inspections have not been made of the parcels of property included in this report. Inspections are made from the exterior only unless the property owner has offered to show the appraiser the condition of the interior of the property. It is assumed that the condition of the interior of each property is similar to its exterior condition, unless PPAD has received additional information of been requested to inspect the interior.

Definitions:

Market Value -"Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- (A) Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- (B) both the seller and the purchaser 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; and
- (C) Both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

Mass Appraisal – Mass appraisal is the systematic appraisal of groups of properties as of a given date using standardized procedures and statistical testing. Single-property appraisal, or “fee” appraisal, in contrast, is the valuation of a particular property as of a given date. Effective mass appraisal requires an adequate budget, staff and resources. Appraisal district staff judgments relate to groups of properties rather than to single properties. The appraiser must be able to develop, support and explain standardized adjustments in a valuation model among use classes, construction types, neighborhoods, and other property groups. Palo Pinto Appraisal District’s valuation system consists of mass appraisal applications of the sales comparison, cost and income approaches to value. All three of these approaches to value are considered when appraising all properties in the district.

Fee Simple- Most properties within Palo Pinto Appraisal District are appraised as Fee Simple property. Fee simple is the most common type of land ownership, meaning that the owners have complete ownership of the land and the home, but are still subject to taxation and debt obligations on their mortgage. Fee simple is contrasted with lease ownership, meaning the owners have complete access to the land, but they don't actually own it.

Highest and Best Use - All property, unless otherwise provided by statute, shall be valued on the basis of its highest and best use for appraisal purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Uses which are within the realm of possibility, but not reasonable probable of occurrence, shall not be considered in estimating the highest and best use. Beginning in 2010 Homesteaded properties can not be valued at their Highest and Best Use value. They must be valued as a Residential Homestead property only.

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best of the majority of the appraised parcels as commercial use. Any opinion not consistent with this is specifically noted in our records and considered in the valuation of the specific parcel.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved.

Standards and Measurement of Data Accuracy: Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Current data was verified and corrected when necessary via field inspection.

Analysis Process

Areas within the Palo Pinto Appraisal District and Appraiser Responsibility The following appraisers did the appraisals in listed areas for the 2017 Appraisal Roll. Although each property is only appraised every third year, Palo Pinto Appraisal District is responsible for having all properties being appraised at market value each and every year.

Appraised in 2017 – (PPAD has changed to a 3 year appraisal cycle in 2016)

ODD YEARS: All appraisers – Mineral Wells City (9126 parcels)

Lyon

Graford ISD & City, PK Lake West Side & Septic permits and rechecks in all other areas.

Nava

Hills Above PK & Septic permits and rechecks in all other areas.

Fenley

Sportsman World, State Park area of PK Lake and Septic Permits & rechecks in all other areas.

Veliz

All Income producing personal properties & Commercial in Mineral Wells City

Special Assumptions, Departures and Limiting Conditions

We considered all three approaches to value. Contract rent was used in place of economic rent, in some cases. The following Departmental guidelines were considered and adhered to:

- Sales from 1/15 to 6/17 (at minimum) were considered in all analyses. Texas state law limits to 24 months before the appraisal date of January 1, 2017 unless more time needed to gather efficient sample of sales. Thru analysis, it was determined that no time adjustment was needed to previous sales. No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of two years of market information without time adjustments averaged any net changes over that time period.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice.
- The appraisers have carefully considered the impact of the national and regional economy on Palo Pinto County's real estate market. The recent changes in the State's economy have been considered. In all cases, properties were valued uniformly with similar properties.

SCOPE OF WORK:

The objective of the Palo Pinto Appraisal District is to equally and uniformly appraise all real and taxable personal properties that lie in their district, at 100% market value. Property Value Studies are performed annually by the Comptroller of Public Accounts of the State of Texas. Funding for local school districts is based on the accuracy of values determined by Palo Pinto Appraisal District. PPAD faces a constant challenge in determining the 100% market value for all properties in their district.

Each appraisal team should take extra care in field inspections. During field inspections each appraisal team will check for any errors in classifications, size, depreciation and or exemptions or special appraisals in their area. Appraisal worksheets from the field inspections are given to Data Processing to be entered into the district's cama system. After field inspections are complete, each appraisal team will review all new applications for special appraisals that are in their areas. At times, additional field inspection may be required. Appraisers are responsible for assisting the Chief Appraiser and the Senior Appraiser in evaluation of Ratio Sales Reports in each area of the district. As the Ratio Reports dictate, land schedules, building schedules, neighborhood modifiers, and local modifiers will be adjusted to reflect the current market conditions. Ratios in each taxing entity should be no lower than 95% and no higher than 105%.

HOMESTEADS

To qualify for a general homestead exemption, you must own your home on January 1. You can qualify for the over-65 or disabled homeowner exemptions as soon as you turn 65 or become disabled, as long as you own the home and live in it as your principal residence.

If you have more than one house, you can receive exemptions only for your main or principal residence. You must live in this home on January 1. A person may not receive a homestead exemption for more than one residence homestead in the same year.

Texas Property Tax Code and Palo Pinto Appraisal District require documentation such as a copy of driver's license or state ID as proof of residency.

Below you will see the list of exemption amounts for homesteads in PPAD

JURISDICTION	%	0/65 DISABLED	REG	LOCAL OPTION
PALO PINTO COUNTY		\$10,000.		
FIRE DISTRICT		\$10,000.		
HOSPITAL DISTRICT		\$10,000.		
GORDON ISD		\$10,000.	\$25,000.	
GRAFORD ISD		\$10,000.	\$25,000.	
MINERAL WELLS ISD		\$10,000.	\$25,000.	\$5,455.
PALO PINTO ISD	20%	\$10,000.	\$25,000.	
SANTO ISD		\$10,000.	\$25,000.	
STRAWN ISD		\$10,000.	\$25,000.	
GORDON CITY				
GRAFORD CITY		\$ 5,000.		
MINERAL WELLS CITY		\$10,000.		
MINGUS CITY		\$10,000.		
STRAWN CITY				
KEECHI WATER DISTRICT		\$ 5,000.		
SPORTSMAN WORLD MUD		\$10,000.		

Taxing Entities

The Palo Pinto Appraisal District is responsible for appraising all properties in Palo Pinto County. Below is a listing of Taxing Jurisdictions located in Palo Pinto County.

Palo Pinto County	Keechi Water
Palo Pinto Hospital District	Lipan ISD
Palo Pinto Emergency Services District #1	Millsap ISD
Gordon City	Mineral Wells City
Gordon ISD	Mineral Wells ISD
Graford City	Palo Pinto Fresh Water Supply District #1
Graford ISD	
Palo Pinto ISD	
Perrin/Whitt CISD	
Santo ISD	
Sportsman World Water	
Strawn City	
Strawn ISD	

Notice of Appraised Values-A Notice of Appraised Value is mailed to property owners if:

- The market or appraised value of a property increases \$1,000 or more from the preceding year.
- The property owner or agent rendered the property or requested a Notice.
- The property has changed ownership
- The property was not on the appraisal roll in the preceding year
- The property was re-appraised.

In 2017 Palo Pinto Appraisal District mailed approximately 22,000 Notices of Appraised Values to property owners and agents.

In 2016 Palo Pinto Appraisal District mailed approximately 17,700 Notices of Appraised Values to property owners and agents.

PRELIMINARY VALUES ESTIMATE	2017	2017
	MARKET VALUE	TAXABLE VALUE
PALO PINTO COUNTY	\$4,648,353,480.	\$2,687,157,690.
EMERGENCY SERV	\$4,648,353,480.	\$2,687,157,690.
HOSPITAL DISTRICT	\$4,648,353,480.	\$2,687,157,690.
GORDON CITY	\$ 28,817,570.	\$ 19,736,600.
GRAFORD CITY	\$ 24,880,740.	\$ 15,530,000.
MINGUS CITY	\$ 11,128,730.	\$ 8,900,000.
MINERAL WELLS CITY	\$ 843,584,330.	\$ 583,000,000.
STRAWN CITY	\$ 29,973,260.	\$ 19,900,000.
GORDON ISD	\$ 289,375,590.	\$ 128,730,400.
GRAFORD ISD	\$1,303,135,880.	\$ 882,000,000.
MINERAL WELLS ISD	\$1,339,625,110.	\$ 726,100,000.
PALO PINTO ISD	\$ 742,252,570.	\$467,900,000.
SANTO ISD	\$ 686,631,420.	\$ 239,000,000.
STRAWN ISD	\$ 174,959,660.	\$ 49,200,000.

KEECHI	\$ 68,808,610.	\$ 22,700,000.
SPORTSMAN WORLD	\$ 145,020,830.	\$ 115,150,000.
PERRIN/WHITT CISD	\$ 40,361,670.	\$ 15,200,000.
LIPAN ISD	\$ 63,206,630.	\$ 19,897,700.
MILLSAP ISD	\$ 5,900,950.	\$ 3,970,000.
PALO PINTO FRESH WATER #1	\$ 111,834,420.	\$ 105,000,000.

Property Value Study

The State Comptroller of Public Accounts Property Tax Division conducts a property value study (PVS) of each appraisal district in the State of Texas. Basically, if a school district's values are within the 5% confidence interval of 95% to 105% of market value, the school district passes the PVS. If a school district passes the PVS their ISD gets to skip a year on the PVS. Palo Pinto Appraisal District's school district's all passed the PVS in 2016 with the exception of Mineral Wells ISD and Graford ISD. The Comptroller determined that PPAD was too low in the school districts. Therefore, in 2017 Mineral Wells ISD and Graford ISDs' values will be tested again. PPAD normally has PVS in even number years.

Methods, Assistance and Procedures (MAP)

In odd number years the State Comptrollers Property Tax Division conducts a MAP Review of Palo Pinto Appraisal District. This is a very in-depth review of PPAD's operations. This review looks for non-compliance in areas of budgeting, appraisals, exemptions, special appraisals, procedures, written procedures and pretty much any and all areas of PPAD's operations. Every appraisal district in the State of Texas has this same review.

Standards Rule 6-9

Each written appraisal review report must contain a signed certification that is similar in content to the following form:

I 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 personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no (or specified) present or prospective interest in the property that is the subject of this report, and I have no (or the specified) personal interest 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 for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have (or have not) made a personal inspection of the properties that are the subject of this report. (If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)
- No one provided significant mass appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant mass appraisal assistance must be stated.)

Donna Kozlovsky, Chief Appraiser, Palo Pinto Appraisal District