

Borden County Appraisal District

2018 Mass Appraisal Report

INTRODUCTION

Scope of Responsibility

The Borden CAD (Borden 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 Standards Rule 6-7 and 6-8 of the USPAP (Uniform Standards of Professional Appraisal Practice) as promulgated by the Appraisal Standards Board of The Appraisal Foundation. This report has several parts: a general introduction and then several sections describing the appraisal effort by the appraisal district.

The Borden CAD is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory and administrative requirements of the appraisal district. A member board of directors, appointed by the taxing units within the boundaries of Borden County, constitutes the district's governing body. Borden ISD and Borden County by resolution have agreed to have the Borden County and Borden County ISD appoint all board of director members. The chief appraiser, appointed by the board of directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for local property tax appraisal and exemption administration for three (2) jurisdictions or taxing units in the county, Borden County and Borden ISD. Appraisals established by the appraisal district allocate the year's tax burden based on each taxable property's January 1st market value. The appraisal district determines eligibility for various types of property tax exemptions; including exemptions for homeowners, the elderly, disabled veterans, and charitable and religious organizations.

The **2018** mass appraisal was prepared under the provisions of 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 **2018** mass appraisal, results in an estimate of the market value of each taxable property within the district's boundaries. Where required by law, the district also estimates value on basis other than market value. These are described where applicable later in this report.

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 resources and time allowed.
- Validation of sales transactions occurred through questionnaires to buyer and seller, telephone survey and field review.

Borden County has only one (1) unincorporated town in the county. The county has not experienced much growth for many years. The population of the county in the 2016 Census was 633. There is potable water but no public sewer system. There are 2 small café/stores, but no grocery or department store. Arms length sales in the county are very limited; the few residential sales have been estate sales or sales to family members or close friends. No commercial sales have occurred in the county in many years.

Effective Date of Appraisal and Date of the Report

All appraisals are as of **January 1, 2018**. The date of this report is **June 1, 2018**.

Definition of Value

Except as otherwise provided by the Texas Property Tax Code (hereafter "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, and;
- both the seller and buyer seek to maximize their gains, and neither is able to take advantage of the exigencies of the other.

The Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec 23.23), agricultural and timber property (Chapter 23, Subchapters C, D and E), real and personal property inventory (Sec 23.12), certain types of dealer inventory (Sec 23.121, 23.124, 23.1241 and 23.127), oil and gas interests (Sec 23.175) and nominal (Sec 23.18) or restricted use properties (Sec 23.83). The owner of real property inventory may elect to have the inventory appraised at its

market value as of September 1st of the year proceeding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

Properties Appraised

The mass appraisal appraised all taxable real and personal property known to the district as of the date of this report. The description and identification of each property appraised is included in the appraisal records submitted to the Borden County Appraisal Review Board on **May 3, 2018**. If any taxable property is discovered to have been left off the roll they will be appraised and supplemented to the jurisdictions after equalization.

Scope of Work Used to Develop the Appraisal

The Tax Code, under Sec. 25.18, requires each appraisal district to implement a plan to update appraised values for real property at least once every three years. The district's current policy is to conduct a general reappraisal of all property every year.

The appraised value of real estate is calculated using specific information about each property. Using computer assisted appraisal programs, and recognized appraisal methods and techniques the district compares that information with the data for comparable properties, and with recent market data (as available). Cost and sales data is analyzed and developed into valuation schedules utilized for determining values within the district. The district follows the standards of the IAAO (International Association of Assessing Officers) regarding its appraisal practices and procedures and subscribes to the standards promulgated by the Appraisal Foundation known as USPAP to the extent they are applicable. In cases where the appraisal district contracts for professional valuation services, the contract requires adherence to similar professional standards.

This mass appraisal appraised all taxable real and income producing tangible personal property within the boundaries of the Borden CAD, which encompasses all of Borden County, Texas, covering approximately 664 square miles. This involves approximately **21,585** accounts. There are **18,404** mineral accounts, **3,181** real property.

The Borden CAD has a networked property tax software program which stores the district's data. Data may be queried and manipulated by signing into the program via internet access. This is a hosted site which is kept and maintained in Ft. Worth by Pritchard & Abbott Inc.

The chief appraiser, who is the chief executive officer of the appraisal district, manages the district. The chief appraiser is responsible for the oversight of all operations of the appraisal district including the overall planning, organizing, staffing, coordinating and controlling of district operations. In addition, the chief appraiser directs and controls the business support functions related to human resources, budget, finance, records management, purchasing, facilities and postal services. The staff appraiser is

responsible for assisting the contract appraiser with field appraisals, property records maintenance and taxpayer assistance. Administrative Support is responsible for various administrative duties, taxpayer assistance and ARB support. Pritchard and Abbott, Inc., under the supervision of the chief appraiser, reappraised all real and personal property in 2018. The property types appraised included mineral, industrial, utilities and related personal properties, land, agricultural, farm and ranch improvements, commercial, residential and business personal property. The district's appraisers and any contract appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the TDLR (Texas Department of Licensing and Regulation).

The appraisal district staff consists of 2 employees with the following classifications:

- 1- Official/Administrator (Executive level administration and appraisals)
- 1- Administrative Support (professional, customer service and clerical)

Determination of Highest and Best Use for Real Property

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, Tax Code implements this provision as follows:

§ 23.01. Appraisals Generally

- (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, and all available evidence that is specific to the value of the property shall be considered in determining the property's market value.

While there is no specific statute defining highest and best use as it applies in appraisals conducted under the Tax Code, Texas courts have acknowledged that highest and best use is a factor that must be considered in determining market value. *King v. Real* 466 S.W.2d 1 TEX.Civ.App. 1971, *Exxon Pipeline Co. v. Zwahr* 2002 WL 1027003 Tex., 2002. In an unpublished opinion, the Houston Court of Appeals approved the following definition of highest and best use:

"Highest and best use" is the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. *Clear Creek Drainage Dist. of Galveston County v. Manison* Not Reported in S.W.3d Tex.App.-Houston [14 Dist.], 1997.

Appraisal Performance Tests and Performance Measures Attained

In **2015** the Texas Comptroller of Public Accounts conducted a biennial study to determine the degree of uniformity of and the median level of appraisals by the Borden CAD within category **D & G**, as required by Section 5.10 of the Tax Code. The preliminary findings, based on the district's **2015** appraisal roll, were reported to the district in **January 2016**. The overall median appraisal ratio for Borden CAD was reported at **1.02**.

The end results of this study are certified to the Education Commissioner of the Texas Education Agency in the following July of each year for the year of appraisal.

There are few arms' length sales in the county and new construction is very limited. This outside (third party) ratio study provides additional assistance to the CAD in determining areas of market activity or changing market conditions.

In **2016** the Texas Comptroller of Public Accounts conducted a biennial review of the governance of the district, taxpayer assistance provided, and the operating and appraisal standards, procedures, and methodology used by the Borden CAD, to determine compliance with generally accepted standards, procedures, and methodology, as required by Section 5.102, Texas Property Tax Code and Comptroller Rule 9.301.

The final MAP (Methods and Assistance Program) report was issued **October 25, 2018**. The district had **1** recommendation to be implemented within one year from release of the final report. The sections of the study were scored as follows, **Mandatory Requirements – Questions 1, 2, 3 & 4 Pass, Governance – Meets All, Taxpayer Assistance – Meets All, Operating Procedures – Meets, and Appraisal Standards, Procedures and Methodology – Meets All.**

Field Operations

INTRODUCTION

Scope of Work

The field operations activities involve appraisers responsible for collecting and maintaining property characteristic data for all residential, personal property types, and the **two (2)** Café/Stores which are located within the boundaries of Borden County. These activities involve the field inspection of real and personal property accounts, as well as verifying data entry of all data collection into the existing property record system.

This Mass Appraisal Report complies with all applicable requirements in effect at appraisal date under Section 25.18 (Periodic Reappraisals). Borden CAD is currently on an annual reappraisal cycle for all properties.

Periodic physical review of property is recommended at least every four to six years, according to the IAAO (International Association of Assessing Officers). The Texas Property Tax Code Section 25.18(b) requires re-inspection at least once every three years. Borden CAD re-inspects all property annually. Personal property data is collected and verified on an annual cycle. MIUP properties are on an annual cycle.

Procedure for Collecting and Validating Data

Data collection requires organization, planning and supervision of the field effort. Data collection procedures have been established for residential, commercial, and personal property. The appraiser conducts field inspections and records information on a property record card (appraisal card worksheet), a parcel notes sheet or parcel inventory report sheet.

The quality of the data used is extremely important in establishing accurate values of taxable property. While production standards are established and upheld for the field activities, quality of data is emphasized as the goal and responsibility of the appraiser.

Data collection of real property involves maintaining data characteristics of the property in the CAMA (Computer Assisted Mass Appraisal) system. The information contained in CAMA includes site characteristics, such as land size, use and location, and improvement data, such as square foot of living area, year built and effective age, quality of construction, and condition. The field appraiser uses the Borden CAD Appraisal Manual which establishes uniform procedures for the correct listing of real property. All properties are coded according to this manual and the approaches to value are structured and calibrated based on this coding system. The field appraiser uses this manual during initial training and as a guide in the field inspection of properties.

The date of last inspection and the appraiser responsible is listed on the appraisal card. If a property owner or jurisdiction dispute the district's records concerning this data CAMA may be altered based on the evidence provided. Typically, a field inspection is requested to verify this evidence for the current year's valuation or for the next year's valuation. Every year a field review of all properties in the jurisdiction is done.

Data collection for personal property involves maintaining information on the Personal Property System. The type of information contained in the system includes property such as business inventory; furniture and fixtures, machinery and equipment, cost and location and mobile homes. The field appraiser when conducting on-site inspections uses the appraisal manual as a guide to correctly list all personal property that is taxable.

The appraisal manual that is utilized by the field appraiser is located and maintained in the district office. The manual is also available for public inspection. The district

periodically updates the manual with input from the valuation group and field/contract appraisers.

Sources of Data

The sources of our data collection and verification are through data review field efforts, data mailers, hearings, sales validation field effort, property owner correspondence, and deeds filed in the county clerk's office. Property owners are one of the best sources for identifying incorrect data that generates a field check or if sufficient data is received a correction to records without having to go on site.

The appraiser will drive through the community to review the accuracy of our data and identify properties that have to be relisted. The sales validation effort in real property pertains to the collection of data of properties that have sold. For residential and commercial, sales validation involves on-site inspection by the field appraiser to verify the accuracy of our data or to get confirmation of a sale price.

Data Maintenance

The staff appraiser along with the contract appraiser is responsible for coordinating activities involving file building, quality assurance and data maintenance of the different property types after data collection. These responsibilities fall into three activities: file build, quality assurance and data retention. The file build activity is to build and maintain the work packs that are sent with the appraiser to the field. This includes maintaining mapping records, property data cards, benchmark property descriptions, angle sketches and other data. The staff appraiser is also responsible for warehousing this information. The quality assurance activity is for ensuring correct data as it is received from the contract appraiser. This includes verifying proper codes, balancing and vectoring sketches, and ensuring proper data entry. The data entry activity is performed by the appraisal district staff and input directly into CAMA.

Residential Valuation

INTRODUCTION

Scope of Work

The residential valuation appraiser is responsible for developing equal and uniform market values for residential improved and vacant property for ad valorem purposes. There are approximately **251** residential improved parcels and **456** vacant residential properties in Borden County.

Appraisal Resources

Personnel

The residential valuation appraisal staff consists of a contract appraiser and one in house staff appraiser in training. The chief appraiser is charged with the responsibility of ensuring that the appraiser follows listing procedures and generally accepted appraisal practices. The chief appraiser rides with the contract appraiser and staff appraiser to randomly selected properties to verify the procedures and practices being used by the appraiser.

Data

A common set of data characteristics for each residential dwelling in Borden County is collected in the field and data entered to the computer. The property characteristic data drives the CAMA system.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use. Residential Valuation undertakes reassessment of highest and best use in areas of mixed residential and commercial use. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population of properties.

The market value of a residence homestead shall be determined solely based on the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property (Sec 23.01).

Model Specification

Area Analysis

As available and pertinent to this county data on regional economic forces such as demographic patterns, regional locational factors, employment and income patterns, general trends in real property prices and rents, interest rates trends, availability of vacant land, and construction trends and costs are collected from private vendors and public sources. Additional and pertinent information is gathered from real estate sales and sources of continuing education, such as classes and real estate seminars offered by the Texas Association of Assessing Officers, Texas Association of Appraisal Districts, and the Property Tax Assistance Division of the Comptroller's Office.

Neighborhood and Market Analysis

Neighborhood analysis involves the examination of how physical, economic, governmental, and social forces as well as other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. A "neighborhood" for analysis purposes is defined as the largest geographic groupings of properties where the property's physical, economic, governmental and social forces are generally similar and uniform.

There is only one town site in Borden County. There is no difference in how the four forces affect values throughout the county, so we look at the whole county as a neighborhood.

In using market analysis, we use the sale of real estate and we examine how physical, economic, governmental and social forces affect property values throughout the county.

Model Calibration

Cost Schedules

All residential parcels in the district are valued from cost schedules using a comparative unit method. The district's residential cost schedules originally adopted have been customized to Borden County's local residential building and labor market. The cost schedules are reviewed regularly and accounted for in the mainframe benchmark cost system.

Sales Information

A sales file for the storage of "snapshot" sales data at the time of sale is maintained. Residential vacant land sales, along with commercial improved and vacant land sales are maintained in a sales information system. Residential improved and vacant sales are collected from a variety of sources, including district questionnaires sent to buyer and seller, field discovery, filed deeds and protest hearings. Sales reports are generated as an analysis tool for the appraiser in the development of value estimates.

Land Analysis

Residential land analysis is conducted by the appraiser. When the appraisal district was formed, land schedules were built with information from the Borden County Tax Office. The schedules have been maintained and updated through the years by the Market Analysis process. The cost tables are by acres and site value. A computerized, land table file stores the land information required to consistently value individual parcels. The appraiser uses abstraction and allocation methods to ensure that the land

values created best reflect the contributory market value of the land to the overall property value.

Statistical Analysis

Ratio studies are conducted to judge the two primary aspects of mass appraisal accuracy, level and uniformity of value. Appraisal statistics of central tendency and dispersion are generated from sales ratios. These summary statistics including, but not limited to, the weighted mean, median, standard deviation, coefficient of variation, and coefficient of dispersion provide the appraisers a tool by which to determine both the level and uniformity of appraised value. The level of appraised values can be determined by the weighted mean for individual properties and a review of the standard deviation, coefficient of variation, and coefficient of dispersion can discern appraisal uniformity. Ratio studies afford the appraiser an excellent means of judging the present level of appraised value and uniformity of the sales.

Due to the lack of data, sales ratio studies are usually inconclusive and inadequate. Whenever sales are obtained they are measured against existing valuation tables. The level of appraised values is determined by the median appraisal for individual properties within the district.

Final Models: Market Adjustment and Trending Factors

A statistical analysis of each class of property is conducted using the available, credible, and adjusted sales information. Within each class of property, the appraisal district looks for not only an acceptable median value, but also a reasonable COD. Each of these values is considered when determining whether to adjust a class schedule, and by how much. The sample size of each class analysis is also a major consideration. Classes that exhibit little or slow activity are allowed a larger variance due to the fact that minimal data sets (small samples) may tend to give incomplete analysis or biased results for an entire statistical population.

Once a median value indicates that a property type or class needs adjustment, and the COD value reflects a consistent result, schedule values are recalculated to produce a revised analysis. The resulting median ratio should indicate that the adjusted appraised values of property more closely matches the current market value, as tested by the sales used in analysis. The appraised values of all properties sold and unsold, within that type or class are then recalculated, using the increase or decrease indicated by the ratio study, and submitted for notification.

A similar process is used to determine whether any neighborhood factors are needed by analyzing sales within a specific area (market segments) in comparison to the overall general market. These areas could be neighborhoods, cities, school districts or any other definable area within the appraisal district that displays market trends or values differing from the trends or values derived from the market. Any significant and

quantifiable differences then need to be addressed with economic adjustments to the properties within the pertinent area.

Treatment of Residence Homesteads

Beginning in 1998, the State of Texas implemented a constitutional classification scheme concerning the appraisal of residential property that receives a residence homestead exemption. Under the new law, beginning in the second year a property receives a homestead exemption; increases in the value of that property are "capped." The value for tax purposes (appraised value) of a qualified residence homestead will be the LESSER of:

The market value: or
The preceding year's appraised value:
PLUS 10 percent
PLUS the value of any improvements added since the last reappraisal.

Values of capped properties must be computed annually. If a capped property sells, the cap automatically expires as of January 1st of the following year. In that following year, that home is reappraised at its market value to bring its appraisal into uniformity with other properties.

How Estimates are Reviewed

Field Review

The appraiser field reviews subjective data items such as quality of construction, condition, and physical, functional and economic obsolescence, factors contributing significantly to the market value of the property. During this review, the appraiser is able to physically inspect both sold properties and unsold properties for comparability and consistency of values.

Office Review

The dollar amount and percentage of value change are noted for each property allowing the appraiser to identify, research, and resolve value anomalies before appraised values are released. Once the chief appraiser is satisfied the estimates of value go into the computer system for notice.

Appraisal Performance Tests Used and Performance Measures Attained

The primary analytical tool used by the appraisers to measure and improve performance is the ratio study. When applicable, we will produce a sales ratio study to review general market trends and provide an indication of market appreciation.

Sales will be screened to ensure that they reflect, to the extent possible, the conditions contained in the definition of market value. Sales that are identified as invalid transactions due to atypical financing, sales between relatives or corporate affiliates, forced sales, estate sales, internet auction sales or sales of convenience will be excluded from the study.

Business Personal Property Valuation

INTRODUCTION

Scope of Work

The contracted personal property appraiser is responsible for developing fair and uniform market values for business personal property located within the district. There are two different personal property types appraised by the district: Business Personal Property accounts and Vehicles. There are approximately 84 business personal property accounts located in Borden County. The district reappraises all business personal property annually.

The mineral, industrial, and utilities related personal property is appraised annually by Pritchard and Abbott, Inc.

Procedure for Collecting and Validating Data

The district mails renditions to all known business personal property accounts and the field appraiser goes out into the field to look at the businesses.

Sources of Data

Business Personal Property

Business personal property data has been collected by Borden CAD since the inception of the district in the early 1980's. Each year personal property data is collected through field inspections and renditions. The tax assessor, property owners and the public often provide the district information regarding new personal property and other relevant facts related to property valuation.

Vehicles

Vehicles that are used by contract pumpers and fence builders are picked up by renditions.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of personal property is normally its current use.

Model Calibration

Cost Schedules

The latest State Comptroller's personal property schedule, as adjusted, is referenced when analyzing data from property owner renditions and field reviews.

Final Models: Depreciation Schedule and Trending Factors

Business Personal Property

Borden CAD's primary approach to the valuation of business personal property is the cost approach. The RCN (replacement cost new) is developed from property owner reported historical cost or from state developed valuation models. Borden CAD uses the depreciation schedule provided by the State Comptroller's Office.

The appraiser inspects each property on an annual basis and lists all taxable property. Market value is estimated from the current rendition submitted by owner. Value of each property is compared to the most recent personal property manual furnished by the comptroller's office or an outside vendor's valuation cost guide. The property owners rendered estimate of market value may be used if the appraiser agrees with the value estimate. Values are adjusted if the appraiser feels an adjustment is warranted.

Vehicles

Value estimates for vehicles are based on NADA published book values and property owner renditions.

How Estimates are Reviewed

Business Personal Property

Property owner renditions, accounts with field or other data changes, accounts with property hearings and new accounts are all considered.

Vehicles

Vehicles are rendered by hard copy; then matched to existing accounts. Existing account values are compared to current values for appropriate depreciation. New

accounts are created as needed and vehicles no longer in service are deleted. Vehicles are valued by the appraiser using rendered values and published guides.

Certification Statement:

"I, Tracy Cooley, Chief Appraiser for the Borden County Appraisal District, solemnly swear that I have made or caused to be made a diligent inquiry to ascertain all property in the district subject to appraisal by me, and that I have included in the records all property that I am aware of at an appraised value which, to the best of my knowledge and belief, was determined as required by law."


Tracy Cooley
Chief Appraiser – Executive Director
TDLR # 73862

**STAFF PROVIDING SIGNIFICANT
MASS APPRAISAL ASSISTANCE**

NAME	TITLE	TDLR NO.	TYPE of ASSISTANCE
Tracy Cooley	Chief Appraiser	73862	Overall District Oversight & Operations & Appraisals
Tyler Halfmann	Contract Appraiser	72311	Residential, Land, Commercial Real & Personal Property Appraisals & Data Input
Mack Jourdan	Geologist, Sr Appraiser	62118	Mineral Appraisals
Bryan Mathis	Asst District Mgr.	73448	Industrial & Utilities Personal Property Appraisals
John Chancellor	IUP Appraiser	75480	Industrial & Utilities Personal Property Appraisals
Becky Herridge	Collections Clerk	74422	Collections & Data Input