

SEPTEMBER 30, 2018



2018 MASS APPRAISAL REPORT

OCHILTREE APPRAISAL DISTRICT

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**OCHILTREE COUNTY APPRAISAL
DISTRICT 2018 MASS APPRAISAL REPORT**

Introduction

Scope of Responsibility

The purpose of this report is to inform the Board of Directors, property owners and taxing entities within the boundaries of the Ochiltree County Appraisal District (OCAD) regarding methods and procedures utilized in the valuation and revaluation of taxable property. The report also intends to comply with Standards Rule 6 of Uniform Standards of Professional Appraisal Practice (USPAP). Standards Rule 6-8 requires a written summary report of a mass appraisal for ad valorem taxation. Mass appraisal is the process of valuing a group of properties as of a given date, using standard methods, and employing common data, which allows for statistical testing. The intended use of the appraised values is to establish a tax base upon which a property tax will be levied. Each taxing unit within OCAD boundaries will use the appraised values for ad valorem tax purposes only.

The purpose of the appraisals performed by OCAD is to estimate market value on January 1 of each year (as defined by the Texas Property Tax Code Sec. 1.04) on all taxable property within the boundaries of OCAD, "Market Value" is defined by Sec. 1.04 as 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 the purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

OCAD follows an orderly sequence of tasks in arriving at appraised value for a property. The order is broadly prescribed in the Texas Property Tax Code which lists certain dates/deadlines that appraisal districts must comply with. A summary of the calendar of important dates for the period of this report is shown in the appendix. As mentioned above the effective appraisal date for most taxable property in this report is January 1 with the exception of inventory, which may be appraised at its market value on September 1; the appraisal herein reported was completed on July 19, 2018.

The District is mandated by the Texas Property Tax Code to provide appraisals that are equal and uniform within the different categories of properties and among the different categories of properties. In addition (as noted above) the District must maintain values at a level reflective of the current market values.

Appraisal District Boundaries

The appraisal district is responsible for appraising property in the district (all of Ochiltree County) for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes. OCAD serves the public and nine taxing entities in Ochiltree County. Taxing entities in Ochiltree County are as follows:

1. Perryton ISD
2. Booker ISD (the portion that falls within Ochiltree County)
3. Spearman ISD (the portion that falls within Ochiltree County)
4. City of Perryton
5. City of Booker (the portion that falls within Ochiltree County)
6. Ochiltree County
7. Ochiltree Hospital District
8. North Plains Ground Water Conservation District
9. Frank Phillips College-Ochiltree

Properties Appraised

The district employs Pritchard and Abbott, Inc., an appraisal firm located in Amarillo, Texas, to appraise minerals, pipelines and compressors, and some industrial property. The firm is also engaged to provide the District with software used by the District to appraise and maintain property values. All other properties are appraised by local staff at the Ochiltree Appraisal District.

The Appraisal District certified a total of 36,299 parcels with a total market value of \$1,601,307,742 (adjusted for productivity value) for 2018. The following chart breaks this total down into specific categories (the categories on the left are state-mandated designations for the various types of properties in this district):

A	REAL: RESIDENTIAL, SINGLE FAMILY	2,990	268,901,770
B	REAL: RESIDENTIAL, MULTI-FAMILY	64	11,101,760
C	REAL: VACANT LOTS/TRACTS	301	3,112,825
D1	REAL: QUALIFIED AG LAND	2,478	87,931,057
D2	REAL: NON-QUALIFIED AG LAND	484	17,362,683
E	REAL: FARM AND RANCH IMPROVEMENTS	660	51,393,926
F1	REAL: COMMERCIAL	971	81,414,998
F2	REAL: INDUSTRIAL	90	221,109,296
G1	REAL: MINERAL & GAS	21,132	522,069,280
J	REAL AND TANGIBLE PERSONAL: UTILITIES	745	138,565,480
L1	PERSONAL COMMERCIAL & INDUSTRIAL	657	66,660,087
L2	PERSONAL: INDUSTRIAL- MANUFACTURING	1,744	105,812,845
M1	MOBILE HOMES	470	4,524,794
S	SPECIAL INVENTORY	16	1,847,784
X	EXEMPT PROPERTY	3,497	19,499,157
	TOTALS	36,299	1,601,307,742

Organizational Structure

The Ochiltree County Appraisal District was created by statutes enacted by the Texas Legislature. The OCAD appraises property for the nine entities in Ochiltree County, Texas. OCAD is a political subdivision of the State of Texas. The appraisal district is governed by a seven-member board of directors, all of which are appointed by the voting entities in the county. The board appoints the chief appraiser who serves at the pleasure of the board. The board also approves the budget and sets policy.

Office of the Chief Appraiser

The Chief Appraiser is the chief administrator of the appraisal district. The Chief Appraiser is appointed by the Board of Directors and answers directly to that body. The Chief appraiser employs and directs the District's staff, and oversees all aspects of the operations for the District, including, but not limited to:

- Appraisal of property which includes discovery, listing, review and valuation of all taxable property within the District, using standard approaches for estimating market value.
- Administration of exemptions, which includes approving or denying applications for total or partial exemption pursuant to Chapter 11 of the Texas Property Tax Code.
- Administration of special valuation including approving or denying applications for productivity valuation or other special valuations in accordance with Chapter 23 of the Texas Property Code.
- Other duties including maintenance of all property records as required by the Texas Property Code; Sending and receiving rendition forms concerning property; preparing and sending required notices, postings and publications; any other duties necessary for the efficient appraisal of property for tax purposes in the District.

The Chief appraiser represents the Appraisal District in appeals concerning value with the Property Tax Assistance Division of the Texas Comptroller of Public Accounts.

Personnel/Education

During the period covered by this report, OCAD had two Registered Professional Appraisers, two appraiser registrants, and two data input persons. All appraisers are required to be registered with the Texas Department of License and Registration (TDLR). The TDLR registration requires that each appraiser must successfully complete a five-year educational program and pass a required number of course hours within a specified time. Additionally, all appraisers must pass review exams at levels three and four of the certification program. After successfully completing the required curriculum and passing the state tests, an appraiser is awarded the designation of Registered Professional Appraiser (RPA). There is also a requirement of at least thirty hours of continuing education units every two years in order to re-certify the RPA designation. OCAD currently has two RPA's on staff. The OCAD appraisal staff stays abreast of current trends affecting property through review of published materials, attendance at conferences, course work, and continuing education.

Models Used in Appraisal

The models used in the appraisal covered by this report include three basic models, briefly described here:

1. **Market or Sales Comparison:**

This approach “considers the marketplace directly and uses the market to estimate value by comparing the subject property to similar properties that have recently sold.” (*Property Assessment Valuation – IAAO*). Appraised values are directly correlated to the prevailing market trends in the area. This method was the most widely used by OCAD in arriving at the appraisals covered by this report.

2. **Cost Approach:**

This model was used by OCAD when reliable market value was not available or when a property’s most accurate appraisal would be obtained by using this method such as for unique properties. In the cost approach, value is determined by land value plus the depreciated cost of improvements.

3. **Income Method:**

The income method was used by OCAD to appraise income-producing properties. This method converts all expected future net benefits into a present value figure.

Preliminary Analysis

In preparation to engage in the mass appraisal process, appraisers and the Chief Appraiser reviewed information regarding sales, economic and social factors in the area to be reappraised, which was OCAD’s area two as outlined later in this report. Areas needing special attention were identified and appraisers were assigned tasks, including those noted in the system. Broad surveys/studies/discussions were conducted to note areas of difficulty. These surveys may have included comparisons with other jurisdictions, pilot studies, and/or study of information from sources outside the county to note trends.

Components Analyzed (Valuation Approach)

Area & Neighborhood Analysis

The properties appraised by Ochiltree County Appraisal District include all property located in the Ochiltree County. Ochiltree County is located in the northeastern Texas Panhandle and is bordered on the north by the state of Oklahoma, on the east by Lipscomb County, on the south by Roberts County, and on the west by Hansford County. The District has one city, Perryton and two small towns, Farnsworth and Waka as well as several unincorporated communities.

During the period of this report, minerals by far contributed to most of the economic wealth in the area. Farming was also a large part of the economy; the majority of the land in the county being rural and devoted to cattle raising or crop farming. There is also a commercial pig farm in the County. A listing of the top twenty taxpayers is shown in another section of this report.

The nearest urban area in the state is Amarillo, 120 miles to the southwest. Liberal, Kansas is 50 miles to the north and Guymon, Oklahoma is 60 miles to the northwest. The location has a large effect on values of properties in this county.

The District is divided into three areas, one of which is reappraised each year on a rotating basis. The area reappraised in 2018 and covered by this report was all sections of land West of Highway 70 and South of Highway 15 within Ochiltree County, Texas, including the strip of T&NO Survey, block 13 that lies East of Highway 70, and also including that portion of the City of Perryton, the Town of Farnsworth and the Town of Waka that lie within these boundaries. There are approximately 4200 parcels in this area, excluding mineral parcels

Due to the fact that the OCAD area is sparsely populated, neighborhoods correspond to the three appraisal areas. The neighborhood covered by this report includes residential area on the Southwest side of Perryton as well as any industrial properties in this area.

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 does not take into consideration the existing improvements. It is the highest value the land could have if it were available for any legal, physically possible and economically feasible development.

In determining highest and best use, preliminary judgements were made in the field by appraisers. Appraisal District property data cards contain information regarding lot size and frontage; therefore, appraisers normally made judgements on possible use of sites in the field. Most profitable uses were also determined by observing surrounding property and the way those properties were used. If highest and best use was used as a basis for value, it was documented in the notes in the appraisal software.

Value in Use

Value in use is another concept that was used in arriving at values covered by this report. Value in use, for OCAD purposes, applies mostly to valuation of personal property and implies that equipment is installed and in continual use for generating income or performing its function. It sets the upper limit of value and is the concept used with the cost approach.

Market Analysis

Economic trends, national, regional and local trends affect the values of property appraised in our

area. An awareness of social, economic, governmental and environmental conditions is essential in understanding, analyzing and identifying local trends that affect the real estate market and business climate.

Market analysis was performed throughout the year. OCAD used data collected from several sources to perform market analysis including “The Appriser” a bi-monthly publication published through the State Comptroller’s Office by The Texas Association of Appraisal Districts which gave some very general direction; valuation guides such as Marshall-Swift which provided more detailed guidance; and various news sources. When possible, local sources were tapped in order to obtain market data.

Sales information was gathered from various sources. Asking prices were gathered from the local paper and realtor listings. Information was also gathered from conversations with local real estate appraisers, agents and brokers.

The District received copies of deeds and transactions filed in the county clerk’s office. From this information, sales letters were mailed to sellers and buyers to obtain information on the sale. This information is not mandatory in the State of Texas and only a small percentage of letters were returned with useful information. This was a serious problem in that there were usually inadequate sales data to perform as thorough an analysis of sales data as USPAP would require. However, every effort was made to use what data was available. The Property Tax Assistance Division also sends out sales letters and that data is made available to the District at least once a year.

Sales and market analysis were performed on residential properties, as information was available. New properties were inspected, measured and added to the roll. In addition, building permits within the City of Perryton were obtained and changes to accounts were made as indicated. Individual properties were also reappraised when there were changes in the property; for example, fire, remodeling, or an addition or demolition of a portion of the improvement. Appraisers performed detailed field inspections of properties if requested by the owner.

The appraisers performing revaluation in the field used property record cards that contained specific information regarding the property being appraised. These cards contained brief legal descriptions, ownership interest, property use codes, property addresses, land size, drawings of improvements as well as any available detailed information of the improvements. A copy of a property data card is included in this report in the appendix.

Data Collection and Validation

The following section discusses the sources of data and collection procedures, these being delineated for each type of valuation method.

Cost Method – Use of Schedules

Cost schedules were used by the District in mass appraising the properties in the County. Included are schedules for commercial real and residential real improvements, business personal property,

mobile homes, aircraft, pipelines and compressors. The source of commercial real estate and residential real estate schedules was based on information from Marshall and Swift Valuation Service cost guide and local and area construction cost information. Business personal property schedules come from the Property Tax Assistance Division appraisal manual, Marshall and Swift, NADA automobile and truck booklets, aircraft booklet, NADA mobile home guide and property owner original costs. Personal property renditions provided by property owners were also used in the valuation of business personal property. Information on costs for pipelines and compressors were gathered from property owners, manufacturers, specific cost guides, consultants and various other sources. (Compressor and pipeline appraisals were performed by Pritchard and Abbot for the 2017 appraisal year.) Cost information from these sources was adjusted for time and location before being applied to the schedules.

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 accuracy. Data on individual properties was also collected from the field, compiled and analyzed. It was compared to cost information to make localized adjustments.

Market/Sales Comparison

In order for sales data to be considered reliable it must contain sales date, sales price, financing information, buyer and seller and any information detrimental to the transaction. Sales data was gathered by sending sales letters to both the buyer and seller of properties that the District knew changed ownership. Commercial sales were confirmed from the direct parties involved whenever possible. Confirmation of sales from local real estate appraisers, title companies and interested parties was helpful in qualifying a sale when available.

Sales data was compiled and the properties were physically inspected if warranted. All data listed on the property record card was verified and updated as needed including building classification, building size, additions or added out buildings, condition of structures and any change in data or characteristics that would affect the value of the property. When all the variables of a sold property were identified and recorded, then the sale could be appropriately compared to similar properties.

A sale that had been properly analyzed was then considered an “arms-length” transaction. Only arms-length transactions were used to estimate market value of other properties. Examples of reasons why sales may not have been considered arms-length transactions are if:

- Properties were acquired through foreclosures or auction.
- Properties were sold between relatives.
- The buyer or seller was under duress and may have been compelled to sell or purchase.
- Financing may have been non-typical or below or above prevailing market rates.
- Considerable improvements or remodeling had been done since the date of the sale and the appraiser was unable to make judgements on the property's condition at the time of the transaction.

- Sales were unusually high or low when compared with typical sales located in the market area. Some sales may have been due to relocation or through divorce proceedings. These outliers were not used.
- The property was purchased through an estate sale with the probability of special consideration given to the sale price.
- The sale included personal property that was difficult to value and separate from the sale price.

Within the Ochiltree County Appraisal District and in the surrounding area it is often difficult to obtain sufficient sales data to meet USPAP standards for analysis of sales and exception is taken to USPAP Standard 5 in this area.

Income Approach Used in Appraisals

The District appraised some income producing properties during the period covered by this report. Income producing properties are properties like apartments, office buildings, rented single-family residences, rented or leased retail stores or spaces, shopping malls and other rented properties.

Value estimates or appraisals of income producing properties may have been made based on data collected relevant to the property itself if it was available. A simple formula including gross income, less expenses, divided by a capitalization rate produced a reasonable estimate of the value of these properties.

A capitalization rate may be simply defined as a reasonable rate of return on a like investment. The income approach to value may not always be the best method of appraisal for a given property, but it was taken into consideration when the information was available because it is a strong indicator of value for investment property.

Depreciation

Depreciation is a method of adjusting the value of a property because of deterioration in the condition or value of a property due to aging, wear and tear or other causes. Depreciation was applied to the improvements or structures (not to the land) and was primarily based on the age of a property. 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.

During the appraisal covered by this report, appraisers in the field usually inspected structures from the exterior only. The interior condition was assumed to be similar to the exterior. However; if the taxpayer requested an interior inspection, it was made by appointment.

Additional depreciation was sometimes estimated for a variety of reasons including functional obsolescence resulting from bad floor plans or out of date construction methods. Economic obsolescence was also factored in. Economic obsolescence results from a loss of value to a property due to adverse influences from outside the physical boundaries of the property. Examples

of economic obsolescence may be proximity to undesirable neighborhoods, location of residences outside city limits with no access to city amenities, residences located on farm and ranch land, etc.

These kinds of depreciation were combined in judging the condition of a property relative to the condition of the improvements. The physical depreciation function was internal to OCAD's software system, though manually adjusted for the factors listed above by appraisers.

General Assumptions and Limiting Conditions

In the process of appraising property at OCAD during the period covered by this report, various general assumptions or limiting conditions may have affected the resulting appraisal. A summary of these general assumptions and limiting condition follows: (assumptions and limiting conditions to specific types of appraisals are addressed later in this report)

1. Title to the property was assumed to be good and marketable and the legal description correct.
2. The appraisals were prepared exclusively for ad valorem tax purposes.
3. No responsibility for legal matters was assumed. All existing liens, mortgages, or other encumbrances were disregarded and the property was appraised as though free and clear, under responsible ownership and competent management.
4. The appraisers developing these appraisals were not required to give testimony of attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Ochiltree County Appraisal District.
5. All properties were appraised in fee simple interest in accordance with Texas Property Tax Code Sec 25.06 (Jurisdictional Exception to Standards Rule 6-4 (c) and 6-5(c) of USPAP)
6. All sketches in the appraisal records were intended to be visual aids with rounded measurements and should not be constructed as surveys or engineering reports, etc.
7. All information in the appraisal records was obtained by members of the appraisal district's staff or other reliable sources.
8. The appraisal staff has inspected, as permitted, by observation, the land and the improvements thereon; however, it is not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made as to these matters unless specifically considered in an individual appraisal.
9. All interior inspections were performed at the property owners' request by appointment. All other inspections performed, as staff resources and time allowed, were external and assumed the quality, condition, and desirability of the interior were approximately equal to that of the exterior, unless otherwise known.
10. The highest and best use of property is defined as the most reasonable and probable use of the 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 for the purposes of this report was always a statement of opinion, never a statement of fact. Furthermore, appraisers were limited by Texas Property Code Section

23.01(d) in the use of this principle for appraising residential homestead property.
 11.Subsurface rights (mineral and oil) were not considered in making surface appraisals.

Top Taxpayers

Ochiltree County net taxable property values as of certification totaled \$1,429,950,727 for 2018. The taxable and appraised values for the top 20 taxpayers in the County are listed below.

2018 Top Taxpayers - Ochiltree County

	Market Value	Taxable Value
Mewbourne Oil Company	\$ 100,846,170	\$ 100,846,170
Palo Duro Wind Energy LLC	\$ 168,207,430	\$ 75,693,340
Perdue Petroleum LLC	\$ 57,209,090	\$ 56,996,090
Courson Oil & Gas	\$ 49,282,580	\$ 49,282,580
Seaboard Food LLC	\$ 46,157,499	\$ 46,157,499
PVR Midstream LLC	\$ 36,976,810	\$ 36,976,810
Apache Corporation	\$ 28,777,590	\$ 28,777,590
BP America Production Co	\$ 26,005,480	\$ 26,005,480
Quanah Panhandle LLC	\$ 21,009,070	\$ 21,009,070
4p Energy Texas LLC	\$ 18,507,600	\$ 18,507,600
Eagle Rock Energy Partners LP	\$ 17,894,530	\$ 17,894,530
Southwestern Public Service	\$ 17,264,290	\$ 17,264,290
Mid America Pipeline Co	\$ 13,766,990	\$ 13,766,990
Gorman & Phillips Construction	\$ 12,724,628	\$ 12,724,628
EOG Resources Inc	\$ 11,772,690	\$ 11,772,690
Cimarron River Pipeline LLC	\$ 11,644,600	\$ 11,644,600
Regency Field Services	\$ 10,482,030	\$ 10,482,030
DCP Midstream LP (Pipe Only)	\$ 8,583,190	\$ 8,583,190
DCP Tolar P/LLC (Pipe Only)	\$ 6,076,990	\$ 6,076,990
DCP Midstream LP	\$ 5,966,250	\$ 5,966,250
Total of Top 20 Taxpayers	\$ 669,155,507	\$ 576,428,417
% of County Appraised Value Taxable	86.14%	

Reptd on 07/19/2018

Documentation

The documentation that underlies this report is found in the form of:

- Property records maintained in the District software;
- Sales ratios kept by the Chief Appraiser;
- OCAD appraisal manual and other third-party schedules; and
- Appraiser notations kept on file on the OCAD server or other computers.

Single Family Residence Appraisal 2018 Mass Appraisal Report

Overview

Single-family residences consist of all land and real property improvements that by the nature of their design and/or construction are suitable for single-family use only. This includes manufactured homes that are classified as real property when the owner of the land is also the owner of the manufactured home and has filed the mobile home as real property with the Texas Manufactured Housing Department, and personal property when the owner of the manufactured home has not made that designation. Properties at OCAD are divided into three distinct areas of the county; each area is reappraised every third year. Residential property reappraised in 2018 was all residential property located west of Main Street in Perryton, and all the towns of Farnsworth and Waka that lie south of Highway 15 and any single-family residential property in sections of land West of Highway 70 and South of Highway 15 within the county, including the strip of T&NO Survey, block 13 that lies East of Highway 70.

Assumptions and Limiting Conditions

The appraisals completed by OCAD for single-family residences were subject to the following assumptions and limiting conditions:

1. The Ochiltree County Appraisal District staff and/or contracted appraisers do not physically inspect all single-family residences within its jurisdiction each year, but some are re-inspected on a three-year rotating basis as noted above. Interior inspections were not done on a majority of the properties in the jurisdiction because (1) most residential owners were not at their residence during regular business hours, (2) permission to inspect is not always granted, (3) the safety of the appraiser may be in question, and (4) respect for privacy rights of the property owner was exercised.
2. The opinion of value for each single-family property applies to land and improvement only. The value of personal property of an owner was not included with the value of the real estate. The only personal property that was valued as an improvement was a manufactured home where the owner of the home had surrendered title and the home was affixed to the real estate permanently. See Sec. 11.14(a) of the Texas Property Tax Code.
3. Residential real property inventory as defined by the Texas Property Tax Code in Sec. 23.12 is considered as inventory and the market value is the price for which it would sell as a unit to a purchaser who would continue the business. (Jurisdictional Exception to Standards Rule 5-6 of USPAP)
4. Single-family qualified properties used to provide affordable housing, if any, were appraised to comply with Sec. 23.22 of the Texas Property Tax Code. (Jurisdictional Exception to Standards Rule 5-6 of USPAP).
5. Single family residences that have a homestead exemption were not appraised using the highest and best use principle. Texas Property Tax Code Section 23.01(d) limits

the use of this principle in appraising residential homestead property. In addition, appraisals of homesteads were limited by Texas Property Tax Code Section 23.23 (Cad Value) as described in the following section.

Homestead Cap Value

Appraisals of homesteads during the period of this report were subject to limitations of appraised value as prescribed by Texas Property Tax Code Section 23.23. This value is referred to as “cap value.”

Cap value applies to residential homesteads only. If the property is a residence homestead (a home in which the owner lives), the appraised value may not exceed the lesser of:

1. The market value of the property, or
2. The sum of:
 1. 10 percent of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised.
 2. The appraised value of the property for the last year in which the property was appraised; and
 3. The market value of all new improvements to the property.

The Ochiltree Appraisal District is required to keep written procedures to apply homestead capped values. The date of appraisal was tracked via the appraisal cards in the District software program. District personnel entered updated data that assured the cap value was calculated correctly.

Data Collection and Validation

Two basic types of data were collected: data which was specific to each property and data which was indicative of a particular class of property that was predefined by OCAD.

Property-specific data was collected as a part of the inspection process and through submission by the property owner. As part of the inspection process, new improvements were measured and classified. Any additional or unusual features were also noted at the time of the inspection. Data on individual properties was maintained on an appraisal card(s) for that property. Data on individual properties was verified through previously existing records, published reports, building permits, analysis of comparable properties, GIS maps, and through submissions from the property owner. Appraisal cards are available for review at the appraisal district office and via email.

Data pertaining to a class of properties was grouped together according to the differing quality levels, and then used to develop valuation models for each property class. Such data was collected in a variety of ways. Cost information was obtained from nationally recognized sources, local contractors, new construction permits, mechanics liens, reliable sources of new property sales, and from renditions submitted by owners. All local information was used to verify, supplement or modify costs from these published sources. Renditions are confidential submissions by property

owners and cannot be used for other properties; however, data from renditions may be compared with data obtained from cost manuals to test their accuracy.

Market sales information was collected through a variety of sources including surveys of buyer and sellers, deed records, and from local real estate professionals.

Valuation Approach and Analysis

Improvements were appraised using replacement cost new less depreciation models. Replacement costs were estimated from published sources, other publicly available information, and comparable properties. Depreciation was calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence were made if there was diminished utility and/or there were comparable sales were found to justify such. A market data model based on typical selling prices per unit of area was also used when appropriate sales information was available.

Land values were based on selling prices for the appropriate highest and best use of the site, and as though it was vacant. Analysis of the improvements was based on the likelihood of the continued use of the improvements in their current and/or intended use and was essential to an accurate appraisal. (Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is a statement of opinion, not a statement of fact). It should be noted that residence homesteads' highest and best use is always as a residence according to Texas Property Tax Code Section 23.01(d).

Review and Performance Testing

Field review of appraisals was performed through the regular inspection process. Ratio studies were preferred by OCAD as the method for measuring performance. The results of the performance measures used indicated the validity of the appraisal models used. Appraisers performed ratio studies to ascertain the correctness of their appraisals.

Performance was also measured through comparison with valid single-property appraisals submitted for staff review. Appraisal results were also tested and are tested annually by the Property Tax Division of the Texas Comptroller's Office. Appraisal methods and procedures are also reviewed by the Property Tax Division during MAPS review.

Multi-Family Properties 2018 Mass Appraisal Report

Overview

Multi-family properties with sites in this district were appraised at market value as previously defined. Because most multi-family properties are income producing, OCAD has made further progress this year in the process of transitioning to using the income approach in appraising all of these.

Assumptions and Limiting Conditions

The appraised value derived was subject to the following assumptions and limiting conditions:

1. For some multi-family properties only, the market value stated is for land, improvements and the personal property common to the classification and economic area. The business personal property value is insignificant to the overall value.
2. The Ochiltree County Appraisal District's staff and/or contracted appraisers attempt to physically inspect all apartment complexes and duplex properties within its jurisdiction and normally re-inspects and/or conducts statistical studies on these properties every three years, unless they are appraised using the income approach, in that case, appraisals are recalculated annually.
3. For multi-family property that is used to provide affordable housing the property is appraised to comply with Texas Property Tax Code Sec. 23.215 (Jurisdictional exception to some of the elements of Standard 5 of USPAP)

Data Collection and Validation

Two basic types of data were collected: data which was specific to each property and data which was indicative of a particular property or class that has been predefined by OCAD.

The property appraised was multi-family use. This classification of properties includes apartment complexes, quadruplex, and duplex properties. Properties of this classification were discovered and their characteristics recorded during field inspections, investigation of building permits issued through political entities, and investigation of mechanical liens recorded with the county clerk. Geographically, these properties may be located throughout the county, although during the period of this audit, they were all located within the city of Perryton.

Specific property data was collected at the time of inspection or re-inspection and through submissions by property owners. Characteristics of a specific property's physical improvements and amenities were recorded and stored electronically and may be printed on an appraisal card(s). Appraisal cards are available for review at the district office.

Sales data was taken from deed records, local real estate professionals, written appraisal reports, and telephone contact with principals. Sales were validated with the principals when

possible. Sales data for properties was account-specific and retained electronically. It should be noted that sales information for multi-family dwellings is never abundant. There was only a total of 64 multi-family parcels appraised during this reporting period.

Valuation Approach and Analysis

Many of the multi-family parcels were appraised using the income method. On those which were, the capitalization rate used fell in a range from 10-11%

For other properties such as most duplexes, land values were determined based on the principal of substitution, using the selling prices of similarly positioned functional tracts. Sites were analyzed for highest and best use as though they were vacant. Highest and best use of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

A value per unit was charted and stratified by neighborhood which happened to be the entire reappraisal area for this category. Acceptable ranges of value were established for these comparative units. Preliminary property values were adjusted to meet with agreed ranges and then unique property considerations were addressed.

Value indications were compared to renditions and valid appraisals submitted for staff review. The appraiser reviewed the appraisal report to confirm and verify data as would be done with a sale. Final value recommendations were tested for reasonableness by performing a sales ratio study (if enough sales were present) and, individually, during the appeal process. During the appeal process, property specific income and expenses were reviewed for reasonableness and values were adjusted if necessary for those properties appraised by the income method.

Review and Performance Testing

Field review of appraisal was performed through the regular re-inspection of subject properties. Ratio studies were the preferred method for measuring performance. The results of the performance measures used indicated the validity of the appraisal models used. Appraisers perform ratio studies annually, though in reality data for ratio studies on multi-family properties is limited in Ochiltree County; therefore, often these properties must be compared to similar properties in other counties which have similar economic, geopolitical, and social constraints.

Appraisal results were tested annually by the Property Tax Division of the Comptroller of Public Accounts for the State of Texas. Appraisal methods and procedures were also reviewed by the Property Tax Division. Performance was also measured through comparison with valid single-property appraisal submitted for staff review.

Commercial/Industrial Property 2018 Mass Appraisal Report

Overview

This type of property consists of all land and improvements in Ochiltree County that are classed F1 & F2 commercial/industrial according to the property's highest and best use.

Assumptions and Limiting Conditions

The appraisals completed by OCAD were subject to the following assumptions and limiting conditions:

1. The opinion of value for each property applied to land and improvements only. The value of trade fixtures, furnishings and other equipment was not included with the value of the real estate.
2. The Ochiltree County Appraisal District's staff and/or contracted appraisers attempt to physically inspect all properties within its jurisdiction and normally re-inspect and/or conduct statistical studies on these properties every three years. Complete interior inspections have not been done on a majority of the properties.

Data Collection and Validation

Two basic types of data were collected: data which is specific to each property and data which is indicative of a particular property class that has been defined by OCAD.

Property-specific data was collected as part of the inspection process and through submission by the property owner. During inspection, the improvements were measured and classified. Properties were classified according to construction type and quality. The appraiser also estimated the effective age and condition of the improvements. Any additional or unusual features were also noted at the time of the inspection. Data on individual properties was maintained on the appraisal card(s) for that property. The data includes legal description, sites, owner address, parcel number, and the property-specific information such as class, quality, measurements, condition, etc. Data on individual property was verified through previously existing records, published articles and reports, building permits, mechanics liens, analysis of comparable properties, and through information obtained from the property owner.

Data pertaining to a class of properties was used to develop valuation models for that property class. Such data was collected in a variety of ways. Cost information was obtained from nationally recognized sources, as well as from new construction permits, local contractors, reliable sources of sales on new property, and renditions submitted by the property owners (though usually not submitted for commercial real property). Cost information on newly constructed improvements was also used to verify and/or modify costs from published sources. Renditions are confidential submissions by property owners and cannot be used for other properties. However, data from renditions may be compared with data obtained from cost manuals to test their accuracy.

Market sales information was collected through surveys of buyers and sellers in addition to public records.

Valuation and Analysis

Land values were based on selling prices for the appropriate highest and best use of the site analyzed as though vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

Improvements were valued using replacement/reproduction cost new less depreciation. Cost tables were constructed using published sources as a guide and adjustments were applied using local market information. Adjustments were also applied for functional and economic obsolescence if utilization, sales and income information warranted it. An income approach was used when economic and/or subject property income information was available. A market data model based on typical selling prices per unit of similar properties was used when sufficient information is available.

The cost approach to value is most accurate and reliable when appraising new construction. In older areas or areas of transition, cost is calculated and considered. However due to the difficulty of measuring accrued depreciation, more weight was applied to the market and income approaches (when income information was available).

Review and Performance Testing

Field review of appraisal was performed through the regular inspection of subject properties. Although the ratio study was the preferred method of measuring performance, single property appraisal submitted to the appraisal staff were used to review for appraisal accuracy. Appraisal results are also tested annually by the Property Tax Division of the Texas Comptroller's office. Appraisal methods and procedures are also reviewed by the Property Tax Division.

Minerals (Oil and Natural Gas Reserves) 2018 Mass Appraisal Report

Overview

Minerals-in-place (oil and gas reserves) are real property though not appraised as such until they are in process of being removed from the ground. Minerals in the District were appraised by Pritchard and Abbott, Inc. for 2018.

Assumptions and Limiting Conditions

Appraisal of oil and gas reserves was based on estimating the present value of economically recoverable reserves of oil and gas. The economic analysis (appraisal) was based on estimating the discounted net present value of the oil and gas production over the economic life of the well(s). See the Pritchard and Abbott, Inc report appended hereto.

Business Personal Property 2018 Mass Appraisal Report

Overview

Business personal property is the tangible personal property owned by a business or by an individual for the purpose of producing income. Other tangible personal property is exempt according to Sec. 11-14(a) of the Texas Property Tax Code.

Assumptions and Limiting Conditions

The appraisals completed by OCAD were subject to the following assumptions and limiting conditions:

1. The Ochiltree County Appraisal District's staff and or contracted appraisers inspected properties as needed and examined renditions for accuracy, comparing them with the Comptroller's list of active businesses.

Data Collection and Validation

Data on new and existing businesses was collected through personal inspection, newspaper articles, government reports, legal documents filed in the county, comparison to like businesses, renditions and other confidential information supplied by the owner.

Valuation Approach and Analysis

Personal property as defined by the Uniform Standards of Professional Appraisal Practice is "identifiable, portable, and tangible objects that are considered by the general public to be personal, e.g. furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment: all property that is not classified as real estate." The Texas Property Tax Code Section 1.04(5) defines tangible personal property as "...personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses but does not include a document or other perceptible objects that constitute evidence of a valuable interest, claim, or right and as negligible or of no intrinsic value." The Texas Property Tax Code Section 1.04(4) defines personal property as "...property that is not real."

The purpose of the appraisals of business personal property was to estimate market value on January 1 of 2018 as previously stated in the introduction. A separate definition of market value for inventory is found in the Texas Property Tax Code Sec. 23.12(a) "...the market value of inventory is the price for which it would sell as a unit to a purchaser who would continue the business." The Texas Property Tax Code sets forth three ways in which inventory may be valued if the requirements are met:

1. Sec 23.12(f) allows some inventories to qualify for appraisal as of September 1 of the year before January 1 of the taxable year.
2. Sec 23.121, 23.127, 23.1241 and 23.124 dictate that dealers in new and used vehicles, vessels, outboard motors and trailers, manufactured housing, and heavy equipment be valued differently. (Jurisdictional exception to Standard Rule 5-6.

3. Sec 23.12(a) covers the inventories of remaining businesses.

Personal property was appraised using original cost less depreciation models. Depreciation was calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of knowledgeable appraisers. (A copy of the OCAD business personal property depreciation schedule for 2017 is shown in the appendix.)

Adjustments for functional and economic obsolescence were made if utilization of the subject property justified such. In the case of some business personal property types, such as licensed vehicles and aircraft, market data from published pricing guides was used to construct a market value model. In other cases, models were based on quality and density information available through published sources or through private sources. These models are cost based.

Review and Performance Testing

Field review of appraisals was performed through the inspection of subject properties.

Sales for most types of personal property are infrequent. Furthermore, many market transactions are not disclosed. This makes analysis difficult, subjective, and inadequate to develop a statistical analysis. Performance was measured through comparison of like businesses as well as applying quality and density models to units of comparison. Performance was also measured through comparison with valid single-property appraisals submitted to staff review. OCAD's appraisal methods and procedures and values are subject to review of the Property Tax Division of the Texas Comptroller's Office.

Vacant Land 2018 Mass Appraisal Report

Overview

Vacant land in this District is comprised of vacant lots and small acreages near the cities and towns as well as large parcels that are classed as agricultural land. Agricultural land value is calculated using the cash lease method. The productivity value is “net to land value” which is the average annual net income that a class of land would be likely to have generated over a five-year period. The average net income is divided by the cap rate to arrive at the productivity value. Therefore, the table or schedule used to appraise vacant land depends on the type of vacant land, i.e. residential lots, acreage near the cities and towns or agricultural land.

Assumptions and Limiting Conditions

The appraisals completed by OCAD were subject to the following assumption and limiting condition:

1. Market value for agricultural classed land was appraised at market value using a market data model based on market sales information. However, it was also subject to appraisal using an income model specified in Sec. 23, Sub-chapters C, D, and E of the Texas Property Tax Code. (Jurisdictional Exception to 5-6 of USPAP)

Data Collection and Validation

In the case of agricultural properties, applications were reviewed and re-examined within the reappraisal area. Lease data was collected and used to calculate productivity values. The Chief Appraiser worked closely with the Agricultural Advisory Board to obtain the needed data.

Other vacant land valuation data was collected from sales records, deeds recorded at the county, information from other property professionals in the area, and from taxpayers.

Valuation Approach and Analysis

Vacant land was appraised based on selling prices for the appropriate highest and best use of the site, looking at the most profitable use that is legal, physically possible and economically feasible. Market data models based on typical selling prices per unit of area were used when appropriate and when sales information was available.

During the period of this report, new schedules were developed for the category C properties which included all small tracts without agricultural use. Because there were not enough sales, the schedule was built using Marshall Swift schedules, adjusted by a local modifier derived from the few sales available.

As explained above, land eligible for agricultural productivity value was appraised using a modified income approach to value.

Review and Performance Testing

Field review of appraisal was performed through the regular inspection of properties. Ratio studies were used as the method to ascertain the correctness of appraisals. PTAD of the State Comptroller's Office regularly reviews all values and procedures used in the calculation of the agricultural values. In addition, the Agricultural Advisory Board reviews values on productivity land.

Certification

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 is my personal, unbiased professional analysis, opinion, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report other than my personal residence, and I have no personal interest or bias with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 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 compensation is not contingent on the reporting of a predetermined value, or direction in values that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with that *Uniform Standards of Professional Appraisal Practice* as set forth in Texas law.
- I have not made a personal inspection of all properties that are the subject of this report.
- Persons providing significant professional assistance to the person signing this report are listed here: Lorena Cenicerros and Julia Morales. The appraisal and clerical staff have made contributions in supplying data and information for this report.
- Appraisers for Pritchard and Abbott, Inc. signed their own certification which is on file at the OCAD office and appended hereto.

Burton Jones, Chief Appraiser

Date

Appendix A – Business Personal Property Depreciation Schedule

OCHILTREE COUNTY APPRAISAL DISTRICT

DEPRECIATION - BUSINESS PERSONAL PROPERTY-2018

30% BASE

YEAR	3 YEAR	5 YEAR	8 YEAR	10 YEAR	12 YEAR	15 YEAR	20 YEAR	25 YEAR
2018	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2017	0.77	0.86	0.91	0.93	0.94	0.95	0.97	0.97
2016	0.53	0.72	0.83	0.86	0.88	0.91	0.93	0.94
2015	0.30	0.58	0.74	0.79	0.83	0.86	0.90	0.92
2014	0.30	0.44	0.65	0.72	0.77	0.81	0.86	0.89
2013	0.30	0.30	0.56	0.65	0.71	0.77	0.83	0.86
2012	0.30	0.30	0.48	0.58	0.65	0.72	0.79	0.83
2011	0.30	0.30	0.39	0.51	0.59	0.67	0.76	0.80
2010	0.30	0.30	0.30	0.44	0.53	0.63	0.72	0.78
2009	0.30	0.30	0.30	0.37	0.48	0.58	0.69	0.75
2008	0.30	0.30	0.30	0.30	0.42	0.53	0.65	0.72
2007	0.30	0.30	0.30	0.30	0.36	0.49	0.62	0.69
2006	0.30	0.30	0.30	0.30	0.30	0.44	0.58	0.66
2005	0.30	0.30	0.30	0.30	0.30	0.39	0.55	0.64
2004	0.30	0.30	0.30	0.30	0.30	0.35	0.51	0.61
2003	0.30	0.30	0.30	0.30	0.30	0.30	0.48	0.58
2002	0.30	0.30	0.30	0.30	0.30	0.30	0.44	0.55
2001	0.30	0.30	0.30	0.30	0.30	0.30	0.41	0.52
2000	0.30	0.30	0.30	0.30	0.30	0.30	0.37	0.50
1999	0.30	0.30	0.30	0.30	0.30	0.30	0.34	0.47
1998	0.30	0.44						
1997	0.30	0.41						
1996	0.30	0.38						
1995	0.30	0.36						
1994	0.30	0.33						
1993	0.30							

Appendix B – 2018 Calendar of Key Events

Calendar of Key Events - 2018 Appraisal

2017

August	Worked changes/splits; examined building permits. Organized discovery for all types of properties. Started reviewing tasks in system for 2018 appraisal cycle. Started initial field work in reappraisal area 2.
September	Final performance review of 2017 appraised values. Approved Reappraisal Plan. Determined Sept 1 inventory values. Rates were adopted by entities and input into system for 2017.
October	Continued inspection of real property within reappraisal area. Produced Mass Appraisal Report for 2017. Produced Annual Report and posted to the web site
November	Continued field work in reappraisal area. Held Ag Board meeting and completed calculations for the 1-d-1 values.
December	Started Mobile Home field work. Continued field work in reappraisal area. Began data entry for inspected properties.

2018

January	Continued drive-out for new and existing mobile homes. Mailed applications for productivity valuation, exemptions requiring annual apps. Worked initial ratio studies and examined schedules that needed adjustment. Published required property tax information in local newspaper.
January - February	Mailed renditions to business personal property owners.
February	Began review of business personal property renditions as received. Began inspections of productivity valuation applications to verify compliance. Continued discovery and inspection of real property. Started examination of proposed MAPs requirements for 2019 audit. Dealers inventory declarations reviewed.
March	Continued work on inspection of real property, mobile homes. Continued to perform statistical and ratio studies. Made final adjustments to schedules and inputted to system.
April	Completed re-drive of real property sales. Completed data entry for inspected properties. Final check on agricultural values and schedules. Data entry completed for business personal property. OCAD informal hearings began.
May	Mailed appraisal notices. Continue informal hearings.
June	Clerical updates to appraisal records continued. Adopted 2019 budget by the 15th.
July	Appraisal Review Board hearing began and ended Appraisal Review Board approved the 2018 appraisal records. Chief Appraiser certified the appraisal roll.

