

MASS APRAISAL SUMMARY REPORT 2023

Central Appraisal District of Nolan County

Based on Certified Appraisal Roll – July 21, 2023

Table of Contents

Introduction	1
Assumptions and Limiting Conditions	3
USPAP	5
Valuation Approach.....	7
Market Value.....	
Area Analysis	9
Overview of types of Properties Appraised	
Highest and Best Use.....	11
Market Analysis	11
Data Collection and Validation.....	13
Data Collection and Sources.....	13
Valuation and Statistical Analysis.....	13
Residential Schedules.....	13
Commercial Schedules	14
Personal Property Schedules	14
Statistical Analysis	15
Individual Value Review Procedures	16
Performance Tests.....	16
Staff Performing Significant Mass Appraisal Assistance.....	17
Certification Statement.....	19

INTRODUCTION

The purpose of this summary report is to aid the taxpaying public in better understanding the methods and techniques utilized by the Central Appraisal District of Nolan County (Nolan CAD) in the valuation and revaluation of taxable property within Nolan County. This report attempts to comply with Standard 6 of the Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 2020. Nolan CAD maintains detailed appraisal manuals for appraisal use.

Nolan CAD is a Central Appraisal District formed by the Texas Legislature in 1979 and is charged with the appraisal of all taxable property within the District's boundaries. Covering 914 square miles in the West Central Region, Nolan CAD consists of 12 taxing entities named below:

- City of Blackwell
- City of Roscoe
- City of Sweetwater
- Blackwell Consolidated Independent School District
- Highland Independent School District
- Roscoe Independent School District
- Sweetwater Independent School District
- Trent Independent School District
- Nolan County
- Nolan County Hospital District
- Wes-Tex Groundwater Conservation District
- Valley Creek Water Control District

Current state law, set out in Section 6.02 (a) of the Texas Property Tax Code, mandates that appraisal district boundaries are the same as the county's boundaries.

ASSUMPTIONS AND LIMITING CONDITIONS

Nolan CAD has taken reasonable steps to secure adequate funding, however fiscal restraints do impact the mass appraisal process. Limited resources and personnel are available to perform the appraisals; therefore, it is not possible to physically inspect every property included on the appraisal roll. When physical inspections were conducted on real property, they were generally performed with exterior review only. It is assumed that the interior conditions are consistent with the exterior condition. When physical inspections were made for the valuation of personal property, inspections were made of the entire facility if allowed by the owner or management of the business.

This mass appraisal has been made under the following additional assumptions and limiting conditions:

- It is assumed that the title to the properties is good and merchantable.
- No liability is assumed for matters of a legal nature.
- Assumptions made in the report are based on the best knowledge and judgment of the appraiser and are believed to be typical of the market.
- All properties are appraised as if free and clear of any or all liens or encumbrances, unless otherwise stated.
- Existence of hazardous materials or other adverse environmental conditions are not considered, unless otherwise indicated.
- Any drawings, photographs, plan or plats are assumed to be correct and are included solely to assist in visualizing the property.
- It is assumed that there is full compliance with all applicable federal, state, and local regulations and laws, unless otherwise noted.
- No responsibility is assumed for hidden or unapparent conditions in the property that may affect its value.
- It is assumed that all required licenses, certificates of occupancy, consents or other administrative authority for local, state or federal governments can be obtained or renewed for any use on which the value estimate contained in this report is based.
- A specific survey and analysis of properties to determine compliance with the provisions of the Americans with Disabilities Act has not been performed and possible non-compliance has not been considered in valuing these properties.
- While it is believed all information included in the appraisal is correct and accurate; the appraiser does not guarantee such.

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USPAP

The chief appraiser is the chief administrative and executive officer of the appraisal district. The chief appraiser employs and directs the district's staff, oversees all aspects of the appraisal district's operations and performs either directly or through the district staff a variety of operations. The district employs four appraisers who are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing and Regulation (TDLR). Support functions including records maintenance, information and assistance to property owners, and hearings are coordinated by personnel in support services.

The chief appraiser's appraisal responsibilities include:

1. Discover, list and appraise all property within the CAD
2. Determine exemptions and special use requests
3. Organize periodic reappraisals
4. Notify taxpayers, taxing units and the public about matters that affect property values

Nolan CAD contract with Pritchard & Abbott, Inc. (P&A), an appraisal firm, to appraise minerals, industrial plants, pipeline, industrial personal property, utilities (including wind farms), commercial and business personal property within the boundaries of the appraisal district. The district uses computer software provided by P&A for the data processing of all appraisal records, records management system, and maintenance of the digitized mapping system.

As of July 21, 2023, the appraisal roll for Nolan CAD indicates a total of **24,097** parcels and 11,296 separate owners. The breakdown by category is as follows:

Category	Description	Number of Parcels
A	Single Family Residential	5,201
B	Multi-Family Residential	52
C	Vacant Lots	2,002
D	Rural Land in Ag Use and Improvements	3,531
E	Rural Land not in Ag Use and Improvements	1,560
F	Commercial/Industrial Real	844
G	Oil, Gas and other Minerals	5,521
J	Utilities	633
L	Personal Property	828
M	Mobile Homes	273
O	Residential Inventory	0
S	Special Inventory	8
X	Exempt Property	3,643
Total		24,097

VALUATION APPROACH

MARKET VALUE

Market value for purposes of this mass appraisal is defined by the Texas Property Tax Code, Section 1.04 (7), which states:

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

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

In regard to inventory held as part of a business, Section 23.12(a) of the Texas Property Tax Code further provides, in part; “the market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business.”

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

The purposed of, and intended use of, the appraisals performed by Nolan CAD is to estimate market value for ad valorem tax purposed for the taxing entities located within the boundaries of Nolan CAD. It is the goal of the staff of The Central Appraisal District of Nolan County to provide the best possible service to the tax paying public and the taxing entities. The staff promotes and adheres to the professional standards and ethics as set forth by the Texas Department of Licensing and Regulation, Texas Association of Appraisal District, Texas Association of Assessing Officers, and the International Association of Assessing Officers (IAAO).

AREA ANALYSIS

Overview of Types of Properties Appraised

There are three major categories of property appraised by Nolan CAD. These categories are:

Real

- Residential (Single and Multi-family)
- Commercial/Industrial
- Vacant lots (Residential and Commercial)
- Vacant rural land and improvements on rural land

Personal

- Income producing business personal property
- Industrial personal properties

Minerals

- Oil and Gas

Utilities

- Telephone companies
- Cable companies
- Electrical Companies
- Fiber Optics
- Railroads
- Pipelines
- Miscellaneous Other Utilities

The Property Tax Assistance Division of the State Comptroller's Office requires properties to be identified by type using a standard identification code. The codes currently used by Nolan CAD are on the following page.

Category Code	Type of Property	Description
A	Real Property	Single Family Residential
A2	Real Property	MH elected as real property
AR	Real Property	Single Family Rental Property
B1	Real Property	Apartments
B2	Real Property	Duplexes
B3	Real Property	Multiplexes
B4	Real Property	Fourplexes
C1	Real Property	Vacant Lots and Tracts - Residential
C1C	Real Property	Vacant Lots and Tracts - Commercial
D1	Real Property	Qualified Open-Space Land
D2	Real Property	Farm and Ranch Improvements on qualified open-space land
E	Real Property	Land not qualified open-space and residential improvements
E2	Real Property	MH elected as real property
F1	Real Property	Commercial land and improvements
F2	Real Property	Industrial land and improvements
G1	Real Property	Oil and Gas
G2	Real Property	Other Minerals
G3	Real Property	Minerals, non-producing
J	Real and Personal	Utility companies and co-ops
L1	Personal Property	Commercial personal property
L2	Personal Property	Industrial and manufacturing personal property
M1	Personal Property	MH elected as personal property
O	Real Property	Residential Inventory
S	Personal Property	Special Inventory – vehicle dealers
X	Real and Personal	Totally exempt property

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. This is due in part to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas with ongoing gentrification, the appraiser reviews the existing residential property use and determines highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. As an example, it may be determined in a transition area that older, non-remodeled homes are negative economic improvements, and the highest and best use of such property is the construction of new dwellings. 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 exception to Highest and Best use is for a residential homestead located in a commercial area that would typically have a highest and best use as commercial. Texas Legislation requires the district must take jurisdiction exception to the USPAP rule and value the homestead based on the highest and best use being residential.

Market Analysis

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and 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. Residential valuation and neighborhood analysis are conducted on various market areas within each of the political entities known as Independent School Districts (ISD). Analysis of comparable market sales forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area, neighborhood or district. Market sales indicate the effects of these market forces and are interpreted by the appraiser into an indication of market price ranges and indications of property component change considering a given time period relative to the date of appraisal. Cost and Market Approaches to estimate value are the basic techniques utilized to interpret these sales. For multiple family properties the Income Approach to value is also utilized to estimate an opinion of value for investment level residential property.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A "neighborhood" for analysis purposes is defined as the largest

geographic grouping of properties where the property's physical, economic, governmental and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as "delineation". Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of discernible patterns of growth that influence a neighborhood's individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce population shift from older homes to newer homes. In the period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, in the stage of equilibrium, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability. During decline, general property use may change from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the district. All the residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhoods are field inspected and delineated based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted. Whereas neighborhoods involve similar properties in the same location, a neighborhood group is simply defined as similar neighborhoods in similar locations. Each residential neighborhood is assigned to a neighborhood group based on observable aspects of homogeneity between neighborhoods. Neighborhood grouping is highly beneficial in cost-derived areas of limited or no sales, or use in direct sales comparison analysis. Neighborhood groups, or clustered neighborhoods, increase the available market data by linking comparable properties outside a given neighborhood. Sales ratio analysis, discussed below, is performed on a neighborhood basis, and in soft sale areas on a neighborhood group basis. The current neighborhoods or Areas are defined in Appendix D.

DATA COLLECTION AND VALIDATION

Data Collection and Sources

A sales file or list of sales is maintained. Residential vacant land sales, along with commercial improved and vacant land sales are maintained in a sales information system. The appraiser maintains a list of vacant lot sales utilizing Microsoft EXCEL spreadsheets. Residential improved and vacant sales are collected from a variety of sources, including: district questionnaires sent to buyer and seller, field discovery, protest hearings, various sale vendors, builders, and realtors. A system of type, source, validity and verification codes has been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale prices. Neighborhood sales reports are generated as an analysis tool for the appraiser in the development and estimation of market price ranges and property component value estimates. Abstraction and allocation of property components based on sales of similar property is an important analysis tool to interpret market sales under the cost and market approaches to value. These analysis tools help determine and estimate the effects of change, with regard to price, as indicated by sale prices for similar property within the current market.

VALUATION AND STATISTICAL ANALYSIS

Residential Schedules

All residential parcels in the district are valued with a replacement cost estimated from identical cost schedules based on the improvement classification system using a comparative unit method. The district's residential cost schedules are estimated from Marshall and Swift, a nationally recognized cost estimator service. These cost estimates are compared with sales of new improvements and evaluated from year to year and indexed to reflect the local residential building and labor market. Costs may also be indexed for neighborhood factors and influences that affect the total replacement cost of the improvements in a smaller market area based on evidence taken from a sample of market sales. The cost schedules are reviewed regularly as a result of recent state legislation requiring that the appraisal district cost schedules be within a range of plus or minus 10% from nationally recognized cost schedules.

A review of the residential cost schedule is performed annually. As part of this review and evaluation process of the estimated replacement cost, newly constructed sold properties

representing various levels of quality of construction in district are considered. The property data characteristics of these properties are verified and photographs are taken of the samples. CAD replacement costs are compared against Marshall & Swift, a nationally recognized cost estimator, and the indicated replacement cost abstracted from these market sales of comparably improved structures. The results of this comparison are analyzed using statistical measures, including stratification by quality and reviewing of estimated building costs plus land to sales prices. As a result of this analysis, a new regional multiplier or economic index factor and indications of neighborhood economic factors are developed for use in the district's cost process. This new economic index is estimated and used to adjust the district's cost schedule to comply with local building costs as reflected by the local market.

Commercial Schedules

A sales file or a list of sales is maintained. Commercial vacant land sales, along with commercial improved and all vacant land sales are maintained in the CAMA system as well as Microsoft EXCEL spreadsheets. Commercial improved and vacant sales are collected from a variety of sources, including: district questionnaires sent to buyer and seller, filed discovery, informal protest hearings, various sale vendors, builders and realtors. A system of verification codes was established to define market value transaction validity. Typically, sales are limited in certain classifications of commercial properties limiting what studies can be done to test performance. One of the best for such properties is an independent appraisal to test accuracy.

Commercial land analysis has been conducted in the past by the appraiser, with land values again being reviewed as the reappraisal process continues. Lots within the cities of Blackwell, Roscoe and Sweetwater are based on front feet and are assigned to additions or areas while some of the commercial have a square foot basis. Specific land adjustments are used, where necessary, to adjust for such factors as view, shape, size, and topography, that may influence value.

Personal Property Schedules

Nolan CAD's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) is either developed from property owner reported historical cost or from CAD developed valuation models. The trending factors used by the CAD to develop RCN are based on published valuation guides. The percent good depreciation factors used by Nolan CAD are also based on published valuation guides. The index factors and percent

good depreciation factors are used to develop present value factors (PVF), by year of acquisition, as follows:

$$\text{PVF} = \text{INDEX FACTOR} \times \text{PERCENT GOOD FACTOR}$$

The PVF is used as an “express” calculation in the cost approach. The PVF is applied to reported historical cost as follows:

$$\text{MARKET VALUE ESTIMATE} = \text{PVF} \times \text{HISTORICAL COST}$$

This mass appraisal PVF schedule is used to ensure that estimated values are uniform and consistent within the market and reflect current economic pressures of supply and demand.

Vehicles

Value estimates for vehicles are provided by an outside vendor and are based on NADA published book values, and there are also considerations available for high mileage. Vehicles that are not valued by the vendor are valued by an appraiser using PVF schedules or published guides.

Leased and Multi-Location Assets

Leased and multi-location assets are valued using the PVF schedules mentioned above. If the asset to be valued in this category is a vehicle, then NADA published book values are used. Assets that are not valued by the vendor are valued by an appraiser using PVF schedules or published guides.

Statistical Analysis

The residential valuation appraisers perform statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies are conducted on each of the residential valuation neighborhoods in the district to judge the two primary aspects of mass appraisal accuracy--level and uniformity of value. Appraisal statistics of central tendency generated from sales ratios are evaluated and analyzed for each neighborhood. The level of appraised values is determined by the weighted mean ratio for sales of individual properties within a neighborhood, and a comparison of neighborhood weighted means reflect the general level of appraised value between comparable neighborhoods.

The appraiser, through the sales ratio analysis process, reviews every neighborhood annually. The first phase involves neighborhood ratio studies that compare the recent sales prices of neighborhood properties to the appraised values of these sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the sales. The appraiser, based on the sales ratio statistics and designated parameters for valuation update, makes a preliminary decision as to whether the value level in a neighborhood needs to be updated or whether the level of market value in a neighborhood is at an acceptable level.

Repeat sales are constantly monitored to see if time adjustments are necessary. Sales in 2022 and 2023 indicated that neighborhood adjustments were necessary. In 2023 all neighborhoods were assessed at a factor of 1.00, with the following exceptions:

- Area 3N .78
- Area 3SW .88
- Area 3SE .90
- Area 4 .95
- Area 5 1.05
- Area 6 .80
- Area 7 .80
- Area 8 .90

These areas were adjusted in mass during the 2023 appraisal process.

Individual Value Review Procedures

A district valuation computer program exists in a mainframe environment that identifies accounts in need of review based on a variety of conditions. Property owner renditions, accounts with field or other data changes, accounts with prior hearings, new accounts, and SIC cost table changes are all considered. The accounts are processed by the valuation program and pass or fail preset tolerance parameters by comparing appraised values to prior year and model values. The appraisers review accounts that fail the tolerance parameters.

Performance Tests

The primary analytical tool used by the appraisers to measure and improve performance is the ratio study. The district ensures that the appraised values that it produces meet the standards of accuracy in several ways. Overall sales ratios are generated for each neighborhood to allow the appraiser to review general market trends, and provide an indication of market appreciation over a specified period of time. The PC-based ratio studies are designed to emulate the findings of the state comptroller’s annual property value study for category A property.

Once the proposed value estimates are finalized, the appraiser reviews the sales ratios by class and area and presents pertinent valuation data to the Chief Appraiser for final review and approval. This review includes comparison of level of value between related areas and classes within and across jurisdiction lines. The primary objective of this review is to ensure that the proposed values have met preset appraisal guidelines appropriate for the tax year in question.

STAFF PROVIDING SIGNIFICANT MASS APPRAISAL ASSISTANCE

NAME	TITLE	TDLR#	TYPE OF ASSISTANCE
Stephanie Bock	Chief Appraiser	74455	Update Property Data and Value Correlation
Donna Gotcher	Chief Financial Officer	73746	Update Property Data and Value Correlation
Robert DeLeon	Appraiser	76555	Update Property Data and Value Correlation
Ruben Hurt	Appraiser	77235	Update Property Data and Value Correlation

CERTIFICATION STATEMENT

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 analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report, except for those properties that are personally owned, and I have not personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I may not have made a personal inspection of each and every property subject of this report.

 1-3-24

Stephanie Bock, Chief Appraiser
Central Appraisal District of Nolan County