

MASS APPRAISAL REPORT

WILSON CAD



2018

INTRODUCTION

The Wilson County Appraisal District is responsible for administering the ad valorem tax system within its jurisdiction. The appraisal district develops an estimate or opinion of value thru mass appraisal. Mass Appraisal is the process of valuing a large number of properties as of a given date using standardized procedures in a manner which allows for statistical testing.

The appraisal value used for tax purposes must be accurate, equal and uniform so that the tax burden will be distributed fairly and the public will have confidence in the local tax administration.

Identification of Subject:

The property subject to this report is all real property and tangible personal property, unless specifically exempted, located within the boundaries of the Wilson County Appraisal District.

Effective Date of Appraisal:

The effective date of this mass appraisal is *January 1, 2018*, unless otherwise specified as in the case of some inventories, which may qualify for an appraisal as of September 1 in accordance with Section 23.12 of the Texas Property Tax Code. The date of this appraisal report is *April 18 2018*.

Legal requirements:

This mass appraisal is made within the provisions of the Texas Property Tax Code.

Definition of Market Value:

All property is to be appraised at market value. Market value being as follows:

Market value is defined in the Texas Property Tax Code as the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

1. Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
2. Both seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable for being used and of the enforceable restriction on its use; and
3. Both the seller and purchaser seek to maximize the gains and neither is in a position to take advantage of the exigencies of the other. (Section 1.04(7) this is roughly the same definition of market value generally accepted in the appraisal profession.

In regards to inventory held as part of a business, per section 23.12(a) of the Texas Property Tax Code, "... 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."

Identification of Properties:

The descriptions of the properties included in this appraisal are included within the Wilson County Appraisal District records. The property descriptions include, but are not limited to the legal description, suits, ownership and a detailed listing of the property characteristics.

Property Rights to be Valued:

Properties are appraised in a fee simple interest. Any restrictions, easements, or encumbrances, if known, are considered. Fractional interests (also known as UDI) are appraised in fee simple for the total property and divided proportionately based on the pro-rated interests.

Scope of Appraisal:

The scope of appraisal relates to the nature of the appraisal assignment and the extent of collecting, confirming, and reporting the data, which provides the basis for the estimate of value.

The three generally accepted approaches to value are considered in estimating the market value for each property, with the most appropriate method given the greatest emphasis.

Assumptions and Limiting Conditions:

The appraisal completed by this office are subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. All sketches in the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
4. The opinion of value for each property applies to land and improvements only.
5. The appraisals were prepared exclusively for ad valorem tax purposes.
6. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisal, unless directed by, employed by and provided legal counsel by the Wilson County Appraisal District.
7. The appraisers have inspected, as far as possible, 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. Interior inspections are not done on properties in this district.
8. This report may not be used for any purpose or by any person other than the party to which it is addressed without the written permission of the Wilson County Appraisal District.

Records

The written records of an assignment are the work files. Written records of assignments include true copies of written reports which may be handwritten and informal. They also may include aerial maps, plats and field cards with hand written notes. A work file may also include information stored on electronic format. For example, all photos taken by an appraiser during their field inspection are stored in the subject property's account in PACS.

A work file preserves evidence of the appraiser's consideration of all applicable data and statements required by USPAP and other information as may be required to support the finding and conclusions of the appraiser. Care should be exercised to ensure they are retrievable by the appraiser throughout the prescribed record retention period.

HIGHEST AND BEST USE

Highest and best use, as used by the appraisal district, can be defined as the reasonable, probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value. Because the use of the land can be limited by the presence of improvements, the highest and best use is determined separately for the land or site as though vacant.

Implied within the definition above is the determination of highest and best use results from the appraiser's judgement and analytical skills, that the use determined from the analysis represents an opinion, not a fact to be found.

The only type of real estate that is not valued at its highest and best use is any commercial property used entirely as a homestead. This type of homestead property must be valued by its current use versus its highest and best use as set out in the Texas Property Tax Code and required by statutes.

INSPECTIONS

Annually all parcels in the reappraisal area are inspected by members of the Wilson County Appraisal District staff. The inspection can be either a field inspection or by aerial review. The purpose of the inspection is to correct errors, to insure the continued accuracy of the records, and to determine depreciation or appreciation of the properties. To insure accuracy of the inspection a quality control program is in place in the county.

RESIDENTIAL SUMMARY

Income Analysis:

The District collects samples of income and expenses for specified markets from various sources. These sources include surveys and income/ expense provided by owners or their agents during the appeals process. From this data, any economic classes are identified and the median lease and expense rates are calculated. Schedules are created when appropriate for each economic class of properties. The schedules are tested and then applied to all properties with the specified market.

Cost Analysis:

The District refers to published national cost schedules as a reference to develop the residential improvement schedules. In most instances, the District will rely on the comparative unit method from these sources. The District's cost schedules have been modified to fit the local residential building and labor market, as the District does not create nor maintain all of the various schedules outlined in most publications. The county does not have many of the unique structures described in these cost publications. The District therefore only creates and maintains cost schedules for improvements that are typically found within its jurisdiction. The appraisal district's residential cost schedules are also tested to determine if they are plus or minus 10% from the nationally recognized cost schedules.

Cost Schedules are used to develop a cost value for all improvements. The cost approach estimates the building values as new then adjusts for depreciation.

Sales Analysis:

Sales of real estate establish trend in the market and valuation models must reflect those trends. Therefore, in order to understand and adapt to changes in the market it is first necessary to analyze those sales. A significant part of the initial analysis involves determining the extent and direction of movement in the market. Sales ratios are performed in order to answer these questions. They are performed at least annually, but in most instances, are conducted throughout the mass appraisal process at various times.

Sales ratios were conducted in all properties where sales are available. A detailed record of each of these studies is maintained in the work files.

Benchmarks were established for all single-family residences by class and buy building type. These benchmarks detail the typical characteristics found in the sales for each class and building type.

Neighborhood delineation is an important step in the appraisal process. This process identifies a group of properties that share characteristics and are often identified by a physical or geographical boundary. Or legal restrictions such as zoning or subdivision declarations. A neighborhood may also be defined as a group of properties that react similarly to market influences. Regardless of how the neighborhood was delineator, it should contain a sufficient population (numbers of parcels) so an adequate sample of sales may be extracted. Correctly defining the parameter of each market area is essential for developing an appraisal model which reflects the characteristics affected by the market conditions.

Vacant land sales were used to develop land values for Wilson County Appraisal District wherever sufficient numbers of sales were available. The sales comparison approach is the best method of appraising land, but other methods are utilized.

The abstraction method is used when there are insufficient numbers of vacant land sales. This method extracts land values from sales of improved properties by subtracting the appraised values of the improvements from the sale price. The following equation denotes how the land value is calculated: $S-IV=LV$. Where the sales price (S) minus the improvement value (IV) equals the land value (LV). These calculated values are then used as a supplement or alternative to vacant land sales in application of the sale comparison approach.

The district maintains all collected sales in PACS. Any other verification documents are scanned into each property record.

Reconciliation

The cost approach estimates the building values as new then adjusts for depreciation. The cost approach reflects only the supply side of the market. It is expected that adjustments to the cost values are needed to bring the level of appraisal to an acceptable standard. Market adjustments or neighborhood adjustments are developed from appraisal statistics provided from the sales ratio studies.

If a market segment is to be updated with an adjustment, then the appraiser must use the ratio study that compares recent sales prices of properties within a market segment to the properties' cost values the calculated ratio derived from the sum of the sold properties' values divided by the sum of the sales prices indicates the level of value based on the sold properties. This appraisal-to-sale ratio is used to determine the neighborhood or market adjustment factor for each group of properties, the market adjustment factor will trend the values lower to the actual market evidenced by recent sales prices. The following equation denotes how the market adjustment factor is used:

$$MV=[MA(RCN-D)] + LV$$

Whereas, the market value (MV) equals the market adjustment factor (MA) times the replacement cost new (RCN) less depreciation (D) plus the land value (LV). The calculated market adjustment factors are applied uniformly to all properties within a neighborhood or market segment. Once the market trend factors are applied, then a second set of ratio studies is generated that compares recent sale prices with the proposed appraised values for these properties.

COMMERCIAL SUMMARY

Income Analysis:

The district collects samples of income and expenses for specified markets from various sources. These sources include surveys, websites, rent rolls and income/expense provided by owners or their agents during the appeals process. From this data, any economic classes are identified and the median lease and expense rates are calculated. Schedules are created when appropriate for each economics class of properties. The schedules are tested and then applied to all properties within the specified market.

Cost Analysis:

The district refers to published national cost schedules as a reference to develop the commercial improvement schedules. In most instances, the District will rely on the comparative unit method from these sources. The district's cost schedules have been modified to fit the local building and labor market. The districts does not create no maintain all of the various schedules outlines in most publications. The county does not have many of the unique structures described in these cost publications. The district therefore only creates and maintains cost schedules for improvements that are typically found within its jurisdiction.

Cost schedules are used to develop a cost value for all improvements. The cost approach estimates the building values as new then adjusts for depreciation.

The following schedules were updates:

- Fast food restaurants, retail stores, club/lounge, convenience stores, office building, mix use multi story buildings, branch bank, bank drive thru, gymnasium, commercial condos, apartments

Sales Analysis:

Sales of real estate establish trends in the market and valuation models must reflect those trends. Therefore, in order to understand and adapt to changes in the market it is first necessary to analyze those sales. A significant part of the initial analysis involves determining the extent and direction of movement in the market. Sales ratios are performed in order to answer these questions. They are performed at least annually, but in most instances are conducted throughout the mass appraisal process at various times.

A detailed record of each of these studies is maintained in the work files.

Vacant land sales were used to develop land values for Wilson County Appraisal District wherever sufficient numbers of sales were available. The sales comparison approach is the best method of appraising land, but other methods are utilized.

The abstraction method is used when there are insufficient numbers of vacant land sales. This method extracts land values from sales of improved properties by subtracting the appraised values of the improvements from the sale price. The following equation denotes how the land value is calculated: $S - IV = LV$. Where the sales prices (S) minus the improvements value (IV) equals the land value (LV). These calculated values are then used as a supplement or alternative to vacant land sales in application of the sales comparison approach.

Land values are particularly sensitive to location and may be affected by zoning and land uses restrictions. The land models, when applicable, were developed on square foot and acreage units of comparison.

The district maintains all collected sales in PACS. Any surveys or other verification documents are scanned into each property record. Hard copies of all commercial sales data are kept according to the records retention plan.

Reconciliation

The final step to the mass appraisal process is to determine the best indication of value for a group of properties. The District determines if a group of properties should be valued via the cost, income or market approach to value. Generally, all properties within a specified market or property use will be valued using the

same approach to value. However, there may be instances where the appraiser elects to value an individual property within the market area or property use with a different approach to value. The districts always consider any qualities or characteristics about a property which differ or do not equally compare to the sample of properties.

The appraisal supervisor performs a quality control check for all property uses. The supervisor selects a specific property use or market area, reviews the values, identifies any inconsistencies, and adds any additional remarks in the appraiser remarks for any property.

The following property types are identified as valued according to income, cost or sales approach to value:

<u>Property Type</u>	<u>Approach to Value</u>
Restaurant	Cost
Fast Food	Cost
Bar/ Tavern	Cost
Club Lounge	Cost
Retail (free standing)	Cost or income if in shopping center
Super Market	Cost or income if in shopping center
Convenience store	Cost
Discount Store	Cost
Laundry/ Cleaners	Cost
Laundromat	Cost
Car Wash (All Types)	Cost
Industrial Buildings	Cost
Storage Warehouse	Cost
Mini Storage	Cost
Auto Service Centers	Cost
Auto Dealership	Cost
Utility Buildings	Cost
Aircraft Hangers	Cost
Office	Cost
Banks	Cost or income if in shopping center
Day Cares	Cost
Gymnasium	cost

Bowling Alley	Cost
Theatre	Cost or income if in shopping center
Fraternal Buildings	Varies, includes several exempt buildings
Fellowship Halls	Cost, although most properties exempt
Apartment	Cost
Motel	Cost
Assisted Living	Cost
Nursing Homes	Cost
Public Restrooms	Cost
Mobile home parks	Cost
RV parks	Cost
Lodge	Cost

BUSINESS PERSONAL PROPERTY SUMMARY

The personal property schedules calculate business furniture, fixtures and equipment, as well as inventory that is taxable by law. Business vehicles located within the appraisal district are valued.

All personal property is classified by SIC codes used by PTD as well as the economic life. Depreciation is determined by the age of the property and its expected life.

Business personal property values are derived from several sources. Business owners are required by law to render their business personal property each year. Rendered values are used on business personal property if the value is reasonable for the type of business. The District will refer to the PTD schedules per the Comptroller and also cost publications. Should the rendered values not be acceptable when compared to this publication then the schedules are applied to establish value. Values on business personal property not rendered is established using the PTD schedule.

Vehicles used for the production of income are valued based on trade in value for the make, model, age and mileage, if known. The District uses a report produced by Just for Texas that lists vehicles registered in Wilson County as of January 1st of each year. This report lists the vehicle identification number, owner, year, make, model and other vehicle information. This report along with renditions and field inspections are used to discover and lists vehicles that are taxable within the District's jurisdiction.

INDUSTRIAL & MINERAL PROPERTY

Industrial Personal Property appraisal techniques are similar to those mentioned in the previous sections of Commercial and Business Personal Property. However, due to the complex and unique nature of most industrial real and personal property, TY Pickett is contracted to appraise both types of property. TY Pickett also does the Mineral Appraising for the county.

Acronyms Defined:

PACS = Computer assisted Mass Appraisal software system developed by Harris Govern

PTD= Property Tax Division of the Texas Comptroller of Public Accounts Office

SIC= Standard Industrial Code

USPAP= Uniform Standards of Professional Appraisal Practice

For a complete list of the property state category classification, codes, please see Comptroller of Public Accounts publication 96-313.

CERTIFICATION

Statement of Use

This is a Mass Appraisal Report. It presents only summary discussions of the data, reasoning and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analysis is retained in the appraiser's file. The depth of discussion contained in the report is specific to the needs of the Wilson County Appraisal District and for the intended use stated within this report. The District is not responsible for unauthorized use of this report.

Intended Use and User

This report is prepared annually for the District as required per USPAP. This report is not specific to the needs of any client, owner or agency other than the Wilson County Appraisal District.

Effective Date of Appraisal

Date: January 1, 2018

Certification Statement

I certify that, to the best of my knowledge and belief:

- I have no present or prospective interest in the properties that are the subject of the report and no personal interest with respect to the parties involved.
- I have no bias in respect to the properties that are the subject of this report.
- My engagement in the assignment was not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, or the attainment of a stipulated result.
- I have made a diligent inquiry to ascertain all property in the district subject to appraisal.
- 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. All appraisal district staff and contracted appraisal firms that have provided significant mass appraisal assistance are identified on the subsequent page.

Date Signed: April 16, 2018

Signature:  _____

Name: Jennifer A. Coldewey, Chief Appraiser