

# **COOKE COUNTY APPRAISAL DISTRICT**

## **2017 MASS APPRAISAL REPORT**

### **July 2017**

#### **INTRODUCTION:**

This report form is designed to report the appraisal process utilized for the mass appraisal of property located in Cooke County, Texas. This mass appraisal report includes residential, commercial and personal property values. These values are used for ad valorem taxation purposes and will start with a 100 percent market value estimation which may be modified due to tax law, exemptions, or special-use valuation to reflect an assessed value.

This appraisal report is subject to the following:

- scope of responsibility,
- effective date of the appraisal,
- properties appraised,
- date of the report,
- scope of work,
- approaches to value,
- highest & best use for real property,
- collecting & validating data,
- sources of Data,
- performance tests & measures,
- intended use,
- intended user,
- definition of market value,
- statement of assumptions and limiting conditions,
- and certifications.

All the documentation is ***not*** contained in this report. Other documentation may be in the form of (1) property records, (2) sales ratios and other statistical studies, (3) appraisal manuals and documentation, (4) market studies, (5) model building documentation, (6) regulations, (7) statutes, and (8) other acceptable forms.

Elements, results, opinions, and value conclusions of this mass appraisal are listed on individual appraisal records as well as combined on other reports.

#### **Scope of Responsibility:**

The Cooke County Appraisal District has prepared and published this report to provide our citizens and property owners with a better understanding of the district's responsibilities and activities. This mass appraisal report was written in compliance the Standards Rule 6-8 of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. This report has several parts describing information specific to particular appraisal divisions.

The 2017 mass appraisal was prepared under the provisions of the Texas Property Tax Code. Taxing jurisdictions that participate in the district must use the appraisal as the basis for imposition of property taxes. The State of Texas allocates state funds to school districts based upon the district's appraisals, as tested and modified by the state comptroller of public accounts.

The 2017 mass appraisal results are an estimate of the market value of each taxable property within the district's boundaries. Where required by law, the district also estimates value on several bases other than market value.

### **Effective Date of Appraisal and Date of the Report:**

January 1<sup>st</sup>, 2017, is the effective date of the appraisal, as is set forth in property tax law - with the exception of business property inventory which may elect to use September 1<sup>st</sup>, 2017. Sales data used for this appraisal will include various stages: retrospective, current, and prospective.

### **Properties Appraised**

The mass appraisal technique appraises all taxable real and personal property known to the district as of January 1, 2017. Any taxable real and personal property discovered to be left off of the appraisal roll will be supplemented for the appraisal year(s) omitted as prescribed under Section 25.21 of the Texas Property Tax Code.

These, by law, will be appraised and supplemented to the jurisdictions after the certification of the appraisal roll. The property rights appraised were fee simple interests, with the exception of leasehold interests in property exempt to the owner of the estate or interest encumbered by possessory interest. The latter are appraised under a statutory formula described in Sec. 25.07, Tax Code. The description and identification of each property appraised is included in the appraisal records submitted to the Cooke County Appraisal District Appraisal Review Board (ARB).

Properties are further categorized by the State Comptroller as listed below:

- A Residential Single Family
- B Duplex to Four-plex Rental
- C Vacant Lots or Tracts of Land
- D Ranch Land
- E Ranch Improvements
- F Commercial / Industrial Real Property
- G Minerals Oil / Gas
- J Real & Tangible Personal
- L Tangible Commercial / Industrial Personal Property
- M Personal – Manufactured Housing, Aircraft, Other
- O Real – Inventory Property / POA
- S Special Inventory
- X Totally Exempt Property

**SCOPE OF WORK USED TO DEVELOP THE APPRAISAL:****Approaches to Value**

Cooke CAD understands and employs recognized methods and techniques to produce credible mass appraisal. The mass appraisal processes are not rendered in a careless or negligent manner. The following approaches are utilized in the mass appraisal.

The **cost approach** is utilized for both real property and personal property. “*Marshall & Swift*”, a nationally recognized cost handbook is utilized along with local building contractors. Personal property cost is researched through various sources referred to throughout the personal property manual.

The **market approach** is utilized for both real property and personal property; however the personal property resources are limited at best. A sales file is maintained in the computer system. The sales are verified and collected from various sources, including but not limited to: questionnaires sent to the buyers & sellers, protest hearings, Board of Realtor’s MLS, builders, realtors, independent fee appraisers, and sales vendors. Raw land sales and abstracted land sales are compared. Land to Property Ratios are also utilized. Improvement schedules are checked and re-checked after allowing for depreciation and abstracting the land value. Influences and characteristics are noted and compared.

The **income approach** is utilized mainly for commercial real property and special use valuation. Income producing property where income is considered a leading indication of value is best suited for income methodology. Market rent, market vacancy and collection losses allowable, other allowable expenses and expense ratios are established from the market. Rates and multipliers are used to convert income into an estimation of market value. These include income multipliers, overall capitalization rates and discount rates. These procedures are documented in the Income Valuation Manual.

Cost / Market schedules have been utilized for the mass appraisal process. The benchmark / models used for calibration are detailed and maintained in the Cooke County Appraisal District Appraisal Manual. Other specifications including depreciation schedules and maps identifying neighborhoods and subsets are also included in the manual.

Property measurements and individual relevant characteristics are determined during field visits. Market areas and other factors are noted. The schedule models are considered, then chosen. The data is recorded, stored and maintained in a computer system using individual accounts. These account values are reviewed in the office, reviewed again by management and finally reviewed through statistical testing to verify the accuracy and uniformity of the estimates of value. [Procedures for collecting, validating, and reporting data can be referenced throughout the Cooke County Appraisal District’s *Appraisal Manual*.]

**Highest & Best Use for Real Property**

The **highest and best use** is the most reasonable and probable use that generates the highest present value of the real estate as of the date of valuation. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. For improved properties, highest and best use is evaluated as improved and as if the site were still vacant. This assists in determining if the existing improvements have a transitional use, interim use, nonconforming use, multiple uses, speculative use, excess land, or a different optimum use if the site were vacant. For vacant tracts of land within this jurisdiction, the highest and best use is considered speculative based on the surrounding land uses. Improved properties reflect a wide variety of highest and best uses which include, but are not limited to: office, retail, apartment, warehouse, light industrial, special purpose, or

interim uses. In many instances, the property's current use is the same as its highest and best use. This analysis insures that an accurate estimate of market value (sometimes referred to as value in exchange) is derived. On the other hand, value in use represents the value of a property to a specific user for a specific purpose. This is significantly different than market value. Real property located in Cooke County will be subject to the highest and best use analysis with one exception granted by law. Homesteaded property, property granted a homestead exemption, will be appraised at the residential value in use. Reference Tax Code Section 23.01(c) as added by Acts 2009, 81<sup>st</sup> Leg., ch. 1405, effective January, 2010. Business personal property is appraised at its value-in-use within the trade level.

### **Collecting & Validating Data**

Data collection of real property involves recording physical characteristics and economic data of the property. A diligent effort is taken to make sure the characteristics accurately reflect the current status of the property. To effectively evaluate the quality of existing data, field inspections and/or the aerial photos are used to identify structures if the appraiser is unable to physically inspect the property. Improvement data – such as the square footage of an improvement, year built, the quality of construction, and an estimate of depreciation are all necessary to arrive at an indication of market value. Other characteristics include but are not limited to: the type of foundation, type of roof, type of heating and cooling system, number of baths, number of units, number of rooms, or leasable area. Characteristics are a direct reflection of the improvements. Mass appraisal requires the use of a classification system and all properties are classed according to a specific classification.

The types of information recorded and maintained for Business Personal Property include situs, type, kind, quality and density of inventory, furniture and fixtures, machinery and equipment. Texas Department of Transportation records are obtained annually through a vendor who provides a list of potential commercial use vehicles within the district. The field appraisers conducting on-site inspections use a personal property classification system as a guide to correctly list all personal property that is taxable.

### **Sources of Data**

The sources of data collection are through inspections of newly constructed and existing improvements, sales validation and field inspections, assignment of 9-1-1 addressing, County Environmental Health office, city permits, electrical installation, drilling of new water well, mechanic liens, appraisal review board hearings, property owner communications, newspapers and publications, and communication with other taxpayers and business owners.

In real property, sales validation may involve on-site inspection by field appraisers to verify the accuracy of the property characteristics at the time of sale, contacting the listing or selling agent and contacting the buyer to confirm information about the sales price. Accuracy in property details and characteristics data is one of the highest goals and is stressed throughout the appraisal process. Sources of purchase prices are gathered through the use of the Multiple Listing Service (MLS), sales letters mailed from Cooke CAD requesting the information, and any other available sources. It is important for the property owner to know that MLS sales are confidential, by state law, unless a protest has been filed by the property owner or the purchase price has been received through another source.

## **Performance Tests & Measures**

Statistical analyses are performed annually and throughout the year to evaluate whether values are equitable and consistent with the market. Ratio study statistics include, but are not limited to, the mean, the weighted mean, the median, standard deviation, coefficient of variation, and coefficient of dispersion.

Ratio studies are conducted on each of the neighborhoods in the district to judge the two primary aspects of mass appraisal accuracy – a supportable estimate of market value and equal and uniformity of values. The first phase involves neighborhood ratio studies that compare the current sales prices within neighborhood properties to the appraised values of the sold properties. Appraisers are responsible for conducting these studies and comparative analysis in their assigned market areas (neighborhoods) or property categories. The sales ratio and comparative analysis of the sales price of property to the appraised value of property forms the basis for determining the level of appraisal for the sold properties. If the level of appraisal for the sold properties in a neighborhood is outside the acceptable range of ratios, adjustments will be made to all of the properties within that neighborhood. This information is the basis for updating property valuation for an entire area of properties to be re-evaluated.

### **INTENDED USE:**

The intended use is for ad valorem tax purposes.

### **INTENDED USER(S):**

The governmental entities using the appraised values to levy and collect tax revenue include: Cooke County, Gainesville Hospital, Muenster Hospital, North Central Texas College, Callisburg I.S.D., Collinsville I.S.D., Era I.S.D., Gainesville I.S.D., Lindsay I.S.D., Muenster I.S.D., Pilot Point I.S.D., Saint Jo I.S.D., Sivells Bend I.S.D., Valley View I.S.D., Walnut Bend I.S.D., Whitesboro I.S.D., Callisburg City, Gainesville City, Lindsay City, Muenster City, Oakridge City, Pilot Point City, Valley View City, Clear Creek Water District, and Muenster Water District.

Additionally, all property owners are encouraged to use their appraisal and review the appraisal results to ensure their information is correct and therefore their tax liability is equitable.

Cooke County Appraisal District is a governmental office and as such is subject to open records. Information and appraisals of all property can literally be used by anyone.

**DEFINITION OF MARKET VALUE:**

Except as otherwise provided by the Property Tax Code, all taxable property is appraised at its “market value” as of January 1<sup>st</sup>. Under the tax code, “market value” means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- Both the seller and the buyer know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use, and;
- Both the seller and buyer seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other. **TX PROPERTY TAX CODE Sect. 1.04.(7)**

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41), real property inventory (Sec. 23.12), dealer inventory (Sec. 23.121, 23.124, 23.1241 and 23.127), nominal (Sec. 23.18) or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec. 23.03). The owner of business property inventory may elect to have the inventory appraised at its market value as of September 1<sup>st</sup> of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1<sup>st</sup>.

Ownership rights of the real property are considered as fee simple.

Information on the appraisal is included in property records on the field appraisal cards. These appraisal cards will include the following: location, describing and listing the property, legal descriptions, addresses, parcel identifiers, photos, and building sketches.

Cooke CAD collects, verifies, and analyzes the data necessary to develop: new cost of improvements, accrued (physical) depreciation, functional obsolesces, and economic/market factors. Land value is determined along with the market value of the whole property by comparable sales and by capitalization of income.

**STATEMENT OF ASSUMPTIONS & LIMITING CONDITIONS:**

The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

- 1) The appraisals were prepared exclusively for ad valorem tax purposes. The property characteristic data upon which the appraisals are based is assumed to be correct. Physical inspections of the property appraised were performed as staff resources and time allowed.
- 2) The appraiser(s) will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she becomes aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render opinions about the title.
- 3) All property is appraised as if free and clear of any or all liens or encumbrances, unless otherwise stated.
- 4) All property is appraised as though under responsible, adequately capitalized ownership and competent property management
- 5) It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in this mass appraisal report.
- 6) It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in this mass appraisal report.
- 7) It is assumed that all required licenses, certificates of occupancy, septic permits, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in the report is based.
- 8) It is assumed that the utilization of the land and improvements of the properties described are within the boundaries or property lines, and that there are no encroachments or trespasses unless noted on the appraisal record.
- 9) It is assumed that the sketch provided on the individual field appraiser card will show the approximate dimensions of the improvements rounded to the nearest foot. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
- 10) Sales data obtained from third party vendors was considered reliable. Sales data obtained through questionnaires to buyer and seller, telephone survey and field review was considered reliable unless otherwise noted.
- 11) It is assumed there will be notes in this appraisal records when any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) are observed during the inspection of the subject property or that he or she became aware of during the research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that make the property less valuable.

**APPRAISER'S CERTIFICATION:**

"I, Doug Smithson, Chief Appraiser for the Cooke County Appraisal District, solemnly swear that I made or caused to be made a diligent effort to ascertain all property in the district subject to appraisal by me. I included in the records all property of which I am aware at an appraised value which, to the best of my knowledge and belief, was determined as required by law." I further certify the following:

- The statements of fact contained in this report are true and correct
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have not made a personal inspection of all the properties that are the subject of this report.



**Doug Smithson, Chief Appraiser**  
**COOKE COUNTY APPRAISAL DISTRICT**

### Staff Providing Significant Mass Appraisal Assistance

- The following list of appraisers provided significant mass appraisal assistance to the person signing this certification. Debbie Rinner, Donna Allen, Randall H. Jones, Daisy R. Watson and Larry Prichard. Also the appraisers who work for the appraisal firm of “Pritchard and Abbott, Inc.”, which is employed by Cooke County Appraisal District.
- All the appraisers mentioned either have their “*Registered Professional Appraiser*” designation or are in the process of obtaining their **RPA**. They are all registered with the Texas Department of Licensing and Registration TDLR.