

NOVEMBER 1, 2015



2015 ANNUAL REPORT

OCHILTREE APPRAISAL DISTRICT

825 S MAIN STE 100

PERRYTON, TX 79070

Phone: 806-435-9623]

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OCHILTREE COUNTY APPRAISAL DISTRICT 2015 ANNUAL REPORT

Introduction

Purpose

The purpose of this report is to better inform 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.

It should be noted that market value as defined by the Texas Property Tax Code differs from the definition as established by USPAP; therefore a jurisdictional exception applies.

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 this calendar of important dates is shown in Appendix C. 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 25, 2015.

Responsibilities

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. All other properties are appraised by local staff at the Ochiltree Appraisal District.

The Appraisal District certified a total of 10,374 parcels with a total market value of \$2,278,231,181 (adjusted for productivity value) for 2015. 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	2760	247,815,221
B.	REAL: RESIDENTIAL , MULTI-FAMILY	60	7,405,465
C	REAL: VACANTS/LOTS TRACTS	391	4,235,422
D1	REAL: QUALIFIED AG LAND	1,870	105,667,877
D2	REAL: NON-QUALIFIED AG LAND	91	2,231,874
E	REAL: FARM AND RANCH IMPROVEMENTS	769	57,103,749
F1	REAL: COMMERCIAL	900	74,569,933
F2	REAL: INDUSTRIAL	58	366,081,215
G1	REAL: MINERAL & GAS	1,712	950,168,080
J.	REAL AND TANGIBLE PERSONAL: UTILITIES	243	192,637,224
L1.	PERSONAL COMMERCIAL & INDUSTRIAL	631	82,346,183
L2.	PERSONAL: INDUSTRIAL- MANUFACTURING	219	179,014,439
M1.	MOBILE HOMES	606	5,384,543
S	SPECIAL INVENTORY	11	
X	EXEMPT PROPERTY	53	3,570,556
	TOTALS	10,374	2,278,231,181

Organizational Structure

The Ochiltree County Appraisal District was created by the Texas Legislature. The OCAD appraises property for 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, seven 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.

Education

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 three 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.

Philosophy Statement

The Ochiltree County Appraisal District believes that the most important asset of the District is its people. Every employee is important and deserves to be treated fairly with consideration and respect. OCAD believes in providing good working conditions, a safe, clean, and friendly work place to help each employee do his or her job effectively. We also believe that every employee has an obligation to develop his or her talents to the fullest.

The Ochiltree County Appraisal District exists for the purpose of providing services to the property owners and taxing units within our jurisdiction. It is important that we recognize our responsibility to provide quality services on a cost effective basis. Every property owner should be approached in a respectful, positive and friendly manner. Property owners should be assisted in a timely and courteous fashion. OCAD employees have an obligation as public servants to promote goodwill toward all property owners, not only in manner but by example.

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 is the most widely used by OCAD in arriving at the appraisals covered by this report.

2. Cost Approach:

This model is used by OCAD when reliable market value is 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 is used by OCAD to appraise income-producing properties. This method converts all expected future net benefits into a present value figure.

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 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. The appraisers developing these appraisals are 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.
4. All properties are 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)
5. All sketches in the appraisal records are intended to be visual aids with rounded measurements and should not be constructed as surveys or engineering reports, etc.
6. All information in the appraisal records are obtained by members of the appraisal district's staff or other reliable sources.
7. 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.
8. All interior inspections are performed at the property owners' request by appointment. All other inspections performed are external and assume the quality, condition, and desirability of the interior are approximately equal to that of the exterior, unless otherwise known.
9. Agricultural land is appraised at market value using a market data model based on market sales information. However, it may also be 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 6-4 (b) of USPAP)
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 is always a statement of opinion, never a statement of fact. Furthermore, appraisers are 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) are not considered in making these appraisals.

Exemptions

OCAD determines eligibility for and administration of various types of property tax exemptions, such as those for residential homestead exemptions, exemptions for age 65 or over, disabled individuals, disabled veterans, charitable or religious organizations, and government-owned properties. Other, not so obvious exemptions overseen by OCAD are pollution control (to ensure that capital expenses required to comply with environmental mandates do not result in an increase in a facility's property taxes), the minimum value for business personal property, leased personal vehicles, and vehicles used for both personal and use and to produce income. The table below shows the number of exemptions and the value lost from exemptions for each taxing entity. See Appendix A for the amounts granted by each entity per eligible property.

Exemptions/Loss of Exemptions by Taxing Unit

	Number of Exemptions	Value Lost from Exemptions
Ochiltree County	6,159	65,218,383
City of Perryton	656	18,181,894
City of Booker (in Ochiltree County)	3	14,849
Perryton ISD	5,603	52,748,404
Spearman ISD (in Ochiltree County)	757	495,866
Booker ISD (in Ochiltree County)	504	351,888
Frank Phillips College (Ochiltree)	6,159	65,281,006
North Plains Water Cons Dist	5,501	81,364,658
Ochiltree Hospital District	6,159	65,281,006

In addition, OCAD maintains records on abatements, tax deferrals, caps on homesteads as described in the “single family residence” section of this report. In 2015, OCAD maintained records for one abatement for one entity.

New Property Value

New Property value includes not only construction of new structures but also additions to existing structures. Only the value of the new improvement is considered new value, not the increase in value of any existing structure. For business personal property, new value includes only the personal property located within a new structure or improvement, not new inventory in an existing building. Also, new property value includes value in the current year that was previously exempt under an abatement agreement. Newly constructed buildings, additions to improvements, new personal property within those buildings/additions and property that was previously exempt under an abatement agreement added a total of \$151 million taxable value to the 2015 tax rolls.

Appeals

Notices of appraised value are mailed to property owners each year by May 1 or as soon as practicable after that date (as allowed by the Texas Property Tax Code). The notice includes a proposed value for the property, a list of the taxing units that will tax that property, estimated taxes that will be due for that year, plus information on how to protest the value. A taxpayer who disagrees with the information may file a protest in writing and be scheduled to speak at an Appraisal Review Board hearing regarding the matter. Residential properties that have homestead exemptions may opt to file a protest electronically. Prior to the ARB hearing, the taxpayer may speak to an OCAD appraiser for an informal meeting to resolve concerns regarding property values, taxation in the wrong taxing jurisdiction, denial of an exemption, or

any other similar issue. If the appraiser determines that the property owner has a valid concern based upon the evidence provided, the issue may be resolved at that time with the appraiser documenting the evidence explaining the reason for their judgment and the property owner signing an “Agreement of Value.” If the issue cannot be resolved by the appraisers, the taxpayer is given the opportunity to continue through the protest process and present their case to the Appraisal Review Board. If dissatisfied with the final order rendered by the ARB, the property owner may file an appeal in state district court or under specified conditions, agree to binding arbitration.

For the 2015 tax year, 161 taxpayers protested, some on more than one parcel. The appraisal review board heard 16 (some with multiple parcels) by affidavit, none in person; the remainder were settled in informal sessions with the OCAD appraisers, or did not show up to the hearing.

Top Taxpayers

Ochiltree County net taxable property values total \$2,215,942,612 for 2015. The appraised values for the top 20 taxpayers in the County are listed below.

2015 Top Taxpayers - Ochiltree County

	Market Value		
Mewbourne Oil Company	\$ 143,532,404		
Courson Oil & Gas Inc.	\$ 106,156,970		
Chaparral Energy LLC	\$ 105,245,794		
Palo Duro Wind Farm	\$ 300,469,607		
Apache Corporation	\$ 64,146,451		
Texas Farm LLC	\$ 55,682,365		
Chaparral USA Energy Inc.	\$ 54,252,856		
Baker Hughes Oilfield Oper.	\$ 46,107,502		
EOG Resources Inc.	\$ 36,701,422		
Texas American Resources LLC	\$ 35,425,447		
PVR Natural Gas Gathering LLC	\$ 34,860,910		
Eagle Rock Energy Partners LP	\$ 29,794,291		
Enervest Operating Co.	\$ 25,761,217		
DCP Midstream LP	\$ 23,913,848		
BP America Prod. Co.	\$ 20,269,661		
Cimarron River Pipeline	\$ 18,585,104		
PVR Gas Processing LLC	\$ 16,659,735		
Chesapeake Operating Inc.	\$ 16,557,571		
Midstates Petroleum Co. LLC	\$ 15,820,528		
Courson Family Land Partnership LTD	\$ 15,255,049		
Total of Top 20 Taxpayers	\$ 1,165,198,732		

Legislative Changes

The Texas State Legislature meets every two years, the 84th session having met in 2015; at these sessions they usually make are new laws that affect the appraisal districts. The Chief Appraiser and the staff at OCAD closely follow each session, implementing any bills that are signed into law by the Governor. The Texas Department of Licensing and Regulation requires appraisal staff to receive two hours of training after each of the sessions of the Legislature. These sessions cover new laws that affect the appraisal process. The Comptroller of Public Accounts publishes highlights of any recent legislation concerning property tax which is displayed on the Comptroller's website and is a public document.

Two bills (Senate Bill 1/Senate Joint Resolution 1 and House Bill 992/House Joint Resolution 75) that were passed this session amending the Texas Constitution were subject to the approval of voters in an election held November 3, 2015. Senate Bill 1 amended the residence homestead exemption from \$15,000 to \$25,000 for school district taxes and required the tax ceiling of an individual who is at least 65 years of age or disabled to reflect the additional \$10,000 homestead exemption. The law passed and applied beginning in the 2015 tax year. The second bill (House Bill 992) grants the total homestead exemption to the surviving spouse of a totally disabled veteran (100% disabled under Section 11.13), if the exemption has been authorized at the time of the veteran's death. This law passed, allowing the surviving spouse to receive the exemption after the veteran's death and became effective January 1, 2016.

Ratio Study Analysis

The Property Tax Assistance Division (PTAD) of the Texas Comptroller's Office conducts a Property Value Study every two years to determine the market value of all taxable property within each school district. The ratio study measures how close to market value each appraisal district appraises property; therefore, appraisal districts strive to appraise values as close to 100% of market value as possible. The most recent ratio study analysis for this county is included in the 2014 Property Value Study on the Texas Comptroller of Public Accounts' website and is shown below.

Category	Local Tax Roll Value	2014 WTD Mean Ratio	2014 PTAD Value Estimate	2014 Value Assigned
A. Single-Family Residences	222,357,095	.8073	275,433,042	222,357,095
B. Multi-Family Residences	7,238,720	N/A	7,238,720	7,238,720
C1. Vacant Lots	4,413,340	N/A	4,413,340	4,413,340
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	98,984,516	1.0936	90,515,319	98,984,516
D2. Real Prop Farm & Ranch	0	N/A	0	0
E. Real Prop NonQual Acres	52,239,801	N/A	52,239,801	52,239,801
F1. Commercial Real	71,372,576	N/A	71,372,576	71,372,576
F2. Industrial Real	29,696,156	N/A	29,696,156	29,696,156
G. Oil, Gas, Minerals	931,403,448	1.0318	902,697,662	931,403,448
J. Utilities	120,239,911	N/A	120,239,911	120,239,911
L1. Commercial Personal	3,017,718	N/A	3,017,718	3,017,718
L2. Industrial Personal	219,767,230	N/A	219,767,230	219,767,230
M. Other Personal	4,843,304	N/A	4,843,304	4,843,304
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	1,765,573,815		1,781,474,779	1,765,573,815
Less Total Deductions	56,929,250		71,849,182	56,929,250
Total Taxable Value	1,708,644,565		1,709,625,597	1,708,644,565 T2

The taxable values shown here will not match the values reported by your appraisal district

Single Family Residence Appraisal 2015 Summary 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 personal property when the owner of the manufactured home does not own the land. Properties at OCAD are divided into three distinct areas of the county; each area is reappraised every third year. Residential property reappraised in 2015 was all property located south of Highway 15 and west of Highway 70, 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 are 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 have not been done on a majority of the properties in the jurisdiction because (1) most residential owners are 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 should be 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 has not been included with the value of the real estate. The only personal property that is valued as an improvement is a manufactured home where the owner of the home does not own the land. 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 6-5(d) of USPAP)
4. Single-family qualified properties used to provide affordable housing are appraised to comply with Sec. 23.22 of the Texas Property Tax Code. (Jurisdictional Exception to Standards Rule 6-4(b) of USPAP)

Homestead Cap Value

The Ochiltree Appraisal District is required to keep written procedures to apply homestead capped values. The date of appraisal is tracked via the appraisal cards in the District

software program. District personnel enter updated data each year that assures the cap value is calculated correctly.

Cap value applies to residential homestead 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-
 - 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.
 - The appraised value of the property for the last year in which the property was appraised; and
 - The market value of all new improvements to the property.

Data Collection and Validation

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

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

Data pertaining to a class of properties is grouped together according to the differing quality levels, and then used to develop valuation models for each property class. Such data is collected in a variety of ways. Cost information is obtained from nationally recognized sources, local contractors, new construction permits, mechanics liens, reliable source of new property sales, and from renditions submitted by owners. All local information is 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 is collected through a variety of sources including surveys of buyer and sellers, deed record, and from local real estate professionals.

Valuation Approach and Analysis

Improvements are appraised using replacement cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information, and comparable properties. Depreciation is 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 may be made if diminished utility and comparable sales are found to justify such. A market data model based on typical selling prices per unit of area is also used when appropriate sales information is available.

Land values are based on selling prices for the appropriate highest and best use of the site, and as though it was 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 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 Testing

Field review of appraisal is performed through the regular inspection of subject properties. Ratio studies are preferred by OCAD as the method for measuring performance. The results of the performance measures used indicate the validity of the appraisal models used. Appraisers perform ratio studies annually.

Performance is also measured through comparison with valid single-property appraisal submitted for staff review. 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.

Multi-Family Properties 2015 Summary Report

Overview

Multi-family properties with sites in this district are appraised at market value as previously defined.

Assumptions and Limiting Conditions

The appraised value derived is 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 yearly.
3. For multi-family property that is used to provide affordable housing the property is appraised to comply with Texas Property Tax Code Sec. 23.22 (Jurisdictional exception to Standard 6-2(d) of USPAP)

Data Collection and Validation

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

The property appraised has multi-family use. This classification of properties includes apartment complexes, quadriplex, and duplex properties. Properties of this classification are 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 are located throughout the county, the majority of which are in the city limits of Perryton.

Specific property data is 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 are 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 is taken from deed records, local real estate professionals, written appraisal reports, and telephone contact with principals. Sales are validated with the principals when possible. Sales data for properties is account-specific and retained electronically.

Valuation Approach and Analysis

Based on the principal of substitution, land values are determined by the selling prices of similarly positioned functional tracts. Sites are 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 is charted and stratified by neighborhood and comparative class. A sales value per unit is also charted by neighborhood and comparative class for recent sales. Acceptable ranges of value are established for these comparative units. Preliminary property values are adjusted to meet with agreed ranges and then unique property considerations are addressed.

Value indications are compared to renditions and valid single property appraisal submitted for staff review. The appraiser reviews the appraisal report to confirm and verify data as would be done with a sale. Final value recommendations are tested for reasonableness by performing a sales ratio study and, individually, during the appeal process. During the appeal process, property specific income and expense are reviewed for reasonableness and values are adjusted as necessary.

Review and Testing

Field review of appraisal is performed through the regular inspection of subject properties. Ratio studies are 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.

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

Commercial/Industrial Property 2015 Summary 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 are subject to the following assumptions and limiting conditions:

1. The opinion of value for each property applies to land and improvements only. The value of trade fixtures, furnishings and other equipment has not been 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 annually. Complete interior inspections have not been done on a majority of the properties.

Data Collection and Validation

Two basic types of data are 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 is collected as part of the inspection process and through submission by the property owner. As part of the inspection process, the improvements are measured and classified. Properties are classified according to construction type and quality. The appraiser also estimates the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of the inspection. Data on individual properties is 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 is 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. Appraisal cards are available for review at the appraisal district office.

Data pertaining to a class of properties is used to develop valuation models for that property class. Such data is collected in a variety of ways. Cost information is obtained from nationally recognized sources, as well as from new construction permits, mechanics liens, local contractors, reliable sources of sales on new property, and renditions submitted by the property owners. Cost information on newly constructed improvements is 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 is collected through surveys of buyers and sellers in addition to public records.

Valuation and Analysis

Land values are 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 are valued using replacement/reproduction cost new less depreciation. Cost tables are constructed using published sources as a guide and adjustments are applied using local market information. Adjustments are also applied for functional and economic obsolescence if utilization, sales and income information warrant. An income approach is used when economic and/or subject property income information is available. A market data model based on typical selling prices per unit of similar properties is 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 is applied to the market and income approaches (when income information is available).

Review and Testing

Field review of appraisal is performed through the regular inspection of subject properties. Although the ratio study is preferred method of measuring performance, single property appraisal submitted to the appraisal staff are also reviewed 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) 2015 Summary Report

Overview

Minerals-in-place (oil and gas reserves) are real property. Minerals in the District were appraised by Pritchard and Abbott, Inc. for 2015.

Assumptions and Limiting Conditions

Appraisal of oil and gas reserves is based on estimating the present value of economically recoverable reserves of oil and gas. The economic analysis (appraisal) is based on estimating the discounted net present value of the oil and gas production over the economic life of the well(s).

Data Collection and Validation

Texas Railroad Commission records are searched to discover new leases as of January 1 and the legal description information is gathered to determine the locations of the lease within Ochiltree CAD jurisdictional boundaries. Production history, production sale price information, and lease operating information cost gathered as the primary information for the economic analysis.

Valuation Approach and Analysis

Crude oil and natural gas prices are important information in the appraisal of this property. Price analysis and estimates for crude oil and natural gas produced is based on the previous year's average price as per Texas Property Tax Code (Sec. 23.175).

Business Personal Property 2015 Summary 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 are subject to the following assumptions and limiting conditions:

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

Data Collection and Validation

Data on new and existing businesses is 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 is to estimate market value on January 1 of each year as previously defined 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 23.12D 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 6-3(b)7(c)).

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

Personal property is appraised using original cost less depreciation models. Depreciation is 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 2015 is shown in Appendix B.)

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

Review and Testing

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

Sales for most types of personal property are infrequent. Furthermore, many market transactions This makes analysis difficult, subjective, and inadequate to develop a statistical analysis. Performance is measured through comparison of like businesses as well as applying quality and density models to units of comparison. Performance is 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.

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 report analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinion, 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 or bias with respect to the parties involved.
- 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, opinion, 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: Kay Rodgers. 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.

Burton Jones, Chief Appraiser

Date

Appendix A – Exemption Amounts per Entity

OCHILTREE COUNTY APPRAISAL EXEMPTIONS QUICK REFERENCE

GENERAL HOMESTEAD

02 COUNTY	20% MINIMUM 5,000
04 NPGCD	10% MINIMUM 1,000
05 FPC	20% MINIMUM 5,000
10 HOSPITAL	20% MINIMUM 5,000
11 CITY M&O	0
12 CITY I&S	0
19 SISD I&S	25,000
20 SISD M&O	25,000
21 PISD M&O	25,000
24 PISD I&S	25,000
25 BISD M&O	25,000
26 BOOKER CITY	0
27 BISD I&S	25,000

DISABLED VETERAN (31%-50%)

ALL ENTITIES GIVE 7,500 EXCEPT CITY OF BOOKER

DISABLED VETERAN (51%-70%)

ALL ENTITIES GIVE 10,000 EXCEPT CITY OF BOOKER

DISABLED VETERAN (71%-99% & AGE 65)

ALL ENTITIES GIVE 12,000 EXCEPT CITY OF BOOKER

DISABLED VETERAN (10% - 30%)

ALL ENTITIES GIVE 5,000 EXCEPT CITY OF BOOKER

DISABLED VETERAN (100% EXEMPT)

ALL ENTITIES EXCEPT CITY OF BOOKER

HOMESTEAD OVER 65

02 COUNTY	10,000
04 NPGCD	100,000
05 FPC	10,000
10 HOSPITAL	10,000
11 CITY M&O	6,660
12 CITY I&S	6,660
19 SISD I&S	10,000
20 SISD M&O	10,000
21 PISD M&O	10,000
24 PISD I&S	10,000
25 BISD M&O	10,000
26 BOOKER CITY	0
27 BISD I&S	10,000

HOMESTEAD DISABLED

04 NPGCD	100,000
19 SISD I&S	10,000
20 SISD M&O	10,000
21 PISD M&O	10,000
24 PISD I&S	10,000
25 BISD M&O	10,000
27 BISD I&S	10,000

Appendix B – Business Personal Property Depreciation Schedule

OCHILTREE COUNTY APPRAISAL DISTRICT

DEPRECIATION - BUSINESS PERSONAL PROPERTY-2015 30% BASE

YEAR	3 YEAR	5 YEAR	8 YEAR	10 YEAR	12 YEAR	15 YEAR	20 YEAR	25 YEAR
2015	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2014	0.77	0.86	0.91	0.93	0.94	0.95	0.97	0.97
2013	0.53	0.72	0.83	0.86	0.88	0.91	0.93	0.94
2012	0.30	0.58	0.74	0.79	0.83	0.86	0.90	0.92
2011	0.30	0.44	0.65	0.72	0.77	0.81	0.86	0.89
2010	0.30	0.30	0.56	0.65	0.71	0.77	0.83	0.86
2009	0.30	0.30	0.48	0.58	0.65	0.72	0.79	0.83
2008	0.30	0.30	0.39	0.51	0.59	0.67	0.76	0.80
2007	0.30	0.30	0.30	0.44	0.53	0.63	0.72	0.78
2006	0.30	0.30	0.30	0.37	0.48	0.58	0.69	0.75
2005	0.30	0.30	0.30	0.30	0.42	0.53	0.65	0.72
2004	0.30	0.30	0.30	0.30	0.36	0.49	0.62	0.69
2003	0.30	0.30	0.30	0.30	0.30	0.44	0.58	0.66
2002	0.30	0.30	0.30	0.30	0.30	0.39	0.55	0.64
2001	0.30	0.30	0.30	0.30	0.30	0.35	0.51	0.61
2000	0.30	0.30	0.30	0.30	0.30	0.30	0.48	0.58
1999	0.30	0.30	0.30	0.30	0.30	0.30	0.44	0.55
1998	0.30	0.30	0.30	0.30	0.30	0.30	0.41	0.52
1997	0.30	0.30	0.30	0.30	0.30	0.30	0.37	0.50
1996	0.30	0.30	0.30	0.30	0.30	0.30	0.34	0.47
1995	0.30	0.44						
1994	0.30	0.41						
1993	0.30	0.38						
1992	0.30	0.36						
1991	0.30	0.33						
1990	0.30							

Appendix C – Calendar of Important Dates

January 1	Date that determines if property will be taxable or be eligible for exemptions.
January 31	Current year property taxes are due. For taxpayers who are 65 or older, disabled, or a veteran, the first property tax installment is due on or before January 31.
April 15	Last day for property owners to file renditions unless they requested an extension in writing.
May/June	Notices of Appraised Value are mailed to taxpayers.
May 15	Last day for property owners to file renditions if they requested an extension in writing
May 30	Last day to apply for agricultural, timber, or wildlife productivity appraisal without penalty.
May/June	Deadline for filing written protests to the Appraisal Review Board is 30 days after the notice of appraised value is mailed to the property owner. Late protests are only heard under a few specific conditions prescribed by law.
By June 15	OCAD Budget for coming year is adopted.
July	Appraisal Review Board hearings are held.
July 25	Chief Appraiser certifies the appraisal roll by the 25th.
October	Statements are mailed out to taxpayers.

PARTIAL EXEMPTIONS BY TAXING JURISDICTION

Taxing Entity	Type	Number	Amount
Ochiltree County	Homestead - Mandatory		
	Age 65 - Mandatory		
	Disabled		
	Disabled Veteran	32	\$ 670,827
	Aged 65 - Optional	598	\$ 5,852,461
	Homestead Optional %	2037	\$ 41,798,802
North Plains GCD	Homestead - Mandatory		
	Age 65 - Mandatory		
	Disabled	25	\$ 1,543,309
	Disabled Veteran	21	\$ 266,082
	Aged 65 - Optional	598	\$ 45,066,801
	Homestead Optional %	1366	\$ 17,592,173
Ochltree Hospital	Homestead - Mandatory		
	Age 65 - Mandatory		
	Disabled		
	Disabled Veteran	32	\$ 670,827
	Aged 65 - Optional	599	\$ 5,870,125
	Homestead Optional %	2037	\$ 41,843,761
Frank Phillips College	Homestead - Mandatory		
	Age 65 - Mandatory		
	Disabled		
	Disabled Veteran	32	\$ 670,827
	Aged 65 - Optional	599	\$ 5,870,125
	Homestead Optional %	2037	\$ 41,843,761
City of Perryton	Homestead - Mandatory		
	Age 65 - Mandatory		
	Disabled		
	Disabled Veteran	25	\$ 657,760
	Aged 65 - Optional	489	\$ 3,247,651
	Homestead Optional %		
City of Booker	Homestead - Mandatory		
	Age 65 - Mandatory		
	Disabled		
	Disabled Veteran 100%		
	Disabled Veteran		
	Aged 65 - Optional		
Homestead Optional %			

PARTIAL EXEMPTIONS BY TAXING JURISDICTION - Continued

Perryton ISD	Homestead - Mandatory	2010	\$ 29,586,820
	Age 65 - Mandatory	569	\$ 5,578,006
	Disabled	24	\$ 230,680
	Disabled Veteran	29	\$ 677,671
	Aged 65 - Optional		
Spearman ISD	Homestead Optional %		
	Homestead - Mandatory	18	\$ 270,000
	Age 65 - Mandatory	3	\$ 30,000
	Disabled		
	Disabled Veteran	1	\$ 12,000
Booker ISD	Aged 65 - Optional		
	Homestead Optional %		
	Homestead - Mandatory	13	\$ 195,000
	Age 65 - Mandatory	8	\$ 75,000
	Disabled		
	Disabled Veteran		
	Aged 65 - Optional		
	Homestead Optional %		