

# BOSQUE CENTRAL APPRAISAL DISTRICT

## 2023 MASS APPRAISAL SUMMARY REPORT

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**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 Bosque Central Appraisal District, hereinafter referred to as “BCAD” or “District”.

**Effective Date of Appraisal:** The effective date of this mass appraisal is January 1, 2023, unless otherwise specified as in the case of some inventories, which may qualify for appraisal as of September 1 in accordance with Section 23.12 (f), Texas Property Tax Code. The date of this report is June 9, 2023.

**Purpose and Intended Use of Appraisal:** The purpose of this mass appraisal is to estimate the market value of all taxable property in an equitable and efficient manner for ad valorem tax purposes in accordance with the laws of the State of Texas.

**Legal Requirements:** This mass appraisal is made within the provisions of the Texas Property Tax Code.

**Administrative Requirements:** This mass appraisal is conducted in accordance with reappraisal policy of BCAD and the methods and procedures described in the appraisal manuals and procedures of the District. Furthermore, the District subscribes to the standards of The Appraisal Foundation known as the *Uniform Standards of Professional Appraisal Practices*.

**Definition of Market Value:** Market value for purposes of this mass appraisal is defined by the Texas Property Tax Code, Section 1.04 (7), and is as follows:

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

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

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

**Identification of Properties:** The descriptions of the properties included in this appraisal are included in detail within the appraisal records of BCAD. These descriptions include, but are not limited to the legal description, situs location, ownership and detailed listing of the characteristics of the properties.

**Property Rights to be Valued:** Properties are appraised in fee simple interest. However, restrictions, easements, encumbrances, etc., are considered on an individual basis. Fractional interests or partial holdings are appraised in fee simple for the total property and divided proportionately based on the pro-rated interests.

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

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

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

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 Bosque Central Appraisal District.

**Approaches to Value:** Bosque Central Appraisal District considers the three generally accepted approaches to value. The models used for each approach are as follows:

**Income Approach:**  $V = I - EXP/R$ , where V is value, I is income, EXP is expenses, and R is capitalization rate.

**Cost Approach:**  $MV = LV + (RCN - D)$ , where MV is market value, LV is the land value, RCN is replacement cost of the improvement, and D is depreciation.

An extended model for the cost approach, utilizing market area adjustment factors is as follows:  $MV = [(RCN-D) \times MA] + LV$ , where MA is market area adjustment factor.

**Sales Comparison Approach:**  $MV = Sc + ADJc$ , where MV is market value, Sc is the sale price of a comparable property, and ADJc is the total dollar adjustment to the sale price of the comparable for differences between attributes of the comparable and the subject property.

**Scope of Appraisal:** The scope of the appraisal relates to the nature of the appraisal assignment and the extent of collecting, confirming, and reporting 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.

A market based cost approach is considered the most appropriate for single family residential, most owner occupied commercial, and mobile homes since this method reflects the actions of buyers and sellers in the market, with some exceptions. This approach is based on the principal that a buyer will not pay more for a property than the cost of acquiring a vacant site and constructing a substitute structure of comparable utility, assuming no costly delays in construction. Residential improved and vacant property, when qualified as an inventory, will be appraised in compliance with the Texas Property Tax Code, Section 23.12 (a).

The sales comparison method is used for vacant lots and land because it reflects the actions of the market place. Where there are no vacant lot sales, an allocation by abstraction is used to value land. Since these properties typically do not produce any income, the income approach to value is given minimal emphasis.

The appraisal of agricultural land is governed by Subchapter C, Section 23.41 of the Property Tax Code. The appraised value of qualified open-space is determined on the basis of the category of land, using accepted income capitalization methods applied to average net to land.

In the event a property is unavailable for inspection and the owner has not supplied any information, the appraiser has estimated the measurements and condition of the improvements or a lump sum value for the property.

The primary approach to the valuation of business personal property is the cost approach. This approach uses replacement cost new (RCN), which is developed from property owner reported historical cost or from existing valuation models provided by the Property Tax Assistance Division of the State Comptroller's Office. Costs are also researched for personal property using NADA Guides and other sources. Personal property is depreciated using the age-life method based on percent good factors which are consistent with the depreciation schedules provided by the Property Tax Assistance Division for each personal property component (i.e. furniture, fixtures, equipment etc.). The market approach is used for some categories of personal property when available.

All appraisal estimates are made in compliance with requirements as provided in the Texas Property Tax Code.

This report is applicable to the following property types: single family and multifamily residential, vacant lots and acreage, farm and ranch properties, commercial and industrial properties, mineral, utility, business personal property and mobile homes.

**Personnel Resources:** The Bosque Central Appraisal District staff consists of 7 full time employees and 1 part time employee. The administrative staff, primarily the chief appraiser, is responsible for overall planning, organizing, staffing, coordination, and supervising BCAD and the appraisal activities. The Chief Appraiser and all other appraisers are registered with TDLR and have obtained or are working toward the Registered Professional Appraiser (RPA) designation.

BCAD Contracts with Western Valuation & Consulting to appraise real property.

BCAD contracts with Capital Appraisal Group to appraise utilities, mineral and gas related properties, and industrial properties.

**Data Collection and Verification Resources:** The Bosque County Appraisal District is responsible for approximately 21,772 real and personal property accounts. BCAD is responsible for appraising property for eleven (11) school districts, seven (7) cities, three (3) special districts, and Bosque County.

Property characteristic data is recorded for each property to be appraised. Resources for the discovery, describing, and listing of properties include, but are not limited to the following: field inspections by appraisal staff, renditions, deed records, plat records, and assumed name certificates filed for record with the Bosque County Clerk's office, city building permits, local fee appraisers, builders and realtors, newspaper publications, maps, and other appraisal records of the District.

Construction costs are gathered from available sources including, but not limited to the Marshall and Swift Valuation Service and local builders and developers for use in the cost approach to value.

Information for the sales comparison approach is gathered for properties within the appraisal district through the mailing of questionnaires to grantors and grantees and other sources deemed reliable. Sales data is entered into the appraisal database making it available for use by the appraisal staff. Sales are checked for validity by the appraisal staff.

Rental rates, expenses and occupancy rates are gathered on hotels and apartment complexes for use in the income approach to value through questionnaire mailings, various publications and advertisements, owner filed property reports, appraiser interview and telephone surveys.

Information relating to business personal property is collected during the normal inspection process and through owner filed renditions and property reports. Costs are also researched for personal property using NADA Guides and other sources.

General trends in new construction techniques, construction costs, interest rates and other pertinent data are gathered from various sources such as trade journals, Marshall and Swift Valuation Service, university real estate research centers, and any other sources deemed appropriate and reliable.

**Preliminary Analysis:** A ratio analysis is performed for each category of property to determine the accuracy of schedules and to isolate properties that need visual inspection or reappraisal.

**Area Analysis:** Subject properties are located within Bosque County. Three school districts have properties that are located across the Bosque County line. The properties which are located across the Bosque County line are appraised by the Appraisal Districts in those counties.

Market activity in the county is generally stable.

**Neighborhood/Market Analysis:** Neighborhood/Market analysis examines how economic, social, physical, and governmental forces affect property values. The effects of these factors are used to identify neighborhoods or market areas. Properties whose values are influenced by the same economic, social, physical and governmental forces are grouped as neighborhoods or market areas. Included in the analysis is the consideration of patterns of development and property use. Neighborhoods typically experience a three stage cycle: development, stability, and decline.

BCAD's currently identified market areas typically tend to follow city limit or school district boundary lines. However other market areas include rural areas, the subdivisions on or near Lake Whitney, distressed areas, neighborhoods, etc.

**Highest and Best Use:** Highest and best use is the reasonable, probable, and legal use of vacant land or improved property, which when physically possible, financially feasible, and appropriately supported, results in the highest value for the property. For improved properties, the highest and best use determination of a site is made both as if the site is vacant and as improved. The highest and best use for residential property that has a homestead exemption is by law its current use even though it highest and best use may be commercial or industrial.

**Data Collection and Validation:** Appraisers are assigned areas to drive out and work annually. One third of the county is reviewed with a detailed inspection. Many other inspections are performed as a drive-by, however, properties with changes such as additions, owner requests, permits, etc. are conducted by an on-site inspection or aerial photos when available. On properties where physical data has been questioned or requires reviewing, the inspection may include confirming the dimensions of structures and/or a complete interior and exterior inspection. The field appraiser determines the extent of the inspection needed. Inspections are made on all new construction. Physical characteristics such as size, quality of construction, detail and property amenities are determined during these inspections. Additionally, size is confirmed through sources such as building permits, construction plans, realtor information, etc. All available and reliable resources are used in pursuit of accurate characteristic data for each property.

Sold properties with high variances from typical sales ratios are site inspected to ensure proper classification and accurate characteristic descriptions prior to being used in ratio studies or being used to develop market value adjustment factors. They are also checked for any enhancements made prior to the sale.

**Depreciation:** Depreciation is the loss in value from replacement cost new of an improvement or personal property item due to physical deterioration, functional obsolescence, and/or economic obsolescence. Each property, during the on-site review process, is assigned a depreciation factor based on the observed physical condition of the property. Additional adjustments may be made to the property for functional or economic obsolescence if conditions so warrant. Personal property is depreciated using the age-life method based on a typical economic life for each personal property component type.

**Testing:** Appraised values to sale price ratio studies are conducted to determine the accuracy of values in the district. All areas are tested every year based on the availability of sales information. Ratio tests are performed first to see if global or general

adjustments should be made to the cost and/or depreciation schedules or if certain geographic areas or improvement subclasses require reappraisal. The final ratios are performed by school district and/or state code, where sales information is available.

### **Certification:**

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusion.
- I have no present or prospective interest in the properties that are 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 the report or to the parties involved with this assignment.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analysis, 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 the all the property that is the subject of this report.
- Justin Neuman provided significant mass appraisal assistance to the person signing this report.

*Chris Moser*

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Christopher A. Moser, Chief Appraiser  
Bosque Central Appraisal District