

ANNUAL REPORT
2021
SHACKELFORD
COUNTY APPRAISAL DISTRICT

GENERAL INFORMATION

The Shackelford County Appraisal District (the “District”) was formed January 1, 1981, by acts of the Texas Legislature. State law requires one appraisal district per county to appraise all property within that county.

In 2021, the District appraised 19,668 parcels of property with a total value of \$1,417,009,239. Real estate and business personal property was appraised by internal staff. Minerals, utilities, and some industrial business personal property were appraised by contract with Capital Appraisal Group.

DEFINITION OF PROBLEM AND SCOPE OF WORK

The District is charged by law to appraise all property at market value as required by the Texas constitution and property tax law. Exceptions to the market value standard are authorized in the constitution such as agricultural value and are considered jurisdictional exceptions under the Uniform Standards of Professional Appraisal Practice. (USPAP)

The values derived by the District are used to assess property taxes for the eight tax units in Shackelford County. Those include Shackelford County, Shackelford County Hospital District, City of Albany, City of Moran, Albany ISD, Clyde CISD, Lueders-Avoca ISD, and Moran ISD.

For 2021, Mr. Snyder completed the assigned appraisals in accordance with the board approved reappraisal plan as amended for 2021-2022. The 2021 portion of the reappraisal plan called for the re-inspection and re-classification of all improvements in the city of Albany and Clyde CISD.

Mr. Snyder previously met the requirements set forth by law as of October 2018 and was appointed as Chief Appraiser in December 2018 as he remains to date.

Values are developed using mass appraisal methods. All properties are categorized based upon national cost schedules and depreciated using observation of each parcel every other year. The primary method used in appraising property is the cost approach. It is adjusted to market value based on sales data gathered from various sources utilizing statistical measures typically used in mass appraisal.

PROPERTY VALUES IN SHACKELFORD COUNTY

Below is a schedule of the 2021 property values as appraised and certified within the district's jurisdiction, by state category.

<u>State Code</u>	<u>Description</u>	<u>Count</u>	<u>Market Value</u>
A	Single Family Residence	1,081	\$ 76,789,826
B	Multifamily Residence	8	600,622
C1	Vacant Lots & Land Tracts	503	1,628,748
D1	Qualified Open-space Land	3,028	847,043,206
D2	Improvements on Qualified Open-space Land	2	35,917
E	Rual Land, Non-qualified Open-space Land	1,564	97,233,385
F1	Commercial Real Property	286	16,299,538
F2	Industrial Real Property	79	8,577,895
G1	Oil and Gas, Minerals	12,100	24,691,023
J2	Gas Distribution System	4	1,718,695
J3	Electric Company	53	93,559,392
J4	Telephone Company	21	2,378,200
J6	Pipeline Company	195	12,222,354
L1	Commercial Personal Property	312	21,020,281
L2	Industrial Personal Property	109	186,008,952
M1	Tangible Other Personal Property	35	877,705
S	Special Inventory Tax	1	10,000
X	Totally Exempt Property	287	26,313,500
	Totals	<u>19,668</u>	\$ <u>1,417,009,239</u>

RESIDENTIAL APPRAISAL PROCESS

Homes are reappraised every three years by staff appraisers. The basis of the appraisal is a cost approach utilizing Marshall Valuation Service as a basis for that cost. Various classes are used to develop the different values for different qualities of original construction. Any additions or new construction were picked up by an on-site visit and measurement and classing on the additions. If the ratio study yields a ratio below 95% or above 105%, the data is analyzed to determine if economic or any other modification to the models are needed to fall within the state standards. Individual towns and areas of the county may be adjusted differently to accurately reflect current market value.

MULTI-FAMILY APPRAISAL

Apartments, duplexes and other types of multi-family parcels are initially appraised using a classification system based on Marshall Valuation Service. The appraiser notes the condition of the property and records this information. If a taxpayer provides the income to the property, it is considered in making appropriate adjustments. Appropriate capitalization rates are derived from the rural West Texas market.

VACANT LOTS

Lots are appraised using comparable sales when those sales are available. Similar prices per square foot are placed on all parcels within a neighborhood. When sales are not available, the abstraction method of land value is used removing the contributory value of the improvement from sales price to yield land value. The allocation method is also used which states that the land should be approximately 10-15% of total sales price. Care is taken to ensure that similar prices per foot are placed on all parcels with similar characteristics and similar location.

RURAL LAND APPRAISAL

Market sales are the primary method used in appraising agricultural land. Sales are gathered from multiple sources and the characteristics of that land are noted such as if it is tillable or pasture and the soil quality. Size of tracts sold is also noted to develop tables for the various types of land and the location of that property in the county.

For most agricultural land in the county, an alternate method of appraisal is used which reflects the agricultural value of each parcel. It is developed from surveys, Agricultural Advisory Board member meetings, and discussions with farmers and ranchers in Shackelford County. Typical net-to-land income is capitalized using a state mandated 10% cap rate. For example, if net to land for good farmland is \$25/acre, that income is divided by the 10% cap rate yielding an agricultural value of \$250/acre. Significantly lower net to land is earned by pastureland. For qualifying farmers and ranchers, this method of taxation yields a much lower tax bill than paying on the market value of the same land. Hunting income is also considered as an income source and is often near the lease price for pasture land. Property owners that first qualify for the net to land valuation also have the option for the same valuation under wildlife management.

COMMERCIAL APPRAISAL

Commercial real estate is appraised beginning with Marshall Valuation Services cost data. Different types of commercial property are categorized by the appraiser. The appraiser also notes condition of the property. The basic costs are then adjusted based on the comparisons of the initial values with sales that have occurred. Again, the 95%-105% ratio set by the state is utilized in making appropriate adjustments to the cost to arrive at those ratios.

OIL AND GAS APPRAISAL

The values of oil and gas production are developed using production history of a well. With that production history, a decline curve is developed which accurately estimates the economic life of the well. This is the amount of oil and/or gas that will be recovered ultimately. The price of oil used in the computer model is based on prior year prices and the method is mandated by state law. Future income is discounted based on current economic conditions. The appraiser also utilizes production expense typical for the area and that expense is considered for the operator value of the lease. Once the lease is valued, the total value is allocated to individual royalty owners based on their individual percentages of ownership. The net value of the operator may also be allocated to operator interests.

UTILITIES AND PIPELINES

Utilities and pipelines are appraised typically by a unit method. The entire company is appraised most often using the net income to the company. The total value of the company is allocated to each tax unit based on how many of the company's assets are within that tax jurisdiction. Miles of line, meters, etc. are typical methods of allocation.

BUSINESS PERSONAL PROPERTY

State law requires every business owner to render (give) a listing of their assets to the appraisal districts in which they have property. The District utilizes the information provided to estimate a market value for those assets. If the rendition value does not look reasonable compared to similar types of property, the appraiser may set a higher value.

MISCELLANEOUS PROPERTY

Mobile homes not on owned land are in this category and are appraised using Marshall Valuation Services costs. Adjustments to those costs are made based on the condition of the mobile home. The information on mobile homes is gathered by the appraiser as he/she canvasses each neighborhood in the County.

TAXPAYER APPEALS

Notices of appraised value were mailed to taxpayers in the May and early June time frame. Most questions were handled by staff or by Mr. Snyder. Only 8 formal appeals were heard by the Appraisal Review Board.

GENERAL VALUE TRENDS

Covid-19 deeply impacted the oil and gas industry in 2020 due to demand loss from shutdowns. In 2021 oil and gas prices recovered to prior levels, however, the trailing 12-month EIC average only reflects mostly the commodity price losses experienced in 2020 creating a gap between current market prices and assessed prices for ad valorem valuations. In addition, oil related business personal property appears to mostly flat year over year. The abundance of supply in natural gas and only partial increased demand for commercial electricity on the ERCOT exchange continues to impact all the affected jurisdictions with intensifying deterioration of value, causing industrial personal property, and electric utilities to decrease materially. The windfarm property age continues to offset any gains in income valuations. Real property market conditions have accelerated substantially higher into 2021 for rural land and good to average quality homes. This trend may be partially from both urban flight to rural areas for residential property, as well as investment opportunities in raw land as interest rates remain low and inflation rises. Commercial and industrial real property remains comparable to prior year values.

INTERNAL AND STATE RATIO STUDIES

The State Comptroller does a biennial ratio study. The last ratio study (2019) summary is included in this report and was released in late 2020. The median ratio determined by the Comptroller was 99% with a coefficient of dispersion (COD) of 12.77, and the price-related deferential (PRD) was 0.95. These measures comply with the standards set by the International Association of Assessing Officers. The district is being tested on 2021 values at the time of this report and will receive results early in 2022. The district's summary is detailed on the following page.

209-Shackelford

Category	Number of Ratios **	2019 CAD Rept Appraised Value	Median Level of Appr	Coefficient of Dispersion	% Ratios w /in (+/-) 10 % of Median	% Ratios w /in (+/-) 25 % of Median	Price - Related Differential
A. SINGLE-FAMILY RESIDENCES	75	72,373,831	0.94	16.20	42.61	75.91	0.98
B. MULTI-FAMILY RESIDENCES	0	582,962	*	*	*	*	*
C1. VACANT LOTS	0	1,492,100	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	0	38,789	*	*	*	*	*
E. RURAL-NON-QUAL	79	83,425,388	0.99	18.85	38.66	70.43	1.01
F1. COMMERCIAL REAL	29	16,386,521	*	*	*	*	*
F2. INDUSTRIAL REAL	0	8,699,040	*	*	*	*	*
G. OIL, GAS, MINERALS	47	46,783,095	1.00	1.23	99.87	99.87	1.00
J. UTILITIES	12	118,380,416	0.96	16.06	64.75	83.50	0.88
L1. COMMERCIAL PERSONAL	26	25,625,538	1.00	11.23	61.58	85.50	0.92
L2. INDUSTRIAL PERSONAL	0	224,238,278	*	*	*	*	*

M. OTHER PERSONAL	0	905,303	*	*	*	*	*
O. RESIDENTIAL INVENTORY	0	0	*	*	*	*	*
S. SPECIAL INVENTORY	0	0	*	*	*	*	*
OVERALL	268	598,931,261	0.99	12.77	59.77	81.73	0.95

* Not Calculated - Need a minimum of 5 ratios from either(A) categories representing at least 25 % of total CAD category value or(B) 5 ISDs or half the ISDs in the CAD, whichever is less

**Statistical measures may not be reliable when the sample is small

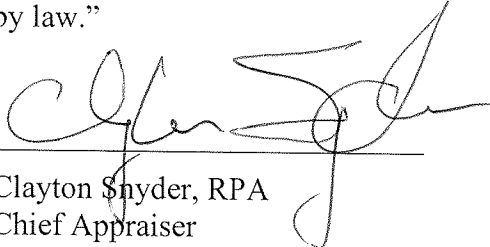
LIMITING CONDITIONS

The appraised value estimates provided by the district are subject to the following conditions:

1. The appraisals were prepared exclusively for ad valorem tax purposes.
2. The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of the property appraised were performed as staff resources and time allowed.
3. Validation of sales transactions was attempted through questionnaires to buyer and seller, and from confidential sources. In the absence of such confirmation, residential sales data obtained from vendors was considered reliable.
4. I have attached a list of staff providing significant mass appraisal assistance to the person signing this certification.

Certification Statement:

"I, Clayton Snyder, Chief Appraiser for the Shackelford County Appraisal District, solemnly swear that I have made or caused to be made a diligent inquiry to ascertain all property in the district subject to appraisal by me, and that 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."



Clayton Snyder, RPA
Chief Appraiser

**STAFF PROVIDING SIGNIFICANT
MASS APPRAISAL ASSISTANCE**

<u>NAME</u>	<u>TITLE</u>	<u>BTPE NUMBER</u>	<u>TYPE OF ASSISTANCE</u>
Clayton Snyder, RPA	Chief Appraiser	74869	Appraisal of real property, business personal property, and commercial real property
Stormi Carruth	Asst. Chief Appraiser	75367	Appraisal of business personal property, and residential real property.