

**2019 KEITH COUNTY
REAL PROPERTY VALUATION METHODOLOGY
RESIDENTIAL, COMMERCIAL,
& AGRICULTURAL
PREPARED FOR:
THE KEITH COUNTY ASSESOR'S OFFICE, KEITH
COUNTY BOARD OF EQUALIZATION AND
INDICATED INTENDED USERS IN THIS REPORT
AS OF JANUARY 1, 2019**

**BY
KEITH COUNTY ASSESSMENT OFFICE
511 NORTH SPRUCE ROOM #200
OGALLALA, NE 69153**

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Keith County Assessment Office

511 North Spruce Room #200

Ogallala, Nebraska 69153

Phone: 308-284-8040

Date: May 1, 2019

RE: Keith County Valuation Methodology

To whom it may concern,

The Keith County Assessment office, is submitting a real property valuation methodology report. These properties consist of 9,195 parcels all within the County. These properties vary in style, age, quality, condition, and location.

This report was prepared for state government, county government, taxing authorities, or the general public. The purpose define all appraisal valuation Methods used in Residential, Commercial and Agricultural properties in Keith County. This reports intended use is to demonstrate to state government, county government, taxing authorities or the general public our ability to create a USPAP compliant appraisal methodology report for properties in Keith County. This report is not intended for any other use, other than valuation for ad valorem taxes.

This report is based on the physical inspection of the site and improvements, neighborhood analysis, economic analysis and market analysis of these areas in the county. This appraisal was developed in accordance with the Uniform Standard of Professional Appraisal Practice as promulgated by the Appraisal Foundation.

We certify that most of our experience is in mass appraisal and we have appropriate knowledge of the market. We have relevant experience in appraising properties similar in size, style, complexity, and have acquired the proper training if needed. Total Appraisal Value in Keith County for 2019 is \$1,528,967,707.

Sincerely,

Keith County Assessor's Office

SUMMARY OF SALIENT FACTS

County ID:	000100100-435203200	
Number of Parcels:	9,195	
Appraisals Active:	Residential 10,617, Commercial 932, Agricultural 2,708	
Total Real Property Value:	\$ 1,466,707,640	
Average Appraisal Value:	\$132,380.96	
2019 New Growth Value:	\$11,226,607	
2019 Residential Growth:	\$9,474,572	
2019 Commercial Growth:	\$983,120	
2019 Agricultural Growth:	\$768,915	
Effective Date of Appraisal:	January 1, 2019	
Dates of Physical Reappraisal:	Ogallala Residential	2015
	Lake/K Area Residential	2013-2014
	Keystone/Roscoe/Sarben	2016
	Brule	2016
	Paxton	2016
	Commercial	2016-2017
	Rural Residential/Og. Sub/Ag	2017-2018
Total Residential Value:	\$494,602,420	
Total Commercial Value:	\$122,804,880	
Total Industrial Value:	\$5,298,790	
Total Rec Value:	\$20,920,885	
Total Tax Increment Financing Value:	Excess \$25,605,195, Base \$3,387,865	
Total Mineral Interest Value:	\$138,830	
Total Non-Agland Improved Value:	\$90,591,570	
Total Agland Improved Value:	\$822,941,835	
Total Special Valuation Value:	\$53,313,420	
Average Land per Parcel:	\$38,609.25	
Average Lot Value:	\$17,896.43	
Average Improvement Value:	\$49,572.79	
Cost Approach:	\$1,466,155,025	
Income Approach:	\$552,615	
Sales Comparison Approach:	-----	
Final Value Opinion:	\$ 1,466,707,640	

DEFINITIONS

A. Client and intended users:

Mass-appraisals assignment in Nebraska for ad valorem taxation falls under the responsibility of county government. The Keith County Board of Equalization, and the Tax Equalization and Review Commission are identified as the client.

Intended users of this mass-appraisal methodology include the identified clients listed above, the State of Nebraska Department of Revenue Property Assessment Division, and all of the property-taxing jurisdictions located within Keith County.

Intended Use: This mass-appraisal valuation methodology is to be used for ad valorem property-tax purposes by the Keith County Assessor and conforms with the standards set forth in Nebraska Administrative Code, Title 350, Chapter 50. If our real property appraisals are used for other purposes, they will be invalid because they would be outside the scope for which they were developed.

We have identified and considered the clients, intended use, and intended users of our value opinions and conclusions in order to identify the problem to be solved, to understand development, and reporting responsibilities associated with this mass-appraisal real property valuation methodology.

B. Effective Date of the Appraisal:

The appraisal date for all real property in the jurisdiction is Jan.1, 2019.

C. Date of the Reported Values:

This mass-appraisal assignment was completed on March 19, 2019. Change-of-value notices for real property are expected to be mailed to property owners on or before June 1, 2019.

D. Type and Definition of Value:

Real property in Nebraska is defined in Neb. Rev. Stat. §77-103. For ad valorem mass-appraisal assignments in Nebraska, the terms actual and market value are viewed as synonymous. Actual value is defined in Neb. Rev. Stat. §77-112. *Actual value, defined. Actual value of real property for purposes of taxation means the market value of real property in the ordinary course of trade. Actual value may be determined using professionally accepted mass appraisal methods, including, but not limited to, the (1) sales comparison approach using the guidelines in section 77-1371, (2) income approach, and (3) cost approach. Actual value is the most probable price expressed in terms of money that a property will bring if exposed for sale in the open market, or in an arm's length transaction, between a willing buyer and willing seller, both of whom are knowledgeable concerning all the uses to which the real property is adapted and for which the real property is capable of being used. In analyzing the uses and restrictions applicable to real property, the analysis shall include a consideration of the full description of the physical characteristics of the real property and an identification of the property rights being valued.*

This definition will be used for all classes of real property. Agricultural or horticultural land is defined in Neb. Rev. Stat. §77-1359.

DISCLOSURE OF ALL ASSUMPTIONS, LIMITING CONDITIONS, AND JURISDICTIONAL EXCEPTIONS

- 1) All properties will be assessed as fee simple, and free of any and all liens and encumbrances. Each property has been appraised as though under responsible ownership and competent management.
- 2) Surveys of the appraised properties will not be provided. We will rely upon the property ownership map, deeds and other materials to estimate physical dimensions and the acreage associated with subject properties.
- 3) We assume the utilization of the land and any improvements are located within the boundaries of the property described on the appraisal record. It is assumed that there are no adverse easements, encroachments or trespasses for any parcel that have not already been addressed in the ownership record file or noted in the property record.
- 4) Property inspections, if necessary, will be made before the appraisal date or prior to the date final values are determined. Keith County will utilize GIS imagery, as well as physical inspections, to complete the Six-year inspection requirements.
- 5) Our goal is to re-inspect every parcel within the county at least once every six (6) years. A property may be inspected more frequently if a building permit has been issued, changes have been noted during neighborhood reviews, or detected through GIS imagery. The date and time of inspections are noted on the property record card. It is assumed that there has not been any material change in condition since the latest property inspection, unless otherwise documented on the individual property record card.
- 6) It is assumed that there are no hidden or unapparent conditions associated with the properties, subsoil, or structures that would render the properties (land and/or improvements) more or less valuable.
- 7) It is assumed that the properties and/or the landowners are in full compliance with all applicable federal, state, and local environmental regulations and laws.
- 8) It is assumed that all applicable zoning and use regulations have been complied.
- 9) It is assumed that all required licenses, certificates of occupancy, consents, or other instruments of legislative or administrative authority from any private, local, state, or national government entity have been, or could be obtained for any use on which the value opinions contained within this report are based.
- 10) Land is valued as though vacant and available to develop to its highest and best use
- 11) Valuation Groupings
 - a. Ogallala - largest community in the county.
 - b. Small Villages - includes the Villages of Paxton, Brule, Keystone, Roscoe, and Sarben. There is some demand for housing in Brule and Paxton, but the market is sporadic and sales data is limited. Keystone, Roscoe, and Sarben are categorized as village for Assessor Location and are less desirable. Sales are very limited in these three villages.
 - c. Lake Properties - residential and recreational parcels at Lake McConaughy and Lake Ogallala. These properties receive a recreational influence not found in the other areas.

- d. Rural - includes all parcels not located within the political boundaries of the villages excluding those around the lakes. Demand for rural housing remains strong in Keith County.
 - e. Ag Outbuildings- structures located on rural parcels throughout the county
- 12) Information, estimates, and opinions furnished to us and incorporated into the analysis and final report will be obtained from sources assumed to be reliable, and a reasonable effort has been made to verify such information. However, no warranty is given for the reliability of this information.

KEITH COUNTY NE- REGIONAL DATA

The town of Ogallala is the County Seat of Keith County Nebraska. It is located in the south-west quarter of Nebraska. Major roads; Interstate 80, U.S. Highway 30, U.S. Highway 26, and Nebraska Highway 61 all run through Ogallala. The South Platte River runs through the south side of Ogallala and the largest lake in Nebraska (Lake McConaughy) is located three miles directly north of Ogallala. The Union Pacific Railroad runs East and West through Ogallala. Some of the larger cities in reference to Ogallala include:

- North Platte, Nebraska east on I-80 50 miles
- Lincoln, Nebraska east on I-80 277 miles
- Denver, Colorado southwest on I-76 214 miles
- Cheyenne, Wyoming west on I-80 167 miles
- Rapid City, South Dakota northwest 300 miles.

A majority of the commercial parcels are located around the interstate interchange and the main thoroughfares of Highway 30 and Spruce Street. Small neighboring communities of Lemoyne, Keystone, Sarben, Paxton, Roscoe, Grant, and Brule are all within 20 miles of Ogallala.

TOPOGRAPHY

The topography of the area contains two large river valleys running west to east through the area, the North Platte River Valley to the north and the South Platte River Valley to the south. The majority of Ogallala sits on the north edge of the South Platte River Valley. South of Ogallala the majority of the topography is flat and usually farmed. There is a plateau between the South Platte River Valley and the North Platte River Valley. North of the North Platte River Valley the topography becomes a vast prairie of rolling sand hills.

RECREATION

In the north part of Keith County, there are two lakes. Lake McConaughy and Lake Ogallala offer boating, skiing, fishing, swimming, picnicking, and camping. The western historical sites such as Boot Hill, Mansion on the Hill, the Little Church of Keystone, and Front Street, are important to our economy for tourism.

Keith County has two public 18 hole golf courses, one is Bayside Golf which is south of Lake McConaughy, and the other is Crandle Creek Golf Club just south east of Ogallala. The County also offers three fitness/health clubs, one indoor pool, and two outdoor pools, one in Ogallala that has a water slide and one in Paxton. There are nine parks, covering over 50 acres. Facilities include playground equipment, picnic areas, band shell, nine baseball/softball fields for adults and youth children, four lighted tennis courts, two-mile paved walking/bicycle path, 9-hole Frisbee golf course, 2 basketball courts, and one regulation baseball field. There is also Western Diamonds Sports Complex. This includes four of the nine baseball/softball fields and two soccer fields. In Ogallala, there is also derby track which is the 23rd track built in the United States.

EDUCATION

Ogallala's Prairie View elementary School had a new addition completed in 2015 and now has all Pre-Kindergarten to Eighth Grade. There are two private parochial elementary schools which have Pre-Kindergarten to fifth grade: St. Paul's Lutheran School and St. Luke's Catholic School. There is one public high school in Ogallala. Paxton had a new addition on to their school and has Kindergarten through twelfth grade also.

INDUSTRIAL

Keith County Area Development, Ogallala/Keith County Chamber of Commerce, the Community Redevelopment Authority, and the City of Ogallala work together for industrial development in the County. These organizations developed a business park north of Ogallala which has an Oral surgery facility, WRG (a recycling place), Dickinson’s Land Surveying, and several new businesses.

DEMOGRAPHICS

The town of Ogallala has an elevation of 3,223 feet above sea level. The weather in this area is typically arid and the temperature range from 10 degrees Fahrenheit December-January to 100 Fahrenheit in June-July.

POPULATION OF OGALLALA

Year	Ogallala	County
2014	4,594	8,359
2017	4,737	8368
2019	4,605	8,103

LOCAL ECONOMY

The diverse economic base in the Keith County Regional Area includes; retail, wholesale sales, medical services, tourism, construction, fast-food dining, fine dining, manufacturing, higher education, farming, and ranching.

Farming and ranching has always been the main economic base in the area. To the south, is mainly farming and to the north is mainly ranching. There are many feed lots in the area and Ogallala Livestock Auction Market has a weekly auction every Wednesday. The number of cattle auctioned off every week range from 3,000 head to 10,000 head. There are many cooperatives in the area; CHS Grainland, Farmers COOP, FEC COOP, and Frenchman Valley Farmers COOP. The last county census in 2012 by the United States Department of Agriculture, 51.5% of Keith County is pasture and 46.9% is crop land. The census stated that agriculture and horticulture producers generated \$228,335,000 of revenue for the area for 2012 compared to the prior census of 2007 for \$142,131,000.

One of the tourist attractions to this area is Lake McConaughy, which is located three miles north of Ogallala. Lake McConaughy was formed by damming the North Platte River. Lake McConaughy was made for water retention for agricultural irrigation and power generation. When at full capacity, the lake boasts 100 miles of white sandy beach shoreline, 30,000 surface acres of clear blue waters. The lake offers fishing, sail-boating, board sailing, camping, and hunting. There are seasonal concessions around the lake including; restaurants, lodging, boat rental, convenience stores, guide service, scuba diving, and RV campgrounds. Currently Lake McConaughy is at 87.4% capacity or 3,257.5 feet above sea level, last year at this time was also at 3,256.3. In the last seven years, Lake McConaughy’s water level has been increasing since the drought in 2007. Tourism has increased in the area, but camping is limited for space because of the high water levels.

Keith County, NE per Capita Salary is \$27,890. Keith County, Ne Median Household income is \$45,078. <https://www.census.gov/quickfacts/keithcountynebraska> In Ogallala, Nebraska the average salary is \$34,437, as of first quarter of 2019. Information for income wages in 2019 were gathered from www.payscale.com.

Agriculture in Keith County (Data from 2012, 2017 has not yet been updated):

- Average size of farms: 1730 acres

- Average value of agricultural products sold per farm: \$263,246
- Average value of crops sold per acre for harvested cropland: \$226.67
- The value of livestock, poultry, and their products as a percentage of the total market value of agricultural products sold: 60.68%
- Average total farm production expenses per farm: \$248,079
- Harvested cropland as a percentage of land in farms: 26.40%
- Irrigated harvested cropland as a percentage of land in farms: 54.49%
- Average market value of all machinery and equipment per farm: \$151,431
- The percentage of farms operated by a family or individual: 82.37%
- Average age of principal farm operators: 55 years
- Average number of cattle and calves per 100 acres of all land in farms: 9.22
- Corn for grain: 74,959 harvested acres
- All wheat for grain: 49,499 harvested acres
- Soybeans for beans: 4,143 harvested acres
- Land in orchards: 10 acres

Some of the large employers in Ogallala are American Shizuki Corporation: manufactures capacitors, employs 200 people; Prophet Systems Innovations: computer and software manufacturers, employs 107 people; Arnold Engineering: electrical components manufacturers, employs 45 people; Ogallala Community Hospital: 18 bed critical hospital, clinic, employs approximately 130 people; and last City and County Government: employs approximately 140 people.

There is one major retail store that provides services to Ogallala and the surrounding towns which is Wal-Mart. There are other smaller stores in the downtown area and one grocery store. Paxton also has a grocery store. We have a variety of hotels and fast food chains as well as fine dining restaurants. There are approximately 20 places of worship in the county.

Keith County has an array of local organizations that stand ready to help facilitate business expansion and/or relocation. They are Community Redevelopment Authority (CRA), West Central Nebraska Development District (WCNDD), Ogallala Economic Development, and Keith County Area Development (KCAD). Along with Ogallala/Keith County Chamber of Commerce, NPPD Community Facts Book and Rural Enterprise Assistance Project (REAP), these organizations address the area's community development needs.

In conclusion, the local economy is stable. Studies have shown that the commercial job market and retail sales have increased. However, it has been difficult to find qualified employees to work or who want to work. The agricultural market has slowed the past three years and has now leveled out. This is due to lower grain prices, lower cattle prices, price of hay, and higher property taxes. Even though the agricultural market has slowed it's still a strong base in our economy. With the recent storm that hit Nebraska it is unknown at this time what the market will be for the future. The Commercial economy has increased slightly. We have had several newer businesses with new growth in the county. A new Hotel, gas station, 2 new small neighborhood shopping centers for 3 businesses in each. New construction started this year include: a new hotel, a new Vision center, and Driftwood which will is a restaurant with live music venue, and available for weddings. More positive aspects to Ogallala's economy include: a newly expanded hospital, two state highways, Interstate I-80, a variety of retail, wholesale sales, tourism, construction, fast-food dining, fine dining, manufacturing, higher education, railroad lines, and an increasing agricultural market.

MARKET ANALYSIS

The marketing area in general is the land located in Keith County. Neighboring towns include Brule and Big Springs to the west; Lewellen to the northwest; Lemoyne to the north; Keystone and Sarben to the northeast; Roscoe and Paxton to the east; and Grant to the south. These towns are all smaller in population than Ogallala, and are within a 30 mile radius. A Market Analysis is a study of supply and demand, as well as other economic conditions in an area. (Definitions Appraisal Market Analysis & Highest and Best Use Copy Write 2004 by Hondros Learning. p.129)

Studying the current market of Keith County as a whole it is my understanding that residential homes in Ogallala are selling. Low price homes are selling faster and it is causing a rippling effect with mid-price homes and higher valued homes. Market time has been shorter as well. Lake residential, Rural Residential and Ogallala Suburban homes are in high demand and supply is low. There are approximately 100 homes for sale in Keith County. This supply is slightly higher than the last five years for residential properties. This undersupply has resulted in a shorter marketing time that is 3-9 months and sale prices range from \$10,000 to approximately double the assessed value of the properties. The majority of homes are selling higher than the assessed value. Therefore, we have concluded the typical exposure time for residential homes in Keith County are under 9 months, there is an undersupply of certain homes, and demand has been increasing for residential areas.

There were a total of 294 preliminary residential sales in Keith County. By reviewing preliminary statistics 12 have sold under 30,000 and 32 sold between 30,000 and 59,999. All 44 sales seem to be overvalued and under supply with a high assessment to sales ratio. Supply and demand in the 30,000 to 59,999 range seem to be a little more. The next range from 60,000 to 999,999, these sales have a low assessment to sales ratio median indicating 250 sales sold under the assessed value. Which means they are assessed over market value. Preliminary studies in the county for residential showed us below in several areas. The overall preliminary residential assessment to sales median was 85%. Because the market appears to have an undersupply of properties in certain areas, the overall assessment to sales ratio within the sales study period has fallen below state standards.

This is based on the sales time of comparable properties along with the assessor/appraiser's knowledge of the market. In completing this mass-appraisal valuation methodology we have considered relevant competitive listings and/or contract offerings and any trending information which would impact the subject's marketing area. Most properties can be sold around a year with a proper marketing plan. Most information was gathered from one or a combination of one of these web sites.

www.visitogallala.com

www.ogallala-ne.gov

www.opsd.org/

www.nass.usda.gov

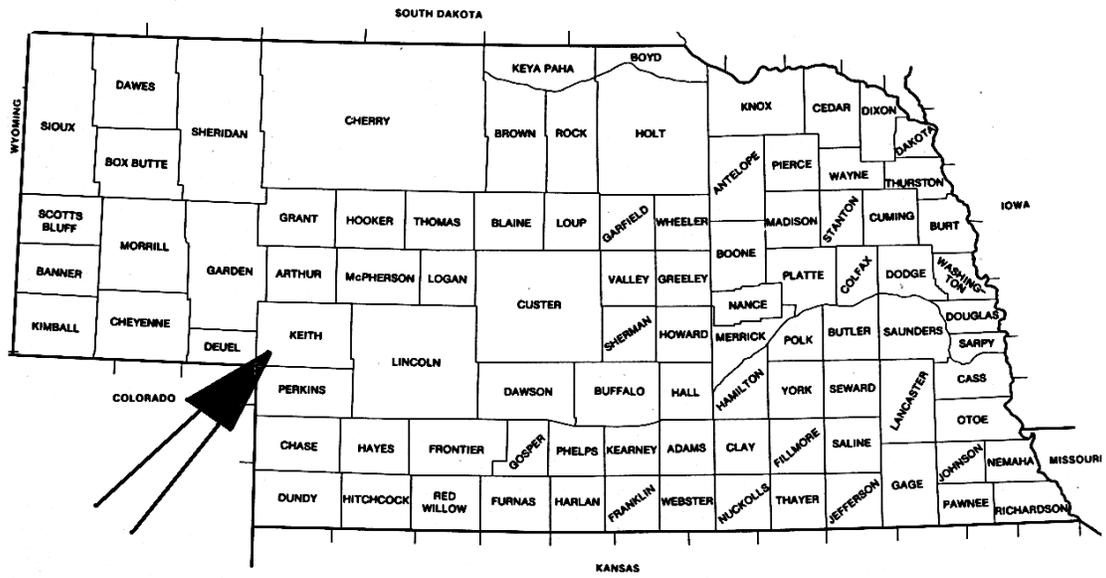
www.ci.brule.ne.us

www.keithcountyne.gov

www.kcad.org

www.lakemcconaughey.com

NEBRASKA MAP KEITH COUNTY LOCATION



APPRAISAL PROCESS

PRELIMINARY ANALYSIS, SCOPE OF WORK, HIGHEST AND BEST USE

PHYSICAL INSPECTION

Each year, a portion of the parcels in the county are physically inspected on the exterior by the appraiser assistants for Keith County. This is in the Neb. State Statute § 77-1311.03. It states “The county assessor shall determine the portion to be inspected and reviewed each year to assure that all parcels of real property in the county have been inspected and reviewed, no less frequently than every six years.”

The purpose of the inspections is to insure the continued accuracy of the physical characteristics on the property record card. The appraisal clerks start the field review with re-measuring all improvements, taking digital photographs, and updating the property record cards. It is also the responsibility of the appraisal clerks to review parcels with building permits, as well as, new construction and partial finished construction. It is the practice for Keith County to physically review all mobile home parks at least every other year by taking new pictures and reviewing the current homes there.

Each property has a unique parcel identification number and a property description developed by the County Assessment office or County Assessor. The parcel identification number is not the legal description of the parcel and its use is only for valuation and tax purposes. Individual sketches are drawn for each parcel unless otherwise noted. A digitalized image of the improvements is also maintained on file. A detailed description of the characteristics of the improvements is collected and is noted on the property record card.

SALES ANALYSIS

The county has an inventory of all sales that have occurred in the county. A separate file of valid sales stores a “snapshot” of the property characteristics as of the date of the sale along with the information concerning sale price and date.

Sales of real estate establish trends in the market and valuation models must reflect those trends. Therefore, in order to understand and adapt to changes in the market, it is first necessary to analyze those sales. A significant part of the initial analysis involves determining the extent and direction of movement in the market to answer the questions, is the market up or down and how fast it is moving in that direction?

To determine this market, a thorough sales review process is accomplished. Each sale in the county that is assumed to be an arm’s length transaction is sent a sales questionnaire by mail from the Keith County Assessment Office. These sales questionnaires are returned with a 90% return rate and all information is collected and entered in to the sales file. At this time, sales are determined to be arm’s length, the property record card is reviewed for accurate data, and new or old construction is noted.

SCOPE OF WORK

The scope of work [as defined in USPAP] is the type and extent of research and analyses in an assignment. In developing a mass appraisal, an appraiser or appraisal staff must be aware of, understand, and correctly employ those recognized methods and techniques necessary to produce and communicate credible mass appraisals. Specifically for mass appraisal, the scope of work is the collection of a large amount of data to represent a neighborhood in land tables and depreciation tables.

The scope of work includes, but is not limited to, the following:

- a. the public policy affecting the ad valorem mass appraisal;

- b. the extent to which the property is identified;
- c. the extent to which tangible property is inspected;
- d. the type and extent of data researched; and
- e. The type and extent of analyses applied to arrive at opinions or conclusions.

A mass appraisal includes:

- 1) Identifying properties to be appraised;
- 2) Defining market area of consistent behavior that applies to properties;
- 3) Identifying characteristics (supply and demand) that affect the creation of value in that market area;
- 4) Developing a model structure that reflects the relationship among the characteristics affecting value in the market area;
- 5) Calibrating the model structure to determine the contribution of the individual characteristics affecting value;
- 6) Applying the conclusions reflected in the model to the characteristics of the property(ies) being appraised; and
- 7) Reviewing the mass appraisal results.

The definition of Jurisdictional Exception Rule in [USPAP] is an assignment condition established by applicable law or regulation which precludes an appraiser from complying with a part of USPAP. The Jurisdictional Exception Rule may apply to several sections of Standard 6 because ad valorem tax administration is subject to various state, county, and municipal laws.

The information provides the appraiser with the basis for determining the type and extent of information and the research and analysis needed to be applied in the development of an ad valorem mass appraisal.

Implicit in the public policy (law and regulation) of an assessing jurisdiction are many of the elements necessary for problem identification of an ad valorem mass appraisal. For example, the statutory requirement for a revaluation often identifies the client as the taxing authority and intended users can be the state government, county government, taxing authorities, or the general public. The intended use of the ad valorem mass appraisal is for the uniform distribution of the property tax burden within the jurisdiction. The type and definition of value is usually established by statute, as is the effective date of the appraiser's opinions and conclusions (tax year, levy year, valuation date, etc). Relevant characteristics are established in the mass appraisal model specification that was developed in the revaluation process.

Similarly, reporting of an ad valorem mass appraisal in assessment jurisdictions is directed by public policy. Historically, reporting of an ad valorem mass appraisal is accomplished by assessment lists (assessment roll, grand list, tax roll, etc.) that contain information on property ownership, property identification, property description, property tax classification or use, property value, value definitions, details of the assessment, date of the assessment, and date on which the assessment comes into force or is final. This assessment listing is the public record of all property values for tax purposes within the jurisdiction allowing property owners to compare assessments between like types of properties.

Mass appraisals can be prepared with or without computer assistance. While computerized methodology has made the mass appraisal process more efficient and more widespread, it has not altered the process. Data banks and computerized applications are used in data storage, mapping, data analysis, and testing of the analytical results. Ad valorem mass appraisal systems apply the standard methods to the common

data via mass appraisal models to develop individual property value estimates. These models may represent the cost approach, the income approach, or the sales comparison approach to value.

A data collection system should be available to the assessor. The recording of data has evolved from the use of manual methods to the creation of sophisticated data banks that facilitate computer-assisted appraisal, often incorporating geographic information systems (GIS). Property data may be quantitative (e.g., land areas, dimensions, building specifications) and /or qualitative (assessment of the physical condition, character, or market desirability of the improvements).

Appraisal banks are built around land tenure records (e.g., title deeds, transfer documents, and sales information, in national, federal, state, or local government jurisdictions that define property ownership or interests in land) and may include building permit systems, automated appraisal systems, and tax billing systems. Care should be exercised to assure the property data is accurate and that the mass appraisal environment provides for proper maintenance of this information. Characteristics of the market that are relevant to the purpose and intended use of the mass appraisal shall be recorded in the mass appraisal system including:

- Location of the defined market area;
- Physical, legal, and economic attributes of the properties; and
- Time-frame of market activity.

AD VALOREM MASS APPRAISAL – CONTESTED VALUE SCOPE OF WORK

When a property owner or an assessment jurisdiction decides to employ a real estate appraiser to perform a single property appraisal during an assessment appeal, USPAP requires the appraiser to develop a scope of work for the assignment. Potential confusion may result based on differing scopes of work. Intended user and Intended use for the appraisal presented need to comply with USPAP.

The Ethics rule is often times overlooked when a property owner is presenting an appraisal for a property protest for ad valorem tax purposes. Confidentiality is often misrepresented by the intended user and intended use of an appraisal. An authorized letter should be presented to use the Appraisal from the client and the scope of work needs to be specifically outlined in the appraisal for property valuation protest as well.

SCOPE OF WORK FOR ASSESSMENT YEAR 2019

For the assessment year 2019, the main project for our office was to complete our six year review of all Rural Residential, Ogallala Suburban, and Agland improved properties in the County. This project has taken two years to complete. Current costing tables were applied, as well as, new land and depreciation tables. Other residential properties in Keith County that had changes were Ogallala, Paxton, Brule, Lake residential, Lake Mobile Homes, Home sites and farm sites. Adjustments made are more detailed in each section.

HIGHEST AND BEST USE

Highest and best use, as used by the county, can be defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, that results in the highest value.

The four tests for highest and best use:

1. the proposed use must be legally permitted
2. the proposed use must be physically possible
3. the proposed use must be economically feasible under the projected conditions

4. the proposed use must be the most profitable among the alternatives that are legally permissible, physically possible, and economically feasible

Because the use of the land can be limited by the presence of improvements, the highest and best use is determined separately for the land or site as though vacant.

Implied within the definition above is that the determination of highest and best use results from the appraiser's judgment and analytical skills, that the use determined from the analysis represents an opinion, not a fact to be found. Even though valued at highest and best use, classification plays a role in the taxation process. Definition of Class or subclass of real property is found in Statute §77-103.01 "Class or subclass of real property means a group of properties that share one or more characteristics typically common to all the properties in the class or subclass, but are not typically found in the properties outside the class or subclass. Class or subclass includes, but is not limited to, the classifications of agricultural land or horticultural land listed in Statute §77-1363, parcel use, parcel type, location, geographic characteristics, zoning, city size, parcel size and market characteristics appropriate for the valuation of such land. A class or subclass based on market characteristics shall be based on characteristics that affect the actual value in a different manner than it affects the actual value of properties not within the market characteristic class or subclass."

Based on neighborhood trends the existing buildings represent the highest and best use of most sites. The existing use will continue until the land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. Zoning is displayed on the property record cards and the cities and county zoning administrator exercise jurisdiction over local land use and community planning. Regulations are found in their local ordinances.

The following definitions were taken from The Dictionary of Real Estate Appraisal, Fourth Edition, published by the Appraisal Institute in 2002, on page 135, as:

Highest and best use of land or site as though vacant: Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing the improvements.

Highest and best use of a property as improved: An existing property should be or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than off-set the cost of demolishing the existing building and constructing a new one.

INTEREST APPRAISED

The requirements for mass appraisal ad valorem for the assessment of real property taxation are found in Nebraska law, in the Constitution of Nebraska. The uniform standard for the assessed value of real property for tax purposes is actual value, which is defined by law as "the market value of real property in the ordinary course of trade." Neb. Rev. Stat. §77-112 (R.R.S., 2003). All real property, other than agricultural land and horticultural land, shall be valued at one hundred percent of actual value. Assessor's Manual, title 350, Chapter 10, REG-10-002.02A Procedures. The assessment level for agricultural land and horticultural land, hereinafter referred to as agricultural land, is seventy-five percent of actual value. Neb. Rev. Stat. §77-201 (1) and (2) (R.S. Supp., 2006) & Assessor's Manual, title 350, Chapter 10, REG-10-002.01B Procedures. More importantly, for purposes of equalization, similar properties must be assessed at the same proportion of value when compared to each other. This will achieve the constitutional

requirement of proportionality ultimately and to ensure the balance equity in the imposition of the property tax by local units of government on each parcel of real property.

The assessment process, implemented under the authority of the county assessment office, seeks to value similarly classed properties at the same proportion to actual value. This is not a precise mathematical process, but instead depends on the judgment of the assessor/appraiser, based on their analysis of relevant factors that affect the actual value of real property. Nebraska law provides ranges of acceptable levels of value that must be met to achieve the uniform and proportionate valuation of classes and sub classes of real property in each county. Neb. Rev. Stat. §77-5023 (R.S. Supp.,2006) requires that all classes of real property, except agricultural land, be assessed within ninety-two and one hundred percent of actual value; the class of agricultural land be assessed within the range of sixty-nine to seventy-five percent of actual value; the class of agricultural land receiving special valuation be assessed within the range sixty-nine to seventy-five percent of its special value.

When running a statistical report to show us the range discussed in the above paragraphs, it is called an assessment to sales ratio statistical analysis report. This report is run by indexing all of the sales in a certain neighborhood and taking the **assessed value** and dividing it by the **sales price**. The median of this should be between 92-100%.

The Price Related Differential (PRD), which is the mean ratio divided by the aggregate ratio, must be between 98 and 103. If above 100 high priced properties are undervalued and low price properties are overvalued. If lower than 100 high priced properties are overvalued and low price properties are undervalued.

The Coefficient of Dispersion (COD), is the average absolute deviation divided by the median. This should be less than 15. The larger the COD the more varied the Ratios are from the median.

APPROACH TO VALUE

Following the field inspection of parcels and the development of valuation models, preliminary values are generated. For residential, values are estimated using the cost approach.

During final review, the appraiser clerks compare the property record cards, pictures of each property, the values discussed above and any sales information. Then the Assessor establishes a final value from the information to be used for the current assessment year. The value chosen must be consistent with the neighborhood, assuming the improvements themselves are consistent.

COST APPROACH TO VALUE

The cost approach is the process of estimating the value of a property by adding the appraiser's estimate of the reproduction or replacement cost of property improvements, less depreciation, to the estimated land value. (Definition is from the Glossary of the book "Fundamentals of Real Estate Appraisal 8th edition" pg 390).

The cost approach to value estimate is based upon the market value of land and the depreciated cost to replace or reproduce improvements on that land. The MIPS CAMA system utilized by the Keith County Assessor's office uses the comparative unit method.

Costs can be estimated by one of four methods: The comparative unit, unit in place, quantity survey, and trended original cost. Mass appraisal uses the comparative unit method to find the "base" cost of a structure. Adjustments are then made for differences from base specifications using either comparative unit or unit-in-place methods. Never the less, all costs should be derived from the quantity survey method. Commercially prepared cost manuals reflect such costs and many assessors use them, making

local adjustments as necessary. (Property Appraisal and Assessment Administration published by the International Association of Assessing Officers, Copyright 1990. Pg. 352)

This report uses the comparative unit method and the Marshall and Swift Valuation Service version with a 98% location factor. All properties are using June 2018 Costing tables except Keystone, Roscoe, and Sarben they are using June 2017. These estimates of replacement cost new have been verified with local contractors.

Quality is determined by considering workmanship and materials used and condition is based on the condition of the property for its age determined by the amount of deferred maintenance that was done or is needed to be done.

After determining the base cost, it is further refined by heating and cooling, patios, wood decks, concrete drives and other miscellaneous improvements and they are added into the base cost. The refinements and the base cost are further modified by size and shape of the building, height per story and area perimeter. These modifications are made depending on the difference between the subject and typical buildings of its class, occupancy and quality.

The adjusted cost is then adjusted to today's dollars and location using current cost multipliers and local cost multipliers after arriving at replacement cost new. It is necessary to subtract any loss in value (depreciation), and adding back in the land value to arrive at an estimate of value via the Cost Approach.

The Cost Approach method is based on the principle of substitution; the price someone is willing to pay for a property is influenced by the cost of acquiring a substitute or comparable property or the cost to construct a similar and competitive property, assuming no undue delay in the process.

The applied process is as follows:

- Estimate the land value
- Estimate the replacement cost of the building and site improvements
- Estimate the physical, functional and /or external depreciation accrued to the improvements
- Sum the depreciated value of the improvements with the value of the land for an indication of value

In the Cost Approach, the cost to reproduce the property at the date of the appraisal, less an appropriate allowance for depreciation (physical deterioration, functional obsolescence and external obsolescence) is made by market comparisons of cost and depreciation. The Cost Approach many times is the upper limit of value; usually a property is not worth more than it would cost to build another property of equal utility, assuming no unreasonable delay. Thus, by its very nature, the cost approach provides us with a uniform starting point in the process of finding a value for every property.

Fundamentals of Real Estate Appraisal 8th Edition, published by the Dearborn Financial Publishing Defines Replacement Cost & Reproduction Cost (pg 153), Physical Deterioration (pg. 123) , Functional Obsolescence (pg. 123) , and External Obsolescence (pg. 392) and Economic Obsolescence (pg. 172) as follows:

Replacement Cost is the Dollar amount required to construct improvements of equal utility using current construction methods and materials.

Reproduction Cost is the dollar amount required to construct an exact duplicate of improvements to the subject property at prices current as of the effective appraisal date.

Physical Deterioration is the effects of ordinary wear- and-tear and the action of the elements.

Functional Obsolescence is the absence or inadequacy of features in the design, layout, or construction of the building that are currently desired by purchasers, or the presence of features that have become unfashionable or unnecessary. Fixtures such as bathtubs or vanities fall into this category. A kitchen without modern, built-in cabinets and sink would be undesirable in most areas.

External Obsolescence is a loss of value from forces outside the building or property, such as changes in optimum land use, legislative enactments that restrict or impair property rights, and changes in supply-demand relationships.

Economic Obsolescence is a type of External Obsolescence that arises from the external factors of the property such as economic forces or environmental changes which affect the supply/demand relationship of the market.

REPLACEMENT COST HAS BEEN UTILIZED FOR THIS REPORT

The difference between replacement cost and reproduction cost is that the reproduction cost is the cost to construct an exact replica of the subject, including any functional obsolescence, while replacement cost is the cost to build a substitute with equal utility but without any functional obsolescence such as high ceilings or poor room layout.

Replacement cost, as reflected in the Marshall & Swift Costing Tables in the MIPS CAMA System, calculates the total cost of construction including materials, labor, subcontractors, builder's overhead and profit, architectural and engineering fees, consulting fees, survey and permit fees, legal fees, taxes, insurance, and cost of interim financing. There are separate cost tables for residential dwellings and their components, such as attached garages and other additions, heating and cooling systems, and plumbing. Other building and yard improvements, commercial buildings, agricultural buildings and land pricing schedules are also separate.

DEPRECIATION:

The Appraisers, for Keith County, have developed their own depreciation schedules from market data. Keith County utilizes the MIPS CAMA system to build and maintain the depreciation tables for each tax year as well as graphical displays of this data by plotting depreciation percentages and fit a best fit curve to the data using a scatter diagram.

The depreciation tables built with local market data fit the majority of parcels assessed in each neighborhood. However, appraisers are given the discretion to override depreciation schedules or assign additional depreciation for the few individual parcels that do not fit the majority utilizing the appraiser's knowledge and experience from the local market.

In mass appraisal, depreciation is usually estimated using depreciation schedules, which show the typical loss in value at various ages or effective ages. By nature, such tables primarily recognize physical deterioration, so additional adjustments are usually required for functional or economic obsolescence. Because different property groups depreciate at different rates, depreciation schedules should be tailored to different types of properties. In Keith County, our physical depreciation tables are built directly from the market. The steps are: (1) stratify sales by building type, (2) subtract land and miscellaneous improvement values to obtain residual building values, (3) subtract residual building values from RCN to obtain market-derived depreciation, (4) divide by RCN to obtain depreciation percentages, (5) plot depreciation percentages against effective age, (6) fit a curve to the data, and (7) extract a depreciation table.

The reliability of such schedules depends on the accuracy of the sales prices, RCN figures, and land values used in the analysis. Cost models, like other valuation models, should be specified and calibrated using local market information so that they reflect accurately the operation of local real estate markets. (Property Appraisal and Assessment Administration published by the International Association of Assessing Officers, Copyright 1990. Pg's 229 & 230)

Depreciation schedules represent the demand side of the market and should, therefore, be derived from the market. Many published cost manuals have tables indicating depreciation or "percent good" based on the type and age of improvements. Such tables may be unrealistic for the local market and should be used with caution. Because demand varies by location, so too should depreciation schedules. (Property Appraisal and Assessment Administration published by the International Association of Assessing Officers, Copyright 1990. Pg. 358)

INCOME APPROACH

The income approach or otherwise known as the Income Capitalization Approach is the process of estimating the value of an income-producing property by capitalization of the annual net operating income expected to be produced by the property during its remaining economic life. (Definition taken from Glossary from Fundamentals of Real Estate Appraisal 8th Edition. P. 394)

Income models within MIPS (CAMA) are developed directly from the market. Income and expense information is obtained from a variety of data provided directly from taxpayers, a review of previous appeal files and various public surveys and publications. From that information, typical rental and expense rates are established according to the type and use of the property along with its location. These rates are placed in income valuation models according to the property type and use.

There are only two parcels in Keith County that utilize the Income Approach to value. They are rent-restricted housing projects. These projects are low rent properties that are approved as such from the state of Nebraska. Their income information is sent directly to the state every year and then transferred to the Assessor's office of the county they are in. A Capitalization rate is determined by the rent-restricted housing projects valuation committee.

SALES COMPARISON APPROACH

The Sales Comparison Approach is the process of estimating the value of property through examination and comparison of actual sales of comparable properties; also called the direct market comparison or market data approach. (Definition taken from Glossary from Fundamentals of Real Estate Appraisal 8th Edition. P. 398). The sales comparison approach, for residential property is performed through the use of multiple regression analysis and comparable sales.

Market modeling in MIPS (CAMA) involves determining the coefficients to use to adjust sale properties and the weights to be placed on property characteristics to (1) select sales for comparison with the property being valued and (2) adjust selling prices to that property. No two properties are the same. Some differences are cosmetic and tend to have very little impact on value, such as color. Others have significant impact on value, such as the quality of construction or the size of the structure. The actions of buyers and sellers in the market place determine which factors affect value and what weights to apply to each factor.

The computer assists in this process by providing estimates of the relative weight of certain factors. By alternating different factors and weights, the best combination to value parcels within a given geographic area is determined. The specific factors and weights chosen for one model may be different than those chosen for another because of differences in neighborhoods. For example, a detached garage may be the rule in one part of the country and the exception in another; an attached garage may add value in one

area but add very little in another area. Once the factors are established, the weight applied to each factor is determined.

The Sales Comparison Approach is utilized in Keith County when adequate sales exist and inside information is known. For the assessment year of 2019 the sales comparison approach wasn't used because not all of the interior information was received and time constraints limit this process.

PERFORMANCE TESTS

The method used to test the accuracy of the county's valuation is a sales ratio study. The sales ratio study looks at statistical measures such as the median ratio, the coefficient of dispersion, and price related differential. Ratio studies, for each neighborhood, are conducted annually.

2019 Keith County Appraisal Process

RESIDENTIAL PROPERTIES:

A complete reappraisal of all residential properties are as follows: Ogallala residential properties 2016, small residential village properties (Paxton, Brule, Keystone, Roscoe, and Sarben) Assessment year 2017, Lake Residential Properties Assessment year 2015, Rural Residential, Ogallala Suburban, Lake Rural, and Agland Improved properties Assessment year 2019. During these complete reappraisals all residential properties were sketched into the CAMA system MIPS. New photographs were taken, improvements were remeasured, and quality and condition were reviewed. New land and depreciation tables were created from the market, and costing tables were updated to current costing tables of June of 2018, except for Keystone, Roscoe, and Sarben. Also completed for this Assessment year 2019 was the completion of all properties sketched into the CAMA system.

Maintenance appraisal review was done to Ogallala, Paxton, Brule, and Lake. These included an evaluation of all residential records for accuracy in the computer and hard copy appraisal files. Updates also include any information picked up from sales questionnaires, door hanger questionnaires, building permits and/or information sheets.

A review of our preliminary statistics of sales for the required sales period of October 1, 2016 through September 30, 2018 showed that we were not in compliance with an overall ratio of 85% with the required range of 92-100% of market value. Residential Areas by location and preliminary statistical analysis are as follows:

01) Ogallala	86.36%
02) Paxton	86.72%
03) Brule	75.27%
04) Rural	83.24%
05) Lake	78.97%
06) Keystone/Roscoe/Sarben	90.28%

01) OGALLALA RESIDENTIAL NEIGHBORHOOD

There are five residential neighborhoods that are within the city limits of Ogallala. The residential neighborhoods are 1100, 1200, 1300, 1301 and 1400. The areas were carefully studied for the assessment year of 2019. These four neighborhoods are divided by approximately 7% of vacant land and 93% of improved land. The improvements on all parcels within the city limits of the town were re-measured, new photographs were taken, quality and condition were reviewed and new land and Depreciation tables were created according to the market in 2016 during the 6 year review.

Our preliminary Assessment to Sales Ratio Statistical Analysis had a median of 86.37% with 221 sales. With this low of a median, changes had to be made to bring values up to state standards range of 92-100%.

1100

The Residential Neighborhood 1100 is defined as the older more developed area within Ogallala. Market area boundaries would be considered to be the city limits line on the east, to the North would be Fox Hill Road extended east to Valley View Drive then around Indian Ridge Subdivision to the east, to the west is West H Street extending south to First Street/Highway 30, which these 2 streets are the boundary to the south. The streets are mostly paved by asphalt or concrete. All of the streets in 1100

lead to the main thoroughfares in Ogallala. The properties in this neighborhood all have public utilities such as: city water, city sewer, public electric and gas, and public waste removal. There are 1,426 parcels that make up 1100.

This residential Neighborhood 1100 within its boundaries consists a public elementary through Middle school, a public High School, and two parochial schools. A new portion of the Elementary/Middle School was just recently built to be able to have Pre-kindergarten through 8th Grade. A new gymnasium, lunch room, administration offices, and library were built along with more classrooms. There are two city parks in this neighborhood also. This neighborhoods use includes; residential single family housing, rental houses, duplexes, and a few vacant lots. Great Western town homes for low income housing and several other low income housing units, are included within the neighborhood boundaries. The outdoor public swimming pool and the Goodall Recreation (which is indoor swimming and weight room) are also located in the boundaries of residential Neighborhood 1100. Also within the boundaries are the downtown district as well as courthouse offices and city offices.

There are approximately 87 vacant parcels in the residential Neighborhood of 1100. The land didn't have any change and is still valued at \$1.20 per square foot up to 12,500 square feet. Between 12,500 and 43,560 it is valued at \$0.36 per square feet. Any parcel that is over an acre or 43,560 square feet is valued at \$16,120 per first acre and \$1,680 from 1.01 to 10 acres, and \$960 after.

1200

The Residential Neighborhood 1200 is defined as the residential area west in Ogallala. Market area boundaries are considered to be the Highway 91-62 on the west, to the North is the north section line of 1-13-37, to the east is West H Street extending south to First Street/Highway 30, which these 2 streets are the boundary to the south. At least 75% of the streets are paved by asphalt or concrete. Most of the streets in 1200 lead to the main thoroughfares in Ogallala. The properties in this neighborhood mostly have public utilities such as: city water, city sewer, public electric and gas, and public waste removal. There are approximately 369 parcels that make up 1200.

This residential Neighborhood 1200 within its boundaries consists of one City Park in this neighborhood. This neighborhood use includes: residential single family housing, rental houses, duplexes, and vacant lots. The Keith County fairgrounds are in these boundaries as well as the Ogallala Cemetery. Some of the vacant lands within these boundaries are farmed for agricultural use.

There are approximately 28 vacant parcels in the residential Neighborhood of 1200. The land is valued at \$1.20 dollar per square foot up to 12,500 square feet. Between 12,500 and 43,560 it is valued at \$0.36 per square feet. Any parcel that is over an acre or 43,560 square feet is valued at \$16,120 per first acre and \$1,680 from 1.01 to 10 acres, and \$960 after.

1300-1301

The Residential Neighborhood 1300 and 1301 is defined as the Ogallala North. Market area boundaries are considered to be East G Street extending north for the east boundary, to the North is West 32 Street extending to the east boundary line, to the west is West H Street extending south to Fox hill drive. Fox hill drive extending east to Valley View Drive is our South boundary. The majority of the streets are mostly paved by asphalt or concrete. Most of the streets in 1300 and 1301 lead to the main thoroughfares in Ogallala. The majority of the properties in this neighborhood have public utilities such as: city water, city sewer, public electric and gas, and public waste removal. There are 295 parcels that make up 1300 and 17 in 1301.

This residential Neighborhood 1300 and 1301 within its boundaries consists of the Ogallala Community Hospital. There are two city parks, the Western Diamonds Soccer and Baseball/softball complex. Within these Boundaries, there is the Ogallala Soap Box derby track. There are two nursing facilities, Wel-life, and Indian Hills Manor. This neighborhood includes residential single family housing, rental houses, and duplexes. There are some vacant lots within these boundaries that are larger tracts.

There are approximately 29 vacant parcels in the residential Neighborhood of 1300 and 1 in the adjoining neighborhood 1301. Many of these parcels are larger in size. The land is valued at \$1.44 per square foot up to 12,500 square feet. Between 12,500 and 43,560 it is valued at \$0.036 per square feet. Any parcel that is over an acre or 43,560 square feet is valued at \$19,100 per first acre, 1.01 to 10 acres at \$1,045 and after 10.01 acres valued at \$900.00.

1400

The Residential Neighborhood 1400 is defined as Ogallala South. Market area boundaries are considered to be the Highway 30 on the north, Road East B to the east, Road 80 to the south, and Pioneer Trail Road extending south to Road 80 for the west boundary. Only a few of the streets are paved by asphalt or concrete. Most of the streets in 1400 lead to the main thoroughfares in Ogallala. Less than half of the properties in this neighborhood have public utilities such as: city water, city sewer, public electric and gas, and public waste removal. There are 43 residential parcels in this Neighborhood.

This residential Neighborhood 1400 within is all of Ogallala south of Highway 30. Inside these boundaries are the majority of the fast food restaurants, fine dining restaurants, and the hotel market. The neighborhood also consists of a lot of farm ground and larger lots.

There are approximately three vacant parcels in the residential Neighborhood of 1400. The land is valued at \$1.20 dollar per square foot up to 12,500 square feet. Between 12,500 and 43,560 it is valued at \$0.036 per square feet. Any parcel that is over an acre or 43,560 square feet is valued at \$16,116 per first acre and \$1,680 from 1.01 to 10 acres, and \$960 after 10.01 acres.

OGALLALA RESIDENTIAL NEIGHBORHOODS RECONCILIATION

The appraiser is responsible for defining market areas, developing the market analysis, land tables depreciation tables, and models used to value all property in Keith County. A valuation model is a formula used to value a specified set of properties. It can be as simple as an amount per square foot to be multiplied by the square footage of the properties to be valued, for example. \$47.50 per square foot X 1,500 square feet = \$71,250. Or it may be so complex that it takes a computer to efficiently apply it. In either event, they share the common characteristics of being developed from the local market and are subject to human acceptance or rejection.

Stick built homes and manufactured homes were used in the statistical analysis of Ogallala for the assessment year of 2019 by the office.

Land tables in these neighborhoods stayed the same for 2019, however a 5% adjustment was made to the depreciation tables 311 Ogallala SFD, and Ogallala Mobile Homes table 320. Marshall and Swift costing tables were updated to 2018 also. When applying these changes to the depreciation and costing tables the Assessment to Sales Ratio Statistical Analysis median is 92.14% with vacant land included and 92.26% with improved only. This brings us up to state standards.

02) PAXTON RESIDENTIAL NEIGHBORHOOD

Paxton is a village in Keith County, Nebraska. Paxton is located about 19 miles east of Ogallala which is the County Seat. The village has a total area of 1.03 square miles and is located on U.S. Highway 30 and 1 mile north of Interstate 80. In Paxton the majority of the roads are gravel. Some of the main thoroughfares are paved. The majority of properties in this neighborhood have public water, sewer, garbage pickup, electricity, and natural gas.

Residential neighborhood code 4100 make up the town of Paxton. The 6 year review was done for assessment year of 2017. This neighborhood is divided by 7% vacant land and 93% improved. The improvements on all parcels within the city of the town were re-measured, new photographs were taken, quality and condition were reviewed and new land, costing, and depreciation tables were created according to the market.

The preliminary Assessment to Sales Ratio Statistical Analysis was at 86.72%. The first thing that was done to help increase values for Paxton which is valuation group 2, was to update the costing tables to current at 2018. This brought us only up to 88.10%

The next study was on land. There are 35 vacant land parcels in Paxton without any vacant land sales for this study period. The previous land table was created in 2017. While reviewing the sales and using the abstraction method we became aware that our land tables were low. The new land table for 4100 is \$0.9095 for the first 14,000 square feet. Between 14,001 and 28,000 square feet they are valued at \$0.1926 per square feet. Between 28,001 to 43,560 square feet they are valued at \$0.05 per square foot. The acre land table starts at \$18,209 for the first acre and after that \$1,118 per acre. This is a 7% increase added to the former land table.

Paxton residential consists of 222 parcels. There were 13 sales for Paxton Residential for the sales period of October 1, 2016, to September 30, 2018. The depreciation tables 317 and 321 had a 7% adjustment and the site improvements and buildings are now using the depreciation tables 319.

For assessment year 2019, after applying new land tables, updated costing tables, and the adjusted Depreciation tables we are now at a final Assessment to Sales Ratio median at 91.99% which rounds to 92. Therefore, we are in the state standard range of 92 to 100% for Paxton.

03) BRULE RESIDENTIAL NEIGHBORHOOD

Brule is a village located in Keith County, Nebraska. The population is approximately 376. Brule is located about 9 miles west of the county seat of Ogallala. The village has a total area of 0.31 square miles and is located on U.S. Highway 30 and 1 mile north of Interstate 80. In Brule the majority of the roads are gravel. Some of the main thoroughfares are paved. Most of the Parcels are within ten miles of the business hub of Ogallala. The majority of properties in this neighborhood have public water, sewer, garbage pickup, electricity, and natural gas.

There are two residential neighborhoods that make up the town of Brule. The residential neighborhoods are 3200 and 3201. The areas were studied for the assessment year 2018. These two neighborhoods are divided by 11% vacant land and 89% improved. The improvements on all parcels in the town limits had their six year review for the Assessment year of 2017. All residential parcels were re-measured, new photographs were taken, quality and condition were reviewed, new land, costing, and depreciation tables were created according to the market.

For our preliminary Assessment to Sales Ratio study for Brule residential, that is also valuation group 3 on the Nebraska Department of Revenues sales file was at a low of 75.27% median. The accepted range for State Standards should be between 92-100%.

There are 24 parcels in the two neighborhoods of Brule that are vacant land properties. This year's residential sales study period was from October 1, 2016 to September 30, 2018. Out of those 22 only 4 were on our preliminary study. When pickup work was finished and all of the sales were reviewed, only 1 sale was left in the sales study that still qualified.

The land table for 3200 and 3201 for 2018 were .50 from 1 to 16,000 square feet and .04 from 16,001 to 43,560. After that an acre will be 9100 per acre. This land table was created in 2017. The new land table applied for Assessment year 2019 is \$0.64 for the first 12,500 square feet and \$0.064 up to an acre. Anything 1 acre or above will be valued at \$9,990 per acre. This table was created from the land tables and from the abstraction method.

There were 15 improved parcels that sold within our study period. All of the improved parcels are now using the most current 2018 Marshall and Swift costing tables. The depreciation table 315 for residential and 316 for mobile homes had an adjustment of -12%. The site improvements are using the depreciation table 258 with the condition use applied.

Preliminary Statistical Analysis for Brule as mentioned above was at 75.27%. After implementing the new land tables, updating costing tables to current 2018, and adjusting the depreciation tables, Brule is now within range of the state Standards of 95.07% with all unimproved sales. With the vacant land sale included our median is 97.29%.

04) RURAL RESIDENTIAL, AND OGALLALA SUBURBAN NEIGHBORHOOD

For Assessment Year 2019, Ogallala Suburban, Rural Residential, and agricultural/horticultural improved parcels were completed for a 6 year reappraisal. Other changes with this review were Lake Rural, Reimers Subdivision, and Sass's Subdivision being moved to be included in Rural Residential Review, Valuation Group 4 and Assessor Location Rural. The Sales Study Period for this group is October 1, 2016 to September 30, 2018.

Ogallala Suburban Neighborhoods 4510 and 1600

The Residential Neighborhood 4510 is defined as suburban residential area around Ogallala. This neighborhood is not within the city limits and is within two miles of the Ogallala City boundaries. Residential Neighborhood code 1600 Consists of Country Club estates and is defined as a suburban residential area south of Ogallala where the houses are incorporated within Crandall Creek Golf Course (fka West Winds Golf Course). The Ogallala Suburban area is considered a rural area with minimal improvements and the parcels are larger than the typical lots in Ogallala.

In Neighborhood 4510 and 1600, the roads are approximately 50% paved by asphalt or concrete and the other 50% is gravel. Most of the roads in these neighborhoods lead to Ogallala. The properties in this area all have public utilities of electricity. Water, sewer, and natural gas are privately owned. There are 151 parcels that make up 4510 and had 6 sales in the sales study period. There are 48 parcels that make up 1600 with 8 sales.

Rural Residential Neighborhoods 4530, 4540, and 4541

The Residential Neighborhood 4530 is defined as rural residential parcels in Keith County. There are 264 parcels in this neighborhood. The Residential Neighborhood 4540 is defined as rural residential properties along river corridors influenced by recreation use in Keith County. This neighborhood is considered all properties along the North and South Platte Rivers. There are 9 parcels in this neighborhood. Neighborhood 4541 is defined as rural residential properties along river corridors influenced by recreation use in Keith County. This is Accretion area 1. There is only one property in this neighborhood and it is just north of the North Platte River.

In these neighborhoods the majority of the roads are dirt or gravel. Most of these parcels sit on county gravel roads off of the main thoroughfares. Most of the parcels are within 20 miles of the business hub of Ogallala. Majority properties in these neighborhoods have private utilities. There were 10 sales neighborhood 4530 and zero sales in 4540 and 4541 for the current study period.

Rural Residential Neighborhoods 4520 and 4521

Lake Rural Properties 4520 and 4521 are all properties that are not in a subdivision that are around the lake and have influence from the Lake. Lake Rural consists of 135 parcels and had 6 sales.

Reimers Subdivision 9037 and Sass's Subdivision 9021

Subdivisions that were added to the review are Reimers Subdivision and Sass's Subdivision. Reimers Subdivision 9037 is located north east Ogallala. It consists of 11 parcels. Each of these lots are over 10 acres in size. There were no sales in the study period. Sass's Subdivision 9021 is located northwest of Ogallala and South of Lake McConaughy along Highway 26 West. There are 26 parcels in this subdivision and there were 2 sales in the sales study period from October 1, 2016 to September 30, 2018.

Area 1, 2, and 3 Agricultural neighborhoods improved

Area 1, 2, and 3 Agricultural improved neighborhoods sometimes can fall under the study with rural residential. This is the case this year. In area 3 there was one sale that was under 80 acres that was included in the state sales file. It wasn't included in our study here at the office. Therefore it is listed at the bottom of the Final Statistical Analysis that has a sample size of 32 + 1. These areas are described in more depth in the Agricultural section.

Statistical Analysis Report

The preliminary Assessment to Sales Ratio Statistical Analysis for Valuation Group 4 showed a median of 83.24%. The State of Nebraska measures statistically the assessment to sales ratio to be in a range of 92-100.

Field Review

All of the above mentioned neighborhoods were reappraised for Assessment year 2019. A two year field inspection was made where quality and condition was called, measurements were rechecked, miscellaneous improvements were reviewed, as well as any garages or other site improvements. Site

Improvements include, grain bins, loafing sheds, barns, tool sheds, or any other building on the property. New photographs were taken and all information was entered on our CAMA system.

Land Study

A preliminary Statistical Analysis with land only in a 3 year sales study was used to determine the new land values for this review area. In our preliminary land study we started with 70 sales and an Assessment to sales ratio Statistical Analysis median to 69.57%. These were reviewed thoroughly from the sales letters, ag use compared to rural residential use, if they were contiguous to another parcel that are owned by the buyer or any other reason why these sales shouldn't be used. Substantially changed sales were used in this study by removing the new construction and only using the sale for vacant land at the time of the sale.

After the sales were reviewed, there were 3 sales from Neighborhood 1600, 14 from Neighborhood 4520 and 4521, and 13 from Area 1, 2, 3, and neighborhoods 4530, 4540, and 4541. After adding the Neighborhoods 9037 and 9021 we added 1 more vacant land sale that brought our new vacant land study to 31.

The Department of Revenue, State of Nebraska recommended this year to have split land tables for Vacant and Improved land. Creating a vacant land tables is easy to derive because there are vacant land sale to use. Improved land sales are more challenging because you are using the total sale price, then removing the assessed value of the improvements, the balance left is the value of the land of that parcel. In this office that is usually used as a check on the land tables, but not the overall study.

Trying to create land tables from the abstraction method, then applying them to the sales parcels, did not work out and was unsuccessful creating a defensible product. After explaining this to the Department of Revenue, It was suggested to research what it costs to place the amenities on a vacant land property for a new home. Price of a well, septic, water lines, etc. When researching this the range of amenities: were drill and place a well \$14,000-\$20,000, Septic or leach field for a 3 bedroom house was approximately \$5000. Of course a house with more bedrooms will cost more for the septic/leach field, and less bedrooms would cost less. Electricity wasn't researched or added to the amenities value. The range of the Amenities study came to \$19,000 to \$25,000. It was decided to go with a lower amenities value of \$20,000. This value then is added on to the first acre of the vacant land table that is created for every neighborhood in this 6 year review study.

New vacant land tables for Assessment year 2019, Neighborhoods 4510 Ogallala Suburban, 4520 and 4521 lake rural, Rural Residential 4530m 4540, and 4541 and Sass's Subdivision are all now using this land table. Square feet 1-25,000- \$0.35 per square foot, 25,001 up to an acre are at \$0.06735 per square foot. Acres are valued at \$10,000 for the first acre, 1.01 to 2 acres at \$7,500, and 2.01 to 999,999 acres at \$1,000 per acre. The Vacant land table for Neighborhood 1600 which is listed as Country Club Estates subdivision are \$0.75 for the first 25,000 square feet, then \$0.229 from 25,001 up to an acre. Acres are valued at \$23,000 for the first acre, 1.01 to 2 acres at \$15,000 and 2.01 to 999,999 valued at \$1,090 per acre. The last Neighborhood created is Reimers Subdivision 9037, this subdivision is valued by acre only. One acre at \$10,000, 1.01 to 2 acres at \$7,500, and 2.01 to 999,999 acres at \$320.

We applied these land tables to all properties that were vacant and if improved with a home the amenities value was added to the first acre. To check how these values were working another Statistical Analysis

was ran with only the qualified sales. When removing the sales that were substantially changed, we were left with 14 sales and our Statistical Analysis assessment to sales ratio study of vacant land gave us a median of 96.21%.

Depreciation Tables

New Depreciation tables were created for Valuation Group 4 for Assessment year 2019. The depreciation tables were created and derived from sales for the study period October 1, 2016 to September 30, 2018. Depreciation table 323 was applied to all single family homes, and table 324 was applied to all mobile home or manufactured homes. Any outbuildings are using the table 318.

Final Conclusion

Several variations of final Statistical Analysis's using the Assessment to Sales Ratio were ran after all the depreciation tables were applied to the properties to make sure the subclasses in this market area were within the State Standard range. Ogallala Suburban, Neighborhoods 4510 and 1600, final median without vacant land sales was 99.92% and with vacant land was 99.21%. Rural Residential which included the neighborhoods 4530, 4540, 4510, Lake Rural 4520, 4521, Reimers Subdivision 9037, and Sass's Subdivision 9021 with vacant land is 98.5%, and without vacant land is 98.5%. The Final median of all of valuation group 4 with vacant land is 96.94% which is within state standards. The COD is .1295 and the PRD is 1.059.

All three approaches were reviewed for determining a value.

The Cost Approach to value is based on using 06/2018 Marshall and Swift costing tables and using a 98% location cost factor. The condition of the improvements for stick built homes and modular varies from poor to excellent, and singlewide, doublewide, triple wide, or manufactured is from poor to very good. The quality of the improvements for stick built and modular range from poor to very good and singlewide, doublewide, triple wide, or manufactured homes poor to excellent.

The Income Approach to value was not used with properties in these residential neighborhoods. As mentioned, the current highest and best is mostly single family dwelling and is not income producing. The typical use for these types of properties is not income producing and is not the appropriate technique to value residential properties and was not used.

The Sales Comparison Approach was not used because the limited number of sales of similar properties in the same location and insufficient details of inside information, the sales comparison approach was not completed for the residential neighborhoods in Ogallala.

05) LAKE RESIDENTIAL NEIGHBORHOOD

The residential neighborhoods for Lake Residential were reviewed for the assessment year of 2019. The information was abundant and deemed to be accurate by reviewing sales, speaking to local brokers, interview with bankers, and reviewing public records.

The Cost Approach to value is based on using 06/2018 Marshall and Swift costing tables and using a 98% location cost factor. The condition of the improvements for stick built homes and modular varies from

poor to excellent, and singlewide, doublewide, triple wide, or manufactured is from poor to very good. The quality of the improvements for stick built and modular range from poor to very good and singlewide, doublewide, triple wide, or manufactured homes poor to excellent.

There are 31 residential neighborhoods around the two lakes which include: Lake Ogallala and Lake McConaughy, in Keith County. On the north side of the lake we have 9023 Clarey East/West, 9024 McGinley Sub. & Terin Ranch Estates, 9025 K-4, 9026 Sandy Beach Area, 9027 K-3, 9028-9029 Lemoyne, 9031-9032 Albee's/Lakeshore, 9034 K-2, and 9035 Peterson's Subdivision Area.

On the south Side there is 9001-9003 which are all K-1 neighborhoods, 9004 Eagle Crest, 9005 Lago Villa, 9006 Bay Vista, West Vista and Sunset Vista, 9007, 9008 & 9009 are all with Yacht Club, O'Connor's, Amen's, and Meadow Lake Subdivisions, 9010-9012 Makochmni, 9013 Hidden Canyon Estates, 9014 The Dunes, 9016 Lakeview Area, 9017-9019 Bayside Country Club Estates, 9020 Eagle Canyon Area. The Shore's which is neighborhood 9022 is a new subdivision active for 2019. These neighborhoods are divided by approximately 46.7%% of vacant land, and 53.3% of improved land.

Changes made during Assessment year 2019. Our six year review this year was rural residential, Ogallala Suburban, and Agriculture/horticulture improved properties in the county. Four neighborhoods were moved from Assessor Location Lake to Rural. These included: 9021 Sass's Subdivision, 9035 Reimers Subdivision, 4520 and 4521 lake rural.

A complete six year reappraisal review was done for the lake in 2016. The improvements on all parcels were re-measured, new photographs were taken, quality and condition were reviewed and new land and Depreciation tables were created according to the market. Assessment year 2020 is scheduled for our 6 year reappraisal for Lake again.

The market has kept climbing for the past 3 years. Preliminary stats for this area were at 78.97%. Our market study period for this year is from October 10, 2016 to September 30, 2018. These areas were carefully studied for the assessment year of 2019 again.

The first study was on the land. It came to my attention that in some neighborhoods the land was out of our acceptable range of 92-100% of measuring of the central tendency median. South lake land changes are: Neighborhood 9016 which is Lakeview Area is now valued at \$1.80 up to 10,000 square feet, and \$0.6556 up to an acre. Then 1 Acre is at \$40,152, 2 to 3 acres at \$7,842, then after that all acres are valued at \$600. The Dunes neighborhood 9014, the acres are now valued at 1 acre \$15,000, 1.01 to 4 acres are at \$7,000, 4.01 to 10 acres are at \$3,000, 10.01 to 25 acres are at \$1,500, and 25.01 and over are \$500. Hidden Canyon 9013 is valued 1 acre at \$10,000, 1.01 to 2 acres at \$5,000, 2.01 to 10 acres are valued at \$2,000, 10.01 to 25 are valued at \$1,300, and \$500 after 25 acres. Mako-Ch-Mni changes are per lots are as follows, Tier 1 lots at \$100,000, Tier 2 lots at \$70,000, and Tier 3 lots at \$50,000. The new subdivision, The Shores 9022, are valued at price per acre. They are as follows: Tier 1 valued at \$100,000 per acre, Tier 2 valued at \$95,000 per acre, and Tier 3 valued at \$65,000 per acre. Since this is a new subdivision we only have 3 sales at this time which are in Tier 1. The price per acre of the other tiers were created by listings of the other lots. These will be adjusted accordingly when more sales come it.

North Lake Changes are: 9031 and 9032 Albee's Area Average Lots are valued at \$.99 for the first 10,000 square feet, then \$0.685 from 10,000 to 20,000 square feet and \$0.45 up to 43,560 square feet. Lake front lots are valued at \$2.06 for the first 10,000 square feet, \$1.03 from 10,000 to 20,000 square feet, and \$0.38 from 20,000 to 43,560 square feet. If valued by acre, 1 acre is at \$46,350, acres 2 to 3 are valued at \$7,725 per acre and after that valued at \$515 per acre. Neighborhood 9023 Clarey West changes are lots

changed to 22,500 and Clarey East lots at 30,000. McGinley & Terin Ranch 9024 lots valued now at \$15,000 and larger lots valued at 26,000. The Assessment to Sales Ratio Statistical Analysis for Lake Vacant land only resulted in a median of 93.69% with 32 sales and meets the state guideline median.

The second study was done to determine how the improved properties were selling at the lake. An Assessment to Sales Ratio Statistical analysis was first ran to see how the new land values changed the improved properties. This analysis included vacant land sales first and gave us a median of 84.8%. After removing the vacant land sales and using only the improved sales our median was at 84.44%. This being said all costing tables for the lake were updated to current tables dated 2018. The next Assessment to Sales Statistical Analysis ran were north lake neighborhood sales verses south lake neighborhood sales. South Lake had a median of 93.63% with 18 improved sales, therefore telling us that nothing else needed changed. North Lake statistics showed we were still low and had a median of 74.73%. After applying a 26% increase to all improvements the median came to 92.6% with 34 sales and within state standards.

After applying these changes and recalculating our new median for Lake residential is at 92.6%, median, COD .2114, and PRD 1.0665. When applying the land tables, updating costings to the most current and increasing the north lake neighborhoods in valuation grouping 5 at a 26% the statistical analysis resulted in a slight high PRD and COD. This is showing our office that the lake needs to be reappraised and a new market study needs done. We need to relook at the depreciation tables that were created in 2016 and that the market at the lake has changed drastically within the last 4 years.

(06) KEYSTONE, ROSCOE, & SARBEN RESIDENTIAL NEIGHBORHOODS

Keystone, Roscoe, and Sarben had a complete review in 2017. The improvements on all parcels within these towns were re-measured, new photographs were taken, quality and condition were reviewed and new land, costing, and depreciation tables were created according to the market. There were no changes to these areas for Assessment year 2019.

Roscoe is a census designated place in Nebraska with a population of 14 from the livability.com/ne/roscoe website. It sits just east of Ogallala approximately 6.5 miles. It encompasses a land area of 0.16 square miles. In Roscoe the majority of the roads are dirt or gravel. Some of the main thoroughfares are paved. The elevation is 3,173 feet. Residential Neighborhood code 5000 make up the community of Roscoe. Neighborhood 5000 is divided by 9% vacant land and 91% improved.

Keystone is an unincorporated community with a population of 123 located in Central Keith County, Nebraska. It sits just east of Lake Ogallala which is north east of Ogallala. Distance from Ogallala is approximately 6.5 miles east on highway 30 to Roscoe and another 6 miles north on Keystone Roscoe Road. The population was 61 as of July 1st, 2016 from the CPDs in Nebraska. Keystone encompasses a land area of 0.2 square miles. The elevation is 3,100 feet. Majority of the roads are dirt and gravel. These roads lead to the main thoroughfares.

Keystone's Residential Neighborhood code is 5200 and 5201 that makes up the community. Neighborhood 5200 is divided by 33% vacant land and 67% improved. Neighborhood 5201 is divided by 29% vacant land and 71% improved property.

Sarben is a place in northeast Keith County, Nebraska with a population of 16. It sits just east of Lake Ogallala which is north east of Ogallala. Distance from Ogallala is approximately 18.5 miles east on highway 30 to Paxton, then north for 3 miles on North Oak Street which becomes Road East T North, and another three miles east on Road East 120. Sarben encompasses a land area of 0.16 square miles. The

elevation is 3,008 feet. Majority of the roads are dirt and gravel. These roads lead to the main thoroughfares.

Residential Neighborhood code 5100 and 5101 makes up the community of Sarben. Neighborhood 5100 is divided by 21% vacant land and 79% improved. Neighborhood 5201 is divided by 55% vacant land and 45% improved property.

The Keystone residential consists of 85 parcels. Roscoe Residential consists of 34 parcels and Sarben residential consists of 41 parcels. Keystone had two sales, Roscoe had 1 sale and Sarben didn't have any sales during this study period of October 1, 2016, to September 30, 2018.

Land table for single base Keystone, Roscoe, and Sarben is set \$0.272 per square feet up to 13,800, between 13,801 to 43,560 square feet the price per square foot is set at \$0.024. If a property is measured by acre it is set at \$4,470 for the first acre and for acres 1.01 and up at \$1,045 per acre. Neighborhood 5101 is Sarben River influenced properties. They are valued at \$3,720 per acre. These land tables were created for Assessment year 2017

All of the parcels are using June of 2017 costing tables that were implemented last year. However the working file after being calculated was never rolled over to the real estate file, therefore values didn't increase last year. Our Preliminary Assessment to Sales Ratio Statistical Analysis for this area was 90.28%. For Assessment Year 2019, we recalculated the working file (which adds another year to the actual age and could change the depreciation), and rolled over values to the real estate. This brought us to our final median which is 92.5% and in range of the state standards of 92-100%.

APPROACHES TO VALUE

Residential properties are all valued using the cost approach. All characteristics of dwellings and outbuildings are entered into our MIPS software, such as year built, style, square footage, quality, condition, bedroom, bathrooms, basement, basement finish, garages etc. to arrive at a replacement cost as if the dwelling or outbuilding was new.

After this is completed, all sales of residential dwellings are evaluated and a depreciation schedule is built from these sales according to the year built and the condition the dwelling is in. The same depreciation schedule is used and applied to that specific neighborhood. Keystone, Roscoe, and Sarben Villages use the same SFD depreciation schedule, Paxton, Ogallala, and Brule each have their own separate SFD depreciation schedule. All of these towns and villages have the same MH depreciation schedule. The appropriate depreciation is then applied to the replacement cost new to arrive at the final market value of each dwelling.

The Income Approach to value was not used with properties in these residential neighborhoods. As mentioned, the current highest and best is mostly single family dwelling and is not income producing. The Sales Comparison Approach was not used because the limited number of sales of similar properties in the same location and insufficient details of inside information, the sales comparison approach was not completed for the residential neighborhoods in Keith County.

COMMERCIAL PROPERTIES:

Keith County and Ogallala are made up of several different commercial Neighborhoods. The reason being that different commercial properties sell at different values depending on where they are located. Ogallala

has 8 different commercial neighborhoods. They include: 2005, 2010, 2011, 2051, 2052, 2053, 2700, and 9039. Other Commercial neighborhoods in the county include: Brule-Suburban 2850 and Brule 3300, Paxton Suburban 2875, Paxton 4600, 4601 and 4602, Lake-2900, 2905, 2910, 2915, 2920, 2925, Commercial Rural is 2930, and Gravel Pits is 3000.

The State of Nebraska measures statistically the assessment to sales ratio to be in a range of 92-100% for all commercial property. Our Preliminary Assessment to Sales Ratio median for 2019 Commercial was at 95%. Brule had 1 sale, the Lake had 3 sales, Ogallala Suburban had 1 sale, Ogallala had 23 sales, and Paxton had 3 sales which totaled 31 sales for our study period from October 1, 2015 to September 30, 2018.

For the Assessment year of 2019, we had a desktop review for all Commercial property in the county again. Building questionnaires were created specifically with the occupancy code, per commercial building use in the county with the option to have the Keith County Appraisal staff perform an interior inspection upon request of the owners. Tax Valuation Inc., was contracted out to reappraise all commercial property in Keith County on a two year project that was to be completed in 2018. All properties were physically remeasured and new pictures were taken, updated costing tables, and new land and depreciation tables were created.

During protest period in 2018, we had a large number of commercial property owners report to our office about incorrect information on their buildings, the use, the interior condition, the type of HVAC, and any deferred maintenance on the building. Also during protest 2018, the Ogallala commercial land tables were also questioned as to how the large increase of land values were figured. The Keith County Board of Equalization asked our office to perform a new land study to see how they were figured and if the result would be the same. The new study didn't reveal the same tables, in fact, they were considerable lower. These new land tables were reported to the Keith County Board of Equalization and were applied to any commercial property protesting that were in these neighborhoods. The Neighborhoods that this study involved were 2005, 2010, 2011, 2025, & 2700.

For Assessment year 2019, those land tables were reviewed again and compared to the current sales study market that ranges from October 1, 2015 to September 30, 2018. The land tables were still working with the current market. However, one change resulted in changing all of the parcels in Neighborhood 2025 to Neighborhood 2005. Commercial Neighborhood 2025 represented only a few commercial parcels on the east part of Highway 30, where 2005 represented all Ogallala North of the railroad and under the North Business Park District in the Ogallala City Boundary lines. The vacant land sales reviewed didn't show a distinction between the two neighborhoods. Therefore, Neighborhood 2025 is now Neighborhood 2005. The new land tables were applied to all Ogallala Commercial parcels for 2019.

Commercial properties are hard to appraise in Mass Appraisal because there is not a large number of commercial properties with the same occupancy code. Therefore, the Sales Comparison Approach is difficult to perform. The income approach would be ideal, however in Mass Appraisal it is very difficult to gain access of the income information from the property owner to complete the full approach. In these cases we work mostly with the cost approach to value. We review the physical characteristics, the type of building it is, and its commercial use. These are then characterized into Commercial Occupancy Codes that are incorporated into our Assessment and Appraisal CAMA system. The size, year, style, exterior cover, roof cover, HVAC, quality, and condition as well as any miscellaneous improvements are also entered into the CAMA system with the occupancy code that results in a final improvement value called the replacement cost new less depreciation. Depreciation tables are created from the market sales and work with the age and condition of the improvements. The condition of the improvements for these commercial properties range from poor to excellent and the quality of the improvements range from poor to excellent. Marshall and Swift costing tables for Commercial were updated to the most current dated 06/2018.

After the desktop review was complete, along with the questionnaires, and inspections, applying the tables our working file all properties were recalculated for new values for Assessment year 2019. Our final Assessment to sales Ratio Statistical Analysis median is at 93% overall and Ogallala is at 93.58%.

There were two properties in our commercial study that file with the State of Nebraska Department of Revenue as Rent Restricted Housing Projects. These properties send in their Income information to the State and that is then sent on to our Assessment office. This information is enough to perform the Income Approach to Value.

All three approaches were reviewed for determining a value.

The Cost Approach to value is based on using 06/2018 Marshall and Swift costing tables and using a 98% location cost factor. The condition of the improvements for all Commercial buildings varies from poor to excellent. The quality of the improvements for all commercial buildings range from poor to very good. New Depreciation tables were created for all commercial properties in Assessment Year 2018.

As mentioned above The Income Approach to value would be ideal to value all commercial property, however, the assessor's office doesn't receive the proper income information to use this approach to value and therefore was not used.

The Sales Comparison Approach was not used because the limited number of sales of similar properties in the same location and insufficient details of inside information, the sales comparison approach was not completed Commercial properties.

AGRICULTURAL LAND:

All agricultural sales and land values were reviewed for all three market areas. Land values were set by soil type several years ago and are still being valued that way. We continue to process any irrigation transfers of certified base acres approved by the Twin Platte NRD. We continue to use the FSA maps provided from the property owners, or anyone who may lease the property.

This Assessment year all Agricultural/Horticultural property was included in our 6 year field review and study. New photographs were taken of the improved and the unimproved properties in this market area along with Lake Rural, Rural Residential and Ogallala Suburban properties in the county. This was a two year project. Unfortunately vacant Agland was not completely completed this year. We sent out for new FSA maps last fall and will apply those changes per LVG code for the Assessment year of 2020. Type of land will be noted, acres will be corrected Per FSA maps, and we will recalculated for new land values. New soils were implemented for 2017. This was done by reviewing the USDA web soil survey soil map with the new soils and compared with every Agland acre in our county on our GIS website. Changes were made accordingly.

Agland Area 1, or Neighborhood 1, is our North Agricultural region. The south boarder is Lake McConaughy and the North Platte River and the North Boarder is the Keith County Line. This is the same Boarder on the east and west. Our preliminary assessment to sales ratio statistical Analysis median was low at 69.21%. We had seven verified sales in the county. For the Assessment Year 2019, no changes were made to irrigation, dryland, or grass. Changes made with the improved properties for the Appraisal review year included: home sites went up to \$30,000 for 1 acre and Farm Sites went to \$7,500 per acre. Final Median is still at 69.21% and is within state standards range of 69-75%.

Agland Area 2, which is also the Neighborhood code number is our Central Agricultural region. The Neighborhood boundaries for this area is the South Platte River for the South Boarder and the North Platte River to the North. The East and West boundaries are the Keith County Boarder lines. Our preliminary statistical analysis median overall was 71.33%. There were 12 sales for this study period with the Majority of the sales resulting in Dryland that equaled 7 sales with majority of the land being dry. The Median for this area is 70.45%. For Majority land use, there were none in the irrigation study, and only two in the grassland study. These two sales were not enough of a market study to increase grass this year even though we were low at 64.25%. Changes made with the improved properties for the Appraisal review year included: home sites went up to \$30,000 for 1 acre and Farm Sites went to \$7,500 per acre. Changes made with the improved properties for the Appraisal review year included: home sites went up to \$30,000 for 1 acre and Farm Sites went to \$7,500 per acre. Final Median is still at 71.33% and is within state standards range of 69-75%.

Agland area 3 or Neighborhood 3 is our Southern Agricultural region. The border for this area are east, south and west the Keith County Boarders, and the South Platte River to the north. Our Preliminary statistical analysis median was 71.38%. There were 24 sales in for this assessment period. Out of those 24 sales 15 had a majority land use that was Irrigation. 14 Sales out of those 15 were all pivot sales. One sale: Book 2018 and Page 967 involved 3 parcels. One was pipe irrigation and the other two were pivot. 80% majority price per sale acres for irrigation range from \$3,838 to \$5,687. The sale that included the pipe irrigation sold for \$4,377 per acre. Since there was only one sale that had pipe irrigation on it and it was included with two other properties that had pivots, there wasn't enough evidence to determine a discount for pipe irrigation. Especially with it selling in the same range of price per acre as the other irrigated sales. The median for these 15 sales at 80% majority irrigation sales is at 74.73%. Dryland had 3 sales at 80% majority land use and is at 76.88%. Grassland had 2 sales at 80% majority land use and a median of 67.27%. Even though dryland is over and grassland is under our range of 92-100%. There were not enough sales to justify a change in price per acre. Changes made with the improved properties for the Appraisal review year included: home sites went up to \$30,000 for 1 acre and Farm Sites went to \$7,500 per acre. Final Median is still at 71.38% and is within state standards range of 69-75%.

All three approaches were reviewed for determining a value.

The Cost Approach to value is based on using 06/2018 Marshall and Swift costing tables and using a 98% location cost factor. The condition of the improvements for stick built homes and modular varies from poor to excellent, and singlewide, doublewide, triple wide, or manufactured is from poor to very good. The quality of the improvements for stick built and modular range from poor to very good and singlewide, doublewide, triple wide, or manufactured homes poor to excellent.

New Depreciation tables were created for all agricultural/horticultural improved properties for Assessment year 2019. The depreciation tables were created and derived from sales for the study period October 1, 2016 to September 30, 2018. Depreciation table 323 was applied to all single family homes, and table 324 was applied to all mobile home or manufactured homes. Any outbuildings are using the table 318.

The Income Approach to value was not used with Agland properties. An income approach would work to value Agland, however the assessor's office doesn't receive the proper income information to use this approach to value and therefore was not used.

The Sales Comparison Approach was not used because the limited number of sales of similar properties in the same location and insufficient details of inside information, the sales comparison approach was not completed for the area's 1, 2, and 3.

The purpose of this Mass Appraisal Real Property Valuation Methodology is to provide documentation of the mass appraisal and market value opinion of our Agland areas 1, 2, and 3, supported from the sales market as of January 1, 2019. Median for all Agland in Keith County for Assessment year 2019 is 70%.

Final Information

The 2019 Real Property Valuation Methodology report was completed by the Keith County assessor, Renae L. Zink, Deputy Assessor Amanda Harger, Appraisal staff Laura LaPlante, Bailey Brown, and Assessment Clerk Jodie Schilz. When the change of value notices are mailed to property owners, the written appraisal file becomes an open public record. Values will be made available to the public through the county's website at keith.gworks.com and nebraskaassessoronline.us. Individuals may view appraisal records for parcel characteristic data and land records information from the above websites, or from a printed report from our office from MIPS. All exhibits and work products referenced in this document will be available for inspection at the county assessor's office during regular business hours. Printouts, digital files, and document-image printouts may also be obtained through the county assessor's office.

An individual or party receiving a copy of work file materials, reports or a written appraisal does not become an intended user of the mass-appraisal methodology report unless the county assessor has specifically identified such individual or party in the scope of work document.

Value disputes or challenges of individual property appraisals will be administered through the valuation protest process. The appraised values might change as a result of the meeting. Mass-appraisal models or techniques used to develop an opinion of value may be corrected, recalibrated, or adjusted during the appeal period.

BIOGRAPHICAL SKETCH & EDUCATION

Renae L. Zink
511 North Spruce, Room 200
Ogallala, NE 69153
308-284-8040
Fax: 308-284-8047

Employment History:

Keith County Assessor --January 1, 2015 to Present

I was elected the Keith County Assessor in November 2014 and re-elected in November 2018. Since I have been in office I have had to learn a number of duties. I am responsible for valuing all of the properties in the County of Keith. I have a staff of one Deputy, one Assessment Clerk, and two Appraisal Clerks.

Nebraska Licensed Residential Real Property Appraiser-L280227
State of Nebraska Assessors Certificate-#140506

Appraiser I

Nebraska Department of Revenue-Property Assessment Division --
November 2004 to May 2011

I started working as an appraisal assistant for the Nebraska Department of Assessment and Taxation November 2004. My duties were to take digital photographs, remeasured properties in the county, and enter the collected data. I also created online maps, helped with protest, and pickup work. On December 7, 2008 I passed the Nebraska Appraiser Licensed Exam and moved up to the position Appraiser I. I then started learning more about valuing in the county and did reappraisals on Paxton, Keystone, Roscoe, and Sarben.

Education:

- Ogallala Senior High School-Ogallala, NE- 1993
- Associate Applied Science Degree-Central Community College-Columbus, NE-1996
- C2131 Residential Data Collection-State of Nebraska Property Assessment and Taxation-Aurora, NE-May 19-20, 2005
- A0002 Fundamentals of Real Estate Appraisal-Larabee School of Real Estate- Lincoln, NE-September 20-23, 2005
- Q110502 Residential Sales Comparison & Income Approaches-The Moore Group, Inc. Lincoln, NE- October 9-10 & 16-17, 2006
- Q20601 National USPAP Course-NE-Trans-American Institute of Professional Studies, Inc. -Kearney, NE- December 14 & 15, 2006
- Q060602 Residential Report Writing and Case studies-Trans-American Institute of Professional Studies, Inc.-Kearney, NE-January 16-17, 2007
- 806-B-07 Market Analysis & Highest and Best Use-The Moore Group, Inc.-Lincoln, NE-May 1 & 2, 2007
- Basic Depreciation Class-State of Nebraska Department of Revenue, Property Assessment Division-Oshkosh, NE-August 5, 2008
- Nebraska Appraiser Licensed Examination Passed on December 7, 2008
- Workshop 191-National 7 Hour USPAP Update-International Association of Assessing Officers-Lincoln, Ne-September 1, 2009
- C2927-Problem Solving in Appraisal Practice-Mid West Appraisers Association. North Platte, NE-September 30, 2009
- C2913-The FHA Appraiser: Thriving & Surviving-The Moore Group, Inc.-North Platte, NE-October 22, 2009
- C2902-Nebraska Report Writing Update; Residential Report Writing Workshop-The Moore Group, Inc.-North Platte, NE-October 23, 2009

- IAAO Course 300-Fundamentals of Mass Appraisal-International Association of Assessing Officers-Hastings, NE-July 26-30, 2010
- IAAO Workshop 650- Cadastral Mapping-International Association of Assessing Officers, NE August 30-31, 2010
- NE: C21101-National 7 Hour USPAP Update-The Moore Group, Inc. - Lincoln, NE-April 15, 2011
- CR/CG009-Statistics, Modeling and Finance-The Moore Group, Inc. -Lincoln, NE-April 28-29, 2011
- C21210-I Challenging Assignments –The Moore Group, Inc. -On-Line, November 30, 2012
- C21401-National 7 Hour USPAP Update Course-The Moore Group, Inc. -Kearney, NE-March 26, 2014
- C21402-Report Writing Update and Case Studies-The Moore Group, Inc. -Omaha, NE-April 15, 2014
- C2838-I-Online Residential Site Valuation and Cost Approach-Appraisal Institute Professionals Providing Real Estate Solutions-On-line-November 23, 2014
- C21401-National 7 Hour USPAP Update Course-The Moore Group, Inc. -North Platte, NE-May 5, 2015
- C21402-Report Writing Update and Case Studies 7 Hour course-The Moore Group, Inc. -Lincoln, NE-April 15, 2015
- IAAO Course 101-Fundamentals of Real Property Appraisal-International Association of Assessing Officers-Kearney, NE-April 27-May 1, 2015
- Residential Listing Class-State of Nebraska Property Assessment Division-North Platte, NE-Fall 2015
- Commercial Listing Class-Vanguard Appraisals-North Platte NE-May 16, 2016
- NE:C21601-National USPAP Update course for Mass Appraisal 7 Hour-The Moore Group, Inc.-Kearney, NE-August 23-24, 2016
- C21602-Real Property Report Writing Update & Case Studies-7 hour-The Moore Group Inc.-Omaha, NE-May 16, 2017
- C21642-Investment Analysis for Income Properties-7 hour-The Moore Group Inc.-Omaha, NE-September 25, 2017
- C21608-Residential Appraising: New Things to Think About-7 hour-The Moore Group Inc-Omaha, NE-September 26, 2017
- IAAO Course 332-Modeling Concepts-30 hour-International Association of Assessing Officers-Lincoln, NE-October 2-6, 2017
- C2181101.04-2018-National 7 hour USPAP update Course-The Moore Group, Inc-Omaha, Ne-September 18, 2018