



The Sterling County Appraisal District appraises property for Ad Valorem taxation of these taxing authorities:

Sterling County

Sterling City ISD

City of Sterling City

Sterling Underground Water Conservation District

### There are three (3) approaches to Value: *Market, Cost, Income*

The value of real property subject to local property taxation is determined by the use of Mass Appraisal techniques. Within the Mass appraisal system, there are three widely recognized approaches to determining value.

The Sales Comparison or Market approach, the Cost approach and the income approach are all considered in the value determination.

The type of property being appraised will determine how much weight will be given to the values derived for a property under each approach.

Sterling County Appraisal District  
616 4<sup>th</sup> Street  
Sterling City, TX 76951

Local Property  
Taxation and  
Appraisal Information

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# Sterling County Appraisal District

## Real, Personal and Mineral interests

Please feel free to contact our office with any questions or concerns.

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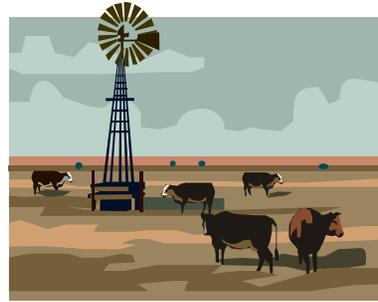
**Market Value** is the price at which a property would sell for cash or its equivalent under prevailing market conditions if:

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- Exposed for a reasonable time in the open market
- Both the buyer and seller are well informed of all the property uses, purposes, and restrictions
- Both parties seek to maximize their gains
- Neither party is in a position to take advantage of the other.

### **Market or Sales Comparison Approach**

The market approach to value develops an estimate of value by comparing the subject to similar properties that have recently sold. The focus is on sales prices of similar properties. It is the most reliable approach to value in an active sales market. This approach is best suited for residential properties.



### **Cost Approach**

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The cost approach to value estimates value by calculating what it would cost to develop a new property with the characteristics of the property being appraised, and then adjusting the cost to reflect the actual condition and circumstances. The calculated value of the structures is then added to the land value for an overall property value. This is considered a very accurate approach for new properties and the best approach for unique properties where there are no sales and there is no income being derived from the said property.

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### **Income Approach**

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The income approach to value relies on the concept that income over a period of years can be capitalized or converted to a lump sum that represents what someone would pay to purchase the right to receive the income. This lump sum is also called **present worth**. It is the most meaningful value indicator for properties that produce income (apartments, motels, and offices).

