



UVALDE COUNTY APPRAISAL DISTRICT

*REAPPRAISAL
PLAN 2017-2018*

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Uvalde County Appraisal District
Reappraisal Plan for Tax Years 2017-2018

Presented for adoption: September 22, 2016

Scope of Responsibility

Uvalde CAD is a small district with limited appraisal staff, therefore departments are not designated. District staff must complete, in a timely manner, the work assigned by the Interim chief appraiser.

The *Uvalde County Appraisal District* has prepared and published this reappraisal plan and appraisal report to provide our Board of Directors, citizens and taxpayers with a better understanding of the district's responsibilities and activities. This report has several parts: a general introduction and several sections describing the appraisal effort by the appraisal district.

The *Uvalde County Appraisal District (UCAD)* is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A five-member (5) Board of Directors (not including the non-voting County Tax Assessor/Collector), appointed by the taxing units within the boundaries of Uvalde County, constitutes the district's governing body. The chief appraiser, appointed by the Board of Directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for local property tax appraisal and exemption administration for 10 taxing units in the county and overlapping jurisdictions. Each taxing unit, such as the county, cities, school districts, as well as all special districts set its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Property appraisals and estimated values by the appraisal district allocate the year's tax burden on the basis of each taxable property's market value or special valuation. We also determine eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, charitable or religious organizations and agricultural productivity valuation.

Except as otherwise provided by the Texas Property Tax Code, all taxable property is appraised at its "market value" as of January 1st. Under the tax code, "market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

The Texas Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (§23.23) productivity (§23.41), real property inventory (§23.12), dealer inventory (§23.121, 23.124, 23.1241 and 23.127), nominal (§23.18) or restricted use properties (§23.83) and

allocation of interstate property (§23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1st of the year proceeding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

Tax Code Requirement

Passage of SB 1652 amended the Property Tax Code to require a written biennial reappraisal plan. The following details the changes to the Code.

The Written Plan

Section 6.05 of the Code, is amended by adding Subsection (i) to read as follows:

To ensure adherence with generally accepted appraisal practices, the board of Directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of §25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each even numbered year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date.

Plan for Periodic Reappraisal

Pursuant to Sec. (a) and (b), §25.18 of the Code, are amended to read as follows:

- (a) Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under §6.05 (i).
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:
 - 1) Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
 - 2) Identifying and updating relevant characteristics of each property in the appraisal records;
 - 3) Defining market areas in the district;
 - 4) Identifying property characteristics that affect property value in each market area, including:
 - (a) The location and market area of the property;

- (b) Physical attributes of property, such as size, age, etc.
 - (c) Legal and economic attributes;
 - (d) Easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
- 5) Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
- 6) Applying the conclusions reflected in the model to the Characteristics of the properties being appraised; and
- 7) Reviewing the appraisal results to determine value.

INDEPENDENT PERFORMANCE TEST

According to Chapter 5 of the Texas Property Tax Code and Section § 403.302 of the Texas Government Code, the State Comptroller's Property Tax Division (PTD) conducts an annual property value study (PVS) of each Texas school district and each appraisal district. As part of this study, the code requires the Comptroller to: use sales and recognized auditing and sampling techniques; review each appraisal district's appraisal methods, standards and procedures to determine whether the district used recognized standards and practices; test the validity of school district taxable values in each appraisal district and presume the appraisal roll values are correct when values are valid; and determine the level and uniformity of property tax appraisal in each appraisal district. The methodology used in the property value study includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. This study utilizes statistical analyses of sold properties (sale ratio studies) and appraisal of unsold properties (appraisal ratio studies) as a basis for assessment ratio reporting. For appraisal districts, the reported measures include median level of appraisal, coefficient of dispersion (COD), the percentage of properties within 10% of the median, the percentage of properties within 25% of the median and price-related differential (PRD) for properties overall and by state category.

There are 6 school districts within the Uvalde County Appraisal District for which appraisal rolls are produced each year. The preliminary results of this study are released February 1st in the year following the year of assessment. The final results are certified to the Education Commissioner of the Texas Education Agency (TEA) the following July of each year.

Appendix A.1 Calendar of key Events – 2017

August –September 2016

- Submission of EARS & Sales to PTAD.
- Field operations/discovery process.
- Schedule any hearing if necessary.

Mid December, 2016

- Begin planning sales ratio studies for all areas in the CAD.
- Gather current sales data from sales confirmations, letter, deed records, etc.

As needed throughout the year 2016:

- Handle any outstanding protests by scheduling ARB hearing. Additionally, continue to work outside of the appraisal process must be completed on a timely basis.

Daily:

- Tax master maintenance (name, address, legal, value, etc.) data entry.
- Drawing maintenance data entry.
- Maintain exempt frozen accounts.
- Mobile home changes data entry.
- Residential, commercial, personal property, industrial, mineral changes data entry
- Ag changes data entry.
- Send appraisal roll changes/tax roll changes to appropriate taxing units, if the changes affect the current tax roll.
- Download pictures provided by field appraiser.

Weekly;

As Needed:

- Make changes for supplemental accounts and update tax master.
- Update previous year's tax master.
- Program changes.
- Create new and updated reports.
- Mail letters on properties receiving over-65 exemption where the property owner is now deceased.
- Exemption (Homestead, etc.) letters.
- Notice of change.
- Maintain records retention (scan, store, etc.)

Appendix A.2 Calendar of key Events – 2017

While the scope of work is not limited to the scheduled tasks, the District has endeavored to identify the main yearly task. To further pinpoint scheduled tasks, the following calendar has been implemented for the District staff, however, the work is not limited to the tasks contained in this calendar.

January, 2017:

- All personal property renditions are mailed.
- Obtain building permits issued by the city and code the appropriate parcel for inspection by a field appraiser.
- Continue with data entry of completed field work cards.
- Prepare and key in data on all splits and combines.
- Prepare monthly reports.
- Prepare renditions to mail.
- Maintain records management program.
- Mail various applications.
- Mail new special-use (ag-use) applications due to change of ownership.
- Notify the tax assessor/collector of each taxing unit of any changes which require a refund.
- Hold an ARB meeting to receive the supplemental records, complete the Statement of Officers form, administer Oath of Office, elect officers, etc.
- Prepare and have available for inspection by the BOD and the ARB the 25.25b change reports.
- Prepare the quarter-page ad on availability of exemption, renditions requirements, special appraisals, and tax deferrals.
- Publicize the uniform procedure to appraise inventory.
- Approve or ratify contracts with vendors.
- Enter data on new abatements.
- Schedule BOD meeting.
- Notify appropriate tax units of any completed abatements and provide preliminary estimates of value in order for them to determine abatement percentage.
- Obtain “cap rate” to be used in 2016 appraisals.
- Request license information from the Texas DPS to obtain birth date information to automatically grant over-65 homestead exemptions.
- Submit updated current year appraisal roll to each tax entity.
- Continue data entry of name/address changes, splits and combine, subdivision data, and personal property into the current file.
- Complete “end –of-year clean-up” in the computer and set the computer to accept current year information.
- Train District staff on the use of any changes to computer programs.
- Develop new reports as needed.
- Continue with deed changes, key in ownership changes and parcel boundary changes and create new accounts as needed.

- Continue to provide assistance to property owners and the general public by answering phone calls and assisting with walk-in customers, real estate agents, etc.
- Update and maintain maps.
- Process and sell digital parcel data as required.
- Maintain website.
- Send sales information and deed transfer data to the State Comptroller's Office by February 1.
- Determine possible dates for Ag Advisory Committee meetings and set those meetings up.

February, 2017:

- Continue keying in recheck notes.
- Continue downloading pictures provided by field appraiser.
- Proof changes keyed in.
- Continue data entry of sketches/drawings.
- Set up new business accounts.
- Research returned mail
- Maintain records management program.
- Prepare for changes for.
- Start ordering process for appraisal notice and other forms.
- Prepare for possible appeal of Comptroller's ratio study. Begin accumulating sales information to prepare appeal.
- Notify tax assessor/collection of any changes which require refunds.
- Maintain website and update it with any new forms, schedule, deadlines, etc.
- Set up ARB meeting to approve all changes, approve supplemental accounts, and hold hearings on substantial errors motions.
- Review revisions needed for ARB programs and documents and other necessary supplies.
- Submit updated current year appraisal roll to each taxing unit.
- Continue data entry of changes and updates.
- Prepare for annual mail outs.
- Continue to obtain deed records and make changes to appropriate parcels.
- Continue with customer service (phone calls, walk-ins, etc.).
- Continue to maintain maps.

March, 2017

- Continue work on appeal of Comptroller's ratio study, if necessary.
- Continue updating USPAP (Mass Appraisal Report).
- Continue data entry of field work.
- Continue downloading pictures by field appraisers.
- Continue to research returned mail.
- Maintain records management.

- Prepare and recap of values for supplemental accounts for the ARB and prepare supplemental logs for the ARB.
- Prepare and key-in new tax agent codes and update changes existing agent codes.
- Prepare and mail reminders to those who failed return homestead applications and/or agricultural applications,
- Order envelopes for bulk mail-outs.
- Notify tax assessor/collector of changes that require refunds.
- Prepare and mail-out letters to agents requiring them to update the accounts they represent and inform them fiduciary requirements to protest.
- Be sure that new ARB members signed up for mandatory training course.
- Process rendition extension requests and print and mail letters granting or denying those request.
- Submit updated appraisal roll to each tax unit.
- Review and update residential schedules
- Continue to obtain and process deed records.
- Continue to provide customer service assistance.
- Continue to maintain and update maps.

April, 2017

- Complete data entry changes.
- Begin preparation of Notice of Value.
- Mail Notices of Value by May 1.
- Begin compiling information for evidence packets for property owners filing protest and requesting evidence.
- Continue data entry process.
- Continue to research returned mail.
- Continue to maintain records management.
- Prepare change logs for ARB
- Purchase sufficient postage for mailing Notice of Value.
- Continue collecting sales data.
- Notify each assessor/collector of changes requiring refunds.
- Update website to include new and current year protest forms.
- Continue to receive and process rendition extension requests and prepare and mail letters granting or denying the requests.
- Submit updated appraisal roll information to each taxing unit.
- Print Notice of Value.
- Print edits before notices are mailed.
- Continue to develop reports as needed.
- Continue to obtain deed records and make changes as needed.
- Continue to provide customer service to general public.
- Continue to maintain and update maps.

May, 2017

- Mail Notice of Value
- Continue to work renditions and new personal property accounts.
- Begin working with property owners regarding proposed values and protests filed.
- Appraisers hold informal hearings with protesting property owners.
- Provide evidence to property owners submitting evidence requests for protest hearings.
- Prepare monthly reports.
- Continue to research returned mail.
- Continue to maintain records management.
- Notify taxing units tax assessor/collector of appraisal roll changes that require refunds.
- Process and determine requests for added 15 days to file renditions and mail determination. Submit preliminary estimates of value to entities.
- Ensure that all new ARB members have attended mandatory training course and that certificates of completion are on file.
- Publicize protest information and deadlines ad in local newspaper.
- Update parcel data on new improvements values due to expire abatements and percent changes.
- Begin scheduling protest hearings and mail Notice of Protest letters and reminder letters as necessary.
- Provide updated appraisal roll information to each taxing unit.
- Mail, as necessary, preliminary ARB change letters, no change letters, unable to contact letters, and homestead letters.
- Prepare new reports as needed.
- Obtain deed records and process changes.
- Update maps to reflect changes of ownership, splits, & combines, etc.
- Continue to provide customer service to general public.

June, 2017

- Mail penalty letters on non-rendered personal property accounts.
- Continue working with property owners regarding proposed values and appraisers continue to hold informal hearings.
- Continue to provide evidence to property owners submitting evidence requests for protest hearings.
- Prepare monthly reports.
- Continue to research returned mail.
- Continue to maintain records management.
- Notify taxing unit tax assessor/collector of any appraisal roll change that requires refunds.
- ARB Hearings to begin or continue as needed.
- Mail ARB certified orders on changes, no change determination.
- Ensure that school district have a certified estimate of value and that all units have an estimate of value.

- Submit abatement contracts or reinvestment zones establish by taxing units in prior years to the PTD, currently UCAD has none.
- Prepare proposed Budget for the following year and submit to BOD.
- Continue to schedule protest hearings and mail letters and reminder letters as necessary.
- Prepare folders for hearings.
- Post hearing agendas as necessary.
- Submit appraisal roll changes to each taxing unit.
- Submit sales data to State Comptroller's Office by June 1.
- Obtain deed records and process ownership changes, splits, combines, etc. and ensure that maps are updated to reflect these changes.
- Continue to provide customer service to the general public.

July, 2017

- Mail all approval/denials on rendition penalty waiver requests, ARB certified Orders and any other necessary correspondence.
- Continue ARB hearings if necessary until all protests have been heard.
- Prepare monthly reports.
- Continue to research returned mail.
- Continue to maintain records management.
- Ensure that all ARB changes have been keyed into computer.
- ARB approves the appraisal records for the current year.
- Check appraisal roll and values for substantial errors.
- Provide certified values and recaps to all taxing units and print certified rolls for each unit.
- Notify taxing units' tax assessor/collectors of appraisal roll changes that require refunds
- Prepare and submit 25.25(b) quarterly reports to BOD and ARB
- Begin working on the reappraisal calendar for the following year.
- Obtain deed records and make ownership changes, splits and combines, and update parcels and maps to reflect the changes.
- Continue to provide customer service to the general public.

August, 2017

- Prepare appraisal cards for the appropriate reappraisal area for the field appraisers,
- Attaching permits and rechecks notes.
- Prepare reports for the State Comptroller's Office.
- Prepare monthly reports.
- Continue to maintain records management.
- Re-check appraisal roll for the substantial errors.
- Generate report of sales information on sales that occurred January 1 through the end of July.
- Field examination continues through April of the following year.
- Notify taxing units' tax assessor/collector of appraisal roll changes that require refunds.

- Contact entities on primary charitable organization exemptions to see if renewal of exemption is needed.
- Have BOD schedule the budget hearing.
- Publicize the budget and budget hearing date.
- Submit updated appraisal roll to each taxing unit.
- Compile all necessary information for the calculating of tax rates and begin calculation process.
- Obtain deed records and make ownership changes, splits and combines and update parcels and maps to reflect changes.
- Continue to provide customer service to the general public.

September, 2017

- Complete tax rate calculation, publish effective rates, and assist taxing units in adopting tax rates.
- Order or print tax rolls.
- Ensure that sufficient envelopes, forms, paper, postage, etc. are on hand for printing and mailing statements.
- Field appraisers will begin field work.
- Begin working on any arbitration.
- Prepare Property Value Report for State Comptroller's office.
- Begin data entry of changes made by field appraisers and download new pictures
- Taken by field appraisers.
- Prepare monthly reports.
- Continue to maintain records management.
- Run listing of all category A 1 s where mailing address and physical address are the same, but no homestead exemption is granted in order to mail property owners a homestead application in the following year.
- Notify each entity tax assessor/collector of changes to the appraisal roll that requires a refund.
- BOD must adopt the following year's budget by September 15.
- Sent State Reports to the Property Tax Division
- Obtain deed records and make ownership change, splits and combines, and ensure
- That parcels and maps are updated to reflect the changes.
- Continue to provide customer service to the general public.

October, 2017:

- Field Appraisers will continue field inspections.
- Begin working with the Comptroller's office regarding the ratio study.
- Mail completed Reports of Property Value to the State Comptroller's office
- Continue to key in changes made by field appraisers.
- Field appraisers continue to download new pictures taken.
- Prepare monthly reports.

- Continue to maintain records management.
- Notify each taxing units' tax assessor/collector of appraisal roll changes that require a refund.
- Prepare and submit 25.25(b) change report to BOD & ARB.
- Notify each appropriate taxing entity of any current year lawsuits.
- Obtain deed records and make ownership changes, splits and combines and update of parcels and maps to reflect those changes.
- Continue to provide customer services to the general public.

November, 2017

- Field Appraiser will continue field work.
- Continue working with the Comptroller's office regarding the ratio study.
- Continue keying in changes made by the field appraiser.
- Prepare monthly reports.
- Continue to maintain reports.
- Prepare new homestead exemption applications for mail-out during the first part of January.
- Prepare renditions for mail during the first part of January.
- Notify each taxing units' tax assess/collector of appraisal roll changes that require a refund.
- BOD appoints the following year's Ag Advisory Committee at a regular meeting.
- BOD appoints ARB members for following year at a regular meeting.
- Submit updated appraisal roll information to each taxing entity.
- Obtain deed records and make ownership change, splits and combines, and updated parcels and maps to reflect those changes.
- Continue to provide customer service to the general public.

December, 2017:

- Field appraiser will continue field work.
- Continue to key in changes provided by the field appraiser.
- Continue working with the Comptroller's office regarding the ratio sturdy.
- Prepare monthly reports.
- Prepare all homestead exemption applications to surviving spouse of deceased for mail out on January 1st.
- Notify each taxing entity tax assessor/collector about any changes to the appraisal roll that requires refunds.
- Submit updated appraisal roll information to the taxing entities.
- Obtain deed records and make changes of ownership, splits and combines and update parcels and maps to reflect changes.
- Continue to provide customer service to the general public.
- Continue to maintain records management.

INTRODUCTION

Appraisal responsibilities

The field appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of real and personal property by any method requires a comprehensive physical description of personal property, and land and building characteristics. This appraisal activity is responsible for administering, planning and coordinating all activities involving data collection and maintenance of all commercial, residential and personal property types located within the boundaries of Uvalde County Appraisal District jurisdiction. The data collection effort involves the field inspection of real and personal property accounts, as well as data entry of all data collected into the existing information system. The goal is to periodically field inspect residential, commercial, and personal properties in the district at least once every three years.

Appraisal Resources

- Personnel – The appraisal activities are conducted by 3 appraisers.
- Data – The data used by field appraisers includes the existing property characteristic information contained in the Computer Assisted Mass Appraisal System (CAMA) from the district's computer system. The data is printed on property record card or appraisal cards, or beginning 2018 field tablets or Field Pen Pads. This new technology allows field appraisers to extract data property records onto a small computer "tablet", much like "lap tops" and note any changes to the properties and conduct the data entry while on-site. As work is completed, the properties and any changes are recovered onto the CAMA.
- Other data used includes map, sales data, building permits, photos and actual cost and market information. Sources of information are gathered using excellent joint relationships with other participants in the real estate market place. The district cultivates sources and gathers information from both buyers and sellers participating in the real estate market.

Appraisal Frequency and Method Summary

- Residential property – UCAD's goal for Residential property is visually or physically examine at least every three years with appraisers noting the condition of the improvement and looking for changes that might have occurred to the property since the last inspection. In some subdivisions where change of condition is frequent, homes are inspected more frequently. Exterior pictures are taken of all new homes with new photos taken of previous existing homes whenever a change in physical appearance has occurred. UCAD strives to statistically analyze

Subdivisions annually to ensure that sales in the subdivision at least during the last 12 months are within a +/- 5% range of appraised value. If sales do not indicate that range, adjustments may be recommended and made to areas affected using a process outlined in the residential Appraisal section of this report.

- Commercial Property- UCAD's goal is to observe and examine Commercial property to verify class and condition at least every two years. The inspection occurs as appraisers

are checking business personal property. Real estate accounts are analyzed against sales of similar properties in Uvalde CAD. The income approach to value is also utilized to appraise larger valued commercial properties such as shopping centers, apartment's complexes, office building, restaurants, motel and hotel, and other types of property that typically sell based on net operating income.

- Business Personal Property- Business personal property is observed annually with appraisers' effort to inspect business to develop quality and density observations. Renditions are mailed or delivered to new business. Appraisers will utilize SIC codes to determine consistency for appraisal of similar businesses. Rendition laws provide additional information on which to base taxability of business personal properties.
- Mineral properties – Working and royalty interests of producing oil and gas wells are appraised annually through contracted services with Capitol Appraisal Group Inc. The most recent production data available from the Texas Railroad Commission is downloaded into appraisal software that estimates economically recoverable reserves. Those reserves are then valued based upon state mandated pricing using the previous year's average of oil and gas values. A discount is applied over the anticipated life of the well in order to consider the value of money over time to recover those revenues. Each producing lease is valued as a unit and then that value is divided according to the various owners of the lease listed in division order. A Reappraisal plan produced by Capitol Appraisal Group Inc. is attached for further details.
- Utilities and Pipelines – Utility companies and pipelines are appraised annually through contracted services with Capitol Appraisal Group using a unit value developed by using all three approaches to value (Market, Cost, and Income). A Reappraisal plan produced by Capitol Appraisal Group Inc. is attached for further details.

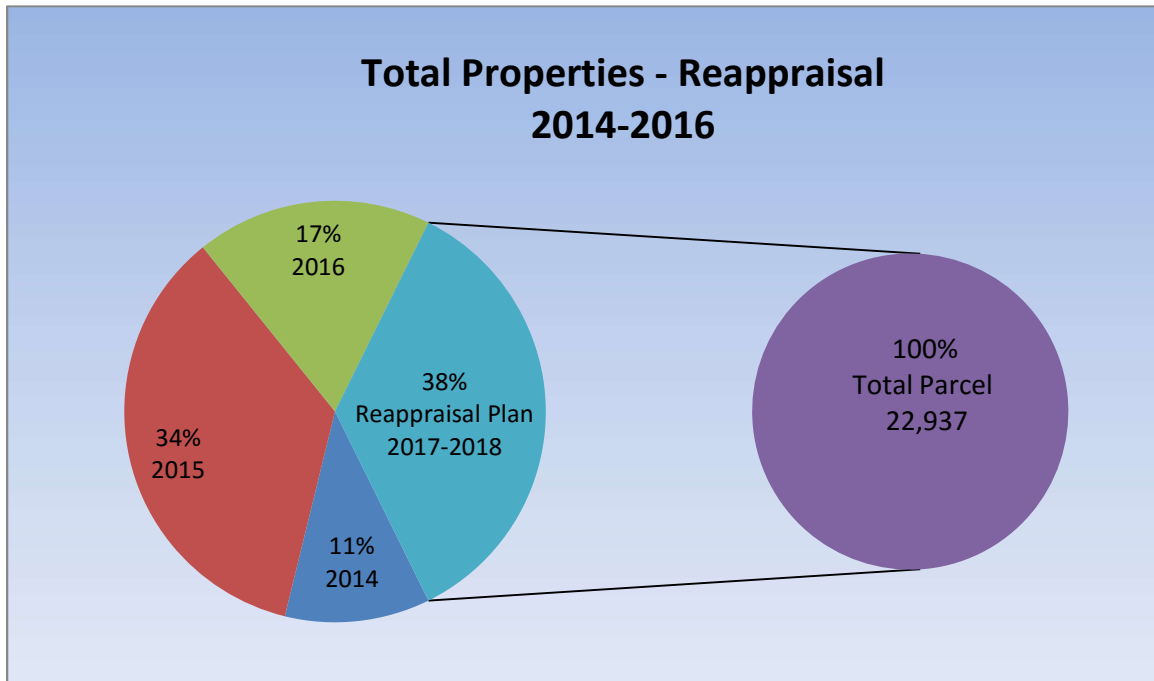
2017-2018 Reappraisal Schedules

Uvalde CISD-Properties located north of Hwy 90 to the Uvalde Co. line; excluding Nueces ISD this area is rural and mainly classified as native pasture and used for cattle or sheep grazing. The drought has limited herd size; however, market value has remained stable for the area. Properties located directly south of Hwy 90 to Zavala Co. Line. Properties OCL areas acreages outside the City of Uvalde include the Uvalde Estates S/D which 5 acres tract at \$7,500/acre. The major financing entrustment being used is a contract of sale along with limited building restriction which means that mobile homes and minimum construction building code restrictions are not being required by the County. There are available utilities and paved road for home and commercial business.

The Outside City Limits of Uvalde County categories and parcel count consist of the following:

$$A=1366+C=921+D=2388+E=1032+M=293+O=23+X=72 = 6095$$

The graph below illustrates the total number of properties worked through either reappraisal or data maintenance functions in each of the years



(Count does not include 1,382 Personal Property Accounts in Uvalde County.) (1735-353 Capital Appraisal Group)

DEFINING THE 2017-2018 MARKET VALUE AREAS FOR UVALDE CAD

2017 Market Value (Exhibit I-Map of area)

The 2017 Uvalde CAD market area is defined within the school district's and city's boundaries. Uvalde CAD will appraise in one school districts and one city:

Uvalde CISD

2017-Market Value (Exhibit I - Map of area 1 & 2)

REVALUATION DECISION (REAPPRAISAL CYCLE)

- (2017) **AREA 3:** Consists of all parcels located Outside of City Limits the city of Uvalde and directly South off Hwy 90 East, South along the Knippa and Sabinal ISD lines, Est of Hwy 83 South, to Zavala County Line. There are six small residential S/Ds in this area and some commercial operations along Hwy 90 east. The primary use of the rural land used for grazing livestock, with some sections of irrigated land along FM 140

A=365 C=106 D=345 E=164 MH=58 X=22

- (2017) **AREA 4:** Consist of all parcels Outside City Limits the city of Uvalde and West off Hwy 83 to the Zavala County Line directly South off Hwy 90 West to the Kinney County Line. There are four S/D (EU1-EU4) just south of the City; it has minimum building restrictions, combine with having its own water utility system; this has contributed to the values in that S/D increasing to a current sales value of \$7,500 an acre on 5ac parcels. The rest of Area 2 is primarily ranch land, used livestock grazing, with some properties combining hunting operations.

A=545 C=181 D=482 E=177 MH=196

Uvalde CISD

2018-Market Value (Exhibit I -Map of area 3- 5)

- (2017) **AREA 5:** Consist of all parcels Outside City Limits the city of Uvalde and South off Hwy 55 directly North off Hwy 90 West to the Kinney County Line. This area is primarily used for livestock grazing with some sections of irrigated farming along the highways; there are some tracts west of Nueces River and north of Hwy 90 west are begin used for Wildlife Management.

A=219 C=281 D=666 E=174 MH=5 O=5 X=14

- (2018) **AREA 14:** Consist of all parcels Outside City Limits the city of Uvalde and Between Hwy 55 North to West of Hwy 83 North, this area is primarily used for livestock grazing with some sections of irrigated farming along the highways. There are three small S/Ds on the north side along FM 1051 and three larger S/Ds off north Hwy 83.

A=104 C=274 D=688 E=420 MH=3 X24

- (2018) **AREA 9:** Consist of all parcels Outside City Limits the city of Uvalde, and East off Hwy 83 North and directly North off Hwy 90 East. This area is primarily used for livestock grazing with some sections of irrigated farmland along the highways. There are two residential S/D just outside the City limits of Uvalde along with some commercial operations.

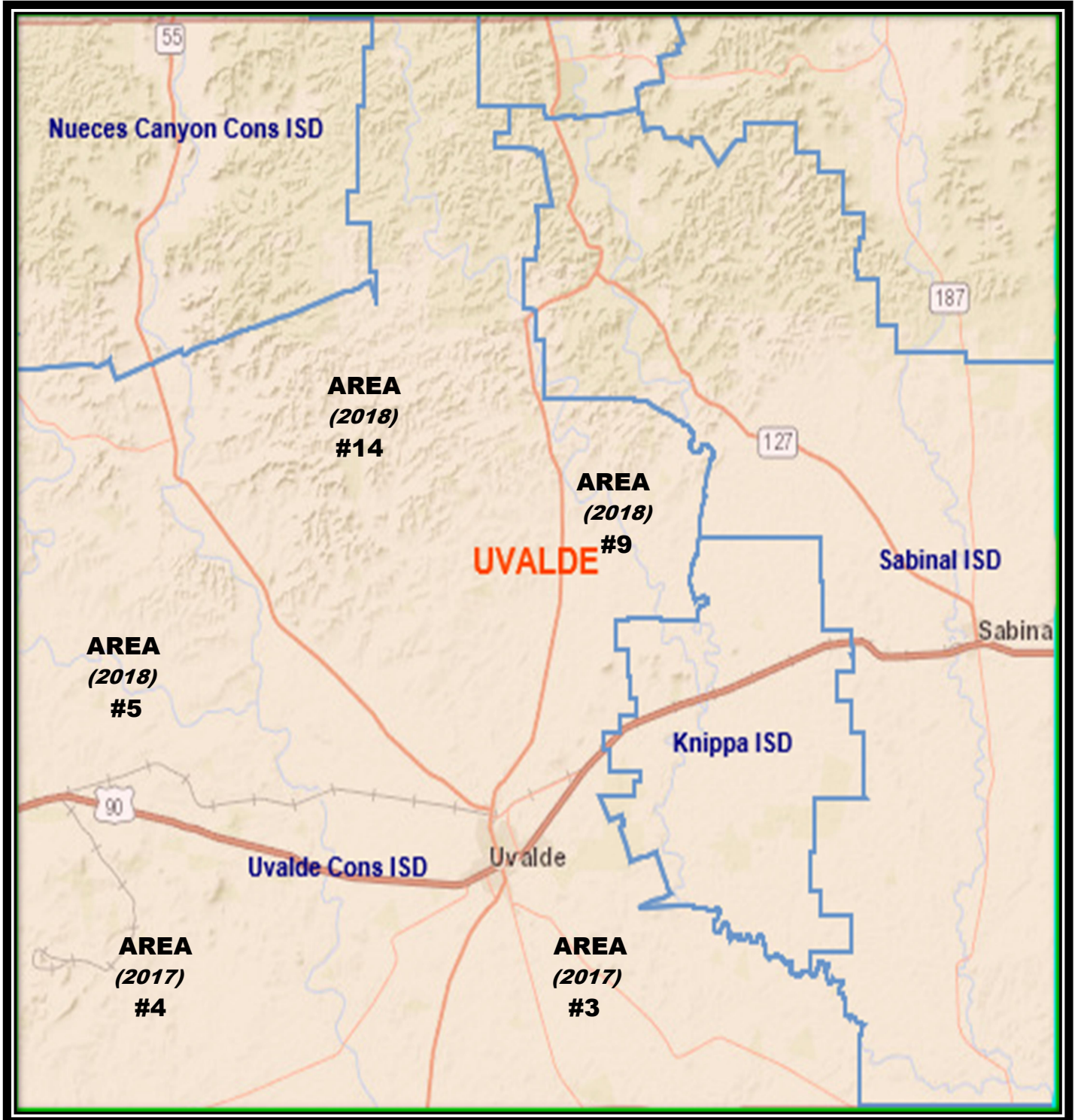
A=133 C=79 D=207 E=97 MH=31 O=18 X=12

The two UCAD RPA level IV real appraisers with one level II appraiser assisting will be working on the assigned areas for 2017 and 2018.

Reappraisal Areas by year (OCL)

Land will be inspected and the pricing will be reviewed as detail below.

Uvalde County ISD
All Abstracts
6609 Parcels



PRELIMINARY ANALYSIS

Data Collection/Validation

Data collection of real property involves maintaining data characteristics of the property on CAMA. The information contained in the CAMA includes site characteristics, such as land size and topography, and improvement data such as square footage of living area, effective year built quality of construction and condition. Field appraisers are required to use a property classification system that establishes uniform procedures for the correct listing of real property. All properties are coded according to a classification system. The approaches to value are structured and calibrated based on this coding system and property description and characteristics. The field appraisers use property classification references during their initial training and as a guide in the field inspection of properties. Data collection for personal property involves maintaining information of software designed to record and appraise business personal property. The type of information contained in the business personal property field includes personal property such as business inventory, furniture and fixtures, machinery and equipment, and vehicles with details such as cost and location. The field appraiser conducting on-site inspections use a personal property classification system during their initial training and as a guide to correctly list all personal property that is taxable.

Sources of Data

The sources of data collection are through property inspection, new construction field efforts, data review, data mailer questionnaires, hearings, sales validation efforts, commercial sales verification and field effort, newspapers and publications, and property owner correspondence by mail or via internet. A principle source of data comes from building permits received from taxing entities, primarily municipalities that require property owners to acquire a building permit or permission. The Multiple Listing Services of Uvalde Board of realtors is a reliable source of data for both property description and market sales data. Area and regional real estate brokers and managers are also sources of market and property information. Surveying and title companies are also sources of market and property information. Data surveys of property owners requesting market information and property description information is also valuable data. Soil surveys and agricultural surveys of farming and ranching property owners and industry professional are helpful for productivity value calibration. Improvement costs information is gathered from local building contractors and Marshal and Swift Valuation Services. Various income and rental surveys are performed by interviewing property managers and operators to determine operating income and expenses for investment and income producing real property.

Data review of entire neighborhoods is generally a good source for data collection. Appraisers walk entire neighborhoods to review the accuracy of our data and identify properties that have to be re-listed. The sales validation effort in real property pertains to the collection of market data for properties that have sold. In residential, the sales validation effort involves on-site inspection by field appraisers to verify the accuracy of the property characteristics and confirmation of sales prices. In commercial properties,

The appraisers are responsible for contacting sales participants to confirm sales prices and to verify pertinent data.

Property owners are one of the best sources for identifying incorrect data that generates a field inspection. Frequently, the property owner provides reliable data to allow correction of records without having to send an appraiser on –site. As the district has increased the amount of information available on the

internet, property owners have the opportunity to review information on their property and forward corrections via email. For the property owner without access to the Internet, letters are sometimes submitted notifying the district of inaccurate data. Properties identified in this manner are added to a work file and coded for future inspection at the earliest opportunity. Accuracy and validity in property descriptions and characteristics data is the highest goal and is stressed throughout the appraisal process from year to year. Appraisal opinion quality and validity relies on data accuracy as its foundation.

Data Collection procedures

The UCAD will assign specific areas to appraisers throughout the district to conduct field inspections. It will be the responsibility of the appraisers to become knowledgeable of all the factors that drive values for that specific area. Appraisers of real estate and business personal property conduct field inspections and record information using printed appraisal cards or pen pad devices that hold data dealing with the properties and allow for the entry of corrections, additions or changes the appraiser may find in his or her field inspection.

The quality of the data used is extremely important in estimating market values of taxable property. While work performance standards are established and upheld for the various field activities, quality of data is emphasized as the goal and responsibility of each appraiser. New appraisers will be trained in the specifics of data collection and the classification system set forth and recognized as rules to follow. Experienced appraisers are routinely re-trained in listing procedures prior to major field projects such as new construction, sales validation or data review. Quality assurance supervision is charged with the responsibility of ensuring that appraiser follow listing procedures identify training issues and provide uniform training throughout the field appraisal staff.

Data Maintenance

The field appraiser is responsible for the data entry of his or her field work in the computer file in the district CAMA. The responsibility includes not only data entry, but also quality assurance. The majority of the data collected in the field is input by the field appraiser. Data updates and file modification for property descriptions and input accuracy is conducted as the responsibility of the field appraiser and appraisal supervisor.

Appraisal Resources

Personnel- The residential appraisal staff consists of Interim Chief Appraiser and 2 appraisers. The following appraisers are responsible for estimating the market value of residential property:

- Jesus Flores – Interim Chief Appraiser
- Victor Trejo – Field Appraiser
- Monica Lara – Level II Field Appraiser

Additional Staff:

The *Uvalde CAD* in addition to the regular appraisal staff also utilizes the staff on the tax collection side for various support services. The following staff members provide these services:

- | | <u>Title</u> |
|--------------------|--|
| • Alida Lopez | Deputy Tax-Assessor Collector, Accountant. |
| • Ana B. Hernandez | Deed Analyst/property ownership records. |
| • Aurora De Hoyos | Tax Collector |
| • Mary Flores | Tax Collector, Exemptions clerk/open records Mgmt. |
| • Paula Gonzales | Tax Collector |

Gathering Data

Data- An individualized set of data characteristics of each residential dwelling (A1/A2 category) and multiple family units (B1 category) and Vacant (C) are collected in the field and data entered into the computer. The Uvalde CAD has taken steps to enter data more efficiently while in the field with the purchase of two offices (2) Pen-Pads that will assist the field appraiser to enter data at the same time he or she is gathering it.

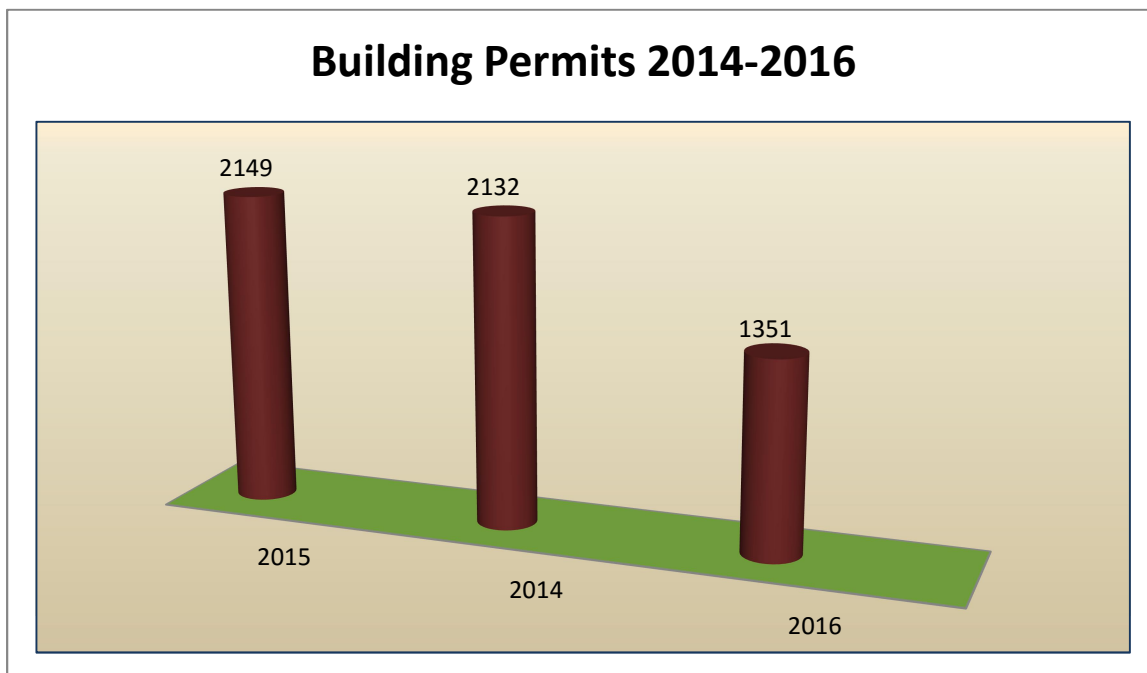
The property characteristic data drives the application of computer-assisted mass appraisal (CAMA) under the Cost; Market, and Income Approaches to property valuation.

NEW CONSTRUCTION/DEMOLITION

New construction and office review procedures are identified and revised as needed. The use of building permits filed with the city (ies) proves valuable in identifying new construction or the demolishing of improvements within city limits. This important annual activity is projected and entered on the key events calendar for each tax year.

Re-Inspections, Building Permits, Addition and Remodels January---August, 2016

Building permit information is obtained from the City of Uvalde Building Department and is uploaded, then linked to the respective accounts. Building permits are documents which gives the property owner permission to build. Building permit information includes, but is not limited to, new construction, additions, swimming pools, remodeling, demolitions, and mobile home installations. Once the information is linked, the appraisal records and / or building permits are printed and assigned to the appraiser for field inspection of these properties.



Re-Inspection/identification of problematic market areas

Real property market areas, by classification, are tested for low or high protest ratios, or high coefficient of dispersion. Market areas whose ratios fail to fall within the 5% *confidence interval* (5% from the median appraisal ratio of 1.00) are determined to be problematic. Field reviews are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified. In the absence of adequate market data, neighborhood comparisons are made to find comparable areas that have sufficient data to conduct these tests. Market areas with extensive improvement remodeling are identified, verified and field activities scheduled to update property characteristics data. Properties considered as “locked gates” or in accessible to appraisers due to locked gates or no entry gates, are identified and mailers sent for on-site appointments.

FIELD OR OFFICE VERIFICATION OF SALES DATA AND PROPERTY CHARACTERISTICS

Sales information must be verified and property characteristics data contemporaneous (same time) with the date of sale captured. The sales ratio formula is equal to the appraisal of the property / (divided by) the sales price. The sales ratio tools require that the property that sold must be the same property appraised in order that statistical analysis results will be valid.

Valuation Approach

Land Analysis

Residential land valuation analysis is conducted prior to market areas or neighborhood sales analysis. The value of the land component to the property is estimated based in available market sales for comparable and competing land under similar usage. A comparison and analysis of comparable land sales is conducted based on a comparison of land characteristics found to influence the market price of land located in the area or neighborhood. A computerized file of land tables stores the land information required to consistently value individual parcels within an area given known land characteristics, such as dimension or acreage. Specific land influences are considered, where necessary, and depending on neighborhood or area and individual land parcel or tract characteristics, to adjust parcels outside the area norm for such factors as access, shape, size, topography, flood factors or un-useable land. The appraisers use abstraction and allocation methods to insure that estimated land values best reflect the contributory market value of the land to the overall property value.

Area Analysis

Data on regional economic forces such as demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs may be collected from private vendors and public sources and provide the field appraisers a current economic outlook on the real estate market. Information is obtained from real estate publications and sources such as continuing education in the form of IAAO and BTPE classes.

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effect of these forces is also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhood. Residential valuation and neighborhood analysis is conducted on various market areas within each of the political entities known as Independent School District (ISD). Analysis of comparable market sales forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area, neighborhood or district. Market sales indicate the effects of these market forces and are interpreted by the appraiser into an indication of market price ranges and indication of property component change considering a given time period relative to the date of appraisal. Cost and Market approaches to estimate value are the basic techniques utilized to interpret these sales. For multiple family properties the Income Approach to value is the basic technique to estimate an opinion of value for investment level residential property.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A “neighborhood” for analysis purposes is defined as the largest geographic grouping of properties where the property’s physical, economic, governmental and social forces are generally similar and uniform. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as “delineation”. Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square-footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation of stratification based on attribute analysis. Part of neighborhood analysis is the consideration of noticeable patterns of growth that influence a neighborhood’s individual market. Few neighborhoods are fixed in character.

Each Neighborhood may be characterized as being in a stage of growth, stability, or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce population shift from older homes to newer homes. In the period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, in a stage of equilibrium, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability.

During decline, general property use may change from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the district. All residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted. Whereas neighborhoods involve similar properties in the same location, a neighborhood group simply defined as similar neighborhoods in similar locations. Each residential neighborhood is assigned to a neighborhood group based on observable aspects of homogeneity between neighborhoods. Neighborhood grouping is highly beneficial in cost-derived areas of limited or no sales, or in direct sales comparison analysis.

Neighborhood groups, or given neighborhoods, increases the available market data by linking comparable properties outside a given neighborhood. Sale ratio analyses, discussed below, are performed on a neighborhood basis, and in soft sale area on a neighborhood group basis.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest present values as of the date of appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its' current use. This is due in part to the fact that residential development, in many areas, through use of deed restrictions and zoning, preclude other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas with ongoing gentrification neighborhood (renovations of unprosperous neighborhoods), the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. As an example, it may be determined in a transition area that older, non-remodeled homes are economic improvements, and the highest and best use of such property is the construction of new dwellings. In areas of mixed residential and commercial use, the appraiser may review the properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a selected population of properties.

VALUATION AND STATISTICAL ANALYSIS (Model Calibration)

A review of the residential cost schedules should be performed as necessary. As part of this review and evaluation process of the estimated replacement cost, newly constructed sold properties representing various levels of quality of construction in district are considered.

Cost Schedules

All residential parcels in the district are valued with a replacement cost estimated from identical cost schedules based on improvement classification system using comparative unit method. The district's residential cost schedules are estimated from Marshall and Swift, a nationally recognized cost estimator service. These cost estimates compared with sales of new improvements and evaluated from year to year and indexed to reflect the local residential building and labor market. Costs may also be indexed for neighborhood factors and influences that affect the total replacement cost of the improvements in a smaller market area based on evidence taken from a sample of market sales. The cost schedules are reviewed regularly as a result of recent state legislation requiring that the appraisal district cost schedules be within a range of plus or minus 10% from nationally recognized cost schedules.

Sales Information

A sales file of sales letters is maintained for real property. Residential vacant land sales, along with commercial improved and vacant land sales are maintained in a sales information system. Residential improved and vacant sales are collected from a variety of sources, including: district questionnaires sent to buyer and seller, field discovery, protest hearings, Fee appraisers, builders, and realtors. A system of type, source, validity and verification codes has been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale prices. The effect of time as an influence on price was considered by paired comparison and applied in the ratio study to the sales as indicated within each neighborhood area. Neighborhood sales reports are generated as an analysis tool for the appraiser in the development and estimation of market price ranges and property component value estimates. Abstraction and allocation of property components based on sales of similar property is an important analysis tool to interpret market sales under the cost and market approaches to value. These analysis tools help determine and estimate the effects of change, with regard to price, as indicated by sale prices for similar property within the current market.

Monthly time adjustments are estimated based on comparative analysis using paired comparison of sold property. Sales of the same property were considered and analyzed for any indication of price change attributed to a time change or influence. Property characteristics, financing, and conditions of sale were compared for each property sold in the pairing of property to isolate only the time factor as an influence on price.

Statistical Analysis

The residential valuation appraisers perform statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies are conducted on residential properties in the district to judge the two primary aspects of mass appraisal accuracy--level and uniformity of value. Appraisal statistics of central tendency generated from sales ratios are evaluated and analyzed for the area. The level of appraised values is determined by the weighted mean ratio for sales of individual properties, and a comparison of weighted means reflect the general level of appraised value.

The appraiser, through the sales ratio analysis process, is reviewed annually. The first phase involves ratio studies that compare the recent sales prices of properties to the appraised values of these sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the sales. The appraiser, based on the sales ratio statistics and

designated parameters for valuation update, makes a preliminary decision as to whether the value level in an area needs to be updated or whether the level of market value in an area is at an acceptable level.

Market and Cost Reconciliation and Valuation

Neighborhood analysis of market sales to achieve an acceptable sale ratio or level of appraisal is also the reconciliation of the market and cost approaches to valuation. Market factors are developed from appraisal statistics provided from market analyses and ratio studies and are used to ascertain that estimated values are consistent with the market and to reconcile cost indicators. The district's primary approach to the valuation of residential properties uses a hybrid cost-sales comparison approach. This type of approach accounts for neighborhood market influences not particularly specified in a purely cost model.

The following equation denotes the hybrid model used:

$$MV = LV + (RCN - AD)$$

Whereas, in accordance with the cost approach, the estimated market value (MV) of the property equals the land value (LV) plus the replacement cost new of property improvements (RCN) less accrued depreciation (AD). As the cost approach separately estimates both land and building contributory values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values may be needed to bring the level of appraisal to an acceptable standard as indicated by market sales. Thus, demand side economic factors and influences may be observed and considered. These market, or location adjustments, may be abstracted and applied uniformly within neighborhoods to account for location variances between market areas or across a jurisdiction. Whereas, in accordance with the Market Approach, the estimated market value (MV) of the property equals the basic unit of property, under comparison, times the market price range per unit for sales of comparable property. For residential property, the unit of comparison is typically the price per square foot of living area or the price indicated for the improvement contribution. This analysis for the hybrid model is based on both the cost and market approaches as a correlation of indications of property valuation. A significant unknown for these two indications of value is determined to be the rate of change for the improvement contribution to total property value. The measure of change for this property component can best be reflected and based in the annualized accrued depreciation rate. This cost related factor is most appropriately measured by sales of similar property. The market approach, when improvements are abstracted from the sale price, indicates the depreciated value of the improvement component, in effect, measuring changes in accrued depreciation, a cost factor. The level of improvement contribution to the property is measured by abstraction of comparable market sales, which is the property sale price less land value. The primary unknown for the cost approach is to accurately measure accrued depreciation affecting the amount of loss attributed to the improvements as age increases and condition changes. This evaluation of cost results in the depreciated value of the improvement component based on age and condition. The evaluation of this market and cost information is the basis of reconciliation and indication of property valuation under this hybrid model.

When the appraiser reviews an area, the appraiser reviews and evaluates a ratio study that compares recent sales prices of properties, appropriately adjusted for the effects of time, within a delineated neighborhood, with the value of the properties' based on the estimated depreciated replacement cost of improvements plus land value. The calculated ratio derived from the sum of the sold properties' estimated value divided by the sum of the time adjusted sales prices indicates the neighborhood level of appraisal based on sold properties. This ratio is compared to the acceptable appraisal ratio, 95% to 105%, to determine the level of appraisal for each neighborhood. If the level of appraisal for the neighborhood is outside the acceptable range of ratios, adjustments to the neighborhood are made.

If reappraisal of the neighborhood is indicated, the appraiser analyzes available market sales, appropriately adjusted for the apparent effects of time, by market abstraction of property components. This abstraction of property components allows the appraiser to focus on the rate of change for the improvement contribution to the property by providing a basis for calculating accrued depreciation attributed to the improvement component. This impact on value is usually the most significant factor affecting property value and the most important unknown to determine by market analysis. Abstraction of the improvement component from the adjusted sale price for a property indicates the effect of overall market suggested influences and factors on the price of improvements that were a part of this property, recently sold. Comparing this indicated price or value allocation for the improvement with the estimated replacement cost new of the improvement indicates any loss in value due to accrued forms of physical, functional, or economic obsolescence. This is a market driven measure of accrued depreciation and results in a true and relevant measure of improvement marketability, particularly when based on multiple sales that indicate the trending of this rate of change over certain classes of improvements within certain neighborhoods. Based on this market analysis, the appraiser estimates the annual rate of depreciation for given improvement descriptions considering age and observed condition. Once estimated, the appraiser recalculates the improvement value of all property within the sale sample to consider and review the effects on the neighborhood sale ratio. After an acceptable level of appraisal is achieved within the sale sample, the entire neighborhood of property is recalculated utilizing the indicated depreciation rates taken from market sales. This depreciation factor is the basis for trending all improvement values and when combined with any other site improvements and land value, brings the estimated property value through the cost approach closer to actual market prices as evidenced by recent sale prices available within a given neighborhood. Therefore, based on analysis of recent sales located within a given neighborhood, estimated property values will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The estimated property values calculated for each update neighborhood are based on market indicated factors applied uniformly to all properties within a neighborhood. Finally, with all the market-trend factors applied, a final ratio study is generated that compares recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the appraiser judges the appraisal level and uniformity in both update and non-update neighborhoods and verifies appraised values against overall trends as exhibited by the local market, and finally, for the school district as a whole.

Treatment of Residence Homesteads

Beginning in 1998, the State of Texas implemented a constitutional classification scheme concerning the appraisal of residential property that receives a residence homestead exemption. Under that law, beginning in the second year a property receives a homestead exemption; increases in the assessed value of that property are "capped." The value for tax purposes (assessed value) of a qualified residence homestead will be the LESSER of:

- the market value; or
- the preceding year's appraised value;

PLUS 10 percent for each year since the property was re-appraised;

PLUS the value of any improvements added since the last re-appraisal.

Assessed values of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires as of January 1st of the year following sale of the property and the property is appraised at its market value. An analogous provision applies to new homes. While a developer owns them, unoccupied residences may be partially complete and appraised as part of an inventory. This valuation is estimated using the district's land value and the percentage of completion for the improvement contribution that usually is similar to the developer's construction costs as a basis of completion on the valuation date. However, in the year following changes in completion, occupancy, or sale, they are appraised at market value.

Individual value review procedures

Field Review

The appraiser identifies individual properties in critical need of field review through sales ratio analysis. Sold properties are periodically reviewed to check for accuracy of data characteristics.

As the district's parcel count has increased through new home construction, and the homes constructed in the boom years of the late 70's and early 80's experience remodeling, the appraisers are required to perform the field activity associated with transitioning and high demand neighborhoods. Increased sales activity has also resulted in a more substantial field effort on the part of the appraisers to review and resolve sales outliers. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction, condition, physical, functional and economic obsolescence, and other factors contributing significantly to the market value of the property. After preliminary estimates of value have been determined in targeted areas, the appraiser takes valuation documents to the field to test the computer-assisted values against his own appraisal judgment. During this review, the appraiser is able to physically inspect both sold properties and unsold properties for comparability and consistency of values.

Office Review

Once field review is completed, the appraiser conducts a routine valuation review of all properties as outlined in the discussion of ratio studies and market analysis. Valuation reports comparing previous values against proposed and final values are generated for all residential improved and vacant properties. The percentage of value difference are noted for each property within a delineated neighborhood allowing the appraiser to identify, research and resolve value anomalies before final appraised values are released. Previous values resulting from a hearing protest are individually reviewed to determine if the value remains appropriate for the current year.

Once the appraiser is satisfied with the level and uniformity of value for each neighborhood within his area of responsibility, the estimates of value go to noticing.

PERFORMANCE TESTS

Sales Ratio Studies

The primary analytical tool used by the appraisers to measure and improve performance is the ratio study. The district ensures that the appraised values that it produces meet the standards of accuracy in several ways. Overall sales ratios are generated for each neighborhood to allow the appraiser to review general market trends within their area of responsibility, and provide an indication of market appreciation over a specified period of time. The PC-based ratio studies are designed to emulate the findings of the state comptroller's annual property value study for category a property.

Management Review Process

Once the proposed value estimates are finalized, the appraiser reviews the sales ratios by neighborhood and presents pertinent valuation data, such as weighted sales ratio and pricing trends, to the appraisal supervisors and the Chief Appraiser for final review and approval. This review includes comparison of level of value between related neighborhoods within and across jurisdiction lines. The primary objective of this review is to ensure that the proposed values have met preset appraisal guidelines appropriate for the tax year in question.

Personal Property Appraisal Responsibilities

There are four different personal property types appraised by the district's personal property section: Business Personal Property accounts; leased assets; vehicles and aircraft; and multi-location assets.

- **Personnel**- Even though all appraisers, because of their training may appraise business personal property this appraiser is responsible for personal property business rendition mailers, processing, data entry and valuation.
- **Data** - A common set of data characteristics for each personal property account in Uvalde CAD is collected in the field and data entered using a pen pad. The property characteristic data drives the computer-assisted personal property appraisal (CAPPA) system. The personal property appraiser collects the field data and maintains electronic property files making updates and changes gathered from field inspections, newspapers, property renditions, sales tax permit listing and interviews with property owners.

Valuation Approach

SIC Code Analysis

Business personal property is classified and utilizes a four digit numeric code, called Standard Industrial Classification Code (SIC) codes that were developed by the federal government to describe property. These classifications are used by Uvalde CAD to classify personal property by business type.

SIC code identification and delineation is the cornerstone of the personal property valuation system at the district. All of the personal property analysis work done in association with the personal property valuation process is SIC code specific. SIC codes are delineated based on observable aspects of homogeneity and business use.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the greatest income and the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of personal property is normally its current use.

Data Collection Procedures

Personal property data collection procedures are published and distributed to all appraisers involved in the appraisal and valuation of personal property. The appraisal procedures are reviewed and revised to meet the changing requirements of field data collection.

Sources of Data

- **Business Personal Property**
 - The district's property characteristic data was collected through a massive field data collection effort coordinated by the district over the recent past and from property owner renditions. From year to year, reevaluation activities permit district appraisers to collect new data via an annual field inspection. This project results in the discovery of new businesses, changes in ownership, relocation of businesses, and closures of businesses not revealed through other sources. Tax assessors, city and local newspapers, and the public often provide the district information regarding new personal property and other useful facts related to property valuation.

- **Vehicles**
 - The district receives a report yearly from Just Texas listing all vehicles commercially listed in Uvalde County or used in the production of income.
- **Leased and Multi-Location Assets**
 - The primary source of leased and multi-location assets is property owner renditions of property. Other sources of data include field inspections.

Valuation and statistical analysis (Model Calibration)

Cost Schedules

Cost schedules are developed based on the SIC code by the Property Tax Division of the Comptroller's Office and by the district personal property valuation appraiser. The cost schedules are developed by analyzing cost data from property owner renditions, hearings, state schedules, and published cost guides. The cost schedules are reviewed as necessary to conform to changing market conditions. The schedules are typically in a price per square footage format, but some exception SICs are in an alternate price per unit format, such as per room for hotels.

Statistical Analysis

Summary statistics including, but not limited to, the median, weighted mean, and standard deviation provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value by SIC code. Review of the standard deviation can discern appraisal uniformity within SIC codes.

Schedule and Trending Factors:

- ***Business Property***
 - Uvalde CAD's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) is either developed from property owner reported historical cost or from CAD developed valuation models. The trending factors used by the CAD to develop RCN are based on published valuation guides. The percent good depreciation factors used by Uvalde CAD are also based on published valuation guides. The index factors and percent good depreciation factors are used to develop present value factors (PVF), by year of acquisition, as follows:

$$PVF = INDEX FACTOR \times PERCENT GOOD FACTOR$$

The PVF is used as an "express" calculation in the cost approach. The PVF is Applied to reported historical cost as follows:

$$MARKET VALUE ESTIMATE = PVF \times HISTORICAL COST$$

This mass appraisal PVF schedule is used to ensure that estimated values are uniform and consistent within the market and reflect current economic pressures of supply and demand.

- ***Vehicles***
 - Value estimates for vehicles are provided by an outside vendor and are based on NADA Book published book values, and there are also considerations available for high mileage. Vehicles that are not valued by the vendor are valued by an appraiser using PVF schedules or published guides.

- **Leased and Multi-Location Assets**

- Leased and multi-location assets are valued using the PVF schedules mentioned above. If the asset to be valued in this category is a vehicle, then NADA published book values are used. Assets that are not valued by the vendor are valued by an appraiser using PVF schedules or published guides.

Individual value review procedures

Office Review

• **Business Property**

- A district valuation computer program exists in a mainframe environment that identifies accounts in need of review based on a variety of conditions. Property owner renditions, accounts with field or other data changes, accounts with prior hearings, new accounts, and SIC cost table changes are all considered. The accounts are processed by the valuation program and pass or fail preset tolerance parameters by comparing appraised values to prior year and model values. The appraisers review accounts that fail the tolerance parameters.

Performance Test

Ratio Studies

Each year the Property Tax Division of the state comptroller's office conducts a property value study (PVS). The PVS is a ratio study used to gauge appraisal district performance. Results from the PVS play a part in school funding. Rather than a sales ratio study, the personal property PVS is a ratio study using state cost and depreciation schedules to develop comparative personal property values. These values are then compared to Uvalde CAD's personal property values and ratios are indicated.

Minerals (Oil and Gas Reserves) Valuation Process

CAD Plan for Periodic Reappraisal of Oil and Gas Property

The CAD has a professional services contract with Capitol Appraisal Group, Inc. (CAGI) to appraise these properties for the CAD.

In accordance with Section § 25.18 of the Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property as approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all oil and gas property appraised by the CAD.

(1) Identification of new property and its situs. As subsurface mineral properties lie within the earth, they cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these properties. To identify new properties, CAGI obtains monthly oil and gas lease information from the Railroad Commission of Texas [RRC] to compare against oil and gas properties already identified. The situs of new properties is determined using plats and W-2/G-1 records from the RRC, as well as CAGI's in-house map resources.

(2) Identifying and updating relevant characteristics of all oil and gas properties to be appraised. Relevant characteristics necessary to estimate value of remaining oil or gas reserves are production volume and pattern, product prices, expenses borne by the operator of the property, and the rate at which the anticipated future income should be discounted to incorporate future risk. CAGI obtains information to update these characteristics annually from regulatory agencies such as the RRC, the Comptroller of Public Accounts, submissions from property owners and operators, as well as from published investment reports, licensed data services, service for fee organizations and through comparable properties, when available.

(3) Defining market areas in the district and identifying property characteristics that affect property value in each market area. Oil and gas markets are regional, national and international. Therefore they respond to market forces beyond defined market boundaries as observed among more typical real properties.

(4) Developing an appraisal approach that best reflects the relationship among property characteristics affecting value and best determines the contribution of individual property characteristics. Among the three approaches to value (cost, income and market), the income approach to value is most commonly used in the oil and gas industry. Through use of the discounted cash flow technique in particular, the appraiser is able to bring together relevant characteristics of production volume and pattern, product prices, operating expenses and discount rate to determine an estimate of appraised value of an oil or gas property.

(5) Comparison and Review. Use of the income approach is the first step in determining an estimate of market value. After that the appraiser reviews the estimated market value compared to its previous certified value and also compares it to industry expected payouts and income indicators. The appraiser examines the model's value with its previous year's actual income, expecting value to typically vary within in a range of 2-5 times actual annual income, provided all appropriate income factors have been correctly identified. Finally, periodic reassignment of properties among appraisers and review of appraisals by a more experienced appraiser further expand the review process.

Industrial Property Valuation Process

CAD Plan for Periodic Reappraisal of Industrial Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of selected industrial property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, Inc. (CAGI) to appraise these properties for the CAD.

(1) Identifying properties to be appraised: Industrial properties are identified as part of the appraiser's physical inspection process each year and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.

(2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Confidential rendition, assets lists and other confidential data also provide additional information. Subject property data is verified through previously existing records and through published reports.

(3) Defining market areas in the district: Market areas for industrial properties tend to be regional, national and sometimes international. Published information such as prices, financial analysis and investor services reports are used to help define market area.

(4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: Among the three approaches to value (cost, income and market), industrial properties are most commonly appraised using replacement/reproduction cost new less depreciation models because of readily available cost information. If sufficient income or market data are available, those appraisal models may also be used.

(5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property and that are based on the most reliable data when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.

Utility & Pipeline Property Valuation Process

CAD Plan for Periodic Reappraisal of Utility, and Pipeline Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all utility and pipeline property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, Inc. (CAGI) to appraise these properties for the CAD.

(1) Identifying properties to be appraised: Utility, railroad and pipeline properties that are susceptible to inspection are identified by inspection. The appraiser may also refer to other documents, both public and also confidential to assist in identification of these properties.

(2) Identifying and updating relevant characteristics of each property

In the appraisal records: The appraiser identifies and updates relevant characteristics through data collected as part of the inspection process and through later submissions by the property owner, sometimes including confidential rendition. Additional data are obtained through public sources, regulatory reports and through analysis of comparable properties.

(3) Defining market areas in the district: Market areas for utility, railroad and pipeline property tend to be regional or national in scope. Financial analyst and investor services reports are used to help define market areas.

(4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: For all three types of property, the appraiser must first form an opinion of highest and best use. Among the three approaches to value (cost, income and market), pipeline value is calculated using a replacement/reproduction cost new less depreciation model [RCNLD]. In addition to the RCNLD indicator, a unit value model may also be used if appropriate data are available. Utility and railroad property are appraised in a manner similar to pipeline except that the RCNLD model is not used.

(5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process. These types of property are also subject to review by the Property Tax Division of the Texas Comptroller's Office through their annual Property Value Study.

Limiting Conditions

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

- The appraisals were prepared exclusively for Ad-valorem tax purposes.
- The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of the property appraised were performed as staff resources and time allowed. Some interior inspections of property appraised were performed at the request of the property owner and required by the district for clarification purposes and to correct property descriptions.
- Validation of sales transactions was attempted through questionnaires to buyer and seller, telephone survey and field review. In the absence of such confirmation, residential sales data obtained from vendors was considered reliable.
- I have attached a list of staff providing significant mass appraisal assistance to the person signing this certification.

Certification Statement:

"I, Jesus Flores, Interim Chief Appraiser for the Uvalde County Appraisal District, solemnly swear that I have made or caused to be made a diligent inquiry to ascertain all property in the district subject to appraisal by me, and that I have included in the records all property that I am aware of at an appraised value which, to the best of my knowledge and belief, was determined as required by law."

**Jesus Flores, RPA
Interim Chief Appraiser**

