

CENTRAL APPRAISAL DISTRICT
OF
BANDERA COUNTY



MASS APPRAISAL REPORT
2018

Central Appraisal District of Bandera County 2018 USPAP Mass Appraisal Report

INTRODUCTION

Scope of Responsibility

The Central Appraisal District of Bandera County (the District) has prepared and published this report to provide our citizens and taxpayers with a better understanding of District responsibilities and activities, and to comply with the Texas Property Tax Code, (TPTC) and generally accepted appraisal practices. This report contains a general introduction and then several sections describing the appraisal effort by the District.

The District 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 District. A Board of Directors, appointed by the taxing units within the boundaries of Bandera County, constitutes the District's governing body. The Chief Appraiser, appointed by the Board of Directors, is the chief administrator and executive officer of the District.

The District is responsible for local property tax appraisal and exemption administration for nine taxing units in the county. Each taxing unit, such as the county, a city, school district, municipal utility district, etc., sets its own tax rate to generate revenue to pay for services, facilities and equipment such as police and fire protection, public schools, road and street maintenance, courts, and water and sewer systems. Appraisals established by the District allocate the year's tax burden on the basis of each taxable property's January 1st market value. The District also determines eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, and charitable and religious organizations.

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

The Texas Property Tax Code, under Sec. 25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. The District's current policy is to conduct a general reappraisal of real property on a three-year cycle; however, some appraised values are reviewed annually and are subject to change for purposes of equalization. Personal property is appraised every year. Special use valuations are also updated annually.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted appraisal programs, and recognized appraisal methods and techniques, the District compares that information to the data of similar properties and with recent market data. The District follows the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures, and subscribes to the standards promulgated by the Appraisal Foundation, known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable. In cases where the District contracts for professional valuation services, the contract that is entered into by each appraisal firm requires adherence to similar professional standards.

Personnel Resources

The Chief Appraiser is responsible for the oversight of all operations of the District including the overall planning, organizing, staffing, coordinating, and controlling of District operations. The Chief Appraiser is responsible for strategic planning, organizing, human resources, budget, finance, records management, purchasing, fixed assets, facilities, postal services, records maintenance, public information assistance, and appraisal review hearings. The Chief Appraiser is able to delegate portions of these responsibilities to the support staff.

The Chief Appraiser supervises appraisal staff in the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, and mineral/utility. The appraisal district contracts with Hugh L. Landrum & Associates, Inc. for the appraisal of mineral and utility properties, Eagle Property Tax Appraisal & Consulting, Inc. for appraisal of commercial properties and with Perdue, Brandon, Fielder, Collins and Mott for agricultural valuations. All values are reviewed by the Chief Appraiser, because ultimately the Chief Appraiser is responsible for all values assigned.

The District's appraisers must be registered with The Texas Department of Licensing and Regulation. Staffing consists of 11 employees with the following classifications:

- 1 Administrator (Chief Appraiser) (RPA, CTA,CCA)
- 1 Senior Appraiser (RPA) Operations / Abstracting
- 1 Senior Appraiser (RPA) Field Appraisal
- 1 Senior Appraiser (RPA) Ag/Wildlife / Land Values
- 1 GIS Operator, Appraiser (RPA)
- 1 Residential Field Appraiser (RPA)
- 1 Residential Field Appraiser (II)
- 1 Business Personal Property Appraiser (RPA)
- 1 Administrative Coordinator
- 2 Administrative Specialist

Data

The District is responsible for establishing new and maintaining approximately 35,265 existing real and personal property accounts covering approximately 790.96 square miles within Bandera County. This data includes property characteristic, ownership and exemption information. Property characteristic data on new construction is updated through an annual field effort; existing property data is maintained through a field review that is prioritized by last field inspection date. Sales are routinely validated during a separate field effort; however, numerous sales are validated as part of the new construction and data review field activities. General trends in employment, interest rates, new construction trends, and cost and market data are acquired through various sources, including internally generated questionnaires to buyer and seller, university research centers, and market data centers and vendors and sometimes local real estate agents.

The District has a geographic information system (GIS) that maintains cadastral maps and various layers of data, including zip code, facet and aerial photography.

Information Systems

The Chief Appraiser maintains the District's data processing facility, software applications, internet website, and geographical information system. The District operates under Harris Computers True Automation, Inc.'s PACS (Property Appraisal & Collections System) software system. Computer hardware in the district is an assortment of Dell desktops with dual monitors in use at work stations. One Dell Power Edge T630 Server powers the network and interface with the Internet. Offsite data backups run nightly to a secure site in Frisco, TX. The geographical information system maps are created with Manifold GIS software and exported weekly to the ESRI file format used with PACS. Parcel maps are also exported to the Google Earth format for office use and use by the public including Realtors, surveyors, and other taxpayers. Large scale maps are printed on an HP Design Jet 500 color plotter.

Additional technology was used during the 2018 reappraisal process. Pictometry imagery was purchased by the district for use during the reappraisal process. Connect Assessment is an online product which allows staff to visually inspect properties from an aerial photography view.

INDEPENDENT PERFORMANCE TEST

According to Chapter 5 of the TPTC and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Assistance Division (PTAD) conducts a property value study (PVS) of each Texas school district and each appraisal district, at least every two years. As a part of this study, the Code also 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 analysis of sold properties (sale ratio studies) and appraisals 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 (i.e., categories A, B, C, D and F1 are directly applicable to real property).

There are four independent school districts in the District for which appraisal rolls are annually developed. The preliminary results of this study are released in January in the year following the year of appraisal. The final results of this study are certified to the Education Commissioner of the Texas Education Agency (TEA) in the following July of each year for the year of appraisal. This outside (third party) ratio study provides additional assistance to the District in determining areas of market activity or changing market conditions.

APPRAISAL ACTIVITIES

INTRODUCTION

Appraisal Responsibilities

The 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 physical description of personal property, 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 which are located within the boundaries of Bandera County. 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 all residential, commercial and personal properties in the county once every three years. Meeting this goal is dependent on staffing and budgetary constraints.

Appraisal Resources

Data

The data used by field appraisers includes the existing property characteristic information contained in PACS from the district's computer system. The data is printed on a field appraisal record card or personal property data sheets. Other data used include maps, sales data, fire and damage reports, building, electric, well and septic installation permits, photos and actual cost information.

PRELIMINARY ANALYSIS

Data Collection/Validation

Data collection of real property involves field research and maintaining data characteristics of the property in PACS. The information contained in PACS includes site characteristics, such as land size and topography, and improvement data, such as square foot of living area, year built, quality of construction, and condition. Field appraisers use manuals that establish uniform procedures for the correct listing of real property. All properties are coded according to these manuals and the approaches to value are structured and calibrated based on this coding system. The field appraisers use these manuals during their initial training and as a guide in the field inspection of properties. Data collection for personal property involves maintaining information on Personal Property. The type of information for personal property includes business inventory, furniture and fixtures, machinery and equipment, cost and location. The field appraisers conducting on-site inspections use the District's personal property manual during their initial training and as a guide to correctly list all personal property that is taxable.

The procedure manuals that are utilized by the field appraisers are available in the District offices. If a property owner/agent wants a copy of the procedural manual, customer service will assure a copy is available. The Chief Appraiser periodically updates the procedural manuals.

Sources of Data

The sources of data collection are through the new construction field effort, data review, field effort, sales letters, hearings, sales validation field effort, commercial sales verification, newspapers and publications, and property owner correspondence via the internet. A principal source of data comes from building permits received from taxing jurisdictions that require property owners to obtain a building permit. Paper permits are received and matched manually with the property ID number for data entry.

Data review of entire neighborhoods is generally a good source for data collection. Appraisers drive entire neighborhoods to review the accuracy of the data and identify properties to be re-listed. Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently, the property owner provides sufficient 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 helped the district correct information on properties. For the property owner without access to the internet, letters are often submitted notifying the District of inaccurate data. Properties identified in both manners are added to a work file and inspected at the earliest opportunity.

The sales validation effort in real property pertains to the collection of data of 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 data and confirmation of the sales price. The Abstractor is responsible for mailing both the grantee and grantor a sales questionnaire to confirm sales prices and to verify pertinent data.

Data Collection Procedures

Field data collection requires organization, planning and supervision of the field effort. The scope of work for the year is detailed in the Biennial Reappraisal Plan. Data collection procedures have been established for residential, commercial and personal property, through the appraisal manuals. The appraisers are assigned throughout Bandera County to conduct field inspections. Appraisers conduct field inspections and record information either on a property record card (PRD), a personal property data sheet or in the PACS Mobile iPad.

The quality of the data collected is extremely important in establishing accurate values of taxable property. While production 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 are trained in the specifics of data collection as set forth in the manual. Experienced appraisers are routinely re-trained in procedures prior to major field projects such as new construction, sales validation or data review. A quality assurance

process exists through supervisory review of the work being performed by the field appraisers. The Deputy Chief Appraiser is charged with the responsibilities of ensuring that appraisers follow listing procedures, identifying training issues, and providing uniform training for all field appraisal staff.

Data Maintenance

Field appraisers are responsible for the data entry of fieldwork into the computer file when using a property record card or persona property data sheet. This responsibility includes not only data entry, but also quality assurance. When using PACS Mobile, the data will upload to the admin console where it is reviewed then released into the CAMA system.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of last inspection, extent of that inspection, and the CAD appraiser responsible are listed on the PACS record. If a property owner or jurisdiction disputes the District's records concerning this data during a hearing, via a telephone call or correspondence received, PACS data may be altered based on the evidence provided. Typically, a field inspection is requested to verify this evidence for the current year's valuation or for the next year's valuation. Every year a field review of certain defined market areas or neighborhoods is performed during the data review/re-list field effort.

Office Review

Office reviews are completed on properties where information has been received from the owner of the property. Even though information is provided by the owner in office, a field inspection may also be required.

PERFORMANCE TEST

The Chief and Deputy Chief Appraisers are responsible for conducting ratio studies and comparative analysis.

Field appraisers, in many cases, may conduct field inspections to insure the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics.

RESIDENTIAL PROPERTY

INTRODUCTION

Scope of Responsibility

The Chief Appraiser and Deputy Chief are responsible for vacant land valuation. They are also responsible for developing equal and uniform market values for residential improved property. There are approximately 18,414 residential improved and residential vacant properties in Bandera County.

Appraisal Resources

Personnel

The Residential Valuation appraisal staff consists of the Chief Appraiser, Deputy Chief Appraiser, four Field Appraisers, and the support staff.

Data

A common set of data characteristics for each residential dwelling in Bandera County is collected in the field and data entered into the CAMA system. The property characteristic data drives the CAMA approach to valuation.

MARKET COMPARISON APPROACH

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 are collected from private vendors and public sources and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources such as continuing education as approved by the Texas Department of Licensing and Registration (TDLR).

Neighborhood and Market Analysis

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis is conducted in each of the school district areas.

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. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction.

Once a neighborhood 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 or stratification based on attribute analysis.

Part of neighborhood analysis is the consideration of discernible 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 the 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 the residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhoods are field inspected and delineated based on observable aspects of homogeneity. 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 is simply defined as similar neighborhood 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 use in direct sales comparison analysis. Neighborhood groups, or clustered neighborhoods, increase the available market data by linking comparable properties outside a given neighborhood. Sales ratio analysis, discussed below, is performed on a neighborhood basis, and in soft sale areas 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 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 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, precludes 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, 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 detriments 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 reviews 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 select population of properties.

DATA COLLECTION AND VALIDATION

Sources of Data

The district's property characteristics data was originally received in 1979 from the Bandera County Tax Office, the Bandera Independent School District Tax Office, Medina Independent School District Tax Office, Utopia Independent School District Tax Office and the Northside Independent School District Tax Office and where absent, collected through a massive field data collection effort coordinated by the district over a period of time. Tax assessors, local newspapers and the public often provide the district information regarding new construction, market patterns and other useful facts related to property valuation.

VALUATION AND STATISTICAL ANALYSIS

Cost Schedules

All residential parcels in the District are valued from identical cost schedules using a comparative unit method. The District's residential cost schedules, originally adopted from a private mass appraisal firm, have been customized to fit Bandera County's local residential building and labor market. The cost schedules are reviewed periodically as a result of state legislation requiring that the District cost schedules be within a range of plus or minus 10% from nationally recognized cost schedules.

A review of the residential cost schedule is performed annually and is revised as needed during each review. As part of this process, newly constructed sold properties at various levels of quality of construction in Bandera County are reviewed. The property data characteristics of these properties are verified and photographs taken of the samples. CAD dwelling costs are compared against Marshall & Swift, a nationally recognized cost estimator. This process includes correlation of quality of construction factors from CAD and Marshall & Swift. The results of the comparison are analyzed using statistical measures, including stratification by quality and reviewing estimated building costs, plus land to sales prices. As a result of this analysis, a new regional multiplier may be developed to be used in the District's cost process.

Sales Information

A sales file for the storage of “snapshot” sales data at the time of sale is maintained. Residential improved and vacant land sales, along with commercial improved and vacant land sales are maintained. Residential improved and vacant sales are collected from a variety of sources, including sales letters sent to buyer and seller, field discovery, protest hearings, Board of Realtor’s MLS, various sale vendors, builders, and realtors. A system of type, source, validity and verification codes was established to define salient facts related to a property’s purchase or transfer. School district or neighborhood sales reports are generated as an analysis tool for the appraiser in the development of value estimates.

Land Analysis

Residential land analysis is conducted by the Chief Appraiser, with assistance from the Deputy Chief Appraiser. Together, they develop a base lot, primary rate, and assign each unique neighborhood its own cost table either by acres, square foot, or site value. These tables are designed to systematically value the primary and residual land based on a specified percentage of the primary rate. A computerized land table file stores the land information required to consistently value individual parcels within neighborhoods. Specific land influences are used, where necessary, to adjust parcels outside the neighborhood norm for such factors as view, shape, size, and topography, among others. The appraisers use abstraction and allocation methods to insure that the land values created best reflect the contributory market value of the land to the overall property value.

Statistical Analysis

Ratio studies are conducted on each of the residential valuation neighborhoods in the District to judge the two primary aspects of mass appraisal accuracy, being the level and uniformity of value. Appraisal statistics of central tendency and dispersion generated from sales ratios are available for each stratified neighborhood, the weighted mean, median, standard deviation, coefficient of variation, and coefficient of dispersion provide the Chief Appraiser a tool by which to determine both the level and uniformity of appraised value on a stratified neighborhood basis. The level of appraised values is determined by the weighted mean for individual properties within a neighborhood, and a comparison of neighborhood weighted means reflect the general level of appraised value between comparable neighborhoods. Review of the standard deviation, coefficient of variation, and coefficient of dispersion discerns appraisal uniformity within and between stratified neighborhoods.

Generally, neighborhoods are reviewed on a three-year rotation basis by the Chief Appraiser or Deputy Chief Appraiser, through the sales ratio analysis process. The first phase involves neighborhood ratio studies that compare the recent sales prices of neighborhood 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 makes a preliminary decision, based on the sales ratio statistics and designated parameters for valuation update, as to whether the value level in a neighborhood needs to be updated in an upcoming reappraisal, or whether the level of market value in a neighborhood is at an acceptable level.

Market Adjustment or Trending Factors

Neighborhood market adjustments or factors are developed from appraisal statistics provided from ratio studies and are used to ensure that estimated values are consistent with the market. 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 specified in the cost model.

The following equation denotes the hybrid model used:

$$\text{Land Value} + \text{RCN (Replacement Cost New)-Depreciation} = \text{Market Value}$$

The market value equals the market adjustment factor times the land value plus the replacement cost new less depreciation. As the cost approach separately estimates both land and building values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values are needed to bring the level of appraisal to an acceptable standard. Market or location adjustments are applied uniformly within neighborhoods to account for location variances between market areas or across a jurisdiction.

If a neighborhood is to be updated, the Chief Appraiser and Deputy Chief Appraiser use cost ratio studies that compare recent sales prices of properties appropriately adjusted for the effects of time within a delineated neighborhood with the properties' actual cost value. The calculated ratio derived from the sum of the sold properties' cost value divided by the sum of the sales prices indicates the neighborhood level of value based on the unadjusted cost value for the sold properties. This cost-to-sale ratio is compared to the appraisal-to-sale ratio to determine the market adjustment factor for each neighborhood. This market adjustment factor is needed to trend the values obtained through the cost approach closer to the actual market evidenced by recent sales prices within a given neighborhood.

The sales used to determine the market adjustment factor will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The market adjustment factor calculated for each updated neighborhood is applied uniformly to all properties within a neighborhood. Once the market-trend factors are applied, a second set of ratio studies is generated that compares recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the Chief Appraiser can judge the appraisal level and uniformity in both updated and non-updated neighborhoods, 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 the new law, beginning in the second year a property receives a homestead exemption, increases in the value of that property are “capped.” The value for tax purposes (appraised 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.

Values of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires as of January 1st of the following year. In that following year, that home is reappraised at its market value to bring its appraisal into uniformity with other properties. An analogous provision applies to new homes. While a developer owns them, unoccupied residences are appraised as part of an inventory using the district’s land value and the developer’s construction costs as of the valuation date. However, in the year following sale, they are reappraised at market value.

Statistics produced from the market data include measures of central tendency (mean and median) that represent the level of appraised values, and measures of uniformity (coefficient of dispersion and coefficient of variation) that represent the consistency of appraised values within and between strata. Local data was used to develop time adjustments.

TREATMENT OF ACCOUNTS WITH PRIOR YEARS HEARINGS

If the appraised value of a property is lowered by the Appraisal Review Board, that value is considered to be the appraised value of the property for that tax year. In the following tax year, the chief appraiser may not increase the appraised value of the property unless the increase by the chief appraiser is reasonably supported by substantial evidence when all of the reliable and probative evidence in the record is considered as a whole. If the appraised value is finally determined in a protest under Section 41.41(a) (2) or an appeal under Section 42.26, the chief appraiser may satisfy the requirement to reasonably support by substantial evidence an increase in the appraised value of the property in the following year by presenting evidence showing that the inequality in the appraisal of property has been corrected with regard to the properties that were considered in determining the value of the subject property. The burden of proof is on the chief appraiser to support an increase in the appraised value of property under circumstances described in the section.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The Chief Appraiser and Deputy Chief Appraiser identifies individual properties in critical need of field review through sales ratio analysis. Sold properties with a high variance in sales ratios are field reviewed at the time of the sale 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. 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, and physical, functional and economic obsolescence, factors contributing significantly to the market value of the property. The areas to be physically inspected are identified in the appraisal districts' Biennial Reappraisal Plan. During this review, the appraiser is able to physically inspect both sold properties and unsold properties for comparability and consistency of values.

Office Review

Given the amount of resources and time required to conduct a routine field review of all properties, homogeneous properties consisting of tract housing with a low variance in sales ratios and other properties having a recent field inspection date are value reviewed in the office. Ratio reports comparing previous values against proposed and final values are generated for all residential improved and vacant properties. The dollar amount and 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 Chief Appraiser is satisfied with the level and uniformity of value for each neighborhood, the estimates of value go into the computer system for notice.

PERFORMANCE TESTS

Sales Ratio Studies

The primary analytical tool used by the Chief Appraiser 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 school district 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. Sales ratio studies are generated from computer statistical

software for each school district and the appraisal district as a whole. Reported in the sales ratio statistics for each school district is a level of appraised value and uniformity profile by structure type (classification), median level of appraisal, weighted mean, and coefficient of dispersion. The computer-based ratio studies are designed to emulate the findings of the State Comptroller's annual property value study for category A and category E properties (single-family residential property). The neighborhood descriptive statistic, along with frequency distributions and scatter diagrams are reviewed for each neighborhood being updated for the current tax year.

Management Review Process

Once the proposed value estimates are finalized, the Deputy Chief Appraiser reviews the sales ratios by neighborhood and present pertinent valuation data, such as, history of hearing protest, sale-to-parcel ratio, and level of appraisal to 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.

COMMERCIAL PROPERTY VALUATION

INTRODUCTION

Appraisal Responsibility

This mass appraisal assignment includes all of the commercially classed real property which falls within the responsibility of the commercial valuation appraiser, Eagle Property Tax Appraisal & Consulting, Inc. The Commercial Appraiser appraises the fee simple interest of properties according to statute. However, the effect of easements, restrictions, encumbrances, leases, contracts or special assessments are considered on an individual bases, as is the appraisal of any non-exempt taxable fractional interests in real property. Fractional interests or partial holdings of real property are appraised in fee simple for the whole property and divided programmatically based on their prorated interests.

Appraisal Resources

The improved real property appraisal responsibilities are categorized according to major property types of multi-family or apartment, office, retail, warehouse and special use (i.e., hotels, and nursing homes). The valuation assignment is generally divided geographically.

Data

The data used by the Commercial Appraiser includes verified sales of vacant land and improved properties and the pertinent data obtained from each (sales price levels, capitalization rates, income multipliers, equity dividend rates, marketing period, etc.). Other data used by the appraiser includes actual income and expense data (typically obtained through the hearings process), actual contract rental data, leasing information (commissions, tenant finish, length of terms, etc.), and actual construction cost data. In addition to the actual data obtained from specific properties, market data publications are also reviewed to provide additional support for market trends.

PRELIMINARY ANALYSIS

Survey of Similar Jurisdictions

The District coordinates its discovery and valuation activities with adjoining appraisal districts. Field trips, interviews and data exchanges with adjacent appraisal districts have been conducted to ensure compliance with state statutes. In addition, District administration and personnel interact with other assessment officials through professional trade organizations including the International Association of Assessing Officers (IAAO), Texas Association of Appraisal Districts (TAAD), and the Texas Association of Assessing Officers (TAAO)

VALUATION APPROACH

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 are collected from private vendors and public sources. Continuing education in the form of courses, approved by the TDLR, through IAAO, TAAO, and TAAD is provided to all District personnel, in order to assure appraisers are proficient in area analysis.

Neighborhood Analysis

The neighborhood is comprised of the land area and commercially classed properties located within the boundaries of several separate market areas, including the incorporated city of Bandera, and the unincorporated town areas of Utopia, Tarpley, Medina, Pipe Creek and Lakehills. These areas consist of a wide variety of property types including residential, and commercial. Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and organize comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. In the mass appraisal of commercial properties, these subsets of a universe of properties are generally referred to as market areas or economic areas.

Economic areas are defined by each of the improved property use types (apartment, office, retail, warehouse and special use) based on an analysis of similar economic or market forces. These include, but are not limited to, similarities of rental rates, classification of projects (known as building class by area commercial market experts), date of construction, overall market activity or other pertinent influences. Economic area identification and delineation by each major property use type is the benchmark of the commercial valuation system. All income model valuation (income approach to value estimates) is economic area specific. Economic areas are periodically reviewed to determine if re-delineation is required.

Highest and Best Use Analysis

The highest and best use is the most reasonable and probable use that generates the highest present value of the real estate as of the date of valuation. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. For improved properties, highest and best use is evaluated as improved and as if the site were still vacant. This assists in determining if the existing improvements have a transitional use, interim use, nonconforming use, multiple uses, speculative use, excess land, or a different optimum use if the site were vacant. For vacant tracts of land within these market areas, the highest and best use is considered speculative based on the surrounding land uses. Improved properties reflect a wide variety of highest and best uses which include, but are not limited to: office, retail, apartment, warehouse, light industrial, special purpose, or interim uses. In many instances, the

property's current use is the same as its highest and best use. This analysis insures that an accurate estimate of market value (sometimes referred to as value in exchange) is derived.

On the other hand, value in use represents the value of a property to a specific user for a specific purpose. This is significantly different than market value, which approximates market price under the following assumptions: (i) no coercion of undue influence over the buyer or seller in an attempt to force the purchase or sale, (ii) well-informed buyers and sellers acting in their own best interests, (iii) a reasonable time for the transaction to take place, and (iv) payment in cash or its equivalent.

Market Analysis

A market analysis relates directly to market forces affecting supply and demand. This study involves the relationships between social, economic, environmental, governmental, and site conditions. Current market activity including sales of commercial properties, new construction, new leases, lease rates, absorption rates, vacancies, allowable expenses (inclusive of replacement reserves), expense ratio trends, and capitalization rate studies are analyzed.

DATA COLLECTION/VALIDATION

Sources of Data

In terms of commercial sales data, the District receives a copy of the deeds recorded in Bandera County that convey commercially classed properties. The deeds involving a change in commercial ownership are entered into the sales information system and researched in an attempt to obtain the pertinent sale information. Other sources of sale data include the hearings process and local, regional and national real estate and financial publications.

Data Collection Procedures

Data collection procedures have been established for residential, commercial, and personal property. Appraisers conduct field inspections and record information on the property record data card. This information is entered into the computer system and serves as the basis for the valuation of property. The quality of data used is of paramount importance to accurate valuation of taxable property. While production 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 are trained in the specifics of data collections.

For those properties involved in a transfer of commercial ownership, a sale file is produced which begins the research and verification process. The initial step in sales verification involves a computer-generated questionnaire, which is mailed to both parties in the transaction (Buyer and Seller). If the sales information is not obtained, other sources are contacted such as real estate agents and/or brokers, property managers or commercial

vendors. In other instances, sales verification is obtained from local appraisers or others that may have the desired information. Finally, closing statements are often provided during the hearings process. The actual closing statement is the most reliable and preferred method of sales verification.

VALUATION ANALYSIS

Model calibration involves the process of periodically adjusting the mass appraisal formulas, tables and schedules to reflect current local market conditions. Once the models have undergone the specification process, adjustments can be made to reflect new construction procedures, materials and/or costs, which can vary from year to year. The basic structure of a mass appraisal model can be valid over an extended period of time, with trending factors utilized for updating the data to the current market conditions. However, at some point, if the adjustment process becomes too involved, the model calibration technique can mandate new model specifications or a revised model structure.

Cost Schedules

The cost approach to value is applied to all improved real property utilizing the comparative unit method. This methodology involves the utilization of national cost data reporting services as well as actual cost information on comparable properties whenever possible. Cost models are typically developed based on the Marshall Swift Valuation Service. Cost models include the derivation of replacement cost new (RCN) of all improvements. These include comparative base rates, per unit adjustments and lump sum adjustments. This approach also employs the sales comparison approach in the valuation of the underlying land value. Time and location modifiers are necessary to adjust cost data to reflect conditions in a specific market and changes in costs over a period of time. Because a national cost service is used as a basis for the cost models, location modifiers are necessary to adjust these base costs specifically for Bandera County. These modifiers are provided by the regional modifiers in Marshall Swift Valuation Service.

Depreciation schedules are developed based on what is typical for each property type at that specific age. These schedules are tested to ensure they are reflective of current market conditions. Effective age estimates are based on the utility of the improvements relative to where the improvement lies on the scale of its total economic life and its competitive position in the marketplace.

Market adjustment factors such as external and/or functional obsolescence can be applied if warranted. A depreciation calculation override can be used if the condition or effective age of a property varies from the norm by appropriately noting the physical condition and functional utility ratings on the property data characteristics. These adjustments are typically applied to a specific property type or location and can be developed via ratio studies or other market analyses. Accuracy in the development of the cost schedules, condition ratings and depreciation schedules will usually minimize the necessity of this type of an adjustment factor.

Income consideration

As income information is rarely shared and difficult to obtain, the District relies on the market or sales approach to value in most instances. However, when used, the income approach to value is applied to those real properties which are typically viewed by market participants as "income producing," and for which the income methodology is considered a leading value indicator. The first step in the income approach pertains to the estimation of market rent on a per unit basis. This is derived primarily from actual rent data furnished by property owners and from local market study publications. This per unit rental rate multiplied by the number of units results in the estimate of potential gross rent.

A vacancy and collection loss allowance is the next item to consider in the income approach. The projected vacancy and collection loss allowance is established from actual data furnished by property owners and on local market publications. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. The market derived stabilized vacancy and collection loss allowance is subtracted from the potential gross rent estimate to yield an effective gross rent.

Next a secondary income or service income is calculated as a percentage of stabilized effective gross rent. Secondary income represents escalations, reimbursements, and other miscellaneous income generated by the operations of real property. The secondary income estimate is derived from actual data collected and available market information. The secondary income estimate is then added to effective gross rent to arrive at an effective gross income.

Allowable expenses and expense ratio estimates are based on a study of the local market, with the assumption of prudent management. An allowance for non-recoverable expenses such as leasing costs and tenant improvements are included in the expenses. A non-recoverable expense represents costs that the owner pays to lease rental space. Different expense ratios are developed for different types of commercial property based on use. A general office building is most often leased on a base year expense stop. This lease type stipulates that the owner is responsible for all expenses incurred during the first year of the lease. However, any amount in excess of the total per unit expenditure in the first year is the responsibility of the tenant. Under this scenario, if the total operating expense in year one (1) equates to \$8.00 per square foot, any increase in expense over \$8.00 per square foot throughout the remainder of the lease term would be the responsibility of the tenant. As a result, expense ratios are implemented based on the type of commercial property.

Another form of allowable expense is the replacement of short-lived items (such as roof or floor coverings, air conditioning or major mechanical equipment or appliances) requiring expenditures of large lump sums. When these capital expenditures are analyzed for consistency and adjusted, they may be applied on an annualized basis as stabilized expenses. When performed according to local market practices by commercial property type, these expenses when annualized are known as replacement reserves.

Subtracting the allowable expenses (inclusive of non-recoverable expenses and replacement reserves) from the effective gross income yields an estimate of net operating income.

Rates and multipliers are used to convert income into an estimate of market value. These include income multipliers, overall capitalization rates, and discount rates. Each of these is used in specific applications. Rates and multipliers also vary between property types, as well as by location, quality, condition, design, age, and other factors. Therefore, application of the various rates and multipliers must be based on a thorough analysis of the market.

Capitalization analysis is used in the income approach models. This methodology involves the capitalization of net operating income as an indication of market value for a specific property. Capitalization rates, both overall (going-in) cap rates for the direct capitalization method and terminal cap rates for discounted cash flow analyses, can be derived from the market. Sales of improved properties from which actual income and expense data are obtained provide a very good indication of what a specific market participant is requiring from an investment at a specific point in time. In addition, overall capitalization rates can be derived from the built-up method (band-of-investment). This method relates to satisfying the market return requirements of both the debt and equity positions of a real estate investment. This information is obtained from real estate and financial publications.

Rent loss concessions are made on specific properties with vacancy problems. A rent loss concession accounts for the impact of lost rental income while the building is moving toward stabilized occupancy. The rent loss is calculated by multiplying the rental rate by the percent difference of the property's stabilized occupancy and its actual occupancy. Build-out allowances (for first generation space or retrofit/second generation space as appropriate) and leasing expenses are added to the rent loss estimate. The total adjusted loss from these real property operations is discounted using an acceptable risk rate. The discounted value (inclusive of rent loss due to extraordinary vacancy, build-out allowances and leasing commissions) becomes the rent loss concession and is deducted from the value indication of the property at stabilized occupancy. A variation of this technique allows that for every year that the property's actual occupancy is less than stabilized occupancy a rent loss deduction may be estimated.

Income approach is seldom used due to the fact that sufficient reliable data is not available for applying this method to commercial property.

Sales Comparison (Market) Approach

Although all three of the approaches to value are based on market data, the Sales Comparison Approach is most frequently referred to as the Market Approach. This approach is utilized not only for estimating land value but also in comparing sales of similarly improved properties to each parcel on the appraisal roll. As previously discussed in the Data Collection/Validation section of this report, pertinent data from actual sales of properties, both vacant and improved, is pursued throughout the year in order to obtain relevant information that can be used in all aspects of valuation. Sales of similarly improved properties can provide a basis for the depreciation schedules in the Cost Approach, rates and multipliers used in the Income Approach, and as a direct comparison

in the Sales Comparison Approach. Improved sales are also used in ratio studies, which afford the appraiser an excellent means of judging the present level and uniformity of the appraised values.

Final Valuation Schedules

Based on the market data analysis and review discussed previously in the cost, income and sales approaches, the cost and income models are calibrated and finalized. The calibration results are keyed into the schedules and models on the PACS system for utilization on all commercial properties in the district. The schedules and models are summarized in the Commercial Review Manual. This manual is provided to appraisers and is made available to the public.

Statistical and Capitalization Analysis

Statistical analysis of final values is an essential component of quality control. This methodology represents a comparison of the final value against the standard and provides a concise measurement of the appraisal performance. Statistical comparisons of many different standards are used including sales of similar properties, the previous year's appraised value, audit trails, value change analysis and sales ratio analysis.

Appraisal statistics of central tendency and dispersion generated from sales ratios are available for each property type. These summary statistics including, but not limited to, the weighted mean, standard deviation and coefficient of variation, provide an analytical tool by which to determine both the level and uniformity of appraised value of a particular property type. The level of appraised values can be determined by the weighted mean for individual properties within a specific type, and a comparison of weighted means can reflect the general level of appraised value. Review of the standard deviation and the coefficient of variation can discern appraisal uniformity within a specific property type.

The Chief Appraiser and Deputy Chief Appraiser review every commercial property type annually through the sales ratio analysis process. The first phase involves ratio studies that compare the recent sales prices of properties to the appraised values of the 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 appraised values. The appraiser makes a preliminary decision, based on the sales ratio statistics and designated parameters for valuation update, as to whether the value level of a particular property type needs to be updated in an upcoming reappraisal, or whether the level of market value is at an acceptable level.

Potential gross rent estimates, occupancy levels, secondary income, allowable expenses (inclusive of non-recoverable and replacement reserves), net operating income and capitalization rate and multipliers are continuously reviewed utilizing frequency distribution methods or other statistical procedures or measures. Income model conclusions are compared to actual information obtained on individual commercial properties during the hearings process as well as information from published sources and area vendors.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of last inspection, extent of that inspection, and the Eagle appraiser responsible are listed in the CAMA system. If a property owner disputes the District's records concerning this data in a protest hearing, CAMA may be altered based on the credibility of the evidence provided. Typically, a new field check is then requested to verify this evidence for the current year's valuation or for the next year's valuation. In addition, if a building permit is filed for a particular property indicating a change in characteristics, that property is added to a work file. Finally, even though every property cannot be inspected each year, each appraiser typically is designated certain segments of their area of responsibility to conduct field checks.

Appraisers are somewhat limited in the time available to field review all commercial properties of a specific use type. However, a major effort is made by appraisers to field review as many properties as possible or economic areas experiencing large numbers of remodels, renovations, or retrofits, changes in occupancy levels or rental rates, new leasing activity, new construction, or wide variations in sale prices. Additionally, the appraisers frequently field review subjective data items such as building class, quality of construction (known as cost modifiers), condition, and physical, functional and economic obsolescence factors contributing significantly to the market value of the property. In some cases field reviews are warranted when sharp changes in occupancy or rental rate levels occur between building classes or between economic areas. With preliminary estimates of value in these targeted areas, the Chief Appraiser and Deputy Chief Appraiser test computer assisted values against their own appraisal judgment.

Office Review

Office reviews are completed on properties not subject to field inspections. Office reviews are typically limited by the data presented in final value reports. These reports summarize the pertinent data of each property as well as comparing the previous values (two year value history) to the proposed value conclusions of the various approaches to value. These reports show proposed percentage value changes, income model attributes or overrides, economic factor (cost overrides) and special factors affecting the property valuation such as new construction status, prior year litigation and a three years sales history (USPAP property history requirement for non-residential property). The Chief Appraiser may review methodology for appropriateness to ascertain that it was completed in accordance with USPAP or more stringent statutory and district policies. This review is performed after preliminary ratio statistics have been applied. If the ratio statistics are generally acceptable overall the review process is focused primarily on locating skewed results on an individual basis. Previous values resulting from protest hearings are individually reviewed to determine if the value remains appropriate for the current year based on market conditions. Each appraiser's review is limited to properties in their area of responsibility by property type (improved) or geographic area (commercial vacant land).

Once the Chief Appraiser is satisfied with the level and uniformity of value for each commercial property, the estimates of value are prepared for noticing.

PERFORMANCE TESTS

The primary tool used to measure mass appraisal performance is the ratio study. A ratio study compares appraised values to market values. In a ratio study, market values (value in exchange) are typically represented by sales prices (i.e., sales ratio study). Independent, expert appraisals may also be used to represent market values in a ratio study (i.e., appraisal ratio study). If there are not enough sales to provide necessary representativeness, independent appraisals can be used as indicators for market value. This can be particularly useful for commercial, warehouse or industrial real property for which sales are limited. In addition, appraisal ratios studies can be used for properties statutorily not appraised at market value, but reflect the use-value requirement. An example of this are multi-family housing projects subject to subsidized rent provisions or other governmental guarantees as provided by legislative statutes (affordable housing) or agricultural lands to be appraised on the basis of productivity or use value.

The District has adopted the policies of the IAAO STANDARD ON RATIO STUDIES, circa July, 1999, regarding its ratio study standards and practices. Ratio studies generally have six basic steps: (1) determination of the purpose and objectives, (2) data collection and preparation, (3) comparing appraisal and market data, (4) stratification, (5) statistical analysis, and (6) evaluation and application of the results.

Sales Ratio Studies

Sales ratio studies are an integral part of establishing equitable and accurate market value estimates, and ultimately assessments for this taxing jurisdiction. The primary uses of sale ratio studies include the determination of a need for general reappraisal; prioritization of selected groups of property types for reappraisal, identification of potential problems with appraisal procedures, assistance in market analyses, and calibration of models used to derive appraised values during valuation or reappraisal cycles; however, these studies cannot be used to judge the accuracy of an individual property appraised value. The Bandera County Appraisal Review Board may make individual value adjustments based on unequal appraisal (ratio) protest evidence submitted on a case-by-case basis during the hearing process.

Chief Appraiser and Deputy Chief Appraiser utilize desktop applications such as Microsoft Excel, to evaluate subsets of data by economic area or a specific and unique data item. On the desktop, these may be customized and performed by building class and age basis. In many cases, field checks may be conducted to insure the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics. These ratio studies aid the appraisers by providing an indication of market activity by economic area or changing market conditions (appreciation or depreciation).

BUSINESS PERSONAL PROPERTY VALUATION

INTRODUCTION

Appraisal Responsibility

There are four different personal property types appraised by the district's personal property section: Business Personal Property accounts; Leased Assets; Vehicles; and Multi-Location Assets. There are approximately 1,542 business personal property accounts in Bandera County.

Appraisal Resources

Personnel

The personal property staff consists of one Business Personal Property Appraiser, with support from all the field appraisers, the support staff, and the Chief Appraiser and Deputy Chief Appraiser.

Data

A common set of data characteristics for each personal property account in Bandera County is collected in the field and data entered to the District's computer. The property characteristic data drives the computer-assisted personal property appraisal system. The data is collected by the Business Personal Property appraiser.

VALUATION APPROACH

SIC Code Analysis

Eight digit numeric codes, called Standard Industrial Classification (SIC) codes, developed by the federal government, are used by the District, as a method for classifying personal property by business type.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports 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/VALIDATION

Data Collection Procedures

Personal property data collection procedures are published and distributed to the Business Personal Property Appraiser. The appraisal procedures are reviewed and revised periodically to meet the changing requirements of field data collection.

SOURCES OF DATA

Business Personal Property

The District's property characteristic data was originally received from Bandera County and various school district records in 1980, and where absent, collected through a massive field data collection effort coordinated by the district over a period of time. When revaluation activities permit, the Business Personal Property appraiser collects new data via an annual field drive-out. This project results in the discovery of new businesses not revealed through other sources. Various discovery publications such as the assumed names, newspaper ads, internet, yellow pages of the telephone directory and state sales tax listings are also used to discover personal property. The Tax Assessor, city and local newspapers, and the public often provide the District with information regarding new personal property and other useful facts related to property valuation.

Vehicles

An outside vendor provides the District with a listing of vehicles within Bandera County. The vendor develops this listing from the Texas Department of Transportation (DOT) Title and Registration Division records. Other sources of data include property owner renditions and field inspections.

Leased and Multi-Location Assets

The primary sources of leased and multi-location assets are property owner renditions. Other sources of data include field inspections.

VALUATION AND STATISTICAL ANALYSIS

Cost Schedules

As Bandera County has very few businesses, most being considered the "Mom & Pop" type, the District does not use cost schedules in valuing personal property. Costs are developed using local market research and by working personal property renditions.

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 (upon the availability of information).

Depreciation Schedule and Trending Factors

Business Personal Property

The District's primary approach to the valuation of business personal property is the review of renditions and, where renditions appear to be inconsistent with observation upon physical inspection, market research is performed to arrive at a value. Depreciation is applied according to a depreciation schedule developed by the District.

Vehicles

The Business Personal Property Appraiser uses various tools available, such as Just Texas, NADA, internet auction sites and depreciation schedules to verify and or arrive at value estimates for vehicles.

Leased and Multi-Location Assets

Leased and multi-location assets are valued using the published pricing guides. If the asset to be valued in this category is a vehicle, the NADA published book values are used. The Business Personal Property Appraiser, using published guides, values assets that are not valued by the vendor.

INDIVIDUAL VALUE REVIEW PROCEDURES

Office Review

Business Personal Property

Property owner renditions, accounts with field or other data changes, accounts with prior hearings, new accounts, and local market data are all considered.

Vehicles

A vehicle master file is received on CD from Just Texas. The vehicles are matched by owner name to the district's current accounts any new accounts are created as needed. Vehicles values are then reviewed and adjusted by the appraiser using established procedures.

Leased and Multi-Location Assets

Leasing and multi-location accounts, rendered by hard copy, are either data entered by the appraisers or CAD appraisal support staff.

After matching and data entry, reports are generated and reviewed by the Business Personal Property Appraiser. Once proofed, the report is then mailed to the property owner for review via Notices of Value in May of each year.

PERFORMANCE TESTS

Ratio Studies

Business Personal Property is not subject to the Property Tax Assistance Division's annual PVS review; therefore local testing is not done at this time.

INDUSTRIAL UTILITY AND MINERAL VALUATION

Appraisal Responsibility

Central Appraisal District of Bandera County maintains a contract with the appraisal firm Hugh L. Landrum & Associates, Inc. for the primary responsibility of developing fair, uniform market values for improved industrial properties and industrial vacant land. The contracted firm is also responsible for the valuation of all tangible general industrial personal property in Bandera County.

Appraisal Resources

- Personnel – Staff of Hugh L. Landrum & Associates, Inc.
- Data – Details of their appraisal are available upon request.

Additional Appraisal Resources

- Perdue, Brandon, Feilder, Collins & Mott, LLC – Agricultural Valuation Services
- Eagle Appraisal & Consulting – Appraisal Consulting Services
- Hugh L. Landrum & Associates, Inc. – Mineral and Utility Valuation Services

LIMITING CONDITIONS

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

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

Certification Statement

"I, Wendy M. Grams, RPA, CTA, CCA, Chief Appraiser for the Central Appraisal District of Bandera County, 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."

Wendy M. Grams, RPA, CTA, CCA

Chief Appraiser
Central Appraisal District of Bandera County

**CENTRAL APRAISAL DISTRICT OF BANDERA COUNTY
STAFF 2018**

Chief Appraiser	Wendy M. Grams, RPA, RTA, CCA
Deputy Chief Appraiser	Vacant
Senior Appraiser	Maria Garcia, RPA
Senior Appraiser	Cynthia Reinhardt, RPA, CCA
Senior Appraiser	Nelia McNeal, RPA, CCA
GIS Operator	David Hall, RPA
Residential Field Appraiser	Melissa Checkovage, RPA
Residential Field Appraiser	Wally Fabela, Class II Appraiser
Residential Field Appraiser	Katherine Nini
Business Personal Property Appraiser	Sharon Robinson, RPA
Administrative Coordinator	Christina Beard
Administrative Specialist	Debbie Clark