

**2023 – 2024
REAPPRAISAL
PLAN**

Wichita Appraisal District

August 2022

**Wichita Appraisal District
2023 – 2024 Reappraisal Plan
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WICHITA APPRAISAL DISTRICT REAPPRAISAL PLAN

EXECUTIVE SUMMARY

TAX CODE REQUIREMENT

Passage of S. B. 1652 by the 79th Legislature amended the Texas Property Tax Code (TPTC) to require a written biennial reappraisal plan. The following details the requirements of the tax code:

The Written Plan

Section 6.05 of the TPTC, Subsection (i) states:

- (i) 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 Section 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

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

- (a) Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 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, and condition;
 - (C) Legal and economic attributes; and

- (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.

Wichita Appraisal District 2023 and 2024 Reappraisal Plan

INTRODUCTION

Scope of Responsibility

The Wichita Appraisal District has prepared and published this reappraisal plan and appraisal report to provide the 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 followed by several sections describing the appraisal effort by the appraisal district with exhibits mentioned throughout this plan.

The Wichita Appraisal District (WAD) 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 ten (10) member board, consisting of nine (9) Board of Directors appointed by the taxing units within the boundaries of Wichita County and the County Tax Assessor-Collector as an ex-officio member, hires the chief appraiser, sets the budget, makes general policies and biennially develops a reappraisal plan. 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 twelve (12) taxing jurisdictions with property located within the county boundaries. Each taxing unit, such as the county, city, school district, municipal utility district, etc., sets 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 by the appraisal district allocate the year's tax burden on the basis of each taxable property's market value or special valuation. The district also determines eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, charitable or religious organizations as well as special valuations such as agricultural productivity.

Except as otherwise provided by the Property Tax Code, Section 23.01 indicates that all taxable property is appraised at its "market value" as of January 1st. Section 1.04(7) defines "market value" as 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. 21.03). The owner of 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 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 every year and business personal property accounts on a two-year cycle. Appraised values are subject to annual review and change.

The appraised value of real property is calculated using specific information about each property. Using computer-assisted mass appraisal programs, and recognized appraisal methods and techniques, the district compares that information with the data for similar properties, and with recent cost and 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. Chapter 23 of the Texas Property Tax Code contains statutes dealing with appraisal methods and procedures. Section 23.01 of this chapter was amended in 1997 to specify that appraisal districts are required to comply with the Mass Appraisal Standards of USPAP (Standards Five and Six) when the appraised value of a property is established using mass appraisal techniques. In cases where the appraisal district contracts for professional valuation services the recommendations of the IAAO Standard on Contracting for Assessment Services are relied upon for guidance and the contract with each appraisal firm requires that the services be performed in compliance with USPAP standards. Copies of the policies and procedures of each contractor are available for review in the office of the contractor.

This Reappraisal Plan is being submitted as a tool to organize the appraisal activities of the Wichita Appraisal District. This plan attempts to outline the necessary work required to reappraise Wichita County for the next two years. As we progress into the actual reappraisal process, we reserve the right to modify the plan as required in order to meet the requirements of this office as set forth in the Texas Property Tax Code.

Overview of District Operations

2023 – 2024 PLANNED OPERATIONS

Personnel Resources

The office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of district operations. The administration department's function is to plan, organize, direct and control the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities and postal services. The appraisal department is responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, mineral, utilities, and industrial. Administrative support functions include records maintenance, information and assistance to property owners, ARB hearings and other activities as needed.

The appraisal district staff consists of 19 employees with the following classifications:

- 2 - Official/Administrator (executive level administration)
- 3 - Professional (supervisory and management)
- 8 - Technicians (appraisers and network support)
- 6 - Administrative Support (customer service, clerical and other)

Staff Education and Training

All personnel that are performing appraisal work are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing & Regulation (TDLR). This agency is responsible for ensuring appraisers are professional, knowledgeable, competent and ethical. This is accomplished through a statewide program of registration, education, experience, testing and certification for all property tax professionals for the purpose of promoting an equitable tax system.

Appraisers registered with the Texas Department of Licensing & Regulation must successfully complete 170.5 hours of appraisal courses as prescribed by TDLR Administrative Rule 94.21 and pass two additional comprehensive examinations within 60 months of registration in order to achieve certification as a Registered Professional Appraiser (RPA). During each subsequent 24-month period after certification, appraisers must complete 30 hours of continuing education that must include 2 hours of professional ethics, a state laws & rules course, and 3.5 hours of USPAP. Failure to meet these minimum standards will result in the removal of employee from an appraiser position.

Additionally, all appraisal personnel receive extensive training in data gathering processes including data entry into electronic devices (iPads or laptop computers) used in on-site work and statistical analyses of all types of property to ensure equality and uniformity of appraisal of all types of property. On-the-job training is provided by supervisors for new appraisers. In addition, supervisors meet with appraisal staff regularly to introduce new procedures and monitor appraisal activity to ensure that standardized appraisal procedures are followed.

Data

The district is responsible for establishing and maintaining data on approximately 80,000 real, personal property and mineral accounts covering 634 square miles within Wichita County. Each parcel record contains data related to property characteristics, ownership and exemption information. Accurate ownership and legal description data is maintained through research and analysis of recorded deeds, plats and other documents filed with the Wichita County Clerk and Wichita District Clerk offices. Exemption data, in amounts authorized by State and local governments, is processed in conjunction with various application requirements as stipulated in the Texas Property Tax Code.

Existing property characteristics data is updated and maintained through on-site inspections and other generally accepted methods. The property data related to new construction and other building permit activity is also collected through on-site inspections. Each city within WAD's jurisdiction provides permit information. Comparable sales data is also routinely validated as part of the on-site review and reappraisal activities.

General demographic, economic and financial trends, construction costs, market sales and income data are acquired through various sources. These may include internally generated questionnaires, public and university research centers, private market data vendors, real estate related publications and telephone contact with buyers, sellers, brokers and fee appraisers, as well as information collected from property owners and agents during the informal appeal and Appraisal Review Board process. The appraisal department has appraisal staff assigned to research functions and they are responsible for collecting this type of data.

The district has a geographic information system (GIS) that maintains cadastral maps and various layers of data and aerial photography. The district's website makes a broad range of information available for public access, including information on the appraisal process, property characteristics data, certified values, protests and appeal procedures. Downloadable files of related tax information, certified appraisal rolls, exemption applications and business personal property renditions are also available.

Information Systems

WAD's information technology and computer mapping departments along with Harris Govern manage and maintain the district's data processing facility, software applications, Internet website, and geographical information system. The district operates from a SQL server database with cooperative data sharing with the City of Wichita Falls, Wichita-Wilbarger 9-1-1, and other city and county agencies. The hardware group is comprised of (1) Dell PowerEdge 630 Database Server and (1) Dell PowerEdge 630 Virtual Host Server running (3) virtual servers [1 job server, 1 GIS server, 1 web server]. The software is the Property Appraisal & Collection System (PACS) developed by True Automation, Inc. a subsidiary of Harris Govern. True Automation provides and updates software as necessary for appraisal and administrative applications.

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 once every two years to determine the degree of uniformity and the median level of appraisals by the appraisal district within each major category of property. As part of this study, the code requires the Comptroller to apply standard statistical analysis techniques to data collected as part of the study of school district taxable values. 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 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, D and F1 are directly applicable to real property).

There are six independent school districts within Wichita Appraisal District's area of responsibility for which appraisal rolls are annually developed. The preliminary results of this study are released February 1 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) the following July of each year. This outside (third party) ratio study provides an additional indicator that the level and uniformity of the district's values meet or exceed the requirements of the Texas Property Tax Code and are within the guidelines recommended in the IAAO Standard on Mass Appraisal.

Additionally, Section 5.102 of the TPTC requires PTAD to review an appraisal district's governance, taxpayer assistance, operating procedures and appraisal standards, procedures and methodology at least once every two years. The Methods and Assistance Program (MAP) uses a set of mandatory pass/fail questions and a series of yes/no questions to assess the appraisal district's compliance with statutory and appraisal requirements.

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 personal and real property by generally accepted methods requires a comprehensive physical description of personal property and land/improvement characteristics. The appraisal staff 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 Wichita County. The data collection effort involves the on-site and aerial inspection of real and personal property accounts, as well as entry of all data collected into the district's database.

Appraisal Resources

- **Personnel** - The appraisal activities will be conducted by eleven appraisers and a contracted appraisal service.
- **Data** - The data used by appraisers includes the existing property characteristic information contained in PACS, the Computer Assisted Mass Appraisal System utilized by the district. The data is printed on a property card or accessed through an electronic device (iPads or laptop computer). Other data used includes maps, sales data, fire and damage reports, building permits, sales tax permits, assumed name filings, business publications, photos, and actual cost and market information. Additional information is gathered using reciprocal 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 - Residential properties will be appraised annually using the most current data on file. Every neighborhood will be statistically analyzed to determine if current year value estimates are within an acceptable range of recent sales that have occurred using appraisal to sale ratio studies. Appropriate adjustments may be made to neighborhoods using the process outlined in detail in the Residential Appraisal section of this report. Appraisers will perform on-site inspections of the scheduled residential properties to update file data on property use, improvement quality, improvement condition and document changes in physical characteristics since the previous inspection. Appraisers will also verify the measurements of the two most complex sides of the improvements on the properties inspected through aerial photography as required by the IAAO Standard on Mass Appraisal of Real Property (July 2017). Exhibit A-1 attached lists the properties to be appraised by physical inspection, Exhibit A-2 lists properties to be appraised by aerial photography, and Exhibit A-3 lists properties to be appraised using cost calibration or statistical

analysis. A Neighborhood Key, Exhibit E-1, is provided to better associate the neighborhood numbers with commonly used names. Tracking of these inspections is filed on the Pacsserver/Residential Appraisal/ Reappraisal Checklist/2023 Reappraisal Checklist/Aerial or On-Site, and 2024 Checklist/Aerial. Commercial and Industrial real estate will be appraised on an annual basis. Every market area/category of property will be statistically tested using sales ratios and/or market income analysis. Appraisers will perform on-site inspections of the scheduled commercial and industrial properties to update file data on property use, improvement quality, improvement condition and document changes in physical characteristics since the previous inspection. Appraisers will also verify the measurements of the two most complex sides of the improvements on the properties inspected through aerial photography as required by the IAAO Standard on Mass Appraisal of Real Property (July 2017). Schedules and tracking of the accounts to be inspected and those to be verified from aerial images are filed on the Pacsserver/Commercial Appraisal/Reappraisal 2023-2024/TRACKING/Appraisal Schedule 2023-2024.xls. Attached Exhibit B-1 demonstrates the commercial and industrial properties that will receive on-site inspections and those that will be verified by aerial photography each year. The balance of the properties will be reappraised by statistical analysis as shown in Exhibit B-2. Commercial property values will be compared to sales of similar properties in Wichita County as well as other cities and communities that experience similar market forces. The income approach to value will be utilized to appraise commercial properties such as shopping centers, apartment complexes, multi-tenant retail buildings, motels, hotels, and other property types that typically sell based on their ability to produce income.

Business Personal Property – Business personal property accounts will be inspected and tested against quality/density schedules, ranking tables or other comparative information. Accounts with a fixed location are scheduled for an on-site inspection in conjunction with the real property parcel on which they are located. Tracking of the accounts to be inspected is filed on the Pacsserver/Commercial Appraisal/Reappraisal 2023-2024/TRACKING/Reappraisal TRACKING 2023-2024.xls. Attached Exhibit B-1 demonstrates the business personal property accounts that will be inspected and reviewed in each year. An additional review of the account will occur when the rendition is received for that year. A rendition form will be mailed to all known businesses annually to complete and return by April 15th. Business personal property accounts are categorized using SIC codes and further defined by business type codes.

Minerals - Annually the mineral valuation department of Pritchard & Abbott, Inc. will develop values for mineral interest (full or fractional percentage ownership of oil and gas leasehold interest, the amount and type of which are legally and/or contractually created and specified through deeds and leases, et al.) associated with producing (or capable of producing) leases. Typically, all the mineral interests that apply to a single producing lease are consolidated by type (working vs. royalty) with each type appraised for full value which is then distributed to the various fractional decimal interest owner's pro-rata to their individual type and percentage amount.

Utilities and Pipelines - Utility companies and pipelines will be appraised annually considering all three approaches to value. Where the utility/pipeline has assets in multiple counties or states, a unit appraisal is considered. A unit or fractional method is utilized as appropriate. Pritchard & Abbott, Inc. assists in the appraisal of this category of property.

PRELIMINARY ANALYSIS

Data Collection/Validation

Data collection of real property involves recording physical and economic characteristics of the property in our computer assisted mass appraisal system, referred to as PACS. PACS is developed and maintained by Harris Govern. A diligent effort is taken to make sure the listed characteristics accurately reflect the current status of the property. To effectively evaluate the quality of existing data, on-site and in-office studies are conducted during the reappraisal cycles. The information contained in PACS includes site characteristics, such as land size, and improvement data, square foot of improvement area, year built, quality of construction, and condition. Other characteristics include but are not restricted to the type of foundation, type of roof, type of heating and cooling system, number of baths, number of units, number of rooms, or leasable area. Characteristics are a direct reflection of the improvements. Appraisers are required to use a property classification system and all properties are coded according to a specific classification. References to the district's classifications are found in the Residential and Commercial appraisal manuals. The approaches to value are structured and calibrated on this coded system and the physical characteristics of the property. In-office preparation, training of staff, entry and validation of data, and quality control are carefully planned.

The types of information recorded and maintained for Business Personal Property include situs, type, kind, quality and density of inventory, furniture and fixtures, machinery and equipment. Texas Department of Transportation records are obtained annually through a vendor who provides a list of potential commercial use vehicles within the district. The appraisers conducting on-site inspections use a personal property classification system as a guide to correctly list all personal property that is taxable.

Sources of Data

The sources of data collection are through on-site inspections of newly constructed and existing improvements, sales validation, assignment of addresses from Wichita / Wilbarger 9-1-1, Wichita Health Department final inspections, appraisal review board hearings, property owner correspondence, newspapers and publications, and correspondence with property and business owners. Another principal source of data comes from building permits received from tax jurisdictions that require property owners to obtain a building permit prior to construction or alteration of a structure. Permits (new construction, remodeling, and relocation of improvements, etc.), demolition reports, fire reports, and mechanic liens are received on a regular basis and matched with the property identification number for data entry. Area real estate professionals and other commercial services are additional sources of market data and property specific information. Property managers and owners provide information on income and expense as well as occupancy levels.

In addition to the above, improvement cost data is gathered from published cost guides and local building contractors. Various publications and on-line sources are studied regularly in an effort to obtain knowledge of other aspects of these properties. These include but are not limited to: Texas Real Estate Market Reports, Source Strategies (a Hotel Performance Factbook), Times & Record News, Mobile Home Guide, Assessment Journal-IAAO, Marcus & Millichap, LoopNet, and CoStar.

Sources of data for business personal property are sales tax permits, assumed name filings, business publications, building permits, business licensing by the State of Texas, newspaper articles and other information provided by public and private interest. Various publications and on-line sources are studied regularly in an effort to obtain knowledge of other aspects of these properties. These include but are not limited to: Aircraft Blue Book, price guide resources for equipment, Red Book Auto & Light Truck and Blue Book Truck guide and Security and Exchange filings.

Data review of entire neighborhoods and categories of business is generally a good source for data collection. In real property, the sales validation effort involves verification of data obtained through various sources regarding the specifics of the transaction, the accuracy of the property characteristics and condition at the time of sale as well as confirmation of the sale price.

Property owners are one of the best sources for identifying incorrect data. Information available on the district's website (www.wadtx.com) allows property owners access to the data maintained by the district for their review. Accuracy in property details and characteristics is one of the highest priorities and is stressed throughout the appraisal process.

Data Collection Procedures

Residential and commercial appraisers are assigned specific neighborhoods or categories within the district to conduct on-site inspections. Market areas also known as neighborhoods are established by observing the interaction of the forces of supply and demand on the market with regard to physical location. These areas of responsibility are maintained for several years to enable the appraiser assigned to the neighborhood to become knowledgeable of all the factors that drive values for that specific market area. Appraisers of real property and business personal property conduct on-site inspections and record information in an electronic device (iPad or laptop computer) that provides access to all file data for the property. During the inspection, corrections and additions are entered into the electronic device as discovered by the appraiser.

The quality of the data is extremely important in determining market values of taxable property. While work performance standards are established and upheld for the various activities, quality of data is emphasized as the goal and responsibility of each appraiser. New appraisers are trained in the specifics of data collection, the classification system, and recognized valuation methods and procedures. Experienced appraisers receive regular formal and in-office continuing education prior to major projects such as new construction, sales validation or data review. A quality assurance process assists in supervisory review of the work being performed by the appraisers to ensure that appraisers follow listing procedures, to identify training issues and provide uniform training throughout the appraisal staff.

Activity for all of the above is listed in the calendar of events and is monitored carefully. Property characteristics are continually updated during the on-site and office reviews.

Data Maintenance

The appraiser is responsible for the data entry of his/her observations into the computer file. This responsibility includes not only data entry, but also quality assurance. Data updates, file

modification for property descriptions, and input accuracy are the responsibility of the appraiser and appraisal supervisors.

INDIVIDUAL VALUE REVIEW PROCEDURES

On-Site/Office Review

The date of last on-site inspection, aerial review and the WAD appraiser responsible are listed in PACS records. If a property owner or jurisdiction disputes the district's records concerning data during a hearing, via a telephone call or other correspondence received, the record may be corrected based on the evidence provided or an on-site inspection may be conducted. Typically, an inspection will be performed to verify this information for the current year's valuation or for the next year's valuation.

Office reviews are completed on properties where updated information has been received from the owner of the property and is considered accurate and reliable. When the property data is verified in this manner, and considered accurate and reliable, inspections may not be required. The personal property department mails property rendition forms in January of each year to assist in the annual review of business personal property.

PERFORMANCE TEST

Appraisers are responsible for conducting ratio studies and comparative analysis in their assigned market areas (neighborhoods) or categories. The sales ratio and comparative analysis of the appraised value of property to the sale price of property forms the basis for determining the level of appraisal and market influences and factors for each assigned area. This information is the basis for updating property valuation for the entire area of property to be evaluated. Sale ratios will be based on the condition of the property as of the date of sale, rather than after a subsequent or substantial change is made to the property after the negotiation and agreement in price was concluded. Properly performed ratio studies are a good reflection of the level of appraisal for the district.

Residential Valuation Process

INTRODUCTION

Scope of Responsibility

The residential appraisers are responsible for estimating equal and uniform market values for residential improved and vacant property. There are approximately 44,500 residential improved single, multiple family parcels and farm or ranch improvements in addition to 5,700 vacant residential properties in Wichita County.

Appraisal Resources

- **Personnel** - The residential appraisal staff consists of eight appraisers. The following appraisers are responsible for estimating the market value of residential property:
 - Dan Conatser, RPA, CAE Director of Appraisal**
 - Monty Toliver, RPA, RES Director of Residential Appraisal**
 - Steve Raines, RPA Residential Lead Appraiser**
 - Tia Segler, RPA, Residential Appraiser**
 - Wes Garcia, Residential Appraiser**
 - Rebecca Collins, Residential Appraiser**
 - Brian Peterson, RPA Senior Commercial Appraiser**
 - Dent Keltner, RPA Director of Operations**
- **Data** - An individualized set of data characteristics for each residential dwelling and multiple family units in this district are collected and entered into the computer system. The property characteristic data drives the application of computer-assisted mass appraisal (PACS) under the Cost, Market, and Income Approaches to property valuation.

VALUATION APPROACH

Land Analysis

Residential land valuation analysis is conducted prior to neighborhood sales analysis. The value of the land component to the property will be estimated based on available market sales for comparable and competing land under similar usage. A comparison and analysis of comparable land sales will be conducted based on land characteristics found to influence the market price of land located in the neighborhood. Specific land influences will be considered, where necessary, and depending on neighborhood and individual lot or tract characteristics, to adjust parcels outside the neighborhood norm for such factors as access, view, shape, size, and topography. The appraisers use abstraction and allocation methods to assure that estimated land values will best reflect the contributory market value of the land to the overall property value. The land-to-property value ratio will be used to determine market value and assure equity.

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 will be collected from private

vendors and public sources. This information will provide the appraiser a current economic outlook on the real estate market.

While the development of neighborhoods and their market analysis is described under Neighborhood and Market Analysis, the general market areas for Wichita County are as follows: 1. City of Wichita Falls – Wichita Falls is by far the largest city within the county with a population of approximately 102,988 citizens. It is located in the southeast portion of the county and encompasses 70.66 square miles. Median household income in 2020 was \$47,335. In August, 2021 the cost-of-living index was 75.7. 2. City of Burkburnett – The second largest city in Wichita County is Burkburnett. This city encompasses 11.38 square miles and is located 12 miles north of Wichita Falls and 2 miles south of the Red River. The population of Burkburnett is approximately 10,975. The median household income in 2020 was \$49,782 with the cost-of-living index in August 2021 being 76.2. 3. City of Iowa Park – This market area is located 10 miles northwest of the City of Wichita Falls and covers 4.03 square miles. The population of Iowa Park is approximately 6,547. The 2020 median household income for Iowa Park was \$54,623 with a cost-of-living index in August 2021 of 75.5. 4. City of Electra – The market area of Electra contains 3.04 square miles and has a population of approximately 2,727. Electra is a rural community in the most western portion of Wichita County. It is located 30 miles northwest of the City of Wichita Falls. The average household income is \$43,167 and the cost-of-living index in August 2021 was 68.1. 5. The rural area of Wichita County is another market area with an adjustment to value up or down based on the proximity to the market areas above mentioned. These five market areas are obvious to the general public. While the Wichita Appraisal District believes these are important to consider as market areas, upon detailed review of the properties within each of these areas, the appraisers have grouped properties into neighborhoods in order to better appraise properties at market value and to remain as equal and uniform as possible. A complete analysis of the establishment of neighborhoods follows.

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 will also be 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 will be conducted on various market areas within each of the political entities known as Independent School Districts (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 will be interpreted by the appraiser into an indication of market price ranges. Cost and Market Approaches to estimate value will be the basic techniques utilized to interpret these sales. For duplexes, triplexes and quadraplexes the Income Approach to value may be considered to estimate an opinion of value for investment level residential property when appropriate.

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 with similar characteristics is identified, the next step will be to define its boundaries. This process is known as delineation. Some factors used in neighborhood delineation include location, sales price range, lot size, actual and effective age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. The actual and effective ages of improvements are noted in the CAMA system. Effective age estimates consider both repairs and upgrades the property has experienced and projected future utility. 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 the 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 will promote increased demand and economic desirability.

Neighborhood identification and delineation are the cornerstones of the residential valuation system at the district. All of the residential analysis work done in association with the residential valuation process will be neighborhood specific. Neighborhoods are inspected and delineated based on observable aspects of homogeneity. Neighborhoods are periodically reviewed to determine if further delineation is warranted. Merger or establishment of new neighborhoods can be observed in the Sales Ratio Study by Subdivision analysis kept in the RESIDENTIAL APPRAISAL/RESIDENTIAL RATIO STUDY REPORT file on Pacserver. Neighborhoods involve similar properties in the same location; a neighborhood group is simply defined as similar neighborhoods in similar locations. Selected residential neighborhoods will be assigned to groups based on observable aspects of homogeneity. Neighborhood grouping is highly beneficial in areas of limited or no sales. Neighborhood groups, or super 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 areas with limited sales on a group basis. Neighborhood summaries are prepared summarizing the market area of each neighborhood as observed by the appraiser. Neighborhood summaries are stored on the Pacserver under Residential Appraisal/Analysis/year/appraiser/neighborhood number as demonstrated in Exhibit A-4.

Highest and Best Use Analysis

Section 23.01 of the TPTC requires that the market value of a residence homestead shall be determined solely on the basis of the property's value as a residence homestead, regardless of

whether the residential use of the property by the owner is considered to be the highest and best use of the property.

For all residential non-homestead property, 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, legally permissible, 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 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 economically obsolete 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.

VALUATION AND STATISTICAL ANALYSIS (Model Calibration)

Cost Schedules

All improved residential parcels in the district are valued with a replacement cost estimated from cost schedules based on the improvement classification system using a comparative unit method. The district's residential cost schedules are derived from nationally recognized cost guides and information obtained from local builders. Adjustments will be made as necessary to reflect local market costs.

A review of the residential replacement cost is performed annually. As part of this review and evaluation process, newly constructed sold properties representing various levels of quality of construction within the district are reviewed verifying the property data characteristics. WAD replacement costs are compared to nationally recognized cost guides. The results of this comparison are analyzed using statistical measures, including stratification by class, quality and reviewing estimated building costs plus land to sales prices. As a result of this analysis, a local modifier or economic index factor is developed for use in the district's cost tables.

Sales Information

Sales data is maintained for real property in PACS. Residential improved and vacant land sales are collected from a variety of sources, including: district questionnaires sent to buyers, on-site inspections, protest hearings, commercial providers, builders and local real estate professionals. Sales data is collected, verified, and adjusted as necessary, using the IAAO Standard on Verification and Adjustment of Sales (November 2010) as a guide, for use in model calibration and ratio study purposes. Sales are further analyzed to determine whether the property was exposed to the market for a reasonable period of time, both buyer and seller had full knowledge of all potential uses and

restrictions on the property, both were motivated to maximize their gain, and neither was in position to take advantage of the other. It should also be noted that appraisers must consider the value of other residential property that is in the same neighborhood as the residence homestead being appraised and that was sold at a foreclosure sale, as long as the other statutory appraisal requirements are met. A system of type, source, 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 will be considered and adjustments will be applied to sales prices as indicated. Sales Ratio Trend Analysis is used to determine changes in market condition over time. 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 are important analysis tools to interpret market sales under the cost and sales comparison approaches to value. These analysis tools will help determine and estimate the effects of change, with regard to price, as indicated by sale prices for similar property within the current market.

Statistical Analysis

The residential appraisers will perform a statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies will be conducted on each of the residential neighborhoods in the district to judge the two primary aspects of mass appraisal accuracy: level and uniformity. Appraisal level refers to the overall ratio of appraised values to market sales prices. Uniformity refers to the degree to which properties are appraised at equal percentages of market value. Appraisal statistics of central tendency generated from sales ratios will be evaluated and analyzed for each neighborhood. The results of these studies are stored in the RESIDENTIAL APPRAISAL file on Pacserver in the ANALYSIS folder by year by appraiser. The level of appraised value is determined by the analysis of the measures of central tendency for sales of individual properties within a neighborhood.

The appraiser, through the sales ratio analysis process, reviews every neighborhood annually. The first phase involves neighborhood ratio studies. This set of ratio studies affords the appraiser an excellent means of judging the present level and uniformity of the model values. The appraiser, based on the sales ratio statistics and designated parameters for valuation update, will make a preliminary decision as to whether the value level in a neighborhood needs to be updated or whether the model value in a neighborhood is at an acceptable level.

Market and Cost Reconciliation and Valuation

Valuation for mass appraisal purposes is divided into two steps; model specification and model calibration. Model specification is the formal development of an equation based on data analysis and appraisal theory that predicts value. The residential models will include all items needed to reflect the forces of supply and demand acting in the local market.

Model calibration refers to the development of adjustments based on market analysis that identifies specific factors that affect market value. During model calibration the model builder/appraiser determines additives and multipliers for each variable included in the models. This is accomplished

through an automated analysis of sales (ratio studies or other methods) or other market data for maximum objectivity and consistency.

The mass appraisal models are reviewed regularly to verify that they are reflective of the current market and updated with current data, costs, trending factors, and area multipliers as necessary.

The district's primary method of valuation model of single-family residential properties is a hybrid cost-sales comparison model. This type of model accounts for neighborhood market influences not particularly specified in a purely cost model. Market factors are developed using ratio studies to measure the difference between the indication of value by the cost approach and the current market level. An adjustment is applied as necessary to the value indicated by the cost approach, thus reconciling the cost and sales comparison approaches to value. The model is specified and calibrated in compliance with The IAAO Standard on Automated Valuation Models (July 2018).

The following equation denotes the basic hybrid model used:

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

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 depreciation (D). 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. Market, or location, adjustments may be abstracted and applied uniformly within neighborhoods to account for variances in location between market areas or across a jurisdiction. This analysis for the hybrid model is based on both the cost and sales comparison approaches as a correlation of the two approaches.

When the appraiser reviews a neighborhood, the appraiser will review and evaluate a ratio study that compares current model values of properties to current sale prices of the properties based on the estimated depreciated replacement cost of improvements plus land value. Other verified sales appropriately adjusted for the effects of time may also be considered within a neighborhood. The measures of central tendency are reviewed with emphasis placed on the median to indicate the neighborhood level of appraisal based on sold properties. This ratio will be compared to an acceptable appraisal ratio indicating market value to determine appropriate adjustments for each neighborhood. If the level of appraisal for the neighborhood is outside the acceptable range of ratios, adjustments to the model value will be made. The model is specified and calibrated in compliance with The IAAO Standard on Automated Valuation Models (July 2018).

The following equation denotes the expanded hybrid model:

$$MV = ((IUNIT \times ISIZE) + FEATURES \times \%GOOD \times INADJ) + (LV \times LNADJ)$$

MV = Market Value IUNIT = Replacement Cost New Per Square Foot (or other unit). ISIZE = Improvement Square Feet (or other unit). FEATURES = Improvement Amenities Cost %GOOD

= Percent Good From Normal Depreciation Table LV = Land Value INADJ = Improvement
Neighborhood (Market Area) Adjustment LNADJ = Land Neighborhood (Market Area) Adjustment
See Exhibit A-5 for the detailed model for residential improvement valuation.

The neighborhood reappraisal process involves creating ratio studies that compare the indicator of market value generated by the WAD cost approach model to the sale prices of recently sold properties appropriately adjusted using the IAAO Standard on Verification and Adjustment of Sales (April 2020). These studies will be relied upon to develop the adjustments needed to bring the median within the acceptable range. The results of these studies are stored in the RESIDENTIAL file on Pacserver in the Residential Analysis folder by year by appraiser. Therefore, based on analysis of recent sales located within a given neighborhood, estimated property values will reflect the market influences and conditions specific to the neighborhood, thus producing more representative and supportable values. The estimated property values calculated for each updated neighborhood will be based on market indicated factors applied uniformly to all properties within a neighborhood. With all the market-trend factors applied, a final ratio study will be generated comparing proposed appraised values with the recent sale prices for these sold properties. From this set of ratio studies, the appraiser will judge the appraisal level and uniformity in both updated and non-updated neighborhoods and will verify appraised values against overall trends as exhibited by the local market, and finally, for the school district as a whole.

SPECIAL APPRAISAL PROVISIONS

Appraisal of Residential 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:

1. the market value of the property for the most recent tax year that the market value was determined by the appraisal office; or
2. the sum of:
 - a) 10 percent of the appraised value of the property for the preceding tax year;
 - b) the appraised value of the property for the preceding tax year; and
 - c) the market value of all new improvements to the property.

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.

The market value of a residence homestead will be determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property.

Residential Inventory

Section 23.12 of the TPTC provides the definition of market value for inventory. Inventory includes residential real property that has never been occupied as a residence and is held for sale in the ordinary course of business, if the property is unoccupied, is not leased or rented, and produces no revenue.

Residential inventory is appraised at market value. The market value of residential inventory is the price at which it would sell as a unit to a purchaser who would continue the business. The appraisers apply the same generally accepted appraisal techniques to determine the market value of residential real property inventory. The income approach including discounted cash flow is the most common method used by the Wichita Appraisal District.

Agricultural Appraisal

The Texas Constitution permits certain kinds of agricultural land to be appraised and assessed at a productivity value, rather than at market value. This special valuation is based on the typical cash lease amounts within the district which is directly influenced by the land's capacity to produce agricultural products.

If the use changes, taxes are recaptured for up to three previous years, based on the difference in what was paid based on agricultural appraisal, and what would have been paid based on the market value of the property. Procedures for implementing this appraisal are based on the guidelines published in the Manual for the Appraisal of Agricultural Land (October 2020). A copy may be obtained from the State Comptroller of Public Accounts.

The TPTC requires an application before land is considered for agricultural valuation. The deadline for filing a timely application is before May 1. Late agricultural valuation applications may be filed up to the time the appraisal roll is certified, however a penalty is imposed for late filing. After an application is filed, the property is inspected to determine its qualification.

INDIVIDUAL VALUE REVIEW PROCEDURES

On Site/ Office Review

The director will assign the properties to be physically inspected as well as assigning the properties to be inspected using aerial photography. Appraisers will perform on-site inspections of the scheduled residential properties to update file data on property use, improvement quality, improvement condition and document changes in physical characteristics since the previous inspection. Appraisers will also complete the verification of number and size of improvements on the residential properties scheduled for review by aerial photography. The residential properties scheduled for on-site inspections and verification using aerial photography with the dates completed will be recorded on the Pacserver/Residential Appraisal/Reappraisal Checklist/2023 or 2024/ Aerial or On-Site. In addition, sold properties will be inspected or reliable third-party information reviewed to verify accuracy of file data and physical characteristics.

The appraiser frequently reviews subjective data items such as quality of construction, condition, and physical, functional and economic obsolescence, and other factors contributing significantly to the market value of the property. On-site inspections play an important role along with a complete review of all information available such as deeds, deeds of trust, court records, etc.

Statistical Review

Once the on-site or office review is completed, the appraiser will conduct a statistical review of all properties as outlined in the discussion of ratio studies and market analysis. Gain/Loss reports comparing previous values against proposed and final values will be generated for residential improved and vacant properties. These reports will be stored in the RESIDENTIAL APPRAISAL file on Pacserver in ANALYSIS folder by year by appraiser. The percentage of value difference will be noted for each property within a neighborhood allowing the appraiser to identify, research and resolve value anomalies before final appraised values are released. The workfile for each neighborhood physically inspected will contain a summary of the appraiser's observations, analysis, and actions. There will be a map of the neighborhood, and a description of the typical improvements including the typical subclasses, size of homes, value range and other general information for that neighborhood. A sample neighborhood summary can be found under Exhibit A-4 attached.

Properties for which value in the previous year was determined under Subtitle F, TPTC, will be reviewed to determine eligibility for a value change under Section 23.01 (e), TPTC.

Once the appraiser determines that the level and uniformity of value for each neighborhood is within an acceptable range, the estimates of value will be reviewed by management.

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. Sales ratio studies 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 change over a specified period of time. The 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 will review the sales ratios by neighborhood and present valuation recommendations including the workfile to the Director of Residential Appraisal, Director of Appraisal, and/or the Chief Appraiser for final review and approval. This review will include comparison of level of value between related neighborhoods within and across jurisdiction lines. The primary objective of this review will be to assure that the proposed values have met preset appraisal guidelines appropriate for the appraisal years 2023 or 2024.

Commercial and Industrial Property Valuation Process

INTRODUCTION

Scope of Responsibility

This mass appraisal assignment includes all of the commercially described real property which falls within the responsibility of the commercial valuation appraisers of the district. Commercial appraisers appraise the fee simple interest of properties according to statute and court decisions. However, the effect of easements, restrictions, encumbrances, leases, contracts or special assessments will be considered on an individual basis, as is the appraisal of any non-exempt taxable fractional interests in real property (i.e., certain multi-family housing projects, leasehold interests). 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

- **Personnel** - The commercial appraisal staff consists of six appraisers. The following appraisers are responsible for estimating the market value of commercial and industrial property:
 - Dan Conatser, RPA, CAE Director of Appraisal**
 - Brian Peterson, RPA Senior Commercial Appraiser**
 - Dent Keltner, RPA Director of Operations**
 - Eric Beesinger, RPA Commercial Appraiser**
 - Clay Cowan, RPA Commercial Appraiser**
 - Leslie Dunn, Commercial Appraiser**
- **Data** – The data used by the commercial appraisers 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 appraisers includes actual income and expense data, 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

Market Study

Market studies will be utilized to test new or existing procedures or valuation models in a limited sample of properties located in the district. These studies target certain types of improved property to evaluate current market prices for rents and for sales of commercial and industrial real property. These comparable sale studies and ratio studies reveal whether the valuation model is producing accurate and uniform value estimates. The appraiser implements this methodology when developing cost approach, sales comparison approach, and income approach models.

The district's administration and personnel interact with other assessment officials through professional organizations including the International Association of Assessing Officers, Texas

Association of Appraisal Districts and its subchapter Texas Metropolitan Association of Appraisal Districts and the Texas Association of Assessing Officers. District staff strives to continually expand their appraisal skills and increase the level of professionalism through continuing education in the form of courses, seminars and workshops that are offered by professional associations such as International Association of Assessing Officers (IAAO), Texas Association of Assessing Officers (TAAO), Texas Association of Appraisal Districts (TAAD) and Property Tax Education Coalition (PTEC) courses approved by the Property Tax Assistance Division (PTAD) of the Comptroller's Office.

VALUATION APPROACH

Land Value

Commercial land will be analyzed at least biennially to compare appraised values with recent sales of land in the market area. If appraised values differ from sales prices being paid, adjustments will be made to all land in that region. Generally, commercial land is appraised on a price per square foot basis. Factors will be placed on individual properties based on corner influence, depth of site, shape of site, easements across site, and other factors that may influence value. The land is valued as though vacant at the highest and best use unless otherwise stipulated in the TPTC.

Area Analysis

Area 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 will be collected from private vendors and public sources.

Market Area Analysis

To facilitate the mass appraisal of commercial and industrial properties, those properties that experience similar physical, economic, governmental, and social forces are assigned to market areas or economic areas.

Market area analysis involves the examination of how physical, economic, governmental and social forces and other influences affect sale prices. The effects of these forces will also be used to identify, classify, and organize comparable properties into smaller, manageable subsets of the universe.

The market areas are defined using similar rental rates, classification of projects (known as building class by area commercial market experts), date of construction, overall market activity, geographic parameters, or other pertinent influences. Income, expense, and cap rate data used for valuation is either extracted from, adjusted to, or obtained from third party sources for the specific market area. Local economic areas will be periodically reviewed to determine if realignment is required. The geographic boundaries, as well as age, occupancy levels, income and expense levels, and capitalization rates within each economic area will be considered. Analysis of each market area is documented in the workfile of the neighborhood and an analysis of income producing properties performed is stored on Pacserver Commercial Appraisal\Reappraisal 2023 and 2024. A

Neighborhood Key, Exhibit E-1, is provided to better associate the neighborhood numbers with commonly used names. Attached exhibits B-3 demonstrate a summary of the information and analysis contained in the neighborhood workfile and outlines the conclusions specific to the neighborhood.

Highest and Best Use Analysis

The highest and best use is that use which will generate the highest net return to the property over a reasonable period of time. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. Highest and best use analysis is an economic analysis conducted to determine which market provides a property's best use. For improved properties, highest and best use is evaluated as improved and as if the site were still vacant. This perspective assists in determining if the existing improvements have a transitional use, interim use, nonconforming use, multiple uses, speculative use, is excess land, or a different optimum use if the site were vacant. For vacant tracts of land within this jurisdiction, 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 will be the same as its highest and best use. This analysis ensures 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 perspective for value may be significantly different than market value in exchange, which approximates market price under the following assumptions: (i) no coercion or 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 is a study of the 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 will be analyzed to determine market ranges in price, operating costs and investment return expectations. This information is stored on Pacserver/Commercial Appraisal/Market Analysis.

VALUATION ANALYSIS

Valuation for mass appraisal purposes is divided into two steps; model specification and model calibration. Model specification is the formal development of an equation based on data analysis and appraisal theory that predicts value. The commercial models will include all items needed to reflect the forces of supply and demand acting in the local market.

Model calibration refers to the development of adjustments based on market analysis that identifies specific factors that affect market value. During model calibration the model builder/appraiser

determines additives and multipliers for each variable included in the models. This is accomplished through an automated analysis of sales (ratio studies or other methods) or other market data for maximum objectivity and consistency.

The mass appraisal models are reviewed regularly to verify that they are reflective of the current market and updated with current data, costs, trending factors, and area multipliers as necessary.

Cost Schedules

The cost approach to value will be applied to 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 local comparable properties whenever possible. Cost models are typically developed based on published cost guides, which provide estimated hard or direct costs of various improvement types. Cost models estimate the replacement cost new (RCN) of all improvements located on a specific property. The RCN model uses comparative base rates, per unit adjustments and lump sum adjustments for variations in property description, design, and type of improvement construction to estimate a normal level of direct and indirect cost. Evaluating market sales of newly developed improved property is an important part of understanding total replacement cost of improvements. What total costs may be involved in the development of the property, as well as any portion of cost attributed to entrepreneurial profit can only be revealed by market analysis of pricing acceptance levels. In addition, market related land valuation for the underlying land value is important in understanding and analyzing improved sales for all development costs and for the abstraction of improvement costs for construction and development. 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. The national cost service information is used as a basis for the cost models including local multipliers that are necessary to adjust the base costs specifically for various types of improvements located in Wichita County. Additional local modifiers will be applied as necessary if the RCN developed from the cost service varies significantly from actual Wichita County costs. Estimated replacement cost new reflects all costs of construction and development for various improvements located in the district as of the date of appraisal.

Appraisal depreciation is loss of value from all causes affecting the property. In relation to the improvements, it is the measured loss against reproduction/replacement cost new taken from all forms of physical deterioration, functional and external obsolescence. Appraisal depreciation is estimated and developed based on losses typical for each property type at that specific age. Depreciation estimates are implemented for what is typical of each major class of commercial property by category of property. Estimates of appraisal depreciation are calculated for improvements with consideration given to physical characteristics of effective age and condition. In addition, functional and external obsolescence are applied when observed. These estimates are continually tested to ensure they are reflective of current market conditions. The actual and effective ages of improvements are noted in the CAMA system. Effective age estimates consider both repairs and upgrades the property has experienced and projected future utility.

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 in the property data

characteristics. These adjustments are typically applied to a specific adequacy or deficiency, property type or location and can be developed via ratio studies or other market analyses.

The result of estimating total depreciation and deducting that from the estimated replacement cost new of improvements indicates the estimated contributory value of the improvements. Adding the estimated land value, as if vacant, to the contributory value of the improvements indicates a property value by the cost approach. Given relevant cost estimates and market related measures of total depreciation, the indicated value of the property by the cost approach becomes a very reliable valuation technique.

Income Models

The income approach to value will be 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 is to estimate potential gross rent. This is derived primarily from actual rent data furnished by property owners and from local market surveys conducted by the district and by information from area rent study reviews. The results of these studies will be filed on Pacserver/Commercial Appraisal/Reappraisal 2023 or 2024/Neighborhood/ Income.

A vacancy and collection loss allowance is the next item to consider in the income approach. The projected vacancy and collection loss allowance will be established from actual data furnished by property owners and local market survey trends. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. This feature may also provide for a reasonable lease-up period for multi-tenant properties, where applicable. The market derived stabilized vacancy and collection loss allowance will be subtracted from the potential gross rent to estimate annual effective gross rent to the property.

Next, a secondary income or service income will be considered and, if applicable, calculated as a percentage of stabilized effective gross rent. Secondary income represents parking income, 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.

Expense ratio estimates will be developed assuming prudent management. Relevant expense ratios will be developed for different types of commercial property based on use and market experience. For instance, retail properties are most frequently leased on a triple-net basis, where the tenant is responsible for all operating expenses, such as ad valorem taxes, insurance, and common area and property maintenance. In comparison, other types of income producing property are often leased on a contract where the tenant pays a fixed amount per year with the landlord absorbing all expenses related to the property. As a result, expense ratios will be estimated based on observed market experience in operating various types 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

lump sum costs. These capital expenditures are analyzed for consistency, adjusted, annualized, and considered a component of the stabilized expenses. This component is also known as replacement reserves. For some types of property, typical management does not reflect expensing reserves and is dependent on local and industry practices.

Subtracting the allowable expenses from the annual effective gross income yields an estimate of annual net operating income to the property.

Capitalization rates and income multipliers will be used to convert operating income expectations into an estimate of market value for the property under the income approach. These include income multipliers, overall capitalization rates, and discount rates. Each of these multipliers or rates will be considered and used in specific applications. Rates and multipliers may 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 for individual income property types and uses. These procedures will be supported and documented based on analysis of market sales for these property types.

The income approach includes the discounted cash flow analysis and direct capitalization of net operating income as an indication of market value for a specific property. Capitalization rates applicable for direct capitalization method and yield rates for estimating terminal cap rates for discounted cash flow analysis will be developed from several sources. Supplemental information is obtained from local lending sources, real estate professionals and financial publications. The result of these analyses is filed on Pacserver/Commercial Appraisal/Cap Rates.

Rent loss concessions will be estimated for 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 a rent loss deduction to be estimated for every year that the property's actual occupancy is less than stabilized occupancy.

Sales Comparison (Market) Approach

Although all three of the approaches to value are based on market data, the Sales Comparison Approach is frequently referred to as the Market Approach. In the sales comparison approach the value of a property is determined by analyzing sale prices of properties with similar physical and economic characteristics and adjusting the sale price to account for minor differences. This approach is used to effectively estimate vacant land value for use in the cost approach and also in estimating total property value. In addition, sales comparison can be used to identify property features that drive value for use in model specification and calibration, provide a basis for the depreciation schedules in the Cost Approach, determine rates and multipliers used in the Income

Approach, and to develop modifiers needed to reconcile the other approaches to value. As previously discussed in the Data Collection / Validation section of this report, pertinent data from actual sales of properties, both vacant and improved, will be gathered, recorded, and analyzed throughout the year in order to obtain relevant information which can be used in all aspects of valuation. 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.

Statistical and Capitalization Analysis

Statistical analysis of final values is an essential component of quality control. Statistical comparisons of many different standards will be used including sales of similar properties, the previous year's appraised value, audit trails, value change analysis and sales ratio analysis.

Measures of central tendency and dispersion will be generated from sales ratios based on relevant property characteristics. These summary statistics will provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value. The analysis will be filed on Pacserver/Commercial Appraisal/Reappraisal (Year)/(Region/Neighborhood)/Analysis, Ratio Study, Summary Report.

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. Income model estimates and conclusions will be compared to actual information obtained on individual commercial and industrial income properties during the protest hearings process, as well as with information from published sources and area property managers and owners.

Reconciliation of the Three Approaches and Valuation

A cost approach is prepared for each improved commercial property in the district. The value indicated from the cost approach is tested using the comparable sales using ratio studies. If the results of the specified and calibrated cost model are significantly different than indicated by analysis of verified sales within the market area, then modifiers are calculated and applied to adjust the cost model results to the actual market level. Results of the cost model may also be tested for acceptable level using the income approach. The implementation of the hybrid cost-sales comparison/income approach serves as a reconciliation of the three approaches to value. This type of hybrid model accounts for local area market influences not particularly specified or easily identified in a purely cost model. The model is specified and calibrated in compliance with the IAAO Standard on Automated Valuation Models (July 2018).

The following equation denotes the basic model used:

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

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 depreciation (D). 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. Market, or location adjustments, may be abstracted and applied uniformly within market areas or categories to account for variances between market areas or across a jurisdiction. This analysis for the hybrid model is based on both the cost and market approaches as a correlation of indications of property valuation.

When the appraiser reviews the relevant property characteristics, the appraiser will review and evaluate a ratio study that compares current sales prices of properties to the model value of the properties, which is based on the estimated depreciated replacement cost of improvements plus land value. Other sales appropriately adjusted for the effects of time may also be considered. The calculated ratio derived from the sum of the sold properties' appraised value divided by the sum of the time adjusted sales prices will indicate the neighborhood level of appraisal based on sold properties. This ratio will be compared to the acceptable appraisal ratio to determine the level of appraisal for each market area or category. If the level of appraisal for the market area or category is outside the acceptable range of ratios, adjustments will be applied to the market area or category. The model is specified and calibrated in compliance with the IAAO Standard on Automated Valuation Models (July 2018).

The following equation denotes the expanded hybrid model:

$$MV = ((IUNIT \times ISIZE) + FEATURES \times \%GOOD \times INADJ) + (LV \times LNADJ)$$

MV = Market Value IUNIT = Replacement Cost New Per Square Foot (or other unit). ISIZE = Improvement Square Feet (or other unit). FEATURES = Improvement Amenities Cost %GOOD = Percent Good From Normal Depreciation Table LV = Land Value INADJ = Improvement Neighborhood (Market Area) Adjustment LNADJ = Land Neighborhood (Market Area) Adjustment

See Exhibit B-4 for the detailed commercial improvement valuation model.

The neighborhood reappraisal process involves creating ratio studies that compare the indicator of market value generated by the WAD cost approach model to the sale prices of recently sold properties appropriately adjusted using the IAAO Standard on Verification and Adjustment of Sales (April 2020). Sales are analyzed to determine whether the property was exposed to the market for a reasonable period of time, both buyer and seller had full knowledge of all potential uses and restrictions on the property, both were motivated to maximize their gain, and neither was in position to take advantage of the other. These studies will be relied upon to develop the adjustments needed to bring the level of appraisal within the acceptable range. Using this method, estimated property values will reflect the market influences and conditions for the market area or category, thus producing more representative and supportable values. The estimated property values calculated for each market area or category will be based on market indicated factors applied uniformly to all properties within a market area or category. Finally, with all the market-trend factors applied, a ratio study will be generated comparing proposed appraised values with the recent sale prices for the sold properties. From this set of ratio studies, the appraiser will judge the appraisal level and uniformity in both updated and non-updated market area or category and will verify appraised values against overall trends as exhibited by the local market, and finally, for the school district as a whole.

Market Adjustments

Market adjustments will be used as described in the expanded hybrid model above to bring appraised values into an acceptable range. The district will use a specific process to arrive at these market adjustments. The adjustment process begins by gathering a representative sample of commercial sales within the two years previous to the assessment date. If a statistically valid sample is not obtained it may be necessary to sample prior years' sales in order to obtain a valid sample. Appraisers will analyze the sales to determine which sales are valid transactions that can be used in the study. In some situations, sales may require adjustments to remove business personal property value, business enterprise value, and other appropriate adjustments outlined in the IAAO Standard on Verification and Adjustment of Sales (April 2020) in order to validate the sales price for the real estate. Sales may be disqualified from the study for reasons such as family transactions, buyer owns adjacent property, sale between tax exempt entities, property not listed on the open market, buyer/seller under duress, and/or if the terms and conditions of the sale are unclear or cannot be verified. The valid sales will be relied upon to produce credible results in the mass appraisal process.

In order to test for changing market conditions over the period of time the sales occurred, a time adjustment study will be conducted. If a change in market condition between the date of sale and the assessment date is detected, then an adjustment will be applied to the sale prices to adjust the sale prices forward to the current appraisal date. The new time adjusted sales price allows older sales to be used as if they sold at the time of appraisal.

Test for Change in Market Condition -Time Adjustment

Market conditions generally change over time. The effective date of the appraisal is a specific point in time so sales that occur prior or subsequent to the effective date of the mass appraisal must be examined and adjusted to reflect any changes that may have occurred in the interim. Otherwise, the sales prices or appraised values of the comparables will reflect the market conditions as of the date they sold and not the current value of similar property. Although the adjustment for changing market conditions is referred to as a time adjustment, it should be noted that it is not time that makes an adjustment necessary, but shifts in the market. Even if considerable time has elapsed since the sale of the comparable, market conditions may not have changed. In this case no adjustment is required. If a representative sample of current sales is available the need for time adjustment is diminished.

Acceptable methods of calculating time adjustments include the Paired Sales Analysis, Sales Ratio Trend Analysis, and Unit Value Comparison. While the Paired Sales Analysis is not considered efficient for mass appraisal purposes, the Sales Ratio Trend Analysis and the Unit Value Comparison can be effective in identifying change in market conditions over time.

Appraisers consider changing market conditions as part of the valuation process. When sufficient current comparable sales are not available appraisers analyze sales from previous years recognizing location, condition, size, age, use, and other groupings where market trends can be identified.

WAD will use the Sales Ratio Trend Analysis to identify the need to adjust sales prices for changing market conditions from the date of sale to the effective date of the appraisal. The sold properties to be used as comparables will be appraised using the mass appraisal model for the current year. The sale price to appraisal ratio will be calculated for each sold property. The sale to appraisal ratio is calculated by dividing the sale price by the current appraised value of the sold property. The Sale Price to Appraisal Ratios are plotted on a graph with the sale date as the X-axis and the Sale Price to Appraisal ratio as the Y-axis. Observing trend lines reveal market condition changes over the time period between the sale dates and the effective date of the appraisal. An inclining trend line over time indicates the need for a positive adjustment. A declining trend line indicates the need for a negative adjustment. The overall change in prices can be determined by comparing the beginning and ending S/A ratios. The formula for overall change is (end of period ratio – beginning of period ratio) divided by beginning of period ratio equals percentage of change for the period. Dividing the total percentage of change by the total number of months over which the total change occurred will identify monthly change. A level trend line indicates no adjustments to sales are needed. Once the level of change in market conditions over time is identified, and any necessary adjustments are in place, the sales comparables are ready to be used in the mass appraisal process. Studies are stored in Commercial Reappraisal\Reappraisal 2023 or 2024\Commercial Sales.

Adjustment Process

Once the time adjustment study is completed and sales are adjusted forward to the current appraisal date, the appraisers have an updated commercial sales file with time adjusted sales prices that are ready to be used in the analysis. The appraiser will select the sales for a specific neighborhood or category in order to start the analysis. If enough sales from that neighborhood/category are not available, other sales from similar neighborhoods or categories are added until enough sales information is available for an analysis. It may be necessary to use all sales from a city and/or rural school district in order to obtain enough information for a meaningful analysis.

The data analyzed to determine if market adjustments are needed include the sales gathered for the neighborhood analysis, time adjusted sales price, current appraised value, current land value, current improvement value, time adjusted allocated improvement value, replacement cost new less depreciation, and indicated market adjustment. The sales, grouped by geographical/market location, are arrayed by condition. Indicated market adjustments are calculated by subtracting the land value from the time adjusted sales price and then dividing the result by replacement cost new less depreciation. $MA = (TASP-LV)/RCNLD$ where MA is market adjustment, TASP is time adjusted sale price, LV is land value, and RCNLD is replacement cost new less depreciation from the model. Once the indicated market adjustments are determined for each individual property, the appraiser will analyze the measures of central tendency. A mean, median, and weighted mean market adjustment is calculated for each condition in the neighborhood. These measures of central tendency will help the appraiser determine the market adjustment that will produce the most credible appraised values for the category of properties being appraised.

After reasonable market adjustments are determined, they will be applied using the PACS software mass update feature or to the individual accounts. A data sheet will be prepared that will include a

market adjustment for each main improvement listed based on property characteristics. After adjustments are applied the properties, values will be recalculated and a ratio study will be used to determine if the appraisal level and uniformity is within acceptable parameters. The analysis, adjustment, and testing process will continue until level and uniformity of improvement values fall within acceptable ranges. The land value is then added to arrive at the total value of the property.

INDIVIDUAL VALUE REVIEW PROCEDURES

On-Site/Office Review

The date of last inspection, extent of that inspection, and the WAD appraiser responsible are listed in PACS. If a property owner disputes the physical characteristics of the property listed in the district's records, an inspection will be performed to verify this information 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, an inspection may be performed.

In property types 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, annual inspections may be necessary. On-site reviews of real property accounts will be accomplished in conjunction with business personal property inspections. Appraisers will review physical characteristics such as building class, quality of construction, condition, and market area for indicators of functional and economic obsolescence factors that significantly influence the market value of the property. In some cases, on-site inspections are warranted when sharp changes in occupancy or rental rate levels occur across property categories or between economic areas. With preliminary estimates of value in these targeted areas, the appraisers compare model values with recent sale prices.

Statistical Review

Appraisers will use statistical analysis to compare model values to current market sales. Additional reviews will summarize the pertinent data of each property as well as compare the previous value to the proposed value conclusions using a gain/loss report. The gain/loss report will be filed on Pacserver/Commercial Appraisal/Reappraisal 2023 or 2024/Neighborhood/Gain Loss. Properties for which value in the previous year was determined under Subtitle F, TPTC, will be reviewed to determine eligibility for a value change under Section 23.01 (e), TPTC.

Once the appraiser has determined that the level and uniformity of value for each commercial property is within an acceptable range, the estimates of value will be reviewed by management.

PERFORMANCE TESTS

The primary tool used to measure mass appraisal performance is the ratio study. A ratio study compares appraised values to market prices. In a sales ratio study, the indications of value produced by the mass appraisal model are compared to sale prices of sold properties. Independent, expert appraisals may also be used to represent sale prices. If there are not enough examples of market price in a market area or category to provide a statistically valid sample, then similar market areas or categories may be combined. This can be particularly useful for commercial or industrial

real property for which sales are limited. In addition, appraisal ratio studies can be used for properties statutorily not appraised at market value, but reflect the value in use requirement. An example of this is 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.

Sales Ratio Studies

Sales ratio studies are an integral part of estimating equitable and accurate market values that become the basis of the assessments by the taxing jurisdictions. The primary uses of sale ratio studies include the determination of a need for general reappraisal; prioritizing selected groups of property types for reappraisal; identification of potential problems with appraisal procedures; assist in market analyses; and, to calibrate and adjust the results of models used to estimate appraised values of groups of properties during the valuation process. However, these studies may not be effective in determining the accuracy of an individual properties' appraised value.

Overall sales ratios and market area sales ratios will be created to allow appraisers to review general market trends in their area of responsibility and for the Property Value Study from the Property Tax Assistance Division of the Comptroller's Office. The appraisers will utilize various computer applications to evaluate subsets of data by economic area, property type, or a specific and unique data item. This may be customized and performed by building class, age, or other physical or economic characteristics. In many cases, on-site or aerial reviews will be conducted to verify physical characteristics in order to assure 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).

Comparative Appraisal Analysis

The commercial appraiser may perform an average unit value comparison in addition to a traditional ratio study. These studies are performed on commercially classed properties by property use type (such as apartment, office, retail and warehouse usage or special use). The objective of this evaluation is to determine appraisal performance on sold and unsold properties. Appraisers will compare average unit prices of sales with the average unit appraised values of the sold parcels and compare the average value changes of sold and unsold properties. These studies are conducted by substrata such as building class and on properties located within various economic areas. In this way, overall appraisal performance is evaluated geographically and/or by specific property type to discern whether sold parcels have been selectively appraised. When sold parcels and unsold parcels are appraised equally, the average unit values are similar. These sales and equity studies will be performed prior to annual noticing and will be filed on Pacserver/Commercial Appraisal/Reappraisal by year and market area or property type.

Business Personal Property Valuation Process

INTRODUCTION

Scope of Responsibility

Appraisers are responsible for the valuation of business personal property within the district to include all property used or held for the production of income such as furniture, fixtures, inventory, machinery and other equipment, leased assets, vehicles, aircraft, and Special Inventory/Dealers Inventory accounts. The district follows the recommendations provided by the International Association of Assessing Officers (IAAO) Standard on Valuation of Personal Property (November 2018) for discovering, defining, classifying, verifying, valuing and reporting personal property in order to achieve uniform and equitable personal property valuations. In addition, the district follows the guidelines of the Uniform Standards of Professional Appraisal Practices (USPAP) Standards Five, Six, Seven and Eight published by The Appraisal Foundation (TAF) in developing and reporting personal property valuations.

Appraisal Resources

- **Personnel** - The staff responsible for estimating the market value of business personal property consists of the following six appraisers:

Dan Conatser, RPA, CAE Director of Appraisal
Eric Beesinger, RPA Commercial Appraiser
Clay Cowan, RPA Commercial Appraiser
Brian Peterson, RPA Senior Commercial Appraiser
Dent Keltner, RPA Director of Operations
Leslie Dunn, Commercial Appraiser

- **Data** - A common set of data defining the physical characteristics of the subject property for each personal property account in the district is collected during on-site and office reviews using an electronic field device or computer. The property characteristic data drives the computer-assisted personal property appraisal (CAPPA) system. The appraisers collect the data and update electronic workfiles from inspections, newspapers, property renditions, sales tax permit listings, business filings, and personal interviews with property owners and other reliable sources.

VALUATION APPROACH

SIC Code Analysis

Business personal property is classified utilizing a four-digit numeric code, called Standard Industrial Classification (SIC) codes that were developed by the federal government to classify businesses. Personal property will be classified by SIC codes and further defined by business type codes which group accounts that have a similar mix of assets and business activity.

Accurate and uniform identification is the cornerstone of the personal property valuation system at the district. Personal property analysis will be performed considering business type as well as other relevant property characteristics.

Market Identification

In the context of personal property, value can be a function of the market or, in some cases, the market level for an item. The appraiser must recognize that there are distinct levels of trade and each may generate its own data. When assigning value to personal property, appraisers will analyze the effects on use and value of industry trends, value-in-use, and trade level of personal property. Appraisers, where applicable, will analyze the current use and alternative uses to encompass what is profitable, legal, and physically possible. Since personal property has several measurable marketplaces, the appraiser will analyze the appropriate market consistent definition of value.

DATA COLLECTION/VALIDATION

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 data collection.

Sources of Data

Business Personal Property

The district's property characteristic data has been collected over a period of years through inspections, property owner renditions and other available data sources. Appraisers will make on-site inspections on scheduled accounts each year to interview owners and gather data. When the business is located on commercial real property an inspection of the commercial real property will be performed to verify the physical characteristics and update the land-based photograph.

Leased and Multi-Location Assets

The primary source of leased and multi-location assets will be the property owner renditions. Other sources of data include lessee renditions and on-site inspections.

VALUATION AND STATISTICAL ANALYSIS (model specification and calibration)

Cost Schedules

Cost data from property owner renditions, hearings, and published cost guides will be used to develop the district's cost schedules. The cost schedules are reviewed as necessary to conform to changing market conditions. The schedules are typically in a price per square foot format, but some exception SIC's are in an alternate price per unit format, such as per room for hotels.

Statistical Analysis

The value indicated by a property owner's rendition is compared to the typical value per unit of the appropriate WAD schedule and/or to an appropriately adjusted group of comparable properties to determine level and uniformity.

Depreciation Schedule and Trending Factors:

The district's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) will be developed from property owner reported historical cost or from WAD developed valuation models. The trending factors used by the WAD to develop RCN are based on published valuation guides. The percent good factors used by the district are also based on published valuation guides. The trending factors and percent good factors are used to develop present value factors (PVF), by year of acquisition, as follows:

$$\text{PVF} = \text{INDEX FACTOR} \times \text{PERCENT GOOD FACTOR}$$

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

$$\text{MARKET VALUE ESTIMATE} = \text{PVF} \times \text{HISTORICAL COST}$$

This mass appraisal PVF schedule will be used to ensure that estimated values are uniform and consistent within the market and reflect current economic pressures of supply and demand. See Exhibit C-1 for the detailed model.

Computer Assisted Personal Property Appraisal Utilizing PACS

The District valuation process has two main objectives: 1) Analyze and adjust estimated asset cost with existing models. 2) Develop new models for business classifications not previously integrated into PACS. The process will involve recording and analyzing relevant physical characteristics such as SIC/business type, square footage, on-site observations, and original cost information.

The data sampling process will be conducted in the following order: 1) Prioritizing Standard Industrial Classification (SIC) codes and/or business type codes for model analysis. 2) Compiling the data and developing the reports. 3) Inspecting the selected samples. The models are then tested against the previous year's data. The typical RCN per square foot (or applicable unit) is determined by a statistical analysis of the available data.

CAPPA model values are used in the general business personal property valuation program to estimate the value of new accounts for which no property owner's rendition is filed. Model values are also used to establish tolerance parameters for testing the valuation of property for which prior data years' data exist or for which current year rendered information is available. The calculated current year value or the prior year's value is compared to the indicated model value in the valuation program. If the value being tested is within an established acceptable percentage tolerance range of the model value, the account passes that range check and moves to the next valuation step. If the account fails the tolerance range check, it is flagged for individual review. Allowable tolerance ranges may be adjusted from year to year depending on the analysis of the results of the prior year.

Vehicles

Value estimates for vehicles are based on published price guide values or depreciated cost, with consideration for mileage or atypical condition if information is provided.

Leased and Multi-Location Assets

Leased and multi-location assets are valued using the PVF schedules mentioned above or published price guide values.

Dealers Inventory

Qualifying Inventory of motor vehicle dealers, vessel and outboard motor dealers, heavy equipment dealers, and retail manufactured housing dealers are appraised according to Sections 23.121, 23.124, 23.1241, and 23.127, of the TPTC.

INDIVIDUAL VALUE REVIEW PROCEDURES

On-site and Office Review

Business personal property accounts with fixed locations are scheduled for on-site inspection by area in conjunction with the real property parcel on which they are located. The areas scheduled for inspection each cycle and tracking of these inspections is filed on the Pacserver\Commercial Appraisal\Reappraisal 2023/2024\Reappraisal Tracking 2023/2024. A Neighborhood Key, Exhibit E-1, is provided to better associate the neighborhood numbers with commonly used names. Accounts with changes in location, size, or business volume will be reviewed and updated as needed. Additional on-site inspections are performed for potential new businesses, and on accounts with ownership, location, or other changes, and recently closed businesses. An office review will also be performed when the annual rendition is filed. The district schedules will be developed using information on renditions from property owners, information recorded during inspections, information provided at hearings and published cost guides. Additional schedules will be developed from the verified values from groups of similar business types. Accounts are established for new businesses and accounts for closed business with no assets are set inactive. Properties for which value in the previous year was determined under Subtitle F, TPTC, will be reviewed to determine eligibility for a value change under Section 23.01 (e), TPTC.

Management Review Process

Once the proposed value estimates are finalized, the appraisers will review accounts for accuracy of physical characteristics and uniformity of present value factors or schedules applied. They will then present the general account workfile and values to the Director of Appraisal, and/or the Chief Appraiser for final review and approval. This review will include tests for correct jurisdiction, level and uniformity of appraisal, and to ensure that generally accepted appraisal methods were employed. The primary objective of this review will be to assure that the proposed values have met preset appraisal guidelines appropriate for the appraisal years 2023 or 2024.

Utility Property Valuation Process

INTRODUCTION

Scope of Responsibility

Utility properties are the tangible assets of various businesses including electric transmission and distribution companies, railroads, petroleum product gathering and delivery pipelines, telephone and communication providers and others. The valuation of these properties is considered to be complex due to the involvement of both tangible and intangible property elements that comprise these businesses and due to the size of some of the utilities that are regional and national companies. The appraisal of these companies becomes complex when considering the valuation of the property as a unit in place, evaluating the property by the approaches to value at the company level. Once the estimated value of the unit is completed, the estimated market value is allocated based on the tangible property assets that are located within Wichita Appraisal District.

Wichita Appraisal District contracts with Pritchard & Abbott, Inc. of Fort Worth, Texas for the valuation of a selected group of utility properties within the boundaries of the appraisal district. Please refer to the 2023 and 2024 Biennial Reappraisal Plan that was developed by Pritchard & Abbott, Inc. (Exhibit D). Quality management and oversight of the contractor's work is performed using the guidelines published by the International Association of Assessing Officers (IAAO) in the Standard on Contracting for Assessment Services (2019) to ensure that the assignments are timely completed and intended benefits are achieved.

Appraisal Resources

- **Personnel** - The utility property staff consists of five appraisers, and one contract appraisal service:
 - Dan Conatser, RPA, CAE Director of Appraisal**
 - Brian Peterson, RPA, Senior Commercial Appraiser**
 - Eric Beesinger, RPA Commercial Appraiser**
 - Clay Cowan, RPA Commercial Appraiser**
 - Leslie Dunn, Commercial Appraiser**
 - Pritchard & Abbott, Inc. of Fort Worth, Texas**
- **Data** - A common set of data defining the physical characteristics of the subject property for each utility property account in the district will be collected from the various government regulatory agency records, on-site inspections, and property owner renditions. This data is entered to the district's computer system. Individual company financial information will be gathered through industry specific governmental filings such as Federal Energy Regulatory Commission Reports, Securities and Exchange Commission 10-k filings, and Public Utility Commission publications. Other company information will be gathered from annual reports, internal appraisals, and other in-house and industry publications. Property owner renditions

will be requested to document and list property owned and located in the district's jurisdiction (i.e.: track mileage, number of meters, pipeline size and mileage, substation and transmission capacity, etc.). The property characteristic data drives the computer-assisted appraisal of the property.

The appraisal of utility property considers the three-approach analysis to form an opinion of value for the property.

VALUATION AND STATISTICAL ANALYSIS (model calibration)

Approaches to Valuation, Reconciliation

Valuation of tangible assets for utility companies relies primarily on indications of value based on the cost and income approaches to value. The quantity and quality of the available information is considered to determine the weight given to the results of the approaches.

Value Review Procedures

Review of the valuation of utility property is based on verifying economic and financial factors as well as physical plant. Value estimates for each company are developed and then compared on a per unit basis to similar companies to ensure uniformity. The PTAD of the Comptroller's Office, as the oversight agency, estimates the value of utility properties and the results, when compared to the appraisal valuation estimated by the district for these properties yield ratios. This ratio study of certain utility properties indicates the level and uniformity of appraisal for this category of property. Properties for which value in the previous year was determined under Subtitle F, TPTC, will be reviewed to determine eligibility for a value change under Section 23.01 (e), TPTC.

Management Review Process

If the property is appraised by district appraisal staff, the appraisers will review accounts for accuracy of physical characteristics and uniformity of present value factors or schedules applied. They will then present the general account workfile and values to the Director of Appraisal, and/or the Chief Appraiser for final review and approval. This review will include tests for correct jurisdiction, level and uniformity of appraisal, and to ensure that generally accepted appraisal methods were employed. The primary objective of this review will be to assure that the proposed values have met preset appraisal guidelines appropriate for the appraisal years 2023 or 2024.

If the property is appraised by a firm contracted to perform appraisal services, the Director of Appraisal and/or the Chief Appraiser will review the valuation records imported to the district's database to verify correct jurisdiction, level and uniformity of appraisal, and to ensure that generally accepted appraisal methods were employed.

Minerals (Oil and Gas Reserves) Valuation Process

INTRODUCTION

Scope of Responsibility

Wichita Appraisal District contracts with Pritchard & Abbott, Inc. of Fort Worth, Texas for the valuation of minerals within the boundaries of the appraisal district. Please refer to the 2023 and 2024 Biennial Reappraisal Plan that was developed by Pritchard & Abbott, Inc. (Exhibit D). Quality management and oversight of the contractor's work is performed using the guidelines published by the International Association of Assessing Officers (IAAO) in the Standard on Contracting for Assessment Services (2019) to ensure that the assignments are timely completed and intended benefits are achieved.

LIMITING CONDITIONS

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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 were based was 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.

Sales data obtained from third party vendors was considered reliable. Sales data obtained through questionnaires to buyer and seller, telephone survey and on-site review was considered reliable unless otherwise noted.

I have attached a list of staff providing significant mass appraisal assistance to the person signing this certification.

Certification Statement:

"I, Lisa Stephens-Musick, Chief Appraiser for the Wichita Appraisal District, solemnly swear that I made or caused to be made a diligent effort to ascertain all property in the district subject to appraisal by me. I included in the records all property of which I am aware at an appraised value which, to the best of my knowledge and belief, was determined as required by law."



Lisa Stephens-Musick, RPA

STAFF PROVIDING SIGNIFICANT MASS APPRAISAL ASSISTANCE

<u>NAME</u>	<u>TITLE</u>	<u>TDLR NUMBER</u>	<u>TYPE OF ASSISTANCE</u>
Dan Conatser, RPA, CAE	Director of Appraisal	68192	Supervise and Performs Data Collection and Valuation Correlation
Dent Keltner, RPA	Director of Operations	70391	Data Collection and Valuation Correlation
Brian Peterson, RPA	Senior Commercial Appraiser	70073	Data Collection and Valuation Correlation
Monty Toliver, RPA, RES	Director of Residential Appraisal	70895	Supervise and Performs Data Collection and Valuation Correlation
Steve Raines, RPA	Residential Lead Appraiser	67770	Data Collection and Valuation Correlation
Eric Beesinger, RPA	Commercial Appraiser	72982	Data Collection and Valuation Correlation
Clay Cowan, RPA	Commercial Appraiser	74572	Data Collection and Valuation Correlation
Tia Segler, RPA	Residential Appraiser	75114	Data Collection and Valuation Correlation
Wes Garcia	Residential Appraiser	75771	Data Collection and Valuation Correlation
Leslie Dunn	Commercial Appraiser	75772	Data Collection and Valuation Correlation
Rebecca Collins	Residential Appraiser	76503	Data Collection and Valuation Correlation

CALENDAR OF KEY EVENTS

2023 APPRAISAL CYCLE

JULY 2022

Strategic Planning

Residential

On-Site inspections of new construction

Aerial Inspections and remeasure of identified neighborhoods

Commercial

On-site inspections of new construction

Aerial Inspections and remeasure of identified neighborhoods

Business Personal Property

On-site Inspections of selected Business Personal Property accounts that demonstrate possible changes

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

AUGUST 2022

Residential

On-site inspections of new construction

Sales Verification

Update cost models as determined necessary

Sales Ratios run for all residential neighborhoods

Meet with local building contractors and local fee appraisers

Aerial Inspections and remeasure of identified neighborhoods

Review and realign neighborhoods as needed

Commercial

On-site inspections of new construction

Sales Verification

Update cost models as determined necessary

Aerial Inspections and remeasure of identified neighborhoods

Review and realign neighborhoods as needed

Business Personal Property

On-site Inspection of selected Business Personal Property accounts that demonstrate possible changes

On-site inspection/office review of selected SIC/Business Type codes

Collect data from assumed name filings, sales tax permits and verify new accounts

Update quality and density schedules as determined necessary

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

SEPTEMBER 2022

Residential

On-site inspection of new construction

Sales Verification

Begin on-site inspections of identified neighborhoods

Meet with local building contractors and local fee appraisers

Commercial

On-site inspection on new construction

Sales Verification

Begin on-site inspections of identified neighborhoods

Business Personal Property

September 1 – Statutory appraisal date for certain inventory properties (Sec. 23.12)

Collect data from assumed name filings, sales tax permits and verify new accounts

Begin on-site inspection of identified neighborhoods.

Homestead exemption applications mailed to property owners where deed transfer occurred in 2022 beginning this month through Reset Exemptions monitor until deeds no longer filed for this year.

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

OCTOBER 2022

Residential

On-site inspection on new construction

Sales Verification

Continue on-site inspections of identified neighborhoods

Surveys mailed: Non-owner occupied Duplex, Triplex, Quadplex properties.

Commercial

On-site inspection on new construction

Sales Verification

Continue on-site inspections of identified neighborhoods

Business Personal Property

Collect data from assumed name filings, sales tax permits and verify new accounts

Continue on-site inspections of identified neighborhoods.

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

Taxing jurisdictions mail 2022 tax bills – Appraisal support for property owner inquiries

NOVEMBER 2022

Residential

On-site inspection on new construction, remodeled and demolished properties

Sales Verification

Continue on-site inspections of identified neighborhoods

Commercial

On-site inspection on new construction, remodeled and demolished properties

Sales Verification

Continue on-site inspections of identified neighborhoods

Business Personal Property

Collect data from assumed name filings, sales tax permits and verify new accounts

Continue on-site inspections of identified neighborhoods.

Update Present Value Factors (PVF) for rendition printing as well as rendition processing

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

DECEMBER 2022

Residential

Reappraisal activities

On-site inspection on new construction, remodeled and demolished properties

Sales Verification

Commercial

Reappraisal activities

On-site inspection on new construction, remodeled and demolished properties

Sales Verification

Letters to multi-tenant property owners requesting rent rolls and tenant listing

Begin verification of occupancy on multi-tenant properties

Surveys mailed: carwash, mini warehouse, apartments, mobile home parks, and additional non-owner occupied property types as identified

Business Personal Property

Reappraisal activities

Verification of occupancy on multi-tenant buildings

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

JANUARY 2023

January 1 – Statutory appraisal date for most categories of taxable property

Business Personal Property Renditions mailed

Dealer Declarations mailed

Real Property Inventory applications mailed

Letters to tax exempt entities (hospitals, cities, county) requesting information on leased equipment

Letters to communication tower owners requesting tenant listing

Letters to mobile home park owners/managers requesting tenant listing

Exemption applications mailed to property owners receiving exemptions in the prior tax year where annual application is required

Agriculture Special Appraisal applications mailed to property owners where deed transfer occurred in prior year and property previously had agriculture special appraisal. Also request for Wildlife

Management Reports

Agriculture Surveys

Residential

Reappraisal activities

On-site inspection/office review of sales data

Mobile home park inspections as identified

Commercial

Reappraisal activities

On-site inspection/office review of sales data

Complete occupancy check multi –tenant properties

Collect and compile information on income and expenses for appropriate property types

Develop and publish low-income housing capitalization rate per §11.1825

Business Personal Property

Complete occupancy checks multi–tenant properties

Reappraisal activities

Process Renditions

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

FEBRUARY 2023

Residential

Sales Verification

Prepare ratio studies, analyze results and apply applicable adjustments

Review appraisal values after adjustments

Commercial

Sales Verification

Prepare ratio studies, analyze results and apply applicable adjustments

Review appraisal values after adjustments

Review Income models for appropriate categories

Business Personal Property

Process dealer declarations to establish values. Notify tax assessor/collector's office of dealers failing to file or late filing of declaration for penalty collection per interlocal agreement.

Review of vehicle information and FAA records from vendors

Process Renditions

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

MARCH 2023

Residential

Sales Verification

Prepare ratio studies, analyze results and apply applicable adjustments

Review appraisal values after adjustments

Prepare final ratio studies

Finalize reappraisal process and values

Quality Control of real property data

Commercial

Sales Verification

Prepare ratio studies, analyze results and apply applicable adjustments

Review appraisal values after adjustments

Prepare final ratio studies

Finalize reappraisal process and values

Quality Control of real property data

Business Personal Property

Process Renditions

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

APRIL 2023

Residential

Informal value discussions with property owners

Prepare for ARB hearings

Commercial

Informal value discussions with property owners

Prepare for ARB hearings

Business Personal Property

Process Renditions

April 15 deadline for business personal property renditions to be filed with appraisal district

Personal property rendition review complete for renditions filed by April 15th deadline

Quality control of personal property data

April 30 deadline to file annual exemption applications including but not limited to Abatement, Freeport and Goods in Transit

April 30 deadline to file agricultural special valuation applications

April 30 deadline to file Application for Interstate Allocation of Value

Real property data to vendor for printing of appraisal notices

Personal property data to vendor for printing of appraisal notices

Target April 14, 2023 – real property notices mailed

Target April 27, 2023 personal property notices mailed for property rendered by April 15th deadline and those that did not render or did not request extension

Target April 14, 2023 – mineral notices mailed by Pritchard & Abbott

Preliminary values to taxing jurisdictions by April 30, 2023

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

MAY 2023

Residential

Informal value discussions with property owners

Prepare and present evidence at ARB hearings

Commercial

Informal value discussions with property owners

Prepare and present evidence at ARB hearings

Business Personal Property

May 15th Extension deadline for business personal property renditions

Personal property rendition review complete for renditions filed by May 15 extension

Quality control of personal property data

Informal value discussions with property owners

Prepare and present evidence at ARB hearings

Target May 25, 2023 for remaining personal property notices mailed for property requesting May 15th extension deadline

May 30, 2023 additional 15-day deadline for personal property rendition if granted for good cause

Chief Appraiser submits appraisal records to the ARB
Target May 15, 2023 last day to protest real property and mineral property
Impose penalty for failure to file, late filing of BPP renditions

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

JUNE 2023

Residential

Informal value discussions with property owners
Prepare and present evidence at ARB hearings

Commercial

Informal value discussions with property owners
Prepare and present evidence at ARB hearings

Business Personal Property

Informal value discussions with property owners
Prepare and present evidence at ARB hearings

Target hearings to begin in late May or early June. Hearings for protests scheduled throughout the month and into July as needed

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

JULY 2023

ARB hearings
Target July 15, 2023 last day for ARB hearings
Target July 19, 2023 ARB quorum meeting
July 25, 2023 Deadline to certify appraisal roll to taxing units

2024 APPRAISAL CYCLE

JULY 2023

Strategic Planning

Residential

On-Site inspections of new construction
Aerial Inspections and remeasure of identified neighborhoods

Commercial

On-site inspections of new construction

Aerial Inspections and remeasure of identified neighborhoods

Business Personal Property

On-site Inspections of selected Business Personal Property accounts that demonstrate possible changes

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

AUGUST 2023

Residential

On-site inspections of new construction

Sales Verification

Update cost models as determined necessary

Sales Ratios run for all residential neighborhoods

Meet with local building contractors and local fee appraisers

Aerial Inspections and remeasure of identified neighborhoods

Review and realign neighborhoods as needed

Commercial

On-site inspections of new construction

Sales Verification

Update cost models as determined necessary

Aerial Inspections and remeasure of identified neighborhoods

Review and realign neighborhoods as needed

Business Personal Property

On-site Inspection of selected Business Personal Property accounts that demonstrate possible changes

On-site inspection/office review of selected SIC/Business Type codes

Collect data from assumed name filings, sales tax permits and verify new accounts

Update quality and density schedules as determined necessary

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

SEPTEMBER 2023

Residential

On-site inspection on new construction

Sales Verification

Begin on-site inspections of identified neighborhoods

Meet with local building contractors and local fee appraisers

Commercial

On-site inspection on new construction

Sales Verification

Begin on-site inspections of identified neighborhoods

Business Personal Property

September 1 – Statutory appraisal date for certain inventory properties (Sec. 23.12)

Collect data from assumed name filings, sales tax permits and verify new accounts

Begin on-site inspections of identified neighborhoods

Homestead exemption applications mailed to property owners where deed transfer occurred in 2023 beginning this month through Reset Exemptions monitor until deeds no longer filed for this year.

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

OCTOBER 2023

Residential

On-site inspection on new construction

Sales Verification

Continue on-site inspections of identified neighborhoods

Surveys mailed: Non-owner occupied Duplex, Triplex, Quadplex properties.

Commercial

On-site inspection on new construction

Sales Verification

Continue on-site inspections of identified neighborhoods

Business Personal Property

Collect data from assumed name filings, sales tax permits and verify new accounts

Continue on-site inspections of identified neighborhoods

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

Taxing Units mail 2023 tax bills – Appraisal support for property owner inquiries

NOVEMBER 2023

Residential

On-site inspection on new construction, remodeled and demolished properties

Sales Verification

Continue on-site inspections of identified neighborhoods

Commercial

On-site inspection on new construction, remodeled and demolished properties

Sales Verification

Continue on-site inspections of identified neighborhoods

Business Personal Property

Collect data from assumed name filings, sales tax permits and verify new accounts

Continue on-site inspections of identified neighborhoods.

Update Present Value Factors (PVF) for rendition printing as well as rendition processing

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

DECEMBER 2023

Residential

Reappraisal activities

On-site inspection on new construction, remodeled and demolished properties

Sales Verification

Commercial

Reappraisal activities

On-site inspection on new construction, remodeled and demolished properties

Sales Verification

Letters to multi-tenant property owners requesting rent rolls and tenant listing

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Surveys mailed: carwash, mini warehouse, apartments, mobile home parks, and additional non-owner occupied property types as identified

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January 1 – Statutory appraisal date for most categories of taxable property

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Letters to communication tower owners requesting tenant listing
Letters to mobile home park owners/managers requesting tenant listing
Exemption applications mailed to property owners receiving exemptions in the prior tax year where annual application is required
Agriculture Special Appraisal applications mailed to property owners where deed transfer occurred in prior year and property previously had agriculture special appraisal. Also request for Wildlife Management Reports
Agriculture Surveys

Residential

Reappraisal activities
On-site inspection/office review of sales data
Mobile home park inspections as identified

Commercial

Reappraisal activities
On-site inspection/office review of sales data
Complete occupancy check multi –tenant properties
Collect and compile information on income and expenses for appropriate property types
Develop and publish low-income housing capitalization rate per §11.1825

Business Personal Property

Complete occupancy checks multi –tenant properties
Reappraisal activities
Process Renditions

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

FEBRUARY 2024

Residential

Sales Verification
Prepare ratio studies, analyze results and apply applicable adjustments
Review appraisal values after adjustments

Commercial

Sales Verification
Prepare ratio studies, analyze results and apply applicable adjustments
Review appraisal values after adjustments
Review Income models for appropriate categories

Business Personal Property

Process dealer declarations to establish values. Notify tax assessor /collector's office of dealers failing to file or late filing of declaration for penalty collection per interlocal agreement.
Review of vehicle information and FAA records from vendors

Process Renditions

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

MARCH 2024

Residential

Sales Verification

Prepare ratio studies, analyze results and apply applicable adjustments

Review appraisal values after adjustments

Prepare final ratio studies

Finalize reappraisal process and values

Quality Control of real property data

Commercial

Sales Verification

Prepare ratio studies, analyze results and apply applicable adjustments

Review appraisal values after adjustments

Prepare final ratio studies

Finalize reappraisal process and values

Quality Control of real property data

Business Personal Property

Process Renditions

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

APRIL 2024

Residential

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Prepare for ARB hearings

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Informal value discussions with property owners

Prepare for ARB hearings

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April 30 deadline to file annual exemption applications including but not limited to Abatement, Freeport and Goods in Transit

April 30 deadline to file agricultural special valuation applications

April 30 deadline to file Application for Interstate Allocation of Value

Real property data to vendor for printing of appraisal notices

Target April 15, 2024 – real property notices mailed

Target April 24, 2024 personal property notices mailed for property rendered by April 15th deadline and those that did not render and did not request extension

Target April 15, 2024 – mineral notices mailed by Pritchard & Abbott

Preliminary values to taxing jurisdictions by April 30th

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

MAY 2024

Residential

Informal value discussions with property owners

Prepare evidence for ARB hearings

Commercial

Informal value discussions with property owners

Prepare evidence for ARB hearings

Business Personal Property

May 16 Extension deadline for business personal property renditions

Personal property rendition review complete for renditions filed by May 15th extension

Quality control of personal property data

Informal value discussions with property owners

Prepare evidence for ARB hearings

Target May 24, 2024 for remaining personal property notices mailed for property requesting May 15th extension deadline

May 30, 2024 additional 15-day deadline for personal property rendition if granted for good cause

Chief Appraiser submits appraisal records to the ARB

Target May 15, 2024 last day to protest real property and mineral property

Impose penalty for failure to file, late filing of BPP renditions

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

JUNE 2024

Residential

Informal value discussions with property owners
Prepare and present evidence at ARB hearings

Commercial

Informal value discussions with property owners
Prepare and present evidence at ARB hearings

Business Personal Property

Informal value discussions with property owners
Prepare and present evidence at ARB hearings

Target hearings to begin in late May or early June. Hearings for protests scheduled throughout the month and into July as needed

Ownership and legal description data maintenance per recorded deeds, plats and other legal documents filed for record with the Wichita County Clerk and Wichita District Clerk offices

JULY 2024

ARB hearings

Target July 18, 2024 last day for ARB hearings

Target July 22, 2024 ARB quorum meeting

July 25, 2024 Deadline to certify appraisal roll to taxing units

EXHIBITS

2023

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
58	TIA	331	327
25	TIA	535	500
25C	TIA	456	443
25D	TIA	30	26
25E	TIA	25	25
25FP	TIA	309	305
20	TIA	35	35
21	TIA	215	218
21A	TIA	104	77
103	TIA	151	142
97	TIA	41	41
42	TIA	169	169
45	TIA	91	88
38	TIA	82	81
46	TIA	257	257
46A	TIA	144	148

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
8	WG	255	253
9	WG	178	178
42M	WG	281	281
42B	WG	240	240
39	WG	56	56
93	WG	232	214
35	WG	54	54
48	WG	98	98
44	WG	72	72
88A	WG	60	52
88B	WG	67	66
32	WG	42	41
30	WG	130	127
91	WG	55	55
112	WG	178	121
106	WG	106	38
10	WG	113	110
22	WG	176	176
23	WG	118	111
25A	WG	346	341
114	WG	44	44

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
59	RC	170	167
60	RC	110	108
61	RC	150	141
62	RC	438	431
63	RC	123	120
63A	RC	359	354
63B	RC	110	108
63C	RC	218	215
64	RC	123	120
72	RC	312	297
73	RC	113	113
75	RC	103	103
27	RC	446	427
26	RC	133	133

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
19	SR	46	46
19XX	SR	13	13
33	SR	438	438
33N	SR	438	433
37	SR	110	99
103A	SR	163	148
18	SR	202	179
47	SR	240	228
76	SR	82	71
100	SR	70	57
28	SR	442	442
17	SR	312	310
17A	SR	264	227
87	SR	37	27
90	SR	65	61

2024

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
81	TIA	351	336
81A	TIA	135	145
82	TIA	84	84
82A	TIA	94	93
82B	TIA	24	24
83	TIA	131	129
83A	TIA	8	10
84A1	TIA	142	144
84A2	TIA	30	30
13	TIA	212	202
14	TIA	40	40
15	TIA	80	77
95	TIA	77	77
68	TIA	300	279
111	TIA	598	535
11	TIA	49	46
55	TIA	299	305

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
102	WG	256	211
102A	WG	32	32
102B	WG	47	47
94	WG	23	23
99	WG	28	21
52	WG	54	48
52A	WG	59	56
52B	WG	15	15
52C	WG	39	7
52D	WG	205	194
52E	WG	40	35
52F	WG	57	48
52G	WG	21	21
67	WG	287	275
88	WG	34	34
89	WG	141	142
56	WG	355	306
66	WG	152	134
65N	WG	662	605
65S	WG	350	329

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
7	RC	93	93
7A	RC	153	149
7B	RC	522	517
49	RC	265	283
49A	RC	10	8
49B	RC	22	18
50	RC	81	81
96	RC	87	87
107	RC	689	456
107xx	RC	19	19
110	RC	499	456
113	RC	387	334

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
65C	SR	997	916
65	SR	573	527
69	SR	350	350
69A	SR	447	360
69B	SR	494	415
108	SR	71	45

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
104	MONTY	233	226
105	MONTY	88	88
105A	MONTY	25	25

Residential Reappraisal

- 2023 Reappraisal
- 2024 Reappraisal

Exhibit A-1c

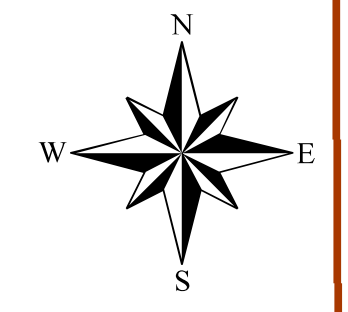
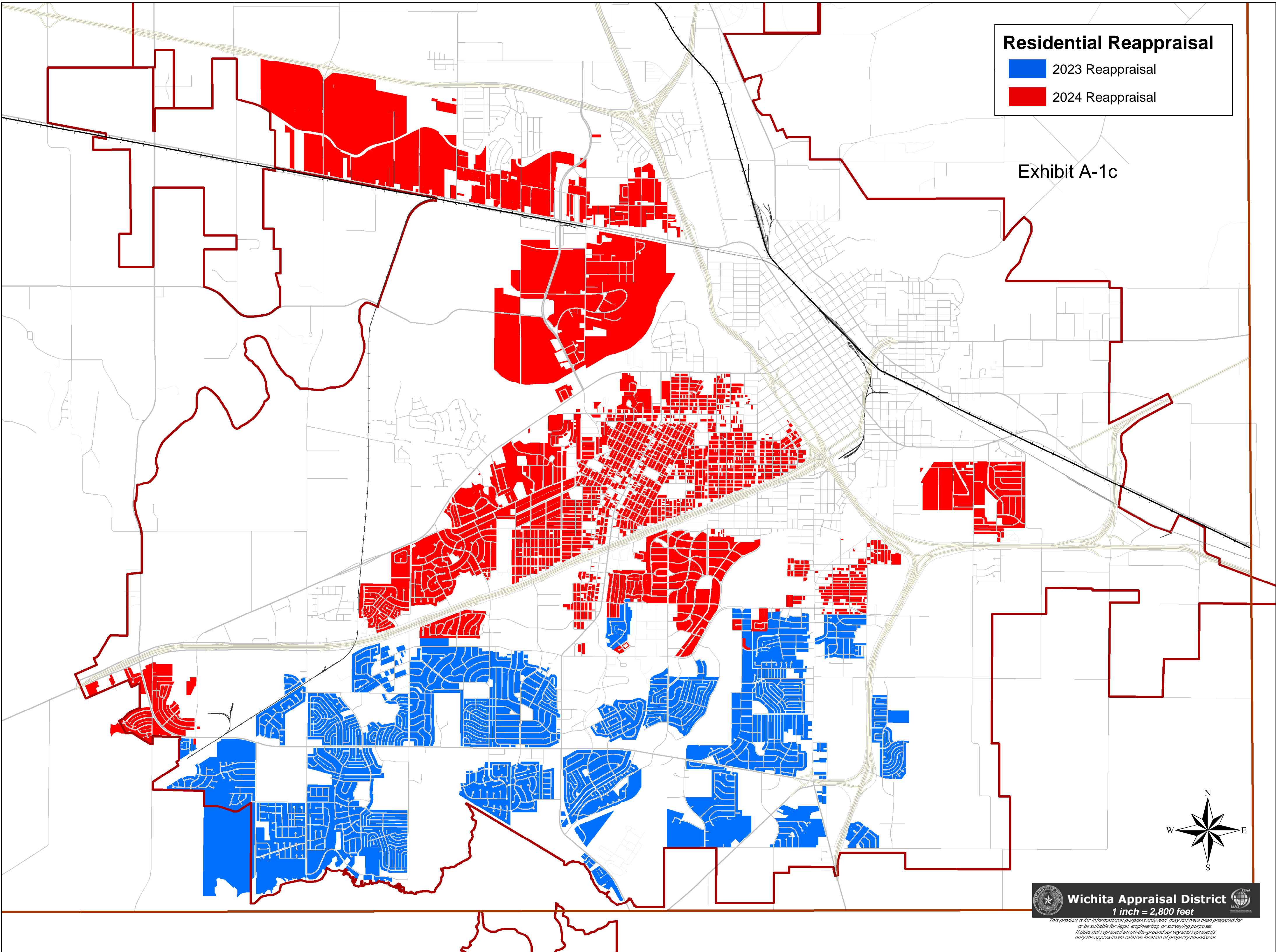


Exhibit A-2a

Aerial

2023

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
82A	TIA	94	93
82B	TIA	24	24
83	TIA	131	129
83A	TIA	8	10
84A1	TIA	142	144
84A2	TIA	30	30
13	TIA	212	202
14	TIA	40	40
15	TIA	80	77
95	TIA	77	77
68	TIA	300	279
111	TIA	598	535
11	TIA	49	46
55	TIA	299	305
600xx	TIA	377	199
600	TIA	898	874
602	TIA	284	265
606	TIA	682	231

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
52E	WG	40	35
52F	WG	57	48
52G	WG	21	21
67	WG	287	275
88	WG	34	34
89	WG	141	142
56	WG	355	306
66	WG	152	134
65N	WG	662	605
65S	WG	350	329
109	WG	32	19
900	WG	253	121
950	WG	134	134
950XX	WG	64	215
950NE	WG	224	220
950NEXX	WG	42	310
950SE	WG	78	77
950SEX	WG	15	231
950SW	WG	297	296

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
49	RC	265	283
49A	RC	10	8
49B	RC	22	18
50	RC	81	81
96	RC	87	87
107	RC	689	456
107xx	RC	19	19
110	RC	499	456
113	RC	387	334
504	RC	43	43
500	RC	1113	923
500A	RC	285	390
500B	RC	125	32
500C	RC	15	15
500E	RC	92	77
507	RC	282	251

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
17	SR	312	310
65	SR	573	527
69	SR	350	350
69A	SR	447	360
69B	SR	494	415
108	SR	71	45
700	SR	2774	1451

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
104	MT	233	226
105	MT	88	88
105A	MT	25	25

Exhibit A-2b

Aerial

2024

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
601	TIA	929	906
603	TIA	68	64
604	TIA	394	288
6	TIA	722	519
6B	TIA	357	217
70A	TIA	254	250
70B	TIA	92	85
605	TIA	51	45
608	TIA	876	422
609	TIA	852	525
609E	TIA	553	292

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
950SWXX	WG	239	17
70	WG	331	318
36	WG	157	128
40	WG	237	156
4A	WG	782	304
4C	WG	588	267
53	WG	249	236
54	WG	264	241
16	WG	159	155
4	WG	919	468
1	WG	378	356
1A	WG	24	24
2	WG	620	611

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
500F	RC	69	66
501	RC	445	435
503	RC	173	153
508	RC	389	362
505	RC	546	510
505A	RC	157	136
505B	RC	25	21
509	RC	576	527
510	RC	952	135
510XX	RC	100	582
511	RC	831	378
512	RC	99	95
513	RC	61	61

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
70C	SR	753	748
71	SR	329	286
4B	SR	717	297
51	SR	626	511
51A	SR	212	199
57	SR	400	386
77	SR	103	89
78	SR	153	148
79	SR	146	137
4D	SR	658	277
3	SR	636	562

Exhibit A-3a

2023 COST CALIBRATION

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
81	TIA	351	336
81A	TIA	135	145
82	TIA	84	84
82A	TIA	94	93
82B	TIA	24	24
83	TIA	131	129
83A	TIA	8	10
84A1	TIA	142	144
84A2	TIA	30	30
13	TIA	212	202
14	TIA	40	40
15	TIA	80	77
95	TIA	77	77
68	TIA	300	279
111	TIA	598	535
11	TIA	49	46
55	TIA	299	305
600xx	TIA	377	199
600	TIA	898	874
601	TIA	929	906
602	TIA	284	265
603	TIA	68	64
604	TIA	394	288
6	TIA	722	519
6B	TIA	357	217
70A	TIA	254	250
70B	TIA	92	85
605	TIA	51	45
606	TIA	682	231
608	TIA	876	422
609	TIA	852	525
609E	TIA	553	292

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
7	SE	93	93
7A	SE	153	149

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
102	WG	256	211
102A	WG	32	32
102B	WG	47	47
94	WG	23	23
99	WG	28	21
52	WG	54	48
52A	WG	59	56
52B	WG	15	15
52C	WG	39	7
52D	WG	205	194
52E	WG	40	35
52F	WG	57	48
52G	WG	21	21
67	WG	287	275
88	WG	34	34
89	WG	141	142
56	WG	355	306
66	WG	152	134
65N	WG	662	605
65S	WG	350	329
109	WG	32	19
900	WG	253	121
950	WG	134	134
950XX	WG	64	215
950NE	WG	224	220
950NEXX	WG	42	310
950SE	WG	78	77
950SEXX	WG	15	231
950SW	WG	297	296
950SWXX	WG	239	17
70	WG	331	318
36	WG	157	128
40	WG	237	156
4A	WG	782	304
4C	WG	588	267
53	WG	249	236
54	WG	264	241
16	WG	159	155
4	WG	919	468
1	WG	378	356

7B	SE	522	517
49	SE	265	283
49A	SE	10	8
49B	SE	22	18
50	SE	81	81
96	SE	87	87
107	SE	689	456
107xx	SE	19	19
110	SE	499	456
113	SE	387	334
504	SE	43	43
500	SE	1113	923
500A	SE	285	390
500B	SE	125	32
500C	SE	15	15
500E	SE	92	77
500F	SE	69	66
501	SE	445	435
503	SE	173	153
508	SE	389	362
505	SE	546	510
505A	SE	157	136
505B	SE	25	21
507	SE	282	251
509	SE	576	527
510	SE	952	135
510XX	SE	100	582
511	SE	831	378
512	SE	99	95
513	SE	61	61

1A	WG	24	24
2	WG	620	611

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
65C	SR	997	916
65	SR	573	527
69	SR	350	350
69A	SR	447	360
69B	SR	494	415
108	SR	71	45
700	SR	2774	1451
70C	SR	753	748
71	SR	329	286
4B	SR	717	297
51	SR	626	511
51A	SR	212	199
57	SR	400	386
77	SR	103	89
78	SR	153	148
79	SR	146	137
4D	SR	658	277
3	SR	636	562

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
104	MONTY	233	226
105	MONTY	88	88
105A	MONTY	25	25
800	MONTY	595	595

Exhibit A-3b

2024 COST CALIBRATION

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
58	TIA	331	327
25	TIA	535	530
25C	TIA	456	443
25D	TIA	30	26
25E	TIA	25	25
25FP	TIA	309	305
20	TIA	35	35
21	TIA	215	218
21A	TIA	104	77
103	TIA	151	142
97	TIA	41	41
42	TIA	169	169
45	TIA	91	88
38	TIA	82	81
600xx	TIA	377	199
600	TIA	898	874
601	TIA	929	906
602	TIA	284	265
603	TIA	68	64
604	TIA	394	288
6	TIA	722	519
6B	TIA	357	217
70A	TIA	254	250
70B	TIA	92	85
605	TIA	51	45
606	TIA	682	231
608	TIA	876	422
609	TIA	852	525
609E	TIA	553	292
46	TIA	257	257
46A	TIA	144	148

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
59	SE	170	167
60	SE	110	108
61	SE	150	141

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
8	WG	255	253
9	WG	178	178
42M	WG	281	281
42B	WG	240	240
39	WG	56	56
93	WG	232	214
35	WG	54	54
48	WG	98	98
44	WG	72	72
88A	WG	60	52
88B	WG	67	66
32	WG	42	41
30	WG	130	127
91	WG	55	55
112	WG	178	121
106	WG	106	38
10	WG	113	110
22	WG	176	176
23	WG	118	111
25A	WG	346	341
114	WG	44	44
109	WG	32	19
900	WG	253	121
950	WG	134	134
950XX	WG	64	215
950NE	WG	224	220
950NEXX	WG	42	310
950SE	WG	78	77
950SEX	WG	15	231
950SW	WG	297	296
950SWXX	WG	239	17
70	WG	331	318
36	WG	157	128
40	WG	237	156
4A	WG	782	304
4C	WG	588	267
53	WG	249	236
54	WG	264	241
16	WG	159	155
4	WG	919	468

62	SE	438	431
63	SE	123	120
63A	SE	359	354
63B	SE	110	108
63C	SE	218	215
64	SE	123	120
72	SE	312	297
73	SE	113	113
75	SE	103	103
27	SE	446	427
26	SE	133	133
504	SE	43	43
500	SE	1113	923
500A	SE	285	390
500B	SE	125	32
500C	SE	15	15
500E	SE	92	77
500F	SE	69	66
501	SE	445	435
503	SE	173	153
508	SE	389	362
505	SE	546	510
505A	SE	157	136
505B	SE	25	21
507	SE	282	251
509	SE	576	527
510	SE	952	135
510XX	SE	100	582
511	SE	831	378
512	SE	99	95
513	SE	61	61

1	WG	378	356
1A	WG	24	24
2	WG	620	611

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
19	SR	46	46
19XX	SR	13	13
33	SR	438	438
33N	SR	438	433
37	SR	110	99
18	SR	202	179
103A	SR	163	148
47	SR	240	228
76	SR	82	71
100	SR	70	57
28	SR	442	442
17	SR	312	310
17A	SR	264	227
87	SR	37	27
90	SR	65	61
700	SR	2774	1451
70C	SR	753	748
71	SR	329	286
4B	SR	717	297
51	SR	626	511
51A	SR	212	199
57	SR	400	386
77	SR	103	89
78	SR	153	148
79	SR	146	137
4D	SR	658	277
3	SR	636	562

NBHD	APP	TOTAL ACCTS	IMPR ACCTS
800	MONTY	595	595

Exhibit A-4

NEIGHBORHOOD SUMMARY

NEIGHBORHOOD # Appraiser
 Date

NEIGHBORHOOD NAME:

A 1 IMPROVED PROPERTIES TYPICAL DAYS ON THE MARKET

MEDIAN AGE: 1951 SAMPLE SIZE: 20 SALES (5% SAMPLE)

MEDIAN SIZE: 1,190 SF

CONDITION	< POOR	POOR	FAIR	AVG	GOOD	EXCELLENT
COUNT		1	23	337	28	

TIME ADJUSTMENT (YES OR NO): IF YES, MONTHLY RATE:

RANGE OF SALE DATES:

SALE PRICE RANGE: W03 - FAIR: \$50,000
 W03 - AVG: \$60,000'S TO LOW \$100,000'S
 W03 - GOOD: \$80,000'S TO MID \$100,000'S

W04 - AVG: MID \$70,000'S
 W04 - GOOD: UPPER \$130,000'S

VALUE RANGE: W03 - FAIR: \$40,000 TO \$70,000 APPROXIMATELY
 W03 - AVG: \$50,000 TO LOW \$100,000'S
 W03 - GOOD: \$80,000 TO MID \$100,000'S

W04 - AVG: MID \$70,000'S TO MID \$100,000'S
 W04 - GOOD: LOW \$100,000'S TO MID \$100,000'S

MEDIAN VALUE:

RATIO STUDY RESULTS

MEDIAN	WEIGHTED MEAN	AVG MEAN	COD	PRD
1.0038	0.9991	1.0139	9.8426	1.0148

NEIGHBORHOOD SUMMARY

NEIGHBORHOOD SUMMARY/OBSERVATIONS:

A 3% trend adjustment that was used in 2021 was removed prior to the start of the neighborhood analysis.

The lots were reappraised for 2022. Most of the lot values were increased in value by \$1,500 up to a total lot value of \$7,000.

Value Changes: W03 - Fair: 13% to 15% value increase (\$5,000 - \$6,000 increase approximately)
W03 - Avg: 15% to 25% value increase (\$5,000 to \$15,000 increase approximately)
W03 - Good: 25% value increase (\$15,000 to \$25,000 increase approximately)

W04 - Avg: 20% to 25% value increase (\$15,000 to \$25,000 increase approximately)
W04 - Good: Slightly under 20% value increase (\$20,000 to \$25,000 increase appx)

Mass Appraisal Model Mathematical Specifications

Residential Real Property

$$\text{Value} = \{SF * [(SFC + RA) * SA * UCCM * UCLM * RFF]\} + (AC \# \text{ Units} * \$\text{per unit}) * AF\% * (\%G \text{ base} * \%G \text{ physical} * \%G \text{ functional} * \%G \text{ economic} * \%G \text{ Size} * \%G \text{ other}) * \% \text{Adjustment}$$

Where:

SF = total square footage area of main area of the improvements

SFC = base cost per square foot of improvement with regard to physical characteristics of type and quality of construction

RA = adjustments to base cost for variations in construction materials

AC = additional cost for features that contribute to value – based on the number of units times the cost per unit

SA = size adjustment developed from Marshall & Swift Floor Area / Perimeter Multipliers

UCCM = the Current Cost Multiplier for the period from Marshall & Swift, Sec 99

UCLM = the Local Multiplier for the region from Marshall & Swift, Section 99

RFF = adjustment to recognize economy to scale of structure with multiple floors

AF% = multiplier to adjust model cost to more accurately reflect current local cost

%G base = percent good factor (1 minus percent of depreciation) specific for the economic life expectancy and condition of the improvement – based on information on typical building life and depreciation for commercial properties from Marshall & Swift, Section 97

%G physical = adjustment to consider observed physical deterioration not recognized in the base percent good

%G functional = adjustment to consider observed functional obsolescence not recognized in the base percent good

%G economic = adjustment to consider observed economic obsolescence not recognized in the base percent good

%G size = adjustment to consider the effect of the market forces of supply and demand due to the size of the improvement not recognized by the base percent good

%G other = adjustment to consider the effect of the market forces of supply and demand due to reasons not recognized by the base percent good or any other of the specific percent good adjustments

%Adjustment = based on findings of a sales ratio analysis, comparable sold properties, or other statistical test to trend the values produced by the model the model to more closely approximate the value of recently sold properties.

EXHIBIT B-1 a

2023 Commercial and Business Personal Property Appraisal Schedule Field Inspect & Office Review (Pictometry)

Office or Field	Code	Neighborhood Name	Appraiser	# of RE Accounts	RE Visual	RE Updated	Total RE Completed	Start Date	Complete Date	% Completed	# of BPP Accounts	BPP # Completed	% Completed
Field	354R	Burkburnett Rural	EB	38						0.00%	79		0.00%
Field	305R	WF Rural East	CC	83						0.00%	88		0.00%
Field	310R	WF Rural West	LD	170						0.00%	120		0.00%
Field	367	Iowa Park City	BP	311						0.00%	177		0.00%
Office	367	Iowa Park City	EB	265						0.00%			
Office	301E	WF East	DK	815						0.00%			
Office	302	WF South	CC	498						0.00%			
Office	310R	WF Rural West	LD	170						0.00%			
Office	354R	Burkburnett Rural	LD	38						0.00%			
Field	BL	Building List Inspections	EB/CC/LD	135						0.00%	1116		0.00%

Appraisers will update on a weekly basis

Appraiser assigned to neighborhood will complete real and all BPP inspections.

BL - Visual inspections of BPP are performed on Specific accounts linked to Real Accounts

Real Accounts for BL are as follows:

159569	123567
159518	125369
159508	146216
159520	

EXHIBIT B-1b

2024 Commercial and Business Personal Property Appraisal Schedule Field Inspect & Office Review (Pictometry)

Office or Field	Code	Neighborhood Name	Appraiser	# of RE Accounts	RE Visual	RE Updated	Total RE Completed	Start Date	Complete Date	% Completed	# of BPP Accounts	BPP # Completed	% Completed
Field	308C	Kemp & Kell Corridor	EB	400						0.00%	368		0.00%
Field	308	Kell South	CC	645						0.00%	327		0.00%
Field	301E	Kell North	LD	829						0.00%	445		0.00%
Field	354	Burkburnett City	BP	461						0.00%	564		0.00%
Office	302C	Jacksboro Hwy Corridor	CC	172						0.00%			
Office	367R	Iowa Park Rural	LD	158						0.00%			
Office	301M	Medical District	EB	170						0.00%			
Office	360	Electra City	BP	318						0.00%			
Office	360R	Electra Rural	BP	37						0.00%			
Field	BL	Building List Inspections	ALL	53						0.00%	758		0.00%

Appraisers will update on a weekly basis

Appraiser assigned to neighborhood will complete real and all BPP inspections.

BL - Visual inspections of BPP are performed on Specific accounts linked to Real Accounts

Real Accounts for BL are as follows:

159569	123567
159518	125369
159508	146216
159520	

Exhibit B-1c

Commercial Reappraisal

- 2023 Field Review
- 2023 Office Review
- 2024 Field Review
- 2024 Office Review

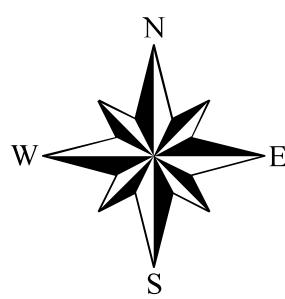
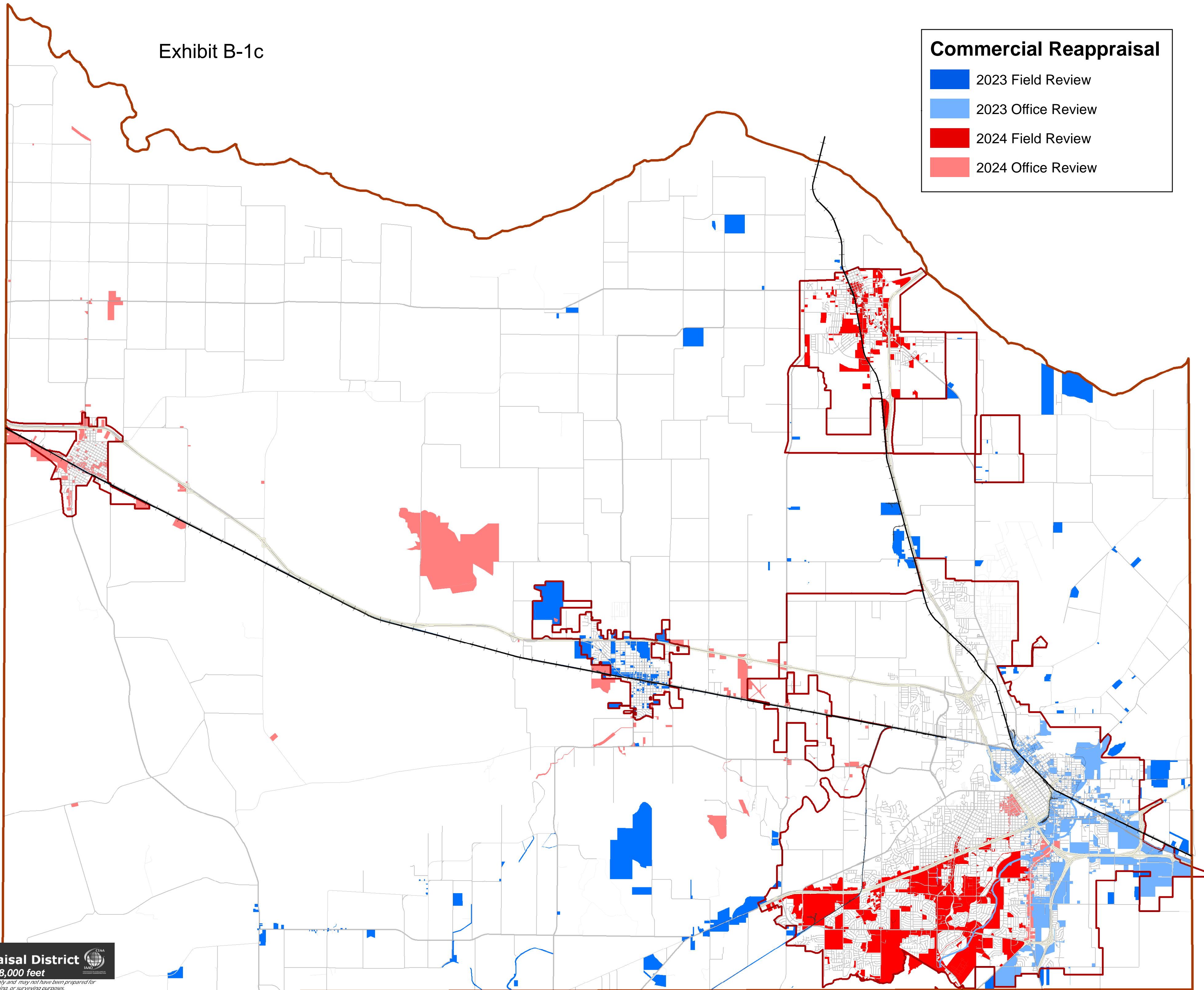


EXHIBIT B-2a

2023 Schedule of Accounts for Statistical Analysis Commercial

	# of RE Accounts	Total RE Completed	Start Date	Complete Date	% Completed	Appraiser	Code	Neighborhood Name
Stat Analysis	168				0.00%	EB	301M	Medical District
Stat Analysis	170				0.00%	CC	302C	Jacksboro Hwy Corridor
Stat Analysis	503				0.00%	EB	306	WF North
Stat Analysis	151				0.00%	LD	306C	I-44 Corridor
Stat Analysis	600				0.00%	CC	308	Kell South
Stat Analysis	385				0.00%	EB	308C	Kemp & Kell Corridor
Stat Analysis	323				0.00%	BP	360	Electra City
Stat Analysis	40				0.00%	BP	360R	Electra Rural
Stat Analysis	151				0.00%	LD	367R	Iowa Park Rural
Stat Analysis	829				0.00%	LD	301E	WF East
Stat Analysis	566				0.00%	CC	302	Wf South
Stat Analysis	658				0.00%	BP	301DT	Wichita Falls CBD
Stat Analysis	546				0.00%	LD	309	Kell North
Stat Analysis	442				0.00%	BP	354	Burkburnett City

Exhibit B-2b

2024 Schedule of Accounts for Statistical Analysis Commercial

	# of RE Accounts	Total RE Completed	Start Date	Complete Date	% Completed	Appraiser	Code	Neighborhood Name
Stat Analysis	171				0.00%	CC	302C	Jacksboro Corridor
Stat Analysis	169				0.00%	EB	301M	Medical District
Stat Analysis	828				0.00%	LD	301E	WF East
Stat Analysis	158				0.00%	LD	306C	I-44 Corridor
Stat Analysis	47				0.00%	EB	354R	Burkburnett Rural
Stat Analysis	658				0.00%	BP	301DT	W F Downtown
Stat Analysis	317				0.00%	BP	360	Electra City
Stat Analysis	37				0.00%	BP	360R	Electra Rural
Stat Analysis	188				0.00%	LD	310R	Wichita Falls Rural West
Stat Analysis	274				0.00%	BP	367	Iowa Park City
Stat Analysis	75				0.00%	CC	305R	Wichita Falls Rural East
Stat Analysis	516				0.00%	EB	306	W F North
Stat Analysis	645				0.00%	CC	302	W F South

Wichita Appraisal District - Commercial Department
2022 Reappraisal

Neighborhood: (301DT)
Narrative Report

Identification:

Neighborhood 301DT consists of 657 properties of which 551 are commercial improved, 16 are appraised through income models. The area is south eastern area of the Wichita Falls city limits.

Market Area and Characteristics:

301DT—Known as the Downtown Area. This area is recognized by the city of Wichita Falls as the Central Business District. The northern border is the Wichita River. The Eastern border is the railroad tracks. The southern border is Kell Blvd. The western border is the centerline of Holliday Ave. This area has changed over the years from the retail center of the City to more service-related businesses. The economic factors are older buildings that are in a secondary use. There is a revitalization happening which has caused more businesses to move into area and the smaller buildings are beginning to be repurposed. The office towers are not able to replenish the loss of occupancy and there is not a market for or a secondary use for them. This creates an additional economic factor for the office towers.

Subsets (Market Adjustment Groups):

See Summary Report and Data Sheet for Adjustments.

Time Range for Comparable Sales:

Wichita County has approximately 4600 improved properties to arrive at a statistically valid amount of sales (5%) the research is extended back to January of 2017. See below for how sales were time adjusted to current.

Time Adjustment Study:

The time adjustment study consists of all sold properties with verified sales information from 01-01-2017 to 02-01-2022. The time adjustment on a monthly basis is 0.400 percent.

Method for Selection of Comparables:

The comparable sale analysis looked at the sales in the neighborhood and determined there were a sufficient number of sales to use the neighborhood analysis for average and fair condition properties. The newer average condition properties and the good condition

use the age study. The poor condition properties use the county market adjustment. The parking garages had no sales and the market adjustment was interpolated.

Pre-Ratio Study Findings:

The median is 1.121, the COD is 12.869, and the PRD is 1.006. The market adjustment for fair property was adjusted no other market adjustments were updated. This should make the measures of central tendency tighter and bring all measure within the acceptable ranges.

Gain Loss Results:

There is a total of 551 properties with improvements. There are a total of 106 land only accounts. The overall property values for the neighborhood increased by 14.67%. The taxable market values increased by 11.97%. There are several properties which have been remodeled or currently being remodeled. The neighborhood was reappraised from physical inspections.

Final Ratio Study Findings:

The final ratio study measures of central tendency. The median is 0.994, the COD is 11.722, and the PRD is 1.019. By applying the market adjustments all measures of central tendency are all within acceptable ranges.

Exhibit B-3b

Wichita Appraisal District
Commercial Department
Reappraisal Summary Report

Work File Location	x:\commercial appraisal\reappraisal 2022\301DT
--------------------	--

Region/Neighborhood	301DT
---------------------	-------

Reappraisal Year	2022
------------------	------

Appraiser	BP
-----------	----

Date Completed	03/07/22
----------------	----------

Adjustments	Condition	Year	Market Adjustment	2021 MA
	<Poor	All	0.19	0.19
	Poor	All	0.28	0.30
	Fair	All	0.47	0.51
	Average	< 2000	0.72	0.84
	Average	2000-2015	0.75	0.84
	Good	2000-2015	0.85	0.90
		2017	0.96	0.96
		2019	0.98	1.00
	FIMA		0.46	0.49
	FIMA		0.63	0.63
	J5		0.57	0.61
	Parking Garage	Fair	0.35	0.37

Ratio Study Information:

Between 0.95 - 1.05
Recommended <20.00
Between 0.98 - 1.03

Pre Ratio Study	
Median	1.121
COD	12.869
PRD	1.006
WTD Mean	1.115
Min. Ratio	0.728
Max. Ratio	1.579

Final Ratio Study	
Median	0.994
COD	11.722
PRD	1.019
WTD Mean	0.979
Min. Ratio	0.720
Max. Ratio	1.366

Total 657
Land Only 106

Region Recap	
Number of Props	551
Number of Sales	22
% of Total Sold	3.99%

TOTAL GAIN LOSS	
Last Yr Value	243,564,473
This Yr Value	279,288,181
Percent Change	14.67%

NON EXEMPT GAIN LOSS	
Last Yr Value	66,358,058
This Yr Value	74,302,950
Percent Change	11.97%

EXEMPT GAIN LOSS	
Last Yr Value	177,206,415
This Yr Value	204,985,231
Percent Change	15.68%

Work File Documentation	
Document	Date
Pre Gain Loss	02/28/22
Sales & Market Adjustments	03/01/22
Apply new MA's	03/01/22
MA QC	03/02/22
Final Ratio Study	03/02/22
Final Gain Loss	03/07/22
Reapp. Narrative Report	03/07/22
Reapp. Summary Report	03/07/22
County Wide Adjustments	02/28/22

WAD Cost Hybrid Mass Appraisal Model

$$\text{Value} = [(SF * (BC * LM * SM) + (AC \#Units * \$per Unit) * AF\%)(\%G \text{ base} * \%G \text{ physical} * \%G \text{ functional} * \%G \text{ economic} * \%G \text{ size} * \%G \text{ other}) * \% \text{ Adjustment}] + LV$$

Where:

- SF = square footage area of main area of the improvement
- BC = base cost of improvement with regard to physical characteristics of type and quality of construction
- LM = local multiplier – the factor that adjusts the base cost developed from the Cost Manuals to local market cost using information obtained from area builders.
- SM = size modifier developed for Marshall & Swift Floor Area / Perimeter Multipliers
- AC = additional cost for features that contribute to value – based on the number of units times the cost per unit
- AF% = multiplier to adjust model cost to more accurately reflect current local cost
- %G base = percent good factor (1 minus percent of depreciation) specific for the economic life expectancy and condition of the improvement – based on information on typical building life and depreciation for commercial properties from Marshall & Swift, Section 97
- %G physical = adjustment to consider observed physical deterioration not recognized in the base percent good
- %G functional = adjustment to consider observed functional obsolescence not recognized in the base percent good
- %G economic = adjustment to consider observed economic obsolescence not recognized in the base percent good
- %G size = adjustment to consider the effect of the market forces of supply and demand due to the size of the improvement not recognized in the base percent good
- %G other = adjustment to consider the effect of the market forces of supply and demand due to reasons not recognized by the base percent good or any other of the specific percent good adjustments

Exhibit C-1

Mass Appraisal Model Mathematical Specifications BPP

Business Personal Property (Density Schedule)

Value = (Q * price per unit) * (% good factor)

Where:

Q = Quantity (of the selected unit of measure)

% good factor= [(100-physical + functional + economic)/100]

physical= adjustment to consider observed physical deterioration

functional = adjustment to consider observed functional obsolescence

economic = adjustment to consider observed economic obsolescence

Business Personal Property (Ranking Table)

Value= (Median or mode of 1:X * ADJ)

Where:

Median or mode = the appraiser judgment of the measure of central tendency necessary to reflect the most probable sales price of the subject property.

1:X= selected number of comparable properties.

ADJ= the change in value based on physical characteristic differences that effect value.

Business Personal Property (Asset Manager)

Value = (H * PVF)

Where:

H = Historical cost provided by the property owner directly from their rendition.

PVF = present value factor (the PVF used, takes into consideration the cost trending factor, all forms of obsolescence, the age and age life of the assets, and the type or category of the assets provided.) The asset categories typically used are a part of the rendition and can be found on the (Pacserver\ibm) at X:\BUSINESS PERSONAL PROPERTY APPRAISAL(current year)\PVF named WEBSITE PVF (current year) .

INCOME APPROACH

A modified formula from the income approach can be utilized to calculate the value of leased equipment.

$$\text{Formula: } V = [I \text{ AF}] [1 + S (\text{PWF})]$$

Elements of formula:

V = Market value of the use item

I = Annual net income produced by the item

AF (Annuity Factor) = Present worth of \$1. per period (Present value of an ordinary annuity)

PWF (Present Worth Factor) = Present worth of \$1. (Present value of reversion of 1) (Discount Factor)

S = Salvage value percentage

Example:

I = \$35,000 (NOI)

Annuity Factor = 3.7845

Present Worth Factor = .4803

S = Salvage Value Percentage

$$V = [I \text{ AF}] [1 + S (\text{PWF})]$$

Present worth of the income stream - Value = Income [Annuity Factor]

$$\text{Value} = \$35,000 \times 3.7845$$

$$\text{Value} = \$132,458$$

The salvage factor, using PWF -

$$\text{Salvage} = 1 + [\text{Salvage \%} \times \text{PWF}]$$

$$\text{Salvage} = 1 + [(.20) (.4803)]$$

$$\text{Salvage} = 1.0961$$

Multiplying the present value of the income stream times the salvage factor gives the estimated market value -

$$V = \$132,458 \times 1.0961 = \underline{\underline{\$145,187}}$$

S.B. 1652* BIENNIAL REAPPRAISAL PLAN

**FOR THE ANNUAL APPRAISAL FOR
AD VALOREM TAX PURPOSES OF
MINERAL, INDUSTRIAL, UTILITY AND
RELATED PERSONAL PROPERTY**

For Tax Years:

2023 and 2024**

Originally Printed: July 21, 2022

***This biennial reappraisal plan is largely predicated on the Scope of Work Rule in the most recent version of Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by The Appraisal Foundation's Appraisal Standards Board (ASB). On February 19, 2021, the ASB announced that the 2020-2021 edition of USPAP would be extended for use into 2022. Subsequently, this plan does not have a newer edition of USPAP to draw upon and therefore is substantially similar to the 2021-2022 biennial reappraisal plan.*

*Senate Bill 1652 passed by the Texas Legislature, 79th Regular Session in 2005, amending Section 6.05 of the Texas Property Tax Code, adding Subsection (i) 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 Section 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 for 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."



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POLICY STATEMENT OF PRITCHARD & ABBOTT, INC., ON THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE

Pritchard & Abbott, Inc., (P&A), a privately held company engaged primarily, but not wholly, in the ad valorem tax valuation industry endorses Uniform Standards of Professional Appraisal Practice (USPAP) as the basis for the production of sound appraisals. Insofar as the statutory requirement to appraise groups (or a “universe”) of real and personal property within an established period of time using standardized procedures—and subjecting the resulting appraisals to statistical measures—is the definition of mass appraisal, P&A subscribes to USPAP Standards 5 and 6 (Mass Appraisal, Development and Reporting) whenever applicable in the development and defense of values. When circumstances clearly dictate the use of single property appraisal procedures, P&A adheres to the spirit and intent of the remaining USPAP Standards within all appropriate, practical, and/or contractual limitations or specifications.

A biennial reappraisal plan is, at its core, a discussion of the CAD’s intended implementation of the Scope of Work Rule in USPAP. This plan provides general information about this rather comprehensive USPAP rule, as well as the specific steps P&A takes in the actual appraisal of various property types per our contractual obligations. This Biennial Reappraisal Plan should not be confused or conflated with an “appraisal manual” or other “how-to” guide which may or may not exist within P&A for any particular property type we appraise.

This reappraisal plan discusses a few other USPAP rules that interact with the Scope of Work Rule, such as the Ethics Rule, the Record Keeping Rule, and Jurisdictional Exception Rule. For further information regarding other sections of USPAP, including the Competency Rule, definitions, and appraisal reports, please reference P&A’s “USPAP report” which accompanies our appraisals and supporting documentation provided to clients per Property Tax Code, Sec. 25.01(c) at the completion of each tax year. ***An appraisal season thus begins with an appraisal plan (approved by the CAD’s Board of Directors) and ends with appraisal reports.*** Providing these reports is definitely part of the plan. Likewise, much of the verbiage in the “USPAP report” is a reiteration of the Biennial Reappraisal Plan.

USPAP defines “appraisal” as the act or process of developing an opinion of value or pertaining to appraising and related functions such as appraisal practice or appraisal services. Valuation services is defined as services pertaining to an aspect of property value, regardless of the type of service and whether it is performed by appraisers or by others. The USPAP definition of “appraiser” is one who is expected to perform valuation services competently and in a manner that is ***independent, impartial, and objective***. USPAP Advisory Opinion 21: *USPAP Compliance* states that this expectation (by clients and intended users of appraisal reports) is the basis that creates an ethical obligation to comply with USPAP, even if not legally required. Advisory opinions do not establish new standards or interpret existing standards, but instead are issued to illustrate the applicability of appraisal standards in specific situations.

The majority of property types that P&A typically appraises for ad valorem tax purposes are categorized as unique, complex, and/or “special purpose” properties (mineral interests, industrial, utility, and related personal property). These categories of properties do not normally provide sufficient market data of reliable quality and/or quantity to support the rigorous use of all USPAP-prescribed mass appraisal development mandates (Standard 5: Mass Appraisal, Development), particularly with regards to some, but not all, of the *model calibration* and *statistical performance testing* confines. However, P&A does strive to employ all or most elements of mass appraisal techniques with regards to the *definition* and *identification of property characteristics* and *model specification* and application.

Per USPAP Advisory Opinion 32: *Ad Valorem Property Tax Appraisal and Mass Appraisal Assignments*, in the

interests of equity, the scope of work in mass appraisal assignments for ad valorem taxation can include consideration of appraisal level (the overall proximity between appraised values and actual prices) and the uniformity of property values (equity within groups of like properties). The appraiser is responsible for recognizing when the concepts of appraisal level and appraisal uniformity are necessary for credible assignment results in a mass appraisal assignment for ad valorem taxation.

Residential real estate property appraisers most frequently apply mass appraisal methods within the sales comparison (market) approach to value. Through the use of standardized data collection (i.e., actual market sales), specification and calibration of mass appraisal models, tables, and schedules are possible. Through ratio study analysis and other performance measures, a cumulative summary of valuation accuracy can thus be produced in order to calibrate the appraisal model(s). Where sufficient data of reliable quality exists, mass appraisal is also used for other types of real estate property such as farms, vacant lots, and some commercial uses (e.g., apartments, offices, and small retail).

Regarding mass appraisal reports due the client and other intended users per USPAP (Standard 6 (Mass Appraisal, Reporting), a written report of the mass appraisal as described in Standards 6-2 is not provided for each individual property. An individual property record or worksheet may describe the valuation of the specific property after the application of the mass appraisal model. To understand the individual property result developed in a mass appraisal requires the examination of all the information and analysis required by Standards 6-2.

P&A will clearly state or otherwise make known all extraordinary assumptions, hypothetical conditions, limitations imposed by assignment conditions, and/or jurisdictional exceptions in its appraisal reports as they are conveyed to our clients. ***Intended users of our reports are typically the client(s) for which we are under direct contract.*** Although taxpayers or their agents who own and/or represent the subject property being appraised often receive these reports either by law or as a courtesy of the client or P&A, this receipt does not mean these parties automatically become Intended Users as defined by USPAP. ***A party receiving a copy of a report in order to satisfy disclosure requirements does not become an intended user of the appraisal or mass appraisal unless the appraiser specifically identifies such party as an intended user.*** Potential other users include parties involved in adjudication of valuation disputes (review board members, lawyers, judges, etc.), governmental agencies which periodically review our appraisals for various statutory purposes (such as the Texas Comptroller's Office) and private parties who may obtain copies of our appraisals through Open Records Requests made to governmental agencies.

USPAP does not currently address communications of assignment results prior to completion of the assignment, thus such communications have no requirements other than to comply with the general requirements in the Ethics Rule, the Competency Rule, and the Jurisdictional Exception Rule. The client and all intended users should be aware that mass appraisals, as opposed to most "fee" appraisals, are somewhat inherently "limited" versus "complete" and that appraisal reports, unless otherwise contracted for by the client, will most often be of a "restricted" nature whereas explanations of appraisal methods and results are more concise versus lengthy in order to promote brevity, clarity, and transparency to the intended user(s).

Per USPAP, the appropriate reporting option and level of information in a report are dependant on the intended use and the intended users. Although the reporting verbiage in USPAP Standard 6 does not specifically offer or promulgate a "Restricted Appraisal Report" such as in Standard 2 (Real Property Appraisal, Reporting) and Standard 8 (Personal Property Appraisal, Reporting), it should be noted that: a) all mass appraisals and mass appraisal reports deal with real and personal property in some form or fashion; and b) P&A is a private consulting firm, a fact which may necessitate the withholding of certain data and/or appraisal models/techniques which are deemed confidential, privileged and/or proprietary in nature. The use of "limited" appraisals in conjunction with "restricted" reports in no way implies non-compliance with USPAP. ***The substantive content of a report***

determines its compliance.

P&A believes that, with its vast experience and expertise in these areas of appraisal, all concluded values and reports thereof are credible, competent, understandable, uniform and consistent; and most importantly for ad valorem tax purposes, accomplished in a cost-efficient and timely manner.

Per previous ASB comments under Standard 6-2(b) [*scope of work... special limiting conditions*]:

“Although appraisers in ad valorem taxation should not be held accountable for limitations beyond their control, they are required by this specific requirement to identify cost constraints and to take appropriate steps to secure sufficient funding to produce appraisals that comply with these standards. Expenditure levels for assessment administration are a function of a number of factors. Fiscal constraints may impact data completeness and accuracy, valuation methods, and valuation accuracy. Although appraisers should seek adequate funding and disclose the impact of fiscal constraints on the mass appraisal process, they are not responsible for constraints beyond their control.”

In any event, however, it is not P&A’s intent to allow constraints, fiscal or otherwise, to limit the scope of work to such a degree that the mass appraisal results provided to our clients are not credible within the context of the intended use(s) of the appraisal.

PREAMBLE

The purpose of USPAP is to establish requirements and conditions for ethical, thorough, and transparent property valuation services. Valuation services pertain to all aspects of property value and include services performed by appraisers and other professionals including attorneys, accountants, insurance estimators, auctioneers, or brokers. Valuation services include appraisal, appraisal review, and appraisal consulting. The primary intent of these Standards is to promote and maintain a high level of public trust in professional appraisal practice.

It is essential that professional appraisers develop and communicate their analyses, opinions, and conclusions to intended users of their services in a manner that is meaningful and not misleading. The importance of the role of the appraiser places ethical obligations upon those who serve in this capacity. These USPAP Standards reflect the current standards of the appraisal profession.

These Standards are for both appraisers and users of appraisal services. To maintain a high level of professional practice, appraisers observe these Standards. However, these Standards do not in themselves establish which individuals or assignments must comply. The Appraisal Foundation nor its Appraisal Standards Board is not a government entity with the power to make, judge, or enforce law. Compliance with USPAP is only required when either the service or the appraiser is obligated to comply by law or regulation, or by agreement with the client or intended users. When not obligated, individuals may still choose to comply.

USPAP addresses the ethical and performance obligations of appraisers through Definitions, Rules, Standards, Statements (if any), and Advisory Opinions. USPAP Standards deal with the procedures to be followed in performing an appraisal or appraisal review and the manner in which each is communicated. A brief description of the USPAP Standards are as follows:

- **Standards 1 and 2:** establish requirements for the development and communication of a real property appraisal.
- **Standards 3 and 4:** establishes requirements for the development and communication of an appraisal review.
- **Standards 5 and 6:** establishes requirements for the development and communication of a mass appraisal.
- **Standards 7 and 8:** establish requirements for the development and communication of a personal property appraisal.
- **Standards 9 and 10:** establish requirements for the development and communication of a business or intangible asset appraisal.

Section 23.01(b) [*Appraisals Generally*] of the Texas Property Tax Code states:

“The market value of property shall be determined by the application of generally accepted appraisal methods and techniques. If the Appraisal District determines the appraised value of a property using mass appraisal standards, the mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice...” (underline added for emphasis)

Consequently, USPAP Standards 5 and 6 are assumed to be the applicable standard for ad valorem tax purposes in Texas, if mass appraisal practices are in fact being used to appraise the subject property. USPAP Advisory Opinion 32 suggests several USPAP standards other than Standards 5 or 6 can apply in ad valorem tax work. It appears that an appraiser engaged in ad valorem tax work in Texas is not specifically required by law to follow these USPAP standards if in fact mass appraisal practices have not been used to appraise the subject property. In this case it could be deemed appropriate to invoke the Jurisdictional Exception Rule which is applicable when

there is a contradiction between the requirements of USPAP and the law or regulation of a jurisdiction. Please see the P&A Policy Statement on USPAP as provided elsewhere in this report for a more detailed discussion regarding this matter.

ETHICS RULE

Because of the fiduciary responsibilities inherent in professional appraisal practice, the appraiser must observe the highest standards of professional ethics. This Ethics Rule is divided into three sections:

- Conduct;
- Management;
- Confidentiality.

This Rule emphasizes the personal obligations and responsibilities of the individual appraiser. However, it should be noted that groups and organizations ***which are comprised of individual appraisers engaged in appraisal practice*** effectively share the same ethical obligations. To the extent the group or organization does not follow USPAP Standards when legally required, individual appraisers should take steps that are appropriate under the circumstances to ensure compliance with USPAP.

Compliance with these Standards is required when either the service or the appraiser is obligated by law or regulation, or by agreement with the client or intended users, to comply. ***Compliance is also required when an individual, by choice, represents that he or she is performing the service as an appraiser.***

An appraiser must not misrepresent his or her role when providing valuation services that are outside of appraisal practice.

Honesty, impartiality, and professional competency are required of all appraisers under USPAP Standards. To document recognition and acceptance of his or her USPAP-related responsibilities in communicating an appraisal or appraisal review completed under USPAP, an appraiser is required to certify compliance with these Standards.

CONDUCT

An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.

An appraiser:

- must not perform an assignment with bias;
- must not advocate the cause or interest of any party or issue;
- ***must not accept an assignment that includes the reporting of predetermined opinions and conclusions;***
- must not misrepresent his or her role when providing valuation services that are outside of appraisal practice;
- must not communicate assignment results with the intent to mislead or to defraud;
- must not use or communicate a report or assignment results known by the appraiser to be misleading or fraudulent;
- must not knowingly permit an employee or other person to communicate a report or assignment results that are misleading or fraudulent report;
- must not use or rely on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value;
- must not engage in criminal conduct;

- must not willfully or knowingly violate the requirements of the RECORD KEEPING RULE; and must not perform an assignment in a grossly negligent manner.

If known prior to accepting an assignment, and/or if discovered at any time during the assignment, an appraiser must disclose to the client, and in each subsequent report certification:

- any current or prospective interest in the subject property or parties involved; and
- any services regarding the subject property performed by the appraiser within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.

The appraiser can agree with the client to keep the mere occurrence of a prior appraisal assignment confidential. If an appraiser has agreed with the client not to disclose that he or she has appraised a property, the appraiser must decline all subsequent assignment that fall within the three year period. In assignments in which there is no report, only the initial disclosure to the client is required.

Presumably all parties in an ad valorem tax appraisal will be aware of the ongoing yearly nature of the appraisal assignments performed by valuation consulting firms like Pritchard & Abbott, Inc.—i.e., it will not be confidential—so that this particular conduct instruction is more or less a moot point (regarding the three year period discussed) if the prior service is in fact the ad valorem tax appraisals performed in previous tax years.

MANAGEMENT

The payment of a fee, commission, or a thing of value by the appraiser in connection with the procurement of an assignment must be disclosed. This disclosure must appear in the certification and in any transmittal letter in which conclusions of value are stated; however, the disclosure of the amount paid is not required. Intra-company payments to employees of groups or organizations involved in appraisal practice for business development do not require disclosure.

It is unethical for an appraiser to accept compensation for performing an assignment when it is contingent upon the reporting of a ***predetermined result, a direction in assignment results that favors the cause of the client, the amount of a value opinion, the attainment of a stipulated result***, or the occurrence of a subsequent event directly related to the appraiser's opinions and specific to the assignment's purpose.

Advertising for or ***soliciting assignments in a manner that is false, misleading, or exaggerated*** is unethical. Decisions regarding finder or referral fees, contingent compensation, and advertising may not be the responsibility of an individual appraiser, but for a particular assignment it is the responsibility of the individual appraiser to ascertain that there has been no breach of ethics, that the assignment consulting assignment has been prepared in accordance with USPAP Standards, and that the report can be properly certified when required by USPAP Standards 2-3, 4-3, 6-3, 8-3, or 10-3.

An appraiser must affix, or authorize the use of, his or her signature to certify recognition and acceptance of his or her USPAP responsibilities in an appraisal or appraisal review assignment. An appraiser may authorize the use of his or her signature only on an assignment-by-assignment basis.

In addition, an appraiser must not affix the signature of another appraiser without his or her consent. An appraiser must exercise due care to prevent unauthorized use of his or her signature. However, an appraiser exercising such care is not responsible for unauthorized use of his or her signature.

CONFIDENTIALITY

An appraiser must protect the confidential nature of the appraiser-property owner relationship.

An appraiser must act in good faith with regard to the legitimate interests of the client in the use of confidential information and in the communication of assignment results.

An appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations applicable in an assignment.

An appraiser must not disclose confidential factual data obtained from a property owner to anyone other than:

1. The client;
2. Parties specifically authorized by the client;
3. State appraiser regulatory agencies;
4. Third parties as may be authorized by due process of law; or
5. A duly authorized professional peer review committee except when such disclosure to a committee would violate applicable law or regulation.

An appraiser must take reasonable steps to safeguard access to confidential information and assignment results by unauthorized individuals, whether such information or results are in physical or electronic form. In addition, an appraiser must ensure that employees, coworkers, subcontractors, or others who may have access to confidential information or assignments results, are aware of the prohibitions on disclosure of such information or results.

It is unethical for a member of a duly authorized professional peer review committee to disclose confidential information presented to the committee.

When all confidential elements of confidential information are removed through redaction or the process of aggregation, client authorization is not required for the disclosure of the remaining information, as modified.

RECORD KEEPING RULE

An appraiser must prepare a workfile for each appraisal or appraisal review assignment. A workfile must be in existence prior to the issuance of any report or other communication of assignment results. A written summary of an oral report must be added to the workfile within a reasonable time after the issuance of the oral report.

The workfile must include the name of the client and the identity, by name or type, of any other intended users, and true copies of all written reports, documented on any type of media. (A true copy is a replica of the report transmitted to the client. A photocopy or an electronic copy of the entire report transmitted to the client satisfies the requirement of a true copy.) A workfile must contain summaries of all oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; and all other data, information, and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP, or references to the location(s) of such other data, information, and documentation.

A workfile in support of a Restricted Appraisal Report or an oral appraisal report must be sufficient for the appraiser to produce an Appraisal Report. A workfile in support of an oral appraisal review report must be sufficient for the appraiser to produce an Appraisal Review Report.

An appraiser must retain the workfile for a period of at least *five years after preparation* or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last.

An appraiser must have custody of the workfile, or make appropriate workfile retention, access, and retrieval arrangements with the party having custody of the workfile. This includes ensuring that a workfile is stored in a medium that is retrievable by the appraiser throughout the prescribed record retention period. An appraiser having custody of a workfile must allow other appraisers with workfile obligations related to an assignment appropriate access and retrieval for the purpose of:

- submission to state appraiser regulatory agencies;
- compliance with due process of law;
- submission to a duly authorized professional peer review committee; or
- compliance with retrieval arrangements.

A workfile must be made available by the appraiser when required by a state appraiser regulatory agency or due process of law.

An appraiser who willfully or knowingly fails to comply with the obligations of this Record Keeping Rule is in violation of the Ethics Rule.

SCOPE OF WORK RULE

For each appraisal or appraisal review assignment, an appraiser must:

1. Identify the problem to be solved;
2. Determine and perform the scope of work necessary to develop credible assignment results; and
3. Disclose the scope of work in the report.

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results.

Scope of work includes, but is not limited to:

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

Appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work for an appraisal or appraisal review assignment. Credible assignment results require support by relevant evidence and logic. *The credibility of assignment results is always measured in the context of the intended use.*

PROBLEM IDENTIFICATION

An appraiser must gather and analyze information about those assignment elements that are necessary to properly identify the appraisal, appraisal review or appraisal consulting problem to be solved. The assignment elements necessary for problem identification are addressed in the Standard 6-2:

- client and any other intended users;
- intended use of the appraiser's opinions and conclusions;
- type and definition of value;
- effective date of the appraiser's opinions and conclusions;
- subject of the assignment and its relevant characteristics; and
- assignment conditions.

This information provides the appraiser with the basis for determining the type and extent of research and analyses to include in the development of an appraisal. Similar information is necessary for problem identification in appraisal review and appraisal consulting assignments. Assignment conditions include:

- assumptions;
- extraordinary assumptions;
- hypothetical conditions;
- laws and regulations;
- jurisdictional exceptions; and
- other conditions that affect the scope of work.

SCOPE OF WORK ACCEPTABILITY

The scope of work must include the research and analyses that are necessary to develop credible assignment results. The scope of work is acceptable when it meets or exceeds:

- the expectations of parties who are regularly intended users for similar assignments; and
- what an appraiser's peers' actions would be in performing the same or a similar assignment.

Determining the scope of work is an ongoing process in an assignment. Information or conditions discovered during the course of an assignment might cause the appraiser to reconsider the scope of work. An appraiser must be prepared to support the decision to exclude any investigation, information, method, or technique that would appear relevant to the client, another intended user, or the appraiser's peers.

An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use. In addition, the appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased.

DISCLOSURE OBLIGATIONS

The report must contain sufficient information to allow intended the client and other intended users to understand the scope of work performed. Proper disclosure is required because clients and other intended users may rely on the assignment results. Sufficient information includes disclosure of research and analyses performed or not performed. ***The information disclosed must be appropriate for the intended use of the assignment results.***

Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. ***The appraiser has broad flexibility and significant responsibility in the level of detail and manner of disclosing the scope of work in the appraisal report or appraisal review report.*** The appraiser may, but is not required to, consolidate the disclosure in a specific section or sections of the report, or use a particular label, heading or subheading. An appraiser may choose to disclose the scope of work as necessary throughout the report.

JURISDICTIONAL EXCEPTION RULE

If any applicable law or regulation precludes compliance with any part of USPAP, only that part of USPAP becomes void for that assignment. When compliance with USPAP is required by federal law or regulation, no part of USPAP can be voided by a law or regulation of a state or local jurisdiction. ***When an appraiser properly follows this Rule in disregarding a part of USPAP, there is no violation of USPAP.***

In an assignment involving a jurisdictional exception, an appraiser must:

- identify the law or regulation that precludes compliance with USPAP;
- comply with that law or regulation;
- clearly and conspicuously disclose in the report the part of USPAP that is voided by that law or regulation; and
- cite in the report the law or regulation requiring this exception to USPAP compliance.

The purpose of the Jurisdictional Exception Rule is strictly limited to providing a saving or severability clause intended to preserve the balance of USPAP if one or more of its parts are determined as contrary to law or public policy of a jurisdiction. By logical extension, there can be no violation of USPAP by an appraiser who disregards, with proper disclosure, only the part or parts of USPAP that are void and of no force and effect in a particular assignment by operation of legal authority.

It is misleading for an appraiser to disregard a part or parts of USPAP as void and of no force and effect in a particular assignment without identifying the part or parts disregarded and the legal authority justifying this action in the appraiser's report.

“Law” includes constitutions, legislative and court-made law, and administrative rules (such as from the Office of the Texas Comptroller of Public Accounts) and ordinances. “Regulations” include rules or orders having legal force, issued by an administrative agency. ***Instructions from a client or attorney do not establish a jurisdictional exception.***

A jurisdictional exception prevalent in Texas is that appraisers are seeking to establish “fair market value” as defined by the Texas Property Tax Code instead of “market value” as found in the USPAP definitions section.

USPAP STANDARDS 5 AND 6: MASS APPRAISAL, DEVELOPMENT AND REPORTING (General Discussion)

In developing a mass appraisal, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques necessary to produce and communicate credible mass appraisals.

Standards 5 and 6 apply to all mass appraisals of real and personal property regardless of the purpose or use of such appraisals. It is directed toward the substantive aspects of developing and communicating competent analyses, opinions, and conclusions in the mass appraisal of properties, whether real property or personal property. Standard 5 is directed toward the substantive aspects of developing credible analyses, opinions, and conclusions in the mass appraisal of properties, while Standard 6 addresses the content and level of information required in a report that communicates the results of a mass appraisal. The reporting and jurisdictional exceptions applicable to public mass appraisals prepared for purposes of ad valorem taxation do not apply to mass appraisals prepared for other purposes.

A mass appraisal includes:

- identifying properties to be appraised;
- defining market areas of consistent behavior that applies to properties;
- identifying characteristics (supply and demand) that affect the creation of value in that market area;
- developing (specifying) a model structure that reflects the relationship among the characteristics affecting value in the market area;
- calibrating the model structure to determine the contribution of the individual characteristics affecting value;
- applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
- reviewing the mass appraisal results.

The Jurisdictional Exception Rule may apply to several sections of Standards 5 and 6 because ad valorem tax administration is subject to various state, county, and municipal laws.

As previously stated in the P&A Policy Statement (page 2), it may not be possible or practicable for all the mass appraisal attributes listed above to be rigorously applied to the many types of complex and/or unique properties that P&A typically appraises. Often there are contractual limitations on the scope of work needed or required. More prevalently, these types of properties do not normally provide a reliable database of market transactions (or details of transactions) necessary for statistically supportable calibration of appraisal models and review of appraisal results. Generally these two functions are effectively accomplished through annual extended review meetings with taxpayers (and clients) who provide data, sometimes confidentially, that allows for appraisal models to be adjusted where necessary. Nevertheless, and notwithstanding whether P&A implicitly or explicitly employs or reports all attributes listed above, in all cases P&A at the minimum employs tenants of “generally accepted appraisal methods” which are the genesis of USPAP Standards.

Per USPAP guidelines, P&A will make known all departures and jurisdictional exceptions when invoked (if an appraisal method or specific requirement is applicable but not necessary to attain credible results in a particular assignment).

The various sections of Standard 5 (development of mass appraisal) and Standard 6 (communication of the mass appraisal results) are briefly summarized below:

- **Standard 5-1:** Establishes the appraiser’s technical and ethical framework. Specifically, appraisers must recognize and use established principles, methods and techniques of appraisal in a careful manner while not committing substantial errors of fact or negligence that would materially affect the appraisal results and not give a credible estimate of fair market value. To this end appraisers must continuously improve his or her skills to maintain proficiency and keep abreast of any new developments in the real and personal property appraisal profession. This Standards does not imply that competence requires perfection, as perfection is impossible to attain. Instead, it requires appraisers to employ every reasonable effort with regards to due diligence and due care.
- **Standard 5-2:** Defines the introductory framework requirements of developing a mass appraisal, focusing on the identification and/or definition of: client(s), intended users, effective date, appraisal perspective, scope of work, extraordinary assumptions, hypothetical conditions, the type and definition of value being developed (typically “fair market value” for ad valorem tax purposes), characteristics of the property being appraised in relation to the type and definition of value and intended use, the characteristics of the property’s market, the property’s real or personal attributes, fractional interest applicability, highest and best use analysis along with other land-related considerations, and any other economic considerations relevant to the property.
- **Standard 5-3:** Defines requirements for developing and specifying appropriate mass appraisal data and elements applicable for real and personal property. For real property, the data and elements include: existing land use regulations, reasonably probable modification of such regulations, economic supply and demand, the physical adaptability of the real estate, neighborhood trends, and highest and best use analysis. For personal property, the relevant data and elements include: identification of industry trends, trade level, highest and best use, and recognition of the appropriate market consistent with the type and definition of value.
- **Standard 5-4:** Further defines requirements for developing mass appraisal models, focusing on development of standardized data collection forms, procedures, and training materials that are used uniformly on the universe of properties under consideration. This rule specifies that appraisers employ recognized techniques for specifying and calibrating mass appraisal models. Model specification is the formal development of a model in a statement or mathematical equation, including all due considerations for physical, functional, and external market factors as they may affect the appraisal. These models must accurately represent the relationship between property value and supply and demand factors, as represented by quantitative and qualitative property characteristics. Models must be calibrated using recognized techniques, including, but not limited to, multiple linear regression, nonlinear regression, and adaptive estimation. Models may be specified incorporating the income, market, and/or cost approaches to value and may be tabular, mathematical, linear, nonlinear, or any other structure suitable for representing the observable property characteristics such as adaptive estimation. Model calibration refers to the process of analyzing sets of property and market data to determine the specific parameters of a model.
- **Standard 5-5:** Defines requirements for collection of sufficient factual data, in both qualitative and quantitative terms, necessary to produce credible appraisal results. The property characteristics collected must be contemporaneous with the effective date of the appraisal. The data collection program should incorporate a quality control procedure, including checks and audits of the data to ensure current and consistent records. This rule also calls for calls for an appraiser, in developing income and expense statements and cashflow projections, to weigh historical information and trends, current market factors affecting such trends, and reasonably anticipated events, such as competition from developments either planned or under construction. Terms and conditions of any leases should be analyzed, as well as the need for and extent of any physical inspection of the properties being appraised.

- **Standard 5-6:** Defines requirements for application of a calibrated model to the property being appraised. This rule calls for: the appraiser to recognize methods or techniques based on the cost, market, and income approaches for improved parcels; the appraiser to value sites by recognized methods or techniques such as allocation method, abstraction method, capitalization of ground rent, and land residual; the appraiser to develop value of leased fee or leasehold estates with consideration for terms and conditions of existing leases, and, when applicable by law, as if held in fee simple whereas market rents are substituted for actual contract rents; the appraiser to analyze the effect on value, if any, of the assemblage of the various parcels, divided interests, or component parts of a property; the appraiser to analyze anticipated public or private improvements located on or off the site, and analyze the effect on value, if any, of such anticipated improvements to the extent they are reflected in market actions.
- **Standard 5-7:** Defines the reconciliation process of a mass appraisal. Specifically, appraisers must analyze the results and/or applicability of the various approaches used while ensuring that, on an overall basis, standards of reasonableness and accuracy are maintained with the appraisal model selected (underline added for emphasis). It is implicit in mass appraisal that, even when properly specified and calibrated models are used, some individual value conclusions will not meet standards of reasonableness, consistency, and accuracy. Appraisers have a professional responsibility to ensure that, on an overall basis, models produce value conclusions that meet attainable standards of accuracy.
- **Standard 6-1:** Defines general requirements of a mass appraisal written report by addressing the level of information required that will allow the report to be non-misleading, clearly understood, and sufficiently qualified with any assumptions and conditions (elements of which are further detailed in the next three sections of this report that discuss P&A appraisal procedures with regards to specific categories of property).
- **Standard 6-2:** Defines specific content required to be included in a mass appraisal written report.
- **Standard 6-3:** Defines the certification of the mass appraisal written report.

The following sections of this report discuss in more detail the various elements of the development of P&A's mass appraisals and associated written reports as required by USPAP Standards 5 and 6, with regards to P&A appraisal of Mineral Interests, Industrial, Utility, Related Personal Property, and Real Estate.

USPAP STANDARDS 5, 6-1, 6-2: MASS APPRAISAL OF MINERAL INTERESTS

INTRODUCTION

Definition of Appraisal Responsibility (Scope of Effort): The Mineral Valuation Department of Pritchard & Abbott, Inc. (“P&A” hereinafter), is responsible for developing credible values for mineral interests (full or fractional percentage ownership of oil and gas leasehold interest, the amount and type of which are legally and/or contractually created and specified through deeds and leases, et.al.) associated with producing (or capable of producing) leases. Mineral interests are typically considered real property because of their derivation from the bundle of rights associated with original fee simple ownership of land. Typically all the mineral interests that apply to a single producing lease are consolidated by type (working vs. royalty) with each type then appraised for full value which is then distributed to the various fractional decimal interest owners prorata to their individual type and percentage amount.

P&A’s typical client is a governmental entity charged with appraisal responsibility for ad valorem tax purposes, although other types of clients (private businesses, individuals, etc.) occasionally contract for appraisal services which are strictly for various non-ad valorem tax purposes so that no conflicts of interest are created with P&A’s core ad valorem tax work.

P&A hereby makes the **assumption** that, in all appraisal assignments performed for governmental entities in satisfaction of contractual obligations related to ad valorem tax , the client does not wish to or cannot legally request the appraisal report not identify the client.

Intended users of our reports are typically the client(s) for which we are under direct contract. Although taxpayers or their agents who own and/or represent the subject property being appraised often receive these reports either by law or as a courtesy of the client or P&A, this receipt does not mean these parties automatically become Intended Users as defined by USPAP. **A party receiving a copy of a report in order to satisfy disclosure requirements does not become an intended user of the appraisal or mass appraisal unless the appraiser specifically identifies such party as an intended user.** Potential other users include parties involved in adjudication of valuation disputes (review board members, lawyers, judges, etc.), governmental agencies which periodically review our appraisals for various statutory purposes (such as the Texas Comptroller’s Office) and private parties who may obtain copies of our appraisals through Open Records Requests made to governmental agencies.

This section of P&A’s USPAP report is not applicable to any mineral or mineral interest property that an appraisal district appraises outside of P&A’s appraisal services, in which case the appraisal district’s overall USPAP report should be referenced.

P&A makes the **Extraordinary Assumption** that all properties appraised for ad valorem tax purposes are marketable whereas ownership and title to property are free of encumbrances and other restrictions that would affect fair market value to an extent not obvious to the general marketplace. If and/or when we are made aware of any encumbrances, etc., these would be taken into account in our appraisal in which case the extraordinary assumption stated above would be revoked.

P&A is typically under contract to determine current market value or “fair market value” of said mineral interests. Fair market value is typically described as the price at which a property would sell for if:

- exposed in the open market with a reasonable time for the seller to find a purchaser;

- both the buyer and seller know of all the uses and purposes to which the property is, or can be, adapted and of the enforceable restrictions on its use; and
- both the buyer and seller seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other. [Exigencies are pressing or urgent conditions that leave one party at a disadvantage to the other.]

For ad valorem tax purposes the effective date is usually legislatively specified by the particular State in which we are working - for example, in Texas the lien date is January 1 per the Texas Property Tax Code. For ad valorem tax purposes, the date of the appraisals and reports are typically several months past the effective date, thereby leaving open the possibility that a retrospective approach is appropriate under limited and prescribed circumstances (information after the effective date being applicable only if it confirms a trend or other appraisal condition that existed and was generally known as of the effective date).

P&A believes this section of this report, in conjunction with any attached or separately provided P&A-generated report(s), meets the USPAP definition of “typical practice”; i.e., it satisfies a level of work that is consistent with:

- the expectations of participants in the market for the same or similar appraisal services; and
- what P&A’s peers’ actions would be in performing the same or similar appraisal services in compliance with USPAP.

Legal and Statutory Requirements: In Texas, the provisions of the Texas Property Tax Code and other relevant legislative measures involving appraisal administration and procedures control the work of P&A as an extension of the Appraisal District. Other states in which P&A is employed will have similar controlling legislation, regulatory agencies, and governmental entities. P&A is responsible for appraising property on the basis of its fair market value as of the stated effective date (January 1 in Texas) for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on property in the contracted Appraisal District. All mineral properties (interests) are reappraised annually. The definition of Fair Market Value is provided and promulgated for use in ad valorem tax work in Texas by the Texas Property Tax Code, and therefore as a **Jurisdictional Exception** supercedes the definition of “market value” as found in USPAP definitions.

NOTE: IN TEXAS, P&A BELIEVES THE PROPERTY BEING APPRAISED AND PLACED ON THE TAX ROLL IS THE INTEREST AND NOT THE OIL OR GAS MINERAL ITSELF, PER PROPERTY TAX CODE SECTION 1.04(2)(F). WHILE OIL AND GAS RESERVES CERTAINLY HAVE VALUE, THE FACT IS THAT IT IS THE INTERESTS IN THESE MINERALS THAT ARE BOUGHT AND SOLD, NOT THE MINERALS THEMSELVES. THE SALE OF MINERALS AS THEY ARE EXTRACTED FROM THE SUBSURFACE OF THE LAND WHERE THEY RESIDE AS MINERALS IN PLACE “MONETIZES” THE INTEREST AND THUS GIVES THE INTEREST ITS VALUE. WHENEVER P&A REFERS TO “MINERAL PROPERTIES” IN THIS REPORT OR IN ANY OTHER SETTING, IT IS THE MINERAL INTEREST, AND NOT THE MINERAL ITSELF, THAT IS THE SUBJECT OF THE REFERENCE.

Administrative Requirements: P&A endorses the principals of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures. P&A also endorses, and follows when possible, the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP). In all cases where IAAO and/or USPAP requirements cannot be satisfied for reasons of practicality or irrelevancy, P&A subscribes to “generally accepted appraisal methods and techniques” so that its value conclusions are credible and defensible. P&A submits annual or biannual contract bids to the Appraisal District Board of Directors or the Office of the Chief Appraiser and is bound to produce appraisal estimates on mineral properties within the cost constraints of said bid. Any appraisal practices and procedures followed by P&A not explicitly defined or allowed through IAAO or USPAP requirements are specified by the Texas Property Tax Code or at the specific request or direction of the Office of the Chief Appraiser.

Appraisal Resources

Personnel: The Mineral Valuation Division staff consists of competent Petroleum Engineers, Geologists, and Appraisers. All personnel are Registered Professional Appraisers with the State of Texas, or are progressing towards this designation within the allowable time frames prescribed by the Texas Department of Licensing and Regulation (TDLR) and/or other licensing and regulatory agencies as applicable.

Data: For each mineral property a common set of data characteristics (i.e. historical production, price and expense data) is collected from various sources and entered into P&A's mainframe computer system. Historical production data and price data is available through state agencies (Texas Railroad Commission, Texas Comptroller, et al.) or private firms who gather, format and repackage such data for sale commercially. Each property's characteristic data drives the computer-assisted mass appraisal approach to valuation.

Information Systems: The mainframe systems are augmented by the databases that serve the various in-house and 3rd-party applications on desktop personal computers. In addition, communication and dissemination of appraisals and other information is available to the taxpayer and client through electronic means including internet and other phone-line connectivity. The appraiser supervising any given contract fields many of the public's questions or redirects them to the proper department personnel.

VALUATION APPROACH (MODEL SPECIFICATION)

Concepts of Value: The valuation of oil and gas properties is not an exact science, and exact accuracy is not attainable due to many factors. Nevertheless, standards of reasonable performance do exist, and there are usually reliable means of measuring and applying these standards.

Petroleum properties are subject to depletion, and capital investment must be returned before economic exhaustion of the resource (mineral reserves). The examination of petroleum properties involves understanding the geology of the resource (producing and non-producing), type of reservoir energy, the methods of secondary and enhanced recovery (if applicable), and the surface treatment and marketability of the produced petroleum product(s).

Evaluation of mineral properties is a continuous process; the value as of the lien date merely represents a "snapshot" in time. The potential value of mineral interests derived from sale of minerals to be extracted from the ground change with mineral price fluctuation in the open market, changes in extraction technology, costs of extraction, and other variables such as the value of money.

Approaches to Value for Petroleum Property

Cost Approach: The use of cost data in an appraisal for market value is based upon the economic principle of substitution. The cost approach typically derives value by a model that begins with replacement cost new (RCN) and then applies depreciation in all its forms (physical depreciation, functional and economic obsolescence). This method is difficult to apply to oil and gas properties since lease acquisition and development may bear no relation to present worth. Though very useful in the appraisal of many other types of properties, the cost approach is not readily applicable to mineral properties. [Keep in mind that the property actually being appraised is the mineral interest and not the oil and gas reserves themselves. Trying to apply the cost approach to evaluation of mineral interests is like trying to apply the cost approach to land; it is a moot point because both are real properties that are inherently non-replaceable.] **As a general rule, and for the reasons stated above, Pritchard & Abbott, Inc., does not employ the cost approach in the appraisal of mineral interests.**

Market Approach: This approach may be defined as one which uses data available from actual transactions recorded in the market place itself; i.e., sales of comparable properties from which a comparison to the subject property can be made. Ideally, this approach's main advantage involves not only an opinion but an opinion supported by the actual spending of money. Although at first glance this approach seems to more closely incorporate the aspects of fair market value per its classical definition, there are two factors that severely limit the usefulness of the market approach for appraising oil and gas properties. First, oil and gas property sales data is seldom disclosed (in non-disclosure states such as Texas); consequently there is usually a severe lack of market data sufficient for meaningful statistical analysis. Second, all conditions of each sale must be known and carefully investigated to be sure one does have a comparative indicator of value per fair market value prerequisites.

Many times when these properties do change hands, it is generally through company mergers and acquisitions where other assets in addition to oil and gas reserves are involved; this further complicates the analysis whereby a total purchase price must be allocated to the individual components - a speculative and somewhat arbitrary task at best. In the case of oil and gas properties, a scarcity of sales requires that every evidence of market data be investigated and analyzed. Factors relative to the sale of oil and gas properties are:

- current production and estimated declines forecast by the buyer;
- estimated probable and potential reserves;
- general lease and legal information which defines privileges or limitation of the equity sold;
- undeveloped potential such as secondary recovery prospects;
- proximity to other production already operated by the purchaser;
- contingencies and other cash equivalents; and
- other factors such as size of property, gravity of oil, etc.

In the event that all these factors are available for analysis, the consensus effort would be tantamount to performing an income approach to value (or trying to duplicate the buyer's income approach to value), thereby making the market approach somewhat moot in its applicability. **As a general rule, and for the reasons stated above, Pritchard & Abbott, Inc., rarely employs a rigorous application of the market approach in the appraisal of mineral interests.**

Income Approach: This approach to value most readily yields itself to the appraisal of mineral interests. Data is readily available whereby a model can be created that reasonable estimates a future income stream to the property. This future income may then be converted (discounted) into an estimate of current value. Many refer to this as a capitalization method, because capitalization is the process of converting an income stream into a capital sum (value). As with any method, the final value is no better than the reliability of the input data. The underlying assumption is that people purchase the property for the future income the property will yield. If the land or improvements are of any residual value after the cessation of oil and gas production, that value should also be included (if those components are also being appraised).

The relevant income that should be used is the expected future net income. Assumptions of this method are:

- Past income and expenses are not a consideration, except insofar as they may be a guide to estimating future net income.
- That the producing life as well as the reserves (quantity of the minerals) are estimated for the property.
- Future income is less valuable than current income, and so future net income must be discounted to make it equivalent to the present income. This discount factor reflects the premium of present money over future money, i.e., interest rate, liquidity, investment management, and risk.

As a general rule, and for the reasons stated above, Pritchard & Abbott, Inc., relies predominantly on the income approach to value in the appraisal of mineral interests.

DATA COLLECTION/VALIDATION

Sources of Data: The main source of P&A's property data is data from the Railroad Commission of Texas as reported by operators. As a monthly activity, the data processing department receives data tapes or electronic files which have updated and new well and production data. Other discovery tools are fieldwork by appraisers, financial data from operators, information from chief appraisers, tax assessors, trade publications and city and local newspapers. Other members of the public often provide P&A information regarding new wells and other useful facts related to property valuation.

Another crucial set of data to obtain is the ownership of these mineral interests. Typically a mineral lease is fractionated and executed with several if not many owners. This information is typically requested (under a promise of confidentiality concerning owners' personal information) from pipeline purchasers and/or other entities (such as operators) who have the responsibility of disbursing the income to the mineral interest owners. Another source of ownership information is through the taxpayers themselves who file deeds of ownership transfer and/or correspond with P&A or the appraisal district directly.

Data Collection Procedures: Electronic and field data collection requires organization, planning and supervision of the appraisal staff. Data collection procedures for mineral properties are generally accomplished globally by the company; i.e., production and price data for the entire state is downloaded at one time into the computer system. Appraisers also individually gather and record specific and particular information to the appraisal file records, which serves as the basis for the valuation of mineral properties. P&A is divided into four district offices covering different geographic areas. Each office has a district manager, appraisal and ownership maintenance staff, and clerical staff as appropriate. While overall standards of performance are established and upheld for the various district offices, quality of data is emphasized as the goal and responsibility of each appraiser.

VALUATION ANALYSIS (MODEL CALIBRATION)

Appropriate revisions and/or enhancements of schedules or discounted cash flow software are annually made and then tested prior to the appraisals being performed. Calibration typically involves performing multiple discounted cash flow tests for leases with varying parameter input to check the correlation and relationship of such indicators as: Dollars of Value Per Barrel of Reserves; Dollars of Value Per Daily Average Barrel Produced; Dollars of Expense Per Daily Average Barrel Produced; Years Payout of Purchase Price (Fair Market Value). In a more classical calibration procedure, the validity of values by P&A's income approach to value is tested against actual market transactions, if and when these transactions and verifiable details of these transactions are disclosed to P&A. Of course these transactions must be analyzed for meeting all requisites of fair market value definition. Any conclusions of this analysis are then compared to industry benchmarks for reasonableness before being incorporated into the calibration procedure.

INDIVIDUAL VALUE REVIEW PROCEDURES

Individual property values are reviewed several times in the appraisal process. P&A's discounted cashflow software dynamically generates various benchmark indicators that the appraiser reviews concurrent with the value being generated. These benchmarks often prompt the appraiser to reevaluate some or all of the parameters of data

entry so as to arrive at a value more indicative of industry standards. Examples of indicators are dollars of value per barrel of oil reserve, years payout, etc. In addition to appraiser review, taxpayers are afforded the opportunity to review the appraised values, either before or after Notices of Appraised Value are prepared. Operators routinely meet with P&A's appraisers to review parameters and to provide data not readily available to P&A through public or commercial sources, such as individual lease operating expense and reserve figures. And of course, all property values are subject to review through normal protest and Appraisal Review Board procedures, with P&A acting as an extension of the Office of the Chief Appraiser.

PERFORMANCE TESTS

An independent test of the appraisal performance of properties appraised by P&A is conducted by the State of Texas Comptroller's Office through the annual Property Value Study for school funding purposes. This study determines the degree of uniformity and the median level of appraisal for mineral properties. School jurisdictions are given an opportunity to appeal any preliminary findings. After the appeal process is resolved, the Comptroller publishes a report of the findings of the study, including in the report the median level of appraisal, the coefficient of dispersion around the median level of appraisal and any other standard statistical measures that the Comptroller considers appropriate.

USPAP STANDARDS 5, 6-1, 6-2: MASS APPRAISAL OF INDUSTRIAL, UTILITY AND RELATED PERSONAL PROPERTY

INTRODUCTION

Definition of Appraisal Responsibility (Scope of Effort): The Engineering Services Department of Pritchard & Abbott, Inc. (P&A) is responsible for developing fair and uniform market values for industrial, utility and personal properties.

P&A's typical client is a governmental entity charged with appraisal responsibility for ad valorem tax purposes, although other types of clients (private businesses, individuals, etc.) occasionally contract for appraisal services which are strictly for various non-ad valorem tax purposes so that no conflicts of interest are created with P&A's core ad valorem tax work.

P&A hereby makes the **assumption** that, in all appraisal assignments performed for governmental entities in satisfaction of contractual obligations related to ad valorem tax, the client does not wish to or cannot legally request the appraisal report not identify the client.

Intended users of our reports are typically the client(s) for which we are under direct contract. Although taxpayers or their agents who own and/or represent the subject property being appraised often receive these reports either by law or as a courtesy of the client or P&A, this receipt does not mean these parties automatically become Intended Users as defined by USPAP. **A party receiving a copy of a report in order to satisfy disclosure requirements does not become an intended user of the appraisal or mass appraisal unless the appraiser specifically identifies such party as an intended user.** Potential other users include parties involved in adjudication of valuation disputes (review board members, lawyers, judges, etc.), governmental agencies which periodically review our appraisals for various statutory purposes (such as the Texas Comptroller's Office) and private parties who may obtain copies of our appraisals through Open Records Requests made to governmental agencies.

This section of P&A's USPAP report is not applicable to any Industrial, Utility, or related Personal Property that an appraisal district appraises outside of P&A's appraisal services, in which case the appraisal district's overall USPAP report should be referenced.

P&A makes the **Extraordinary Assumption** that all properties appraised for ad valorem tax purposes are marketable whereas ownership and title to property are free of encumbrances and other restrictions that would affect fair market value to an extent not obvious to the general marketplace. If and/or when we are made aware of any encumbrances, etc., these would be taken into account in our appraisal in which case the extraordinary assumption stated above would be revoked.

P&A is typically under contract to determine current market value or "fair market value" of said industrial, utility, and related personal property. Fair market value is typically described as the price at which a property would sell for if:

- exposed in the open market with a reasonable time for the seller to find a purchaser;
- both the buyer and seller know of all the uses and purposes to which the property is, or can be, adapted and of the enforceable restrictions on its use; and

- both the buyer and seller seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other. [Exigencies are pressing or urgent conditions that leave one party at a disadvantage to the other.]

For ad valorem tax purposes the effective date is usually legislatively specified by the particular State in which we are working - for example, in Texas the lien date is January 1 per the Texas Property Tax Code. For ad valorem tax purposes, the date of the appraisals and reports are typically several months past the effective date, thereby leaving open the possibility that a retrospective approach is appropriate under limited and prescribed circumstances (information after the effective date being applicable only if it confirms a trend or other appraisal condition that existed and was generally known as of the effective date).

P&A believes this section of this report, in conjunction with any attached or separately provided P&A-generated report(s), meets the USPAP definition of “typical practice”; i.e., it satisfies a level of work that is consistent with:

- the expectations of participants in the market for the same or similar appraisal services; and
- what P&A’s peers’ actions would be in performing the same or similar appraisal services in compliance with USPAP.

Legal and Statutory Requirements: The provisions of the Texas Property Tax Code and relevant legislative measures involving appraisal administration and procedures control the work of P&A as a subcontractor to the Appraisal District. P&A is responsible for appraising property on the basis of its market value as of January 1 for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on property in the contracted Appraisal District. All industrial, utility and personal properties are reappraised annually. The definition of Fair Market Value is provided and promulgated for use in ad valorem tax work in Texas by the Texas Property Tax Code, and therefore as a **Jurisdictional Exception** supercedes the definition of “market value” as found in USPAP definitions.

Administrative Requirements: P&A follows generally accepted and/or recognized appraisal practices and when applicable, the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures. P&A, when applicable, also subscribes to the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP). In all cases where IAAO and/or USPAP requirements cannot be satisfied for reasons of practicality or irrelevancy, P&A subscribes to “generally accepted appraisal methods and techniques” so that its value conclusions are credible and defensible. P&A submits annual or biannual contract bids to the Office of the Chief Appraiser and is bound to produce appraisal estimates on industrial, utility and personal properties within the cost constraints of said bid. Any appraisal practices and procedures followed by P&A not explicitly defined through IAAO or USPAP requirements are specified by the Texas Property Tax Code and/or at the specific request or direction of the Office of the Chief Appraiser.

Appraisal Resources

Personnel: The Engineering Services Department and P&A’s appraisal staff consists of appraisers with degrees in engineering, business and accounting. All personnel are Registered Professional Appraisers with the State of Texas, or are progressing towards this designation as prescribed by the Texas Department of Licensing and Regulation (TDLR).

Data: A set of data characteristics (i.e. original cost, year of acquisition, quantities, capacities, net operating income, property description, etc.) for each industrial, utility and personal property is collected from various sources. This data is maintained in either hard copy or computer files. Each property's characteristic data drives the appropriate computer-assisted appraisal approach to valuation.

Information Systems: P&A's mainframe computer system is composed of in-house custom software augmented by schedules and databases that reside as various applications on personal computers (PC). P&A offers a variety of systems for providing property owners and public entities with information services.

VALUATION APPROACH (MODEL SPECIFICATION)

Concepts of Value: The valuation of industrial, utility and personal properties is not an exact science, and exact accuracy is not attainable due to many factors. These are considered complex properties and some are considered Special Purpose properties. Nevertheless, standards of reasonable performance do exist, and there are reliable means of measuring and applying these standards.

The evaluation and appraisal of industrial, utility and personal property relies heavily on the discovery of the property followed by the application of recognized appraisal techniques. The property is subject to inflation and depreciation in all forms. The appraisal of industrial and personal property involves understanding petroleum, chemical, steel, electrical power, lumber and paper industry processes along with a myriad of other industrial processes. Economic potential for this property usually follows either the specific industry or the general business economy. The appraisal of utility properties involves understanding telecommunications, electrical transmission and distribution, petroleum pipelines and the railroad industry. Utility properties are subject to regulation and economic obsolescence. The examination of utility property involves the understanding of the present value of future income in a regulated environment.

The goal for valuation of industrial, utility and personal properties is to appraise all taxable property at "fair market value". The Texas Property Tax Code defines Fair Market value as 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 purchaser 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 purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

Approaches to Value for Industrial, Utility, and Personal Property

Cost Approach: The use of cost data in an appraisal for market value is based upon the economic principle of substitution. This method is most readily applicable to the appraisal of industrial and personal property and some utility property. Under this method, the market value of property equals the value of the land plus the current cost of improvements less accrued depreciation. An inventory of the plant improvements and machinery and equipment is maintained by personally inspecting each facility every year. **As a general rule, and for the reasons stated above, Pritchard & Abbott, Inc., relies predominantly on the cost approach to value in the appraisal of industrial, utility, and personal property.**

Market Approach: This approach is characterized as one that uses sales data available from actual transactions in the market place. There are two factors that severely limit the usefulness of the market approach for appraising industrial, utility and personal properties. First, the property sales data is seldom disclosed; consequently there is insufficient market data for these properties available for meaningful statistical analysis. Second, all conditions of sale must be known and carefully investigated to be sure one does have a comparative indicator of value. Many times when these properties do change hands, it is generally through company mergers and acquisitions where other assets and intangibles in addition to the industrial, utility and personal property are involved. The complexity of these sales presents unique challenges and hindrances to the process of allocation of value to the individual components of the transaction.

In the case of industrial, utility and personal properties, a scarcity of sales requires that all evidence of market data be investigated and analyzed. Factors relative to the sale of these properties are:

- plant capacity and current production; terms of sale, cash or equivalent;
- complexity of property;
- age of property;
- proximity to other industry already operated by the purchaser; and
- other factors such as capital investment in the property.

As a general rule, and for the reasons stated above, Pritchard & Abbott, Inc., rarely employs a rigorous application of the market approach in the appraisal of industrial, utility, and personal property.

Income Approach: This approach to value most readily yields itself to all income generating assets, especially utility properties. Data for utility properties is available from annual reports submitted to regulatory agencies whereby future income may be estimated, and then this future income may be converted into an estimate of value. The valuation of an entire company by this method is sometimes referred to as a Unit Value. Many refer to this as a capitalization method, because capitalization is the process of converting an income stream into a capital sum (value). As with any method, the final value estimate is no better than the reliability of the input data. The underlying assumption is that people purchase the property for the future income the property will yield.

The relevant income that should be used in the valuation model is the expected future net operating income after depreciation but before interest expense (adjustments for Federal Income Taxes may or may not be required). Assumptions of this method are:

- Past income and expenses are a consideration, insofar as they may be a guide to future income, subject to regulation and competition.
- The economic life of the property can be estimated.
- The future production, revenues and expenses can be accurately forecasted. Future income is less valuable than current income, and so future net income must be discounted to make it equivalent to the present income. This discount factor reflects the premium of present money over future money, i.e., interest rate, liquidity, investment management, and risk.

As a general rule, and for the reasons stated above, Pritchard & Abbott, Inc., employs the income approach in the appraisal of industrial and utility property only when quantifiable levels of income are able to be reliably determined and/or projected for the subject property. P&A does not employ the income approach in the appraisal of personal property.

DATA COLLECTION/VALIDATION

Sources of Data: The main source of P&A's property data for industrial and personal property is through fieldwork by the appraisers and commercially/publicly available schedules developed on current costs. Data for performing utility appraisals is typically provided by the taxpayer or is otherwise available at various regulatory agencies (Texas Railroad Commission, Public Utilities Commission, FERC, et. al.). Other discovery tools are financial data from annual reports, information from chief appraisers, renditions, tax assessors, trade publications and city and local newspapers. Other members of the public often provide P&A information regarding new industry and other useful facts related to property valuation.

Data Collection Procedures: Electronic and field data collection requires organization, planning and supervision of the appraisal staff. Data collection procedures have been established for industrial and personal properties. Appraisers gather and record information in the mainframe system, where customized programs serve as the basis for the valuation of industrial, utility and personal properties. P&A is divided into multiple district offices covering different geographic zones. Each office has a district manager and field staff. While overall standards of performance are established and upheld for the various district offices, quality of data is emphasized as the goal and responsibility of each appraiser. Additionally, P&A's Engineering Services Department provides supervision and guidance to all district offices to assist in maintaining uniform and consistent appraisal practices throughout the company.

VALUATION ANALYSIS (MODEL CALIBRATION)

The validity of the values by P&A's income and cost approaches to value is tested against actual market transactions, if and when these transactions and verifiable details of the transactions are disclosed to P&A. These transactions are checked for meeting all requisites of fair market value definition. Any conclusions from this analysis are also compared to industry benchmarks before being incorporated in the calibration procedure. Appropriate revisions of cost schedules and appraisal software are annually made and then tested for reasonableness prior to the appraisals being performed.

INDIVIDUAL VALUE REVIEW PROCEDURES

Individual property values are reviewed several times in the appraisal process. P&A's industrial, utility, personal property programs and appraisal spreadsheets afford the appraiser the opportunity to review the value being generated. Often the appraiser is prompted to reevaluate some or all of the parameters of data entry so as to arrive at a value more indicative of industry standards. Examples of indicators are original cost, replacement cost, service life, age, net operating income, capitalization rate, etc. In addition to appraiser review, taxpayers are afforded the opportunity to review the appraised values either before or after Notices of Appraised Value are prepared. Taxpayers, agents and representatives routinely meet with P&A's appraisers to review parameters and to provide data not readily available to P&A through public or commercial sources, such as investment costs and capitalization rate studies. And of course, all property values are subject to review through normal protest and Appraisal Review Board procedures, with P&A acting as a representative of the Office of the Chief Appraiser.

PERFORMANCE TESTS

An independent test of the appraisal performance of properties appraised by P&A is conducted by the State of Texas Comptroller's Office through the annual Property Value Study for school funding purposes. This study determines the degree of uniformity and the median level of appraisal for utility properties. School jurisdictions are given an opportunity to appeal any preliminary findings. After the appeal process is resolved, the Comptroller publishes a report of the findings of the study, including in the report the median level of appraisal, the coefficient of dispersion around the median level of appraisal and any other standard statistical measures that the Comptroller considers appropriate.

Exhibit E-1

Neighborhood Key

Neighborhood Code	Neighborhood Description	Neighborhood Code	Neighborhood Description
1	EXPRESSWAY VILLAGE 1	25E	FAITH VILLAGE 2 - E
10	WOODHAVEN	25FP	FAITH VILLAGE 2 - FLOOD PLAIN
100	CHEROKEE CO SL	26	MEADOW LAKE 1
102	C.C. COTTAGE SECTION	27	MEADOW LAKE 2
102A	JUDSON CIR FROM CCCS	28	COLONIAL PARK
102B	C.C. COTTAGE SECTION (2BR)	3	EDEN HILLS
103	BLUEBONNET PARK	30	MIDWESTERN PARK 1
103A	BLUEBONNET PARK A	301DT	DOWNTOWN
104	COUNTRY CLUB ESTATES I	301E	WF EAST
105	COUNTRY CLUB ESTATES II	301M	MEDICAL DISTRICT
105A	COUNTRY CLUB ESTATES II A	302	WF SOUTH
106	HINCKLEY	302C	JACKSBORO CORRIDOR
107	HILLCREST	305R	WF RURAL EAST
107XX	NON A1 E1	306	WF NORTH
108	CHAMPIONS	306C	I44 CORRIDOR
109	ARBOR HILL	308	KELL SOUTH
11	WILLOW BEND	308C	KEMP & KELL CORRIDOR
110	FAIRVIEW	309	KELL NORTH
111	SOUTHLAND WEST	310R	WF RURAL WEST
112	STONE LAKE	32	MIDWESTERN PARK 3
113	SOUTHLAND EAST	33	EDGEMERE/SOUTH WINDS
114	TROPHY PARK SEC 2	33N	NBHD 33 N OF NORMAN
13	BELAIR 2	35	COUNTRY ROADS
14	BELAIR 3	354	BURKBURNETT CITY
15	BELAIR 4	354R	BURKBURNETT RURAL
16	SUN VALLEY	36	LAKE WELLINGTON EST
17	SUMMERFIELD	360	ELECTRA CITY
17A	SOUTHFORK	360R	ELECTRA RURAL
18	HIGHPOINT	367	IOWA PARK CITY
19	TWIN OAKS	367R	IOWA PARK RURAL
19XX	NON A1 E1	37	BRIDGE CREEK ESTATES
1A	EXPRESSWAY VILLAGE 1A	38	WINDCHIME
2	EXPRESSWAY VILLAGE 2	39	BENT TREE ESTATES
20	HILL & HILL HTS-EAST	4	EAST SIDE
21	HILL & HILL HTS-WEST	40	CANYON TRAILS
21A	HILL & HILL HTS-WEST - A	42	EDGECLIFF
22	DITTO HEIGHTS	42B	BRIARGATE
23	SOUTHERN HILLS	42M	MIDWESTERN FARM
25	FAITH VILLAGE 2	44	WILLOW BROOK
25A	FAITH VILLAGE 2 - A	45	SPANISH TRACE
25B	FAITH VILLAGE 2 - B	46	HURSH/SINGLETON
25C	FAITH VILLAGE 2 - C	46A	HURSH/SINGLETON SEC A
25D	CARRIAGE HILLS - D	47	EDGEMERE

Neighborhood Code	Neighborhood Description	Neighborhood Code	Neighborhood Description
48	MOLLER	57	INGLEWOOD
49	RANCHO VISTA 1	58	UNIVERSITY PARK 1
49A	RANCHO VISTA 1 - A	59	UNIVERSITY PARK 2
49B	RANCHO VISTA 1 - B	6	ORIGINAL TOWN, WF
4A	EAST SIDE - A	60	UNIVERSITY PARK 3
4B	EAST SIDE - B	600	ORIGINAL TOWN IP
4C	EAST SIDE - C	600XX	NON A1 E1
4D	EAST SIDE - D	601	REDIN HEIGHTS
50	RANCHO VISTA 2	602	GARDEN VALLEY
500	ORIGINAL TOWN BURK	603	SHILOH
500A	ORIGINAL TOWN BURK - A2'S	604	CHEROKEE/PARK PLACE
500B	ORIGINAL TOWN BURK - B	605	HORSESHOE/PLEASANT V
500C	ORIGINAL TOWN BURK - C	606	IP ABST-NORTH
500E	ORIGINAL TOWN BURK - E	608	IP ABST-KAMAY
500F	ORIGINAL TOWN BURK - F	609	IP ABST-SOUTH EAST
501	MIMOSA HEIGHTS	609E	IP ABST SOUTH
503	RANCH ESTATES	61	UNIVERSITY PARK 4
504	NEWER IN OLD NBHD	62	UNIVERSITY PARK 5
505	JANLEE HTS/ACRES	63	UNIVERSITY PARK 6
505A	JANLEE HTS - A	63A	UNIVERSITY PARK 6- A
505B	JANLEE - B	63B	UNIVERSITY PARK 6 - B
507	HENDERSON	63C	UNIVERSITY PARK 6 - C
508	HILLTOP	64	UNIVERSITY PARK 7
509	CLEMENT	65	FLORAL HEIGHTS-EAST
51	SIBLEY TAYLOR	66	WESTOVER HILLS
510	BURK ABST-WEST	67	FLORAL HEIGHTS-WEST
510XX	NON A1 E1	68	FLORAL HTS - WEST 2
511	BURK ABST-EAST	69	R MASSIE/WICH GRDNS
512	BURK ABST 5K06, 5K07, 5K08	69A	R MASSIE/WICH GRDNS - A
513	BURK - 5L03, 5L04	69B	R MASSIE/WICH GRDNS - B
51A	SIBLEY TAYLOR - A	6B	ORIGINAL TOWN, WF
52	MORNINGSIDE	7	SUNNYSIDE HEIGHTS
52A	MORNINGSIDE - A	70	LYNWOOD/SUNSET TERR
52B	MORNINGSIDE -B	700	ORIGINAL TOWN ELEC
52C	MORNINGSIDE - C	702	ELECTRA ABST-NORTH
52D	MORNINGSIDE - D	703	ELECTRA ABST-SOUTH
52E	MORNINGSIDE - E	70A	SUNSET TERRACE - A
52F	MORNINGSIDE - F	70B	SUNSET TERRACE - B
52G	MORNINGSIDE - G	70C	SUNSET TERRACE - C
53	BROOK AVE - EAST	71	CITY VIEW HEIGHTS
54	BROOK AVE - WEST	72	SIKES ESTATES 1
55	MARLBOROUGH	73	SIKES ESTATES 2
56	KEMP FAIR PARK	74	SIKES ESTATES 3

Neighborhood Code	Neighborhood Description	Neighborhood Code	Neighborhood Description
75	SIKES ESTATES 4		
76	HURSH ESTATES		
77	TANGLEWOOD 1		
78	TANGLEWOOD 2		
780	COMMERCIAL IP CISD		
79	TANGLEWOOD 3		
7A	SUNNYSIDE HEIGHTS A		
7B	SUNNYSIDE HEIGHTS B		
8	LOCH LOMOND 1		
81	FOUNTAIN PARK 1		
81A	SUBDIV 1150 1151		
82	FOUNTAIN PARK 2		
82A	SUBDIV 1150 1154		
82B	SUBDIV 1130		
83	FOUNTAIN PARK 3		
83A	SUBDIV 1154		
84A1	FOUNTAIN PARK 4 A1		
84A2	FOUNTAIN PARK 4 A2		
87	QUAIL SPRINGS		
88	ZERO LOT/MIDWSTRN PK		
88A	ZERO LOT/MIDWSTRN PK - A		
88B	ZERO LOT/MIDWSTRN PK - B		
89	ZERO LOT/FOUNTAIN PK		
9	LOCH LOMOND 2		
90	ZERO LOT/SOUTHRIDGE		
900	Holliday ISD		
91	FRENCH QUARTER		
93	WESTMORELAND PARK		
94	NEWCOMB DOWNS		
95	VANTAGE POINT		
950	RURAL WICHITA FALLS		
950NE	RURAL WICHITA FALLS NE		
950NEXX	NON A1 E1		
950SE	RURAL WICHITA FALLS SE		
950SEXX	NON A1 E1		
950SW	RURAL WICHITA FALLS SW		
950SWXX	NON A1 E1		
950XX	NON A1 E1		
96	ALLENDALE HEIGHTS		
97	ROLLING HILLS		
99	ABSTRACT 305		
MHUP	MFG HOUSING UNITS IN PARKS		