2025 -2026

ZAVALA CENTRAL APPRAISAL DISTRICT

REAPPRAISAL PLAN

BOARD OF DIRECTORS:

Ray Espinosa — Chairperson
Elizabeth Tovar — Secretary
Eloy Vera — Member
Cruz Mata — Member
Victor Bonilla III — Member

Adopted by Resolution September 11, 2024

Zavala Central Appraisal District

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Yolanda Cervera Lavenant, CCA, RPA, RTA
Chief Appraiser

RESOLUTION NO. 2024 - 01

WHEREAS Section 6.05 (i) of the Texas Property Tax Code requires that the Zavala Central Appraisal District Board of Directors (B.O.D.) biennially approve a written plan for periodic reappraisal of all property within the boundaries of the district, according to Section 25.18 of the Texas Property Tax Code, and

WHEREAS the Zavala Central Appraisal District B.O.D. has noticed the presiding officer of the governing body of each taxing unit participating in the Zavala Central Appraisal District a written notice of the time, date, and place of public hearing, and

WHEREAS the Zavala Central Appraisal District B.O.D. has held a public hearing on September 11, 2024, to approve the written plan, and

NOW THEREFORE, be it RESOLVED that the Zavala Central Appraisal District adopts the 2025-2026 written reappraisal plan.

RESOLVED FURTHER, that the CHIEF APPRAISER of the ZAVALA CENTRAL APPRAISAL DISTRICT is authorized and directed to deliver copies of the approved written reappraisal plan in compliance with the reminder of section 6.05(i) to the presiding officer of the governing body of each taxing unit participating in the ZAVALA CENTRAL APPRAISAL DISTRICT and to the state comptroller of public accounts within 60 days of the approval date.

READ, PASSED AND APPROVED THIS THE 11TH DAY OF SEPTEMBER 2024.

BY: _____
Ray Espinosa, Chairperson

ATTEST:
_____
Elizabeth Tovar, Secretary

Zavala Central Appraisal District

Reappraisal Plan 2025-2026

INTRODUCTION

Scope of Responsibility

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

The Zavala Central Appraisal District (ZCAD) is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A five (5) member Board of Directors, appointed by the taxing units within the boundaries of Zavala County, constitutes the district's governing body. The chief appraiser, appointed by the Board of Directors, is the Chief Administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for local property tax appraisal and exemption administration for all jurisdictions or taxing units in the county.

The County of Zavala, Crystal City ISD, La Pryor ISD, City of Crystal City, Southwest Texas Junior College, and Wintergarden Groundwater Conservation District. (Includes the overlapping Uvalde CISD boundaries.

Each taxing unit, such as the county, a city, school 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 and estimated values by the appraisal district allocate the year's tax burden based on each taxable property's market value. The appraisal district also determines eligibility for several types of property tax exemptions such as those for homeowners, the elderly, disabled, disabled veterans, charitable or religious organizations and special appraisal (agricultural productivity) valuation.

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

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

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), agricultural productivity or open-space land (Sec. 23.41), real property inventory (Sec. 23.12), dealer inventory (Sec. 23.121, 23.124, 23.1241 and 23.127), nominal (Sec. 23.18) or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec. 23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1st of the year proceeding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

The Texas Property Tax Code, under Sec. 23.51 sets the standards for determining whether land qualifies for open-space land, which means land that is currently devoted principally to agricultural use to the degree of intensity accepted in the area. To qualify for land agricultural appraisal, the property owner must provide the chief appraiser with all the information he/she needs to determine whether the land qualifies. The property owner must also inform the chief appraiser of any changes in the status of the land. Zavala CAD follows the 1-d-1 application process:

The property owner must file a completed application to qualify land for agricultural appraisal.

An application must be filed in our district and in every appraisal district where the owner's property is located.

Where the applicant owns several parcels of property within one appraisal district, that are contiguous, the owner may file a single application form covering all the parcels. However, the owner will need to submit several applications for other properties that are not together. The deadline for filing a 1-d-1 application form is April 30th.

The chief appraiser may extend the deadline by 30 days. The applicant must request an extension & must show good cause for extending his/her deadline.

Good cause is a reason not within the applicant's control that prevents timely filing.

Late applications may be filed any time before the appraisal review board approves records for that year, usually by July 20th. Late applications are subject to a penalty per Property Tax Code Sec. 23.431.

Failure to file an application before the records are approved for the year makes the land ineligible for agriculture appraisal in that tax year.

After the land is approved for agricultural appraisal, no other application is necessary unless the chief appraiser requests one or changes occur in the status of the property.

Change of use, change in the class of use, and change of ownership or acres requires a new application.

If the land is taken entirely out of agriculture use, the land is ineligible for agricultural appraisal.

If the property erroneously receives agricultural appraisal, it is subject to "back assessment" and a penalty.

Failure to notify the appraisal district of a change in agricultural use subjects the property to a penalty, but not a "back assessment."

When the chief appraiser receives an application, he/she must review it and take one of the three actions: he/she may approve; ask for additional information or may deny the application. The chief appraiser must

approve or deny all timely applications before May 15 and must notify the applicant, in writing, of the denial with an explanation. The denial letter must be mailed to a property owner, via certified mail.

Section 23.51 (2) of the Property Tax Code includes land used for wildlife management as an agricultural use. Property owners are required to produce a management plan consistent with the Texas Parks and Wildlife management guidelines produced for the South Texas Plateau Ecological Region. The application requirement is the 1-d-1 application.

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 taxable property every third year. Appraised values are reviewed annually and are subject to change. Business personal properties, minerals and utility properties are appraised every year.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted mass appraisal (CAMA) programs, and recognized appraisal methods and techniques, we compare that information with the data for comparable 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.

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 property, mineral, utilities, and industrial. The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing & Registration. Support functions including records maintenance, information and assistance to property owners, and hearings are coordinated by personnel in support services.

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

- 1 — Chief Appraiser/Administrator (CCA, RPA & RTA)
- 1 — Data Analyst/Exemptions - Registered Tax Assessor/Collector Level II/Appraiser Level II
- 1 — Bookkeeper (RTC & RTA - Registered Tax Assessor/Collector – Level III)
- 2 — Tax Collectors (1-RTC—Registered Tax Collector, 1 – Level II Tax Collector)
- 3 — Appraisers (2- Level III Appraisers and 1 Level I Appraiser)
- 1 — Support Clerk (Appraisal & Collections Departments)

Staff Education and Training

All personnel that are performing appraisal work are registered with the Texas Department of Licensing and Regulations and are required to take appraisal courses to achieve the status of Registered Professional Appraiser within five years of employment as appraisers. After they are awarded their license, they must receive additional training of a minimum of 30 hours of continuing education units every two years. Failure to meet these minimum standards results in the termination of the employee.

Additionally, all appraisal personnel receive training in data gathering processes including data entry onto appraisal cards used in field work and statistical analyses of all types of property to ensure equality and uniformity of appraisal of all types of property. For new appraisers, on-the-job training is delivered by the chief or lead appraisers. The Chief or Lead Appraiser meets regularly with all appraisers to introduce new procedures and regularly monitor appraisal activity to ensure that all personnel are following standardized appraisal procedures.

Data

The district is responsible for establishing and maintaining approximately 17,249+/- real, personal property and mineral accounts covering 1, 302 square miles within Zavala County. Portions of Zavala County overlap with Uvalde ISD, which is the Batesville area and includes properties within this number of accounts. This data includes property characteristics, ownership, and exemption information. Property characteristic data on new construction is updated through an annual field effort; existing property data is maintained through a field review. Sales are routinely validated during a separate field effort; however, numerous sales are validated as part of the new construction and field inspections. General trends in employment, interest rates, new construction trends, and Cost and Market data are acquired through various sources, including internally generated questionnaires to buyers and sellers.

Information Systems

BIS Consulting manages and maintains the districts Information Technology (IT) and they run the daily backups for our software, and they also host the districts website: www.zavalacad.com. Harris Govern provides the software services for both appraisal and collections. The Mainframe hardware/system software is Dell Power Edge T560. The user base is networked through the mainframe using Windows NT Server.

SHARED APPRAISAL DISTRICT BOUNDARIES

The district established procedures whereby ownership and property data information are routinely exchanged within over-lapping jurisdictional boundaries. Appraisers from adjacent appraisal districts discuss data collection and valuation issues to minimize the possibility of differences in property characteristics, legal descriptions, and other administrative data. Under current State law, all appraisal values on properties overlapping between Uvalde CAD and Zavala CAD will be the responsibility of Zavala CAD who provides all appraisal and ownership data to Uvalde CAD through electronic format.

INDEPENDENT PERFORMANCE TEST

According to Chapter 5 of the Texas Property Tax Code (TPTC) and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Assistance Division (PTAD) conducts Performance Audits of the appraisal district. This audit is called the School District Property Value Study (SDPVS) of each

Texas school district and each appraisal district. As part of this study, the code requires the Comptroller to: use sales and recognized auditing and sampling techniques; review each appraisal district's appraisal methods, standards and procedures to determine whether the district used recognized standards and practices (MAP review); test the validity of school district taxable values in each appraisal district and presume the appraisal roll values are correct when values are valid; and, determine the level and uniformity of property tax appraisal in each appraisal district. The methodology used in the property value study includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. This study utilizes statistical analyses of sold properties (sale ratio studies) and 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, and within 25% of the median, for price-related differential (PRD) for properties overall and by state category.

There are two independent school districts in Zavala CAD for which appraisal rolls are annually developed. The preliminary results of this study are released February 1 in the year following the year of appraisement. The results of this study are certified by the Education Commissioner of the Texas Education Agency (TEA) the following July of each year. This outside (third party) ratio study provides additional assistance to the CAD in determining areas of market activity or changing market conditions.

Appraisal Activities

INTRODUCTION

Appraisal Responsibilities

The field appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of real and personal property by any method requires a comprehensive physical description of personal property, land and building characteristics. This appraisal activity is responsible for administering, planning, and coordinating all activities involving data collection and maintenance of all commercial, residential, and personal property types located within the boundaries of Zavala County and the jurisdictions of this appraisal district. The data collection effort involves the field inspection of real and personal property accounts, as well as data entry of all data collected into the existing information system. The goal is to periodically field inspect improved residential properties every three (3) years and personal & commercial properties every year in Zavala County. Meeting this goal is dependent on budgetary constraints and personnel.

Appraisal Resources

- Personnel – 4 appraisers conduct the appraisal activities.
- Contracted Appraisal field work is done by Eagle Appraisal and Consulting, for the 2025-2026 appraisal year. The contract is on a yearly basis and as needed, due to the current level II/level III appraisal staff.
- Data - The data used by field appraisers includes the existing property characteristic information contained in CAMA (Computer Assisted Mass Appraisal System) from the district's computer system. The data is printed on a property record card, or personal property data sheets. Other

data used includes maps, sales data, electrical and septic permits, building permits, aerial photos and actual cost and market information. Sources of information are gathered by contacting other County Appraisal Districts. The district cultivates sources and gathers information from both buyers and sellers participating in the real estate market.

- GIS – A GIS system equipped with aerial photography is used as a tool in identifying improvements that are not currently accounted for in the appraisals of properties. (Google Earth is also used as a comparison and recently EagleView - Pictometry.

Appraisal Frequency and Method Summary

- Residential Property- Residential property is physically examined every three years noting condition of the improvement and looking for changes that might have occurred to the property since the last on-site inspection. In residential areas where changes of condition are frequent, homes are examined annually. Every subdivision is statistically analyzed annually to ensure that sales that have occurred in the subdivision during the past 12 months are within a +-3% range of appraised value. If the sales do not indicate that range, adjustments are made to the subdivision using a process outlined in detail in the Residential Appraisal section of this report.
- Commercial Property- Commercial and industrial real estate is observed annually to verify class and condition. The inspection occurs as Business Personal Property appraisers are checking BPP accounts. Real estate accounts are analyzed against sales of comparable properties in Zavala CAD as well as surrounding areas that have similar economies. The income approach to value is also utilized to appraise larger valued commercial properties such as apartments, office buildings, restaurants, motels and hotels, and other types of property that typically sell based on net operating income.

- Business Personal Property- Business personal property is observed annually with appraisers going into businesses to develop quality and density observations. A rendition is mailed or left for new businesses to complete. Similar businesses to a subject are analyzed annually to determine consistency of appraisal per square foot. Businesses are categorized using Property Group Codes. Rendition laws provide additional information on which to base the values of all BPP accounts.

- Minerals- Zavala CAD has a professional service contract with Capitol Appraisal Group. They appraise annually all working and royalty interests of producing oil and gas wells. The most recent production data is available from the Texas Railroad Commission and is downloaded into appraisal software that estimates economically recoverable reserves. Those reserves are then valued based upon State mandated pricing using the previous year's average of oil or gas values. A discount is applied over the anticipated life of the well to consider the value for money over time to recover those reserves. Each producing lease is valued as a unit and then that value is divided according to the various owner's percentage of interest within the lease listed in division orders.

- Industrial - Utilities and Pipelines (IUP) - CAD has a professional service contract with Capitol Appraisal Group. They appraise annually all utility companies and pipelines by using a unit value developed using all three approaches to value. For example, a utility company's total value in the State is estimated using cost, market, and income approaches to value and then the entire value is allocated using the components of that utility company that have situs in the various tax units of Zavala CAD. Components include such things as miles of transmission lines, miles of distribution lines, substations, and the like for an electric utility.

- **Note: Capitol Appraisal Group has prepared a separate and distinct reappraisal plan and mass valuation report pertaining to Minerals and IUP**

on behalf of the Zavala CAD for the 2025-2026 Reappraisal Plan. (This report is attached to this reappraisal plan)

PRELIMINARY ANALYSIS

Data Collection/Validation

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

Sources of Data

The sources of data collection are through property inspection, new construction field effort, data review and reappraised field effort, data mailer questionnaires, hearings, sales validation field effort, commercial sales verification and field effort, newspapers and publications, and property owner correspondence by mail or via the Internet. A principal source of data comes from building permits received from taxing jurisdictions that require property owners to take out a building permit. Paper permits are received and matched manually with the property's tax account number for data entry. Area and regional real estate brokers and managers are also sources of market and property information. Data surveys of property owners requesting market information and property description information are also valuable data. Soil surveys and agricultural surveys of farming and ranching property owners and industry professionals are helpful for productivity value and calibration. The Texas Railroad Commission is the source for mineral production data and leasing information. Crude and gas pricing is taken from Plains Marketing, a regional commodity gatherer and purchaser. Improvement cost information is gathered from local building contractors and Marshall and Swift Valuation Service. Interviewing property managers and operators perform various income and rental surveys to determine operating income and expenses for investment and income producing real property.

Data review of entire neighborhoods is a reliable source for data collection. Appraisers inspect entire neighborhoods to review the accuracy of our data and identify properties that must be reappraised. The sales validation effort in real property pertains to the collection of market data for properties that have sold. In residential, the sales validation effort involves onsite inspection by field appraisers to verify the accuracy of the property characteristics and confirmation of the sales price. In commercial, the commercial sales group is responsible for contacting sales participants to confirm sales prices and to verify pertinent data.

Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently, the property owner provides reliable data to allow correction of records without having to

send an appraiser on-site. As the district plans to have information available on the Internet, property owners can review information on their property and forward corrections via e-mail. For the property owner without access to the Internet, letters are sometimes submitted notifying the district of inaccurate data. Properties identified in this manner are added to a work file and inspected at the earliest opportunity. Accuracy and validity in property descriptions and characteristics data is the highest goal and is stressed throughout the appraisal process from year to year. Appraisal opinion quality and validity relies on data accuracy as its foundation.

Data Collection Procedures

The appraisers are assigned specific areas throughout the district to conduct field inspections. These geographic areas of assignment are maintained for several years to enable the appraiser assigned to that area to become knowledgeable of all the factors that drive values for that specific area. Real estate and Business personal property appraisers conduct field inspections and record the information on a field card that holds the data dealing with the property and allows for the entry of corrections and additions that the appraiser may find in his or her field inspection.

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

Data Maintenance

The field appraiser is responsible for the data entry of his/her fieldwork into the computer file. This responsibility includes not only data entry, but also quality assurance. Most of the data collected in the field is inputted by each appraiser with supervision by the chief appraiser or the administrative assistant. Data updates and file modification for property descriptions and input accuracy is conducted as the responsibility of each field appraiser.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of the last inspection and the appraiser that inspected the property is listed on the CAMA record or property card. If a property owner or jurisdiction disputes the district's records concerning this 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, a field inspection is requested to verify this information for the current year's valuation or for the next year's valuation. Every year a field review of real property located in certain areas or neighborhoods in the jurisdiction is done during the data review/reappraisal field effort. A field review is performed on all personal property accounts, with available situs, each year.

Office Review

Office reviews are completed on properties where updated information has been received from the owner of the property and is considered accurate and correct. Data mailers, sent in mass, or at the request of the property owner, frequently verify some property characteristics or current condition of the property. When the property data is verified in this manner, and considered accurate and correct, field inspections may not be required. The personal property appraiser mails property rendition forms in January of each year to assist in the annual review of the property.

PERFORMANCE TEST

The property appraisers are responsible for conducting ratio studies and comparative analysis. Ratio studies are conducted on property located within certain neighborhoods or districts by appraisal staff. The sale ratio and comparative analysis of sale property to appraised property forms the basis for determining the level of appraisal and market influences and factors for the neighborhood. The information gathered is the basis for updating property valuation for the entire area of property to be evaluated. Field appraisers, in many cases, may conduct field inspections to ensure the accuracy of the property descriptions at the time of sale for this study. This inspection is to ensure that the ratios produced are accurate for the property sold and that appraised values utilized in the study are based on accurate property data characteristics observed at the time of sale. Also, property inspections are performed to discover if property characteristics had changed as of the sale date or after the sale date. Sale ratios should be based on the value of the property as of the date of sale not after a subsequent or substantial change was 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 appraisers are responsible for estimating equal and uniform market values for residential improved and vacant property. There are approximately 17,249 +/- real property accounts in Zavala County and includes accounts in the adjoining over-lapping school district jurisdictional areas.

Appraisal Resources

- **Personnel** - The appraisal staff consists of 2 Level III appraisers, 1 Level II appraiser, 1 Level I appraiser and one data entry clerk

  All appraiser's, appraise - Residential, Commercial, Agricultural Land, and Mobile Homes and all work on deeds, process sales letters and BPP renditions and Mapping as part of their duties.

  The data entry clerk processes the appraisal data entry such as permits, pictures, account coding, and ARB scheduling and other assigned duties as requested by the Chief Appraiser.

  Data - An individualized set of data characteristics for each residential dwelling and multiple family units in this district are collected in the field and data entered to the computer. The property

characteristic data drives the application of computer-assisted mass appraisal (CAMA) 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 is estimated based on available market sales for comparable and competing land under similar usage. A comparison and analysis of comparable land sales is conducted based on a comparison of land characteristics found to influence the market price of land located in the neighborhood. The most common characteristic in sales of vacant lots is square footage. Computerized land tables file stores the land information required to consistently value individual parcels within neighborhoods, given known land characteristics. Specific land influences are 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 ensure that estimated land values best reflect the contributory market value of the land to the overall property value.

Area Analysis

Data on regional economic forces such as demographic patterns, regional locational factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are collected from private vendors and public sources and provide the field appraiser a current economic outlook on the real estate market. Information is obtained from real estate publications and other sources.

Neighborhood (Market) Analysis

Neighborhood analysis involves the examination of how physical, economic, governmental policies, social forces and other influences affect property values. These factors have an impact on the value of properties within groups and in turn on properties being appraised. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of properties in the appraisal district. These subsets are commonly known as market areas but sometimes referred to as neighborhoods.

Accurately identifying market areas is integral to appraising real property but especially residential properties and vacant land. Identifying shared traits that influence market values is the first step in market analysis. 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 similar and uniform. These factors have an impact on the value of properties within this grouping and, in turn, on tax appraisals.

Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as "delineation". Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve the physical drawing of

neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis.

Neighborhood identification and delineation is the cornerstone of the residential valuation system in the district. All the residential analysis work is neighborhood specific in Zavala County. Each residential neighborhood is assigned a name based on observable aspects of homogeneity between neighborhoods. Sometimes Zavala CAD groups neighborhoods to accumulate cost-derived data in areas of limited or no sales or use in direct sates comparison analysis. Neighborhoods are field inspected and delineated based on observable aspects of homogeneity and delineation is reviewed twice during reappraisal years—once before beginning field work to determine if new delineations are necessary and then after completing the field work to verify accurate delineations.

Few neighborhoods are fixed in character and appraisal district staff recognizes that as part of the neighborhood analysis is considering discernible patterns of growth that might influence a neighborhood's individual market. 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. In the stage of equilibrium, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability. During decline, general property use may change from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability. Zavala County has experienced little growth since the last reappraisal as evidenced by the stability in the number of parcels and slight change in market values.

Sales are an indication of market forces in Zavala County and are interpreted by the appraisers to determine market price ranges and indications of the contributory value of property components. Arm's length sales seldom occur in Zavala County and the Zavala CAD rarely obtains sales data from real estate professionals and instead, collects deed (transactions) from the Zavala County Clerk every other month. After the deed transaction is worked, the appraisal district then sends sales confirmation and verification letters to the grantor and grantee in each transaction. It is important to note, however, that approximately one-third of all property transactions in Zavala County involve heirs or gift deeds.

Even though arm's length sales in Zavala County are few, sales remain the most objective indication of market value. Appraisers use sale data to verify the accuracy of market area delineations and the consistency of appraised values in each market area. The appraisal district will conduct ratio studies annually. Ratio studies will be used to verify appraisal levels and appraisal equity. The staff will perform separate ratio studies in each of the market areas as well as a countywide study. In addition, the staff will stratify residential and vacant land by values and conduct ratio studies within each value strata.

Appraisers will focus on appraisal medians and means to analyze appraisal levels. Coefficients of dispersion will be examined to determine whether tax appraisals are equitable.

Over the years very few confirmed sales have come back to the Appraisal District. It is, therefore, that older (than 12 months) property sales will need to be used in the ratio studies. Of course, appraisers will adjust the older sales prices for time and financing, if necessary, to ensure the

values represent current market values. In addition, because of the small number of sales, appraisers may consider appraisals performed by fee appraisers in the local market analyses.

The Cost and Market Data approaches to estimate value are the basic techniques Zavala CAD uses to interpret sales and determine tax values. Zavala CAD does, however, consider and use the Income Approach to value for investment and multi-family residential property. Analysis of the market activity over the last years indicates several distinct market areas in the county. The analysis of market activity and homogeneity of properties has led to the identification of these distinct market areas.

The market areas in Crystal City primarily are delineated by social and geographic factors. The Hacienda Estates Market Area contains the most desirable residential properties in the County. This area consists primarily of one subdivision east of downtown Crystal City but other properties with similar construction are also included. This market has the highest quality construction and most expensive homes in Zavala County. Privacy and exclusivity are the major influences on values in this market area.
The Central Market Area is located within a 1-mile radius of the center of Crystal City. Values in this market area are influenced by paved streets, drainage and sewers, convenient access to the center of the city where citizens can easily take advantage of access to government, financial services, medical services and retail shopping and entertainment.

The Barrio, Campo Santo and the Mexico Chico Market Area are the least desirable of the Crystal City markets. These areas are marked by problems with drainage, a lack of paved streets, uninhabitable houses, and homes of lower quality construction. Many mobile homes are located in these areas. These market areas consist of 3 residential subdivisions: one located northwest of downtown Crystal City, another west of downtown and the other southeast of downtown Crystal City.

Vacant lots in each of the market areas in Crystal City are valued and adjusted according to land sales analysis.

Properties in La Pryor comprise of another market area. Residential and vacant land sales in La Pryor Values have increased due to the new construction of the La Vaca Meat Market plant opening. The new construction of the La Vaca Meat Market plant has caused market values for the La Pryor Independent School District boundaries to increase in residential areas. Values are also influenced by the government, medical and retail shopping between La Pryor and the surrounding communities of Crystal City, Uvalde, and Eagle Pass. Therefore, La Pryor would still be considered one market area.

The Batesville area, though unincorporated, comprises another market area, sales here are rare, but they occur among the local citizens. Distance from Crystal City and its services and the lack of nearby schools are major influences on value. Children in this area must ride buses to attend schools in La Pryor or Uvalde Consolidated Independent School Districts.

Acreage

Most of the acreage tracts in Zavala County are either native/brush pastureland or dry land cropland. The history of land sales indicates that the price per acre throughout the county for similar land is the same. There are separate market areas for cropland tracts and dry land and Irrigated land tracts.

The northern border of Zavala County is located about one hundred miles southwest of San Antonio. The county is primarily rural and agricultural is a major industry. Approximately 93% of the area in Zavala County is devoted to agriculture. About 97% of this land is used for grazing livestock, primarily cattle or wildlife.

Zavala CAD contracts with Eagle Appraisal firm to perform local agricultural use studies to identify agricultural land usages and typical agricultural practices in the county and the firm uses this information to develop (agricultural) net-to-land values. The net-to-land values represent the value per acre based on its agricultural productivity, that is, the income an acre of land is expected to produce based on its agricultural use.

The Texas Comptroller's Manual for the Appraisal of Agricultural Land describes the proper procedures and requirements for developing net to land values. This manual includes all the requirements of the law that govern agricultural land appraisal. Eagle Appraisal firm adheres to the requirements and procedures included in this manual.

Zavala County Property Characteristics

Zavala County is in the southwestern part of Texas near the Texas-Mexico border. Crystal City, which is located near the southern border of the county, is the largest population center in Zavala County. As of the 2020 census, the population for all of Zavala County was 9,670. Crystal City population is 7,158 and is the County seat and home to most of the commercial activity in the county. A Statue of Popeye is in front of the steps of City Hall and in the center of town for the public to take pictures. The statue was dedicated "To All the Children of the World" by Cartoonist E. C. Segar. La Pryor and Batesville are other population centers in the county. La Pryor is located near the northern county boundary—about twenty miles north of Crystal City-and is approximately one hundred miles southwest of San Antonio. La Pryor had 1,294 +/- people at the 2020 Census. The La Pryor community has within its limit's branches of the Texas Department of Transportation and the Zavala County Bank. Two major highways intersect in La Pryor, US Highway 83 runs North and South and US Highway 57 runs East and West. The Batesville population at the 2020 census was 787 people. The first school in Batesville opened in 1884 and students attended Batesville High School, but in 1949 the students began attending school in Uvalde and in 1973 the Batesville School consolidated with Uvalde. Highway 57 is the major highway that runs through Batesville and Farm to Market Road 117 is the connecting road from Uvalde to Batesville.

United States Census Bureau figures indicate population growth in Zavala County over the last 10 years has declined. According to the Census, the population over the 10-year period 2010-2020, dropped because of loss in jobs due to the Eagle Ford inactivity and no interest in Industries relocating to a poverty county.

The per capita income in Zavala County was about $16,738 in 2020. The average household income was about $40,000. The unemployment rate in the county has not changed and remains stable at about 15%. Almost 27% of the county's population lives below the poverty line and 28% of the county's residents under the age of eighteen live in poverty.

About 80% of the county's population resides in Crystal City and La Pryor but most of the county's area is comprised of rural land. 816,600 acres. Most of this rural land is devoted to pastureland and ranching. Less than 10% of the acreage in the county is used for farming.

The average taxable value of single-family residences in the county is $63,027. About 80% of single-family residences are owner occupied and approximately 60% are classified as the lowest quality classification for appraisal purposes. The typical age of single-family residences exceeds 50 years and new construction in Zavala County has remained minimal in the last decade.

The most important property characteristics affecting the values of residential and commercial real property in Zavala County are age, condition, and location. More specifically, the location's impact on value in Zavala County refers to a property's proximity to water drainage systems, paved streets, and access to government, medical and retail services. Properties located on paved streets with drainage that are close to the center of Crystal City tend to have higher values while those without these services and located further than a one (1) mile radius from the center of Crystal City, tend to have lower values with the exception of the Hacienda Estates subdivision.

Most of the commercial activity in the county is in Crystal City. Most businesses are locally owned, and the business owners also own the real property. Many of the commercial improvements in the downtown area of Crystal City are at least 80 years old. Newer commercial properties are located on the outskirts of Crystal City along State Highway 83. By contrast, businesses located along State Highway 83 average 30 years in age. There are fifty-nine active commercial accounts in La Pryor and thirty-two in the Batesville area and among these consist of vacant improvements and land.

Zavala Central Appraisal District operates on a 3- year reappraisal cycle. Although some properties' values change annually, the district only updates its base appraisal schedules every 3 years. This is mainly due to an increase in the cost of goods. The schedule update results in new base unit prices being applied to each property resulting in a reappraisal.

The property inspection work schedule divides the county by geographic areas. Per this reappraisal plan, appraisers will physically inspect and review the properties within the Township of Batesville and properties within the Uvalde CISD boundaries for the 2025 appraisal year. During the second year, appraisers will work in the City of Crystal City and surrounding subdivisions. The purpose of these physical inspections is to verify each property's characteristics, pick up any new structures/improvements or delete improvements no longer in existence.

During the inspections appraisers look for property additions and other physical changes such as signs of additional deterioration or (deterioration) cures. The appraisers take pictures of the properties and record all changes on field note cards. The changes are manually entered into each account within the CAMA system and photos are uploaded to the primary property record database to ensure property characteristics such as classification, size, and condition are the most current. This ensures the current property characteristics are applied to the appropriate base unit prices in the appraisal schedule.

Zavala CAD is responsible for annually appraising all property at its market value. Zavala CAD operates on a 3-year reappraisal cycle, but to keep values current, some properties are reappraised in mass. If Zavala CAD has reason to suspect that a property's market value has changed in a year other than the reappraisal year, it will reappraise the property and send the appropriate notices.

The appraisal district collects deed transactions from the Zavala County Clerk's office bimonthly. Zavala CAD regularly sends sales confirmation/verification letters to the grantor and grantee in each deed transfer, but the district has also determined that careful inspection of the information contained in these deed transfers sometimes provide an indication of changes in property characteristics and, hence, its value. In addition, the appraisal district collects building permits from Crystal City and County of Zavala monthly. The fact that new construction or improvements have been approved is a strong indication that a property's characteristics have or will change. Weekly research of the local newspaper also helps identify properties subject to changes and additions. Appraisers use the deed transfers, permits and research to create a list of properties that must be physically inspected in addition to those regularly scheduled for inspection in a particular year. These additional property inspections help appraisers keep each property's

characteristics current which ensures that appraisers apply the correct appraisal schedules and appraisal judgments to the most current property characteristics; thereby, improving the chance that properties will be appraised annually at their market value.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, 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 with ongoing gentrification, the appraiser reviews the existing residential property use and decides regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest, and best use analysis is done to decide the type of residential use on a neighborhood basis. As an example, it may be determined in a transition area that older, non-remodeled homes are economic mis-improvements, and the highest and best use of such property is the construction of new dwellings. In areas of mixed residential and commercial use, the appraiser 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 residential parcels in the district are valued with a replacement cost estimated from identical cost schedules based on the improvement classification system using a comparative unit method. The district's residential cost schedules are estimated from Marshall and Swift, a nationally recognized cost estimator service. These cost estimates are compared with sales of new improvements and evaluated from year to year and indexed to reflect the local residential building and labor market. Costs may also be indexed for neighborhood factors and influences that affect the total replacement cost of the improvements in a smaller market area based on evidence taken from a sample of market sales. The cost schedules are reviewed regularly because of recent state legislation requiring that the appraisal district's cost schedules be within a range of plus or minus 10% from nationally recognized cost schedules.

A review of the residential cost schedule is performed annually. As part of this review and evaluation process of the estimated replacement cost, newly constructed sold properties representing various levels of quality of construction in district are considered. The property data characteristics of these properties are verified, and photographs are taken of the samples. CAD replacement costs are compared against Marshall & Swift, and the indicated replacement cost abstracted from these market sales of comparably improved structures. The results of this comparison are analyzed using statistical measures, including stratification by quality, and reviewing of estimated building costs Plus land to sales prices. As a result of this analysis, a new regional multiplier or economic index factor and indications of neighborhood economic factors are developed for use in the district's cost process. This new economic index is estimated and used to adjust the district's cost schedule to follow local building costs as reflected by the local market.

Sales Information

A sales file for the storage of "snapshot" sales data at the time of sale is maintained for real property. Residential vacant land sales, along with commercial improved and vacant land sales are maintained in a sales information system. Residential improved and vacant sales are collected from a variety of sources, including district questionnaires sent to buyers and sellers, field discovery, protest hearings, various sale vendors, builders, and realtors. A system of type, source, validity, and verification codes has been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale prices. The effect of time as an influence on price was considered by paired comparison and applied in the ratio study to the sales as indicated within each neighborhood area. Neighborhood sales reports are generated as an analysis tool for the appraiser in the development and estimation of market price ranges and property component value estimates. Abstraction and allocation of property components based on sales of similar property is an important analysis tool to interpret market sales under the cost and market approaches to value. These analysis tools help determine and estimate the effects of change regarding price, as indicated by sale prices for similar property within the current market. Monthly time adjustments are estimated based on comparative analysis using paired comparison of sold property. Sales of the same property were considered and analyzed for any indication of price change attributed to a time change or influence. Property characteristics, financing, and conditions of sale were compared for each property sold in the pairing of property to isolate only the time factor as an influence on price.

Statistical Analysis

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

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

Market and Cost Reconciliation and Valuation

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

The following equation denotes the hybrid model used:

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

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

When the appraiser reviews a neighborhood, the appraiser reviews and evaluates a ratio study that compares recent sales prices of properties, appropriately adjusted for the effects of time, within a delineated neighborhood, with the value of the properties' based on the estimated depreciated replacement cost of improvements plus land value. The calculated ratio derived from the sum of the sold properties' estimated value divided by the sum of the time adjusted sales prices indicates the neighborhood level of appraisal based on sold properties. This ratio is compared to the acceptable appraisal ratio, 96% to 100%, to determine the level of appraisal for each neighborhood. If the level of appraisal for the neighborhood is outside the acceptable range of ratios, adjustments to the neighborhood are made.

If reappraisal of the neighborhood is indicated, the appraiser analyzes available market sales, appropriately adjusted for the apparent effects of time, by market abstraction of property components. This abstraction of property components allows the appraiser to focus on the rate of change for the improvement contribution to the property by providing a basis for calculating accrued depreciation attributed to the improvement component. This impact on value is usually the most significant factor affecting property value and the most important unknown to determine by market analysis. Abstraction of the improvement component from the adjusted sale price for a property indicates the effect of overall market suggested influences and factors on the price of improvements that were a part of this property, recently sold. Comparing this indicated price or value allocation for the improvement with the estimated replacement cost new of the improvement indicates any loss in value due to accrued forms of physical, functional, or

economic obsolescence. This is a market driven measure of accrued depreciation and results in a true and relevant measure of improvement marketability, particularly when based on multiple sales that indicate the trending of this rate of change over certain classes of improvements within certain neighborhoods. Based on this market analysis, the appraiser estimates the annual rate of depreciation for given improvement descriptions considering age and observed condition. Once estimated, the appraiser recalculates the improvement value of all property within the sale sample to consider and review the effects on the neighborhood sale ratio. After an acceptable level of appraisal is achieved within the sale sample, the entire neighborhood of property is recalculated utilizing the indicated depreciation rates taken from market sales. This depreciation factor is the basis for trending all improvement values and when combined with any other site improvements and land value, brings the estimated property value through the cost approach closer to actual market prices as evidenced by recent sale prices available within a given neighborhood. Therefore, based on analysis of recent sales located within a given neighborhood, estimated property values will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The estimated property values calculated for each update neighborhood are based on market indicated factors applied uniformly to all properties within a neighborhood. Finally, with all the market-trend factors applied, a final ratio study is generated that compares recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the appraiser judges the appraisal level and uniformity in both update and non-update neighborhoods and verifies appraised values against overall trends as exhibited by the local market, and finally, for the school district.

TREATMENT OF RESIDENCE HOMESTEADS

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

- the market value; or
- the preceding year's appraised value.
  PLUS, 10 percent for each year since the property was re-appraised.
  PLUS, the value of any improvements added since the last re-appraisal.

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

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The appraiser identifies individual properties in critical need of field review through sales ratio analysis. Sold properties are field reviewed on a monthly and periodic basis to check for accuracy of data characteristics.

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

Office Review

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

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

PERFORMANCE TESTS

Sales Ratio Studies

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

Management Review Process

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

Commercial and Industrial Property Valuation Process

INTRODUCTION

Appraisal Responsibility

This mass appraisal assignment includes all the commercially described real property which falls within the responsibility of the appraisers of the Zavala Central Appraisal District and is located within the boundaries of this taxing jurisdiction. 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 are 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). 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 improved real property appraisal responsibilities are categorized according to major property types of multi-family or apartment, office, retail, warehouse, and special use (i.e., hotels, hospitals, and nursing homes).

Data - The data used by the 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 (typically obtained through the hearings process), actual contract rental data, leasing information (commissions, tenant finish, length of terms, etc.), and actual construction cost data. In addition to the actual data obtained from specific properties, market data publications are also reviewed to provide additional support for market trends.

PRELIMINARY ANALYSIS

Market Study

Market studies are utilized to test new or existing procedures or valuation modifications in a limited sample of properties located in the district and are also considered and become the basis of updating whenever substantial changes in valuation are made. 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 system is producing accurate and reliable value estimates or whether procedural and economic modifications are required. The appraiser implements this methodology when developing cost approach, market approach, and income approach models.

Zavala CAD coordinates its discovery and valuation activities with adjoining appraisal districts.

Numerous field trips, interviews and data exchanges with adjacent appraisal districts have been conducted to ensure compliance with state statutes. In addition, Zavala CAD administration and personnel interact with other assessment officials through professional trade organizations including the International Association of Assessing Officers (IAAO) and the Texas Association of Appraisal Districts (TAAD). District staff strives to maintain appraisal skills and professionalism by continuing education in the form of courses that are offered by professional associations such as IAAO, TAAO, and TAAD and in office webinars offered by the districts, software vendor or other organizations.

VALUATION APPROACH

Land Value

Commercial land is analyzed annually to compare appraised values with recent sales of land in the market area. If appraised values differ from sales prices being paid, adjustments are made to all land in that region. In Zavala County, commercial property is appraised on a price square foot basis. Factors are 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.

Area Analysis

Area data on regional economic forces such as demographic patterns, location factors, employment and income patterns, general trends in real property prices and rents, interest rates, availability of vacant land, and construction and costs trends are collected from private vendors and public sources.

Neighborhood Analysis

The neighborhood and market areas are comprised of the land area and commercially classed properties located within the boundaries of this appraisal jurisdiction. These areas consist of a wide variety of property types including commercial and industrial properties. Neighborhood and area analysis involves the examination of how physical, economic, governmental, and social forces and other influences may affect property values within subgroups of property locations. The effects of these forces are also used to identify, classify, and organize comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. In the mass appraisal of commercial and industrial properties these subsets of a universe of properties are referred to as market areas, neighborhoods, or economic areas.

Economic areas are defined by each of the improved property use types (apartment, office, retail, warehouse, and special use) based upon an analysis of similar economic or market forces. These include but are not limited to similarities of rental rates, classification of projects (known as building class by area commercial market experts), date of construction, overall market activity or other pertinent influences. Economic area identification and delineation by each major property use type is the benchmark of the commercial valuation system. All income model valuation (income approach to value estimates) is economic area specific. Economic areas are periodically reviewed to determine if red lineation is required. The geographic boundaries as well as income, occupancy and expense levels and capitalization rates by age within each economic area for all commercial use types and its corresponding income model have been estimated for these properties.

There are two commercial markets in Crystal City. The downtown market consists of older and owner-occupied properties. Age and the condition of the improvements in this area are major factors that influence value. The market is located to the east and the west of what used to be the railroad tracks. The

other commercial market is along State Highway 83. Traffic volume and access for customers are the biggest influences on value in this area.

Highest and Best Use Analysis

The highest and best use is the most reasonable and probable use that generates the highest net to land and present value of the real estate as of the date of valuation. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. For improved properties, highest and best use is evaluated as improved and as if the site were still vacant. This 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 is 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, which approximates market price under the following assumptions:

(i) no coercion of undue influence over the buyer or seller to force the purchase or sale,
(ii) (ii) well-informed buyers and sellers acting in their own best interests,
(iii) (iii) a reasonable time for the transaction to take place, and
(iv) (iv) payment in cash or its equivalent.

Market Analysis

A market analysis relates directly to examining 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, capitalization rate studies are analyzed to determine market ranges in price, operating costs, and investment return expectations.

DATA COLLECTION / VALIDATION

Data Collection Manuals

Data collection and documentation for Commercial/industrial property is continually updated, providing a uniform system of itemizing the multitude of components comprising improved properties. All properties located in Zavala CAD's inventory are group coded according to a specific classification system and the approaches to value are structured and calibrated based on this coding system.

Annually, after the sales of property have been researched, verified, keyed into the database, and quality control has been completed, the sales data is summarized and produced into list form. The confirmed sales reports, known as the Commercial Improved and Vacant Land sales listings categorize the sales by property and use type, and sort the data by location and chronological order. Many of these sales are

confidential but may be used during protest hearings by the Zavala CAD appraisers during the Protest (ARB) hearings process.

Note: If any person requests sales during the protest hearings the requestor needs to sign a statement that he/she will not use the sales provided for other sources.

Sources of Data

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

For those properties involved in a transfer of commercial ownership, a sale file is produced which begins the research and verification process. The initial step in sales verification involves a computer-generated questionnaire, which is mailed to the purchaser of the transaction. If a questionnaire is answered and returned, the documented responses are recorded into the computerized sales database system. If no information is provided, verification of many transactions is then attempted via phone calls to parties thought to be knowledgeable of the specifics of the sale. In other instances, sales verification is obtained from local appraisers or others that may have the desired information. Finally, closing statements are often provided during the hearings process. The actual closing statement is the most reliable and preferred method of sales verification.

VALUATION ANALYSIS

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

Cost Schedules

The cost approach to value is applied to 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 the Marshall Valuation Service which indicates estimated hard or direct costs of various improvement types. Cost models include the derivation of replacement cost new (RCN) of all improvements represented within the district. These include comparative base rates, per unit adjustments and lump sum adjustments for variations in property description, design, and types of improvement construction. This approach and analysis also employ the sales comparison approach in the evaluation of soft or indirect costs of construction. Evaluating market sales of newly developed improved property is an important part of understanding the 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. Because a national cost service is used as a basis for the cost models, locational modifiers and estimates of soft cost factors are necessary to adjust these base costs specifically for distinct types of improvements located in Zavala County. Thus, local modifiers are additional cost factors applied to replacement cost estimated by the national cost service. Estimated replacement cost new will reflect all costs of construction and development for various improvements located in Zavala CAD as of the date of appraisal.

Accrued depreciation is the sum of all forms of loss affecting the contributory value of the improvements. It is the measured loss against replacement cost new taken from all forms of physical deterioration, functional and economic obsolescence. Accrued depreciation is estimated and developed based on losses typical for each property type at that specific age. Depreciation estimates have been implemented for what is typical of each major class of commercial property by economic life categories. Estimates of accrued depreciation have been calculated for improvements with a range of variable years expected life based on observed condition considering actual age. These estimates are continually evaluated 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 are based on the utility of the improvements relative to where the improvement lies on the scale of its total economic life and its competitive position in the marketplace. Effective age estimates are considered and reflected based on five levels or rankings of observed condition, given actual age.

Additional forms of depreciation such as external and/or functional obsolescence can be applied if observed. A depreciation calculation override can be used if the condition or effective age of a property varies from the norm by appropriately noting the physical condition and functional utility ratings on the property data characteristics. These adjustments are typically applied to a specific condition adequacy or deficiency, property type or location and can be developed via ratio studies or other market analyses.

The result of estimating accrued 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 accrued depreciation, the indicated value of the property by the cost approach becomes a reliable valuation technique.

Income Models

The income approach to value is applied to those real properties which are typically viewed by market participants as "income producing", and for which the income methodology is considered a leading value indicator. The first step in the income approach pertains to the estimation of market rent on a per unit basis. This is derived primarily from actual rent data furnished by property owners and from local market surveys conducted by the district and from information from area rent study reviews. This per unit rental rate multiplied by the number of units results in the estimate of potential gross rent (PGR).

A vacancy and collection loss allowance are the next items to consider in the income approach. The projected vacancy and collection loss allowance is 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 is subtracted from the potential gross rent estimate to yield an indication of estimated annual effective gross rent (EGR) to the property.

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

Allowable expenses and expense ratio estimates are based on a study of the local market, with the assumption of prudent management. An allowance for non-recoverable expenses such as leasing costs and tenant improvements may be included in the expenses. A non-recoverable expense represents costs that the owner pays to lease rental space. Relevant expense ratios are developed for several types of commercial property based on use and market experience. For instance, retail properties are most frequently leased on a triple-net basis, whereby the tenant is responsible for all operating expenses, such as ad valorem taxes, insurance, common area and property maintenance. In comparison, a general office building is most often leased on a base year expense stop. This lease type stipulates that the owner is responsible for all expenses incurred during the first year of the lease. As a result, expense ratios are implemented and estimated based on observed market experience in operating diverse 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. When these capital expenditures are analyzed for consistency and adjusted, they may be applied on an annualized basis as stabilized expenses. When performed according to local market practices by commercial property type, these expenses when annualized are known as replacement reserves. For some types of property, typical management does not reflect expensing reserves and is dependent on local and industry practices. Subtracting the allowable expenses (inclusive of non-recoverable expenses and replacement reserves when applicable) from the annual effective gross income yields an estimate of annual net operating income to the property.

Return rates and income multipliers are 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 return rates are 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 are supported and documented based on analysis of market sales for these property types.

Capitalization analysis is used in the income approach models to form an indication of value. This methodology involves the 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 are derived from the market. Sales of improved properties from which actual income and expense data are obtained provide an exceptionally good indication of property return expectations a specific market participant is requiring from an investment at a specific point in time. In addition, overall capitalization rates can be derived and estimated from the built-up method (band-of-investment). This method relates to satisfying estimated market return requirements of both the debt and equity positions in a real estate investment. This information is

obtained from available sales of property, local lending sources, and from real estate and financial publications.

Rent loss concessions are 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 most frequently referred to as the Market Approach. This approach is utilized not only for estimating land value but also in comparing sales of similarly improved properties to parcels on the appraisal roll.

As previously discussed in the Data Collection / Validation section of this report, pertinent data from actual sales of properties, both vacant and improved, is pursued throughout the year to obtain relevant information which can be used in all aspects of valuation. Sales of similarly improved properties can provide a basis for the depreciation schedules in the Cost Approach, rates and multipliers used in the Income Approach, and as a direct comparison in the Sales Comparison Approach. Improved sales are also used in ratio studies, which afford the appraiser an excellent means of judging the present level and uniformity of the appraised values.

Final Valuation Schedules

Based on the market data analysis and review discussed previously in the cost, income and sales approaches, the cost and income models are calibrated and finalized. The calibration results are keyed to the schedules and models in the CAMA system for utilization on all commercial properties in the district. Market factors reflected within the cost and income approaches are evaluated and confirmed based on market sales of commercial and industrial properties. The appraisers review the cost, income, and sales comparison approaches to value for each of the types of properties with available sales information. The final valuation of a property is estimated based on reconciling these indications of value considering the weight of the market information available for evaluation and analysis in these approaches to value.

Statistical and Capitalization Analysis

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

Appraisal statistics of central tendency and dispersion generated from sales ratios are calculated for each property type with available sales data. These summary statistics including, but not limited to, the weighted mean, provide the appraisers with an analytical tool by which to determine both the level and

uniformity of appraised value of a particular property type. The level of appraised values can be determined by the weighted mean for individual properties within a specific type, and a comparison of weighted means can reflect the general level of appraised value.

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

Potential gross rent estimates, occupancy levels, secondary income, allowable expenses (inclusive of non-recoverable and replacement reserves), net operating income and capitalization rate and multipliers are continuously reviewed. Income model estimates and conclusions are 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.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of the last inspection, extent of that inspection, and the initials of the CAD appraiser responsible for the inspection is listed in the CAMA system. This assists the ARB scheduler to assign the protested property to the appraiser who set the noticed value for that year. Normally, a new field check is then requested to verify this information for the current year's valuation or for next year's valuation. In addition, if a building permit is filed for a particular property indicating a change in characteristics, that property is added to a work file for review Commercial appraisers are limited in the time available to field review all commercial properties of a specific use type. However, a major effort is made by appraisers to field review as many properties as possible or economic areas experiencing large numbers of remodels, renovations, or retrofits, changes in occupancy levels or rental rates, new leasing activity, new construction, or wide variations in sale prices. Field review of real property accounts is accomplished while business personal property is reviewed and inspected in the field. Additionally, the appraisers frequently field review subjective data items such as building class, quality of construction (known as cost modifiers), condition, and physical, functional, and economic obsolescence factors contributing significantly to the market value of the property. In some case's field reviews are warranted when sharp changes in occupancy or rental rate levels occur between building classes or between economic areas. With preliminary estimates of value in these targeted areas, the appraisers test computer assisted values against their own appraisal judgment. While in the field* the appraisers physically inspect sold and unsold properties for comparability and consistency of values.

Office Review

Office reviews are completed on properties subject to field inspections and are performed in compliance with the guidelines required by the existing classification system. Office reviews are typically limited by the available market data presented for final value analysis. These reviews summarize the pertinent data of each property as well as comparing the previous value to the proposed value conclusions of the various approaches to value. These evaluations and reviews show proposed value changes, income model attributes or overrides, economic factor (cost overrides) and special factors affecting the property valuation such as new construction status, and a three-year's sales history (USPAP property history requirement for non-residential property). The appraiser may review methodology for appropriateness to ascertain that it was completed in accordance with USPAP or more stringent statutory and district policies. This review is performed after preliminary ratio statistics have been applied. If the ratio statistics are acceptable overall the review process is focused primarily on locating skewed results on an individual basis. Previous values resulting from protest hearings are individually reviewed to determine if the value remains appropriate for the current year based on market conditions. Each appraiser's review is limited to properties in their area of responsibility by property type (improved) or geographic area (commercial vacant land).

Once the appraiser is satisfied with the level and uniformity of value for each commercial property within their area of responsibility, the estimates of value come to notice. Each parcel is subjected to the value parameters appropriate for its use type.

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 ratio study, market values (value in exchange) are typically represented with the range of sale prices, i.e., a sales ratio study. Independent, expert appraisals may also be used to represent market values in a ratio study, i.e., an appraisal ratio study. If there are not enough examples of market price to provide necessary representativeness, independent appraisals can be used as indicators for market value. 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 reflecting the use-value requirement. An example of this are multi-family housing projects subject to subsidized rent provisions or other governmental guarantees as provided by legislative statutes (affordable housing) or agricultural lands to be appraised based on productivity or use value.

Zavala CAD follows the policies of the IAAO STANDARD ON RATIO STUDIES. Ratio studies have six basic steps: (1) determination of the purpose and objectives, (2) data collection and preparation, (3) comparing appraisal and market data, (4) stratification, (5) statistical analysis, and (6) evaluation and application of the results.

Sales Ratio Studies

Sales ratio studies are an integral part of estimating equitable and accurate market values, and property assessments for these 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 models used to estimate appraised values during valuation or reappraisal cycles. However, these studies cannot be used to judge the accuracy of an individual property appraised value. The Zavala Central

Appraisal Review Board may make individual value adjustments based on unequal appraisal (ratio) protest evidence submitted on a case-by-case basis during the hearing process.

Overall sales ratios are generated by use type semi-annually (or more often in specific areas) to allow appraisers to review general market trends in their area of responsibility and for the School District Property Value Study (SDPVS) from the Property Tax Assistance Division (PTAD) of the Comptroller's Office. In many cases, field checks may be conducted to ensure 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 performs 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 of sold and unsold properties. Appraiser's average unit prices of sales and average unit appraised values of the same parcels and the comparison of average value changes of sold and unsold properties. These studies are conducted on substrata such as building class and on properties located within various economic areas. In this way, overall appraisal performance is evaluated geographically, 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 are performed prior to final appraisal and to annual noticing.

Business Personal Property Valuation Process

INTRODUCTION

Appraisal Responsibility

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

- **Data** - A common set of data characteristics for each personal property account in Zavala CAD is collected in the field and data is entered on the district's computer software. The property characteristic data drives the computer-assisted personal property appraisal (CAPPA) system.

  The personal property appraisers collect the field data and maintain property files making updates and changes gathered from field inspections, newspapers, annual renditions, and sales, DBA filings at County Clerk office, permits and vehicle listing from a third-party vendor and lastly interviews with property owners.

VALUATION APPROACH

Highest and Best Use Analysis

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

DATA COLLECTION/VALIDATION

Data Collection Procedures

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

Sources of Data

Business Personal Property

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

Vehicles

The Texas Department of Transportation (TxDOT) Title and Registration Division records are utilized to determine ownership and jurisdiction. Other sources of data include property owner renditions, vehicle value guidebooks and field inspections.

Leased and Multi-Location Assets

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

VALUATION AND STATISTICAL ANALYSIS (model calibration)

Cost Schedules

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

Statistical Analysis

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

Depreciation Schedule and Trending Factors:

Business Personal Property

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

PVF = INDEX FACTOR x PERCENT GOOD FACTOR

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

MARKET VALUE ESTIMATE = PVF x HISTORICAL COST

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

Vehicles

Value estimates for vehicles are provided by renditions and an outside vendor. The values are based on NADA Trade in book values, and there are also considerations available for high mileage, wear and tear, and allocation by apportioned mileage. Vehicles that are not valued by the vendor are valued by an appraiser using PVF schedules or published guides.

Leased and Multi-Location Assets

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

INDIVIDUAL VALUE REVIEW PROCEDURES

Office Review

Business Personal Property

A district valuation computer program exists in a mainframe environment that identifies accounts in need of review based on a variety of conditions. Property owner renditions, accounts with field or other data changes, accounts with prior hearings, new accounts, and SIC cost table changes are all considered. The

accounts are processed by the valuation program and pass or fail preset tolerance parameters by comparing appraised values to prior year and model values. The appraisers review accounts that fail the tolerance parameters.

Neighborhood Analysis

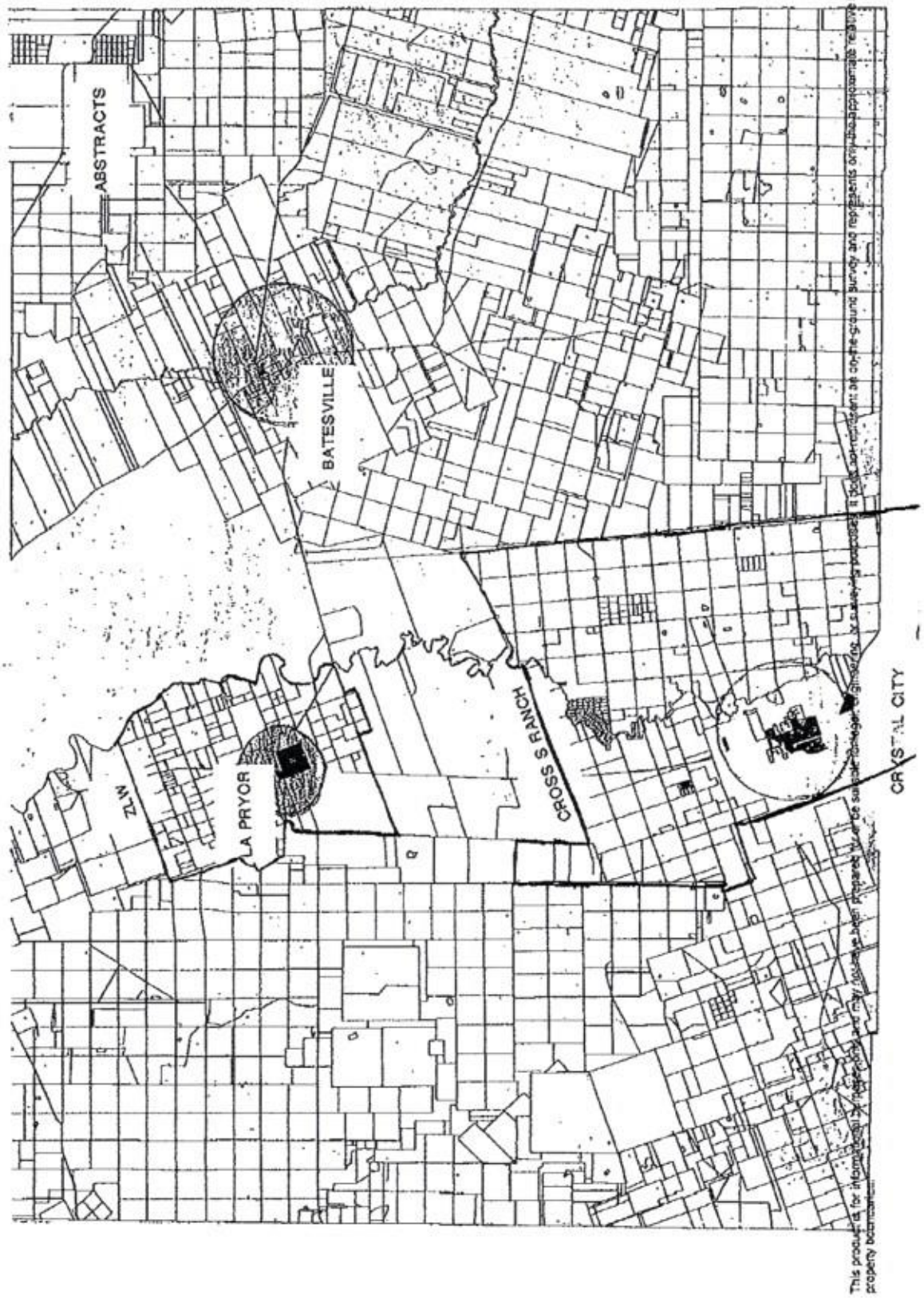
Commercial personal property accounts are associated with the businesses located in the two business districts: central business or downtown Crystal City and the business district along Highway 83. These accounts represent inventory, furniture, and fixtures. They are valued similarly using schedules appropriate to the classification of the type of business. The same technique also applies for commercial personal property accounts in La Pryor and Batesville communities.

PERFORMANCE TESTS

Ratio Studies

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

Zavala County 3-year Re-appraisal cyle



REAPPRAISAL PLAN

Appraised September 2025- April 2026

The Town of Batesville and subdivisions will be re-appraised in the first year along with any county permits and all accounts under the Batesville Jurisdiction (UCISD).

Appraised September 2026 — April 2027

The Town of La Pryor and subdivisions will be re-appraised in the second year along with any county permits and all accounts under La Pryor ISD.

Appraised September 2027 — April 2028

City of Crystal City subdivisions are appraised in the third and year last of the re-appraisal cycle, along with permits and rechecks etc.

Business Personal Property is appraised every year and Mobile Home accounts are appraised while the real property account is appraised. Accounts that have certain appraisal Property Group Code re-check codes etc. are also reviewed and or appraised on a yearly basis. Accounts with lack of entrance by owners (ranch land) will also be visited on a yearly basis as entry access becomes available along with any accounts that are flagged by a county permit.

New Mobile Homes are valued and added to the appraisal roll the year they are acquired.

LIMITING CONDITIONS:

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

1. The appraisals were prepared exclusively for ad valorem tax purposes.
2. The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of the property appraised were performed as staff resources and time allowed. Some interior inspections of property appraised were performed at the request of the property owner and required by the district for clarification purposes and to correct property descriptions.
3. The title and the legal descriptions are assumed correct and marketable.
4. Validation of sales transactions has been attempted through questionnaires to buyer and seller, and field review. In the absence of such confirmation, residential sales data obtained from vendors was considered reliable.

Certification Statement:

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

X

Yolanda Cervera Lavenant, RPA, RTA, CCA
Zavala CAD - Chief Appraiser

PUBLIC MEETING HELD ON: SEPTEMBER 11, 2024
APPROVED BY: ZAVALA CENTRAL APPRAISAL DISTRICT
BOARD OF DIRECTORS

PRESENTED BY: Yolanda Cervera Lavenant, RPA, RTA, CCA
ZAVALA CAD - CHIEF APPRAISER

BOARD CHAIRPERSON: Ray Espinosa

ZAVALA CAD BIANNUAL WORK PLAN

2025 – 2026

Calendar of Events

Zavala CAD is a small district with limited staff where appraisal departments are not designated and is a district that also collects property taxes.

The districts staff must complete all assigned work in a timely manner. The following work schedule is conducted throughout the year.

1. Collect property taxes for 5 taxing entities
    a. Prepare Monthly Tax Collections reports and distribute funds to each taxing entity
2. Maintain Records Management
3. Provide Customer service to the public (Phone, emails, fax, walk-ins, mail etc.)
4. Returned mail is updated in CAMA system as it is received
5. Conduct quarterly board of directors (BOD) meetings and schedule other meetings as necessary to meet certain deadlines
6. Maintain districts website with updated information
7. Inform BOD on any lawsuits filed against the appraisal district
8. As appraisers make supplemental appraisal changes, the Tax Assessor Collector updates the tax collections changes and forwards corrected bills to the taxpayers
9. 25.25(b) Corrections/reports are prepared and presented to the BOD and ARB on a quarterly basis
10. The CAMA system (Appraisal & Collections) is backed up daily and is maintained by the districts IT – Company (BIS Consulting)
11. Deeds are retrieved from the County Clerk office and the receptionist processes them, emails copies of Mineral and any Oil and Gas to Capitol Appraisal Group
12. Research any pending property ownership issues
13. Gather sales data from confirmed sales letters, deed records and other sources for the sales files
14. Supplemental changes, penalty impositions (BPP or Late Ag) are forwarded via export to La Pryor ISD and Uvalde ISD every two weeks and when necessary.

Monthly Calendar of Events

The following monthly calendar of events applies to 2025 Reappraisal Year -Year 1 of this reappraisal plan – Batesville Township – Uvalde CISD Boundaries.

Late July – 1st week of August

Post notice 25.19

Truth – in – Taxation Publication

August 2024

Before August 1, submit the EPTS and EARS to PTAD

Submit appraisal data to Variverge for printing Senate Bill 2 – postcards compliance

Work on No New Revenue Rate and Voter Approval Rate for the taxing entities (County, City, School District, Water District and Jr. College)

Print Certified Rolls and submit according to each taxing entity requested format

After certification of prior year's appraisal roll and EARS is accepted, work on the PTAD Short Forms

Staff takes vacation time to prepare their children to attend school

Staff organize, sort and file previous years appraisal work and prepare for next year's appraisal work

Obtain building permits from City and County (January – July 2024)

Late August the new appraisal layer is created on the CAMA system, for 2025 data entry that includes ownership changes, scanning documents to parcels, adding pictures to parcels, making corrections to legal descriptions or physical locations of properties, correcting state codes, adding notes to parcels or any other information from other sources.

For any late Agricultural Use applications received during the ARB process, mail letter that a 10 percent penalty will be applied for failure to submit Ag application timely.

Update Annual & Mass appraisal reports and add them to the CAD's website

September 2024

Appraisers begin field work for 2025 appraisal year and continue this process up to the time the district mails the 2023 Notices of Appraised Value, usually on or before May 15th of the following year

Print field review cards for the reappraisal areas, attaching permits and recheck notes etc.

Ensure adequate supplies and postage is available for printing and mailing 2024 Tax Statements

Present budget line-item adjustments to BOD

10 days before public hearing on the CAD's reappraisal plan, publish notice of public meeting on the newspaper and mail notice to taxing entities (include date time and place of hearing on the notice) (Even number years only)

September 15 – Last day for BOD to hold public hearing and approve the biannual reappraisal plan (Even number years only) Note: if possible, get this plan approved in August to avoid missing the deadline.

Calculate the number of votes to which each taxing unit is entitled and deliver written notice to each of those units of its voting entitlement before October 1 (Odd number years only)

Request copies of Tax Rate resolutions to upload the tax rates to the CAMA system

September 16 – Deadline to sign up for electronic communications (Form 50-843)

October 2024

October 1 or soon after as practical, Assessor mails Tax bills for the 2024 Tax Year

Complete and submit reports of Property Value to comptroller's office after Tax Rates are set, including supporting documents

Before October 30, prepare a ballot, listing the candidates, in alpha order and deliver a copy of the ballot to the presiding officer of the governing body of each taxing unit that is entitled to vote, (Odd number year only)

Submit Farm and Ranch Survey to PTAD

Schedule meeting of the Agricultural Advisory Board

Prepare for Financial Audit by Independent CPA firm to close the books for the previous fiscal year

November 2024

Submit County Indigent Report to PTAD

BOD appoints ARB and Ag Advisory Board members at a regular BOD meeting (2-year terms)

December 2024

Gather current sales data from sales confirmation letters, deed records and other sources and begin planning and analyzing the data with prior years values with sale amounts to determine the appraisal to sale ratio in each state category. Adjust the appraisal schedules, if necessary, according to the analyzed data.

Prepare BPP renditions for mail out in early January 2025

Prepare 1-d-1 Agricultural Applications for mail out to new owners, name change, change in acres etc.'

Prepare Homestead exemption applications for mail out for qualified owners

Administrative Judge appoints ARB Chair and Secretary

Count votes, declare the 5 candidates who receive largest cumulative vote total elected and submit results before December 31 to the governing body of each taxing entity and to each candidate (Odd number years only)

Mail Income & Expense surveys to multi-Family residential Owners and Mini Storage Owners

January 2025

January 1 – Date the board members of the appraisal district BOD begin two-year terms (even numbered year only)

January 1 is the deadline date for chief appraisers to notify the Comptroller's office of eligibility to serve as chief appraisers (Sec. 6.05(c))

Mail BPP renditions

Request list of active sales tax permits from the State Comptroller's office and from the County Clerk's office

Create new accounts for the new businesses that were established prior to January 1 of the previous year

Mail Agricultural Use 1-d-1 applications

Mail exemptions applications requiring annual applications

Obtain remaining 2024 building permits from the City and County (August – December 2024)

If any BPP renditions begin to arrive in late January, begin processing and work them to avoid any work backlog. A continued process through mid or end of May (due to a written extension request) or up until records are locked and submitted to ARB

Publish Ad's on availability of exemptions, rendition requirements, Special appraisal, and tax deferral on local newspaper

Publish notice of the capitalization rate to be used in 2025 (2026), to appraise property with low- and moderate- income housing exemption (January 31 deadline)

Begin to prepare the updated USPAP Report (Mass Appraisal Report)

Before January 31, homeowners who are age 65 or older, disabled, disabled veterans and their surviving spouses to provide notice of intent to pay by installment and pay the first installment of homestead property taxes if the delinquency date is February 1 (2nd installment due before April 1, 3rd installment due before June 1st and the last (4th) due before August 1

Before February 1, of any given year, submit the EPTS submission to the Comptroller's PTAD

February 2025

Date the taxes imposed the previous year become delinquent if the tax bills were mailed before January 10th of the current year

Begin creating the new parcels/accounts for all new BPP and Mobile Homes that are still pending

March 2025

Appraisers continue with all appraisals work according to the reappraisal for tax year 2025

Appraisers continue with data entry and conducting on-site inspections

Appraisers continue working renditions and doing the ownership changes (deed transfers), sales analysis

Schedule ARB members PTAD training

Work on Operations Survey and submit to PTAD

Work on next year's proposed preliminary budget and hold a budget workshop with board of directors

Before June 14 hold public meeting to approve the Proposed Budget to the BOD for next year and to the taxing entities

April 2025

Before April 30th, provide preliminary estimated values to the taxing entities (counties, municipalities, and schools) on all Real Property, Personal Property, Mineral and IUP accounts (The taxing entities use these figures to begin and work on their budgets)

April 15 – deadline date for BPP renditions, unless written extension request was submitted

April 30 – Deadline for Special Appraisal (Agricultural Use) Applications

May 2025

For Zavala CAD, where the appraisers appraise all types of properties, or as soon as practicable thereafter to mail notices of appraised value for tax year 2023 is before May 10th of the current year

Publish Ad's on protest procedures and deadlines in local newspaper

Before May 15th, the ARB must adopt by Resolution the ARB Hearing Procedures

Prepare appraisal records and submit the records to the ARB by May 15 or soon thereafter

May 15 is the last day to file renditions and property reports for most property types if an extension was requested in writing

After 2025 Notices of appraised value are mailed to the taxpayers of Zavala County, the taxpayers have 30 days to file and submit a protest to the ARB

Attach letter of 10 % penalty on all business personal property accounts who failed to submit a rendition timely (Letter is included with the Notice of Value)

Work on June and July dates for ARB hearings (usually need 4-6 scattered M-F days)

Begin compiling information for tax agents, evidence packets request on protest received

In May, begin scheduling any 25.25 corrections and any pending protest to the ARB

June 2025

Begin mailing notices of scheduled ARB hearings to all the taxpayers, agents that submitted a timely protest and state Date, Time, and Place of hearings, include the taxpayer rights and remedies and ARB hearing procedures

10 days before public hearing on the budget, publish ¼ page Ad in newspaper regarding the public hearing and approval of the ZCAD budget and mail notice to taxing units (include date time and place of hearing on the notice)

Before June 14 – Last day for BOD to hold public hearing and adopt CAD budget for next year (Zavala CAD usually presents and approves budget in May)

In June up until before the 2025 appraisal records are certified by the ARB, the appraisers begin holding informal hearings to try and resolve and settle the taxpayer protest

Mail penalty letters to non-rendered BPP parcels/owners

After any ARB hearings are held, mail certified letters of Orders of Determination, regardless of any value outcome (change or no-change)

July 2025

July 1 – Date the delinquent taxes incur total 12 percent penalty

Schedule ARB hearings informally or formally, until all protest have been heard or resolved

On or Before July 20, ARB must approve appraisal records, but may not do so if more than 5 percent of total appraised value remains under protest

By July 25, the chief appraiser must certify the appraisal roll to each taxing unit

NOTE:

The above Monthly Calendar of Events are repeated for reappraisal Year 2026, Year 2 of this reappraisal plan (Crystal City ISD boundaries -Crystal City and subdivisions)