MASS APPRAISAL SUMMARY REPORT

STANDARD 6 UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICES

STARR COUNTY APPRAISAL DISTRICT

2024

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INTRODUCTION

The purpose of this summary report is to aid the taxpaying public in better understanding the methods and techniques utilized by the Starr County Appraisal District (SCAD) in the valuation and revaluation of taxable property within Starr County. This report attempts to comply with Standard 6 of the Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 2015. Starr CAD maintains detailed appraisal manuals for appraisal use.

Starr CAD is a Central Appraisal District formed by the Texas Legislature in 1979 and is charged with the appraisal of all taxable property within the District's boundaries. Covering 1,236 square miles in Rio Grande Plain Region, Starr CAD consists of ten taxing entities named below:

Starr County
Rio Grande City Independent School District
San Isidro Independent School District
Roma Independent School District
City of Rio Grande City
City of Roma
City of Escobares
Starr County Drainage District
Starr County Memorial Hospital District
South Texas College

Current state law, set out in Section 6.02 (a) of the Texas Property Tax Code, mandates that appraisal district boundaries are the same as the county's boundaries.

Assumptions and Limiting Conditions

Starr CAD has taken reasonable steps to secure adequate funding; however fiscal restraints do impact the mass appraisal process. Limited resources and personnel are available to perform the appraisals; therefore, it is not possible to physically inspect every property included on the appraisal roll. When physical inspections were conducted on real property, they were generally performed with exterior review only. It is assumed that the interior conditions are consistent with the exterior condition. When physical inspections were made for the valuation of personal property, inspections were made of the entire facility if allowed by the owner or management of the business.

This mass appraisal has been made under the following additional assumptions and limiting conditions:

- It is assumed that the title to the properties is good and merchantable.
- No liability is assumed for matters of a legal nature.
- Assumptions made in the report are based on the best knowledge and judgment of the appraiser and are believed to be typical of the market.
- All properties are appraised as if free and clear of any or all liens or encumbrances, unless otherwise stated.

- Existence of hazardous materials or other adverse environmental conditions are not considered, unless otherwise indicated.
- Any drawings, photographs, plan, or plats are assumed to be correct and are included solely to assist in visualizing the property.
- It is assumed that there is full compliance with all applicable federal, state, and local regulations and laws, unless otherwise noted.
- No responsibility is assumed for hidden or unapparent conditions in the property that may affect its value.
- It is assumed that all required licenses, certificates of occupancy, consents or other administrative authority from local, state or federal governments can be obtained or renewed for any use on which the value estimate contained in this report is based.
- A specific survey and analysis of properties to determine compliance with the provisions of the Americans with Disabilities Act has not been performed and possible non-compliance has not been considered in valuing these properties.
- While it is believed all information included in the appraisal is correct and accurate; the appraiser does not guarantee such.

This report may not be used for any purpose or by any person other than the party to which it is addressed without the written permission of the Starr County Appraisal District.

USPAP

The chief appraiser is the chief administrative and executive officer of the appraisal district. The chief appraiser employs and directs the district's staff, oversees all aspects of the appraisal district's operations and performs either directly or through the district staff a variety of operations. The district employs fifteen appraisers who are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing and Regulation (TDLR). Support functions including records maintenance, information and assistance to property owners, and hearings are coordinated by personnel in support services.

The chief appraiser's appraisal responsibilities include:

1. Discover, list and appraise all property within the CAD
2. Determine exemptions and special use requests
3. Organize periodic reappraisals
4. Notify taxpayers, taxing units and the public about matters that affect property values

Starr CAD contracts with Wardlaw Appraisal Group an appraisal firm, to appraise minerals, industrial plants, pipelines, industrial personal property and utilities within the boundaries of the appraisal district. The district uses computer software provided by Harris Govern for the data processing of all appraisal records, records management system, and maintenance of the digitized mapping system.

As of August, 2024, the appraisal roll for Starr County Appraisal District indicates a total of 69,649 parcels. The breakdown by category is as follows:

Below is a summary of the 2024 appraisals by category:

STARR COUNTY County

2024 CERTIFIED TOTALS

01 - STARR COUNTY
Grand Totals

As of Certification

Property Count: 69,649

7/17/2024 2:33:02PM

Land		Value			
Homesite:		335,203,505			
Non Homesite:		678,950,540			
Ag Market:		2,240,030,328			
Timber Market:		0	Total Land	(+)	3,254,184,373
Improvement		**Value**			
Homesite:		1,449,802,993			
Non Homesite:		700,439,673	Total Improvements	(+)	2,150,242,666
Non Real	**Count**	**Value**			
Personal Property:	3,813	1,269,346,390			
Mineral Property:	17,720	142,903,850			
Autos:	0	0	Total Non Real	(+)	1,412,250,240
			Market Value	=	6,816,677,279
Ag	**Non Exempt**	**Exempt**			
Total Productivity Market:	2,238,738,158	1,292,170			
Ag Use:	75,494,757	17,500	Productivity Loss	(-)	2,163,243,401
Timber Use:	0	0	Appraised Value	=	4,653,433,878
Productivity Loss:	2,163,243,401	1,274,670			
			Homestead Cap	(-)	257,192,570
			23.231 Cap	(-)	200,802,144
			Assessed Value	=	4,195,439,164
			Total Exemptions Amount (Breakdown on Next Page)	(-)	1,108,244,075
			Net Taxable	=	3,087,195,089

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)
14,790,195.98 = 3,087,195,089 * (0.479082 / 100)

Certified Estimate of Market Value:	6,816,489,399
Certified Estimate of Taxable Value:	3,087,195,089
Tax Increment Finance Value:	0
Tax Increment Finance Levy:	0.00

VALUATION APPROACH

MARKET VALUE

Market value for purposes of this mass appraisal is defined by the Texas Property Tax Code, §1.04(7), which states:

> "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 purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
> - both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

In regards to inventory held as part of a business, §23.12(a) of the Texas Property Tax Code further provides, in part; "the market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business."

The effective date of appraisals is January 1 with the exception of inventory, which may be appraised at its market value as of September 1. To receive the September 1 appraisal date, a taxpayer must file an application by July 31.

The purpose of and intended use of the appraisals performed by the Starr County Appraisal District is to estimate market value for ad valorem tax purposes for the taxing entities located within the boundaries of Starr County Appraisal District. It is the goal of the staff of the Starr County Appraisal District to provide the best possible service to the tax paying public and the taxing entities. The Starr County Appraisal District staff promotes and adheres to the professional standards and ethics as set forth by the Texas Department of Licensing and Regulation, Texas Association of Appraisal Districts, Texas Association of Assessing Officers, and the International Association of Assessing Officers (IAAO).

AREA ANALYSIS
Overview of Types of Properties Appraised

There are three major categories of property appraised by the Starr County Appraisal District. These categories are:

1. Real: Residential (both single family and multi-family)
   Commercial/Industrial
   Vacant Lots (both residential and commercial)
   Vacant rural land and improvements on rural land
1. Personal: Income producing business personal property
   Industrial personal properties
1. Minerals: Oil and Gas
2. Utilities: Telephone companies
   Cable companies
   Electrical companies

Fiber Optics
Railroads
Pipelines
Misc. Other Utilities

The Property Tax Assistance Division of the State Comptroller's Office requires properties to be identified by type using a standard identification code. The codes currently used by the Starr County Appraisal District are as follows:

- Category A (Residential) -
- Category B (Multi-Family Residential)
- Category C1 (Vacant Lots)
- Category C2 (Colonia Lots)
- Category D1 (Qualified Open Space)
- Category D2 (Improvements D1)
- Category E (Non-qualified & Impvts)
- Category F1 (Commercial Real)
- Category F2 (Industrial Real)
- Category G (Minerals)
- Category J (Industrial/Utilities)
- Category L1 (Business Personal Property)
- Category L2 (Industrial Personal Property)
- Category M (Mobile Homes, Aircraft, Other)
- Category O (Residential Inventory)
- Category S (Special Inventory)
- Category X (Exempt Parcels)

Highest and Best Use Analysis

The highest and best use of real estate is defined as the most reasonable and probable use of land that will generate the highest return to the property over a period of time. This use must be legal, physically possible, economically feasible and the most profitable of the potential uses. The appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

In order to complete the highest and best use analysis of a property, the appraiser must estimate the highest and best use as if the land were vacant. This estimate ignores the value of and the restrictions created by existing improvements. It is the highest value the land could have if it were available for any legal, physically possible and economically feasible kind of development.

In determining the highest and best use, preliminary judgments are made in the field by the appraiser. The appraiser is normally aware of zoning regulations within physical boundaries of the county.

Starr County Appraisal District property appraisal cards contain information regarding lot size and frontage that allow the appraiser to make judgments on the highest and best use of sites in the field. Economically feasible and most profitable uses are determined by observing surrounding property. However, changes in property use require a more detailed and technical highest and best use analysis. These studies are performed in the office.

Market Analysis

National, regional, and local trends affect the universe of properties appraised in Starr County. An awareness of social, economic, governmental and environmental conditions is essential in understanding, analyzing, and identifying local trends that affect the real estate market.

Market analysis is performed throughout the year. Both general and specific data is collected and analyzed. An in-house ratio study is conducted at least once a year.

Examples of sources of general data include "*Trends*" issued by The Real Estate Center at Texas A&M University, *"The Appriser"* published by The Texas Association of Appraisal Districts, and the *"Texas Assessor's News"* published by the Texas Association of Assessing Officers. When possible, local sources such as lending institutions, local realtors, the Chamber of Commerce, and articles published in the local and area newspapers are used to obtain financing information, market trends and information, demographics, and labor statistics.

Sales information is received from various sources. Sales confirmation letters are mailed to each buyer when a property changes hand. In addition, sales information is obtained from local realtors, fee/land appraisers, and lending institutions.

County deed records are regularly checked for new real estate transactions. Starr CAD uses county deed records to generate sales confirmation letters for each buyer to obtain detailed information on the sale. Because full sales disclosure is not mandatory in the State of Texas only a small percentage of letters are returned with useful information. This is a serious problem in that there is usually inadequate sales data to perform as thorough an analysis of sales data as USPAP would require. However, every effort is made to use what data is available. The Property Tax Assistance Division also sends out sales letters and that data is made available to the appraisal district at least once a year.

Starr County Appraisal District currently does reappraisals on a three-year basis. The reappraisal includes the inspection of properties and the updating of all information on the properties. Sales and market analysis are performed each year on residential properties, as information is available. Each year new properties are inspected, measured and added to the roll. In addition, building permits are obtained and changes to property records are made accordingly. Individual properties are also reappraised with changes to the condition as the property warrants; for example, fire, remodeling, or an addition or demolition of a portion of the improvement. Refer to the ***Starr Appraisal District Re-Appraisal Plan for Years 2023-2024*** for further information on reappraisal requirements.

When performing field work, the appraiser carries property record cards that contain specific information regarding the property being appraised. These cards contain brief legal descriptions, ownership interests, property use codes, property addresses, land size, sketches of improvements as well as any available detailed information of the improvements. A copy of a property record card may be obtained at the appraisal office.

Field inspections require the appraiser to check all information on the property record cards and to update if necessary. If physical inspection of the property indicates changes to improvements, the appraiser notes these changes in the field. Examples of types of changes may be condition or effective age of the improvements as well as additions to the improvements. The classification of residential properties is also reviewed during the revaluation process. New improvements are also added at this time.

Data Collection and Validation

Starr County Appraisal District cost and value schedules include land and residential improvements. Residential schedules are built and maintained using current market (sales) data. Commercial schedules are developed by using information from Marshall & Swift Valuation Services and local factor adjustments. Personal property schedules reflect information obtained from national valuation publications, such as Marshall and Swift, business personal property renditions and on-site inspections. Marshall & Swift Valuation Service is a nationally recognized source for residential, commercial and personal property cost schedules. Cost manuals are based on cost per square foot and also the unit in place method. The unit in place method involves estimating cost by using actual building components. Marshall and Swift provide the base price of buildings as per classification with modifications for equipment and additional items. The schedule is then modified for time and location. Business personal property renditions are confidential sources of information filed by business owners, however, data from renditions may be compared with data from cost manuals and used to test for accuracy.

Data on individual properties is also collected from the field, compiled and analyzed. Buildings and other improvements are inspected in the field, measured and classified. The appraiser estimates the age and determines the condition of the improvements. This data is used to compile depreciation (loss of value) tables, and any notes pertaining to the improvements are made at this time.

Currently, single family dwellings are classified for quality and type of construction, whether frame, masonry or brick veneer. The classifications range from a class FR+/BV+ to a class FR6+/BV6+. Class FR+/BV+ is the most basic of structures using the poorest quality materials and lowest workmanship while a class FR6+/BV6+ structure is of the highest possible quality using only the best of materials and the highest and best quality workmanship available. For any dwelling that exceeds the general description of the top-most classification, a special class is assigned.

Age of building is used to estimate depreciation and based on effective age of the improvements. Effective age is the age the property appears to be due to maintenance and upkeep. Effective age for a house that is properly maintained may be its actual or chronological age. However, if a structure suffers from deferred maintenance due to neglect, its effective age may be older than the actual age. In contrast, if a house is an older structure and has been remodeled or updated, its effective age may be less than its actual age.

Depreciation is also estimated by condition of the improvements. Condition ranges from unsound to excellent. Appraisals are based on exterior observations, however, if the taxpayer requests, an interior inspection may be made.

Foundation failure may occur in varying degrees and may also result in loss of value. The appraiser makes allowances for foundation problems on a case-by-case basis determined by the cost to repair.

Additional depreciation may be estimated for a variety of reasons including functional obsolescence resulting from bad floor plans or out of date construction methods. Economic obsolescence results from a loss of value to a property due to adverse influences from outside the physical boundaries of the property. Examples on economic obsolescence may be proximity to correctional facilities, location of residences outside city limits with no access to city amenities, residences located on farm and ranch land, etc.

Valuation Analysis

Starr County Appraisal District valuation schedules are divided into three main classifications: residential, commercial, and personal property. These schedules are based on the most current market and cost data

available. Miscellaneous special categories such as mobile homes, special inventory, and agricultural land are appraised using different techniques, which are addressed later in this report. Depreciation tables/schedules are also included within these schedules. These tables are calibrated from costs as well as sales data and updated as needed. These tables and schedules are included in Starr CAD's appraisal manuals. Starr CAD utilizes a properly specified and calibrated computer assisted mass appraisal model (CAMA) developed by its software vendor that values individual property characteristics based on their contributory value to the total property value. Contributory value for each property segment (characteristic) is determined by sales analysis and local building costs. The model accesses appraisal cost schedules for each segment developed and maintained by Starr CAD and calculates a total market value for each property.

Residential Schedules

Residential valuation schedules are cost based tables modified by actual sales data from the county. That is, the cost reflects actual replacement cost new of the subject property. Market research indicates that the common unit of comparison for new residential construction as well as sales of existing housing is the price paid per square foot. The value of extra items is based on their contributory value to the property. This value may be estimated by the price per square foot or a value of the item as a whole. This data is extracted from the market by paired sales analysis and conversations with local chief appraisers and brokers.

The residential schedule is based on the size, age, and condition of structure, quality of construction, contributory value of extra items and land value. Each of these variables has a direct impact on the cost as well as the property. The following is an example of each of the variables and how they affect market value:

1. Type/Quality of construction: Residential construction may vary greatly in quality of construction. The type of construction affects the quality and cost of material used, the quality of the workmanship as well as the attention paid to detail. The cost and value of residential property will vary greatly depending on the quality of the construction. Starr County Appraisal District's residential schedules currently class houses based on quality of FR6+/BV6+ (highest) to FR+/BV+ (lowest).
2. Size of structure: The size of a structure also has a direct impact on its cost as well as value. The larger the structure, the less the cost per square foot. Starr County Appraisal District's schedules are generally graduated in 200 square foot increments, depending on market conditions.
1. Condition of improvements: Starr County Appraisal District captures the condition of real improvements via its classification codes Unsound (US) to Excellent (EX), with Unsound being unusable and Excellent representing excellent or superior condition.
2. Age of structure: Age is the primary factor when determining residential depreciation. Effective age and chronological age may be the same or different depending on the condition of the structure.
3. Extra items: As stated above, extra items are valued according to their contributory value to the whole. Examples of extra items include storage buildings, swimming pools, fireplaces, additional baths, etc.
1. Land value: Starr County Appraisal District values land based on market data. Other recognized methods of land valuation may be used when market data is limited. The two most common methods are the land residual method and the land ratio method. Land schedules are available at the appraisal district office.

Commercial Schedules

Commercial properties are valued using valid market transactions in the area, along with Marshall and Swift Valuation schedules for commercial property. Replacement cost new is determined and then adjusted for location. Depreciation is then applied using physical observation of the property.

Personal Property Schedules

The personal property schedules value business furniture, fixtures, and equipment as well as inventory that are taxable by law. Business vehicles located within the appraisal district boundaries are also appraised for ad valorem tax purposes.

Business personal property values are derived from several sources. Business owners are required by Texas Law to render their income producing personal property each year. Rendered values are used on business personal property if the value is reasonable for the type of business when compared to similar business renditions and personal property cost schedules. Should the rendered values not be accepted, personal property is appraised using current cost schedules. Value on all business personal property not rendered is established using cost schedules for the type of business being valued. Depreciation is determined by the age of the property and its expected life. Schedules are available in the appraisal district office.

Business vehicles are valued based on the NADA Used Car Guide trade-in value for the particular make, model, and age of the vehicle. The trade-in value may also be obtained from "Car-Point" or other web-sites available on the internet. When adverse factors such as high mileage are known, then the appropriate adjustments are made to the value. The Starr County Appraisal District uses obtained from "Just Texas" for vehicles that registered as commercial vehicles.

Statistical Analysis

Statistics are a way to analyze data and study characteristics of a collection of properties. In general, it is not feasible to study the entire population. Statistics are used to test representative samples of the population.

Starr County Appraisal District's statistical analysis for real estate is based on measures of central tendency and measures of variability. The measure of central tendency determines the center of a distribution. The measures of central tendency utilized with the aid of computer-based programs are the mean, median, mode, and the weighted mean.

Starr CAD measures variability by calculating a coefficient of dispersion (COD). The COD is used to indicate the spread from the measure of central tendency. Statistical bias is measured by the price related differential (PRD). The PRD indicates how high price properties are appraised in relation to low price properties.

These statistics are included in the district's ratio studies and may be obtained from the appraisal office.

Individual Value Review Procedures

In order for comparable sales data to be considered reliable it must contain a sales date, sales price, financing information, tract size and details of the improvements. Sales data is gathered by sending sales letters to the buyers of properties when deeds are file with the county clerk. Commercial sales are confirmed from the direct parties involved whenever possible. Local realtors, fee/land appraisers and lending institutions are also considered reliable sources for sales confirmation. Starr CAD utilizes comparable sales analysis to ensure that sold properties are not valued differently than unsold properties. Sales are adjusted to reflect a January 1 market value, as are unsold properties.

Sales data is compiled and the improved properties are physically inspected and photographed. All data listed on the property record card is verified and updated as needed including building classification, building size, and additions or new out buildings, condition of structures and any type of change in data or characteristics that would affect the value of the property.

Individual sales are analyzed to meet the test of market value. Starr CAD adheres to IAAO's *Standard on Sales Verification* and only considers arms-length transactions as indicators of current market values. Examples of sales typically not considered good indicators of market value are:

1. Properties acquired through foreclosures or auction.
2. Properties sold between relatives.
3. The buyer or the seller is under duress and may be compelled to sell or purchase.
4. Financing may be non-typical or below or above prevailing market rates.

- Outliers. Sales may be unusually high or low when compared with typical sales in the same market.
- Property purchased through an estate.

1. Sales involving intangibles or personal property that cannot be verified.

Due to the population size and nature of Starr County, it is often difficult to obtain sufficient sales data to meet USPAP standards for analysis of sales and exception is taken to USPAP Standard 6 in this area.

Performance Tests

Sales ratio studies are used to evaluate the district's mass appraisal performance. These studies not only provide a measure of performance but also are an excellent means of improving mass appraisal performance. Starr County Appraisal District uses ratio studies not only to aid in the revaluation of properties, but also to test the Comptroller's Property Tax Assistance Division property value study results.

Sales ratio studies are usually performed in the spring of the year to test cost schedules. They may also be performed at any other time deemed appropriate by the chief appraiser. Prior to running the ratio reports, individual properties which have sold are reviewed for appraisal accuracy. Property record cards indicating the results of the field inspections are used to further aid in the analysis and decision making.

Ratio studies are generally calculated countywide and by school district for each category of property having enough sales data. Residential sales are also analyzed by construction type and class. Starr CAD's goal is to achieve appraisal accuracy between .95 and 1.05 percent of market value and adjusts it cost and value schedules accordingly. The coefficient of dispersion is also studied to indicate how tight the ratios are in relation to measures of central tendency. The median and coefficient of dispersion are good indicators of the types of changes, if any, that need to be made. If properties that fall outside of the common parameters (referred to as outliers) are held out or not included in the study, these properties shall be identified and explanations given for their exclusion from the ratio study.

STAFF PROVIDING SIGNIFICANT MASS APPRAISAL ASSISTANCE

NAME	TITLE	TDLR NUMBER
Sonia R. Garza	Chief Appraiser, RPA	74212

Karina Mayte Gomez	Asst. Chief Appraiser, RPA	75294
Angel A.Balderas	Appraiser, RPA	74357
Reymundo Guerra	Appraiser RPA	75003
Abel A. Pena	Appraiser	73289
Anna Villarreal	Data /Appraiser, RPA	75539
Rafael Rendon	Appraiser	75769
Jorge Luis Villarreal Jr.	Appraiser,RPA	76055
Araceli R. Saenz	Data/Appraiser	76090
Heather M. Zarate	Data/Appraiser	76126
Sandra J. Giles	Appraiser	63680
Alexis Cahue	Appraiser	76673
Eduardo Rivas, Jr.	Appraiser	77000
Anne Marie Barrera	Data/Appraiser	76778
Griselda Quezada	Appraiser	77967

Certification Statement

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report, except for those properties that are personally owned, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I may not have made a personal inspection of each and every property subject of this report.

Sonia R. Garza

Sonia R. Garza, Chief Appraiser
Starr County Appraisal District
Date: August 1, 2024

Wardlaw Appraisal Group, L.C.
Mineral, Utility, Industrial, & Personal Property
2024 Mass Appraisal Report

INTRODUCTION

Appraisal Responsibility

Wardlaw Appraisal Group, L.C. (WAG) is a contracted mass appraisal firm responsible for developing fair and uniform market values on certain complex properties for client appraisal districts in Texas. The complex properties we appraise include mineral, utility, industrial, and personal properties. Appraisal districts include these types of property appraisals as part of their appraisal roll for each of the taxing jurisdictions they represent. WAG is contracted to support eleven (11) appraisal districts in 2024, which include Brooks, Denton, El Paso, Kenedy, Kleberg, La Salle, Marion, Runnels, Starr, Webb, and Zapata County.

Each contract between WAG and our client appraisal districts specifies our appraisal responsibilities. Generally, those responsibilities are to discover, inspect, appraise, and maintain ownership records of specific properties that are the subject of the contract. The properties covered under our contracts generally fall under the Texas Property Tax Code Categories G (minerals), J (utility), F1 (commercial real), F2 (industrial real), L1 (commercial personal), and L2 (industrial personal). The appraisal districts contract with WAG to provide these services because the districts do not have the personnel or resources to perform the appraisal internally.

Appraisal Resources

- Personnel – WAG maintains a professional employee and consulting staff skilled and experienced in property tax appraisal, engineering, information technology, administration, and division order maintenance. The appraisal staff consists of six (6) registered appraisers, four (4) of whom are Registered Professional Appraisers (RPA), and two (2) Texas Registered Professional Engineers. A list of personnel responsible for conducting the appraisal can be found in Attachment 'A.' All appraisers must maintain current registration with TDLR and supplement their mass appraisal skills through continuing education classes and property tax-related conferences.

- Data – WAG appraisers inspect their assigned properties, if appropriate, to obtain information about buildings, site improvements, process and shop equipment, and various items of personal property. In addition, appraisal personnel use information provided by property owners concerning the cost to purchase, install, and construct items of real and personal property. For mineral interests, data is collected from regulatory agencies such as the Texas Railroad

Commission and the Texas Comptroller of Public Accounts, as well as from published data sources and fee-for-service companies.

VALUATION APPROACH (MODEL SPECIFICATIONS)

MINERAL APPRAISAL

Discounted Cash Flow analysis is the Income Method of Appraisal (Section 23.012 of the Texas Property Tax Code) used as the most appropriate technique for determining the market value of mineral properties. It is the primary appraisal method used for mineral properties. The Market Data Comparison Method of Appraisal (Section 23.013) and the Cost Method of Appraisal (Section 23.011) are also used. In addition, petroleum industry tendencies for acquisition and replacement cost (usually in dollars per barrel of oil equivalent or per MCF of gas) are considered. Because the sales and purchase prices of oil and gas properties are not generally disclosed, the Market Data Comparison method can seldom be used.

WAG uses discounted cash flow analysis to appraise every producing lease in the appraisal districts we support. The appraised value of each lease is distributed to each working interest, royalty, and overriding royalty interest owner based upon their decimal interest in the lease.

The oil and gas lease market values are reviewed and tested to ensure reasonableness and consistency. The reviews and testing include a comparative analysis of the value, production, decline, and price change from the previous year's appraisal. Additionally, comparative rules of thumb are reviewed to determine if the market value is in the correct range. The most common of these rules of thumb is that the appraised value of a mineral interest is often within 24-60 months revenue.

Additionally, the Property Tax Division of the Texas Comptroller of Public Accounts performs a Property Value Study each year, which effectively provides testing and a comparative review of the mineral appraisals on a statistical sample of the leases in many of our counties.

UTILITY, INDUSTRIAL, AND PERSONAL PROPERTY APPRAISAL

The scope of market forces affecting industrial products and the capital goods used in the production process tends to extend beyond regional considerations. The effects of information and transportation technology are such that many industrial market forces are measured globally. One exception to this general concept is the market for industrial land. The pricing of land tends to be closely tied to possible alternative uses in the area. For this reason, the CAD appraisers assigned to land valuation analyze market forces for specific areas and adjust land value schedules appropriately.

Area Analysis

Neighborhood analysis of the type of properties valued by the industrial appraiser is not meaningful. Industrial properties do not have the type of generic “resemblance” that is appropriate for neighborhood models.

Highest and Best Use Analysis

The highest and best use of real or personal property is the most reasonable and probable use of the property on the date of appraisal that is physically and financially feasible, legal and that derives maximum production from the property. Usually, the current use of the property is the highest and best use of that property. Industrial facilities are commonly located in areas that support industrial use. In areas where mixed-use does occur, the highest and best use of the property is examined by the appraiser to estimate the effect of this factor.

Market Analysis

Market analysis is the basis for finalizing value estimates on properties for which the utility, industrial, and personal property appraiser has responsibility. Even though many utility and industrial properties are unique in nature, the market for this type of property is analyzed to determine how the values of similar properties, or properties that are as similar as possible, are affected by market forces. Some industrial properties, such as machine shops, have many facilities that can be compared to similar subject properties in terms of the type and size of equipment, type of property fabricated or services at the subject facility, and other factors. Those similarities help the appraiser estimate the value of the subject property.

Cost Analysis

The Cost Approach to value is applied to most personal property. This approach is utilized in conjunction with the Market and Income approaches to arrive at a final market value for most utility companies and many industrial companies. For the Cost Approach, depreciation schedules are developed based on the percent good typical for each property type at any specific age. Depreciation schedules have been implemented for what is typical of each major class of property by economic life categories. Schedules have been developed for improvements with varying years of expected life. The actual age, if known, and the effective ages of improvements are noted. Effective age estimates are based on the utility of the improvements relative to where the improvement lies on the scale of its total economic life and its competitive position in the marketplace.

Market adjustment factors such as external and/or functional obsolescence can be applied when warranted. A depreciation calculation override can be used if the condition or effective age of a property varies from the norm by appropriately noting the physical condition and functional utility ratings on the property data characteristics.

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

Many utility, industrial, and personal properties use the same types of buildings and depending on the type of business, may use the same types of manufacturing or service equipment. Many of the buildings encountered at industrial facilities are generic in construction, such as pre-engineered metal buildings. The cost per square foot to construct these types of structures can be used to estimate values at facilities that have similarly constructed buildings. However, the building as constructed will have differences that must be considered when estimating the final value of the property being reviewed. Most of these typical type buildings are appraised by appraisal district personnel.

However, some industrial properties, such as specialty chemical plants, are so unique in nature that the appraiser must use additional information such as output quantity, type of product manufactured, and other factors to estimate the value of the subject property. However, the way the entire business operation is put together may make a particular facility unique. The district uses information from similar businesses to examine the real property values at a particular business, but the individual characteristics of the business being reviewed determine the value estimation. Some industrial buildings are use specific and therefore have no comparable properties.

A similar analysis is used for personal property. Many items of personal property, such as furniture and fixtures, computers, and even machinery and equipment, are generic in construction, but individual characteristics that affect value, such as usage, environment where used, and level of care, will have an effect on the final value estimations. When cost data for this type of property is available and considered reliable, it is used for value estimation purposes at other plant facilities. However, on-site inspection and information provided by the property owner will affect the final value.

Income Analysis

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

Many utility companies are appraised on a Unit Appraisal Model, which utilizes both the income and cost approaches to value. Information from publicly available sources such as Federal Energy Regulatory Commission and Texas Railroad Commission financial reports are utilized to arrive at the input parameters for these types of properties.

DATA COLLECTION/VALIDATION

Data Collection

An extended range of variations may exist within the same class of utility, industrial, or personal property, and there are a multitude of property types within the industrial category. For this reason, effective data collection procedures would be very difficult to organize in a single comprehensive manual. WAG uses many different publications available to the industry, such as the Oilfield Appraiser and the Equipment Newsletter, and other companion data acquisition forms to standardize data collection for building schedules that are later assigned to the industrial appraisal staff. The data generated by these forms enable the appraiser to use the software to value industrial properties.

Industrial personal property also consists of many different classes of assets with a wide range of variation within each class. The district has adopted the convention of listing assets and estimating the effective age of assets in the field. The field listing is then compared with the information furnished by the property owners during the final valuation review.

Sources of Data

The original real and personal property data used by WAG on behalf of the CADs have been maintained on the CAD computer system. The district and contract appraisal personnel have updated that information based on field review, renditions, and personal contact information. For Commercial vehicles, an outside vendor, Just Texas, provides the appraisers with a listing of vehicles registered commercially in the County. The vendor develops this listing from the Texas Department of Transportation Title and Registration Division records. As new facilities are built, the appraisal personnel collect all the real and personal property data necessary to value the property initially and thereafter update the information when the property is again visited. Other sources of data include publications such as the Texas Register regarding waste control permits, various refining and chemical industry magazine articles, and Texas Industrial Expansion articles on new construction.

Data Collection Procedures

The district and contract appraisal personnel annually or periodically visit assigned plants and facilities. The frequency of the visit is determined by the nature of the business conducted at each facility. For example, refineries and chemical plants are continually changing or adding to processes to extract greater efficiencies or make new products, but machine shops may not add or remove equipment over a period of two or more years.

The appraisers take with them the past data on the building and site improvements and the prior listing of personal property at the facility being visited. Changes to the existing structures and personal property are noted, and that information is used for value estimation purposes. In addition, if possible, pictures are taken at the time of inspection

to validate information provided on the rendition or to utilize for the appraisal if no rendition is submitted. If cost information for the real or personal property is supplied later, the field data can be compared to that information to judge the accuracy of the information.

The WAG appraisal staff members are not assigned to any one geographical area of the county. The category of property, the nature of the business, and whether the district has the staff resources available can each be a determining factor in identifying which properties are appraised by WAG and which properties are appraised by the district's appraisal staff. WAG appraisers are trained by accompanying appraisers who have performed field visits and appraisal functions for several years. In addition, each WAG appraiser is registered with the Texas Department of Licensing and Regulation and is either an RPA or is working towards the RPA designation. Each WAG appraiser is responsible for the completeness and correctness of their valuation work, but a new appraiser is encouraged to seek the advice of and review by experienced appraisal staff.

VALUATION ANALYSIS (MODEL CALIBRATION)

Final Valuation Schedules

WAG develops schedules based on indexed Marshall & Swift depreciation factors, as well as the schedules prepared by other appraisal districts, state appraisers, and other cost estimates for use in the valuation of all business and industrial personal property. In addition, appraisal personnel utilize actual cost data developed from both publicly available sources as well as proprietary information received from other companies without identifying information to update these schedules annually.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

WAG personnel periodically review their assigned real and personal property accounts. These accounts are physically inspected on a one to two-year cycle. Certain properties are reviewed annually because experience shows that changes are occurring continually in the real or personal property at that facility.

The results of prior year hearings, renditions, and indications of new activity are another source that initiates required field visits. Many times, during hearings, issues are presented that cause a value adjustment. Those issues must be field checked to see if these influences will be ongoing and warrant permanent value adjustments or are transitory. The information will be recorded so the appraiser will be better able to estimate the property value. Any new construction or business activity is noted, and the information necessary to value the property is recorded.

Part of the field review includes noting any land characteristics that would affect the land value. The district values all land for the properties over which it has responsibility,

including those properties assigned to WAG. WAG advises the district of any characteristics that would affect the value of the land associated with an assigned facility.

Office Review

All properties are reviewed in the office by the WAG appraiser assigned to each utility, industrial, or personal property. The office review relies on historical information in the utility, industrial, or personal property file as the basis for deciding on the estimated value to be placed on the property for the current tax year.

The date of the last inspection, the extent of that inspection, and the appraiser responsible are listed in the WAG system. If a property owner disputes the district's records concerning this data in a protest hearing, the property record may be altered based on the credibility of the evidence provided.

When valuing utility, industrial, or personal property, the type of furniture, equipment, computers, etc., will be used along with any cost data provided by the property owner to estimate the value. Experience in valuing similar property at other facilities will help the appraiser estimate the value of the subject facility. Individual characteristics of the property, such as usage and maintenance, will have a bearing on the value calculated by the use of the WAG schedules.

PERFORMANCE TESTS

Sales Ratio Studies

Ratio studies are an important tool to examine how close appraised values are to market values. The ratio study may use available sales data or independent, expert appraisals. Typically, there are not enough sales of utility and industrial properties to show the representativeness of that class of property in a ratio study. Ratio studies of utility and industrial properties normally rely on independent appraisals as an indicator of market values.

Comparative Appraisal Analysis

This type of analysis is not normally performed on industrial property due to the unique nature of the property. Time and budget constraints regarding available appraisal staff also play a role in the type of analysis that occurs. Only in an instance where a jurisdiction would file a jurisdiction challenge with the Appraisal Review Board would the district perform such an analysis.

Attachment A
Wardlaw Appraisal Group Registered Personnel

PROPERTY TAX APPRAISER CERTIFICATION		
TDLR #	***NAME***	***TYPE***
74200	CRAIN, MALLORY M.	APPRAISER, RPA
74717	SHERWIN, PROCTOR D.	APPRAISER, RPA
67635	VILLARREAL, MARTIN IV	APPRAISER, RPA
66026	WARDLAW, MARGARET A	APPRAISER, RPA
77412	CAMARILLO, AILEEN L	APPRAISER
77317	MADDIN, ELIZABETH	APPRAISER
78046	MCGINNIS, CLAIRE	APPRAISER
68139	WARDLAW, MALCOLM P	APPRAISER
77854	CASTRO, AMANDA	APPRAISER
PROFESSIONAL ENGINEERING CERTIFICATION		
PE#	***NAME***	***BRANCH***
76914	WARDLAW, MARGARET PEGGY ANNE	PETROLEUM
57823	WARDLAW, MALCOLM PENROSE	PETROLEUM
PROFESSIONAL ENGINEERING FIRM CERTIFICATION		
FIRM #	***FIRM NAME***	
5194	WARDLAW APPRAISAL GROUP LC	

CERTIFICATION:

I certify that to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and the personal, impartial, and unbiased professional analysis, opinions, and conclusions of either myself or the other appraisers who support and appraise property for our clients.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- We have made personal inspections of many but not all properties that are the subject of this report.
- No one outside Wardlaw Appraisal Group provided significant mass appraisal assistance to Wardlaw Appraisal Group personnel.

Peggy Wardlaw, P.E., R.P.A.
President

7-19-24
Date

WARDLAW APPRAISAL GROUP, L.C.
16601 Blanco Rd, Ste 100 ✦ San Antonio, TX 78232 ✦ 210.448.2000 ✦ 210.408.0106 fax

Wardlaw Appraisal Group
Mass Appraisal Summary Report
2024 CAD Values

Wardlaw Appraisal Group 2024 CAD Values										
	G (Mineral)		J (Utility)		L (Personal)		F (Industrial Real)		CAD Totals	
County	Accounts	Value	Accounts	Value	Accounts	Value	Accounts	Value	Accounts	Value
Brooks	4,453	$ 77,991,420	138	$ 196,498,170	81	$ 27,057,690	35	$ 6,098,180	4,707	$ 307,645,460
El Paso	-	$ -	299	$ 1,055,998,950	332	$ 3,267,027,210	10	$ 1,059,943,110	641	$ 5,382,969,270
Denton	67,228	$ 506,331,978	2,038	$ 4,226,602,090	541	$ 1,160,932,480	157	$ 305,460,230	69,964	$ 6,199,326,778
Kenedy	2,502	$ 113,470,070	89	$ 325,303,880	54	$ 604,192,050	12	$ 3,883,010	2,657	$ 1,046,849,010
Kleberg	4,955	$ 35,408,980	249	$ 318,192,650	61	$ 55,183,880	15	$ 2,238,060	5,280	$ 411,023,570
La Salle	77,569	$ 5,950,357,966	467	$ 1,038,697,690	558	$ 541,878,760	103	$ 313,066,120	78,697	$ 7,844,000,536
Marion	5,650	$ 27,342,550	83	$ 92,648,820	102	$ 49,333,630	53	$ 110,727,640	5,888	$ 280,052,640
Runnels	2,691	$ 20,660,580	196	$ 242,890,400	162	$ 96,270,530	134	$ 20,332,110	3,183	$ 380,153,620
Starr	17,687	$ 126,561,144	220	$ 345,005,720	151	$ 746,659,620	59	$ 35,435,940	18,117	$ 1,253,662,424
Webb	48,262	$ 5,859,662,100	278	$ 1,508,031,330	268	$ 1,227,245,850	98	$ 112,549,460	48,906	$ 8,707,488,740
Zapata	22,505	$ 133,551,628	161	$ 234,815,120	115	$ 384,404,780	56	$ 28,685,280	22,837	$ 781,456,808
Totals	253,502	$ 12,851,338,416	4,218	$ 9,584,684,820	2,425	$ 8,160,186,480	732	$ 1,998,419,140	260,877	$ 32,594,628,856