LAVACA COUNTY CENTRAL APPRAISAL DISTRICT

2025 MASS APPRAISAL REPORT

MAY 13, 2025

Lavaca County Central Appraisal District

2025 Mass Appraisal Report

INTRODUCTION

Scope of Responsibility

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

The Lavaca County Central Appraisal District (CAD) 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 member board of directors, elected by the taxing units within the boundaries of Lavaca 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 jurisdictions or taxing units in the county. Each taxing unit, such as the county, a city, school district, municipal utility district, etc., sets its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Appraisals established by the appraisal district allocate the year's tax burden on the basis of each taxable property's January 1st market value. We also determine eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, and charitable and religious organizations.

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

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

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

The Texas Property Tax Code, under Sec. 25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. The district's current policy is to conduct onsite inspections of real property every four years. However, appraised values are reviewed annually and are subject to change for purposes of equalization. Personal property is appraised every year.

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

Personnel Resources

The Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of district operations. She also plans, organizes, directs and controls the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities and postal services. The Chief Appraiser is also responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, 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 and Regulations. Support functions including records maintenance, information and assistance to property owners, and hearings support are coordinated by the staff.

The appraisal district staff consists of ten full time employees with the following classifications:

- 1-ChiefAppraiser
- 4 - Appraisers
- 5 - Administrative Support customer service, clerical and other data

The district is responsible for establishing and maintaining approximately 34,000 real and personal property accounts within Lavaca County CAD. This data includes property characteristic, ownership and exemption information. Property characteristic data on new construction is updated through an annual field effort; existing property data is maintained through a field review that is prioritized. Sales are routinely validated during a separate field effort. General trends in employment, interest rates, new construction trends, and cost and market data are acquired through various sources, including internally generated questionnaires to buyer and seller, and interviews with real estate professionals.

The district has a geographic information system (GIS) that maintains cadastral maps and various layers of data, ownership and aerial photography.

Information Systems -

The Lavaca County Central Appraisal District currently uses Harris Govern PAC system which stores the districts data. This information is accessed by multiple PC's, which utilize True Automation's software applications, as well as Microsoft Office software.

SHARED APPRAISAL DISTRICT BOUNDARIES

Per HB1010 adopted in the 2007 80th Legislative Session, Appraisal District boundaries are now the county lines.

INDEPENDENT PERFORMANCE TEST

According to Chapter 5 of the TPTC and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Division (PTO) conducts a bi-annual property value study (PVS) of each Texas school district and each appraisal district. As a part of this bi-annual study, the code also requires the Comptroller to: use sales and recognized auditing and sampling techniques; review each appraisal district's appraisal methods, standards and procedures to determine whether the district used recognized standards and practices (MSP 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 analysis of sold properties (sale ratio studies) and appraisals of unsold properties (appraisal ratio studies) as a basis for assessment ratio reporting. For appraisal districts, the reported measures include median level of appraisal, coefficient of dispersion (COD), the percentage of properties within 10% of the median, the percentage of properties within 25% of the median, and price-related differential (PRO) for properties overall and by state category (i.e., categories A, B, C, D and F1 are directly applicable to real property).

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

Appraisal Activities

INTRODUCTION

Appraisal Responsibilities

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

Appraisal Resources

- Personnel - The appraisal activities consist of 5 appraisers and 5 clerical personnel.

- Data - The data used by field appraisers includes the existing property characteristic information contained in PACS (Property Appraisal and Collections System) from the district's computer system. The data is printed on a property record card or personal property card/detailed summary sheet. Other data used includes maps, sales data, septic system reports, building permits, photos and actual cost information.

- **Pictometry - Aerial photography is used in assisting in the appraisal process.**

PRELIMINARY ANALYSIS

Data Collection/Validation

Data collection of real property involves maintaining data characteristics of the property on PACS (Property Appraisal and Collections System). The information contained in PACS includes site characteristics, such as land size topography, and improvement data, such as square foot of living area, quality of construction, and condition. Field appraisers use listing manuals that establish uniform procedures for the correct listing of real property. All properties are coded according to these manuals and the approaches to value are structured and calibrated based on this coding system. The field appraisers use these manuals during their initial training and as a guide in the field inspection of properties. Data collection for personal property involves maintaining a folder containing all renditions, recent valuations and correspondence. All of these accounts are assigned and SIC code to insure equal and uniform treatment in valuation. The type of information contained in these folders is broken down into inventory, furniture and fixtures, machinery, and equipment, and vehicles. The field appraisers conducting on-site inspections use the state personal property manual 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 the new construction field effort, data review field effort, mailers, hearings, sales validation, 911 new addresses, new electrical hook-ups, manufactured home movement reports, commercial sales verification, newspapers and publications, new septic system permits and property owner correspondence and renditions. 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 fieldwork.

Data review of entire neighborhoods is generally a good source for data collection. Appraisers drive entire neighborhoods to review the accuracy of our data and identify properties that have to be reviewed. The sales validation effort in real property pertains to the collection of data of properties that have sold. The sales validation effort involves on-site inspection by field appraisers to verify the accuracy of the property characteristics data and confirmation of the sales price.

Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently, the property owner provides sufficient enough data to allow correction of records without having to send an appraiser on-site. Properties identified in this manner are added to a work file and inspected at our earliest opportunity

Data Collection Procedures

Field data collection requires organization, planning and supervision of the field effort. Data collection procedures have been established for residential, commercial, and personal property. Appraisers conduct field inspections and record information either on a property record card, or a personal property data sheet.

The quality of the data used is extremely important in establishing accurate values of taxable property. While production standards are established and upheld for the various field activities, quality of data is emphasized as the goal and responsibility of each appraiser. The Chief Appraiser and Senior Appraiser 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 data entry technician is responsible for the data entry directly into the computer file. This responsibility includes not only data entry, but also quality assurance. The data entry clerk prints an updated property record card for auditing by the appraiser to verify the accuracy of the value.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of last inspection, and the appraiser responsible is listed on the PACS record. If a property owner or jurisdiction dispute the district's records concerning this data during a hearing, via a telephone call or correspondence received, the PACS record may be altered based on the evidence provided. Typically, a field inspection is requested to verify this evidence for the current year's valuation or for the next year's valuation. Every year a field review of certain areas or neighborhoods in the jurisdiction is done during the field effort.

PERFORMANCE TEST

The appraisers are responsible for conducting ratio studies and comparative analysis.

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

Residential Valuation Process

INTRODUCTION

Scope *of Responsibility*

The appraisers are responsible for developing equal uniform market values for residential improved and vacant property in Lavaca County.

Appraisal Resources

- *Personnel – The appraisal staff consists of three appraisers that appraise all types of property in Lavaca County CAD.*
- Data - A common set of data characteristics for each residential dwelling in Lavaca County CAD is collected in the field and data entered into the computer. The property characteristic data drives the computer-assisted mass appraisal (PACS) approach to valuation.

VALUATION APPROACH

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 analyzed from private vendors and public sources and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources such as continuing education in the form of IAAO and TAAD classes.

Neighborhood and Market Analysis

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. 'Residential valuation and neighborhood analysis is conducted on each of the political entities known as Independent School Districts (ISD).

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A "neighborhood" for analysis purposes is defined as the largest geographic grouping of properties where the property's physical, economic, governmental and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood has been identified, the next step is to define its boundaries. This process is known as "delineation". Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of discernible patterns of growth that influence a neighborhood's individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce population shift from older homes to newer homes. Inthe period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, inthe stage of equilibrium, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability. During decline, general property use may change from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the district. All the residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhoods are field inspected and delineated based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted. Sales ratio analysis, discussed below, is performed on a neighborhood basis.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use. This is due in part to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. As an example, it may be determined in a transition area that older, non-remodeled homes are economic miss 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

Cost Schedules

All residential parcels in the district are valued from identical cost schedules using a comparative unit method. The district's residential cost schedules, originally adopted have been customized to fit Lavaca County CAD's local residential building and labor market. The cost schedules are reviewed regularly and accounted for in the mainframe benchmark cost system.

Sales Information

A sales file for the storage of "snapshot" sales data at the time of sale is maintained. Residential vacant land sales, along with commercial improved and vacant land sales are maintained in a separate 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, appraisers, builders, and realtors. School district or neighborhood sales reports are generated as an analysis tool for the appraiser in the development of value estimates.

Land Analysis

Residential land analysis is conducted by the appraisers. The appraisers develop a base lot, primary rate, and assign each unique neighborhood to a land table. The computerized land table file stores the land information required to consistently value individual parcels within neighborhoods. Specific land influences are used, where necessary, to adjust parcels outside the neighborhood norm for such factors as view, shape, size, and topography, among others. The appraisers use abstraction and allocation methods to ensure that the land values created best reflect the contributory market value of the land to the overall property value.

Statistical Analysis

The appraisers perform statistical analysis annually to evaluate whether values are equitable and consistent with the market. Ratio studies are conducted on each neighborhood in the district to judge the two primary aspects of mass appraisal accuracy--level and uniformity of value. To determine both the level and uniformity of appraised value on a neighborhood basis. The level of appraised values is determined by the weighted mean for individual properties within a neighborhood, and a comparison of neighborhood weighted means reflect the general level of appraised value.

Every neighborhood is reviewed annually by the appraiser through the sales ratio analysis process. The first phase involves neighborhood ratio studies that compare the recent sales prices of neighborhood properties to the appraised values of these sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the sales. The appraiser, based on the ales 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 in an upcoming reappraisal, or whether the level of market value in a neighborhood is at an acceptable level.

Market Adjustment

Neighborhood, or market adjustment factors, is developed from appraisal statistics provided from ratio studies and are used to ensure that estimated values are consistent with the market. The district's primary approach to the valuation of residential properties uses a hybrid cost-sales comparison approach. This type of approach accounts for neighborhood market influences.

The following equation denotes the hybrid model used:

$$MV = MA [LV + (RCN - D)]$$

Whereas, the market value equals the market adjustment factor times the land value plus the replacement cost new less depreciation. As the cost approach separately estimates both land and building values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values are needed to bring the level of appraisal to an acceptable standard; however, the low market prices in some areas of the county preclude the adoption of current cost values. Depreciation factors would be excessive given the condition of the structure. Market or location adjustments are applied uniformly within neighborhoods to account for locational variances between market areas or across a jurisdiction.

If a neighborhood is to be updated, the appraiser uses a market ratio study that compares recent sales prices of properties within a delineated neighborhood with the properties' actual cost value. The calculated ratio derived from the sum of the sold properties' cost value divided by the sum of the sales prices indicates the neighborhood level of value based on the unadjusted cost value for the sold properties. This cost-to-sale ratio is compared to the appraisal-to-sale ratio to determine the market adjustment factor for each neighborhood. This market adjustment factor is needed to trend the values obtained through the cost approach closer to the actual market evidenced by recent sales prices within a

given neighborhood. The sales used to determine the market adjustment factor will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The market adjustment factor calculated for each update neighborhood is applied uniformly to all homogeneous properties within a neighborhood. Once the market-trend factors are applied, a second set of ratio studies is generated that compares recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the appraiser judges the appraisal level and uniformity in both update and non-update neighborhoods, and finally, for the school district as a whole.

TREATMENT OF RESIDENCE HOMESTEADS

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

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

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

TREATMENT OF NONRESIDENCE HOMESTEAD PROPERTIES

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

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

Sales activity has also resulted in a field effort on the part of the appraisers to review and resolve sales outliers. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction, condition, and physical, functional and economic obsolescence, factors contributing significantly to the market value of the property. After preliminary estimates of value have been determined, the appraiser takes valuation documents to the field to test the computer-assisted values against his appraisal judgment. During this review, the appraiser is able to physically inspect both sold properties and unsold properties for comparability and consistency of values.

Office Review

Valuation reports comparing previous values against proposed and final values are generated for all residential properties. The dollar amount and percentage of value difference are noted for each property within a delineated neighborhood allowing the appraiser to identify, research and resolve value anomalies before final appraised values are released. Previous values resulting from a hearing protest are individually reviewed to determine if the value remains appropriate for the current year.

Once the appraiser is satisfied with the level and uniformity of value for each neighborhood, the estimates of value are sent out in May as appraisal notices.

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 it produces meet the standards of accuracy in several ways. Overall sales ratios are generated for each ISO to allow the appraiser to review general market trends, and provide an indication of market change over a specified period of time. The neighborhood descriptive statistics are reviewed for each neighborhood being updated for the current tax year. In addition to the sales ratios by school district and neighborhood, sales ratios are generated from a PC-

based statistical application in Microsoft EXCEL. Reported in the sales ratio statistics for each school district is a level of appraisal value and uniformity profile by land use, and appraisal value ranges. The PC-based ratio studies are designed to emulate the findings of the state comptroller's annual property value study for category A property.

Commercial Valuation Process

INTRODUCTION

Appraisal Responsibility

This mass appraisal assignment includes all of the commercially classed real property which falls within the responsibility of the appraisers of the Lavaca County Central Appraisal District and are located within the boundaries of this taxing jurisdiction. The appraisal roll displays and identifies each parcel of real property individually. Appraisers appraise the fee simple interest of properties according to statute. However, the effect of easements, restrictions, encumbrances, leases, contracts or special assessments are considered on an individual basis, as is the appraisement of any non-exempt taxable fractional interests in real property. Fractional interests or partial holdings of real property are appraised in fee simple for the whole property and divided programmatically based on their prorated interests.

Appraisal Resources

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

PRELIMINARY ANALYSIS

Pilot Study

Pilot studies are utilized to test new or existing procedures or valuation modifications in a limited area (a sample of properties) of the district and are also considered whenever substantial changes are made. These studies, which are inclusive of ratio studies, reveal whether a proposed change is producing accurate and reliable values or whether procedural modifications are required.

The appraiser implements this methodology when developing the cost approach and income approach models.

Survey of Similar Jurisdictions:

Lavaca CAD coordinates its discovery and valuation activities with adjoining Appraisal Districts. Lavaca CAD administration and personnel interact with other assessment officials through professional trade organizations including the International Association of Assessing Officers, Texas Association of Appraisal Districts and its subchapter Tri-Region Chapter of the Texas Association of Appraisal Districts.

VALUATION APPROACH

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. Continuing education in the form of IAAO, Texas Association of Assessing Officers (TAAO), Texas Association of Appraisal Districts (TAAD) and Texas Department of Licensing and Registration courses.

Neighborhood Analysis

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

Economic areas are defined by each of the improved property use types (apartment, office, retail, warehouse, special use etc.) based upon an analysis of similar economic or market forces. These include but are not limited to similarities of rental rates, classification of property, date of construction, overall market activity or other pertinent influences. Economic area identification and delineation by each property use type is the benchmark of the commercial

valuation system. All income model valuation (income approach to value estimates) is economic area specific.

Highest and Best Use Analysis

The highest and best use is the most reasonable and probable use that generates the highest present value of the real estate as of the date of valuation. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. For improved properties, highest and best use is evaluated as improved and as if the site were still vacant. This assists in determining if the existing improvements have a transitional use, interim use, nonconforming use, multiple uses, speculative use, excess land, or a different optimum use if the site were vacant. For vacant tracts of land within 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 is derived.

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

Market Analysis

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

DATA COLLECTION / VALIDATION

Data Collection Manuals

The primary manual pertinent to data collection and documentation is the Commercial Appraisal Manual. This manual is continually updated, providing a uniform system of itemizing the multitude of components comprising improved properties. All properties located in Lavaca CAD's inventory are coded according to this manual and the approaches to value are structured and calibrated based on this coding system.

Annually, prior to the hearing season and after the sales have been researched, verified, keyed into the database, and quality control has been completed, the sales data is summarized and produced into book form. The confirmed sales reports, known as the sales books categorize the sales by school district, by govern or code (SPTB code), and by account number. These books are available to the public for use, and are also used by the Lavaca County CAD appraisers.

Sources of Data

In terms of sales data, Lavaca County CAD receives a copy of the deeds recorded in Lavaca County. The deeds involving a change in ownership are entered into the sales information system and researched in an attempt to obtain the pertinent sale information. Other sources of sales data include the hearings process, realtors, buyers and sellers, and appraisers.

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 new owner. If a questionnaire is answered and returned, the documented responses are recorded into the computerized sales database system. Closing statements are often provided during the hearings process. The actual closing statement is the most reliable and preferred method of sales verification.

VALUATION ANALYSIS

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

at some point, if the adjustment process becomes too involved, the model calibration technique can mandate new model specifications or a revised model structure.

Cost Schedules

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

In the local market with limited supply of commercial property available the age of the property is of little of no importance. Sales indicate that conditions and location are of greater weight in the market. Depreciation schedules are developed based on the condition of each major class of commercial property. For example, hundred-year-old properties with average maintence are prized in the commercial market. Depreciation schedules have been implemented for what is typical of each major class of commercial property. These schedules are then tested to ensure they are reflective of current market conditions. Market adjustment factors such as external and/or functional obsolescence can be applied if warranted. A depreciation calculation override can be used if the condition or effective age of a property varies from the norm by appropriately noting the physical condition and functional utility ratings on the property data characteristics. These adjustments are typically applied to a specific property type or location and can be developed via ratio studies or other market analyses.

Income Approach

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. This method is impractical in Lavaca County CAD due to the small number of commercial properties and wide range in use, age and condition. When income information

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

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

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

Subtracting the allowable expenses from the effective gross income yields net operating income.

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

Capitalization analysis is used in the income approach models. This methodology involves the capitalization of net operating income as an indication of market value for a specific property. Capitalization rates, both overall (going in) cap rates for the direct capitalization method and terminal cap rates for discounted cash flow analyses, can be derived from the market. Sales of improved properties from which actual income and expense data are obtained provide a very good indication of what a specific market participant is requiring

from an investment at a specific point in time. This information is very rare and seldom used. In addition, overall capitalization rates can be derived from the built-up method (band-of-investment). This method relates to satisfying the market return requirements of both the debt and equity positions of a real estate investment. This information is obtained from real estate and financial publications.

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

Sales Comparison (Market) Approach

Although all three of the approaches to value are based on market data, the Sales Comparison Approach is most frequently referred to as the Market Approach. This approach is utilized not only for estimating land value but also in comparing sales of similarly improved properties to each parcel on the appraisal roll. As previously discussed in the Data Collection / Validation section of this report, pertinent data from actual sales of properties, both vacant and improved, is pursued throughout the year in order to obtain relevant information 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 market, cost and income information is considered before values are finalized and notices are mailed.

Statistical and Capitalization Analysis

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

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.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

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

Commercial appraisers are somewhat limited in the time available to field review all commercial properties of a specific use type. However, a major effort is made by appraisers to field review as many properties as possible or economic areas experiencing large numbers of remodels, renovations, or retrofits, changes in occupancy levels or rental rates, new leasing activity, new construction, or wide variations in sale prices. Additionally, the appraisers frequently field review subjective data items such as building class, quality of construction (known as cost modifiers), condition, and physical, functional and economic obsolescence factors contributing significantly to the market value of the property. In some cases, field reviews are warranted when sharp changes in occupancy or rental rate levels occur between building classes or between economic areas. With preliminary estimates of value in these targeted areas, the 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 within a given class. This is practical due to the small number of commercial properties of a particular type within Lavaca County CAD. This report summarizes the pertinent data of each property as well as comparing the previous value to the proposed value. This report shows economic factor (cost overrides) and special factors affecting the property valuation such as new construction status. The report lists all property within the class as well as the appraised value per square foot helping to minimize any variations in the appraised value of the sold and unsold properties. A three-year sales history (USPAP property history requirement for non - residential property) is also included. The appraiser may review methodology for

Appropriateness to ascertain that it was completed in accordance with USPAP or more stringent statutory policies. This review is performed after preliminary ratio statistics have been applied. If the ratio statistics are generally acceptable overall the review process is focused primarily on locating skewed results on an individual basis. Previous values resulting from protest hearings are individually reviewed to determine if the value remains appropriate for the current year based on market conditions. Once the appraiser is satisfied with the level and uniformity of value for each commercial property, the changed values are input into the IBM RISC 6000 in order to have a notice printed in May.

PERFORMANCE TESTS

The primary tool used to measure mass appraisal performance is the ratio study. A ratio study compares appraised values to market values. In a ratio study, market values (value in exchange) are typically represented by sales prices (i.e. 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 sales to provide necessary representativeness, independent appraisals can be used as indicators for market value. This practice while permitted by USPAP is not used in Lavaca County CAD. The district has adopted the applicable policies of the IAAO STANDARD ON RATIO STUDIES, circa July, 1999 regarding its ratio study standards and practices. Ratio studies generally have six basic steps: (1) determination of the purpose and objectives, (2) data collection and preparation, (3) comparing appraisal and market data, (4) stratification, (5) statistical analysis, and (6) evaluation and application of the results.

Sales Ratio Studies

Sales ratio studies are an integral part of establishing equitable and accurate market value estimates, and ultimately assessments for 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 derive appraised values during valuation or reappraisal cycles. However, these studies cannot be used to judge the accuracy of an individual property appraised value. The Lavaca County CAD 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 annually to allow appraisers to review general market trends in their area of responsibility. The appraisers utilize desktop applications such as EXCEL programs to evaluate subsets of data by economic area or a specific and unique data item. On the desktop, this may be customized and performed by building class and age basis. 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 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 to 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 horizontal equity studies are performed prior to annual noticing.

Industrial Valuation Process

INTRODUCTION

Appraisal Responsibility

The appraiser and/or contract appraisers of the Lavaca County Central Appraisal District are responsible for developing fair, uniform market values for improved industrial properties. The appraiser is also responsible for the valuation of all tangible general industrial personal property in Lavaca County CAD. There are approximately 11 parcels of industrial real property in Lavaca County CAD. The appraiser appraises approximately 543 parcels of industrial tangible personal property. Pritchard & Abbott appraises approximately 27,000 real and industrial personal property and mineral accounts.

Appraisal Resources

- Personnel - *Lavaca County CAD contracts with Pritchard & Abbott appraisal firm to value properties for which the district does not have the available personnel or resources.*

- Data - *The appraiser and contract appraisal staff inspects their assigned properties 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. The individual characteristics of the property being appraised are the primary factors that drive the appraised value.*

VALUATIONAPPROACH

Area Analysis

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 most 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, appraisers analyze market forces for specific areas and adjust land value schedules appropriately.

Neighborhood 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 "sameness" 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 most 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 appraiser has responsibility. Even though many industrial properties are unique in nature, the market for this type property is analyzed to see how the values of similar or similar as possible properties are affected by market forces. Industrial properties, such as machine shops, have many similar facilities that can be compared to the subject property in terms of type and size of equipment, type of property fabricated or serviced at the subject facility, and other factors. Those similarities help the appraiser estimate the value of the subject property. However, some facilities, such as specialty chemical plants, are so unique in nature that the appraiser must use the closest available plant in terms of output quantity, type of product manufactured, and other factors to estimate the value of the subject property. Many industrial properties use the same type of building and, depending on the type of business, may use the same type of manufacturing or service equipment. However, the manner in which the entire business operation is put together makes that particular facility unique. The district uses information from similar businesses to examine the real and personal property values at a particular business, but the individual characteristics of the business being reviewed determine the value estimation. 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 type 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 taken into account when estimating the final value of the property being reviewed.

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 estimation. When cost data for this type 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.

DATA COLLECTION VALIDATION

Data Collection Manuals

An extended range of variations may exist within the same class of industrial 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. 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 inspecting and estimating effective age of assets in the field. The field listing is then compared with information furnished by property owners during the final valuation review.

Sources of Data

The original real and personal property data used by Lavaca County CAD was supplied by the cities and the county. Since that time, the district and contract appraisal personnel have updated that information based on field review. 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. The district receives building permit information from the cities.

Data Collection Procedures

The district and contract appraisal personnel annually or periodically visit assigned plants. The frequency of the visit is determined by the nature of the business conducted at each facility.

The appraisers take with them the historical data on the buildings and site improvements and the previous 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. 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 district and contract firm appraisal staff members are not assigned any one geographical area of the county. The nature of the business and whether or not the district has the staff resources available determines which properties are valued by contract firms and which properties are valued by the district's appraisal staff.

VALUATION ANALYSIS

Final Valuation Schedules

Lavaca County CAD develops schedules based on Marshall & Swift for use in the valuation of all business and industrial personal property. These schedules are updated as needed by Lavaca County CAD appraisal staff. The contract appraisal firms use similar schedules and methodology based on their experience in valuing real and personal property.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The district's personnel periodically review their assigned real and personal property accounts where there is evidence of change at a particular facility and when there is not, these accounts are revisited on a three-year cycle. Certain properties are reviewed annually because past experience shows that changes are occurring continually in the real or personal property at that facility. Properties assigned to contract appraisal firms are reviewed annually because changes also occur regularly at these facilities.

The results of prior year hearings and indication of building permits being issued are another source of required field visit. 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 on going and warrant permanent value adjustment or are transitory and permanent adjustment is not warranted. This information needs to be recorded so the appraiser will be better able to estimate the property value. Building permits must be field checked to see what affect these have on existing structures. Any new construction is noted and the information necessary to value the structure is recorded. Additionally, any structure demolition is noted so the improvement value can be adjusted accordingly.

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 contract appraisal firms. The contract appraisal firms must advise the district of any characteristics that would affect the value of the land associated with that assigned facility.

Office Review

All properties not subjected to field review are reviewed in the office by the district appraiser assigned to particular real or personal properties. The office review relies on historical information in the real or personal property file as the basis for deciding on the estimated value to be placed on the property for the current tax year.

When valuing real property, the characteristics of the property being reviewed are the driving force in value estimation. Experience in valuing other real property, such as a similar building elsewhere, helps the appraiser decide the estimated value to be placed on the subject improvements.

When valuing 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 use of District 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 may use independent, expert appraisals. Typically, there are not enough sales of industrial properties to show representativeness of that class of property in a ratio study. Ratio studies of industrial properties usually have to rely on independent appraisals as an indicator of market values.

·*Comparative Appraisal Analysis*

This type of analysis is usually not done on industrial properties due to the unique nature of the property and also because of time and budget constraints regarding available appraisal staff. Only in an instance where a jurisdiction would file a jurisdiction challenge with the Appraisal Review Board would the district perform such an analysis.

If a jurisdiction challenge is received by Lavaca County CAD on an industrial category of properties, the appraisers assigned to those accounts will research the appraisal roll to see what other similar properties exist. The real property values can be compared on an average value per square foot of structure basis, but the differences from one facility to another must be carefully compared because it is unlikely that two different facilities are going to build like improvements and use them in similar ways. In like manner, the personal property values can be compared per category, such as furniture and fixtures, machinery and equipment, etc., but the same comparison of the type of and use of the property must be examined to ensure property comparison.

Business Personal Property Valuation Process

INTRODUCTION

Appraisal Responsibility

There are four different personal property types appraised by the district: Business Personal Property accounts; Leased Assets; Vehicles; and Multi Location Assets. There are approximately 1,100 business personal property accounts in Lavaca County CAD.

Appraisal Resources

- *Personnel - The personal property staff consists of 1 appraisers and support staff.*

- Data - A common set of data characteristics for each personal property account in Lavaca County CAD is collected in the field and data entered into each accounts folder. The property characteristic data assists the appraiser in valuing the property. The field data is collected by the personal property appraisers.

VALUATIONAPPROACH

SIC Code Analysis

Two-digit numeric codes, called Standard Industrial Classification (SIC) codes that were developed by the federal government. These classifications are used by Lavaca County CAD as a way to classify personal property by business type.

SIC code identification and delineation is the cornerstone of the personal property valuation system at the district. All of the personal property analysis work done in association with the personal property valuation process is SIC code specific. SIC codes are delineated based on observable aspects of homogeneity. SIC code delineation is periodically reviewed to determine if further SIC code delineation is warranted.

Highest and Best Use Analysis

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

DATA COLLECTION AND VALIDATION

Data Collection Procedures

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

Sources of Data

Business Personal Property

The district's property characteristic data was originally received from Lavaca County, and various school district records in 1980, and where absent, collected through a massive field data collection effort coordinated by the district over a period of time. When revaluation activities permit, district appraisers collect new data via a field drive-out. This project results in the discovery of new businesses not revealed through other sources. Various discovery publications such as the Sales Tax Permits phone books, Chamber of Commerce, etc. are used to discover personal property. Tax assessors, city and local newspapers, and the public often provide the district information regarding new personal property and other useful facts related to property valuation.

Vehicles

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

Leased and Multi-Location Assets

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

VALUATION AND STATISTICAL ANALYSIS

Cost Schedules

The comptroller's office personal property valuation appraisers develop cost schedules. These cost schedules are developed by analyzing cost data from property owner renditions, hearings, 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 exception SIC's are in an alternate price per unit format, such as per room for hotels.

Depreciation Schedule and Trending Factors:

Business Personal Property

Lavaca County CAD's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) is either developed from property owner reported historical cost or from state developed valuation models. The trending factors and the percent good depreciation factors are combined for use by Lavaca County CAD. They are both provided by the comptroller's office and are 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.

The appraiser reviews the renditions submitted in the past years and compares the valuation for the last several years. This data is analyzed in order to arrive at market value. State schedules are used unless information is provided by the owner.

Commercial Vehicles

Value estimates for commercial vehicles are provided by an outside vendor and are based on Average Trade-In values. Vehicles that are not valued by the vendor are valued by an appraiser using PVF schedules or published guides.

Leased and Multi-Location Assets

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

INDIVIDUAL VALUE REVIEW PROCEDURES

Office *Review*

Business Personal Property

All Personal Property accounts are worked in house by the Personal Property Appraiser. All information on this account is reviewed and a value is assigned. This value is input into the computer system for noticing.

Vehicles

A vehicle master file is received in a printout from an outside vendor and vehicles in the district's system from the prior year are matched to current DOT records. The vehicles remaining after the matching process are sorted by owner name. These vehicles are then matched to existing accounts and new accounts are created as needed. Vehicles that are not valued by the vendor are valued by an appraiser_using PVF schedules or published guides.

Leased and Multi-Location Assets

Renditions from leasing and multilocation accounts are matched to the appropriate account and appraised by an appraiser. If the owner provided a self-addressed stamped envelope the report is then mailed to the property owner for review.

PERFORMANCE TESTS

Ratio Studies

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

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.
3. Validation of sales transactions was attempted through questionnaires to buyers and sellers, and field review. In the absence of such confirmation, residential sales data obtained from appraisers and real estate professionals was considered reliable.
4. I have attached a list of staff providing significant mass appraisal assistance to the person signing this certification.

Certified Statement:

"I Pam Lathrop, Chief Appraisal for the Lavaca County Central Appraisal District, solemnly swear that I have made or caused to be made a diligent inquiry to ascertain all properties in the district 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."

Pam Lathrop

Pam Lathrop, RPA, RTA
Chief Appraiser

5/13/2025
Date

Staff Providing Significant Mass Appraisal Assistance

Name	Title	Registration Number	Type of Assistance
Thomas Stockton	Dept. Chief Appraiser	74958	Appraisal
Ralph Besetzny	Senior Appraiser	68732	Appraisal
Scott Nobles	Appraiser	73555	Appraisal
Scott Hall	Appraiser	75147	Appraiser
Linda Elliott	Appraiser	75325	Appraiser

Appraisal Services on behalf of Lavaca County Appraisal District

Company	Type of Assistance
1) Pritchard & Abbott, Inc.	Minerals
2) Pritchard & Abbott, Inc.	Industrial