

Mass Appraisal Report

2025

Gonzales Central Appraisal District

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Mass Appraisal Report

Introduction:

Purpose of this Report

The Gonzales Central Appraisal District has prepared and published this report to provide our citizens, the taxpayers, with a better understanding of the district's activities and responsibilities. This report contains a general introduction followed by several sections describing specific information concerning the appraisal effort by the appraisal district.

Scope of Responsibility

The Gonzales Central Appraisal District (GCAD) is a political subdivision of the State of Texas created in 1981. GCAD commenced operations in 1981, as required by law, and furnished their first appraisal roll for each taxing jurisdiction within the boundaries of GCAD for the year 1982. 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 the Gonzales Central Appraisal District (GCAD), constitutes the district's governing body. As the county assessor-collector was not appointed to the board, they serve as a nonvoting director. 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 eighteen (18) taxing jurisdictions, or taxing units, within the district. Each taxing unit, such as the county, a city, school district, municipal utility district, hospital district, etc., sets their own tax rate to generate revenue to pay for public services provided to the taxpayers, such as public schools, courts, fire and police protection, road and street maintenance and water and sewer systems. Appraisals established by the appraisal district are provided to the taxing units based on the market value of each taxable property on January 1st. The appraisal district also determines the eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans and charitable and religious organizations, as well as special valuations for agriculture.

Except as otherwise provided by the Texas Property Tax Code, all taxable property is appraised at market value as of January 1st. The Texas Property Tax Code defines market value as the price at which a property would transfer for cash or its equivalent under prevailing market conditions if exposed for sale in the open market with a reasonable time for the seller to find a purchaser; and 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 the purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

The Texas 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 (Secs. 23.121, 23.124, 23.124.1 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 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 Constitution and Texas Property Tax Code provide that certain kinds of land be appraised based on the land's capacity to produce agricultural products (productivity value) instead of at market value. This open-space land is valued in accordance with rules established by the State Comptroller's Property Tax Assistance Division and with applicable statutes.

Section 25.18 of the Texas Property Tax Code requires each appraisal district to implement a plan to update appraised values for real property at least once every three years. The Gonzales Central Appraisal District's current policy provides for an annual review of appraised values for the purpose of equalization and staying abreast of market value with a physical inspection of each property within the appraisal district at least once every three years. Personal Property is appraised every year. MIUP is Appraised every year by Pritchard and Abbott our contractor.

The appraised value of real estate is calculated using specific information about each property. That information is compared with data for similar properties and with recent market data using computer-assisted mass appraisal programs and recognized and generally accepted appraisal methods and techniques. The Gonzales Central Appraisal District follows the standards of the International Association of Assessing Officers (IAAO) regarding 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 applicable. Where the appraisal district contracts for professional valuation services the contract entered into by each appraisal firm requires adherence to similar professional standards.

Personnel Resources

The Office of the Chief Appraiser is responsible for the oversight of all operations of the appraisal district including the overall planning, organizing, staffing, coordinating and controlling of district operations. As chief administrator, the Chief Appraiser is also responsible for the planning, organizing, directing and controlling of the business support functions of the appraisal district related to human resources, budget and finance, records management, purchasing, fixed assets, facilities and postal services. The Chief Appraiser supervises the appraisal staff in the valuation of all real and personal property accounts. The property types appraised by the district include agricultural, commercial, residential, and business personal property.

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 Regulation (TDLR). The staff coordinate support functions, including records maintenance and management computer data entry, information and assistance to property owners and hearings support.

The Gonzales Central Appraisal District staff consists of eleven (11) full time employees, many of whom are serving in multiple capacities as follows:

- 1 - Chief Appraiser
- 1 - Deputy Chief/Market Analyst
- 1 - Administrative Assistant/Secretary/Charge Bookkeeper
- 1 - Senior Appraiser
- 1 - GIS Technician
- 1 - Personal Property Appraiser
- 1 - Real Estate Field Appraisers
- 1 - Exemptions Clerk
- 1 - Ownership and Deed Research Manager/Alternate Bookkeeper 1
- 1 - Computer Operations Manager/Mineral Clerk
- 1- Receptionist/Clerk

Data

The district is responsible for establishing and maintaining approximately 33,737 real and personal property accounts covering 1,160 square miles within the Gonzales Central Appraisal District along with an additional approximately 64,781 mineral interest accounts. This data includes property characteristics, approximate location, and ownership and exemption information. Property characteristics and new construction data is updated through an annual field effort. Existing property data is maintained through a prioritized field review. Sales data is routinely validated through a separate field effort. General trends in construction costs and market data are acquired through various sources including but not limited to internally generated questionnaires to buyers and sellers (ratio letters) and information provided by local building contractors and other real estate professionals when possible.

Information Systems

The Gonzales Central Appraisal District maintains a Computer Assisted Mass Appraisal (CAMA) system database of real and personal property accounts and mineral interest accounts utilizing a local area network (LAN) on a local server with software support provided through Pritchard and Abbot Valuation Consultants, Inc. This local area network is tied back to an offsite server also maintained by Pritchard and Abbot Valuation Consultants, Inc. for purposes of data

processing and backup. Hard copies of appraisal accounts since the inception of the district are still maintained on paper in addition to the digital records. Ratio studies and other locally generated information utilize standard Microsoft Office applications including Excel and Word as well as Adobe Acrobat software. Accounting information is processed using Peachtree accounting software.

The Gonzales Central Appraisal District maintains geographic information systems (GIS) data in shapefile format utilizing industry-standard ESRI software. The GIS is maintained on a PC at the district and backed up to external hard drives for data security. The appraisal district GIS provides approximate situs and ownership information, topographic data, floodplain and soils data as well as aerial imagery. This GIS base map and non-confidential ownership information is made available to the public on our website, which is hosted by Pritchard and Abbot Valuation Consultants, Inc. Current Texas Natural Resources Information System 1-meter aeriels are used for verification of property locations and analysis of agricultural use. Oblique imagery, purchased through Pictometry, Inc., is utilized for detailed examination of properties that are difficult for appraisers to access on the ground. Current address information is maintained using a layer provided by the Golden Crescent Regional Planning Commission. Detailed cadastral maps are also produced and maintained using Greenbriar Graphics, Inc. deed plotting software and published in Adobe .pdf format.

Shared Appraisal District Boundaries

The boundary of the Gonzales Central Appraisal District is the same as the boundary of Gonzales County. There are seven school districts within the Gonzales Central Appraisal District whose boundaries cross into neighboring counties.

Independent Performance Testing

In accordance with Chapter 5 of the Texas Property Tax Code and section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Assistance Division conducts a biennial School District Property Value Study (SDPVS) of each Texas school district and each appraisal district. As a part of this study, the code also requires the Comptroller to: use sales and recognized auditing and sampling techniques; 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 SDPVS includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. This study utilizes statistical analysis of sold properties (sales ratio studies) and appraisals of unsold properties (appraisal ratio studies) as a basis for assessment ratio reporting. For appraisal districts, the reported measures include the median level of appraisal, coefficient of dispersion, the percentage of properties within 10% of the median, the percentage of properties within 25% of the median, and price related differential for properties overall and by state category. In alternate years, the State Comptroller's Property Tax Assistance Division reviews the methods standards and procedures of each appraisal district to determine whether the district uses recognized and generally accepted methods and techniques through their Methods and Assistance Program (MAP) review.

There are seven (7) independent school districts within the Gonzales Central Appraisal District for which appraisal rolls are annually developed. The preliminary results of this study are released in January of 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 July of the year following the year of appraisal. This outside ratio study provides additional assistance to the Gonzales Central Appraisal District in determining areas of market activity or changing market conditions.

Appraisal Activities

Appraisal Responsibilities

The appraisal staff is responsible for the collection and maintenance of property characteristics data for classification, valuation and other purposes. Accurate valuation of real and personal property by any method requires a physical description of the property being appraised, including land and building characteristics. This data collection activity involves the field inspection of real and personal property and entry of the data collected into the existing CAMA system database. The goal of the Gonzales Central Appraisal District is to physically inspect all residential property, commercial property and personal property within the boundaries of the district every three years.

Appraisal Resources

Personnel-Five (5) appraisers and Six (6) support staff conduct this appraisal activity. As noted previously, some of the appraisers also conduct support activities.

Gonzales CAD seeks to fill any job vacancy with qualified individuals.

Data - The data used by appraisers in the field begins with the existing property information contained in the CAMA system. In addition, other data such as maps, photographs, cost information, aerial photography, sales information, fire and damage reports, and building permits are also used when available.

Preliminary Analysis

Data Collection / Validation

Data collection for real property appraisal involves maintaining property characteristics data in the CAMA system. The information contained in the CAMA system includes site characteristics such as land area and topography and improvement data such as square footage of living areas, quality of construction and condition. Field appraisers use a field guide that establishes uniform procedures for the correct listing of real property into appropriate categories. All properties are coded according to the field guide and the approaches to value are structured and calibrated based on this coding system. Field appraisers use the field guide 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. The

information in these folders is broken down into inventory, furniture, fixtures and equipment, machinery and vehicles. Field appraisers 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

Sources of data collected include the new construction and data review field efforts, aerial photographs and oblique imagery, mailers, hearings, sales validation, 911 new addresses, new utility hook-ups, manufactured home movement reports, commercial sales verification, real estate listings on the internet, newspapers and publications, and property owner correspondence. Building permits, when available, are a valuable source of property information. Copies of permits received by the district are manually matched with the appropriate properties, by property identification number for fieldwork.

One avenue for data collection is a review of an entire neighborhood. Appraisers research entire neighborhoods to verify the accuracy of the existing data and identify properties that need to be reviewed. The sales validation effort for real property involves the collection of data pertaining to properties that have recently sold. This includes an 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 source for identifying incorrect information that requires a re-check in the field. Properties identified in this manner are added to a work file and inspected at our earliest opportunity.

Data Collection Procedures

Data collection in the field requires organization, planning and supervision. Data collection procedures have been established for residential, commercial and personal property. Appraisers conduct field inspections and record information on a property record card (appraisal card) printed from the CAMA system or a personal property data sheet.

The quality of the data collected is extremely important in establishing accurate values of taxable properties. While productivity standards are established and upheld for various field activities, quality of data is emphasized as the goal and responsibility of each appraiser. The Chief Appraiser is charged with the responsibility of ensuring that appraisers follow listing procedures, identifying training issues and providing uniform training throughout the field appraisal staff.

Data Maintenance

The Computer Operations Manager (COM) is responsible for entering data directly into the CAMA system and for quality assurance of that data. The COM works directly with Pritchard and Abbot Valuation Consultants, Inc. to maintain and secure the CAMA system database. The COM is also responsible for generating reports used in support of appraisal activities, in ratio studies, and in preparation of value schedules.

Individual Value Review Procedures

Field Review

The date of last inspection and the appraiser responsible are logged in the CAMA system. If a property owner or jurisdiction, disputes the information recorded in the CAMA system database, during an informal hearing, via voice or through correspondence and presents sufficient evidence to show that the property information is incorrect; the CAMA system may be corrected based upon the evidence provided. Typically, a field inspection is required to verify the evidence either for the current year valuation or for the valuation next year. A field review of certain areas or neighborhoods in the jurisdiction is conducted every year.

Performance Testing

The Chief Appraiser, and Pritchard and Abbot Valuation Consultants, Inc. are responsible for conducting ratio studies and comparative analysis. In many cases, field appraisers will 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 and uniform market values for all residential properties whether vacant or improved. There are approximately 4,603 improved residential properties and 1,399 unimproved residential properties (i.e. vacant lots) within the Gonzales Central Appraisal District

Appraisal Resources

Personnel- Five (5) appraisers and Six (6) support staff conduct this appraisal activity. As noted previously, some of the appraisers also conduct support activities.

Data-A common set of data characteristics for each residential property within the Gonzales County Appraisal District is collected in the field and entered into the CAMA system. The property characteristics data and market data entered into the system drives the CAMA approach to valuation.

Valuation Approach Area Analysis

Data regarding general trends in the prices of real property, construction costs, availability of vacant land, locational factors, etc. gleaned from public and private sources can provide the field appraiser with a current outlook on the real estate market

Neighborhood and Market Analysis

Neighborhood analysis involves an examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces can be used to identify and classify comparable properties into smaller manageable subsets of the universe of properties forming a neighborhood.

For purposes of analysis, a "neighborhood can be defined as the largest geographic grouping of properties sharing similar and uniform physical, economic, governmental and social characteristics. Once a neighborhood has been identified, it is necessary to define the boundaries of the neighborhood through the process of delineation. Some factors used in the delineation of neighborhoods include physical location, sales price range, type and quality of improvements, etc. Delineation can involve the drawing of neighborhoods on a map (i.e. a subdivision), but can also involve statistical separation or stratification based on attribute analysis. Consideration of discernible patterns of growth that influence the marketability of a neighborhood is a part of neighborhood analysis.

Neighborhoods are characterized as being in a state of growth, stability or decline. Growth is the period of development and construction. As new neighborhoods develop, they compete with existing neighborhoods. An increase in the supply of new homes into the market induces a population shift from older to newer homes. Stability is a period of equilibrium when the forces of supply and demand are approximately equal. Stable established neighborhoods can be more desirable due to their known residential character and proximity to schools, workplaces and other community resources. Decline is a period of diminishing demand or desirability. Neighborhoods in decline may change from residential use to a mix of residential and commercial use. Declining neighborhoods may also experience periods of renewal, reorganization, rebuilding and restoration, increasing demand and desirability, thus returning them to a state of growth then stability.

Neighborhood identification and delineation is a major contributing factor in the valuation of residential property. Residential analysis conducted in association with the valuation process is neighborhood specific. Neighborhoods are inspected in the field and delineated based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further delineation is warranted. Sales ratio analysis is performed on a neighborhood basis.

Highest and Best Use Analysis

The highest and best use of a property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legally permissible, financially feasible and productive to the maximum possible. The highest and best use of residential property is normally the current use. This is due in part to the fact that residential development in many areas precludes other uses through deed restrictions and zoning. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In areas of mixed residential and

commercial use, the appraiser reviews properties on a periodic basis to determine if changes in the real estate market require the reassessment of the highest and best use.

Valuation and Statistical Analysis

Cost Schedules

Residential properties in the district are valued from identical cost schedules using a comparative unit method. The residential cost schedules for the district have been customized to fit the local market in Gonzales County.

Sales Information

Sales files for the storage of sales data at the time of sale are maintained. Residential vacant land sales and residential improved land sales, along with commercial improved and vacant land sales are maintained separately. Sales are collected from a variety of sources, including; district questionnaires sent to buyers and sellers (ratio letters), discovery in the field, formal and informal protest hearings, appraisers, builders and realtors. Sales reports are generated as an analysis tool for the appraiser in the development of value estimates.

Land Analysis

The Gonzales Central Appraisal District conducts residential land analysis. The district develops a base lot, primary rate and assigns each neighborhood to a land table. A land table within the CAMA stores land information required to value individual parcels within neighborhoods consistently. Specific land influences are used to adjust parcels outside the neighborhood norms for factors such as shape, size and road frontage. Abstraction and allocation methods are used to ensure that land values created best reflect the contributory market value of the land to the overall market value of the property.

Statistical Analysis

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

Every neighborhood is reviewed annually through the sales ratio analysis process. Neighborhood ratio studies are conducted to compare recent sales prices of neighborhood properties with the appraised values of these sold properties. These studies are used to judge the present level of appraised value and uniformity of the sales. A preliminary decision is then made to determine whether the value level in the neighborhood is at an acceptable level or in need of adjustment in an upcoming reappraisal.

Market Adjustment

Neighborhood or market adjustment factors are developed from appraisal statistics provided through ratio studies and are used to ensure that estimated values are consistent with the market. The district uses a hybrid cost-sales comparison approach to value residential properties. This approach accounts for neighborhood market influences. The following equation is used:

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

Whereas, the market value (MV) equals the market adjustment factor (MA) times the land value (LV) plus the difference of the replacement cost new (RCN) minus depreciation (D). As the cost approach separately estimates both the land and improvement 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 structures. 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 district uses a market ratio study that compares recent sales prices of properties within a delineated neighborhood with the actual cost value of the same properties. The calculated ratio derived from the sum of the sold properties cost values 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 specific neighborhood, thus producing more representative and supportable values. The market adjustment factor calculated for each updated neighborhood is applied uniformly to all homogeneous properties within the 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 district judges the appraisal level and uniformity.

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 this law, beginning in the second year that a property receives a homestead exemption; increases in the value of that property are capped. The appraised value for tax purposes of a qualified residence homestead will be the lesser of the market value or the preceding year appraised value plus ten percent (10%) for each year since the property was reappraised, plus the value of any improvements added since the last reappraisal. The values of capped properties must be recalculated annually. If a capped property sells, the cap automatically expires as of

January 1st of the following year. In the following year, the property is reappraised at market value to bring the appraisal back into uniformity with other properties. An analogous provision applies to newly constructed homes. Unoccupied residences still owned by the developer, are appraised as part of an inventory using the district's land value and the developer's construction costs as of the date of the valuation. In the year following their sale, they are reappraised at market value.

Individual Value Review Procedures

Field Review

Properties in critical need of field review are identified through sales ratio analysis. Sold properties with a significant variation in sales ratios are reviewed in the field to check the accuracy of data characteristics.

Sales activity can reveal a need to review and resolve sales outliers in the field. Appraisers frequently review subjective data items such as quality of construction, condition and physical, functional and economic obsolescence factors contributing significantly to the market value of a property. Once preliminary estimates of value have been determined, appraisers take valuation documents to the field to test the CAMA values against their own appraisal judgement. During this review, appraisers are able to physically inspect sold and unsold properties for comparability and consistency of values.

Office Review

Valuation reports comparing previous values with 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 appraisers to identify, research and resolve value anomalies before final appraised values are released. Previous values resulting from a protest hearing are individually reviewed to determine if the value remains appropriate for the current year. Once the appraisers are satisfied with the level and uniformity of value for each neighborhood, the value estimates are printed and mailed as notices of appraised value.

Performance Testing

The primary analytical tool used by appraisers to measure and improve performance is the ratio study. Overall sales ratios are generated for each ISD to allow the appraisers to review general market trends and provide an indication of market changes over a specified period. The neighborhood descriptive statistics are reviewed for each neighborhood being updated for the current tax year. 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. Additionally test ratios are calculated, emulating the State Comptroller's biennial property value study techniques in an effort to further refine and verify statistical data.

Commercial Valuation Process

Introduction Appraisal Responsibility

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

Appraisal Resources

The data used by the district includes verified sales of vacant land and improved properties and the pertinent data obtained from each (sales price levels, capitalization rates, income multipliers, marketing periods, etc.). Actual data obtained from specific properties including income and expense data (typically obtained through the hearing process), actual contract rental data, leasing information and actual construction cost information is also used. Market data publications are 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) and are considered whenever substantial changes are made. These studies, which are inclusive of ratio studies, reveal whether a proposed change is producing accurate, reliable values or whether procedural modifications are required. Appraisers implement this methodology when developing the cost and income approach models.

Valuation Approach Area Analysis

Data on regional economic forces (such as a decline in oil production), locational factors, general trends in real property prices and rents, availability of vacant land and construction trends and costs are gathered through private vendors and public sources.

Neighborhood Analysis

The neighborhood is comprised of the land area and commercially classed properties located within the boundaries of a taxing jurisdiction. Neighborhood analysis involves an examination of how physical, economic governmental and social forces and other influences affect property values. The effects of these forces can be used to identify and classify comparable properties into smaller manageable subsets of the universe of properties forming a neighborhood. In the mass appraisal of commercial properties, these subsets of properties are typically 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 on an analysis of similar economic or market forces. These

include but are not limited to similarities in rental rates, classification of properties, dates 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. Income model valuation (income approach to value estimates) should be economic area specific.

Highest and Best Use Analysis

The highest and best use of a property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legally permissible, financially feasible and productive to the maximum possible. For improved properties, the highest and best use is evaluated as improved and as if the site were still vacant. This helps to determine 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 a jurisdiction, the highest and best use is speculative based on the use of surrounding land. Improved properties reflect a wide array of highest and best uses including but not limited to office, retail, apartment, warehouse, light industrial, special purpose or interim uses. In many instances, the current use of the property will be the highest and best use. This analysis ensures that an accurate estimate of market value is derived.

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 based on the following assumptions: no coercion or undue influence over the buyer or seller in an attempt to force the purchase or sale, well informed buyers and sellers acting in their own best interest, reasonable time for the transaction to take place and payment in cash or its equivalent.

Market Analysis

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

Data Collection and Validation Sources of Data

The Gonzales Central Appraisal District routinely receives scanned copies of the Gonzales County Official Records from the County Clerk when they are recorded and made available to the public and the district. Deeds recorded in the Official Records that involve a change of ownership are researched in an effort to obtain pertinent sales information. Other sources of sales data include informal and formal protest hearings, property owners, local realtors and appraisers.

For properties involving a transfer of commercial property ownership, a sale file is produced at the beginning of the research and verification process. A questionnaire requesting detailed sales information (ratio letter) is mailed to both the buyer and the seller of the property. Closing statements, when made available are used as a method of verifying sales information.

Valuation Analysis

Model calibration is the process of periodically adjusting the mass appraisal formulas, tables and schedules to reflect current market conditions. Once the models have undergone a specification process, adjustments are made to reflect new construction procedures, materials and/or costs, which can vary. The basic structure of a mass appraisal model can be kept valid over an extended period with trending factors utilized to update the data to current market conditions. If the adjustment process becomes too involved, the model calibration technique can require development of new model specifications or a revised model structure.

Cost Approach

The cost approach to value is applied to all improved real property utilizing the comparative unit method. This methodology involves the use of national cost data reporting services as well as actual cost information on comparable properties whenever possible. Cost models are typically developed based on locally adjusted data from the Marshall & Swift Valuation Service. Cost models involve derivation of the replacement cost new (RCN) of all improvements and include comparative base rates, per unit adjustments and lump sum adjustments. This approach employs the sales comparison approach in the valuation of the underlying land. Because a national cost service is used as a basis for the cost models, location modifiers are necessary to adjust cost data to reflect market conditions for Gonzales County.

In a local market with limited supply of commercial property available the age of a property is often less significant to the value. Sales indicate that condition and location are of greater weight in the local market. Depreciation schedules are developed and implemented based on the typical characteristics and condition of each major class of commercial property. These schedules are tested to ensure they are reflective of current market conditions. Market factors such as external 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 characteristics. These adjustments are typically applied to a specific property type or location and can be developed through ratio studies or other market analyses.

Income Approach

The income approach to value is applied to real properties which are typically viewed by market participants as producing an income and for which the income methodology is considered a leading value indicator. This method is often impractical in Gonzales County due in part to the small number of commercial properties and their wide range of use, age and condition. When an owner provides income information, potential gross income is calculated and the vacancy and collection losses considered. Projected vacancy and collection loss allowances are established from actual data furnished by property owners and local market professionals. This allowance accounts for periodic fluctuations in occupancy over and under an estimated stabilized level. The market derived stabilized vacancy and collection loss allowance is subtracted from the potential gross rent estimated to yield an effective gross rent estimate.

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 a commercial real property. 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. Replacement of short-lived items (roof or floor coverings, air conditioning or major mechanical equipment) requiring expenditures of large sums of money are another form of allowable expense. When these capital expenditures are analyzed for consistency and adjusted, they may be applied on an annualized basis as stabilized expenditures. When performed according to local market practices by commercial property type, these annualized expenses are known as replacement reserves. Subtracting allowable expenses from the effective gross income yields a 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 are used in specific applications. Rates and multipliers vary between property types as well as by location, quality, condition, design, age and other factors. Application of 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. Overall capitalization rates for the direct capitalization method and terminal capitalization rates for discounted cash flow analysis can be derived from the market. Sales of improved properties from which actual income and expense data are obtained can provide an indication of what a specific market participant is requiring from an investment at a specific time. This information is rare and seldom used. Overall capitalization rates can also be derived from the built-up method (band of investment). This method relates to the satisfaction of market rent requirements of both 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 percentage difference between the stabilized occupancy and actual occupancy of the property. 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 the actual occupancy is less than the stabilized occupancy for the property a rent loss deduction may be estimated.

Sales Comparison "Market" Approach

This approach to value is used for estimating land value and for comparing sales of similarly improved properties to each parcel on the appraisal roll. Data from actual sales of vacant and improved properties 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 depreciation schedules in the cost approach, rates and multipliers in the income approach and as a direct comparison in the sales comparison approach. Improved property sales are also used in ratio studies to determine the present level and uniformity of appraised values.

Final Valuation Schedules

Information derived from market data analysis and review using the cost, income and sales comparison approaches, is considered before values are finalized and notices of appraised value mailed.

Statistical and Capitalization Analysis

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

Every commercial property type is reviewed annually through the sales ratio analysis process. Ratio studies comparing the appraised values of sold properties with recent sales prices for the same properties are used to judge the present level and uniformity of the appraised values. Based on sales ratio statistics and designated parameters for valuation update, a preliminary decision is then made to determine whether the value level of a particular property type is at an acceptable level or in need of adjustment in an upcoming reappraisal.

Individual Value Review Procedures Field Review

The date of last inspection and the appraiser responsible are logged in the CAMA system. If a property owner or jurisdiction, disputes the information recorded in the CAMA system database, during an informal hearing, via voice or through correspondence and presents sufficient evidence to show that the property information is incorrect; the CAMA system may be corrected based upon the evidence provided. Typically, a field inspection is required to verify the evidence either for the current year valuation or for the valuation next year. If a building permit is filed for a particular property indicating a possible change in the property characteristics, the property is added to a work file for review in the field.

Commercial appraisers make a prioritized effort to field review as many properties as possible or economic areas experiencing a greater number of remodels, renovations or retrofits, changes in occupancy levels or rental rates, new leasing activity, new construction or wide variations in sales prices. Appraisers frequently review subjective data items such as building class, quality of construction, condition and physical, functional and economic obsolescence factors contributing

significantly to the market value of a property. With preliminary estimates of value determined in these target areas, appraisers take valuation documents to the field to test the CAMA values against their own appraisal judgement. During this review, appraisers are able to physically inspect sold and unsold properties for comparability and consistency of values.

Office Review

Valuation reports comparing previous values with proposed and final values are generated for all properties within a given class. This is practical due to the relatively small number of commercial properties of any particular type within Gonzales County. Pertinent data for each property, economic factors and special factors affecting the property valuation and a comparison of previous values with proposed values is included in this review. The three-year sales history as recorded in the CAMA system (USPAP property history requirement for non-residential property) is included in this review. This review is performed after preliminary ratio statistics have been applied allowing the appraisers to identify, research and resolve value anomalies before final appraised values are released. Previous values resulting from a protest hearing are individually reviewed to determine if the value remains appropriate for the current year based on current market conditions.

Performance Testing

The primary analytical tool used by appraisers to measure and improve performance is the ratio study. A ratio study compares appraised values with current market values. In a ratio study, market values (value in exchange) are typically represented by sales prices (sales ratio study). Independent, expert appraisals may also be used to represent market values in a ratio study (appraisal ratio study). If the number of sales is insufficient to be representative of the market, independent appraisals can be used as indicators for market value when available. The Gonzales Central Appraisal District has adopted the applicable policies of the IAAO Standard on Ratio Studies.

Sales Ratio Studies

Sales ratio studies are used to determine if there is a need for a general reappraisal, to prioritize selected groups of properties for reappraisal, identify potential problems with appraisal procedures, to assist in market analysis and to calibrate models used to derive appraised values during valuation or reappraisal cycles. The Appraisal Review Board may make individual value adjustments based on over market value and/or unequal appraisal evidence submitted during the protest hearing process.

Overall sales ratios are generated by use type annually to allow appraisers to review general market trends. Appraisers evaluate subsets of data by economic area or specific and unique data items. Field checks may be conducted to verify the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics. These ratio studies provide an indication of market activity by economic area or changing market conditions (appreciation or depreciation).

Comparative Appraisal Analysis

An average unit value comparison is performed in addition to the traditional ratio studies. These comparisons are performed on commercially classed properties by use type. The average unit prices of sales are compared with the average unit appraised values for the same properties. The objective of this evaluation is to determine appraisal performance of sold and unsold properties. These studies are conducted on substrata such as a building class and on properties located within various economic areas. Appraisal performance is evaluated geographically, by specific property type to discern whether or not sold parcels have been selectively appraised. When sold parcels and unsold parcels are appraised equally the average unit values will be similar. These horizontal equity studies are performed annually prior to the mailing of notices of appraised value.

Industrial, Utility and Mineral Valuation

Appraisal Responsibility

The Gonzales Central Appraisal District maintains a contract with Pritchard and Abbot Valuation Consultants, Inc. for the development of fair and uniform market values for industrial and utility properties and personal property in Gonzales County and for mineral valuation, including but not limited to oil and gas reserves. Pritchard and Abbot's Mass Appraisal Report is included with this report. Pritchard & Abbott is shown on our website under the Tax Payer Information.

Appraisal Resources

Personnel - Pritchard and Abbot Valuation Consultants, Inc., 4900 Overton Commons Court, Fort Worth, Texas 76132-3687

Data - Details of appraisals conducted by Pritchard and Abbot Valuation Consultants, Inc. are available from that appraisal firm (see attached).

Business Personal Property Valuation

Appraisal Responsibility

There are four distinct types of personal property appraised by the Gonzales Central Appraisal District (GCAD): Business personal property, leased assets, vehicles and multi-location assets. There are approximately 964 business personal property accounts within the appraisal district.

Appraisal Resources

Personnel - The personal property staff consists of one appraiser.

Data -A common set of data characteristics for each personal property account is collected in the field, entered into the CAMA system and maintained in a folder for each account. Annual owner renditions of personal property as required under Sec. 22.01 of the Texas Property Tax Code are also used as a source of business personal property data.

Valuation Approach

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

Data Collection/ Validation Procedures

Data on the subject properties is collected as part of the field inspection process and through submissions by the property owners. Submitted data may be on a rendition form or in other modes, which require confidentiality. Subject property data is verified through the CAMA system, previously existing records and through published reports. Additional data is obtained and verified through published sources and through analysis of comparable properties.

Sources of Data Business Personal Property

The Gonzales Central Appraisal District personal property characteristics data originated with records received from the taxing entities in 1981, and where absent collected through a field data collection effort that was coordinated by the district. The personal property appraiser collects new data in the field annually to update this data, This project results in the discovery of new businesses not revealed through other sources. Newspapers, directories and online resources are also used for discovery of personal property. The Tax Assessor-Collector, municipalities, school districts and the public often provide the district with information regarding new personal property and other pertinent facts related to personal property identification and valuation.

Vehicles

Outside vendors provide the district with listings of vehicles within Gonzales County. Other sources of data include property owner renditions and field inspections.

Leased and Multi-location Assets

Property owner renditions and field inspections are the primary sources of information regarding leased and multi-location assets.

Valuation and Statistical Analysis

Cost Schedules: The Property Tax Assistance Division of the State Comptroller's Office develops cost schedules.

These 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.

Depreciation Schedule and Trending Factors Business Personal Property

The cost approach is the primary approach to valuation of business personal property. Replacement cost new (RCN) is either developed from property owner reported historical cost, from state developed valuation models or Marshall & Swift Valuation Service guides. The trending factors and percent good depreciation factors, provided by the Property Tax Assistance Division of the State Comptroller's Office, are combined for use by the appraisal district. Index factors and percent good depreciation factors are used to develop present value factors (PVF), by year of acquisition as follows:

$$\text{PVF} = \text{Index Factor} \times \text{Percent Good Factor}$$

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

$$\text{Market Value Estimate} = \text{PVF} \times \text{Historical Cost}$$

This mass appraisal PVF schedule is used to ensure that estimated values are uniform and consistent with the market.

The appraiser inspects each property on an annual basis and lists all taxable personal property. Market value is estimated using the procedures outlined and utilizing Marshall & Swift Valuation Service guides when appropriate. The valuation is compared to the current rendition if submitted by the owner. Values are adjusted if the appraiser finds that an adjustment is warranted. Similar properties are compared in order to assure equitable treatment of all properties.

Vehicles

Value estimates for vehicles are provided by an outside vendor and are based on NADA published book 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

The personal property appraiser works personal property accounts in-house. Information contained in these accounts is reviewed and a value is assigned. The value assigned is entered into the CAMA system prior to mailing notices of appraised value.

Vehicles

The vehicle master file received from the outside vendor and vehicles in the CAMA system from the prior year are matched to current 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 not valued by the vendor are valued by the appraiser using published guides.

Leased and Multi-location Assets

Renditions from leasing and multi-location accounts are matched to the appropriate existing accounts and new accounts created as needed. The report may be mailed to the property owner for review.

Performance Testing Ratio Studies

Biennially the Property Tax Assistance Division of the State Comptroller's Office conducts a school district property value study (SDPVS). The SDPVS is a ratio study used to gauge appraisal district performance and to aid in determining school funding. The personal property SDPVS is a ratio study using state cost and depreciation schedules to develop comparative personal property values. These values are then compared with Gonzales Central Appraisal District values and ratios are formed.

Limiting Conditions

Appraised values provided by the Gonzales Central Appraisal District are subject to the following conditions:

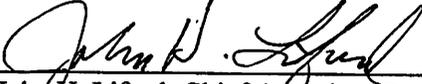
1. The appraisals were prepared exclusively for ad valorem tax purposes.
2. Property characteristics data upon which the appraisals are based is assumed to be correct. Exterior inspections of properties appraised were performed as resources and time permitted.
3. Validation of sales transactions was 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. A list of staff providing significant mass appraisal assistance to the person signing this certification is as follows:

Name	Title	TDLR License #
John H. Liford	Chief Appraiser	69982
Kathryn Walker	BPP Appraiser/ Market Analyst	76355
Kim Teague	Exemptions Clerk	
Brynn Cook	Field Appraiser	77551
James Pullin	Senior Appraiser	73511
Joseph Rapoza	Deputy Chief Appraiser	73510
Cliff Davis	GIS Technichian	
Lauren Newman	Ownership/Deed Clerk	

Certification Statement:

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


 John H. Liford, Chief Appraiser Gonzales
 CAD

Date: 03/17/2026


 Chairman, Board of Directors

Date: 3/17/26