



**WHEELER CENTRAL
APPRAISAL DISTRICT**

**2021-2022
PLAN FOR PERIODIC REAPPRAISAL**

**AS ADOPTED BY THE
BOARD OF DIRECTORS**

**on
August 19, 2020**

*****Disclaimer*****

The plan may be modified in order to meet the requirements of the office and tax code.

RESOLUTION

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE WHEELER CENTRAL APPRAISAL DISTRICT TO ENSURE ADHERENCE WITH GENERALLY ACCEPTED APPRAISAL PRACTICES ACCORDING TO THE TEXAS PROPERTY TAX CODE, SECTION 6.05, (i).

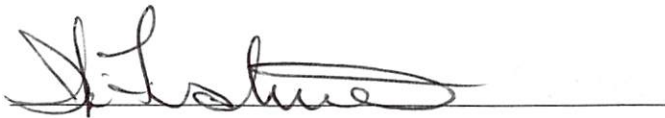
WHEREAS passage of S.B. 1652 relating to the administration of ad valorem taxation amended the Property Tax Code, Section 6.05 by adding Subsection (i) to read as follows:

(i) To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each even-numbered year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WHEELER CENTRAL APPRAISAL DISTRICT:

That the attached Reappraisal Plan shall be implemented by the Wheeler Central Appraisal District to comply with the Property Tax Code, Section 6.05, (i).

PASSED AND APPROVED IN REGULAR SESSION BY THE BOARD OF DIRECTORS OF THE WHEELER CENTRAL APPRAISAL DISTRICT ON THIS 19th DAY OF August, 2020.



Ike Finsterwald, Chairman of the Board

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TAX CODE REQUIREMENT:

Passage of Senate Bill 1652 amended Section 6.05 of the Texas Property Tax code by adding Subsection (i) to read as follows:

- (i) To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each even-numbered year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the Comptroller within 60 days of the approval date.

Plan for Periodic Reappraisal Requirement:

Senate Bill 1652 amends Section 25.18, Subsections (a) and (b) to read as follows:

- (a) Each appraisal office shall implement the Plan for Periodic Reappraisal of property approved by the board of directors under Section 6.05(i).
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:
 - 1. Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, property sketches, renditions, DO'S and new articles;
 - 2. Identifying and updating relevant characteristics of each property in the appraisal records;
 - 3. Defining market areas in the district;
 - a. The district uses the market areas of the Cities of Wheeler and Shamrock when setting the market for Categories A, B, C, F, and M.
 - b. The district uses a county wide market area for appraising Categories D and E.

4. Identifying property characteristics that affect property value in each market area, including:
 - a. the location and market area of property;
 - b. physical attributes of property, such as size, age, and condition;
 - c. legal and economic attributes; and
 - d. easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
5. Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
6. Applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
7. Reviewing the appraisal results to determine value.

REVALUATION DECISION (REAPPRAISAL CYCLE):

The Wheeler CAD, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises all property in a designated area each year on a three-year cycle. The reappraisal year is a complete appraisal of all properties in this designated area. Tax year 2021 is a reappraisal year for designated area one (Wheeler and Kelton ISDs) and tax year 2022 is a reappraisal year for designated area two (Shamrock ISD).

Pursuant to Section 25.18 of the Texas Property Tax Code, the Wheeler CAD has established a reappraisal plan to provide for the reappraisal of all property within the district at least once every (3) three years.

PERFORMANCE ANALYSIS:

Performance Analysis – the equalized values from the previous tax year are analyzed with ratio studies to determine the appraisal accuracy and appraisal uniformity overall and by market area within property reporting categories. Ratio studies are conducted in compliance with the current *Standard on Ratio Studies* of the International Association of Assessing Officers. Mean, median, and weighted ratios are calculated for properties in reporting categories to measure the level of appraisal accuracy. The mean ratio is calculated in each reappraised category to indicate the level of appraisal accuracy by property reporting category. In 2021, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. In 2022, the reappraisal year, this analysis is used to develop the starting

point for establishing the level and accuracy of appraisal performance. In 2020 and 2021, any reporting category that may have been excluded from reappraisal due to lack of data to support reappraisal will be tested and analyzed to arrive at an indication of uniformity or equity of existing appraisals.

Real Property Valuation

Revisions to cost models, income models, and market models are specified, updated, and tested each tax year.

Cost schedules are tested with market data (sales) to ensure that the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Replacement cost new tables as well as depreciation tables are tested for accuracy and uniformity using ratio study tools and compared with cost data from recognized industry leaders, such as Marshall & Swift.

Land schedules are updated using current market data (sales) and then tested with ratio study tools. Value schedules are developed and tested on a pilot basis with ratio study tools.

Personal Property Valuation

Density schedules are tested using data received during the previous tax year from renditions and hearing documentation. Valuation procedures are reviewed, modified as needed, and tested. The latest edition of the Comptroller's Guide, along with Marshall & Swift are utilized heavily in the appraisal of personal property in the district.

Utility Property Valuation

The main source of property data for industrial, utility and personal property is through fieldwork by the appraisers and commercially/publicly available schedules developed on current costs such as Marshall & Swift, Handy-Whitman, Chemical Engineering Magazine, Oil & Gas Journal, etc. Other discovery tools are financial data from annual reports, information from chief appraisers, renditions, tax assessors, trade publications and city and local newspapers. Other members of the public often provide information regarding new industry and other useful facts related to property valuation.

Mineral Valuation Process

Reserve evaluation is not an exact science. At best, it is an estimate of the volumes recoverable by an **INTRODUCTION**.

Appraisal Responsibility

This mass appraisal assignment includes all property classed as minerals which falls within the responsibility of the mineral valuation of the County Appraisal District and located within the boundaries of this taxing jurisdiction. These properties are under contract to be appraised by Pritchard and Abbott, Inc. Mineral appraisers appraise the

property according to the statute. However, the effect of easements, restrictions encumbrances, leases, contracts or special assessments are considered on an individual basis, as if the appraisal of any nonexempt taxable fractional interests in real property. Fractional interest or partial holdings of real property are appraised in fee simple for the whole property and divided programmatically based on the prorated interests.

Appraisal Resources

- **Personnel** – The mineral properties are appraised by the Pritchard and Abbott, Inc. an appraisal firm.
- **Data** – The mineral properties are appraised by the contract appraisal staff using data collection from a variety of sources. Among these data sources are: gas prices from the Comptroller, production from Railroad Commission, average gas prices from industry, and data from the operators of the properties.

Area Analysis

The scope of market forces affecting mineral products tends to extend beyond regional considerations. The global market effects the valuation of the property. Appraisers must study and analyze the current and future market in order to appraise the properties appropriately.

Neighborhood Analysis

Not applicable to mineral properties.

Highest and Best Use

The highest and best use of a mineral property is for it to be produced. The properties are appraised based on their highest and best use.

Market Analysis

Market analysis is the basis for determining the future worth of the recoverable reserves of a mineral property. However, each property may have unique properties which are taken into consideration when estimating the final value of the property.

Data Collection

Data is collected yearly from the Comptroller of Public Accounts, the Railroad Commission of Texas, and individual operators within the county. All of this information is pooled together to get accurate picture of each mineral property.

Appraisal Method

All mineral properties are appraised as described by the property tax code and laws. Mineral properties are appraised using a discounted cash flow method as provided by the Texas Comptroller of Public Accounts.

Appraisal of an oil and gas property ad valorem tax purposes in the State of Texas is based on the total value of the economically recoverable oil and gas reserves as of January 1st of each year. **The value is not based on past or future income, nor is it**

based on production; but it is a value based on an estimate of the present value of the oil and gas in the reservoir, waiting to be produced.

There are no rule-of-thumb methods for determining the present value of the volumes recoverable by a particular method. Although oil and gas are depleting assets, the estimate of reserves can be understated initially. Also, different recovery methods, product prices and operating expenses, to name a few, can increase or decrease the estimated remaining recoverable reserves after the original estimate.

The basic elements necessary for the valuation of oil and gas reserves are:

- 1) Rate they will be produced
- 2) Rate of decline
- 3) Price of the products
- 4) Cost to produce the reserves
- 5) Discount rate

Remaining oil and gas reserves are generally estimated by extrapolation of production trends. This is normally called decline curve analysis. The basic assumption is that the condition which shaped the production curve in the past will continue to shape it in the future. Of course, this requires proper weight being given to the immediate past. The decline curve is projected to point where the production rate will generate just enough income to meet operating expenses. This is called the economic limit. The decline curve provides both the rate of production and the rate of decline.

The price of the oil is based on the weighted average price paid for oil in the geographic area from which it is produced during the previous twelve months. The price of gas is generally available on a lease by lease basis from the State Comptroller's office for the same period of time. The cost of produce includes state taxes, local taxes and operating costs. Information on operating costs may be obtained from the operator and are always reviewed by the appraiser.

We use a base discount factor of 17% for oil and 18% for gas. These factors can be increased based on various risks.

All of this data, plus other information is then entered into the computer. The estimated annual lease production is multiplied by the price of the product in order to obtain the annual gross income. The cost to produce is subtracted from the gross income, yielding the net income. This income stream is then discounted at a rate which reflects the time value of money. The resulting income stream is now a realistic basis for estimating the market value of the property.

The estimated present property value is the sum of the present worth net incomes for all future years, plus the value of the equipment.

Noticing Process

Sec. 25.19 Appraisal notice forms are printed by the Information System Provider. The Chief Appraiser reviews a mandate sample of notices. The sample includes required updates and category codes required by the Comptroller. The district publishes, in the local newspaper, information about the notices and how to protest. The district makes available the latest copy of the Comptroller's pamphlet *Taxpayer's Rights, Remedies, and Responsibilities*.

Hearing Process

Protest hearing scheduling for informal and formal Appraisal Review Board hearings is reviewed and updated as required. Standards of documentation are reviewed and amended as required. The appraisal district hearing documentation is reviewed and updated to reflect the current valuation process and requirements. Compliance with House Bill 201 is insured.

ANALYSIS OF AVAILABLE RESOURCES:

Staffing and budget requirements for tax year 2021, as adopted by the Board of Directors of the Wheeler Central Appraisal District, are detailed in the 2020 budget, and attached to the written biennial plan by reference. This reappraisal plan is adjusted to reflect the available staffing in tax year 2021 and anticipated staffing for tax year 2022. Budget restraints can impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2021-2022-time period.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current. In the reappraisal year, real property appraisal depreciation tables are tested against verified sales data to ensure they represent current market data. Personal property density schedules are tested and analyzed based on renditions and prior year documentation. Due to lack of sales of personal property in the district, the Comptroller's Guide along with Marshall and Swift are utilized to appraise personal property and for testing and analysis purposes.

Information Systems (IS) support is detailed and system upgrades are scheduled. Existing maps and data requirements are continually updated and kept current.

PLANNING AND ORGANIZATION:

A preliminary reappraisal calendar is prepared to detail completion dates for the District. The calendar projects estimated deadline dates for the completion of the reappraisal. The calendar is prepared for tax years 2021 and 2022.

MASS APPRAISAL SYSTEM:

Computer Assisted Mass Appraisal (CAMA) system revisions are completed by the Information Systems Software Provider.

The Provider performs system revisions and procedures. Wheeler Central Appraisal District contracted with the firm of Pritchard & Abbott, Inc. Valuation Consultants for these services.

DATA COLLECTION REQUIREMENTS:

Field and office procedures are reviewed and revised as required for data collection. Activities for each tax year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties on a specific cycle, and field or office verification of sales data and property characteristics.

New Construction/Demolition

New construction field and office review procedures are identified and revised as required. Sources of building permits are confirmed. The City of Shamrock provides a listing of permits issued during the previous year. The City of Wheeler does not issue permits. The City Secretary is a valuable source of information regarding new construction and demolition in the Wheeler area. Additionally, the County Star News and the Wheeler Times News articles are kept thorough out the year for reference purposes.

Remodeling

Properties with extensive improvement remodeling are identified and field inspections are scheduled to update property characteristic data.

Re-inspection of Problematic Market Areas

Real property market areas, by property classification, are tested for low or high ratio sales and/or high coefficients of dispersion. Market areas that fail any or all of these tests are determined to be problematic. Field inspections are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified.

Re-inspection of the Universe of Properties

The International Association of Assessing Officers' *Standard on Mass Appraisal of Real Property* specifies that the universe of properties should be re-inspected on a cycle of 3 years. The re-inspection includes physically viewing the property, photographing, and verifying the accuracy of the existing data. The field appraiser has an appraisal card of each property to be inspected and makes notes of changes, depreciation changes, remodeling, additions, etc. The annual re-inspection requirements for tax years 2021 and 2022 are identified and scheduled in the written reappraisal plan.

Field or Office Verification of Sales Data and Property Characteristics

Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio tools require that the property that sold must equal the property appraised in order that statistical analysis results will be valid.

PILOT STUDY BY TAX YEAR:

New and/or revised mass appraisal models are tested each tax year. Ratio studies, by market area, are conducted on proposed values each tax year. Proposed values on each category are tested for accuracy and reliability.

Actual test results are compared with anticipated results and those models not performing satisfactorily are refined and retested. The procedures used for model specification and calibrations are in compliance with USPAP, STANDARD RULE 6.

WCAD STAFF FIELD ASSESSMENT AND ANALYSIS:

Wheeler Appraisal District employees may travel with the district's contracted appraisers on unplanned schedules to monitor field studies. The WCAD staff enters all information from the field studies into the appraisal software system in an effort to scrutinize and cross check field work.

VALUATION BY TAX YEAR:

Using market analysis of comparable sales and locally tested cost data, valuation models (Cost Per Square Foot Schedules) are specified and calibrated in compliance with supplemental standards from the International Association of Assessing Officers and the Uniform Standards of Professional Appraisal Practice. The calculated values are tested for accuracy and uniformity using ratio studies. Performance standards are those as established by the *IAAO Standard on Ratio Studies*. Property values in all market areas are updated each reappraisal year.

THE MASS APPRAISAL REPORT:

Each tax year, the required Mass Appraisal Report is prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th). The Mass Appraisal Report is completed in compliance with STANDARD RULE 6 – 7 of the *Uniform Standards of Professional Appraisal Practice*. The signed certification by the Chief Appraiser is compliant with STANDARD RULE 6 – 8 of *USPAP*. This written reappraisal plan is attached to the report by reference.

VALUE DEFENSE:

Evidence to be used by the appraisal district to meet its burden of proof for market value and equity in both informal and formal appraisal review board hearings is specified and tested annually.

A variety of evidence is utilized by the district depending on the property type of the subject of the protest. In addition, the district updates the evidence supplied to an owner, agent, or the Appraisal Review Board to be contemporaneous with the valuation procedures utilized. Some examples of the evidence that may be used include, but are not limited to:

1. Property sales information
2. Property sales adjustment grids
3. Property equity adjustment grids
4. Gross Rent / Income Multiplier data
5. Proforma and actual income data
6. Property characteristics data including photos as applicable
7. Aerial photography
8. Cost approach reports as applicable
9. Property Renditions as applicable
10. Published reports regarding cost, market, or income data
11. Schedules and or models utilized
12. Any other information collected by the district

REVALUATION DECISION

Pursuant to Section 25.18 of the Texas Property Tax Code, the Wheeler County Appraisal District has established the following reappraisal plan to provide for the reappraisal of all property within the district at least once every three (3) years. The plan establishes a two-fold approach:

1. **Three-Year Cycle:** The CAD is divided into three areas. Each year, all real residential and commercial real property within one of the areas will be reappraised, regardless of any ratio study/report findings. These areas are identified as follows:
 - a. Area One: All of the City of Wheeler and all properties in Wheeler County falling within the district lines of Wheeler Independent School District and Kelton Independent School District. (to be completed in 2021)
 - b. Area Two: All of the City of Shamrock and all properties (Rural land & improvements) Wheeler County falling within the district lines of McLean I.S.D. and Shamrock Independent School District. (to be completed in 2022).
 - c. Area Three: All of the Ft. Elliott Consolidated Independent School District including the city of Mobeetie, the towns of Allison and Briscoe and any other area that may be identified as not being included in area one or two. (to be completed in 2023).

****Note:** All business personal property within the CAD is appraised on an annual basis, regardless of location. ******

- d. Real residential and commercial real properties that are contracted with an outside appraisal firm shall reappraise the property following the guidelines that are set forth in this reappraisal plan.
- e. Mineral, Industrial & Personal Property: All property classified as Mineral, Industrial or Business Personal is reappraised annually under contract by a professional appraisal firm, which specializes in valuing such properties. The firm currently under contract to provide this service is Pritchard & Abbott, Inc. of Amarillo. The contract in force with this firm is on file in the CAD office.

2. Annual Ratio Reports: In addition to the three-year cycle stated above, ratio studies shall be performed annually to determine areas or categories of properties within the CAD which need to be reappraised within the current year based on sales ratios. Any areas or categories whose ratios are above or below statutory requirements shall be reappraised in the current year regardless of the area in which they are located.

This two-fold approach will insure not only that all residential and commercial property within the CAD is reappraised at least once every three years, but also that all other categories within the CAD are reviewed annually so that the appraisal district stays current with respect to market value in those areas where residential and/or commercial property values appear to be changing rapidly.

Organization

Field inspections are carried out by the field appraisers as directed by the chief appraiser. The field appraisers physically inspect areas required by the reappraisal cycle, checks all existing data, works building permits, takes photographs of improvements, draws plans of new improvements for entry into computer, rechecks any property on which a question or problem has arisen. Other duties may be required and will be executed upon direction of the chief appraiser.

Appraisal district staff and the field appraisers perform data entry of fieldwork notes and sketches.

The chief appraiser performs market analysis. Sales data is gathered throughout the year from deed records, sales confirmation letters from property owners, and other sources. The market data is analyzed, sales data is confirmed, outliers are identified, existing classification system is reviewed, market schedules are reviewed and updated as necessary, and final market schedules are applied to the universe of properties.

2021 Calendar of Key Events

October 2020 to Certification:	Process Exemptions and Special Use Applications
October 2020 to January 2021:	Field Operations/Discovery Process for Area 1. (Extended timeline as necessary for weather/unexpected events)
February 2021 to March 2021:	Field Operations/Discovery Process for Area 1 and county re-checks. (Extended timeline as necessary for weather/unexpected events)
December 2020 to April 2021:	Staff begins data entry of worked appraisal cards from field operations – continues through April if necessary.
January 2021:	Statutory date of appraisal (unless Sept. 1 granted for inventory), Personal Property Renditions mailed, MAPS Study released. Begin running sales ratio reports. Compare with CAD values and sales information. Identify necessary schedule adjustments.
April 1, 2021:	Deadline for filing renditions unless extension granted.
May 2021:	Mail Notices of Appraised Value. Begin informal hearings. Respond to property owners' inquiries, protests, and questions from mailings. Turn over records to ARB. Extended rendition deadline ends.
June 2021:	Continue informal hearings. Respond to property owners' inquiries, protests, and questions from notice mailings. Primary protest deadline. Hold ARB Hearings. Provide certified estimated values to taxing units. Adopt preliminary 2022 Appraisal District budget.
June/July 2021:	Process and mail ARB orders. Enter into computer all changes as ordered by ARB and notify other CADs if the ordered change falls into an over-lapping area. ARB approval of appraisal records by July 20 th . Send certification of appraisal records and values to taxing units by July 25 th .

August 2021:

Adopt 2022 Appraisal District Budget.

2022 Calendar of Key Events

**October 2021 to
Certification:**

Process Exemptions and Special Use Applications

**November 2021 to
January 2022:**

Field Operations/Discovery Process for Area 2.
(Extended timeline as necessary for
weather/unexpected events)

January 2022:

Statutory date of appraisal (unless Sept. 1 granted for
inventory), Personal Property Renditions mailed,
MAPS Study released. Begin running sales ratio
reports. Compare with CAD values and sales
information. Identify necessary schedule adjustments

**February 2022 to
March 2022:**

Field Operations/Discovery Process for Area 2 and
county re-checks. (Extended timeline as necessary
for weather/unexpected events)

**December 2021 to
April 2022:**

Staff begins data entry of worked appraisal cards from
field operations – continues through April if
necessary.

March 2022:

PVS protest deadline if necessary. Refine sales
analysis and mass appraisal schedules. Statistically
test schedules. Complete data entry of all reappraisal
and maintenance changes. Valuation review/Error
reports cleanup.

April 1, 2022:

Deadline for filing renditions unless extension
granted.

May 2022:

Mail Notices of Appraised Value. Begin informal
hearings. Respond to property owners' inquiries,
protests, and questions from mailings. Turn over
records to ARB. Extended rendition deadline ends.

June 2022:

Continue informal hearings. Respond to property
owners' inquiries, protests, and questions from notice
mailings. Primary protest deadline. Hold ARB

Hearings. Provide certified estimated values to taxing units. Adopt preliminary 2023 Appraisal District budget.

June/July 2022:

Process and mail ARB orders. Enter into computer all changes as ordered by ARB and notify other CADs if the ordered change falls into an over-lapping area. ARB approval of appraisal records by July 20th. Send certification of appraisal records and values to taxing units by July 25th.

September 2022:

Adopt 2023 Appraisal District budget. Adopt 2023-2024 Biennial Reappraisal Plan.

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 characteristics 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 buyer and seller, telephone survey and field review. In the absence of such confirmation, residential sales data obtained from vendors was considered reliable.
4. Wheeler Appraisal District Staff provided significant mass appraisal assistance to the person signing this certification.

Monitoring Contracted Appraisal Performance

Wheeler County Appraisal District employs the following steps to review, verify and evaluate appraisal services for companies who contact with the district for services:

1. Verify scope of work per contractual terms in comparison to WCAD's responsibility i.e. type of value desired, given date, appraiser's perspective
2. Verify that the contractors assigned to WCAD jobs are properly resisted and certified with Texas Department of Licensing and Regulation (TDLR) as required to perform appraisals for ad valorem tax purposes in Texas.
3. Contact responsible parties within the contracting company and inquire as to methodologies and approaches considered and used for each type of property being appraised by contractor. This inquiry should proceed far

enough so that all WCAD employees thoroughly understand why the contractor has chosen which approach for which type of property.

All exceptions and departures from USPAP guidelines by contractor should be thoroughly discussed to WCAD's satisfaction.

4. Inquire as to whether the contractor is referencing all appropriate data sources applicable to the type of property being appraised. Examples include Texas Railroad commission for oil and gas production data, or Federal Surface Transportation Board annual reports for Class I Railroads.
5. Inquire as to whether the contractor is following all laws and statutory provisions applicable to the type of property being appraised. Examples include Property Tax Code 23.175 provisions regarding oil gas price forecasts to be incorporated into discounted cash flow appraisals of mineral interests, or the various laws regarding business personal property rendition compliance.
6. Inquires as to whether contractor's methods and conclusions of value satisfy in the broadest sense the statutory definition of fair market value per Property Tax Code 1.04(7). For example, does the contractor employ methods and procedures that allow the contractor to arrive at an appropriate amount of replacement cost new (for cost-based schedules) and depreciation in all its forms? Does the payout calculation on a sample of oil and gas mineral interest appraisals appear reasonable or in line with industry norms? The thrust of this inquiry is not for WCAD to explicitly tell the contractor what value to derive for any particular property, but accepted appraisal practice to the fullest extent possible.
7. Inquire as to whether the contractor is having meetings or otherwise corresponding with the taxpayers as needed to informally resolve valuation disputes. Request the contractor provide the nature and substance of such contract with the taxpayer so that WCAD can be assured the contractor is making all reasonable effort to afford taxpayers with ample opportunity to present their facts and opinions and be dealt with in a professional, fair and impartial manner.
8. Does the contractor make their staff freely available for any scheduled ARB testimony in a professional and helpful demeanor, and otherwise appropriately and responsibility represent WCAD in these proceedings?
9. Does the contractor follow through on agreements made with taxpayers through informal meetings or formal hearings?
10. Does the contractor provide final values for certification, including all obligations, in the form and content desired by WCAD?
11. Does the contractor assist WCAD in working with, and resolving any disputes with the Property Tax Assistance Division (PTAD) per contractual obligations?

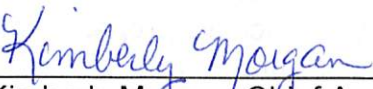
Evaluating Contractor's Property Discovery Process

Contact responsible parties within the contracted company (appraiser, division order analyst, etc.) and inquire on progress being made to discover new property for the

current tax year. For mineral appraisals, the main data source is the Texas Railroad Commission's production records as reported monthly by operators. For industrial, utility and related personal property, data sources are more diverse and may include, but are not limited to: state or federal agencies (Texas Railroad Commission, Texas Comptroller, Public Utility Commission, Federal Energy Regulatory Commission, etc.), renditions, knowledgeable local third-parties, industry and trade publications, newspaper articles, permits and personal inspection and other fieldwork.

Certification Statement:

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



Kimberly Morgan, Chief Appraiser