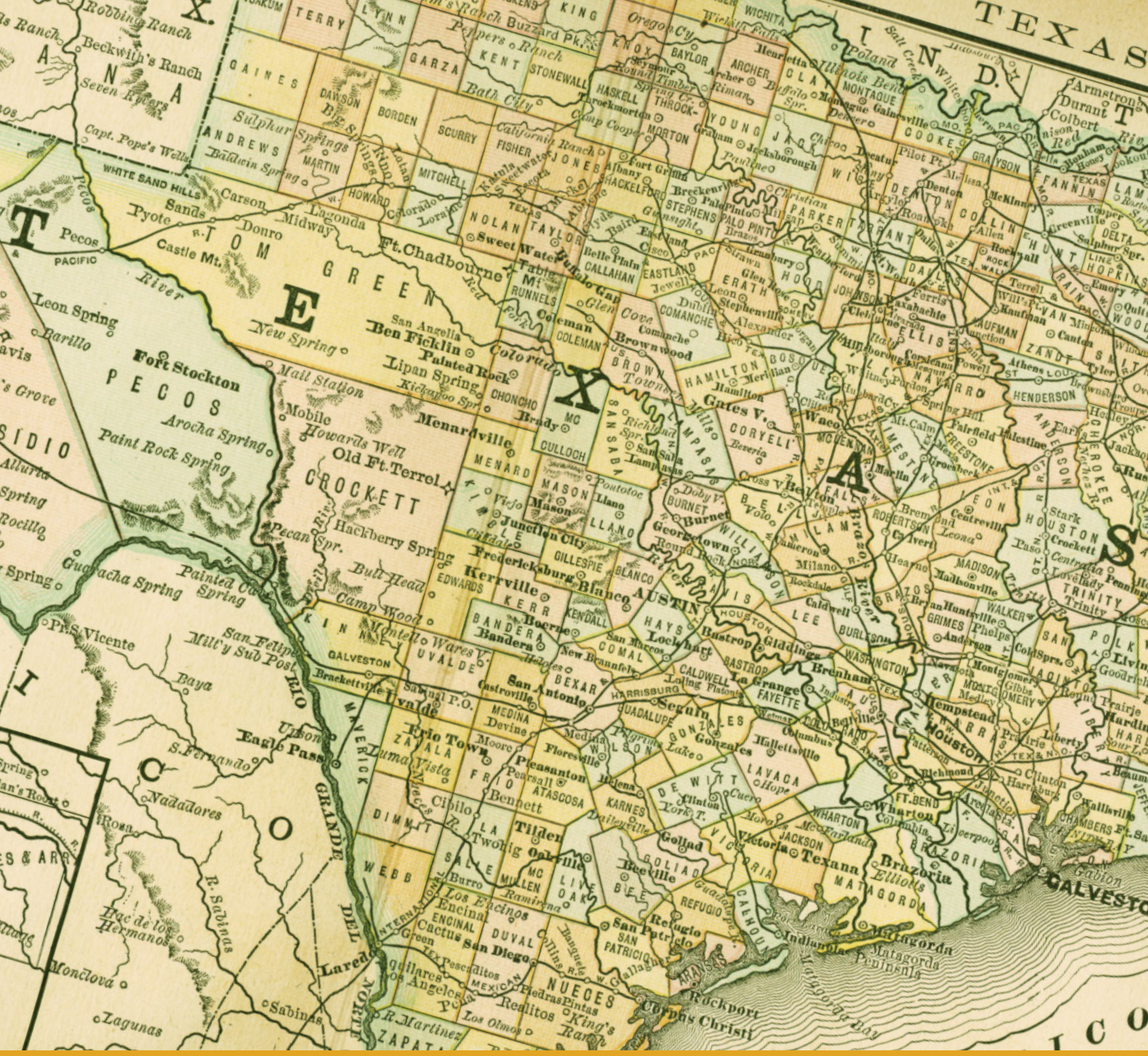

MAP

METHODS AND ASSISTANCE PROGRAM 2013 REPORT

Houston County Appraisal District

Susan Combs Texas Comptroller of Public Accounts

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

SUSAN COMBS

January 22, 2014

Chief Appraiser
County Appraisal District Board of Directors
Superintendents
School District Boards of Trustees

Ladies and Gentlemen:

In 2009, the Texas Legislature enacted a new law that amended Tax Code Section 5.102. It requires the Comptroller of Public Accounts to review appraisal districts every two years. Called the Methods and Assistance Program (MAP), the reviews study the governance, taxpayer assistance, operating procedures and the appraisal standards, procedures and methodology of each appraisal district. The Property Tax Assistance Division (PTAD) performed the reviews for 125 appraisal districts in 2013.

Your appraisal district's MAP report is enclosed and includes an assessment of how well your appraisal district performs. It may include recommendations that will allow your appraisal district to comply with laws, rules, regulations, appraisal practices or operating best practices.

If recommendations are offered, they must be implemented within one year from the release of this report. Recommendations that are not complete, or not substantially complete, by that time will result in notification to the Texas Department of Licensing and Regulation (TDLR). The appraisal district will have another year to complete the outstanding recommendations. Recommendations still incomplete after one year could result in sanctions.

The Comptroller's office is committed to supporting the MAP review process and helping appraisal districts comply with existing laws, rules and regulations. PTAD will work with appraisal districts to improve their operations and to comply with each recommendation. We want to thank the chief appraiser, board chairman and the staff of the appraisal district for their help in making this new program a success.

For more information about the Property Tax Assistance Division, please see our website at www.window.state.tx.us/taxinfo/proptax/. If you have questions about your review, please feel free to contact Steve Atkinson, Methods and Assistance Program supervisor, at 1-888-207-3668 or steve.atkinson@cpa.state.tx.us.

Sincerely,

Susan Combs

cc: Steve Atkinson

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Houston County Appraisal District

This review is conducted in accordance with Tax Code Section 5.102(a) and related Comptroller Rule 9.301. The Comptroller is required by statute to review appraisal district governance, taxpayer assistance, operating procedures and appraisal standards.

Because of the diversity of property within Texas, some parts of the review may not be applicable to a county. If questions or a section of questions do not apply, such as when a county has no timber, the question or questions will be marked as "Not Applicable" or "NA" and the final score will not be negatively impacted by these questions.

Mandatory Requirements	PASS/FAIL
1. Does the appraisal district board of directors, through the chief appraiser, ensure that the appraisal district budget is prepared and followed according to Tax Code Chapter 6?	PASS
2. Do the chief appraiser and appraisal district staff communicate with the public concerning appraisal district duties and responsibilities and the role of taxpayers in the property tax system?	PASS
3. Do the appraisal district personnel or contractors have the education, training and experience to perform the duties of the appraisal district?	PASS
4. Is the implementation of the appraisal district's most recent reappraisal plan current?	PASS

Appraisal District Activities	RATING
Governance	EXCEEDS
Taxpayer Assistance	EXCEEDS
Operating Procedures	EXCEEDS
Appraisal Standards, Procedures and Methodology	EXCEEDS

Appraisal District Ratings:

Exceeds – The total point score is 90 or above.

Meets – The total point score ranges from 80 to less than 90.

Needs Improvement – The total point score ranges from 70 to less than 80.

Unsatisfactory – The total point score is less than 70.

Governance

Review Areas	Total Questions in Review Area (excluding N/A Questions)	Total "Yes" Points	Total Score (Total "Yes" Questions/Total Questions) x 100
Appraisal District Budget and Financial Audit CAD Board of Directors Oversight	7	7	100

Taxpayer Assistance

Review Areas	Total Questions in Review Area (excluding N/A Questions)	Total "Yes" Points	Total Score (Total "Yes" Questions/Total Questions) x 100
Taxpayer Assistance	10	10	100

Operating Procedures

Review Areas	Total Questions in Review Area (excluding N/A Questions)	Total "Yes" Points	Total Score (Total "Yes" Questions/Total Questions) x 100
Reappraisal Plan Appraisal Roll Production Exemptions Value Defense Appraisal District Staffing	21	19	90

Appraisal Standards, Procedures and Methodology

Review Areas	Total Questions in Review Area (excluding N/A Questions)	Total "Yes" Points	Total Score (Total "Yes" Questions/Total Questions) x 100
Mass Appraisal Equal and Uniform Appraisal Agricultural Use Appraisal Special Appraisal Ratio Studies Identification and Listing of New Property Mapping Land Appraisal Income Approach Sales Verification Appraisal Manuals	36	36	100

Houston CAD Review Questions and Answers

This review is conducted in accordance with Tax Code Section 5.102(a) and related Comptroller Rule 9.301. The Comptroller is required to review appraisal districts:

- governance;
- taxpayer assistance;
- operating procedures; and
- appraisal standards, procedures and methodology.

Electronic copies of procedures, policies, notices, documents, screen prints, manuals and related materials necessary for the completion of this review may be submitted on DVDs, CDs or via the Property Tax Assistance Division's FTP website. Comptroller reviewers collect preliminary information as well as information at the time of the on-site reviews. Each CAD is reviewed every other year. This report details the results of the review for the appraisal district named above.

GOVERNANCE

The CAD board of directors is responsible for setting policy, hiring the chief appraiser and selecting the appraisal review board (ARB). The chief appraiser prepares a preliminary budget, hires staff, manages the appraisal district, produces the appraisal roll and administers exemptions. The CAD board approves the budget and maintains a review of the budget and the CAD's expenditures over the course of each fiscal year.

Appraisal district governance is evaluated in two subsections: (1) appraisal district budgeting and financial auditing practices and (2) oversight by the board of directors.

Appraisal District Budget and Financial Audit

1.	Does the CAD credit unobligated payments to each taxing unit's budget allocation for the following year pursuant to Tax Code Section 6.06(j)?	YES	X	NO	
2.	Are the results of the CAD's financial audit presented to the CAD board of directors' in a public meeting?	YES	X	NO	
3.	If applicable, did the CAD respond to each audit finding by taking corrective actions timely?	YES		NO	

NOT APPLICABLE

4.	Does the chief appraiser provide a financial report to the board of directors at every regular meeting of the board?	YES	X	NO	

CAD Board of Directors Oversight

5. Does the CAD board of directors comply with Tax Code Section 6.09 when selecting a depository?	YES	X	NO	
6. Did the CAD board of directors comply with Tax Code Section 6.11 and Local Government Code Chapter 252 when bidding out goods and services (other than legal or appraisal services)?	YES		NO	

NOT APPLICABLE

7. Does the CAD board of directors comply with Tax Code Section 6.15 regarding ex parte communication?	YES	X	NO	
8. Does the CAD board of directors comply with Government Code Chapter 551 regarding records of open meetings?	YES	X	NO	
9. Does the CAD board of directors comply with Government Code Chapter 551 by ensuring that meetings are not held without a quorum present?	YES	X	NO	

TAXPAYER ASSISTANCE

Taxpayer assistance in this review relates directly to the International Association of Assessing Officers (IAAO) *Standard on Public Relations*. This standard sets minimum requirements and duties of an appraisal district to keep the public informed of its actions. It also establishes how to address concerns of property owners as they relate to the duties of the appraisal district.

10. Does the CAD have, or is it developing, a written public relations plan as described in IAAO's *Standard on Public Relations* for implementation in 2014?	YES	X	NO	
11. Does the CAD make use of available media to communicate with taxpayers?	YES	X	NO	
12. Does the CAD maintain contact with the public by providing written publications and annual reports as described in IAAO's *Standard on Public Relations*?	YES	X	NO	
13. Does the CAD offer training to employees for customer service/public relations as described in IAAO's *Standard on Public Relations*?	YES	X	NO	
14. Does the CAD have a website where property owners can inspect their property values, as recommended by IAAO's *Standard on Public Relations*?	YES	X	NO	
15. Does the CAD use public feedback mechanisms as described in IAAO's *Standard on Public Relations*?	YES	X	NO	
16. Does the CAD respond to e-mails or phone messages from the public as described in IAAO's *Standard on Public Relations*?	YES	X	NO	
17. Does the CAD have, or is it developing, written documents explaining how property is appraised for use by property owners for implementation in 2014?	YES	X	NO	

18. Does the chief appraiser or appraisal district staff provide information on how property is appraised to the public on its website, to the news media, to civic organizations or at public meetings?	YES	X	NO	
19. Does the chief appraiser or appraisal district staff hold or attend meetings of taxing units to explain issues, such as the CAD budget?	YES	X	NO	

OPERATING PROCEDURES

Operating procedures in this review concern: (1) reappraisal plans; (2) appraisal roll production; (3) administration of exemptions; (4) how the staff performs its duties; and (5) office operations.

Reappraisal Plan

20. Does the written reappraisal plan clearly demonstrate how the CAD will conduct the reappraisal?	YES	X	NO	
21. Does the CAD's reappraisal plan reflect the actual reappraisal activities of the CAD?	YES	X	NO	
22. Are the properties identified in the CAD's reappraisal plan inspected and reappraised in accordance with the reappraisal plan?	YES	X	NO	
23. Does the CAD identify and update relevant characteristics of each property in accordance with the reappraisal plan?	YES	X	NO	
24. Does the CAD use its appraisal results in the manner described in the reappraisal plan?	YES	X	NO	

Appraisal Roll Production

25. Does the chief appraiser certify the appraisal roll to the taxing units and the Comptroller according to Tax Code Sections 26.01 and 41.12(c)?	YES	X	NO	
26. Does the chief appraiser submit the completed appraisal records to the appraisal review board for review and determination according to Tax Code Section 25.22?	YES	X	NO	
27. Does the CAD have a systematic approach for producing supplemental appraisal rolls?	YES	X	NO	

Exemptions

28. Does the CAD comply with the requirements for granting residence homestead exemptions for disabled veterans under Tax Code Section 11.131?	YES	X	NO	
29. Does the CAD comply with the requirements for granting charitable organization exemptions under Tax Code Section 11.18?	YES		NO	X

Recommendation: Comply with the requirements for granting charitable organization exemptions under Tax Code Section 11.18.

30. Does the CAD comply with the requirements for granting religious organization exemptions under Tax Code Section 11.20? YES ____ NO __X__

Recommendation: Comply with the requirements for granting religious organization exemptions under Tax Code Section 11.20.

31. Does the CAD comply with the requirements for granting school exemptions under Tax Code Section 11.21? YES ____ NO ____

NOT APPLICABLE

32. Does the CAD comply with the requirements for granting disabled veterans exemptions under Tax Code Section 11.22? YES __X__ NO ____

33. Does the CAD comply with the requirements for granting leased motor vehicle exemptions under Tax Code Section 11.252? YES ____ NO ____

NOT APPLICABLE

34. Does the CAD comply with the requirements for granting pollution control exemptions under Tax Code Section 11.31? YES __X__ NO ____

35. Does the appraisal district issue a transfer of tax ceiling certificate for homeowners 65 or older, a surviving spouse of 55 or older or disabled property owner according to Tax Code 11.26 (h)? YES __X__ NO ____

36. Does the CAD verify the accuracy of information on residence homestead applications? YES __X__ NO ____

37. Does the CAD comply with the administrative requirements of Tax Code Section 11.45? YES __X__ NO ____

Value Defense

38. Does the CAD have evidence to support value changes resulting from informal staff meetings? YES __X__ NO ____

39. Does the CAD present evidence to support its value during appraisal review board hearings as required by Tax Code Section 41.43(a)? YES __X__ NO ____

40. Does the CAD follow written procedures for formal hearings before the appraisal review board to ensure consistency in the appeals process according to IAAO's *Standard on Assessment Appeal*? YES __X__ NO ____

Appraisal District Staffing

41. Does the appraisal district have written procedures for hiring new staff that address specifying the job, advertising the job, screening applicants, interviewing candidates and selecting the most qualified candidate? YES X NO ____

42. Does the chief appraiser ensure all appraisal staff completes all requirements for becoming a Registered Professional Appraiser by the Texas Department of Licensing and Regulation? YES X NO ____

APPRAISAL STANDARDS, PROCEDURES AND METHODOLOGY

The appraisal standards, procedures and methodology section reviews the appraisal activities and practices of an appraisal district. Appraisal districts are required to maintain files on all property, locate and appraise property and to use the most effective method for determining the value of each specific property.

Mass Appraisal

43. Are cost schedules (models) used in mass appraisal evaluated and updated annually as recommended in IAAO's Standard on *Mass Appraisal of Real Property*? YES X NO ____

44. Are benchmarks established for each neighborhood as recommended in IAAO's Standard on *Mass Appraisal of Real Property*? YES X NO ____

45. Does the mass appraisal include a well-defined property classification system as recommended in IAAO's Standard on *Mass Appraisal of Real Property*? YES X NO ____

46. Has the CAD implemented a quality control program to ensure that data accuracy standards are met, as discussed in IAAO's Standard on *Mass Appraisal of Real Property*? YES X NO ____

47. Are the CAD's maps linked to the Computer Assisted Mass Appraisal (CAMA) system as suggested in IAAO's *Standard on Mass Appraisal of Real Property*? YES X NO ____

Equal and Uniform Appraisal

48. Do sold and unsold "like" properties within the same market area have similar noticed values? YES X NO ____

49. Does a sampling of residential neighborhoods show that similar properties have similar noticed appraised values? YES X NO ____

Aqricultural Use Appraisal

50. Are net-to-land calculations for all agricultural use categories reproducible from the CAD's documentation? YES X NO ____

51. Are the results of the written agricultural use surveys reflected in the net-to-land calculations? YES X NO ____

52. Do CAD records show that open-space land applications resulted in property inspections? YES X NO ____

53. Is open-space land valued according to the subcategories established by Tax Code Section 23.51(3)? YES X NO ____

54. Are open-space land values on property records reproducible using the CAD's schedule of productivity values? YES X NO ____

55. Is open-space land designated as used for wildlife management inspected regularly? YES X NO ____

Special Appraisal

56. Does the appraisal district comply with appraisal requirements for heavy equipment inventory (Tax Code Section 23.1241)? YES X NO ____

57. Does the appraisal district comply with appraisal requirements for motor vehicle inventory (Tax Code Section 23.121)? YES X NO ____

58. Does the appraisal district comply with all requirements of Tax Code Section 23.01(c)? YES X NO ____

59. Does the appraisal district comply with all requirements of Tax Code Section 23.01(d)? YES X NO ____

60. Does the appraisal district comply with all requirements of Tax Code Section 23.01(e)? YES X NO ____

Ratio Studies

61. Does the CAD use ratio studies to calibrate schedule values? YES X NO ____

62. Does the CAD prepare ratio studies by appropriate market segments? YES X NO ____

Identification and Listing of New Property

63. Does the CAD follow its written procedures for identifying new property in compliance with IAAO's *Standard on Ratio Studies*? YES X NO ____

64. Does the CAD follow written procedures for identifying upgrades and new improvements to existing properties? YES X NO ____

65. Does the CAD maintain evidence showing that appraisal records are supplemented with newly discovered omitted property pursuant to Tax Code Section 25.21? YES X NO ____

66. Does the CAD use more than one technique to locate new property? YES X NO ____

Mapping

67. Does the CAD have a written procedure and schedule for updating maps? YES X NO ____

68. Are maps updated within 180 days of the receipt of ownership changes? YES X NO ____

Land Appraisal

69. Does the CAD maintain documentation for land sales that support land schedules? YES X NO ____

70. Does the CAD regularly update land schedules? YES X NO ____

Income Approach

71. Does a review of representative properties show that the CAD is correctly using the income approach? YES X NO ____

72. Does the CAD gather income data for applicable commercial property types such as office buildings and retail strip centers? YES X NO ____

73. Does the CAD gather expense data to be used in income approach valuations? YES X NO ____

74. Was the income approach considered in appraising income producing properties, exclusive of rent houses? YES X NO ____

Sales Verification

75. Does the CAD verify sales according to IAAO's *Standard on Verification and Adjustment of Sales*? YES X NO ____

76. Does the CAD adjust sales according to IAAO's *Standard on Verification and Adjustment of Sales*? YES X NO ____

77. Does the CAD gather available real estate transfer documents and use available third-party sources in gathering sales information, according to IAAO's *Standard on Verification and Adjustment of Sales*, Sections 3.1 and 3.4? YES X NO ____

Appraisal Manuals

78. Do the CAD's written procedures for residential appraisal match the appraisal practices used by its appraisers? YES X NO ____

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http://www.window.state.tx.us/taxinfo/proptax/map/2013.html

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