

2012-13 METHODS AND ASSISTANCE PROGRAM INSTRUCTIONS AND CHECKLISTS
TIER 2
May 9, 2013

These guidelines are meant to assist the Methods and Assistance Program (MAP) reviewers in answering MAP questions during the course of a review. They are not intended to give specific instructions to appraisal districts, although they may be used by appraisal districts to better understand the reviewers' activities and better understand the MAP instrument. Reviewers are trained on the use of these guidelines. That training includes gathering and evaluating evidence, using professional judgment and determining when to contact management concerning processes, procedures or policies that may not, at first sight, meet the requirements of the MAP instrument.

Variation among appraisal districts in complexity, size, topography, property types and duties can result in additional explanation in some areas. These guidelines are periodically reviewed and are subject to changes or additions. Additions or changes may result from:

- law and rule changes;
- changes in appraisal standards;
- changes in generally accepted appraisal practices;
- court and attorney general opinions; or
- opinions issued by appraisal organizations and entities.

The most current version of these procedures is the one with the most recent date.

The reviewer, with management approval, may request a larger sample on any question if it's determined a larger sample will help effectively answer the question. The larger sample may be requested while on site or at any time prior to the completion of the review. In cases where these instructions state that the reviewer will look at a sample of 5 of certain type of property, exemption file, etc., if there are fewer than 5 of those present in the county, the reviewer will look at all that exist.

The steps listed under review questions are steps that can be taken to determine the answers to the questions. A specific outcome to each of those steps is not necessarily required to determine the answer to the question.

Recommendations included in MAP reports will be customized as needed to be applicable to a CAD's situation.

GOVERNANCE

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)? **TIER(S)** **1-3**

If the CAD did not have unobligated funds in the last two years, the answer to this question will be "NOT APPLICABLE"
If a CAD amends their budget properly to use unobligated funds, and has therefore never refunded or credited the funds to the taxing units, the answer to this question will be "NOT APPLICABLE"

Data Needs

- Documentation showing credit was given or refunds made to entities for unobligated fund balances at the end of the year (if applicable)
- Copy of most recent financial audit

Steps

- Review the [GASB Statement 54 Summary](#), the [Fact Sheet about Fund Balance Reporting and Governmental Fund Type Definitions](#) and [more information on GASB Statement 54](#)
- Interview the chief appraiser to determine if there were unobligated funds within the previous two years – or-review the financial audit provided by the CAD and determine if there were unobligated funds at the end of the previous year
 - If there were unobligated funds, review the documentation provided by the CAD to determine if they were refunded or used as a credit in the next year's budget allocation
 - If there was not any evidence of a refund or credit of unobligated funds, interview the chief appraiser or designee and have them walk through the process that was taken to refund or credit the unobligated funds

NOTE: If a CAD has funds that would otherwise be unobligated but are kept in a reserve account of some sort, and it is recorded somehow (board minutes are acceptable), then this question will get a YES answer. For example, the CAD sees it will have unobligated funds left at the end of the budget year. Instead of refunding or crediting the funds to the entities, the board votes to move the funds into their reserves for replacement account, or disaster fund account, or some similar account, then the funds become obligated and this question gets a YES. There needs to be something that documents this on the CAD's part, such as board minutes.

Recommendation

Ensure that the CAD credits or refunds unobligated payments to each taxing unit for the following year pursuant to Tax Code Section 6.06(j).

2. Are the results of the CAD's financial audit presented to the CAD board of directors' in a public meeting? **TIER(S)** **1-3**

Data needs

- Board of directors' meeting minutes and agendas for the previous two years

Steps

- Review minutes and/or agendas for the previous two years to verify that the financial audit was presented to the board of directors in a public meeting

Recommendation

Ensure that the CAD's financial audit is presented to the CAD board of directors in a public meeting.

3. If applicable, did the CAD respond to each audit finding by taking corrective actions timely? TIER(S) 1-3

If there were no audit findings in the previous two years, the answer to this question is “NOT APPLICABLE”

Data needs

- Two most recent financial audits

Steps

- Review the financial audit from two years ago and determine if there were any findings
 - If there were findings, review the most recent financial audit to see if the previous findings were repeated
- Review the most recent financial audit and determine if there are any findings
 - If there are findings, review the audit from two years ago to determine if the findings are an on-going issue
 - Interview the chief appraiser or designee to determine how/if audit findings have been addressed

Recommendation

Ensure that the CAD responds to each financial audit finding by taking timely corrective action.

4. Does the chief appraiser provide a financial report to the board of directors at every regular meeting of the board? TIER(S) 1-3

Data needs

- Copies of board of director meeting minutes of regularly scheduled meetings for the previous 2 years

Steps

- Review the minutes for each regularly scheduled board meeting for the previous two years to verify that a financial report (some CADs will list this in minutes as an expenditure report or approval of bills) was presented by the chief appraiser or designee

Recommendation

Ensure that the chief appraiser, or designee, provides a financial report to the board of directors at every regular meeting.

CAD Board of Directors Oversight

5. Does the CAD board of directors comply with Tax Code Section 6.09 when selecting a depository? TIER(S) 1-3

Data needs

- Depository bids received for the last two cycles
- Letters granting an extension of the depository contract (if applicable)
- Two most recent depository contracts

Steps

- Review the documentation provided by the CAD to determine if the institution chosen offered favorable terms and conditions
- Determine if the CAD solicits bids every two or four years (a two-year extension can be granted without having to solicit bids)

Recommendation (Edit the recommendation to address the specific issue in the CAD)

Comply with Tax Code Section 6.09 when selecting a depository.

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)? TIER(S) 1-3

Refer to [Local Government Code Section 252.043](#) for more information relating to this question.

If the CAD has not bid out any goods and services (other than legal or appraisal services) over \$50,000 within the previous two years, the answer to this question is “NOT APPLICABLE”

Data needs

- Request for Proposals or other related bid documents for goods or services over \$50,000 for the previous two years (not including legal or appraisal services)

Steps

- Determine if the CAD bid out all goods and services (excluding legal and appraisal services) over \$50,000 over the previous two years
 - You may need to look at the financial audits to determine if goods and services over \$50,000 were purchased within the previous two years
- Review [Local Government Code Section 252.043](#) and determine if the bids were awarded to the contractor who provided the lowest bid or best value bid

Recommendation

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).

7. Does the CAD board of directors comply with Tax Code Section 6.15 regarding ex parte communication? TIER(S) 1-3

Data needs

- Board of directors' meeting minutes and agendas for the previous two years
- Copies of complaints received about the board (access on-site)

Steps

- Review the board minutes to determine if any meetings were held without a quorum
 - If a meeting was held without a quorum, check the minutes to see if appraisal issues were discussed in that meeting
 - If appraisal issues were discussed, then the answer to this question is NO
 - If only purely administrative issues were discussed, the answer to this question is YES if there is no other evidence found in the steps below that indicates ex-parte communication
 - To determine a quorum, use the total number of board positions (including vacancies) and determine if at least 50 percent plus 1 of that number is present
 - Non-voting members **do** count towards the quorum
- Look for any evidence that the board of directors may have talked about property values with the chief appraiser at any time other than during an official board meeting
- Review written taxpayer complaints or any allegations of ex parte communication

Recommendation

Ensure the CAD board of directors complies with Tax Code Section 6.15 regarding ex parte communications.

8. Does the CAD board of directors comply with Government Code Chapter 551 regarding records of open meetings? **TIER(S)** **1-3**

Data needs

- Board of directors' meeting minutes and agendas for the previous two years

Steps

- Complete **Checklist 1** using board meeting minutes. The CAD must receive a YES or N/A on all checklist items to get a YES answer for this question
 - You may need to interview the chief appraiser, or designee, while on-site and have them walk you through the process and show documentation to answer some of the questions on the checklist

Recommendation

Ensure that the CAD complies with Government Code Chapter 551 regarding records of open meetings.

9. Does the CAD board of directors comply with Government Code Chapter 551 by ensuring that meetings are not held without a quorum present? **TIER(S)** **1-3**

Data needs

- Board of directors' meeting minutes and agendas for the previous two years

Steps

- Review minutes to ensure that a quorum of the board members was present at meetings
 - To determine a quorum, use the total number of board positions (including vacancies) and determine if at least 50 percent plus 1 of that number is present
 - Non-voting members **do** count towards the quorum
 - A quorum must be present when the meeting begins and throughout the meeting

Recommendation

Ensure that the CAD board of directors complies with Government Code Chapter 551 by ensuring that meetings are not held without a quorum present.

TAXPAYER ASSISTANCE

For more information relating to the questions in this section, reference [IAAO's Standard on Public Relations](#)

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? TIER(S) 1-3

Data Needs

- Copy of written public relations plan (if applicable) (access on-site)
- Documentation showing that a public relations plan is in place or is being developed (access on-site)

Steps

- If the CAD does not currently have a plan, determine if there is evidence that a plan is being developed

Recommendation

Begin development of a written public relations plan as described in IAAO's *Standard on Public Relations* to be implemented in 2014.

11. Does the CAD make use of available media to communicate with taxpayers? TIER(S) 1-3

Data Needs

- Documentation showing that the CAD uses available media to communicate with property owners (on-site access)

Steps

- Complete [Checklist 2](#) using the documentation provided by the CAD
 - If the CAD gets a YES to any of the checklist items, the answer to this question is YES

Recommendation

Make use of available media to communicate with taxpayers.

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*? **TIER(S)** **1-3**

NOTE: If mandatory question 2 is PASS, this question is a YES

Data Needs

- Copies of reports and publications the CAD provides to the public (on-site access)

Steps

- Conduct an on-site interview of the chief appraiser, or designee, and review of reports and/or publications
 - Determine if the CAD makes these documents available to the public
 - The information should be updated or provided annually at a minimum

NOTES: In order to get a YES on this question, the CAD must provide an annual report AND written publications. The annual report is mandatory, and is not the same thing as the mass appraisal report, and not the same as the public relations plan that is addressed in a separate review question. The instructions reference that the annual report is described in the *IAAO Standard on Public Relations*. That standard states that CADs should have a written public relations plan and it states that CADs should provide annual reports.

If a CAD has special publications AND annual reports on their website then the question can be answered YES. But, it will be a NO if the website only provides general property information and no types of special publications and annual reports, and the CAD does not provide these in print.

The mass appraisal report does not count as an annual report, and this question cannot be answered YES based on a mass appraisal report.

Recommendation

Provide the public with annual publications and reports as described in IAAO’s *Standards on Public Relations*.

13. Does the CAD offer training to employees for customer service/public relations as described in IAAO’s *Standard on Public Relations*? **TIER(S)** **1-3**

NOTE: If mandatory question 2 is PASS, this question is a YES

Data Needs

- Training materials for customer service/public relations classes offered in the previous 2 years by the CAD (on-site access)

Steps

- Review copies of any internal training materials and/or certificates to determine if training has been offered for customer service/public relations during the past 2 years
- It is acceptable to send CAD employees to outside customer service training in lieu of internal training

Recommendation

Offer training to CAD staff on customer service/public relations as described in IAAO’s *Standard on Public Relations*.

14. Does the CAD have a website where property owners can inspect their property values, as recommended by IAAO's *Standard on Public Relations*? TIER(S) 1-2

Data Needs

- Access to the CAD's website

Steps

- Review the CAD's website and determine if property owners have the ability to inspect property values
 - The answer should be YES even if the access is through a 3rd party website

Recommendation

Maintain a website where property owners can inspect their property values as recommended by IAAO's *Standard on Public Relations*.

15. Does the CAD use public feedback mechanisms as described in IAAO's *Standard on Public Relations*? TIER(S) 1-2

Data Needs

- Public feedback mechanism(s) (on-site access)

Steps

- Interview the chief appraiser, or designee, and have them walk you through the process the CAD uses to get feedback from the public
- If the CAD does not use a mechanism (survey, comment card, questionnaire, etc.), a clear, written policy on public feedback may be acceptable

Recommendation

Use public feedback mechanisms as described in IAAO's *Standard on Public Relations*.

16. Does the CAD respond to e-mails or phone messages from the public as described in IAAO's *Standard on Public Relations*? TIER(S) 1-3

Data Needs

- The CAD's procedures for responding to the public (if applicable) (on-site access)
- Phone and/or e-mail logs (if applicable) (on-site access)

Steps

- If the CAD has a written process for responding to e-mails or phone messages from the public, observe the CAD staff to determine if they are following the process (written procedures are not required)
 - If they are, this question gets a YES
- If the CAD keeps detailed phone and/or e-mail logs, this question gets a YES
- Observe the CAD staff while on-site to determine if they have a system for responding to e-mails or phone messages from the public
 - If this is observed, this question gets a YES
- Have the chief appraiser, or designee, show examples of e-mails that were received and had timely responses

Recommendation

Develop a process for responding to e-mails or phone messages from the public as described in IAAO's *Standard on Public Relations*.

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? TIER(S) 1-2

NOTE: This question should be evaluated and answered after June 1 if the CAD does not have the documents to provide when the on-site review work done prior to June 1 takes place.

Data Needs

- Copy of CAD's written documents explaining how property is appraised (if applicable) (access on-site)
- Documentation showing that the CAD is developing written documents explaining how property is appraised for use by property owners

Steps

- Determine if the CAD has written documentation explaining how property is appraised
 - The information can be on the CAD's website
- If the CAD does not have written documents explaining how property is appraised, determine if there is proof that these documents are being developed
- In order for the CAD to get a YES on this question because of their reappraisal plan, the reappraisal plan must not only identify when properties are reappraised, but it must give details about how various property types are appraised
 - It must explain the appraisal methods used and the steps taken to appraise residential and other property types

NOTE: The reappraisal plan is not sufficient for a YES answer on this question unless the plan gives details about how various properties are appraised, and it is made available to the public. It would need to explain the appraisal methods used and steps taken to appraise residential properties and other property types. For example, for residential properties, it would need to explain if the CAD uses cost approach or market approach (or both), and the steps taken to arrive at the appraised values. If the plan just states that properties are reappraised according to a certain schedule, then that would not suffice for a YES answer.

Recommendation

By 2014, develop written documentation explaining how property is appraised to be used by property owners.

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? TIER(S) 1-2

Data Needs

- Access to the CAD's website
- Copies of newspaper articles explaining how property is appraised (on-site access)
- Copies of agendas where the chief appraiser, or designee, attended public meetings

Steps

- Review the CAD's website and any other documentation provided to determine if the CAD provides information on how property is appraised to the public

NOTE: If a CAD states that they do not speak at public meetings because they are never asked to, and if they are not providing the information referred to in this question, the answer is NO.

Recommendation

Make information explaining how property is appraised available to the public.

19. Does the chief appraiser or appraisal district staff hold or attend meetings of taxing units to explain issues, such as the CAD budget?

TIER(S)

1-2

Data Needs

- Documentation verifying attendance of the chief appraiser or staff member at meetings of the taxing units

Steps

- Review relative documentation for proof that CAD staff or the chief appraiser attended public meetings of the taxing units
- Contact your supervisor if you have a CAD that only does this via e-mail, the answer will be determined on a case-by-case basis

Recommendation

Hold or attend meetings of taxing units to explain issues, such as the CAD budget.

OPERATING PROCEDURES

Reappraisal Plan

Reference Tax Code Section 25.18 for more information relating to the reappraisal plan

20. Does the written reappraisal plan clearly demonstrate how the CAD will conduct the reappraisal? **TIER(S)** **1-3**

NOTE: If the CAD gets a PASS on mandatory question 4, this answer should be a YES

Data needs

- Most recent reappraisal plan approved by the board of directors

Steps

- Review reappraisal plan
 - Determine if the reappraisal plan contains a detailed description of which areas will be reappraised
 - Determine if the reappraisal plan includes methods of reappraisal (e.g. maps, physical inspections, etc)
 - Determine if the plan discusses how the CAD will update relevant property characteristics necessary to complete the reappraisal and perform other tasks
 - Determine if market areas are defined
- If appraisals are done by contractors, determine if the reappraisal plan details how the work will be done by the appraisal firm

Recommendation Options (The recommendation must be customized to address what is appropriate for the CAD)

Revise the written reappraisal plan to include details about how the CAD will conduct the reappraisal.

Develop a written reappraisal plan that clearly demonstrates how the CAD will conduct reappraisals.

21. Does the CAD's reappraisal plan reflect the actual reappraisal activities of the CAD? **TIER(S)** **1-3**

NOTE: If the CAD gets a PASS on mandatory question 4, this answer should be a YES

Data needs

- Most recent reappraisal plan approved by the board of directors
- Copy of instructions provided to appraisers for use in the field
- Appraisal records (on-site access)
- Appraisal cards (on-site access)

Steps

- Review and become familiar with the CAD's reappraisal plan
- Interview the chief appraiser, or designee, and have them explain the actual reappraisal activities of the CAD
- Review appraisal documents/records and work files (also used for following question)
 - Determine if inspection dates on the cards align with the timeline in the reappraisal plan
 - Determine if work files contain updated notes and dates regarding last inspection (physical and/or other), changes made to inspected properties, etc.

Recommendation Options (The recommendation must be customized to address what is appropriate for the CAD)

Revise the reappraisal plan to include the actual reappraisal activities of the CAD.

Follow the reappraisal plan as written.

22. Are the properties identified in the CAD's reappraisal plan inspected and reappraised in accordance with the reappraisal plan? TIER(S) 1-3

Data needs

- Most recent reappraisal plan approved by the board of directors
- Appraisal records (on-site access)

Steps

- Review and become familiar with the CAD's reappraisal plan
- Determine if inspection dates on the cards align with the timeline in the reappraisal plan
- Determine if work files contain updated notes and dates regarding last inspection (physical and or other), changes made to inspected properties, etc.
- Have the chief appraiser, or designee, walk you through the process used to reappraise and inspect property and determine if the CAD is following the reappraisal plan
- If a determination cannot be made based on the interview, review sample appraisal records and work files and determine if properties are being reappraised in accordance with the timeline in the reappraisal plan

Recommendation Options (The recommendation must be customized to address what is appropriate for the CAD)

Ensure that the properties identified in the reappraisal plan are inspected and reappraised in accordance with the plan.

Revise the reappraisal plan to include the actual inspection and reappraisal activities of the CAD.

23. Does the CAD identify and update relevant characteristics of each property in accordance with the reappraisal plan? TIER(S) 1-3

Data needs

- Most recent reappraisal plan approved by the board of directors
- Appraisal cards (on-site access)

Steps

- Review and become familiar with the CAD's reappraisal plan
- Determine if the reappraisal plan explains how new improvements or changes made to properties are located
- Determine if the reappraisal plan identifies how CAD records are updated once new improvements or property changes are discovered
- Review a sample of five appraisal cards and determine if the characteristics identified in the reappraisal plan are identified and updated on the cards

Recommendation Options (The recommendation must be customized to address what is appropriate for the CAD)

Ensure that property characteristics are identified and updated in accordance with the reappraisal plan.

Revise the reappraisal plan to include a description of how relevant characteristic are identified and updated in the CAD.

24. Does the CAD use its appraisal results in the manner described in the reappraisal plan? TIER(S) 1-3

Data needs

- Most recent reappraisal plan approved by the board of directors
- Appraisal records (access on-site)

Steps

- Review and become familiar with the CAD's reappraisal plan
- Interview the chief appraiser, or designee, and have them explain how the reappraisal results are used
- Have the chief appraiser show you the results and an example of how they were used (e.g. ratio studies, etc.)
 - Determine if the CAD is using the results in the way described in the reappraisal plan
- Pick a sample of five properties that were recently reappraised and determine if the values resulting from the reappraisal became the noticed values

Recommendation Options (The recommendation must be customized to address what is appropriate for the CAD)

Ensure that the reappraisal results are used in the manner described in the reappraisal plan.

Revise the reappraisal plan to include a description of how the CAD uses the reappraisal results.

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)? TIER(S) 1-3

Data Needs

- Verification that the appraisal roll was certified by the required date of July 25 (access on-site)

Steps

- Complete **Checklist 3**
 - The answers must be YES or NOT APPLICABLE to all checklist items to receive a YES answer
 - The CAD must notify the entities **in writing** about the form in which the roll will be provided
 - E-mail notification is acceptable
 - If the CAD does not have a copy of the letter or e-mail, a chief appraiser may state, in writing, that the entities were notified in writing by April 1
 - The statement must include the date of the letter or e-mail to the entities

NOTE: The CAD BOD with a county population of 1 million may, by resolution, postpone a hearing and determining all or substantially all timely filed protests, determination of all timely filed challenges, submission of approved changes to the chief appraiser and approving records to not later than August 30 or the ARB may approve the appraisal records if the sum of appraised values as determined by the chief appraiser, of all properties where a protest has been filed but not determined, does not exceed 10 percent of the total value of all other taxable properties.

Recommendation

Ensure that the appraisal roll certifications and deliveries are done according to Tax Code Section 26.01 and 41.12(c).

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? **TIER(S)** **1-3**

Data Needs

- Verification that appraisal records were submitted to the ARB for review and determination (access on-site)

Steps

- Determine if records are delivered to the ARB by May 15 or by a reasonable date after required notices per statute have been delivered (use 4 weeks as a reasonable timeframe) (contact supervisor for longer timeframe)
- Determine if the submission includes a sworn affidavit as required by Tax Code Section 25.22 (b)

Recommendation

Ensure submission of the completed appraisal records to the ARB for review and determination per Tax Code 25.22.

27. Does the CAD have a systematic approach for producing supplemental appraisal rolls? **TIER(S)** **1-3**

NOTE: Refer to Tax Code Section 25.23 for more information relating to this question

Data Needs

- Supplemental appraisal roll (access on-site)
- Procedures for producing the supplemental appraisal roll (if applicable) (access on-site)

Steps

- Determine if the CAD has procedures for producing supplemental appraisal rolls
- Interview the chief appraiser, or designee, and have them explain the CAD's process for producing supplemental appraisal rolls
 - Determine if the CAD is following their procedures for producing supplemental appraisal rolls
 - If they do not have written procedures, determine if the CAD has a systematic approach for producing supplemental appraisal rolls

Recommendation

Ensure the CAD uses a systematic approach in producing the supplemental appraisal roll.

Exemptions

NOTE: For all the questions in this section that do not require you to check exemption applications on the newest version of the application forms: If you discover that a CAD does not have everything on the checklist for a question in their files, and it is because the applications were filed in previous years before new versions of the exemption forms were in use, then you need to check to see if the versions of the application forms that are on file for the accounts you check have the information filled-out as required on the form, and that the files contain any supporting documentation that the application forms call for. If the application forms are complete and the supporting documentation required by the form is in the file, then the property file is acceptable as one of the samples checked.

28. Does the CAD comply with the requirements for granting residence homestead exemptions for disabled veterans under Tax Code Section 11.131? TIER(S) 1-3

NOTE: The answer to this question is “NOT APPLICABLE” if the CAD has not received any applications for this type of exemption

NOTE: This information is contained on the homestead exemption form

Data Needs

- Exemption applications and supporting documentation (access on-site)

Steps

- Request a listing of all account numbers that have this exemption and choose a sample of 5 of those accounts
- Request to see the applications and supporting documentation for the sample accounts
- Review a sample of 5 homestead exemption applications (50-114) and the supporting documentation
- Complete **Checklist 4**
 - If the answer to all checklist items is YES or N/A for all 5 sample applications, the answer to this question is YES

Recommendation

Comply with the requirements for granting residence homestead exemptions for disabled veterans under Tax Code Section 11.131.

29. Does the CAD comply with the requirements for granting charitable organization exemptions under Tax Code Section 11.18? TIER(S) 1-3

NOTE: The answer to this question is “NOT APPLICABLE” if the CAD has not received any applications for this type of exemption

Data Needs

- Exemption applications and supporting documentation (access on-site)

Steps

- Request a listing of all account numbers that have this exemption and choose a sample of 5 of those accounts
- Request to see the applications and supporting documentation for the sample accounts
- Review a sample of 5 charitable organization exemption applications (50-115) and the supporting documentation
- Complete **Checklist 5**
 - If the answer to all checklist items is YES for all 5 sample applications, the answer to this question is YES

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? TIER(S) 1-2

NOTE: The answer to this question is “NOT APPLICABLE” if the CAD has not received any applications for this type of exemption

Data Needs

- Exemption applications and supporting documentation (access on-site)

Steps

- Request a listing of all account numbers that have this exemption and choose a sample of 5 of those accounts
- Request a copy of the applications and supporting documentation for the sample accounts
- Review a sample of 5 religious organization exemption applications (50-117) and the supporting documentation
- Complete **Checklist 6**
 - If the answer to all checklist items is YES for all 5 sample applications, the answer to this question is YES

NOTE: If the sample includes religious organizations that have been operating for a long period of time, and the applications are not on file, a written statement from the chief appraiser stating this fact is acceptable.

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? TIER(S) 1-2

NOTE: The answer to this question is “NOT APPLICABLE” if the CAD has not received any applications for this type of exemption

Data Needs

- Exemption applications and supporting documentation (access on-site)

Steps

- Request a listing of all account numbers that have this exemption and choose a sample of 5 of those accounts
- Request to see the applications and supporting documentation for the sample accounts
- Review a sample of 5 private school exemption applications (50-119) and the supporting documentation
- Complete **Checklist 7**
 - If the answer to all checklist items is YES or N/A for all 5 sample applications, the answer to this question is YES

Recommendation

Comply with the requirements for granting school exemptions under Tax Code Section 11.21.

32. Does the CAD comply with the requirements for granting disabled veterans exemptions under Tax Code Section 11.22? TIER(S) 1-2

NOTE: The answer to this question is “NOT APPLICABLE” if the CAD has not received any applications for this type of exemption

Data Needs

- Exemption applications and supporting documentation (access on-site)

Steps

- Request a listing of all account numbers that have this exemption and choose a sample of 5 of those accounts
- Request to see the applications and supporting documentation for the sample accounts
- Review a sample of 5 disabled veterans exemption applications (50-135) and the supporting documentation
- Complete [Checklist 8](#)
 - If the answer to all checklist items is YES for all 5 sample applications, the answer to this question is YES

Recommendation

Comply with the requirements for granting disabled veterans exemptions under Tax Code Section 11.22.

33. Does the CAD comply with the requirements for granting leased motor vehicle exemptions under Tax Code Section 11.252? TIER(S) 1-2

NOTE: The answer to this question is “NOT APPLICABLE” if the CAD has not received any applications for this type of exemption

Data Needs

- Exemption applications and supporting documentation (access on-site)

Steps

- Request a listing of all account numbers that have this exemption and choose a sample of 5 of those accounts
- Request to see the applications and supporting documentation for the sample accounts
- Review a sample of 5 personal use lease automobile exemption applications (50-286) and the supporting documentation
- Complete [Checklist 9](#)
 - If the answer to the checklist items is YES for all 5 sample applications, the answer to this question is YES.

NOTE: For item #2 on the checklist, if the files for the samples you check show that the owner stated that a copy of the affidavit is on file and available upon request, then that is acceptable and you can answer that checklist item YES. Tax Code Section 11.252(e) states that the owner must make the form available for inspection and copying by the CAD.

Recommendation

Comply with the requirements for granting leased motor vehicle exemptions under Tax Code Section 11.252.

34. Does the CAD comply with the requirements for granting pollution control exemptions under Tax Code Section 11.31? TIER(S) 1-2

NOTE: The answer to this question is “NOT APPLICABLE” if the CAD has not received any applications for this type of exemption.

Data Needs

- Exemption applications and letters from TCEQ (access on-site)

Steps

- Request a listing of all account numbers that have this exemption and choose a sample of 5 of those accounts
- Request a copy of the applications and supporting documentation for the sample accounts
- Review a sample of 5 pollution control exemption applications (50-248) and the supporting documentation
- Complete **Checklist 10**
 - If the answer to all checklist questions is YES for all 5 sample applications, the answer to this question is YES

Recommendation

Comply with the requirements for granting pollution control exemptions under Tax Code Section 11.31.

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 Section 11.26(h)? TIER(S) 1-3

Data Needs

- Transfer of tax ceiling certificates (access on-site)

Steps

- Determine if the CAD issues transfer of tax ceiling certificates and have the chief appraiser, or designee, walk you through the process for issuing them
- Review a sample of 5 transfer of tax ceiling certificates
 - If the CAD can provide a list to you of such accounts, obtain that list and pick 5 from the list
 - If a list cannot be provided, obtain 5 samples from the CAD
 - Determine if the certificates show the taxes imposed on the former homestead property
 - Determine if the certificates list the taxes if limitations were not imposed
 - Determine if the certificates show the percentage of the limitation
 - If the answer to all of the above items is YES, the answer to this question is YES

Recommendation

Issue tax ceiling certificates for homeowners according to Tax Code Section 11.26(h).

36. Does the CAD verify the accuracy of information on residence homestead applications? TIER(S) 1-3

This question is referring to the new homestead exemption application and laws (Tax Code Section 11.43(n))

Data Needs

- Exemption applications received for 2012 or 2013 tax year and supporting documentation (access on-site)

Steps

- Request a listing of all account numbers that have this exemption and choose a sample of 5 of those accounts
- Request to see the applications and supporting documentation for the sample accounts
- Review a sample of 5 homestead exemption applications (50-114) and the supporting documentation
- Complete **Checklist 11**
 - If the answer to all checklist items is YES for all 5 sample applications, the answer to this question is YES

Recommendation

Verify the accuracy of information on residence homestead exemption applications.

37. Does the CAD comply with the administrative requirements of Tax Code Section 11.45? **TIER(S)** **1-3**

Data Needs

- Exemption applications and supporting documentation for exemptions that have been modified or denied (access on-site)

Steps

- Interview the chief appraiser, or designee, and have them walk you through the process that is used when approving, modifying or denying an exemption application (with examples)
- Review a sample of 5 exemption applications that were modified or denied and the supporting documentation
- Complete **Checklist 12**
 - If the answer to all checklist items is YES for all 5 sample applications, the answer to this question is YES

Recommendation

Comply with the administrative requirements of Tax Code Section 11.45.

Value Defense

For more information relating to some of the questions in this section, reference IAAO's Standard on Assessment Appeal

38. Does the CAD have evidence to support value changes resulting from informal staff meetings? **TIER(S)** **1-3**

NOTE: The answer to this question is "NOT APPLICABLE" if the CAD did not have any informal meetings for the current or previous year

Data Needs

- Schedule of informal meetings with property owners (when available)
- Records for properties involved in informal meetings (access on-site if observation is not possible)

Steps

- Observe a minimum of 5 informal meetings with property owners (maximum of 4 hours of actual meeting time) and determine if the CAD has evidence to support value changes
- If observation is not possible, interview the chief appraiser, or designee, and have them show you records for 5 properties that had value changes during informal meetings
 - Determine if the CAD had evidence to support value changes

NOTE: For CADs where it is not possible to observe informal meetings that are held by CAD appraisers because most or all of the informal meetings are handled by a contractor, you will observe informal meetings held by contractors if at all possible. If it's not possible to observe any informal meetings, then you will check the files for accounts that had value changes as a result of informal meetings to determine if there is evidence on file to support the value changes.

If a CAD has most of their informal meetings taken care of over the phone or via e-mail, and has very few walk-in informal meetings, the following will apply:

- Schedule and plan your time to be there to observe informal meetings
- If you are able to observe informal meetings that are in-person then do that
- If you are not able to observe informal meetings that are in-person, but can observe appraisers handling informals over the phone or by e-mail then do that
- If you are not able to observe enough by the previous two bullet points, then you will review the files for informal meetings for enough accounts to determine the question answers

Recommendation

Ensure that the CAD maintains evidence used to support value changes during informal meetings with taxpayers.

39. Does the CAD present evidence to support its value during appraisal review board hearings as required by Tax Code Section 41.43(a)? TIER(S) 1-3

NOTE: The answer to this question is “NOT APPLICABLE” if the CAD did not have any ARB hearings for the current or previous year

Data Needs

- Schedule of ARB hearings (when available)
- Records for properties that had ARB hearings and CAD’s evidence used in the hearings (access on-site if observation is not possible)

Steps

- Observe a minimum of 5 ARB hearings (minimum of 2 hours and maximum of 4 hours of actual hearing time) and determine if the CAD presented evidence at each hearing
- If observation is not possible, interview the chief appraiser, or designee, and have them show you examples of 5 properties that had ARB hearings, along with the evidence presented by the CAD to support the value
 - Determine if the CAD presented evidence to support its value

Recommendation

Ensure that the CAD presents evidence to support its value during appraisal review board hearings as required by Tax Code Section 41.43(a).

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*? TIER(S) 1-2

This question can be answered in conjunction with the observation that is done for the previous question

Data Needs

- Procedures for formal hearings before the ARB
- Schedule of ARB hearings (when available)

Steps

- Create **Checklist 13** using the CAD’s written procedures for ARB hearings
- Fill out the checklist while observing a minimum of 5 ARB hearings (maximum of 4 hours of actual meeting time)
 - If observation is not possible, interview the chief appraiser, or designee, and have them walk you through the process that is used (with 5 examples) while completing the checklist
 - If the answer to all checklist items is YES for all 5 samples, the answer to this question is YES

Recommendation Options (The recommendation must be customized to address what is appropriate for the CAD)

Develop and 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*.

Follow the CAD’s 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*.

Amend the CAD’s written procedures for formal hearings before the appraisal review board to match the actual activities of the CAD during formal hearings.

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?

TIER(S)

1-2

Data Needs

- Procedures for hiring new staff (or personnel manual)

Steps

- Complete **Checklist 14**
 - The answers to all items (except those marked as optional) on the checklist must be YES in order to get a YES answer on this question
 - i. All bulleted items must be included in the procedures or in other documents
- Some of the checklist items may be answered using other documents (such as the personnel manual, etc.)
- Ask the chief appraiser or his or her designee how many staff have been hired in the previous six months.
 - If five or more new staff have been hired, ask to view the advertisements for each position, the applications received for each position, and the written questions used for the interviews for each position.
 - i. For each of these documents verify that the appraisal district followed its procedures concerning advertising, interviewing and selecting its qualified candidate(s).
 - If fewer than five staff have been hired in the last six months, ask how many staff have been hired in the last year, last year and a half, two years, etc.
 - i. If no staff have been hired since Jan. 1, 2010, skip this task and review the procedures according to Checklist 16.

Recommendation

Develop written procedures for hiring new staff that address specifying the job, advertising the job, screening applicants and interviewing candidates to ensure the most qualified candidate is hired.

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?

TIER(S)

1-3

Data Needs

- TDLR numbers for all appraisers

Steps

- Create **Checklist 15** using the names of all CAD appraisers
- Fill in the TDLR numbers for all CAD appraisers
- Visit **TDLR's website** and complete the checklist by searching each TDLR number (inquire by license type: Property Tax Professional) on the website and determine if each appraiser is currently registered and his or her license is not expired
- If all CAD appraisers are currently registered and not expired, the answer to this question is YES

Recommendation

Ensure all appraisal staff completes all requirements for becoming a Registered Professional Appraiser by the Texas Department of Licensing and Regulation.

APPRAISAL STANDARDS, PROCEDURES AND METHODOLOGY

Mass Appraisal

For more information relating to the questions in this section, reference [IAAO's Standard on Mass Appraisal of Real Property](#)

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*? **TIER(S)** **1-3**

Data Needs

- Procedures for analyzing and updating cost schedules for real property (if applicable) (access on-site)
- Cost schedules (access on-site)
- Ratio studies (access on-site)

Steps

- Review and become familiar with the procedures for analyzing and updating cost schedules (written procedures are not required)
- Interview the chief appraiser, or designee, and have them walk you through the process used to evaluate and update the cost schedules
 - Determine if cost schedules are evaluated and/or updated annually

NOTE: If the CAD uses Marshall and Swift, have them show documentation that the schedules are annually analyzed and modifiers are adjusted for the local market

Recommendation

Ensure that cost schedules used in mass appraisal are annually evaluated and updated as recommended by IAAO's *Standard on Mass Appraisal of Real Property*.

44. Are benchmarks established for each neighborhood as recommended in IAAO's *Standard on Mass Appraisal of Real Property*? **TIER(S)** **1-3**

NOTE: Benchmarks are being checked for residential properties only

Data Needs

- Procedures for determining benchmark properties (if applicable) (access on-site)
- Benchmark property descriptions (access on-site)
- Appraisal manuals (access on-site)

Steps

- Review the procedures for determining benchmark properties (written procedures are not required)
- Interview the chief appraiser, or designee, and have them walk you through the process used to determine benchmarks
- Have them show you the benchmark property descriptions in the appraisal manual (preferably with pictures)
- Have them show you how benchmarks are used in the appraisal system
 - Determine if CAD has established benchmark properties for each neighborhood (the same benchmark can be used for more than one neighborhood and often are because the CAD will have benchmarks for their various classes of improvements)

Recommendation

Establish benchmarks for each neighborhood or market area as recommended in IAAO's *Standard on Mass Appraisal of Real Property*.

45. Does the mass appraisal include a well-defined property classification system as recommended in IAAO's *Standard on Mass Appraisal of Real Property*? TIER(S) 1-3

Data Needs

- Property classification guide (access on-site)
- Appraisal manuals (access on-site)

Steps

- Interview the chief appraiser, or designee, and have them walk you through the classification determination process
 - Have them walk you through the classification guide and descriptions, as well as written procedures for classifying property (if applicable)
 - Determine if the definitions of the classifications are adequate
- Determine if there are multiple classification types for residential and commercial properties
- Determine if there are an adequate number of classification types to be representative of the properties in the county
 - Have the chief appraiser provide an explanation of why they believe they have an adequate number of classifications

Recommendation

Include a well-defined property classification system in the CAD's mass appraisal as recommended in IAAO's *Standards on Mass Appraisal of Real Property*.

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*? TIER(S) 1-2

Data needs

- Documentation showing the CAD standards of accuracy for data collection (access on-site)
- Data collection manual or procedures for data collection

Steps

- If the CAD cannot show that they verify accuracy of data collection, the answer to this question is NO
- Determine if the CAD has trained supervisors that review the accuracy of the data collected by field appraisers
- Determine if the CAD has methods or procedures in place for regularly checking the accuracy of data collection in addition to reviews by supervisors (such as computer programs that check for consistency)

Recommendation

Implement a quality control program to ensure that data accuracy standards are met as discussed in IAAO's *Standard on Mass Appraisal of Real Property*.

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*? TIER(S) 1-2

NOTE: It is acceptable for the CAD to have paper maps that are tied to the CAMA system

Data needs

- Mapping and CAMA systems (access on-site)

Steps

- Interview the chief appraiser, or designee, and have them demonstrate how the CAMA and mapping system are linked
- At a minimum, the maps must have property ID numbers (typically CAD account numbers)

Recommendation

Link the CAD's maps to its Computer Assisted Mass Appraisal system as suggested in IAAO's *Standard on Mass Appraisal of Real Property*.

Equal and Uniform Appraisal

48. Do sold and unsold “like” properties within the same market area have similar noticed values? **TIER(S)** **1-3**

NOTE: If the entire county is rural, without well-defined neighborhoods, the answer to this question is “NOT APPLICABLE”

If CAD values have been adjusted on sold properties, then similar adjustments should have been made to similar properties that have not sold; this review question is for the purpose of making that determination

Data Needs

- Appraisal records (access on-site)
- Appraisal manuals (access on-site)

Steps

- Choose a sample of 5 residential properties that have recently sold
 - Ask for a listing of sales and choose 5
- If the CAD’s appraisal cards/appraisal system contain photos of properties, look at similar properties in the same market area as the sold properties
 - Determine if sold properties have similar noticed values to unsold properties in the same neighborhoods /market areas
 - Look at per square foot prices, if there is more than a 10 percent difference in the market values of the sold and unsold properties, ask the chief appraiser, or designee, for an explanation for this difference
 - Look for modifiers or adjustment factors that seem out of place
- If that CAD’s appraisal cards/appraisal system do not contain photos of properties, drive around the neighborhoods/market areas of the sample properties and note which properties are similar to the sample properties (**this can be done after the preliminary report is turned in, but by July 15**)
 - Access the similar properties in the CAD’s appraisal system and determine if those properties have similar noticed values as the sample properties using the step above

Recommendation

Ensure the CAD’s sold and unsold “like” properties within the same market areas have similar noticed values.

49. Does a sampling of residential neighborhoods show that similar properties have similar noticed appraised values? TIER(S) 1-3

NOTE: If the entire county is rural, without well-defined neighborhoods, the answer to this question is “NOT APPLICABLE”

Data Needs

- Appraisal records (access on-site)
- Appraisal manuals (access on-site)

Steps

- Choose a sample of 5 residential properties that have not sold in the previous 3 years
- If the CAD’s appraisal cards/appraisal system contain photos of properties, look at similar properties in the same neighborhood as the sample properties
 - Determine if the sample properties have similar noticed values to the similar properties in the same neighborhoods
 - Look at per square foot prices, if there is more than a 10 percent difference in the market values of the sample and similar properties, ask the chief appraiser, or designee, for an explanation for this difference
 - Look for modifiers or adjustment factors that seem out of place
- If that CAD’s appraisal cards/appraisal system do not contain photos of properties, drive around the neighborhoods of the sample properties and note which properties are similar to the sample properties (**this can be done after the preliminary report is turned in, but by July 15**)
 - Access the similar properties in the CAD’s appraisal system and determine if those properties have similar noticed values as the sample properties using the step above

Recommendation

Ensure that similar properties within the same neighborhood have similar noticed values.

Agricultural Use Appraisal

50. Are net-to-land calculations for all agricultural use categories reproducible from the CAD's documentation? **TIER(S)** **1-3**

NOTE: The CAD may use data from third-party sources, including the Agricultural Appraisal Advisory Board, in lieu of survey data

NOTE: If they do not use data, this answer is a NO

Data needs

- Resource materials used in determining productivity values (access on-site)
- Returned surveys used to determine productivity values (access on-site)
- Spreadsheets or other documents used to compile the survey results (access on-site)
- Most current calculation of net-to-land for all categories and sub-categories of agricultural land

Steps

- Determine which income and expense items the CAD uses in its calculations of net-to-land
- From the resource materials and the CAD's analysis of responses to surveys, identify each income and expense item determined by the district
- Using resource materials, determine if you can reproduce the expense items and the income items
- Sum the income items, sum the expense items, and subtract expense items from income items
 - This is net-to-land
- Determine if the CAD calculated net-to-land for each of the five years in the appropriate period and determined a five-year average net-to-land
 - The appropriate period for 2011 is 2005-2009; for 2012 is 2006-2010; for 2013 is 2007-2011
- Determine if the CAD determined value by applying the appropriate cap rate to the five-year average net-to-land
 - The appropriate cap rate for 2011 and 2012 is 10 percent
- Repeat the process for each land use category used by the district

Recommendation

Ensure that net-to-land calculations for all agricultural use categories are reproducible from the CAD's documentation.

51. Are the results of the written agricultural use surveys reflected in the net-to-land calculations? **TIER(S)** **1-3**

Data needs

- Resource materials used in determining productivity values (access on-site)
- Returned surveys used to determine productivity values (access on-site)
- Spreadsheets or other documents used to compile the survey results (on-site)
- Most current calculation of net-to-land for all categories and sub-categories of agricultural land

Steps

- Review the responses to surveys of landowners, producers and others involved in agriculture
- Determine if the lease rates indicated in the surveys are similar to the lease rates used in the CAD's calculation of net-to-land
- Determine if the kinds and amounts of expenses indicated in the survey responses are similar to those used in the CAD's calculations
- If surveys indicate that hunting leases are typical, determine if hunting is included as an income
 - Determine if the hunting lease rate is similar to those used in the district's calculations

Recommendation

Use the results of the written agricultural surveys in the net-to-land calculations.

52. Do CAD records show that open-space land applications resulted in property inspections? **TIER(S)** **1-3**

Data needs

- Procedures for reviewing and approving open-space appraisal applications (if applicable) (access on-site)
- Appraisal cards (access on-site)
- Appraisal applications for open-space land appraisal (access on-site)

Steps

- Read the CAD's procedures describing their process for reviewing and approving applications for open-space appraisal (written procedures are not required)
- If the CAD does not have written procedures, interview the chief appraiser, or designee, and have them walk you through the process used to review and approve open-space appraisal applications
- Determine if an inspection of the property is conducted to determine if the land qualifies
- Determine if periodic follow-up inspections are conducted
- Choose a sample of 5 appraisal cards for properties that were granted open-space land appraisal by using the random selection program
- Determine if the appraisal cards indicate that the property was inspected at the time the application was approved (cards may not be available for older Ag applications)
- Determine if the appraisal cards indicate that follow-up inspections have occurred within the last three years
- Determine if the CAD was able to provide copies of the applications for the randomly selected properties
 - **NOTE:** A new sample may have to be pulled if most of the current sample is older Ag applications that are no longer on file

Recommendation

Conduct property inspections for properties that apply for open-space appraisal.

53. Is open-space land valued according to the subcategories established by Tax Code Section 23.51(3)? **TIER(S)** **1-3**

Data needs

- Procedure for calculating subcategory values (if applicable) (access on-site)
- Data from the Natural Resource Conservation Service soil surveys or other sources of information used to develop subcategories of agricultural lands (access on-site)
- Schedule of per-acre productivity values

Steps

- Read the CAD's procedure describing their method of calculating subcategory values (written procedures are not required)
- If the CAD does not have written procedures, interview the chief appraiser, or designee, and have them walk you through the process used to calculate subcategory values
- Determine if the CAD groups lands by soil type or some other measure of productivity
- Determine if the CAD has developed a system of indexing productivity values based on more productive lands having a higher index than less productive lands
- Determine if the CAD correctly used the index to develop values for each subcategory
- Determine if each subcategory's value is correctly listed on the district's schedule of productivity values

NOTE: For the purposes of this question, the focus should mainly be on cropland and native pasture.

We are only checking to see if CADs did divide their open-space land categories into subcategories. We will not make any calls about whether the categories are sufficient. But, CADs must have their land divided into some subcategories in order to get a YES on this question. If the land is only in categories that are not divided into any subcategories, then the answer will be a NO. The CAD could show you documentation and analyses they have done if they have determined that subcategories are not needed, and then still get a YES on the question. The CAD can provide a written statement detailing the analysis that was done to determine that subcategories are not needed in order to get a YES.

Recommendation

Value open-space land according to the subcategories established by Tax Code Section 23.51(3).

54. Are open-space land values on property records reproducible using the CAD's schedule of productivity values? **TIER(S)** **1-3**

Data needs

- Coding scheme used to identify each subcategory of open-space land on the appraisal cards (access on-site)
- Appraisal cards (access on-site)

Steps

- Using the appraisal cards randomly selected for Question 52, identify the agricultural land use subcategory of the property and the per-acre value for that subcategory based on the CAD's schedule of productivity values
- Multiply the per-acre productivity value by the number of acres in the property
- If there are multiple land use subcategories, make this calculation for each
- Determine if the aggregate value is the same as the district's value

Recommendation

Ensure that open-space land values on property records are reproducible using the CAD's schedule of productivity values.

55. Is open-space land designated as used for wildlife management inspected regularly? **TIER(S)** **1-3**

NOTE: If the CAD does not have any land designated as used for wildlife management, this question is NOT APPLICABLE

Data needs

- Appraisal cards (access on-site)
- Procedure for inspecting wildlife management properties and reviewing annual reports from the owners (if applicable) (access on-site)
- Annual reports that the CAD has received from owners of lands receiving open-space value based on wildlife management (access on-site)

Steps

- Read the CAD's procedure for inspecting wildlife management properties and reviewing annual reports from owners (written procedures are not required)
- If the CAD does not have written procedures, interview the chief appraiser, or designee, and have them walk you through the process used to inspect land designated as used for wildlife management, as well as the process used to review annual reports from property owners
- Determine if the CAD has a method of reviewing the property owner's wildlife management plan
- Determine if a sample of 5 appraisal cards indicate that the land is qualified for open-space appraisal based on wildlife management use
- Determine if the appraisal cards or other documentation indicate that there has been a follow-up inspection within the last three years
- Determine if the CAD requests the annual report prescribed by the Texas Parks and Wildlife Department (requesting annual reports is optional)
- Determine if the appraisal cards or other documentation indicate that the district has received an annual report from the landowner
 - CADs may use annual reports in lieu of a physical inspection if:
 - i. There was an initial physical inspection on the property and the reports have photos and an adequate level of detail OR
 - ii. The CAD has multiple annual reports for a sample property (more than one year)

Recommendation

Develop a process for regularly inspecting open-space land designated as used for wildlife management.

Special Appraisal

56. Does the appraisal district comply with appraisal requirements for heavy equipment inventory (Tax Code Section 23.1241)? **TIER(S)** **1-3**

NOTE: If the CAD does not have any heavy equipment inventory sales or leases, this question is NOT APPLICABLE

For 2012 CADs only:

This question may need to be answered later in the year because new forms (updated in 2012) will be reviewed, and they are received by the CADs between January 1 and February 1 each year

Data Needs

- A list of heavy equipment inventory accounts.
- Five completed dealer heavy equipment declaration forms (form updated in 2012) selected from the list (access on-site)
- Appraisal records (access on-site)

Steps

- Review the sample forms ([50-265](#)) and make sure that the most recent version was used
- Determine if the forms are filled out completely
- Compare the market value on the form to the market value in the appraisal records
 - The numbers may not match if it's a first year business
- Interview the chief appraiser, or designee, and have them walk you through the process that the CAD uses to discover new heavy equipment dealers

Recommendation Options (The recommendation must be customized to address what is appropriate for the CAD)

Comply with the appraisal requirements for heavy equipment inventory.

Develop a process for discovering new heavy equipment dealers.

57. Does the appraisal district comply with appraisal requirements for motor vehicle inventory (Tax Code Section 23.121)? **TIER(S)** **1-2**

Data Needs

- A list of motor vehicle inventory accounts (access on-site)
- Five calculations of motor vehicle inventory value for 2011 selected from the list (form [50-244](#))
- Appraisal cards (access on-site)

Steps

- Review the sample forms and determine if they are filled out completely
- Compare the market value on the form to the market value in the appraisal records
 - The numbers may not match if it's a first year business
- Interview the chief appraiser, or designee, and have them walk you through the process that the CAD uses to discover new motor vehicle dealers (ex. Texas Department of Motor Vehicles)

Recommendation

Comply with the appraisal requirements for motor vehicle inventory.

58. Does the appraisal district comply with all requirements of Tax Code Section 23.01(c)? **TIER(S)** **1-2**

Data Needs

- Appraisal records (access on-site)

Steps

- Interview the chief appraiser, or designee, and have them show you how foreclosure sales are used in the appraisal process
 - Determine if foreclosure sales are given adequate consideration and not thrown out just because they are simply foreclosures
- Have the chief appraiser show you that residential properties with declining market values due to a declining economy are used in the appraisal process

Recommendation Options (The recommendation must be customized to address what is appropriate for the CAD)

Consider comparable foreclosure sales in the appraisal process.

Consider properties with declining market values due to a declining economy in the appraisal process.

59. Does the appraisal district comply with all requirements of Tax Code Section 23.01(d)? **TIER(S)** **1-2**

NOTE: If a CAD does not have any residential homestead properties with a highest and best use that is something other than as a homestead, this question is NOT APPLICABLE

Data Needs

- Appraisal records (access on-site)

Steps

- Interview the chief appraiser, or designee, and have them show you examples of residential homestead properties with a highest and best use that is something other than as a residential property (if applicable)
 - Determine if the properties are being appraised as residential properties rather than as their highest and best use

Recommendation

Comply with Tax Code Section 23.01(d) by determining the market value of residential homestead properties based on the property's value as a homestead, regardless of highest and best use.

60. Does the appraisal district comply with all requirements of Tax Code Section 23.01(e)? **TIER(S)** **1-2**

Data Needs

- Appraisal records (access on-site)

Steps

- Select a sample of 5 properties that had values changed during the protest process in the previous year from a list obtained from the CAD
- Review the current appraisal records for those properties and determine if the appraised values were raised
 - If the appraised values were raised, have the chief appraiser, or designee, show you the evidence used to determine that the appraised value should be raised
 - Determine if the chief appraiser is reasonably supported by substantial evidence
 - if the value was changed during the protest process because of unequal appraisal, evidence would have to show that the inequality has been corrected with regard to the properties that were considered in determining the value of the subject property

Recommendation

Comply with all requirements of Tax Code Section 23.01(e).

Ratio Studies

61. Does the CAD use ratio studies to calibrate schedule values? TIER(S) 1-3

Data Needs

- Examples of most recent ratio studies (access on-site)
- Cost schedules (access on-site)

Steps

- Interview the chief appraiser, or designee, and have them walk you through the process the CAD uses to calibrate schedule values using ratio studies (with examples)
- Determine whether the values calculated through ratio studies support the schedules used
- Determine if the CAD calculates measures of variability (COD, percentile, range, price related differential)
- Determine if the CAD calculates measures of central tendency (mean, median, weighted mean)

Recommendation

Use ratio studies to calibrate schedule values.

62. Does the CAD prepare ratio studies by appropriate market segments? TIER(S) 1-3

Data Needs

- Ratio studies (access on-site)
- Procedures for conducting ratio studies

Steps

- Review ratio studies and/or procedures to determine if the CAD identifies market segments
- Determine if ratio studies are run by market segments

Recommendation

Prepare ratio studies by appropriate market segments.

Identification and Listing of New Property

*For more information relating to some of the questions in this section, reference [*IAAO's Standard on Ratio Studies*](#)*

63. Does the CAD follow its written procedures for identifying new property in compliance with IAAO's *Standard on Ratio Studies*? TIER(S) 1-3

Data Needs

- Procedures for identifying new property
- Appraisal records for new property (access on-site)

Steps

- Review and become familiar with the CAD's written procedures and documentation for identifying new property
 - This procedure may be included in another document (e.g. appraisal manual, reappraisal plan, etc.)
- Interview the chief appraiser, or designee, and have them walk you through the process the CAD uses to identify new property
- Determine if the CAD's explanation matches the written procedures

Recommendation Options (The recommendation must be customized to address what is appropriate for the CAD)

Create and follow written procedures for identifying new property in compliance with IAAO's *Standard on Ratio Studies*. Follow the CAD's written procedures for identifying new property.

64. Does the CAD follow written procedures for identifying upgrades and new improvements to existing properties? TIER(S) 1-2

Data Needs

- Procedures for identifying new improvements or upgrades to existing property

Steps

- Review and become familiar with the CAD's written procedures and documentation for identifying upgrades and new improvements to existing properties
- Interview the chief appraiser, or designee, and have them walk you through the process the CAD uses to identify upgrades and new improvements to existing properties
- Determine if the CAD follows its written procedures

Recommendation Options (The recommendation must be customized to address what is appropriate for the CAD)

Create and follow written procedures for identifying upgrades and new improvements to existing properties in compliance with IAAO's *Standard on Ratio Studies*.

Follow the CAD's written procedures for identifying upgrades and new improvements to existing properties.

65. Does the CAD maintain evidence showing that appraisal records are supplemented with newly discovered omitted property pursuant to Tax Code Section 25.21? TIER(S) 1-3

If that CAD has not had to supplement the appraisal roll within the previous 5 years, the answer is NOT APPLICABLE

Data Needs

- Supplemental notices of appraised value (access on-site)
- Supplemental appraisal roll (access on-site)

Steps

- Interview the chief appraiser, or designee, and have them walk you through the CAD's evidence showing that appraisal records are supplemented with newly discovered omitted property

Recommendation

Maintain evidence showing that appraisal records are supplemented with newly discovered omitted property pursuant to Tax Code Section 25.21.

66. Does the CAD use more than one technique to locate new property? TIER(S) 1-3

Data Needs

- Written procedures for locating new property
- Documentation showing more than one technique was used to locate new property (access on-site)

Steps

- Review the CAD's documentation and determine if the CAD uses more than one technique to locate new property

Recommendation

Use more than one technique to locate new property.

Mapping

67. Does the CAD have a written procedure and schedule for updating maps? **TIER(S)** **1-3**

Data Needs

- Mapping procedures and schedule for updating maps

Steps

- Determine if the CAD has written procedures for updating maps
- Review the CAD's procedures and determine if the procedures contain a timeline

Recommendation

Develop a written procedure and schedule for updating maps.

68. Are maps updated within 180 days of the receipt of ownership changes? **TIER(S)** **1-3**

Data Needs

- Mapping procedures and schedule for updating maps
- Documentation showing mapping updates (access on-site)

Steps

- Determine if the CAD has a timeline for updating maps
- Interview the chief appraiser, or designee, and have them walk you through documentation showing mapping updates
- Determine if the CAD is updating maps within 180 days of ownership changes

Recommendation

Ensure that maps are updated within 180 days of the receipt of ownership changes.

Land Appraisal

Reference IAAO's *Property Appraisal and Assessment Administration (The Red Book) Chapter 7*

69. Does the CAD maintain documentation for land sales that support land schedules? **TIER(S)** **1-3**

Data needs

- Documents used to support land schedule changes (access on-site)
- Ratio studies (access on-site)
- Land sales verification documents (access on-site)

Steps

- Inspect sales verification documentation (sales letters, closing statements, etc.) and determine if they support land schedules
- Interview the chief appraiser, or designee, and have them show you how ratio studies, and/or other documents contain verified land sales data, and have them explain how that data is used to update land schedules

Recommendation

Maintain documentation showing that verified land sales data is used to update land schedules.

70. Does the CAD regularly update land schedules? **TIER(S)** **1-3**

Data needs

- Documents used to support land schedule changes (access on-site)

Steps

- Interview the chief appraiser, or designee, to determine if land schedules are updated annually (unless there is not enough sales data to provide a basis for updates, in which case the answer will be YES if the CAD shows you evidence that there are not enough sales and that the sales are updated when they can be with available data)

Recommendation

Regularly update land schedules.

Income Approach

NOTE: In order to get a YES on the questions in this section, the CAD must be calculating values using the income approach prior to the properties being appealed. Also, CADs must be calculating income values for commercial properties other than just oil and gas properties.

71. Does a review of representative properties show that the CAD is correctly using the income approach? **TIER(S)** **1-2**

Data needs

- Documentation for properties appraised using the income approach (access on-site)

Steps

- Choose a sample of 5 properties that were appraised using the income approach (If the CAD can provide you a list of properties that were appraised using the income approach, select 5 properties from that list
 - If the CAD cannot provide a list, then work with the CAD to obtain samples
- Determine if the CAD uses one of three ways to calculate values using the income approach
 - Gross Rent Multiplier: determine if the multiplier is applied to the gross rent
 - Discounted Cash Flow
 - Direct Capitalization: determine if adjustments were made correctly to the potential gross rent

NOTE: The CAD must have calculated values using the income approach, not just obtained income data for the properties.

Recommendation

Correctly use the income approach to value appropriate properties.

72. Does the CAD gather income data for applicable commercial property types such as office buildings and retail strip centers? **TIER(S)** **1-2**

Data needs

- Income data that was collected for the appraisal of commercial properties (access on-site)

Steps

- Determine if the CAD gathers income data for commercial properties

Recommendation

Gather income data for commercial properties that would best be appraised using the income approach.

73. Does the CAD gather expense data to be used in income approach valuations? TIER(S) 1-2

Data needs

- Expense data collected for income producing properties (access on-site)

Steps

- Determine if the CAD gathers expense data to be used in income approach valuations

Recommendation

Gather expense data to be used in income approach valuations.

74. Was the income approach considered in appraising income producing properties, exclusive of rent houses? TIER(S) 1-3

NOTE: If the CAD can prove that there are not any income producing properties in the CAD, the answer to this question is “NOT APPLICABLE”

NOTE: If the answer to question 71 is YES, the answer to this question is YES

Data needs

- Documentation showing that income data was collected or reviewed and that the income approach was considered and income approach values were calculated by the CAD (access on-site)

Steps

- Interview the chief appraiser, or designee, and have them walk you through the steps that were taken to consider using the income approach, including the calculation of values (with documentation)

Recommendation

Consider the income approach in the appraisal process for income producing properties.

Sales Verification

For more information relating to the questions in this section, reference [*IAAO’s Standard on Verification and Adjustment of Sales*](#)

75. Does the CAD verify sales according to IAAO’s *Standard on Verification and Adjustment of Sales*? TIER(S) 1-3

Data Needs

- Data collection manual or procedures for data collection
- Procedures for analyzing and adjusting sales prices (access on-site)
- Sales documentation and proof of analysis and adjustment (access on-site)

Steps

- Review the data and procedures provided by the CAD and complete [**Checklist 16**](#)
- If the appraisal district does not have written procedures, interview the chief appraiser and have them explain the process used to verify sales
- The Comptroller’s sales verification letter is acceptable
 - The answer to all checklist questions must be YES to get a YES on this question
- Determine if the CAD verifies sales

Recommendation

Verify sales according to IAAO’s *Standard on Verification and Adjustment of Sales*.

76. Does the CAD adjust sales according to IAAO’s *Standard on Verification and Adjustment of Sales*? **TIER(S)** **1-3**

Data Needs

- Procedures for analyzing and adjusting sales prices (access on-site)
- Sales documentation and proof of analysis and adjustment (access on-site)

Steps

- Review the data and procedures provided by the CAD and complete **Checklist 17**
 - The checklist can be expanded for other appropriate factors
 - There must be a YES for more than one of the checklist items to get a YES on this question
- If the appraisal district does not have written procedures, interview the chief appraiser and have them explain the process used to adjust sales
- Determine if the CAD adjusts sales

NOTE: The checklist for this question asks if the CAD adjusts sales for lease terms. This would apply to commercial sales with leases in place at the time of sale. This is something that CADs should be adjusting for if and when they have data for those adjustments. It should be addressed in their procedures or in what you can verify on-site. But, this will be answered YES if the CAD considers such adjustments if they have data to base such adjustments on. The CAD does not have to show you that they actually have adjusted for lease terms on some sales in order to get a YES on this checklist item.

Similarly, for the other checklist items that ask if the CAD adjusts for certain things, you need to verify that it is in the CAD’s procedures and/or verify on-site that the CAD is making such adjustments to sales when they have the data to do so. They should be doing these adjustments when they can, but do not have to show you that they actually have done adjustments of any of these types to get a YES on the checklist items. Smaller CADs with limited sales data may not have data for any sales that would allow them to make these adjustments. In this case, the answer to this question is NOT APPLICABLE.

Recommendation

Adjust sales according to IAAO’s *Standard on Verification and Adjustment of Sales*.

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? **TIER(S)** **1-3**

Data Needs

- Data collection manual or procedures for data collection
- Sales files (access on-site)

Steps

- Review the CAD’s data collection procedures pertaining to gathering sales documentation and sales files
- Determine if the CAD gathers real estate transfer documents and sales information from all available third-party sources

Recommendation

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*.

Appraisal Manuals

78. Do the CAD's written procedures for residential appraisal match the appraisal practices used by its appraisers? **TIER(S)** **1-2**

Data Needs

- Schedule of residential appraisal field dates (from Jan. 1 - April 1)
- Appraisal cards (access on-site)
- Residential appraisal manual (access on-site)

Steps

- Review and become familiar with the CAD's residential appraisal procedures
- Schedule a 4-hour period to ride around with a residential appraiser
- Request copies of the appraisal cards for the properties that will be inspected during the ride-along
- Have the appraiser explain the appraisal process as you ride along
- Determine if the appraiser is following the written residential appraisal procedures

NOTE: If you are not at all able to make it work to ride with a CAD appraiser when initial property inspections for the current year are done because the CAD completes its property inspections for the current year before you were able to schedule a time to ride with an appraiser, then you must schedule a time after the CAD's initial inspections to go out with an appraiser and see properties that were reappraised for the current year. You will have the appraiser re-trace the appraisal work done on property accounts. In this case, you will base your answer to this review question on how the appraiser walks you through the steps taken to appraise the properties.

If a CAD contracts out its residential appraisal work, then you must ride with a contracted appraiser for this process.

Recommendation Options (The recommendation must be customized to address what is appropriate for the CAD)

Modify the CAD's written residential appraisal procedures to match the actual appraisal activities of the CAD.

Ensure that residential appraisers are following the CAD's written appraisal procedures.

CHECKLIST 1

Every meeting is open to the public.	
Every meeting has a quorum.	
Meeting minutes are kept and either taped or written.	
The subject of each deliberation is stated.	
The vote, order, decision or action is taken.	
The written notice containing the date, time, place and subject of the meeting is posted.	
The CAD delivers a continuance notice for open meetings that continue beyond the next business day (if applicable).	
Notices are publically posted at least 72 hours before the meeting.	
The minutes are available and open for inspection.	
The CAD allows for the recording of a meeting by a third party.	

Note: A continuance notice is required for open meetings that are held on a regular business day, and on that day are continued to another day.

Note: A catastrophe includes natural disasters such as fire, rain, sleet and snow storm; power or transportation failures, interruption to communications or epidemics; riots, civil disturbances, enemy attacks or other acts of lawlessness.

CHECKLIST 2

The CAD runs public service announcements in the newspaper, radio or television.	
The chief appraiser, or designated staff member, was interviewed on a radio talk or news program.	
The chief appraiser, or designated staff member, was interviewed on a television news show.	
The CAD has brochures that explain the functions of the appraisal and assessment offices.	
Websites were developed to provide convenient access to information and records.	
The appraisal district prepares slide presentations or videos to present information to local organizations and other public outlets.	
Local public access channels are used to provide information.	
The CAD participates in community centers or community-sponsored events, such as fairs and festivals, and provides places to display exhibits, hand out materials and answer questions.	
The CAD has access through social media.	

CHECKLIST 3

The chief appraiser certifies and delivers the part of the roll that lists the taxable property taxable by taxing unit to the assessor by July 25. (does not include Harris CAD)	
A separate list of taxable property currently under protest that is not included on the roll is provided to the taxing units.	
The chief appraiser consulted with the assessor for each taxing unit and notified them of the form in which the roll will be provided by April 1. (See instructions)	
The summary roll was submitted to the Comptroller in a manner prescribed by Comptroller Rule 9.3059 and by the date required.	

CHECKLIST 4

A copy of the letter or other documentation from the VA or service branch with a disability rating is included with the application.					
The applicant provided a copy of his or her driver's license or state-issued ID. (N/A if there were no applications for 2012 or 2013)					
The applicant provided a copy of his or her vehicle registration receipt OR an affidavit to that effect signed by the applicant and a copy of a utility bill in the applicant's name for the property for which exemption is sought. (N/A if there were no applications for 2012 or 2013)					

CHECKLIST 5

The application is completely filled out and signed.					
A copy of the charter, bylaws or other documents adopted by the organization which governs its affairs is provided with the application.					
At least one schedule (A and/or B) is filled out and included with the application. (N/A if no applications have been submitted since the current version of the form was required)					

CHECKLIST 6

The application is completely filled out and signed.					
A copy of the charter, bylaws or other documents adopted by the organization which governs its affairs is provided with the application.					
At least one schedule is filled out and included with the application.					

CHECKLIST 7 (If an older version of form 50-119 was used, some of these questions might be N/A)

The application is completely filled out and signed.					
If Question 1 under Step 5 on form 50-119 was answered YES, a description of each transaction is provided with the application.					
A copy of the charter, bylaws or other documents adopted by the organization which governs its affairs is provided with the application.					
At least one schedule is filled out and included with the application.					

CHECKLIST 8

The application is completely filled out and signed.					
A copy of the letter or other documentation from the VA or service branch with a disability rating is included with the application.					
If the application is for a surviving spouse or child, a copy of the birth certificate or marriage certificate or documentation from the VA or service branch showing a surviving spouse or child determination is included with the application.					

CHECKLIST 9

The application is completely filled out and signed.					
The lessee signed an affidavit designating the vehicle as not held for income production and not used for the production of income.					

CHECKLIST 10

The application is completely filled out and signed.					
A determination letter from TCEQ was submitted with the application. (If the CAD does not have copies of the individual letters from TCEQ, but provides documentation from TCEQ that shows the pollution control exemption was in place for the account(s) in question for the tax year in question, then this checklist item gets a YES)					

CHECKLIST 11

NOTE: CADs must keep copies of driver’s licenses and vehicle registrations in the office. Just verifying that the items were viewed by the CAD is not sufficient.

The applicant provided a copy of his or her driver’s license or state-issued ID.					
The applicant provided a copy of his or her vehicle registration receipt OR an affidavit to that effect signed by the applicant and a copy of a utility bill in the applicant’s name for the property for which the exemption is sought.					
The address on the application matches the documentation.					

CHECKLIST 12

The chief appraiser delivered a written notice of the modification or denial to the applicant within five (5) days after the date of the determination.					
The notice included a brief explanation of the procedures for protesting his or her action.					
The notice included reasons for the denial.					

CHECKLIST 13

Steps in procedure for ARB hearings	Observed

CHECKLIST 14

<p>The procedure addresses specific positions, or the specific process that will be followed for all job openings.</p>	
<p>The procedure references using existing or new job descriptions for the hiring position and/or the CAD has job descriptions established.</p>	
<p>The procedure for advertising explains how the position will be advertised (e.g., TAAD, TAAO, Work-in-Texas, newspapers, websites, etc.) and what needs to be included in the advertisement, which could include:</p> <ul style="list-style-type: none"> • Position title • Minimum experience required • Minimum education required • Description of job duties • Salary or salary range or salary based on experience • Due date to apply for position • How to apply for the position (e.g., by hardcopy application, online application, in person, etc.) • Location of the job • Contact information 	
<p>The procedures or other CAD documents provide for reviewing applications in ways that may include:</p> <ul style="list-style-type: none"> • How applications for positions are screened (e.g., by Human Resources, the hiring supervisor, other staff member, etc.) • Application must meet minimum requirements to be referred for interview • Applicants who do not meet screening minimums are not referred for interview. • Secondary screening criteria may be part of the procedure. <p>NOTE: A CAD may use an employment or temporary job agency for screening some job candidates.</p>	
<p>The procedures address the interview process and items such as:</p> <ul style="list-style-type: none"> • Candidates for a specific position are interviewed using the same set of written questions. • Questions are approved by Human Resources, chief appraiser or designee, or hiring supervisor/manager. (optional) • Questions relate to the functions of the position or skills or qualities required for the position. 	
<p>The procedures address the selection process with items such as:</p> <ul style="list-style-type: none"> • Minimum criteria are set for selection of a candidate. • Process explains how the most qualified candidate is determined. • Process outlines how job is offered to most qualified candidate. • Procedures outline process when most qualified candidate declines position. 	

NOTE: It is acceptable for CADs to have procedures that include the use of employment or temporary job agencies that may provide job screening functions, etc.

