

**FALLS COUNTY APPRAISAL  
DISTRICT  
BIENNIAL REAPPRAISAL PLAN  
2015-2016**

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# Falls County Appraisal District

## Biennial Reappraisal Plan 2015-2016

### INTRODUCTION

#### *Scope of Responsibility*

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

The Falls County Appraisal District (Falls CAD) is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A member Board of Directors, appointed by the taxing units within the boundaries of Falls County, constitutes the district's governing body. The chief appraiser, appointed by the Board of Directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for local property tax appraisal and exemption administration for 22 jurisdictions or taxing units in the county. Each taxing unit, such as the county, a city, school district, etc., sets its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Property appraisals and estimated values by the appraisal district allocate the year's tax burden on the basis of each taxable property's market value. We also determine eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, charitable or religious organizations and agricultural productivity valuation.

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

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

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41), real property inventory (Sec. 23.12), dealer inventory (Sec. 23.121, 23.124, 23.1241 and 23.127), nominal (Sec. 23.18) or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec. 23.03). The owner of real property inventory may elect to

have the inventory appraised at its market value as of September 1<sup>st</sup> of the year proceeding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1<sup>st</sup>.

## **TAX CODE REQUIREMENT**

### **Sec. 6.05 (i). Appraisal Office.**

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

### **Sec. 25.18. Periodic Reappraisals.**

(a) Each appraisal office shall implement a plan for periodic reappraisal of property approved by the board of directors under Section 6.05(i).

(b) The plan shall provide for the following reappraisal activities all real and personal property in the district at least once every three years:

(1) identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;

***The Falls County Appraisal District (Falls CAD) receives listings of all deeds filed with the Falls County Clerk's office. Deeds are read and abstracted by clerical staff in the deed department of Falls CAD. Information is recorded in the computer assisted mass appraisal system (CAMA) software including grantor, grantee, date of recording, volume and page. Property identification numbers are assigned to each parcel of property.***

***Business personal property is located by canvassing the county street by street, using data sources such as yellow pages, sales tax permit holder lists and other business listing publications to ensure that all property owners are located. All businesses are mailed a rendition about January 1 of each year. Owners are required by law to list all their business personal property. Failure to render results in an automatic 10% penalty and a possible 50% penalty if a false rendition is filed. Lists of commercial vehicles are also purchased annually and these vehicles are tied to appropriate business accounts. Renditions are also required of utility companies, railroads and pipelines.***

*Oil and gas wells are discovered using Texas Railroad Commission records. Production records are processed by a contracted appraisal firms. Ownership is determined by records known as division orders.*

*Falls CAD utilizes a highly developed geographic information system (GIS) that show ownership lines for all real estate. Aerial photography is interfaced with the GIS for an additional layer of vital information.*

(2) identifying and updating relevant characteristics of each property in the appraisal records;

*All real estate is physically reviewed once every three years. Geographical work areas equalized by numbers of parcels have been developed for each year of the three-year reappraisal cycle. In 2015, 30 percent of Marlin ISD is scheduled to be reappraised. This school district, in terms of area, comprises approximately forty percent of the districts' area. Also included in the 2015 reappraisal effort is the northwest part of Chilton ISD, the west one-half of Troy ISD, Robinson ISD and Lorena ISD. In 2016, all commercial properties in Marlin ISD will be reappraised.*

*See Exhibit A of this plan for the proposed 2015 and 2016 work schedules and area map. A category breakdown of properties to be appraised within each school district is also included.*

*Falls CAD contracts with an appraisal firm that specializes in the appraisal of residential and commercial property. Appraisers drive the county and gather data about each home, commercial business or vacant tract. The appraisers walk from property to property measuring the structures and noting the condition of the property and noting any changes to the property since the last physical inspection. Pictures are taken to capture the property's current quality and condition. The appraiser notes the date of the physical inspection on the field card and that information along with any property changes is entered in the CAMA system. The pictures are stored in the CAMA system and used to assist the appraiser in making decisions in the office. Other data stored in the CAMA system includes an exterior sketch of the improvement which allows for the calculation of square footage for the building and its components such as, garages, porches, patios, and other structures not attached to the main improvement. Other property characteristics maintained in the CAMA systems are components found within the building such as bathrooms, fireplaces, air conditioning, roof type, wall heights and exterior finish. New property is discovered using building permits, utility hook up permits and driving the county.*

*Rural acreage is inspected to verify existing agricultural and wildlife management use. New applications for agricultural and wildlife management use are inspected annually.*

*Business personal property is physically inspected annually. The quality and density of inventories are determined as of January 1 and the age and condition of furniture, fixtures, machinery and other equipment is noted. If the appraiser's observation differs from that of the rendition filed by the business owner, additional information is requested from the business owner and sometimes a value that differs from the rendered value may be assigned.*

*Falls CAD contracts with an appraisal firm that specializes in the appraisal of oil and gas properties, utilities, railroads and pipelines. Specialized software is used to determine well production, decline and*

*economically recoverable reserves. The reserves are appraised discounting for the time it will take to recover them from the earth. Utility companies, railroad and pipelines are appraised using the income approach, where the net income is capitalized and allocating the resulting value to the various taxing entities in the county.*

(3) defining market areas in the district;

*Market areas are defined and determined by market activity (sales). Historically, Falls CAD has not experienced sufficient market activity (sales) to identify significant market differences based on location or property type, therefore, the county's 12 school districts are defined as the CAD's market areas for statistical market analysis. For 2015 and 2016, Falls CAD has identified the following market areas: Bremond ISD, Bruceville-Eddy ISD, Chilton ISD, Groesbeck ISD, Lorena ISD, Marlin ISD, Mart ISD, Riesel ISD, Robinson ISD, Rosebud-Lott, ISD, Troy ISD and Westphalia ISD. Sales are collected by mailing sales confirmation/verification letters to recent buyers, from realtors, fee/land appraisers and neighboring CADs. For purposes of statistical analysis and appraisal schedule maintenance, Falls CAD conducts ratio studies for property categories by school district.*

(4) identifying property characteristics that affect property value in each market area, including:

(A) the location and market area of property;

(B) physical attributes of property, such as size, age, and condition;

(C) legal and economic attributes; and

(D) easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;

*Each parcel of property has detailed information recorded in the CAMA system. Land attributes consist of legal description, dimensions, zoning, size, utilities, road access and any other special, unique or legal characteristics are noted and used for developing schedules and defining market areas. Each improvement record consists of a current sketch with measurements, a photograph of the improvement and individual property characteristics such as class, construction quality, year of construction, roof covering and style, exterior finish, number of bathrooms, fireplaces, heating and air conditioning, pools, out buildings and other attributes specific to the improvement.*

(5) developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;

*Falls CAD's computer assisted mass appraisal (CAMA) system utilizes an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics. The model uses the cost approach to value to estimate the original cost of each building component. Market sales are studied for improvement*

*contributions in each market area and adjustments to cost schedules are applied to each improvement via depreciation and market adjustment factors.*

*Similar models are used when appraising apartments, commercial and industrial properties, but market sales and income data are key components of the valuation process for these properties.*

(6) applying the conclusions reflected in the model to the characteristics of the properties being appraised; and

*Falls CAD uses conclusions reflected in appraisal model results to construct and maintain property classification guides identifying minimum property characteristics typical for each property class. By utilizing sales data for each neighborhood and market area, conclusions concerning age, quality, condition, construction components, depreciation and other variables are tested against the model's results.*

(7) reviewing the appraisal results to determine value.

*Falls CAD tests the results of its appraisal model values (appraisals) against market data (sales) to determine the accuracy and level of appraisal, as well as to monitor the integrity of the appraisal model (CAMA). Ratio study results are used to maintain and update appraisal schedules to achieve market value appraisals. Sales ratios are performed for each neighborhood and market area to determine if values assigned by the model fall within a 95% - 105% confidence interval level.*

### **REVALUATION DECISION (REAPPRAISAL CYCLE)**

The Falls County Appraisal District by policy adopted by the Chief Appraiser and Board of Directors reappraises all property in the district at least once every three years, as required by Section 25.18, Property Tax Code. All real estate is physically reviewed once every three years. Geographical work areas equalized by numbers of parcels have been developed for each year of the three-year reappraisal cycle. Business personal property, oil and gas property, railroads, pipelines, utilities and other industrial property are appraised annually. A reappraisal rotation will be administered to ensure that all three geographic areas are reappraised within the three-year period. School Districts or geographic areas scheduled for reappraisal for 2015 and 2016 are as follows:

2015

Approximately 30% of Marlin ISD  
Northwest portion of Chilton ISD  
West one-half of Troy ISD  
Robinson and Lorena ISD

2016

All commercial properties in Marlin ISD



The reappraisal year is a complete appraisal of all properties in the geographic area; therefore both years covered by this plan are reappraisal years.

### **REAPPRAISAL YEAR ACTIVITIES**

1. Performance Analysis - The equalized values from previous appraisal year are analyzed with ratio studies to determine appraisal accuracy and appraisal uniformity overall and by market area within property categories. Ratio studies are conducted in compliance with the current *Standard on Ratio Studies* of the International Association of Assessing Officers.
2. Analysis of Available Resources - Staffing and budget requirements for appraisal year 2015 are detailed in the 2015 appraisal district budget, as adopted by the Board of Directors. Existing appraisal practices, which are continued from year to year, will be identified and methods utilized to keep these practices current will be specified by district management. Information Systems (IS) support is detailed with year specific functions identified and system upgrades scheduled as necessary. Existing maps and data requirements are specified and updates scheduled as required.
3. Planning and Organization – A calendar of key events with critical completion dates is prepared for the district. This calendar identifies the key events for the preparation of the appraisal roll. A calendar is prepared and included for appraisal years 2015 and 2016. Production standards for field activities are calculated and incorporated in the planning and scheduling process in order to reach goals set by both district management and the Tax Code.
4. Mass Appraisal System – Computer Assisted Mass Appraisal (CAMA) system revisions required are specified and scheduled with Information Systems and the district's software vendor. All computer forms and IS procedures are reviewed and revised as required.
5. Data Collection Requirements – Field and office procedures are reviewed and revised as required for data collection. Activities scheduled for each appraisal year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties on a specific cycle, and field or office verification of sales data and property characteristics.
6. Pilot study by appraisal year – New and/or revised mass appraisal models/schedules are tested each appraisal year. Ratio studies, by market area, are conducted using proposed values each appraisal year. Proposed values in each category are tested for accuracy and reliability using standardized testing procedures and ratio study statistics.
7. Valuation by appraisal year - Using market analysis of comparable sales and locally tested cost data, valuation models will be specified and calibrated in compliance with the supplemental standards from the International Association of Assessing Officers and the *Uniform Standards of Professional Appraisal Practice*. The calculated values will be tested for accuracy and uniformity using ratio studies
8. The Mass Appraisal Report – Each appraisal year the required Mass Appraisal Report will be prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad

valorem tax calendar (on or about May 15<sup>th</sup>). The Mass Appraisal Report is completed in compliance with STANDARD RULE 6 – 8 of the *Uniform Standards of Professional Practice*. The signed certification of the Chief Appraiser is compliant with STANDARD RULE 6 – 9 of USPAP.

9. Value Defense – Evidence to be used by the appraisal district to meet its burden of proof for market value and appraisal equity in both informal and formal hearings if specified and tested as applicable.

### **APPRAISAL RESOURCES**

The Falls CAD staff consists of the chief appraiser, deputy chief appraiser, staff appraiser, bookkeeper, receptionist and contract appraisers for residential, commercial, oil and gas, railroads, pipelines, utilities and other industrial properties. The chief appraiser and deputy chief appraiser are Registered Professional Appraisers. All appraisers, local and contract, are registered with the Texas Department of Licensing and Regulation.

Falls CAD appraisers are actively involved in the discovery, listing, and appraisal of all types of property. Properties are grouped by location, type, use, quality, and a variety of other quantitative data elements. A common set of data characteristics on each specific type of property is observed, listed, and collected during field inspection. See Exhibit A for a list of the property categories appraised by Falls CAD.

### **COMPUTER RESOURCES**

Data is collected in the field and entered to the computer. The Falls CAD appraisal software is a CAMA system (computer assisted mass appraisal). This system contains cost and depreciation schedules that utilize common data elements to assist in creating base values.

### **MAPPING RESOURCES**

Falls CAD utilizes a Geographic Information System (GIS) to maintain parcel data and maps for all of Falls County. Aerial imagery is integrated into the GIS as another resource of appraisal information.

### **INFORMATION SOURCES**

Falls CAD collects data on local and regional economic forces that may affect value. Locational forces are carefully observed as we find location to be the most significant factor in determining the market value of property in our geographic area. General trends in employment, interest rates, availability of vacant land, and new construction trends are closely monitored. Falls CAD obtains information from local realtors, mail surveys, brokers, appraisers, and a variety of other sources, such as Marshall & Swift and The Appraisal Institute.

In early 2014, a new flyover was conducted and completed. The new Pictometry was installed in June 2014 and has the change finder capabilities. This will be a vital resource for the 2015 tax year.

## **PLANNING AND ORGANIZATION**

A calendar of key events with critical completion dates is prepared for the district. This calendar identifies the key events for developing the appraisal roll. Production standards for field activities are calculated and incorporated in the planning and scheduling process. This plan encompasses the normal processes carried out for each year by the district; therefore catastrophic events or significant legislative action may have a detrimental effect to the district's operation and require changes to this plan. See **Exhibit B** for Falls CAD's calendar of key events.

### **THE DATABASE**

The Falls CAD database was constructed from property data obtained originally from Falls County in 1986. Data received was on-site field-inspected and revised to create the foundation for our current database. Since the inception of the Falls CAD, this data-base has been continually updated to recognize the current status of the property records. A variety of programs designed to discover changes that may occur to data elements are maintained. Property inspections or drive-outs occur as the result of information gathered during various forms of analysis. Building permits, field review, renditions, reports of value, local news publications, tax offices, and the public are but a few of the sources of information considered during the discovery phase of the appraisal process. Information from building permits is compiled from local taxing units.

Data collection in the field requires preparation of maps, computer generated appraisal cards, and coordination of staff. Properties are grouped by type and prior to the start of the fieldwork. State Property Tax Assistance Division (PTAD) property types include Residential, Multi-Family, Commercial, Industrial, Farm and Ranch, Vacant Land and Acreage, Oil, Gas, and Mineral, Utilities, Business Personal Property, and other Special Inventory types.

### **APPROACHES TO VALUE**

Value occurs in many different forms. Numerous and varied forces and influences combine to create, sustain, or destroy value. The appraiser must define the type of value sought in order to compile and analyze all relevant data, giving due consideration to all factors which may influence value. The appraisal is simply an opinion of value and the accuracy and validity of the opinion can be measured against the supporting evidence from which it was derived along with its accuracy against the actual behavior of the market. An appraiser must adequately and fully obtain, document, and then interpret the evidence into a final estimate of value.

Appraising real property is an exercise in reasoning. It is a discipline and, like any discipline, it is founded on fundamental economic and social principles. From these principles evolve certain premises which, when applied to the valuation of property, serve to explain the reaction of the market. This section concerns itself with those concepts and principles basic to the property valuation process.

The processing of data into a conclusion of value generally takes the form of three recognized approaches to value: the Cost, Market, and Income Approaches to Value. Underlying each approach is the principle

that the justifiable price of a property is no more than the cost of acquiring and/or reproducing an equally desirable substitute property. The use of one or all three approaches in the valuation of a property is determined by the quantity, quality, and accuracy of the data available to the appraiser.

### *The Cost Approach to Value*

The Cost Approach to Value is an appraisal analysis that is based on the economic principle of substitution that suggests that an informed purchaser would not pay more for a property than the cost of reproducing a substitute property with the same utility. The Cost Approach involves estimating the cost of the improvements new less all forms of depreciation (physical, functional, economic) plus the value of the site. If an improvement has no accrued depreciation, then and only then is cost equal to value.

Steps in the Cost Approach include:

1. Estimate the value of the site as if vacant
2. Estimate reproduction<sup>1</sup> (or replacement<sup>2</sup>) cost new of the improvements
3. Estimate accrued depreciation
4. Deduct the accrued depreciation from the reproduction (or replacement) cost new to obtain an estimate of the present worth of the improvements
5. Add the present worth to the site value to obtain the indicated value. The significance of the Cost Approach lies in its extent of application - it is the one approach that can be used on all types of properties. The cost approach is a starting point for appraisers and therefore a very effective “yardstick” in any equalization program for ad valorem taxes. Its widest application is in the appraisal of properties where lack of adequate market and income data preclude the reasonable application of the other two approaches to value.

<sup>1</sup> Reproduction cost is the cost to construct an exact duplicate at current prices.

<sup>2</sup> Replacement cost is the cost to construct a building of equal utility to the building being appraised but with modern materials and according to current standards.

### *The Market Approach to Value*

The Market Approach to Value is an appraisal analysis that involves the compiling of sales and offerings of properties that are comparable to the property being appraised. The sales and listings are then adjusted for differences and a value range obtained. The Market Approach is reliable to the extent that the properties are comparable and the appraiser’s judgment of property adjustments is sound. The procedure for utilizing this approach is essentially the same for all types of property with the only difference being the elements of comparison.

The significance of the Market Approach lies in its ability to produce estimates of value that directly reflect the attitude of the market. Application is contingent upon the availability of comparable sales, and therefore finds its widest range in the appraisal of vacant land and residential properties.

### *The Income Approach to Value*

The Income Approach to Value is an appraisal technique that measures the present worth of the future benefits of a property by capitalization of the net income stream over the remaining economic life of the property.

The Income Approach involves making an estimate of “effective gross income” which is derived by deducting vacancy and collection losses from the estimated economic rent, as evidenced by comparable properties. Operating expenses, taxes and insurance, and reserves for replacements are deducted from the effective gross income. The resultant net income is capitalized into an indication of value.

The Income Approach has its basic application in the appraisal of properties universally bought and sold for their ability to generate and maintain an income stream. The effectiveness of the approach lies in the appraiser’s ability to relate to the changing economic environment and to analyze income yields in terms of their relative quality and durability.

In theory, the market value of a property should be equal to the present value of its future income. The simplest capitalization formula is  $V = I/R$  (present value of the property = annual net income expected in the future divided by the rate [interest, risk, or discount rates]). For an asset that declines in value over time, the appropriate capitalization formula is  $V = (I/R) [1 - 1/(I + R)^N]$  where N equals the number of years that the asset will be in use. The resultant capitalization rate is the hoped-for or expected rate of return. It is the rate necessary to attract capital to the investment.

Section 23.012 of the Texas Property Tax Code (effective January 1, 2004) requires the chief appraiser, when using the income approach, to:

1. Analyze available comparable rental data or the potential earnings capacity of the property, or both, to estimate the gross income potential of the property;
2. Analyze available comparable operating expense data to estimate the operating expenses of the property;
3. Analyze available comparable data to estimate rates of capitalization or rates of discount; and
4. Base projections of future rent or income potential and expenses on reasonably clear and appropriate evidence.
5. In developing income and expense statements and cash-flow projections, the chief appraiser shall consider: (1) historical information and trends; (2) current supply and demand factors affecting those trends; and (3) anticipated events such as competition from other similar properties under construction.

Commercial properties located in Falls County most likely subject to the income approach are hotels, motels, apartments and shopping/strip centers.

### **VALUATION PROCESS**

All taxable properties in the District are valued by the aforementioned cost schedule using a comparative unit method. Falls CAD schedules are constructed based on a schedule developed originally by a Marshall & Swift, and periodically modified to reflect the current Falls CAD market place. The cost schedules are tested against commonly accepted sources of building cost information, such as local builders to determine accuracy and cost estimates are also compared to analysis of the local market to determine level of appraisal.

## **RESIDENTIAL MARKET ANALYSIS**

Market (sales) analysis is performed throughout the year. Both, general and specific data is collected and analyzed. There are a number of economic principles that relate to the market value of property. The principle of supply and demand is an important economic principle that must be considered by appraisers. There are a number of others including economic trends, national, regional, and local trends that affect the value of properties located in our various tax jurisdictions. An awareness of physical, economic, governmental, and social forces is essential in understanding, analyzing, and identifying local trends that affect the real estate market.

## **DATA COLLECTION**

Data collection in the field requires preparation of maps, computer generated appraisal cards, and coordination of appropriate staff members to begin the process. Properties are grouped by type and location prior to the start of the fieldwork. This process requires coordination and supervision during all phases. Fieldwork is distributed to appraisers based on property type and location. Often, field appraisers are coordinated to work in areas in which they are experienced and familiar. The appraisers are trained in the techniques of listing, measuring, classifying, and appraising of property. Depreciation is also considered during the field inspection phase of the appraisal process.

## **BASIC MEASURING PROCEDURES**

In any reappraisal the foundation for the initial cost approach is the improvement sketch, appraisers are trained in the following way. Neatly draw an outline in the space provided on your field worksheet. Draw the improvement with the front of the structure toward you, or as it faces the street. Draw the improvement in approximate proportion to its size. Second floor drawings are drawn separate from the main level and noted appropriately.

Appraisers are trained to measure completely around the structure. They are then required to check the sums of overall measurements along the front with those in the rear and side-to-side. Appraisers start measuring at one corner of the structure; they are required to label areas accurately while in the field. Often used residential building terms and roof shapes are shown in the Falls CAD appraisal manual.

## **DEPRECIATION**

Falls CAD depreciation tables are based on an extended life theory, which encompasses a remaining life and effective age approach. Further, the Falls CAD depreciation system also incorporates a CDU (condition, desirability, and utility rating system. The CDU rating system provides a logical reasoning process by means of which normal age depreciation may be modified according to the appraiser's best determination of the relative loss of value in a structure as compared with the average loss that might be expected.

The extended life expectancy theory explains that the increased life expectancy due to seasoning and proven ability to exist will in fact increase the total life expectancy the longer it continues to exist. Since otherwise similar structures depreciate at lesser or more rapid rates than what is considered to be average, the combination of extended life expectancy and CDU (condition, desirability, and utility) rating system provide an accurate means to assign depreciation in a mass appraisal effort. The Falls CAD depreciation

table is based on typical life expectancies, adjusted by CDU ratings, and is periodically tested using case studies. Information discovered during the field inspection process is listed on the appraisal card while the appraiser is at the subject property. Once the field inspection is complete, the appraisal cards are returned to the office for quality control inspection, keypunch data entry, and verification.

Once the necessary data has been entered to the CAMA system, a computer driven mass appraisal cost system is activated and a base cost of replacement cost new, less depreciation is calculated. As such, the record is prepared for statistical analysis.

### **FIELD REVIEW**

During all phases of the appraisal operation, analysis reveals properties that do not fit the necessary tolerance of the statistical profile. As such, the need arises for additional field inspection. As properties are identified, they are sorted, grouped, and prepared for additional field inspection to check for the accuracy of the data elements currently listed on the records. This process is ongoing throughout the year. At all times during the appraisal phase appraisers review subjective data, such as quality of construction, condition, and all projected forms of obsolescence.

### **HIGHEST AND BEST USE ANALYSIS**

In considering the fair market value of taxable property, Falls CAD employs the principle of highest and best use analysis. Highest and best use analysis is the first step in the District's economic analysis. Highest and best use is defined as the most profitable use at a specific time. For the purpose of ad valorem property taxation in Texas, the specific time is January 1 of each calendar year. The highest and best use must be legal, physically possible, and financially feasible. Falls CAD generally considers that the current use of the property is most likely its highest and best use. In certain types of property, local zoning and deed restrictions often determine highest and best use. However, in areas of transition, it may be necessary to more carefully consider the concept of highest and best use. Highest and best use may not be the present use of the property when the agents of production are not in alignment (i.e. land, labor, capital, and management), then highest and best use of the property may not currently exist.

### **NEIGHBORHOOD ANALYSIS**

#### **Defining Market Areas**

Initially, property is considered based on its location within particular boundaries. The most common boundary used to define location is the **school district boundary**. In all types of property, valuation analysis is conducted on school districts. The IAAO defines a neighborhood as the environment of a subject property that has a direct and immediate effect on value. For our purposes, the school district boundary is the environment of the subject property

### **LAND ANALYSIS**

Land analysis is conducted via local ratio studies. Highest and best use determinations generally occur at this time. Base lot square footage rates, acreage rates, primary and residual price rates, and hard code unit prices are established during this phase of the appraisal operation. A computerized land table containing

the necessary information by school district and any other pre-specified area, assist in consistently valuing land based on its location, size, configuration, and topography elements. When possible, the sales comparison approach is used to assist in the development of unit prices. The land appraisal techniques of allocation by abstraction and allocation by ratio are used to best reflect the value of the land as vacant in areas where build-out has occurred or in areas where vacant land sales are not available.

## **APPRAISAL OF RURAL LAND**

This section provides general guidelines to assist appraisers in the market valuation of rural lands. Appraised values based on market valuation must be established for all taxable land in each taxing jurisdiction, regardless of whether the land qualified, or would qualify, for productivity valuation under either Article VIII, Section I-d of Section I-d-1 of the Texas Constitution. Market values so determined must be submitted to the Appraisal Review Board for determination of protests for all taxable land in each jurisdiction, including land that qualifies for productivity valuation. In addition, appraised values based on market valuation must be retained for land receiving productivity valuation for rollback purposes.

The rural land market can best be understood by dividing it into three distinct types of markets—the production, investment, and consumptive land markets—each based on the principal factor which influences value. Discussion of these market influences and common examples of each are presented below.

### *The Production Land Market*

The principle factor influencing value of rural land in the production land market is the income potential associated with agricultural production. In the production land market, land values will reflect the productive capacity of soils, the availability of irrigation water, and the topographic features which influence the ability of a producer to use the land for agricultural purposes.

### *The Investment Land Market*

The principal factor influencing the market value of rural land in the investment land market is the appreciation potential of land investments. The investment land market is not composed strictly of speculators who purchase land with the intent to make a quick profit by resale, but also includes individuals who purchase land for conversion into subdivisions or for other types of development. In addition, the investment land market includes individuals who purchase land as a means of preserving their capital for a later use, or as a hedge against inflation. Although investment-market influences exist in all areas of the state, they are the principal market influences in suburban areas.

### *The Consumptive Land Market*

The principal factor influencing the market value of rural land in the consumptive land market is the satisfaction that land ownership provides. The consumptive land market is often characterized by the purchase of small tracts of land to be used for recreational purposes. For instance, an individual who lives in a city or town may purchase a 10-acre tract of land in a rural area to visit on weekends with his family. Generally, the value of land located within 200 miles of major population centers is most heavily affected by consumption-market influences.



The most distinctive features of the rural land market are that all three types of market influences, in combination with supply, establish market values. For this reason, it is important that the appraiser be knowledgeable of the key factors that influence value and of the relative influence each of these factors has upon value when establishing procedures for the valuation of rural land in a jurisdiction.

### *Analysis of the Local Market*

From a practical standpoint, using a fee-appraisal approach to appraise each individual tract of land in a jurisdiction is not possible. Fee appraisers make detailed appraisals of individual parcels by obtaining comparable sales of other land in the jurisdiction and adjusting each comparable sale to the subject property to estimate the value of the subject property. In this way, fee appraisers allow market transactions that have occurred regarding other properties to define the market value of the subject property. Common types of adjustments made by fee appraisers to comparables in estimating market values of subject properties include adjustments for date of sale, for size of tract, for productivity factors, for improvement value, and for special amenities.

Falls CAD appraisers must also use market transactions to define factors that influence rural land values in their jurisdictions. However, unlike fee appraisers, these appraisers cannot compare each tract individually to each market transaction identified to make adjustments because of the volume of properties to be appraised. Falls CAD appraisers must, therefore, incorporate the factors indicated by market transactions into general standards or schedules of value. Such schedules are normally comprised of per acre prices that will be multiplied by the number of acres in an individual tract to develop an estimate of the value of the tract. Schedules of this kind should be divided into as many categories or classes as are necessary to reasonably reflect market values when applied to individual tracts of land found in the jurisdiction.

## **SALES ANALYSIS**

Falls CAD receives sales from a variety of sources including, but not limited to, field discovery, local realtors, appraisers, buyer questionnaires, protest hearings and local builders. Sales are reviewed for validity and field inspected for data accuracy. All sales are keypunched into our computer assisted sales system. The sales are classified to recognize their appropriate status, source, and confirmation codes.

## **OFFICE AUDIT**

The sales ratio analysis and associated individual property value audit or review is conducted in the office on a year around basis. As stated above, properties that do not fit a homogenous statistical profile are set aside for review by a senior appraiser. In all classes of property, a number of different reports are generated on our computer to provide information on statistical measures, i. e. percent of increase, increase from prior year, percent of change to land value, percent of change to improvement value, etc. This type of information along with the other forms of analysis described in this report often helps locate areas or property types in need of reappraisal.

## **MARKET ADJUSTMENT**

The Ratio Study Procedures provide accurate information regarding the level of appraisal of the various classes and categories of properties. For the purpose of valuing residential property, the CAD approach to

value is described by the IAAO as a hybrid cost-sales comparison approach. This commonly accepted mass appraisal technique considers local influences not always accounted for in the cost approach. The following equation explains this theory:  $MV = MA (RCN - D) + LV$ .

Where MV equates to market value, MA equals market adjustment, RCN-D is the replacement cost new of the dwelling, less depreciation, and LV is the estimate of land value based on highest and best use. Market value equals market adjustment times RCNLD + land.

In areas where the sales ratio indicates that the property located within a given market area is not being appraised at the legally permissible level of appraisal, the market adjustment process described in the previous paragraph is conducted. Base cost estimates are compared to sales and a ratio is derived. The ratio is divided into a target ratio, and a market adjustment factor is determined. Each homogenous parcel in that given market area is programmatically adjusted according to the factor derived from the process. This adjustment factor is keypunched to a computer program and each parcel is adjusted programmatically. Ongoing market analysis and delineation ensures the accuracy of this process.

### **COMMERCIAL PROPERTY VALUATION**

Falls CAD employs all three approaches to value when possible in valuing income-producing property. The primary approach used to initiate the valuation process is the cost approach to value. Each commercial property is listed according to its quantitative data elements. The data elements are keypunched to our computer and an initial cost value is calculated. The depreciation is calculated and assigned during this process so that an RCNLD of the improvements may be derived and this is added to an estimate of the land value.

Falls CAD attempts to gather and evaluate the income and expense data of these types of properties – most commonly hotels, motels, apartments and shopping/strip centers. When appropriate, one or more forms of the income approach to value are used. Information from a variety of sources is obtained and detailed analysis is undertaken. When possible, the technique of direct capitalization to derive the income approach value is used. Further, during the establishment of the capitalization rate it is always important to estimate an appropriate amount of risk when building the capitalization rate. Current market, sales, and income information to develop overall rates by class, use, location, and quality of commercial improvements are used when available.

The field inspection, valuation review, and performance analysis described throughout this report, apply to commercial as well as other types of properties. When available, the sales comparison approach to determine the fair market value of income-producing properties is also reviewed. In using the cost approach, however, it is sometimes necessary for the appraiser to utilize the unit in place, quantity survey, or historical cost method to derive accurate cost estimates.

### **PERSONAL PROPERTY VALUATION**

All income-producing business personal property located within District boundaries is subject to tax. Business use vehicles are also listed in the appraisal records and subject to ad valorem taxation. Personal property schedules are used to value business furniture, fixtures, equipment, and inventory. Additionally, personal property values are obtained by some other sources.

Business owners are required by Texas Law to render their business personal property each year. The appraiser considers rendered values during the appropriate phase of valuation analysis. Rendered values are often used as the basis for the CAD value if the value rendered is reasonable for the type of business and within acceptable ranges when compared to the Falls CAD or Marshall & Swift personal property schedules. Should the property owner choose not to render the property, or if the rendered amount does not fit acceptable ranges, then the Falls CAD schedule or the Marshall & Swift schedule is used to value the property.

Depreciation of the property is determined by the age of the property and its expected life. Valuation and depreciation schedules are included in the Falls CAD appraisal manual. Business vehicles are valued based on NADA Used Car Guide trade-in value for the particular make, model, and age of the vehicle. The Appraisal District uses a report obtained from Texas Motor Vehicle Listings to determine ownership, make, model, and vehicle characteristics to determine NADA trade-in value. This report along with the aforementioned renditions and physical observations are used to discover and list vehicles that are taxable. When adverse factors, such as high mileage, are known, appropriate adjustments are made.

### **PROCEDURES FOR RATIO STUDIES**

A ratio study is designed to evaluate appraisal performance through a comparison of appraised or assessed values for tax purposes with estimates of market value based on sales prices, and tested by measures of central tendency. The Falls Central Appraisal District will adhere to the IAAO Standards on ratio studies.

#### *Steps in Ratio Studies*

1. **Definition of Purpose and Objectives**  
Falls CAD will perform ratio studies in accordance with IAAO Standards on a periodic basis to evaluate the Appraisal District's overall level of appraisal. These studies will be used as performance analysis to determine whether value estimates are equitable and consistent with our local market place. The ratio studies performed by the Falls CAD will also be used as a tool in determining when a type, area, or class of property should be reappraised. Further, the ratio study will assist in the analysis of appraisal schedules, so that the Appraisal District might recognize the need for adjustments to the schedule.
2. **Collection and Preparation of Market Data**  
Falls CAD will collect data from a variety of sources. These sources of market data include, but are not limited to real estate companies, sales information questionnaires (mailers), grantors, grantees, personal contact, field review, closing statements, or vendors of real estate sales information. Local real estate appraisers also provide recent sales information.
3. **Matching Falls CAD Appraisals and Market Data**  
The chief appraiser will compare appraised values with sales prices on individual properties. Special care will be taken to identify a variety of non-arm's length transactions. Sales between family members, estate sales, relocation sales, and a number of other non-arm's length transactions are coded so that they may be set aside during the valuation phase of the appraisal process.
4. **Stratification**

The District performs stratification based on a variety of different criteria when there is sufficient market data to do so. When possible, sales will be stratified by school district, class, use, abstract, subdivision, or neighborhood. Analysis is performed to determine an adequate sample size for ratio studies.

#### 5. Statistical Analysis

The Chief Appraiser will perform ratio studies on a periodic basis. Ratio studies will be performed after all appraisal schedule changes to evaluate performance. The median, weighted mean, coefficient of dispersion, price related differential, standard deviation, and range will be calculated on each applicable class, category, and subdivision of property. Further, statistical analysis will be performed to identify all forms of bias in the assessment process.

#### 6. Evaluation and Use of Results

The chief appraiser will use the measures of central tendency, and the relative measures of dispersion, and all indications of variance to evaluate the District's overall level of appraisal. The general level of appraisal is judged and evaluated by the Falls CAD staff by observing all related data, including measures of central tendency. Appraisal quality within the class, category, subdivision, or neighborhood will be judged based on the relative measures of dispersion. The results will then be used to evaluate appraisal data, current schedules, practices and procedures. Sales ratio analysis may indicate areas where appraisers need additional training to improve performance and to eliminate bias in the appraisal process. Real property appraisal plans are adjusted according to ratio study indications.

Measure of central tendency and variation relates to the overall level of appraisal. Listed are three measures of central tendency and two measures of variation.

1. *Median*, the middle ratio when the ratio is arrayed in order of magnitude. If there is an even number of ratios, the median is the average of the two middle ratios.
2. *Mean*, an arithmetic average of ratios.
3. *Weighted Mean\**, a weighted average of the ratios. A weighted mean is more affected by ratios with high sales prices than by ratios with low sales prices.
4. *Coefficient of Dispersion*, measures the average percentage deviation of the ratios from the median ratio.
5. *Price Related Differential*, the mean divided by the weighted mean. This statistic has a slight upward bias. A PRD above 1.03 tends to indicate regressively. A PRD below .98 indicates progressivity.

\*A weighted mean ratio is determined by the following steps: (1) Sum the appraised values for the entire sample; (2) Sum the sales prices for the entire sample; (3) Divide the total of appraised values by the total of sales prices.

#### *Adjustments for Date of Sale*

Falls CAD will adhere to the following steps when considering adjustments to confirmed sales prices for the effects of time:

1. On-going tracking of sales and appraisal ratios over time;
2. Including the date of sale as a variable when observing monthly regression models;
3. Maintaining an ongoing analysis of re-sales;
4. Special Projects staff will compare per unit values over time in homogenous strata;
5. Observing the results and making necessary changes by isolating the effect of time through paired sales analysis.

Falls CAD monitors changes in price levels over time in ratio studies made for assessment purposes where the objective of the analysis is to estimate the level of appraisal as of the January 1 assessment date. If sales prices have generally been rising, ratios of sales that have occurred after the assessment date will tend to understate the overall level of appraisal. As such, Falls CAD will make necessary adjustments to reflect these trends. Similarly, ratios for sales that occurred before the January 1 assessment date will tend to overstate the level of appraisal. If prices are in decline, the opposite pattern would results. In each case, appropriate adjustments will be implemented to the appraisal schedules, or neighborhood adjustments will be properly modified. According to significant market trends where a sufficient number of sales indicate changes, price levels will be monitored and time adjustments made by area, class, or type of property. Falls CAD recognizes that property bases tend to change in value at different rates.

#### *Adjustments for Financing*

Falls CAD will adhere to the following steps when considering adjustments to confirmed sales prices for financing. Most sales transactions in the area reflect prevailing market trends and typical interest rates. When analysis discovers financing arrangements that do not represent prevailing conditions, appropriate adjustments will be implemented. Falls CAD will consider adjustments under the following conditions:

1. When the seller and lender are the same party and financing is not at market rates.
2. The buyer assumes an existing mortgage or lease at a non-market rate.
3. If the lenders charge the seller “points” (commonly referred to as a percentage of the loan amount) for making money available to the purchaser/borrower. Points paid by the buyer should be considered as part of the down payment and no adjustment will be implemented.

Falls CAD will adjust for financing on an as needed basis by individual parcel. Adjustments are made as warranted either upward or downward. Falls CAD will conduct the following computations when necessary. The amount of adjustment will be computed by capitalizing the difference between monthly payments based on the typical market interest rate and those based on the subject interest rate. Obviously, the sale price may not reflect the full amount because of the uncertainty of the holding period, tax considerations, etc.

When available, Falls CAD will also conduct market analysis with paired sales and statistical techniques to assist in controlling such factors. When the seller pays points, the sales price will be adjusted downward by the value of the points. When the sample size is adequate, such adjustments may be considered. However, adjustments for financing will only be considered when ample data on actual market interest rates is available. Understandably, obtaining and properly analyzing such data, as well as

determining the extent to which the market actually capitalizes non-market financing is difficult and requires careful consideration by our staff.

#### *In-House Ratio Study Plan*

1. The Falls CAD will perform quarterly ratio studies on vacant land and all improved property for all 12 school districts.
2. Ratio studies will be performed before all updates of appraised values.
3. Ratio studies will be performed after each update of appraised values.
4. Ratio studies will be performed on an as needed basis to verify the level of appraisal, vacant and/or improved property for specified areas, school district, or other natural, political, or man-made boundaries.

### **CONTINUING EDUCATION**

Falls CAD staff members undergo a variety of continuing education classes, USPAP Standards training, various classes at TAAO and TAAD conferences, the Chief Appraiser's Institute, and real estate related classes. Also, various administrative staff members are IAAO members and participate in IAAO sponsored classes.

### **NOTICING PROCESS**

Section 25.19 appraisal notice forms are reviewed, edited for updates, and the appraisal district management team approves changes. These revisions include updates from the Comptroller's Property Tax Assistance Division as well as specific legislative changes as required. Updates also include the latest copy of the Comptroller's *Taxpayers Rights and Remedies*.

### **HEARING PROCESS**

Protest hearing scheduling for informal and formal Appraisal Review Board hearings is reviewed and updated as required by protest load in order to certify by July 25 according to law. Standards of documentation are reviewed and amended as required. The appraisal district hearing documentation is reviewed and updated to reflect the current valuation process and legal requirements.

### **EQUITY PROTEST**

- Step 1: Determine the Market Value of the Subject.
- Step 2: Calculate the Subject Property's Appraisal Ratio.
- Step 3: Consider the Appraisal District's Ratio Study Evidence  
Specific Category Ratio Study for the Appraisal District

Specific Category Ratio Study for the School District

Overall Ratio Study for the Appraisal District

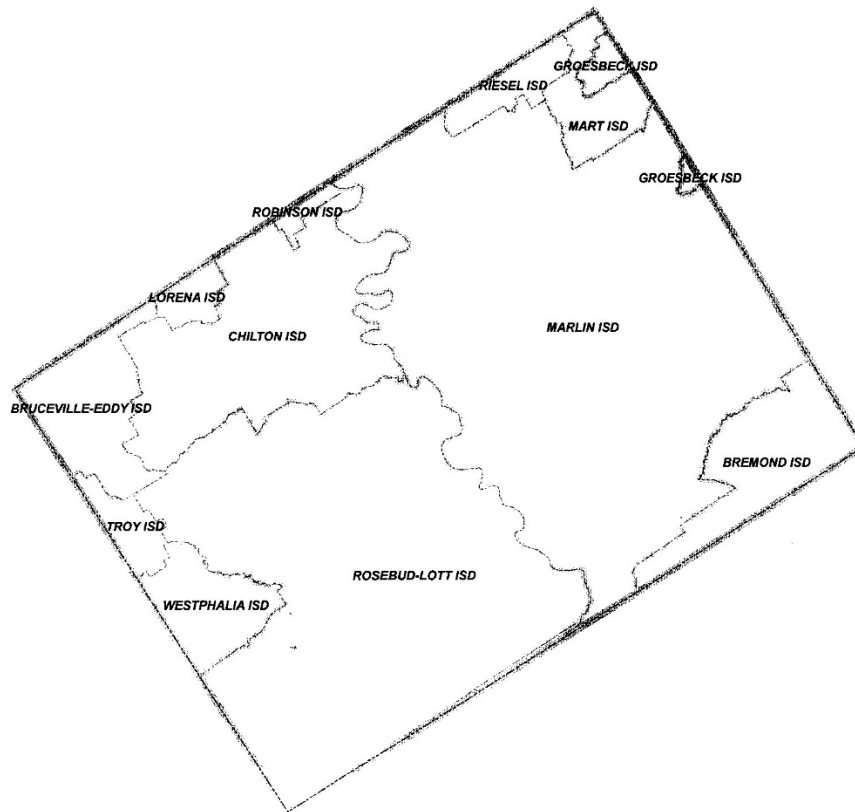
Overall Ratio Study for the School District

Step 4: Determine the Median Appraisal Ratio

Step 5: Make the Final Determination for the Subject Property

# Exhibit A





2015

Approximately 30% of Marlin ISD

Northwest portion of Chilton ISD

West one-half of Troy ISD

Robinson and Lorena ISD

2016

All commercial properties in Marlin ISD

The reappraisal year is a complete appraisal of all properties in the geographic area; therefore both years covered by this plan are reappraisal years.

Falls CAD 2015-2016 Reappraisal Plan												
Estimated Parcel Counts by ISD												
	Mart	Bruceville	Chilton	Bremond	Groesbeck	Riesel	Lorena	Marlin	Robinson	Rosebud	Troy	Westphalia
		Eddy								Lott		
A Single Family Residence	35	56	566	55	2	21	21	2734	25	1290	11	37
B Mulit Family Residence								42		11		
C Vacant Lot	38	9	259	24			3	1635	7	615	3	20
D Agricultural	196	351	853	483	17	107	107	2432	78	2711	150	272
E Farm Or Ranch Improvemet	51	52	213	95	6	65	17	473	18	523	22	85
F Commercial Real Property	1	8	38	4		1		349		186		4
G Oil And Gas			7					1		31		
H Personal Vehicles										1619		
J Industrial	12	30	28	26	3	18	8	120	5	70	4	11
L Commercial Personal	5	15	59	8		8	4	390	6	228	4	19
M Tangible Other Personal	2	17	76									
O Residential Inventory 378												
S Special Inventory								9		62		
X Totally Exempt Property	10	10	96	15	2	14	2	788	3	219	1	10

## **FALLS CAD 2015 REAPPRAISAL WORK TIMELINE (PROPOSED)**

### **August thru September**

Work 1st-2nd quarter permits

Work Rechecks (revisits and taxpayer requests)

Discover new subdivisions

Reappraisal efforts (real property inspections) for

Approximately 30% of Marlin ISD

Northwest portion of Chilton ISD

West one-half of Troy ISD

Robinson and Lorena ISD

Data Entry

### **October thru December**

3<sup>rd</sup> Quarter building permits.

Continue reappraisal efforts for

Approximately 30% of Marlin ISD

Northwest portion of Chilton ISD

West one-half of Troy ISD

Robinson and Lorena ISD

Review and analyze cost tables and compare new construction cost from all residential properties

Quality control

State Clerical Report

Review problem areas (discovered from conference hearings and current sales reports.)

Data Entry

Run sales valuation reports/ Analysis

### **January thru March**

Begin personal property inspections for all jurisdictions.

Drive out new construction areas.

Work 4th Quarter building permits

Work Rechecks

Complete reappraisal efforts by **March 31** for

Approximately 30 % of Marlin ISD

Northwest portion of Chilton ISD

West one-half of Troy ISD

Robinson and Lorena ISD

Data Entry

Quality control

Perform Sales Analysis

Test results of schedule changes with sales ratios

Analyze preliminary and final values

Audit Final Values  
 Data Entry  
 Quality control  
 Perform Sales Analysis  
 Test results of schedule changes with sales ratios  
 Analyze preliminary and final values  
 Audit Final Values

#### **April-July**

Data Entry  
 Prepare final sales reports and maps for protest season.  
 Informal/Formal procedures

#### **FALLS CAD 2016 REAPPRAISAL WORK TIMELINE (PROPOSED)**

##### **August thru September**

Work 1st-2nd quarter permits  
 Work Rechecks (revisits and taxpayer requests)  
 Discover new subdivisions  
 Reappraisal efforts (real property inspections) for  
     All commercial properties in Marlin ISD  
     Remainder of West one-half of Troy ISD not reappraised in 2015  
     Remainder of the approximate 30% of Marlin ISD not reappraised in 2015  
     Remainder of Northwest Portion of Chilton ISD not reappraised in 2015  
     Remainder of Robinson and Lorena ISD not reappraised in 2015  
 Data Entry

##### **October thru December**

3rd Quarter building permits.  
 Continue reappraisal efforts for  
     All commercial properties in Marlin ISD  
     Remainder of West one-half of Troy ISD not reappraised in 2015  
     Remainder of the approximate 30% of Marlin ISD not reappraised in 2015  
     Remainder of Northwest Portion of Chilton ISD not reappraised in 2015  
     Remainder of Robinson and Lorena ISD not reappraised in 2015

Review and analyze cost tables and compare new construction cost from all residential properties  
 Quality control  
 Review problem areas (discovered from conference hearings and current sales reports.)  
 Data Entry  
 Run sales valuation reports/ Analysis

**January thru March**

Begin personal property inspections for all jurisdictions.

Drive out new construction areas.

Work 4th Quarter building permits

Work Rechecks

Complete reappraisal efforts by **March 31** for

- All commercial properties in Marlin ISD

- Remainder of West one-half of Troy ISD not reappraised in 2015

- Remainder of the approximate 30% of Marlin ISD not reappraised in 2015

- Remainder of Northwest Portion of Chilton ISD not reappraised in 2015

- Remainder of Robinson and Lorena ISD not reappraised in 2015

Data Entry

Quality control

Perform Sales Analysis

Test results of schedule changes with sales ratios

Analyze preliminary and final values

Audit Final Values

**April-July**

Data Entry

Prepare final sales reports and maps for protest season.

Informal/Formal procedures

# Exhibit B

## FALLS CAD ANNUAL EVENTS CALENDAR

-	Event	Dept/Staff	Comments:
<u>January</u>	<i>*Source-Property Tax Calendar</i>		<i>*Property Tax Code</i>
-			
1	<b>New Appraisal Year - Dept's begin working on:</b>		
•	Accounts flagged for review, 4th quarter building permits, and pick-up of	Appraisal	
	new construction continues		
•	Sales Ratio Analysis begins	Appraisal	
•	New businesses, work sales permits, renditions & Mobile Home Park tenant lists	Personal Prop	
•	Mail & process Homestead Exemptions for new owners	Taxpayer Info	
•	Continue setting up new subdivision plats & ownership updates & map projects	Mapping	
1	<i>*Date that values and qualification for certain exemptions are determined</i>		<i>*Sections 11.42,23.01,</i>
	<i>(except for inventories appraised Sept. 1).</i>		<i>23.12</i>
2	<i>*Date rendition period begins; continues through April 15th</i>		<i>*Section 22.23</i>
•	Print & Mail BPP Renditions- businesses, watercraft & aircraft	Personal Property	
•	Submit Ad to newspapers- <b>Low Income Apartment Cap Rate</b>	Admin/Com	<i>*Sec.11.1825</i>

-	Event	Dept/Staff	Comments:
		m Appr	
•	Administer Oath of Office to newly elected Board of Directors (chosen in	Admin/ARB Dept.	BOD-at scheduled meeting
	uneven yrs)& ARB Members (every year-staggered terms).		ARB-at scheduled meeting
•	Board of Directors Approve: Investment Policy &	BOD	BOD-at scheduled meeting
	Agricultural Advisory Board		
•	Accountant submits District's Investment Policy for approval by CAD's BOD.	Accounting	at scheduled BOD meeting
31	<i>*Deadline-Texas Comptroller's preliminary Property Value Study.</i>	Appraisal	<i>*Section 403.302</i>
	<i>*Last day for chief appraiser to deliver applications for agricultural designation</i>	Appraisal	<i>*Section 11.44 , 23.43</i>
	<i>and exemptions requiring annual applications.</i>		
	<i>*Last day for appraisal district to give public notice of capitalization rate</i>	Appraisal	<i>*Sec.11.1825</i>
	<i>used to appraise property with low and moderate income housing exemption.</i>		
<b>February</b>			
1	• Second Quarter Allocation letters sent to entities	Accounting	
	• Neighborhood Adjustments begin	Appraisal	



-	Event	Dept/Staff	Comments:
15 •	Exemption verification letters mailed to entities	Administration	
17 •	Submit Ads to newspapers- <b>Taxpayer Rights &amp; Exemptions</b>	Administration	
28	<i>*Last day to request cooperative housing appraisal.</i>		<i>*Section 23.19</i>
<b>March</b>			
1 •	Test results of Neighborhood Adjustments with Sales Ratios.	Appraisal	
14	<i>*Deadline to file written appeal of PVS findings with the State Comptroller.</i>		<i>*Section 403.303</i>
•	Audit Appraisal work-clerical & market data	Appraisal	
18 •	Submit Ad to newspapers- <b>Protest &amp; Appeals Procedures</b>	Administration	<i>*Section 41.41, 41.70</i>
23 •	Submit Letter to Tax-Assessor Collectors regarding form which rolls are provided	Administration	<i>*Section 26.01(a) *by April 1st</i>
31	<i>*Last day for qualified community housing development corporations to file</i>		<i>*Section 11.182</i>
	<i>listing of property acquired or sold during the past year with chief appraiser.</i>		
	Event	Dept/Staff	Comments:
<b>April</b>			
•	<b>NOTICES ARE MAILED. Informal Hearings begin the next day.</b>	All Departments	Set up Phone Bank

-	Event	Dept/Staff	Comments:
•	***Appraisal Review Board Members attend training classes***	ARB	*Section 5.041
1	*Last day (or as soon as practicable thereafter) for chief appraiser to mail	CA/Data Process/IT	*Sections 25.19, 1.07-1.11
	notices of appraised value for single-family residence homestead properties.		
1	*Last day for the chief appraiser to notify the taxing units of the form in which		*Section 26.01(a)
	the appraisal roll will be provided for them.		
15	*Last day for property owners to file personal property renditions and property		*Section 22.23
	information reports unless they request a filing extension in writing.		
30 •	*Last day for chief appraiser to certify estimate of school district's preliminary	Chief Appraiser	*Section 26.01
	taxable value for school districts, counties & cities and send notification letters		*mail letters for delivery
	of values to each entities tax-assessor collector.		before April 30th
<b>May</b>			
-			
1 •	<b>Operations Survey</b> - sent by PTAD to be returned in 60 days	All Departments	
1 •	Third Quarter Allocation letters sent to entities	Accounting	

-	Event	Dept/Staff	Comments:
2	<i>*Last day for property owners to file these applications or reports with the CAD:</i>		<i>*Section 11.43</i>
	<i>•Some exemption applications</i>		
	<i>•Notice property no longer entitled to an exemption not requiring annual application.</i>		<i>*Section 11.43</i>
	<i>•Property no longer qualifies for 1-d &amp; 1-d-1 Ag use &amp; other special uses properties</i>		<i>*Sec. 23.43,23.54,23.75</i>
	<i>•Railroad Rolling Stock reports</i>		<i>*Sec. 24.32</i>
	<i>•Requests for separate listing of separately owned land &amp; Imps.</i>		<i>*Sec. 25.08</i>
	<i>•Requests for proportionate taxing of a planned unit development property</i>		<i>*Sec. 25.09</i>
	<i>•Request for separate listing of undivided interests</i>		<i>*Sec. 25.11</i>
	<i>•Request for joint taxation of separately owned mineral interests</i>		<i>*Sec. 25.12</i>
2	<i>*Last day (or as soon as practicable thereafter) for chief appraiser to mail notices of</i>		<i>*Section 25.19</i>
	<i>appraised value for properties other than single-family residence homesteads.</i>		
16	<b>Formal Hearings Begin</b>	ARB/Support Staff	
16	<i>*Last day for property owners to file renditions and property information reports if</i>		<i>*Section 22.23</i>
	<i>they requested an extension in writing. (Can be extended 15 days for good cause)</i>		

-	Event	Dept/Staff	Comments:
•	<i>*Last day (or as soon as practicable thereafter) for chief appraiser to mail notices</i>	CA	<i>*Sec. 11.45,23.44,23.57,</i>
	<i>of appraised value, denial of exemptions and denial of special appraisals.</i>		
•	<i>*Date (or as soon as practicable thereafter) for chief appraiser to prepare</i>	CA	<i>*Sec. 25.01, 25.22</i>
	<i>appraisal records &amp; submit to ARB.</i>		
19	<i>*Last day for chief appraiser to count taxing units' resolutions to change CAD's</i>		<i>*Section 6.061</i>
	<i>finance method.</i>		
24	<i>*Last day for chief appraiser to notify taxing units of change in the CAD's finance</i>		<i>*Section 6.061</i>
	<i>method.</i>		
31	<i>*Last day for taxing units to file challenges with ARB(or within 15 days after ARB</i>		<i>*Section 41.04</i>
	<i>receives appraisal records, whichever is later).</i>		
	<i>*Last day for property owners to file protest with ARB (or by 30th day after</i>		<i>*Section 41.44</i>
	<i>notice of appraised value is delivered, whichever is later).</i>		
	Event	Staff/Dept.	Comments
<u>June</u>			
1	<i>*Last day for religious organizations to amend charters and file new applications</i>		<i>*Section 11.20 &amp; 11.421</i>

-	Event	Dept/Staff	Comments:
	<i>for Section 11.20 exemption.</i>		
14 •	<i>*Last day for chief appraiser to submit recommended budget to CAD board and</i>	Accounting/ CA	<i>*Section 6.06</i>
	<i>taxing units(unless taxing units have changed CAD's fiscal year).</i>		<i>"before June 15th"</i>
16	<i>*Beginning date that CAD board may pass resolution to change CAD finance method,</i>		<i>*Section 6.061</i>
	<i>subject to taxing units' unanimous approval. Period ends August 15th</i>		
30	<i>*Last day for private schools to amend charters to conform with Section 11.21 &amp; file</i>		<i>*Section 11.422</i>
	<i>new applications for exemptions(or within 60 days of exemption denial, whichever later).</i>		
	<i>*Last day for CAD's to report formation of reinvestment zones and tax abatement</i>		<i>*Section 312.005</i>
	<i>agreements to the Texas Comptroller.</i>		
	• Reappraisal Plan submitted to Board of Directors *	Appraisal/C A	
<b>July</b>			
1 •	<i>*Last day for ARBs to complete review of railroad rolling stock values for</i>	ARB	<i>*Section 24.35</i>
	<i>submission to Texas Comptroller (or as soon as practicable thereafter).</i>		

-	Event	Dept/Staff	Comments:
20 •	<i>*Date ARB must approve appraisal records, but may not do so if more than 5%</i>	ARB	<i>*Section 41.12</i>
	<i>of total appraised value remains under protest. The board of directors of a CAD</i>		
	<i>with a population of 1 million or more may postpone the deadline to August 30th.</i>		
25	<i>*Last day for Texas Comptroller to certify apportionment of railroad rolling stock</i>		<i>*Section 24.38</i>
	<i>value to counties, with supplemental records after that date.</i>		
•	<i>*Last day for chief appraiser to certify appraisal roll to each taxing unit .</i>	CA	<i>*Section 26.01</i>
	The chief appraiser also shall certify the district appraisal roll to the comptroller	IT	
25 •	Secretary of CAD board of directors sends written notification to all entities of	BOD	<i>*even yrs (2012,2014,,)</i>
	public hearing about Reappraisal Plan.* (10 days prior to BOD mtg)		<i>Section 6.06(b)</i>
<b>August</b>			
•	Appraisers begin field reviews & pick-up of new construction for new year	Appraisal	
1	<i>*Last day for property owners to apply for September 1 inventory appraisal for</i>		<i>*Section 23.12</i>
	<i>the next year.</i>		
1 •	Fourth Quarter Allocation letters sent to entities.	Accounting	

-	Event	Dept/Staff	Comments:
1 •	Electronic Appraisal Report Submission (EARS) to Comptroller (after Supp 1-annually)	Commercial Appr/IT	*Section 5.07
	Comptroller will send back report in Sept-Oct. -CAD mails Report of Prop Val to entities by November 1st.		
9 •	<b>Board of Directors Elections</b> -Odd yrs.- CA notifies entities of election process.	CA	nomination forms sent
	(*mail early in month so entities can include on September Agendas)		
15 •	Mail Approved Reappraisal Plan to entities. (every 2 years)	Administration	
	<i>*Last day for CAD board to pass resolution to change CAD finance method, subject</i>		*Section 6.061
	<i>to taxing unit's unanimous consent.</i>		
	<i>*Last day for CAD board to pass resolution to change number of directors, method</i>		*Section 6.031
	<i>for appointing or both, and deliver to each taxing unit.</i>		
31 •	Submit Ad- <b>Public Hearing for CAD Budget at Board of Directors Meeting</b>	Administration	*Section 6.062 *10 days
			prior to BOD mtg
	<b>Event</b>	<b>Staff/Dept.</b>	<b>Comments</b>
31 •	Secretary of CAD Board of Directors sends entities written notification of Budget	BOD	10 days prior to Public
	Hearing during September's Board of Directors meeting.		Meeting
-	<i>*Last day for property owner to give, in writing, correct</i>		*Section 33.011

-	Event	Dept/Staff	Comments:
	<i>address to CAD for tax bill</i>		
	<i>(penalties &amp; interest waived if the bill is not sent to correct address 21 days before delinquency date).</i>		
	<i>*Last day taxing units may file resolutions with the CAD board to oppose proposed</i>		<i>*Section 6.061</i>
	<i>change in the CAD finance method.</i>		
	<i>*Last day taxing unit entitled to vote for appointment of CAD directors to file a</i>		<i>*Section 6.031</i>
	<i>resolution opposing a change by the CAD board in selection of directors.</i>		
<b><u>September</u></b>			
<b>1</b>	<i>*The following years taxable value of inventories may be determined as of this date,</i>		<i>*Section 23.12</i>
	<i>at property owner's written option.</i>		
<b>15</b> •	<i>*Last day for CAD board to adopt CAD budget, unless a district has changed its</i>	<b>BOD</b>	<i>*Section 6.06</i>
	<i>fiscal year. BOD approves budget at scheduled meeting.</i>		
	<i>*Last day for CAD board to notify taxing units in writing if a proposal to change a</i>		<i>*Section 6.061</i>
	<i>finance method by taxing units' unanimous consent has been rejected.</i>		
	<i>*Last day for CAD board to notify taxing units in writing if a proposal to change the</i>		<i>*Section 6.031</i>
	<i>number or method of selecting CAD directors is rejected by a voting taxing unit.</i>		
<b>16</b> •	<i>Approved CAD Budget is mailed to entities.</i>	<b>Administrati</b>	



-	Event	Dept/Staff	Comments:
		on	
16 •	Submit Ad to newspaper for <b>Appraisal Review Board Applicants</b> for the next year	Administrati on	
20 •	Submit Ad to newspaper for <b>Auditor</b> (even yrs) <b>Depository</b> (odd yrs). BOD approves	Accounting/ Admin	Auditor-Sect. 6.063
	in October & November meetings.* for Oct. 1st publication		Depository-Sect. 6.09
<u>October</u>			
-			
1 •	<b>CAD Board of Director Elections-<u>Before October 15</u></b> , eligible voting entities may nominate by resolution one candidate for each position on the board.*		*Odd yrs (2013, 2015, etc.)
12 •	Valuation Service Contract approval scheduled at monthly BOD meeting.*	BOD	*Odd yrs (2013, 2015, etc.)
•	Board of Directors interview & select new Appraisal Review Board members.*	BOD	*at scheduled BOD meeting
15 •	Mail copy of approved Audit report to presiding officers of taxing entities	Administrati on	Section 6.063(b)
27 •	<b>CAD Board of Director Elections-Before October 30</b> , Chief Appraiser prepares	CA	*deadline to return-Dec. 16
	ballot and delivers it to the presiding officer of each entitled voting entity.*		

-	Event	Dept/Staff	Comments:
<b><u>November</u></b>			
<b>1</b> •	First Quarter Allocation letters sent to entities	Accounting	
•	Mail Report of Property Values to Entities, TAC's & Comptroller (receive in Oct. from Comptr)	Appraisal/Admin	mailed 1st wk of Nov.
<b><u>December</u></b>			
<b>15</b> •	Mail Dealer Declaration forms(motor vehicles, vessels, manufactured houses,	Taxpayer Info	Mail before January 1
	heavy equipment, etc.)		
•	Before December 15th, the entities governing bodies shall submit their votes for new CAD Board of Directors. *		*Odd yrs (2013, 2015,etc)
	*Source Texas Property Tax Code		

