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**RESOLUTION  
OF THE  
GRAYSON CENTRAL APPRAISAL DISTRICT  
BOARD OF DIRECTORS  
REGARDING REAPPRAISAL PLAN 2015-2016**

Resolution # 2014

September 11<sup>th</sup>, 2014

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In accordance with Texas Property Tax Code Section 6.05(i):

A Public Hearing was held on September 11th, 2014 to consider the 2015-2016 Reappraisal Plan.

The 2015-2016 Reappraisal Plan was approved by the Board of Directors of the Grayson Central Appraisal District on September 11<sup>th</sup>, 2014.

PASSED, APPROVED, AND ADOPTED THIS 11 DAY OF September, 2014.



Charlie Williams, Chairman  
GCAD Board of Directors



Brett Graham, Secretary  
GCAD Board of Directors



Grayson Central  
Appraisal District  
2015-2016  
Reappraisal Plan



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# Grayson Central Appraisal District 2015-2016 Reappraisal Plan

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## INTRODUCTION

### *General Overview of Tax Code Requirement*

Passage of Senate Bill 1652 in 2005 amended the Property Tax Code to require each Appraisal District to prepare a biennial reappraisal plan. The following details the Tax Code requirements:

#### **The Written Plan**

Section 6.05, Property Tax Code, is amended by adding Subsection (i) to read as follows:

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

#### **Plan for Periodic Reappraisal**

Subsections (a) and (b), Section 25.18, Property Tax Code, are amended to read as follows:

- (a) Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05(i).
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:
  - (1) Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;

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

### ***Scope of Responsibilities***

Grayson Central Appraisal District has prepared and published this reappraisal plan to provide the Board of Directors, taxing units, citizens and taxpayers with a better understanding of the District's responsibilities and reappraisal activities. This report has several parts: a general introduction and then, several sections describing the proposed reappraisal effort by the appraisal departments within Grayson Central Appraisal District (GCAD).

GCAD 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 six member Board of Directors, appointed by the taxing units within the boundaries of Grayson County, constitutes the District's governing body. In the event that the elected Tax Assessor-Collector is not appointed, then he is automatically, by statute, a sixth member in an "ex-officio" non-voting status. The Chief Appraiser, appointed by the Board of Directors, is the chief administrator and chief executive officer of the appraisal district.

GCAD is responsible for local property tax appraisal and exemption administration for thirty-three (34) jurisdictions or taxing units in the county. Each taxing unit, such as the county, a city, school district, conservation 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 are estimated values by the appraisal district and used by the taxing units to distribute the annual tax burden. They are generally based on each property's worth or market value. GCAD also determines eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled persons, disabled veterans, and charitable or religious organizations.

The Property Tax Code states that all taxable property is appraised at its market value as of January 1<sup>st</sup>, unless special appraisal provisions are otherwise provided. 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 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 preceding the tax year to which the appraisal applies by filing an application with the chief appraiser.

The Texas Property Tax Code, under Sec. 25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. GCAD's current policy is to conduct general reappraisal of real and business personal property value continually, meaning that a property's appraised value is established and reviewed for equality and uniformity as dictated by market activity and conditions, which are monitored and interpreted each year. The district conducts an onsite field review of real property and business personal property in a portion of the county annually as part of a reappraisal cycle.

The appraised value of real and business personal property is calculated using specific information and data about each property. Using a computer-assisted mass appraisal (CAMA) program, and generally recognized appraisal methods and techniques, registered and trained appraisers compare the subject property information with the data for similar properties, and with recent market data. The district adheres to the standards of the International Association of

Assessing Officers (IAAO) regarding its appraisal practices and procedures, and subscribes to the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable. Chapter 23 of the Texas Property Tax code contains statutes dealing with appraisal methods and procedures. Section 23.01 of this chapter was amended in 1997 to specify that appraisal districts are required to comply with the mass appraisal standards of USPAP (Standard Six) when the appraised value of a property is established using mass appraisal techniques. This differs from USPAP Standard One which is applicable to individual property appraisals and is more familiar to the general public; Standard One may supersede Standard Six in the review or appeal processes or in instances where mass appraisal is not practicable. In cases where the appraisal district contracts for professional valuation services, the contract that is entered into by each appraisal firm requires adherence to similar professional standards. Policies and procedures are available at the office of each firm contracting with the District.

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## Overview of District Operations

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### *Personnel Resources*

The Office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling all district operations. The district is organized into three (3) primary departments with sub-departments therein: Finance, Administration/Support (Customer) Services and Appraisal. A director heads each department, with assistant director(s) or supervisor(s) overseeing the sub-departments where necessary.

The Finance Department's function is to plan, organize, direct and control the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities maintenance, information technology, data entry and mail service; in effect, to facilitate all functions that are district-wide in scope. Sub-departments are information technology (IT), data entry, and Appraisal Review Board (ARB) support.

The Administration/Support (Customer) Services Department's function is customer service, to interact with the public to answer routine questions, distribute information and appropriate forms, records maintenance, exemptions/agricultural administration, ARB support, data entry and facilitation of information transfer to the tax office or member taxing entities. A major sub-department is mapping/GIS (geographic information services) which maintains parcel maps and other GIS components used as a basis for all appraisal and property tax functions throughout the District.

The Appraisal Department consists of two major divisions – real estate and business personal property (BPP), with real estate further delineated between residential and commercial. The Residential Department includes appraisal of residential land and improvements, residential research, agricultural land valuation, mobile homes and residential inventory valuation. Commercial appraisal includes industrial, general commercial, apartments and vacant commercial land. Valuation of minerals and utilities and specific industrial accounts are currently performed by contractor(s).

The 2015 adopted budget provides information for employee positions and classifications broken down as follows:

- 7 - Administrative Services (including Chief Appraiser)
- 11 – Administration, Support Services, Information Technology
- 13 – Appraisal Services

### ***Staff Education and Training***

All appraisal district employees that perform appraisal work are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with The Texas Department of Licensing and Regulation (TDLR). This agency is responsible for ensuring appraisers are professional, knowledgeable, competent and ethical. This is accomplished through a statewide program of registration, education, experience, testing and certification for all property tax professionals for the purpose of promoting an equitable tax system.

Upon registration, appraisers registered with the TDLR have up to five years to take a series of appraisal courses and exams in order to achieve certification as a Registered Professional Appraiser (RPA). During each subsequent two-year period after certification, appraisers must complete an additional 30 hours of continuing education. Failure to meet these minimum standards will result in the removal of the employee from an appraiser position.

Additionally, all appraisal personnel receive extensive hands-on training in the data gathering and valuation processes. Standardized manuals are provided to ensure uniform and accurate data collection. Senior personnel provide on-the-job data collection training in the office and the reappraisal field area. Supervisors meet regularly with staff to introduce new procedures and regularly monitor appraisal activity to ensure that all personnel are following standardized appraisal methods and techniques.

## **Data**

For 2014, the district was responsible for establishing and maintaining approximately 102,124 accounts covering approximately 979 square miles within Grayson Central Appraisal District's jurisdiction. Each account contains data related to property characteristics, ownership and exemption information. Accurate ownership and legal description data are maintained by processing recorded deeds and plats that are obtained from the Grayson County Clerk's office. Exemption data is processed in conjunction with various application requirements as stipulated in the Property Tax Code.

Existing property characteristics data is updated and maintained through on-site field inspection and/or office review utilizing inspection notes, aerial photography resources, and other available materials. The property data related to new construction and other building permit activity is also collected through an annual field review effort. Each city within GCAD's jurisdiction is encouraged to promote the discovery and appraisal process by providing permit information either electronically or in paper form. Sales are routinely validated during an office review and a separate field effort when applicable; however, numerous sales are validated as part of the building permit process and annual reappraisal effort.

General demographic, economic and financial trends, construction cost, market sales and income data are acquired through various sources. These may include internally generated questionnaires to buyer and seller, public and university research centers, private market data vendors, real estate related publications and telephone contact with buyers, sellers, brokers and fee appraisers, as well as information collected from property owners and agents during the informal appeal and Appraisal Review Board process. The appraisal department staff is trained to harvest market data and other useful economic information as opportunities may present themselves.

The district has a geographic information system (GIS) that contains cadastral maps and includes various layers of data, including parcel lines, FEMA flood data, zoning, jurisdictional boundaries and aerial photography. The district's website makes a broad range of information available for public access, including information on the appraisal process and appraisal district operations, property characteristics data, certified values, protests and appeal procedures, links to other government agencies, property maps and a tax calendar. Downloadable files of related tax information and district forms, including exemption applications, ARB protest notices and business personal property renditions are also available. GCAD, through its software provider, is in the process of implementing an online rendition process for business owners that choose to file their renditions electronically; other forms of electronic transactions including the appeal process will ultimately be offered in electronic format.

## ***Information Technology Support***

The Information Technology (IT) department maintains and manages GCAD's technology Infrastructure. The various IT functions include technical support and systems deployment, computer operations, applications systems support, internet and website support functions, voice and data communications, network and personal computer workstation support, data management, GIS support of Cadastral mapping including multiple layers of GIS related intelligence, coordination of digital orthogonal and oblique aerial photography for utilization by all operating departments of the organization as well as participating taxing entities. The principal operating environment for all GCAD servers is MS SQL Server which supports relational database which are requirements of appraisal and customer service (CAMA system), GIS and website functions, all running on multiple network servers in place to support access through internal and external networks. All GCAD data structures are relational databases created and supported by commercial software vendor products, including True Automation CAMA software, ESRI GIS software, Pictometry aerial photography and global positioning software, Cougar Mountain Financial Software and Windows/Office for individual work stations. These systems provide direct support for all operating departments involved in appraisal functions, customer service, exemption administration, Appraisal Review Board support activities, as well as all reporting requirements for the taxing units and the State Comptroller's Property Tax Division.

## ***Shared Appraisal District Boundaries (Overlapping Jurisdictions)***

Shared boundaries were eliminated per HB 1010 effective January 1, 2008. HB 1010 simplifies the property appraisal system by aligning appraisal district boundaries with county lines to eliminate overlapping jurisdictions.

## ***Independent Performance Test***

According to Chapter 5 of the Texas Property Tax Code and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Division (PTD) conducts a biennial property value study (PVS) of each Texas school district within each appraisal district. As a part of this biennial study, the Code also requires the Comptroller to: use sales and recognized auditing and sampling techniques; review each appraisal district's appraisal methods, standards and procedures to determine whether the district used recognized standards and practices (MSP review); test the validity of school district taxable values in each appraisal district and presume the appraisal roll values are correct when values are valid; and, determine the level and uniformity of property tax appraisal in each appraisal district. The methodology used in the property value study includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. This study utilizes statistical analysis of sold properties (sale ratio studies) and appraisals of unsold properties (appraisal ratio studies) as a

basis for assessment ratio reporting. For appraisal districts, the reported measures include median level of appraisal, coefficient of dispersion (COD), the percentage of properties within 10% of the median, the percentage of properties within 25% of the median, and price-related differential (PRD) for properties overall and by state category (i.e., categories A, B, C, D and F1 are directly applicable to real property).

There are sixteen independent school districts in Grayson Central Appraisal District for which appraisal rolls are annually developed. The preliminary results of the Comptroller's study are released in January of the year following the year of appraisal. Following review and appeals, if any, the final results of this study are certified to the Education Commissioner of the Texas Education Agency (TEA) in the following July of each year for the year of appraisal.

This outside (third party) ratio study provides additional assistance to Grayson Central Appraisal District in determining areas of market activity or changing market conditions. Results from the upcoming 2014 Property Value Study will be reviewed and analyzed by appraisal managers. Geographic areas or property categories with any concerning ratio results will be added to the work plan for the 2015 and 2016 reappraisal cycles.

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## **Appraisal Activities**

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### ***Overall Appraisal Responsibilities***

Grayson Central Appraisal District appraisal responsibilities are divided into three major categories, residential real estate, commercial/industrial real estate, and business personal property. Although appraisers share some components of the appraisal process, residential is generally divided into major market areas, with commercial being handled on a county-wide basis. Rural and residential land and mobile homes are handled by the residential appraisers; commercial includes retail, office, apartments, industrial, vacant commercial land and other non-residential improvements; business personal property accounts are divided into three main territories except for major industrial accounts, minerals (oil & gas) and utility accounts which are currently appraised by outside contractor(s).

In both the Residential and Commercial department's appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and information processes. Accurate valuation of real and personal property by any method requires a physical description of personal property, land, and building characteristics. An effective data collection effort involves an inspection of all real and personal property accounts. It is the goal of GCAD appraisal departments to periodically complete a thorough, on-site field review of all residential and commercial properties in accordance with professional and legislative standards which require a three-year cycle. The use of aerial photography and a periodic digital photography project may also be used in meeting this goal. Business personal property data reappraisal is field-verified every two years, alternating approximately one half of the accounts each year. Ultimately, meeting these goals is dependent on budgetary constraints and staffing levels.

### ***Overall Appraisal Resources***

- **Personnel** - Grayson Central Appraisal District appraisal activities are accomplished with a staff of appraisers and clerical personnel. Staffing resource numbers are reflected in the budget, adopted by reference. These employees are generally assigned to a specific appraisal department or sub-department. Current staffing is 13 appraisers and a data entry team of four which is available for the appraisal function on a seasonal basis.

- **Data** – All appraisal functions utilize existing property characteristic information contained in a CAMA (Computer Assisted Mass Appraisal) system operating within the district's main server storage unit. This consists of the most currently updated information entered into True Automation's PACS (Property Appraisal & Collection System), which is in turn linked to the district's GIS parcel database as well as the *Pictometry* aerial photography and global positioning database. The data is collected and by manual notes that are entered by clerical staff. Other data used includes maps, sales and listing data, fire and damage reports, building permits, mechanic's liens, deeds of trust, septic permits, photos, actual cost information, etc.

## ***Appraisal Frequency and Method Summary***

*Grayson Central Appraisal District has adopted a continual reappraisal cycle*

- Residential Appraisal - Residential property is physically examined in two different phases as part of an annual pattern: First "re-inspections" are performed in designated areas to verify the physical property data, in order to make sure that this information is refreshed periodically; Second all properties that reflect changes are specifically inspected in detail – these changes may consist of building permits, or any other documents tracked in the district's data system, as listed above. In both processes, appraisers measure improvements and/or other features when necessary, determine class, year built, effective year of construction (condition) and other property characteristics and features that are used in the cost and sales comparison valuation methods. For improved properties, appraisers consider the cost, sales comparison and income approaches and then reconcile the final value, based on the quality and availability of the most accurate and credible data for each valuation approach. In considering the approaches to value, each appraiser must determine which method or methods are most appropriate. Vacant rural land is valued using comparable sales. Lot values in subdivisions are based on sales comparisons, or computed as an allocated percentage of the total value. Improved residential properties are delineated by neighborhoods and/or by classification. On an annual basis, residential appraisers, with supervisor oversight, perform statistical analysis to evaluate whether values are equitable and consistent with the market. Based on analysis of the sales activity, market adjustment factors are developed and applied to adjust the appraised values in neighborhoods, as designated by geographic areas or improvement character.

- **Commercial Appraisal** – Like residential property, commercial and industrial real estate is part of the “re-inspection” process as well as the “building permit inspection” process of specifically examining any account that reflects activity through any of the data tracking reports. Commercial and industrial properties are field observed, measured if necessary, and photographed at least once every three years to verify class, condition and other property data. The appraiser(s) determines highest and best use and defines the economic unit characteristics for a grouping of associated accounts. Economic units and neighborhoods are delineated by property type/use, in addition to geographical criteria. On an annual basis, commercial market values are established using generally accepted appraisal methods and techniques. Land values are generally determined using comparable sales and often valued by mass reappraisal by residential appraisers. For improved properties, appraisers consider the cost, sales comparison and income approaches and then reconcile the final value, based on the quality and availability of the most accurate and credible data for each valuation approach. A commercial cost approach model computes values at the account level and mass adjustment is developed using the commercial sales comparison and income approach models where data is available and considered reflective of subject properties.
- **Business Personal Property** - Business personal property (BPP) appraisers have a two year reappraisal cycle with on-site inspections of each business to verify ownership, Standard Industrial Code (SIC) classification, quality and density of inventory, furniture and fixtures and other key information. The Business Personal Property staff reappraises businesses through various discovery methods. SIC code identification and delineation is the cornerstone of the business personal property valuation system, as similar business equipment and inventories tend to share depreciation and density characteristics. The cost approach is the predominant technique used to value personal property, particularly for businesses that render in sufficient detail. Costs are tested against density schedules or comparable ranges. Depreciation tables are developed for each classification using actual historical cost data and market data from generally accepted cost valuation sources. The SIC models are reviewed and tested continually as reliable data becomes available. All business owners are required to annually file rendition reports and list key information about their tangible personal property assets they own or manage as a fiduciary. Appraisers consider information from field observations, density schedules, various cost or market publications and owner's rendition values when determining the market value of the business personal property. The BPP department coordinates communications with the contract appraisers that value minerals, utilities and industrial properties. Minerals and utilities are performed using data from the state Railroad Commission and Public Utility Commission, in addition to information obtained from operators and utility company sources.

## **Data Collection**

Business personal property accounts are physically visited and inspected to observe the character, quantity, and quality of equipment, inventory, furniture/fixtures, and vehicles. At current staffing levels only a fraction of real estate accounts can be physically inspected each year, therefore, real property is inspected in two (2) phases: general re-inspection and specific inspections. General re-inspection is intended to ensure that every property is periodically observed to correct any erroneous information that may be reflected in the district's records due to judgment or clerical errors and to detect any changes in physical characteristics, whether it is additions, demolition, enhancement, or deterioration. Each year the Chief Appraiser and Director of Appraisals, acting in concert with recommendations from the appraisal staff, assign areas to be "re-inspected", meaning that every parcel in the designated area or map(s) be inspected from the street, photographed, and if necessary going on-site to observe more detail and/or to take measurements. In general this process is strictly for data collection rather than an appraisal function. In the past, guidelines for re-inspection were for an approximate six (6) year cycle, however, this has changed to a three (3) year cycle for current and future periods. Achieving this increased level of performance will require innovative methodology, including full integration of aerial photography. The *Pictometry* aerial photography / global positioning system provides the power to scan large rural areas for changes, in addition to viewing inaccessible improvements or other property characteristics from a desktop, and ultimately from a field computer device. The second phase of field work is specific inspections; this includes visiting all properties that have been flagged due to a report of activity from one or more of the monitored data sources, including but not limited to sale, deed of trust, building permit, mechanic's lien, septic permit, fire damage report, etc. Typically these inspections are more detailed and require measurement because there is new construction. All elements are recorded, classified, and photographed; if improvements are under construction it is appropriate to inspect the interior as well as exterior. In some cases specific inspection may re-visit a property that has already been observed in the *general* inspection process. The implementation of Pictometry's Change Analysis allows appraisal staff to compare a property side by side and locate new improvements by comparing prior aerial photography with recently flown aerial photography layers. This has proven to be a vital roll in discovery, particularly in rural areas, areas that do not require permits or areas that are otherwise inaccessible to appraisers.

During the general inspection process, appraisers typically work in pairs and are provided with a map of the assigned area together with computer-generated property information sheets that can be marked-up with new or modified data during an on-site inspection. Handwritten field collected data is returned and entered into the GCAD system by an assigned staff of data entry employees.

**Field Review**

The date of last inspection, extent of that inspection, and the appraiser responsible are listed on the account record. If a property owner disputes the district's records concerning this data during a hearing, or in an informal setting, the record may be altered based on the evidence provided. When needed, a field inspection is requested to verify this evidence for the current year's valuation or for the next year's valuation. Every year a field review of certain areas or neighborhoods in the jurisdiction is done during the annual reappraisal effort.

**Office Review**

Office reviews are completed on properties where information has been received from the owner of the property, taxing jurisdictions, or other sources. Aerial photographs and digital photographs are also used to verify property characteristics. When the property data is verified in this manner, field inspections are not required.

**Performance Test**

Supervisors and appraisers are responsible for conducting ratio studies and comparative analysis to ensure accurate and equitable appraised values.

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**Residential Valuation Process**

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**INTRODUCTION**

**Scope of Responsibility**

The Residential Appraisal staff appraisers are responsible for developing equal and uniform market values for improved and vacant residential property. Residential appraisal assignments are delineated from commercial assignments on the basis of state use code guidelines, established by the State Comptroller. Generally, the residential staff approximately values the following state property codes:

A1-A4	Single family/Residential	42,444 parcels
B1	1-4 unit multi-family	740 parcels

C1/C3	Vacant Platted Lots (City, Rural)	9,693 parcels
D	Real acreage with Ag (Improved or vacant)	16,764 parcels
E	Improved farm & ranch acreage	6,966 parcels
M	Mobile homes (Does not own land)	1,750 parcels
O1	Residential inventory	1,651 parcels

Appraisal activities are separate albeit closely related to the data collection process. Appraisers spend the majority of the appraisal cycle from August through April in the field performing general and specific inspections for the purpose of collecting and verifying data to ensure that the district's physical database is as accurate as possible. The actual mass appraisal process is founded on the presumption that the physical database is reliable, therefore rendering statistical analysis valid and reliable as well. As analysis of market data and comparison to appraised values (sales ratios) proceeds, the appraisers reach conclusions and make recommendations for applying adjustments to designated areas, typically referred to as *neighborhoods*. Although appraisal analysis is ongoing throughout the year, for obvious reasons it is concentrated toward the end of the cycle to take advantage of access to the maximum amount of market data. Throughout March and April market data is continually being sorted, refined, and interpreted so that appropriate adjustments can be applied prior to issuance of appraisal notices in May. In the event that compelling evidence is discovered after the initial batch of notices is mailed, supplemental notices may be generated up until *Certification* of the appraisal roll. In some cases, according to the Property Tax Code, supplements may be done after Certification under Section 25.

### ***Appraisal Resources***

- **Personnel** - The Residential Appraisal staff consists of seven appraisers, assisted on a seasonal basis by a four member data entry team.
- **Data** - A common set of data characteristics for each residential dwelling in Grayson CAD is collected in the field and data entered to the computer. This property-specific data drives the GCAD computer-assisted mass appraisal (CAMA) approaches to valuation. Residential appraisal also requires verified sales data, actual construction cost data, and property listings. Appraisers also review various real estate related publications to determine patterns and trends in the market data.

## **VALUATION APPROACH (Model Specification)**

### ***Land Analysis***

Residential appraisers are responsible for valuation of residential lots and non-commercial rural acreage within their assigned area. With the assistance, advice, and approval of supervisory personnel, available market data is analyzed to determine what basis exists, if any, for re-valuing lots within a subdivision, or vacant land within a defined area. For lots, the unit of comparison is typically either a simple "per lot" base or a "per front foot" base. Acreage is appraised on a "per acre" basis, blending in some cases with highway frontage properties that are beginning to trade by the "square foot", and are thus assigned to the commercial valuation function. Base lot values are adjusted for specific influences, where necessary, to account for such factors as view, shape, size, and topography, among others. Abstraction and allocation methods may be used for valuing land in fully developed subdivisions where no vacant sales occur in order to ensure that the land values developed best reflect the contributory market value of the land to the overall property value. Acreage appraisals are based on a schedule developed from analysis of available sales in a defined area; typically these schedules reflect a sliding scale of value related to size, with individual properties receiving adjustments for topography, road type, shape, etc.

### ***Area Analysis***

Data on regional economic forces such as demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are collected from private vendors and public sources and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and other outside sources including continuing education in the form of TDLR courses, seminars and International Association of Assessing Officers courses.

### ***Neighborhood and Market Analysis***

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis is conducted on various areas within each of the political entities known as Independent School Districts (ISD). Analysis of comparable market sales data forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area, neighborhood or district. Market sales reflect the effects of these market

forces and are interpreted by appraisers into an indication of market value ranges for a given neighborhood. Sales also provide an indication of property component changes considering a given time period relative to the date of appraisal. Although all three approaches to value are considered, residential sales can best be interpreted and applied using two generally accepted appraisal techniques known as the cost and market or comparable sales approach. For low density, multiple family properties, the income approach to value may also be utilized, in the absence of recent sales data.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A "neighborhood" for analysis purposes is defined as the largest geographic grouping of properties where the property's physical, economic, governmental and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as "delineation". Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of discernible patterns of growth that influence a neighborhood's individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce population shift from older homes to newer homes. In the period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, in the stage of equilibrium, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline may reflect diminishing demand or desirability. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the district. Most residential analysis work, in association with the residential valuation process, is neighborhood specific. Neighborhoods are visually inspected to verify delineations based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further neighborhood specification is warranted. Whereas neighborhoods involve similar properties in the same location, in some instances it may be appropriate to establish a neighborhood group composed of similar neighborhoods in similar, but different locations to take advantage of a larger pool of market data. In other cases, such as for unusual or unique properties, e.g. log homes, super luxury homes, etc. the concept of neighborhood must be uncoupled from geography to include similar properties found within a

much larger physical area. Generally, however, sales ratio analysis is performed on the neighborhood level.

### ***Highest and Best Use Analysis***

The highest and best use of property is the most reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legally permissible, financially feasible, and productive to its maximum. The highest and best use of residential property is generally its current use. This is due in part to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas with ongoing gentrification, the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. As an example, it may be determined in a transition area that older, non-remodeled homes are not the most productive or profitable use, and the highest and best use of such property is to demolish the old homes and construct new dwellings. In areas of mixed residential and commercial use, the appraiser reviews properties on a periodic basis to determine if changes in the real estate market require reassignment of the highest and best use of a select category of properties.

## **VALUATION AND STATISTICAL ANALYSIS (Model Calibration)**

### ***Cost Schedules***

Cost schedules utilized are reviewed and adjusted periodically in order to consistently reflect market costs or any changing economic trends.

Tables are also produced in order to uniformly apply value for added amenities as determined by the marketplace. Examples may include pools, bathhouses, outbuildings, boathouses, tennis courts, and other market driven value items.

Possible adjustments for factors that may inhibit value are also in table form and are applied uniformly to any properties affected. Examples may include cracked slab, termite damage, repairs needed, etc.

The District considers all three approaches to value and recognizes the cost approach as an acceptable approach. Generally for residential property the district considers the market approach a more viable and accurate indicator due to it's being more sensitive to economic,

social, and physical characteristics of a given property, i.e. *market forces*. Hence market data is incorporated into the cost approach through the process of applying neighborhood adjustments to cost schedules, producing what is known as a *market-calibrated cost approach*.

### ***Income Models***

The income approach to value may be useful to those real properties that are typically viewed as "income producing" when sufficient income data is available and where comparable sales are not present. In the current residential market, the income approach is not generally used except for consideration of *income multipliers* in comparison of duplexes, rent houses, etc. An income multiplier is simply the relationship of monthly rent to value. For example, a property that sells for \$80,000 and is rented for \$1,000 per month has a Gross Monthly Rent Multiplier (GMRM) of 80 ( $\$80,000 \div \$1,000$ ).

### ***Sales Information***

A sales file for the storage of sales data for vacant and improved properties is a key embedded feature of the CAMA software system. Residential improved and vacant sales are collected from a variety of sources, including: district survey letters sent to buyers and sellers, field discovery, protest hearings, Board of Realtor's MLS and other sales vendors, Comptroller's Property Tax Division data, builders, realtors, and brokers. A system of type, source, validity and verification codes has been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale price information. The effect of time as an influence on price can be considered by paired sales analysis and applied in the ratio study to the sales as indicated within each neighborhood area. Neighborhood sales reports are generated as an analytical tool for the appraisers in the development and estimation of market price ranges and property component value estimates. Abstraction and allocation of property components based on sales of similar property is an important analytical tool to interpret market sales under the cost and market approaches to value. These analytical tools help determine and estimate the effects of change, with regard to price, as indicated by sale prices for similar property within the current market.

Multiple sales of the same property are considered and analyzed for any indication of price change attributed to a time change or influence and monthly time adjustments are developed. Property characteristics, financing, and conditions of sale may be compared for each property sold in the pairing of property to isolate only the time factor as an influence on price.

## ***Statistical Analysis***

The residential appraisers and supervisors perform statistical analysis annually to evaluate whether values are equitable and consistent with the market. Ratio studies are conducted on residential neighborhoods in the district to judge the two primary aspects of mass appraisal accuracy--level and uniformity of value. Appraisal statistics of central tendency and dispersion generated from sales ratios are available for each neighborhood and are summarized by year. These summary statistics including, but not limited to, the weighted mean, median, standard deviation, coefficient of variation, and coefficient of dispersion provide the appraisers a tool by which to determine both the level and uniformity of appraised value on a neighborhood basis. The level of appraised values is determined by the weighted mean for individual properties within a neighborhood, and a comparison of neighborhood weighted means reflect the general level of appraised value between comparable neighborhoods. Review of the standard deviation, coefficient of variation, and coefficient of dispersion discerns appraisal uniformity within and between neighborhoods.

The appraisers and supervisors, through the sales ratio analysis process, review neighborhoods at least annually. The first phase involves neighborhood ratio studies that compare the recent sales prices of neighborhood properties to the appraised values of these sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the sales. Based on the sales ratio statistics and designated parameters for a valuation update, a preliminary recommendation is made as to whether the value level in a neighborhood needs to be updated for the current reappraisal or in an upcoming reappraisal, or whether the level of appraised value is acceptable. The residential appraisers and supervisors perform statistical analysis at least annually to evaluate whether estimated values are equitable and consistent with the market.

## ***Market Adjustment or Trending Factors***

Neighborhood or market adjustment factors are developed from appraisal statistics provided from ratio studies and are used to ensure that estimated values are consistent with the market. The district's primary approach to the valuation of residential properties uses a hybrid cost-sales comparison approach, or *market-calibrated cost approach*. This type of approach accounts for neighborhood market influences not specified in the base building class cost tables.

The following equation denotes the hybrid model used:

$$MV = LV + ((RCN - D) \times NF)$$

Whereas the market value (MV) equals land value (LV) plus the replacement cost new (RCN) less depreciation (D) times the neighborhood factor (NF). As the cost approach separately estimates both land and building values and uses depreciated replacement costs, which reflect

only the supply side of the market, it is expected that adjustments to the cost values are needed to bring the level of appraisal to an acceptable standard. Therefore, market, or neighborhood factors are applied uniformly by building class or by neighborhood to insure equitable and accurate market values within these market areas.

If a neighborhood is to be updated, the appraiser uses a sale ratio that compares recent sales prices of properties within a delineated neighborhood by building class with the properties actual cost value. The calculated ratio derived from the sum of the sold properties' cost value divided by the sum of the sales prices by building class indicates each neighborhood's level of value based on the unadjusted cost value for the sold properties within that building class range. A common neighborhood factor for that building class is then calculated to appraise the sold properties within that neighborhood & class at 100% of market value. The calculated factor is then applied to both the sold and unsold properties within that neighborhood to insure equitable and accurate market values. This market adjustment factor or neighborhood factor is needed to trend the values obtained through the cost approach closer to the actual market evidenced by recent sales prices within a given neighborhood. The sales used to determine the neighborhood factor will reflect the market influences and conditions for either the entire neighborhood or for only the specified class(es) within a neighborhood, depending on the data, thus producing more representative and supportable values. The neighborhood factor is applied uniformly to all subject properties within the neighborhood. Once the neighborhood factor(s) is applied for a given neighborhood, the appraiser reviews the final neighborhood's ratio. This value review process may occur in the office or field if needed. GIS, aerial photography, digital photography and other resources are used during the neighborhood value review process.

### ***Property Characteristics that affect Property Values***

Physical characteristics such as size, condition, quality of construction, detail and property amenities are determined during inspections. Each of these characteristics can affect property values, so accuracy and consistency is essential. Each property is measured by inspection or by aerial photography to ensure accurate measurements. Generally, physical inspection is required to determine the condition and extent of physical deterioration. Excess deferred maintenance or above average maintenance should be noted. Aside from physical deterioration, any functional or economic obsolescence should also be considered. Determining the quality of construction is important to ensure that proper statistical analysis is completed. Detail and property amenities should be noted and analyzed to see what affect, if any, they have on property values.

## **Special Appraisal Provisions**

### ***Appraisal of Resident Homesteads***

Article VIII, Sec. 1 (i) of the Texas constitution allows the legislature to limit the annual percentage increase in the appraised value of residence homestead to 10% under certain conditions. This limitation is commonly referred to as a Homestead "Capped Value". Sec.23.23 of the Tax Code implements the cap on increases in value. The value cap begins in the second year the property qualifies for a residential homestead exemption. The assessed value of a qualified residence homestead will be the LESSER of:

- the market value; or
- the preceding year's appraised value;  
PLUS 10 percent for each year since the property was re-appraised;  
PLUS the value of any improvements added since the last re-appraisal.

Since Grayson Central Appraisal District is on an annual (continual) reappraisal cycle, the appraised value of capped properties must be recomputed annually. The appraised value of a capped homestead increases 10% annually until the appraised value is equal to the market value. If a capped homestead property sells, the cap automatically expires as of January 1<sup>st</sup> of the year following the sale of the property and the property is appraised at its market value.

### ***Residential Inventory***

Sec. 23.12 of the Property Tax Code provides the definition of market value for inventory. Inventory includes residential real property that has never been occupied as a residence and is held for sale in the ordinary course of business, if the property is unoccupied, is not leased or rented, and produces no revenue.

Residential inventory is appraised at market value. The market value of residential inventory is the price at which it would sell as a unit to a purchaser who would continue the business. The residential appraisal staff applies the same generally accepted appraisal techniques to determine the market value of residential real property inventory. Due to the rare incidence of actual market transactions of groups of residential inventory, valuation typically utilizes *Discounted Cash Flow (DCF)* analysis wherein the inventory is treated as a revenue stream with each year's projected cash flow being discounted to present value. The sum of the annual discounted cash flows represents combined value of the inventory components.

### ***Agricultural Appraisal***

The Texas Constitution permits certain kinds of agricultural land to be appraised, for tax purposes, at a productivity value rather than market value (not an exemption, per se). This value is based solely on the land's capacity to produce agricultural products. Property qualifying

for agricultural appraisal will have a substantial reduction in current taxes, compared to what taxes would otherwise be based on the market value for the property. Procedures for implementing this appraisal are based on the guidelines published in the Manual for the Appraisal of Agricultural Land, printed April 1990.

## **APPLICATION PROCESS**

It is required that an application be made before land is considered for agricultural valuation. The deadline for filing a timely application is before May 1<sup>st</sup>. Late agricultural valuation applications may be filed up to the time the appraisal roll is certified, however a penalty is imposed for late filing. After an application is filed, the property is inspected to determine its qualification.

Three criteria must be met when determining qualification.

Use - Land must be currently devoted principally to agricultural use.

Degree of Intensity - The agricultural use must be to the degree of intensity generally accepted in the area.

History of Use - The land must have been devoted principally to agricultural use for five (5) of the preceding seven (7) years. Land located within an incorporated city or town must have been devoted principally to agricultural use continuously for the preceding five (5) years.

When the land's use qualifications have been reviewed, one of three actions will be taken.

Application is Approved - Property owner is notified of the decision and the productivity land appraised value.

Application is Denied – Property owner is notified by certified mail and given 30 days to appeal the decision to the Appraisal Review Board.

Disapprove the Application and Request More Information - The application is disapproved and the applicant is allowed thirty (30) days to provide additional information, otherwise the application is denied. When requested information is provided, it is added to data already collected to arrive at a final decision.

## **INDIVIDUAL VALUE REVIEW PROCEDURES**

### ***Field Review***

The appraiser identifies individual properties in need of field review through examples such as: sales ratio analysis, ARB hearings, building permits, property owner's requests, Pictometry etc. Sold properties are reviewed on a regular basis to check for accuracy of data characteristics.

As the district's parcel count has increased through new home construction, and existing home remodeling, the appraisers are required to perform the field activity associated with each. Increased sales activity can result in a more substantial field effort on the part of the appraisers to review and resolve sales outliers. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction, condition, and physical, functional and economic obsolescence, factors contributing significantly to the market value of the property.

### ***Office Review***

Once field review is completed, the supervisor conducts a routine valuation review of all properties as outlined in the discussion of ratio studies and market analysis. Previous values resulting from a protest hearing, informal negotiation, or litigation are individually reviewed to determine if the value remains appropriate for the current year.

Once the supervisor is satisfied with the level and uniformity of value for each area, the estimates of value are prepared for a notice of proposed value.

## **PERFORMANCE TESTS**

### ***Sales Ratio Studies***

The primary analytical tool used by the appraiser and/or appraisal supervisor to measure and improve performance is the ratio study. The district ensures that the appraised values produced meet the standards of accuracy in several ways. Overall sales ratios are generated for each ISD to allow the appraiser to review general market trends within their area of responsibility, and provide an indication of market appreciation over a specified period of time. The neighborhood descriptive statistic is reviewed for each neighborhood being updated for the current tax year.

### ***Management Review Process***

Once the proposed value estimates are finalized, the appraiser and/or appraisal supervisor reviews the sales ratios by neighborhood and presents pertinent valuation data, such as weighted sales ratio and pricing trends to the Appraisal Director and the Chief Appraiser for final

review and approval. This review includes comparison of level of value between related neighborhoods within and across jurisdiction lines. The primary objective of this review is to ensure that the proposed values have met preset appraisal guidelines appropriate for the tax year in question.

## **RESIDENTIAL REAPPRAISAL PLAN OVERVIEW**

The 2015 and 2016 Residential Reappraisal Plan consists of two primary tasks – Fixed Tasks and Variable Tasks. Fixed tasks are those tasks required to be done on an annual basis and are associated with working building permits received on a monthly basis from the fourteen cities within the Grayson Central Appraisal District's jurisdictional boundaries that issue and track building permits. Variable tasks are those tasks associated with the annual reappraisal effort.

### ***Fixed Tasks***

Building permits are received monthly from several cities and are then updated to the applicable account so a physical inspection and/or an office review can take place for the current appraisal year. All significant value related building permits issued from January 1st through December 31 associated with an account will be inspected and reappraised for the applicable appraisal year. Also, included in these fixed task projections are those accounts that were partially complete in the previous year. Any property that has new construction activity as of January 1 and was not 100% complete will be noted for reappraisal the next appraisal year. This also includes those properties whereby a building permit was issued prior to January 1 but no new construction activity had taken place as of January 1 of the current appraisal year. Property data attribute information is verified and corrected based on on-site inspections as well as office review using digital photographs and aerial photography. The following data attribute information is captured on each appraisal record: land value, State Code, building class, condition, actual year built, effective year built, living area, additional improvements, total living area, garage, exterior walls, porches, decks, and other attached improvements, and site improvements including but not limited to fence, sprinklers, landscaping, pool, etc.

### ***Variable Tasks***

Variable tasks are those tasks associated with the annual neighborhood reappraisal effort. Neighborhoods targeted for reappraisal are identified through annual in-house Neighborhood Ratio Studies conducted throughout the year, but concentrated in the spring just prior to making necessary neighborhood adjustments and sending out appraisal notices. Also, included in the annual reappraisal effort are:

- New Subdivision accounts
- Account Review. Account review are those accounts where an inspection and/or office review was undertaken to correct data on an account that wasn't a result of a building permit being issued or wasn't apart of the annual neighborhood reappraisal effort. Account Reviews are typically identified from 3rd party inquiries, the sales qualification process, re-inspections initiated during the Appraisal Review Board process and/or a general review of accounts in non-reappraisal neighborhoods.

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## Commercial Valuation Process

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commercial appraiser and contract appraisal firm are responsible for establishing market  
value on any real property for which the highest and best use is determined to be non-  
residential or agricultural.

Commercial appraisal assignments are delineated from residential assignments on the basis of  
state use code guidelines established by the State Comptroller. Generally, the commercial staff  
values the following state property codes:

B2	Apartments	100 parcels
C1C	Commercial & Industrial land	960 parcels
F1-F2	Improved Commercial & Industrial	3720 parcels

Residential properties located in areas of transition to commercial, or interim-use properties, are also valued by the commercial staff or with assistance from the residential staff.

### ***Appraisal Resources***

**Personnel** - - The real property Commercial Appraisal function is currently performed by two (2) full-time staff members, assisted as needed and for cross-training purposes by various residential and BPP staff members, also assisted and overseen by the Director of Appraisals, Deputy Chief Appraiser and Chief Appraiser. Litigation and arbitration coordination for both commercial and residential is handled by the Deputy Chief Appraiser and Chief Appraiser. Various aspects of the appraisal review and myriad other activities related to property lawsuits filed against GCAD are assigned to other appropriate staff members.

**Data** - - The data used by the commercial appraiser includes verified sales of vacant land and improved properties and the pertinent data obtained from each (sales price levels, capitalization rates, income multipliers, equity dividend rates, marketing period, etc.). Other data used by the appraiser includes actual income and expense data (typically obtained through the hearings process), actual contract rental data, leasing information (commissions, tenant finish, length of terms, etc.), and actual construction cost data. In addition to the actual data obtained from specific properties, market data publications and informational data bases are also reviewed to provide additional support for market trends.

## **PRELIMINARY ANALYSIS & DATA COLLECTION**

Prior to beginning of the valuation activities for an appraisal year, the commercial staff completes a thorough review of the results of the preceding year. Goals and objectives are determined and a plan of action is established. Budget, calendar issues and resource availability are all considered. Appraisal activities must be coordinated to avoid conflicts and ensure availability of personnel. Appraisal resources, including staff and system needs are evaluated; Appraisal Review Board activity and value changes in the informal appeals process are analyzed, as well as any weaknesses revealed in the Property Value Study process. A preliminary internal ratio study is produced to identify any property category or geographic area that may require more research or analysis.

Grayson Central Appraisal District administration and personnel interact and exchange information with other assessment officials through professional trade organizations including the International Association of Assessing Officers, Texas Association of Appraisal Districts and the Texas Association of Assessing Officers.

### ***Area Analysis***

Data on regional economic forces such as demographic patterns, regional locational factors,

employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are collected from private vendors and public sources. Required continuing education is provided in the form of courses offered by the International Association of Assessing Officers (IAAO), Texas Association of Assessing Officers (TAAO), Texas Association of Appraisal Districts (TAAD) and Texas Department of Licensing and Regulation (TDLR).

### ***Neighborhood Analysis***

A commercial neighborhood, submarket, or economic area is generally considered to be comprised of the land area and commercially classed improved properties located within the boundaries of a defined geographic area. However, because of the nature of the GCAD economic area, consisting of two similar adjoining medium-sized towns surrounded by a generally rural county with several much smaller towns, the commercial market and available market data for analysis makes geographic delineation of secondary significance. Instead, commercial property neighborhoods are classified by property use, with geographic similarities within the district accorded secondary weight. Hence, comparable sales analysis for any given commercial property type are gathered from throughout the district, and then sorted by location and other characteristics that affect value.

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and organize comparable properties into smaller, manageable subsets of the universe of properties known as market areas or sub-neighborhoods. To the extent possible, properties in a *neighborhood* that has been defined by use are appraised in comparison to others that are most similar in locational features as well.

### ***Highest and Best Use Analysis***

The highest and best use is the most reasonable and probable use that generates the highest present value of the real estate, as of the date of valuation. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. It is that use that will generate the highest net return to the property over a period of time. For vacant tracts of land, the highest and best use is considered speculative but market-oriented, and is based on the surrounding land uses in a competing land market area. The appraiser must consider the most probable use that is permitted under local administrative regulations and ordinances. While its current zoning regulation may restrict a property's use, the appraiser may also consider the probability that the zoning could be changed, based on activity in the area and a city's propensity for approving zoning change requests.

For improved properties, highest and best use is evaluated as currently improved and as if the

site were still vacant. In many instances, the property's current use is the same as its highest and best use. However, the appraiser may determine that the existing improvements have a transitional use, interim use, nonconforming use, multiple uses, speculative use, excess land, or a different optimum use, if the site were vacant. Improved properties reflect a wide variety of highest and best uses which include, but are not limited to: office, retail, apartment, warehouse, light industrial, special purpose, or interim uses. Proper highest and best use analysis ensures that the most accurate estimate of market value can be derived.

"Value in use" represents the value of a property to a specific user for a specific purpose. An example of value in use is agricultural or productivity value. The Texas Property Tax Code has specific provisions for appraisal of certain types of property that require a value based on a specific use. This is significantly different than market value, which approximates market price under the following assumptions: (i) no coercion of undue influence over the buyer or seller in an attempt to force the purchase or sale, (ii) well-informed buyers and sellers acting in their own best interests, (iii) a reasonable time for the transaction to take place, and (iv) payment in cash or its equivalent.

### ***Market Analysis***

A market analysis relates directly to economic market forces affecting supply and demand that affect a group of similar or "like" properties. This study involves the relationships between social, economic, environmental, governmental, and site conditions. Current market data is gathered and analyzed including sales of commercial properties, new construction and other permit activity, new leases, lease rates, absorption rates, vacancies, typical property expenses (inclusive of replacement reserves, if recognized by the market), expense ratio trends, and capitalization rate indicators. This data is used to determine market ranges in price, operating costs and investment return expectations.

### ***Property Characteristics that affect Property Values***

Physical characteristics such as size, condition, quality of construction, detail and property amenities are determined during inspections. Each of these characteristics can affect property values, so accuracy and consistency is essential. Each property is measured by inspection or by aerial photography to ensure accurate measurements. Generally, physical inspection is required to determine the condition and extent of physical deterioration. Excess deferred maintenance or above average maintenance should be noted. Aside from physical deterioration, any functional or economic obsolescence should also be considered. Determining the quality of construction is important to ensure that proper statistical analysis is completed. Detail and property amenities should be noted and analyzed to see what affect, if any, they have on property values.

## **DATA COLLECTION / VALIDATION**

### ***Data Collection Manual***

The primary manual for classification of commercial construction and use characteristics is the Marshall and Swift Valuation Service manual, a nationally recognized cost service publication. The Marshall structural classification system is used in conjunction with the district's commercial neighborhood code system which is based on use. This combination takes into account the two major indications of value – physical characteristics and economic influences as evidenced by adaptability to actual use.

### ***Sources of Data***

Construction data is primarily gathered from building permits, mechanic's liens, septic permits, etc. With respect to commercial sales data, Grayson CAD is responsible for keeping current ownership records, hence all deed records are reviewed and a computer-generated questionnaire is mailed to both parties in the transaction (Grantor and Grantee). If a questionnaire is answered and returned, the documented responses are scanned and recorded on the account in the CAMA software system. If no information is provided, verification may then be attempted from other sources, including the principals themselves, brokers, appraisers or others active in the real estate market. Deeds of trust may also be helpful in providing some indication of the sales price. Ultimately, much of the market data collected and utilized, particularly income and expense data, is gathered in the appeals process from owners and agents seeking lower valuations. Such information includes closing statements which are the most reliable and preferred method of sales verification.

## **VALUATION ANALYSIS (Model Calibration)**

Model calibration involves the process of periodically adjusting the mass appraisal formulas, tables and schedules to reflect current local market conditions. Once the models have undergone the specification process, adjustments can be made to reflect new construction procedures, materials and/or costs, which can vary from year to year. The basic structure of a mass appraisal model can be valid over an extended period of time, with trending factors utilized for updating the data to the current market conditions. However, at some point, if the adjustment process becomes too involved, the model calibration technique can mandate new model specifications or a revised model structure.

### ***Cost Schedules***

The cost approach to value is applied to all improved real property utilizing the comparative unit method. This methodology involves the utilization of national cost data reporting services as well as actual cost information on comparable properties whenever possible. Cost models are

typically developed based on the Marshall Swift Valuation Service, but may alternately be developed directly from local market data. Cost models include the derivation of replacement cost new (RCN) of all improvements. These include comparative base rates, per unit adjustments and lump sum adjustments. This approach also employs the sales comparison approach in the valuation of the underlying land value. Time and location modifiers are necessary to adjust cost data to reflect conditions in a specific market and changes in costs over a period of time. Because a national cost service is used as a basis for the cost models, locational modifiers are necessary to adjust these base costs specifically for Grayson County. These modifiers are provided by the national cost services for the region in general, but must be localized to the greatest extent possible based on available information.

Depreciation schedules are developed based on what is typical for each property type at that specific age. Depreciation schedules have been implemented for what is typical of each major class of commercial property by economic life categories. Schedules have been developed for improvements with 15, 20, 30, 40, 50 and 60 year expected life. These schedules are then tested to ensure they are reflective of current market conditions. The actual and effective ages of improvements are noted in the CAMA database. Effective age estimates are based on the utility of the improvements relative to where the improvement lies on the scale of its total economic life and its competitive position in the marketplace.

Market adjustment factors such as external and/or functional obsolescence can be applied if warranted. A depreciation calculation override can be used if the condition or effective age of a property varies from the norm by appropriately noting the physical condition and functional utility ratings on the property data characteristics. These adjustments are typically applied to a specific property type or location and can be developed via ratio studies or other market analyses. Accuracy in the development of the cost schedules, condition ratings and depreciation schedules will usually minimize the necessity of this type of an adjustment factor.

### ***Sales Comparison Approach Models***

Although all three of the approaches to value are based on market data, the Sales Comparison Approach is most frequently referred to as the Market Approach. This approach is utilized for estimating land value and also in comparing sales of similarly improved properties to parcels on the appraisal roll. As previously discussed in the Data Collection / Validation section of this report, pertinent data from actual sales of properties, both vacant and improved, is pursued throughout the year in order to obtain relevant information which can be used in all aspects of valuation. Sales of similarly improved properties can also provide a basis for the depreciation schedules in the Cost Approach, rates and multipliers used in the Income Approach, and as a direct comparison in the Sales Comparison Approach. Improved sales are also used in ratio studies, which afford the appraiser an excellent means of judging the present level and uniformity of the appraised values.

The formula for the sales comparison approach is **Market Value = Sale Price of Comparable Properties plus or minus adjustments** (for differences between the comparables and the subject). In this model, market value is a total amount without a separation for improvement and land values. The sales comparison approach requires an adequate amount of sales data to be accurate. Various comparison units may be used depending on the property type and use. The most common comparison units are sales price per square foot and sales price per unit; however, specialized properties may be compared by other units or a combination of units. The commercial appraiser(s) keeps a manual file of market data by property type and also enters sales prices into the individual accounts in the CAMA software so that it may be retrieved individually or in a sales report by "neighborhood" (property type) code.

### ***Income Approach Model***

The income approach to value is applied to those real properties which are typically viewed by market participants as "income producing", and for which the income methodology is considered a leading value indicator. The basic formula for the income approach is **Market Value = Net Operating Income Divided by Overall Cap Rate**. This is also known as "Direct Capitalization", which is a generally accepted appraisal technique used to convert one year's stabilized income into an indication of market value.

The first step in the income approach pertains to the estimation of market rent on a per unit basis. This is derived primarily from actual rent data furnished by property owners and from local market study publications. This per unit rental rate multiplied by the number of units results in the estimate of potential gross rent.

A vacancy and collection loss allowance is the next item to consider in the income approach. The projected vacancy and collection loss allowance is established from actual data furnished by property owners and on local market publications. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. The market derived stabilized vacancy and collection loss allowance is subtracted from the potential gross rent estimate to yield an effective gross rent.

Next, secondary income is estimated per unit or as a percentage of stabilized effective gross rent. Secondary income represents parking income, escalations, reimbursements, and other miscellaneous income generated by the operations of real property. The secondary income estimate is derived from actual data collected and available market information. The secondary income estimate is then added to effective gross rent to arrive at an effective gross income.

Allowable expenses and expense ratio estimates are based on a study of the local market, with the assumption of prudent management. An allowance for non-recoverable expenses such as

leasing costs and tenant improvements are included in the expenses. A non-recoverable expense represents costs that the owner pays to lease rental space. Different expense ratios are developed for different types of commercial property based on use. For instance, retail properties are most frequently leased on a triple-net basis, whereby the tenant is responsible for his pro-rata share of taxes, insurance and common area maintenance. In comparison, a general office building is most often leased on a base year expense stop. This lease type stipulates that the owner is responsible for all expenses incurred during the first year of the lease. However, any amount in excess of the total per unit expenditure in the first year is the responsibility of the tenant. Under this scenario, if the total operating expense in year one (1) equates to \$8.00 per square foot, any increase in expense over \$8.00 per square foot throughout the remainder of the lease term would be the responsibility of the tenant. As a result, expense ratios are implemented based on the type of commercial property.

Another form of allowable expense is the replacement of short-lived items (such as roof or floor coverings, air conditioning or major mechanical equipment or appliances) requiring expenditures of large lump sums. When these capital expenditures are analyzed for consistency and adjusted, they may be applied on an annualized basis as stabilized expenses. When performed according to local market practices by commercial property type, these expenses when annualized are known as replacement reserves. Subtracting the allowable expenses (inclusive of non-recoverable expenses and replacement reserves) from the effective gross income yields an estimate of net operating income.

Rates and multipliers are used to convert income into an estimate of market value. These include income multipliers, overall capitalization rates and discount rates. Each of these is used in specific applications. Rates and multipliers also vary between property types, as well as by location, quality, condition, design, age and other factors. Therefore, application of the various rates and multipliers must be based on a thorough analysis of the market.

Capitalization analysis is used in the income approach models. This methodology involves the capitalization of net operating income as an indication of market value for a specific property. Capitalization rates, both overall (going-in) cap rates for the direct capitalization method and terminal cap rates for discounted cash flow analyses, can be derived from the market. Sales of improved properties from which actual income and expense data are obtained provide a very good indication of what a specific market participant is requiring from an investment at a specific point in time. In addition, overall capitalization rates can be derived from the built-up method (band-of-investment). This method relates to satisfying the market return requirements of both the debt and equity positions of a real estate investment. This information is obtained from real estate and financial publications as well as market analysis.

Rent loss concessions are made on specific properties with vacancy problems. A rent loss concession accounts for the impact of lost rental income while the building is moving toward stabilized occupancy. The rent loss is calculated by multiplying the rental rate by the percent difference of the property's stabilized occupancy and its actual occupancy. Build out allowances (for first generation space or retrofit/second generation space as appropriate) and leasing expenses are added to the rent loss estimate. The total adjusted loss from these real property operations is discounted using an acceptable risk rate. The discounted value (inclusive of rent loss due to extraordinary vacancy, build out allowances and leasing commissions) becomes the rent loss concession and is deducted from the value indication of the property at stabilized occupancy. A variation of this technique allows that for every year that the property's actual occupancy is less than stabilized occupancy a rent loss deduction may be estimated.

## **Final Valuation Summary and Reconciliation**

Based on the market data analysis and the methodology described in the cost, income and sales approaches, the various models are calibrated and values are developed for each commercial property. The cost approach mass appraisal model is applied to most improved properties. Additional valuation indicators may be developed and applied using the sales comparison and income approaches, depending on the property type and availability of data. The total value, resulting from the execution of each appropriate approach is estimated based on reconciling these indications of value considering the weight of the market information available for evaluation and analysis in these approaches to value.

### ***Statistical and Capitalization Analysis***

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

The appraisers review commercial properties biennially through the sales ratio analysis process. The first phase involves ratio studies that compare the recent sales prices of properties to the appraised values of the sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the appraised values. The appraiser, based on the sales ratio statistics and designated parameters for valuation update, makes a preliminary decision as to whether the value level of a particular property type needs to be updated in an upcoming reappraisal, or whether the ratio of market value is at an acceptable level.

Potential gross rent estimates, occupancy levels, secondary income, allowable expenses

(inclusive of non-recoverable and replacement reserves), net operating income and capitalization rate and multipliers are continuously reviewed. Income model estimates and conclusions are compared to actual information obtained on individual commercial and industrial income properties during the appeal and protest hearings process, as well as with information received from published sources and area property managers and owners.

## **INDIVIDUAL VALUE REVIEW PROCEDURES**

### ***Field Review***

The date of last inspection, extent of that inspection, and the GCAD appraiser responsible are listed in the CAMA system. If a property owner disputes the District's records concerning this data in a protest hearing, CAMA may be altered based on the credibility of the evidence provided. Normally, a new field inspection is then required to verify this information for the current or for the next year's valuation. In addition, if a building permit is issued for a particular property indicating a change in characteristics, that property is added to a work file for review and field inspection.

The commercial appraiser(s) is somewhat limited in the time available to field review all commercial properties of a specific use type. However, a major effort is made to field review as many properties as possible or economic areas experiencing physical or economic changes, or wide variations in sale prices. As land values are updated, improvements must be evaluated by field review to estimate whether the new land value causes overall value to be overstated, thereby indicating functional or economic obsolescence for the improvements.

### ***Office Review***

Office reviews are completed on properties subject to field inspections and are performed in compliance with the guidelines required by the existing classification system. Office reviews are typically limited by the available market data presented for final value analysis. The appraisers may utilize Pictometry as a means to verify building characteristics and location without a field inspection. These reviews summarize the pertinent data of each property as well as comparing the previous value to the proposed value conclusions of the various approaches to value. Previous values resulting from protest hearings are individually reviewed to determine if the value remains appropriate for the current year based on market conditions. Once the appraiser and supervisor are satisfied with the level and uniformity of value the estimates of value are prepared to send a notice of appraised value.

## **PERFORMANCE TESTS**

### ***Sales Ratio Studies***

The primary tool to measure appraisal performance is a ratio study. A ratio study compares appraised values to market values. Sales ratio studies are an integral part of estimating equitable and accurate market values, and ultimately property assessments for the taxing jurisdictions. The primary uses of sale ratio studies include the determination of a need for general reappraisal; prioritizing selected groups of property types for reappraisal; identification of potential problems with appraisal procedures; assist in market analyses; and, to calibrate models used to estimate appraised values during valuation or reappraisal cycles. However, these studies cannot be used to judge the accuracy of an individual property's appraised value. Grayson Appraisal Review Board may make individual value adjustments based on unequal appraisal (ratio) protest evidence submitted on a case-by-case basis during the hearing process.

Grayson CAD has adopted the policies of the IAAO STANDARD ON RATIO STUDIES, circa July 1999 regarding its ratio study standards and practices. Ratio studies generally have six basic steps: (1) determination of the purpose and objectives, (2) data collection and preparation, (3) comparing appraisal and market data, (4) stratification, (5) statistical analysis, and (6) evaluation and application of the results. On an annual basis, appraisers and supervisors analyze the results of the previous years Property Value Study that is conducted by the Property Tax Division of the State Comptroller's Office.

## **COMMERCIAL REAPPRAISAL PLAN OVERVIEW**

The Commercial Reappraisal Plan consists of two primary tasks – Fixed Tasks and Variable Tasks. Fixed tasks are those tasks required to be done on an annual basis and are associated with working building permits received on a monthly basis from the cities within the Grayson Central Appraisal District's jurisdictional boundaries that issue and track building permits. Variable tasks are those tasks associated with the annual reappraisal effort.

### ***Fixed Tasks***

Building permits are received monthly from several cities and are then updated to the applicable account so a physical inspection and/or an office review can take place for the current appraisal year. All significant value related building permits issued from January 1 through December 31 associated with an account will be inspected and reappraised for the appraisal year. Also, included in these fixed task projections for those accounts that were partially complete as of January 1. Any property that has new construction activity as of January 1 and was not 100% complete will be noted for reappraisal the next appraisal year. This also includes those

properties whereby a building permit was issued prior to January 1 but no new construction activity had taken place as of January 1 of the current appraisal year. Property data attribute information is verified and corrected based on on-site inspections as well as office review using digital photographs and aerial photography. The following data attribute information is captured on each appraisal record: land value, State Code, building class, condition, actual year built, effective year built, gross building area, net leasable area, number of stories, story height, overhead doors, percent finish-out & quality, exterior walls, roof type, average unit size, and special features such as refrigerated area, clean room rating, etc. In addition to the physical characteristics noted above, income related data is collected when possible, including but not limited to rental rates, occupancy, expenses, deferred maintenance costs, etc.

### **Variable Tasks**

Variable tasks are those tasks associated with the annual commercial reappraisal effort. Areas noted for reappraisal are: vacant land and/or improved properties segmented by use.

1000 new mineral accounts

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## **Business Pers**

900 new BPP

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## **Process**

## **INTRODUCTION**

### **Appraisal Responsibility**

The Business Personal Property Division (BPP) of Grayson CAD is responsible for developing fair and uniform market values for business personal property located within the district. There are six different account types appraised: (1) standard business personal property, (2) leased asset/special property at multiple locations, (3) vehicles and commercial aircraft, (4) special inventory, (5) State Code G mineral accounts (which are recognized as real property but maintained in the business personal property system), and (6) State Code J utility accounts. These accounts consist of approximately 6,981 BPP accounts, 658 utility accounts, 109 special inventory accounts and 14,911 mineral accounts.

## ***Appraisal Resources***

**Personnel** – The BPP staff consists of a department supervisor and two (2) other appraisers, each of the three having an assigned area. The supervisor also has the responsibility of delegating other specialty categories such as aircraft to one of the other appraisers. The BPP staff is assisted on a seasonal basis, particularly during rendition time from February through May, by a three member data entry team which also has the full-time assignment of entering monthly sales reports on special inventory tax (SIT) accounts.

**Contractors** – Grayson CAD has contracted with Capitol Appraisal Group, Inc. to identify and appraise all taxable oil & gas (mineral) assets, utilities and various large industrial real and BPP accounts.

**Data** – A common set of data characteristics for each account in the district are collected by appraisers in the field, by phone, and other pertinent sources and are entered into the GCAD CAMA software system by both the appraisal and clerical staff. These assigned property characteristics drive the system to generate a preliminary account value.

## **VALUATION APPROACH (Model Specification)**

### ***SIC Code Analysis***

Four digit numeric codes, called Standard Industrial Classification (SIC) codes, are used as the basis for classification and valuation of business personal property accounts. SIC code identification and delineation is the cornerstone of the business personal property valuation system in the district. Analysis work done in association with the valuation process is SIC code specific. SIC codes are delineated based on observable aspects of homogeneity. SIC code delineation is periodically reviewed to determine if further delineation is necessary.

### ***Highest and Best Use Analysis***

The highest and best use of property is the most reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legally permissible, financially feasible, and maximally productive. The highest and best use of business personal property is normally its current use.

any field data not completed by the time renditions begin arriving may be matched up with the rendition for that account.

### **Variable Tasks**

Variable tasks are those that offer planning flexibility from one year to the next. The most significant variable task is the rendition processing period. The BPP division expects to receive in excess of 5,000 renditions each year. Although rendition forms are mailed out as soon after January 1<sup>st</sup> as possible, businesses typically do not return them until near the April 15<sup>th</sup> deadline, and even then there is an automatic 30 day extension if requested, as well as provision for further conditional extension if the property owner demonstrates *good cause*. With appraisal notices due May 15th or as soon thereafter as possible, the time dilemma is obvious, requiring intense coordination between the data entry and appraisal functions. The Appraisal Staff will review the rendered data in conjunction with information collected in the field, incorporating the inventory and depreciated cost information into the appraisals. Larger accounts are given priority and parameters are developed for any account types wherein rendered values will be accepted for that year; e.g. small value, rendered prior year and current year with small change, rendition closely matches input from field work, etc. Minerals, utilities and various large industry accounts are handled by outside contract appraisal company.

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## **Exempt Property Process**

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There are a number of properties that qualify for exemption due to the use of the property. These properties can be real property or personal property. The valuation method will be the methodology that will produce the most reliable method of determining value.

X	Exempt Properties	5,632 Parcels
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**SPECIFIC GOALS FOR APPRAISAL, SUPPORT, AND RESOURCES**

2015

2016

Appraisal

Continue Reinspection  
Rebuild Basic Residential Cost Schedules;  
Rebuild Basic Residential Depreciation Schedules;  
Consider & Incorporate Findings of PVS;  
Work Cycle – Follow Market;

Support Services

Continue 3-year HS & Ag Re-application process;  
Improve Records Retention Plan  
Refine Disaster Recovery Plan

Information Technology

Enhancements to Website;  
Implement Field Devices for Appraisers

Appraisal

Continue 2<sup>nd</sup> Round of Reinspections (3-year Cycle);  
Continue to Implement Marshall/Swift Commercial Schedules;  
Consider & Implement Recommendations of Methods Assistance Program

Create/ Enhance Features Valuation;

Work Cycle – Follow Market;

Support Services

Continue HS & Ag Re-application process;

Information Technology

Continue Website Enhancements.  
Upgrade digitizing equipment

### **LIMITING CONDITIONS**

The appraised value estimates provided by the district are subject to the following conditions:

1. The appraisals are prepared exclusively for ad valorem tax purposes.
2. The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of the property appraised are performed as staff resources and time allowed. Some interior inspections of property appraised are performed at the request of the property owner and required by the district for clarification purposes and to correct property descriptions.
3. Validation of sales transactions is attempted through questionnaires to buyer and seller, telephone survey and field review. In the absence of such confirmation, sales data obtained from vendors is considered reliable.
4. Appendix A has a list of staff providing significant assistance to the person signing this certification.

#### **Certification Statement:**

"I, Shawn Coker, Chief Appraiser for Grayson Central Appraisal District, solemnly swear that I have made or caused to be made a reappraisal plan for Grayson Central Appraisal District for the 2015/2016 tax years as required by law."

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Shawn Coker, RPA, CCA

Chief Appraiser/ Chief Administrator

## **Appendix A. Key Personnel in Reappraisal Plan Implementation**

<b><u>Department</u></b>	<b><u>Employee</u></b>	<b><u>Position</u></b>
Administration	Shawn Coker	Chief Appraiser/ Chief Administrator
	Don Spencer	Deputy Chief Appraiser
Support Administration		
	Trenna Waw	Director of Administration (Customer Service)
	Angie Wilson	Director of Finance
	Vickie Matthews	Director of Mapping / GIS
	Brenda Arzate	Director of Information Technology
Appraisal	Annette Cofer	Director of Appraisal
	Lauri Harrelson	Director of Residential

**Appendix B. Contract Appraisal Firm-Attached**

## Document 3A

2015 - 2016

### CAD Plan for Periodic Reappraisal of Industrial Real Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of selected industrial property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
  - (1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Industrial properties are identified as part of the appraiser's physical inspection process each year and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.
  - (2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Confidential rendition, assets lists and other confidential data also provide additional information. Subject property data is verified through previously existing records and through published reports.
  - (3) Defining market areas in the district: Market areas for industrial properties tend to be regional, national and sometimes international. Published information such as prices, financial analysis and investor services reports are used to help define market area.
  - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: Among the three approaches to value (cost, income and market), industrial properties are most commonly appraised using replacement/reproduction cost new less depreciation models because of readily available cost information. If sufficient income or market data are available, those appraisal models may also be used.
  - (5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property and that are based on the most reliable data when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.

## Document 3B

2015 - 2016

### CAD Plan for Periodic Reappraisal of Industrial Personal Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all industrial personal property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
  - (1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Through inspection the appraiser identifies personal property to be appraised. The appraiser begins with properties from the previous tax year and identifies new properties from visual identification and/or publications, newspaper articles, or information obtained through the interview of property owners. The appraiser may also refer to other documents, both public and also confidential, to assist in identification of these properties. Such documents might include but are not limited to the previous year's appraisal roll, vehicle listing services and private directories.
  - (2) Identifying and updating relevant characteristics of each property in the appraisal records: Data identifying and updating relevant characteristics of the subject properties are collected as part of the inspection process through directories and listing services as well as through later submissions by the property owner, sometimes including confidential rendition. These data are verified through previously existing records and through public reports.
  - (3) Defining market areas in the district: Market areas for industrial personal property are generally either regional or national in scope. Published price sources are used to help define market areas.
  - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics. Personal property is appraised using replacement/reproduction cost new less depreciation models. Income approach models are used when economic and/or subject property income is available, and a market data model is used when appropriate market sales information is available.
  - (5) Comparison and Review: The appraiser reconciles multiple models by considering the model that best addresses the individual characteristics of the subject property. Year-to year property value changes for the subject property are examined using computer-

assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.

## Document 3C

2015 - 2016

### CAD Plan for Periodic Reappraisal of Utility, Railroad and Pipeline Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all utility, railroad and pipeline property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
  - (1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Utility, railroad and pipeline properties that are susceptible to inspection are identified by inspection. The appraiser may also refer to other documents, both public and also confidential to assist in identification of these properties. Due to the varied nature of utility, railroad, and pipeline properties there is no standard data collection form or manual. New permitting documents on record with the Railroad Commission of Texas provide a source to identify potential new pipeline projects but does not provide indication if the project was actually started, completed, or a distinct location of the proposed project. Every effort is made to discover new utility, railroad, and pipeline properties through personal observation combined with permitting documents.
  - (2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through data collected as part of the inspection process and through later submissions by the property owner, sometimes including confidential rendition. Additional data are obtained through public sources, regulatory reports and through analysis of comparable properties.
  - (3) Defining market areas in the district: Market areas for utility, railroad and pipeline property tend to be regional or national in scope. Financial analyst and investor services reports are used to help define market areas.
  - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: For all three types of property, the appraiser must first form an opinion of highest and best use. Among the three approaches to value (cost, income and market),

pipeline value is calculated using a replacement/reproduction cost new less depreciation model [RCNLD]. In addition to the RCNLD indicator, a unit value model may also be used if appropriate data are available. Utility and railroad property are appraised in a manner similar to pipeline except that the RCNLD model is not used.

- (5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process. These types of property are also subject to review by the Property Tax Division of the Texas Comptroller's Office through their annual Property Value Study.

## Document 3D

2015 - 2016

### CAD Plan for Periodic Reappraisal of Oil and Gas Property

In accordance with Section 25.18 of the Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property as approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all oil and gas property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
  - (1) Identification of new property and its situs. As subsurface mineral properties lie within the earth, they cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these properties. To identify new properties, CAGL obtains monthly oil and gas lease information from the Railroad Commission of Texas [RRC] to compare against oil and gas properties already identified. The situs of new properties is determined using plats and W-2/G-1 records from the RRC, as well as CAGL's in-house map resources.
  - (2) Identifying and updating relevant characteristics of all oil and gas properties to be appraised. Relevant characteristics necessary to estimate value of remaining oil or gas reserves are production volume and pattern, product prices, expenses borne by the operator of the property, and the rate at which the anticipated future income should be discounted to incorporate future risk. CAGL obtains information to update these characteristics annually from regulatory agencies such as the RRC, the Comptroller of Public Accounts, submissions from property owners and operators, as well as from published investment reports, licensed data services, service for fee organizations and through comparable properties, when available.
  - (3) Defining market areas in the district and identifying property characteristics that affect property value in each market area. Oil and gas markets are regional, national and international. Therefore they respond to market forces beyond defined market boundaries as observed among more typical real properties.
  - (4) Developing an appraisal approach that best reflects the relationship among property characteristics affecting value and best determines the contribution of individual property characteristics. Among the three approaches to value (cost, income and market), the income approach to value is most commonly used in the oil and gas industry. Through use of the discounted cash flow technique in particular, the appraiser is able to bring together relevant characteristics of production volume and pattern, product prices, operating expenses and discount rate to determine an estimate of appraised value of an oil or gas property.

- (5) Comparison and Review. Use of the income approach is the first step in determining an estimate of market value. After that the appraiser reviews the estimated market value compared to its previous certified value and also compares it to industry expected payouts and income indicators. The appraiser examines the model's value with its previous year's actual income, expecting value to typically vary within in a range of 2-5 times actual annual income, provided all appropriate income factors have been correctly identified. Finally, periodic reassignment of properties among appraisers and review of appraisals by a more experienced appraiser further expand the review process.

***Appendix C. Contract Appraisal Firm-Attached***



**2015/2016 AGRICULTURAL PRODUCTIVITY VALUATION AND GUIDES**

**Introduction**

A publication manual by the State Comptroller's Office entitled *Guidelines for the Valuation of Open-Space Land* gives suggested guidelines pursuant to the Texas Constitution, Article VIII, Section 1-d and 1-d-1.

The manual is an official administrative rule that has the force of law, and has been adopted by the State Comptroller's office and approved by a committee composed of the Governor, the Comptroller, the Attorney General, the Agricultural Commissioner, and the General Land Office Commissioner.

Suggestions from this publication set the basic procedural guidelines for determination of agricultural use values set forth in this report.

### **Purpose**

The purpose of this section of the appraisal manual is to estimate the agricultural productive value of the lands in the Grayson Central Appraisal District.

### **Assumptions and Limiting Conditions**

Appraisals for ad valorem tax purposes require assumptions and generalizations on land categories. The inherent nature of ad valorem tax appraisals prohibit each parcel of land from being individually and extensively analyzed.

This appraisal is conducted for the purpose as stated, and should not be used for any other purpose.

### **Land Categorization System**

In mass appraisal for ad valorem tax purposes, the derivation of value on an individual basis is not practical or advisable. For this reason, a system of land categorization is utilized that enables homogeneous land types to fall into a land category or classification.

The development of a workable and comprehensive land categorization system is an important phase in an agricultural use evaluation. The land categorization system must adjust for physical, legal, and economic factors relative to agricultural use. The land categorizations system must also be harmonious with the market value categorization system to allow for the rollback provisions of the Texas Constitution. This co-ordination of agricultural categories and market categories facilitates the efficient use of personnel in the tax equalization process and in tax administration.

## Land Productivity Valuation

Two amendments to the Texas Constitution permit agricultural and open-space land to be taxed generally on its agricultural-use or productivity value. This means that taxes would be assessed against the productive value of the land instead of the selling price of the land in the open market. This permits the land to be taxed in proportion to its ability to produce agricultural products and not based on the land's value to society in general.

The legal basis for special land appraisal is found in the Texas Constitution in Article VIII, Sections 1-d and 1-d-1. The two types of land valuation are commonly called "ag-use" or "1-d" and "open-space" or "1-d-1". The corresponding provisions of the Texas Property Tax Code are Sections 23.41 through 23.46, Agriculture Land and Sections 23.51 through 23.57, Open-space Land.

The purposes of the provisions are similar. Under both provisions, the land must be in agricultural use and is valued in the same manner. However, there are differences in the qualifications that must be met in order to receive the productivity valuation.

### 1. Ag-use or 1-d qualifications:

- a. The land must be owned by a natural person (partnerships, corporations, or organizations may not qualify.)
- b. The land must have been in agricultural use for three (3) years prior to claiming this valuation. The owner must apply for the designation each year and file a sworn statement about the use of the land.
- c. The agricultural business must be the land owner's primary occupation and source of income.

### 2. Open-space or 1-d-1 qualifications:

- a. The land may be owned by an individual, corporation, or partnership.
- b. The land must be currently devoted principally to agricultural use to the degree of intensity that is common for the area.
- c. The land must have been devoted to a qualifying agricultural use for at least five (5) of the past even (7) years.
- d. Agricultural business need not be the principle business of the owner.
- e. Once an application for 1-d-1 is filed and approved, a landowner is not required to file again as long as the land qualifies unless ownership changes or the chief appraiser requests another application to confirm current qualification.

The possibility for a "rollback tax" exists under either form of special-use land appraisal.

This liability for additional tax is created under 1-d valuation by either sale of the land or a change in use of the land. It extends back to the three years prior to the year in which the sale or change occurs.

Under 1-d-1, a rollback is triggered by a change in use to a non-agricultural purpose that would not qualify for productivity valuation. Taxes are rolled back or recaptured for the five years p[receding the year of the change.

The additional tax is measured by the difference between taxes paid under productivity valuation provisions and the taxes which would have been paid if the land had been put on the tax roll at market value.

These provisions are effective only if applications are filed with the appraisal district office in a timely manner. Applications should be filed between January 1 and May 1. Applications received and May 1 and until the appraisal records are approved by the ARB are subject to a penalty for late filing. Applications may not be filed after the records are approved for that tax year by the ARB.

### **Classifications**

It is the opinion of the Grayson Central Appraisal District that the attached land descriptions and classification guidelines are valid for mass appraisal purposes and can be applied uniformly throughout the appraisal district.

It should be noted that these guidelines are to be used as general guide for qualifying agricultural land. Exceptions to the general rule will be handled on a case by case basis.

### **Agricultural Land Qualification Policy Statement**

The general policy of the Grayson Central Appraisal District is in accordance with the State Property Tax Code's qualification guidelines for agricultural use. The district's policy is that in order for ag-use valuation to be applied, the land must:

1. Be utilized to the "degree of intensity" generally accepted in Grayson CAD.
2. Be managed in a "typically prudent manner".
3. Be a substantial tract of land.

In accordance to the State Property Tax Code guidelines, the net-to-land is based on a five-year average of the years preceding the year of the appraisal. This five-year average tends to remove fluctuations in value because of varying prices, yields, weather conditions, and costs. Only the factors associated with the land's capacity to produce marketable agricultural and recreational (hunting) products are considered in estimating the productivity values.

### **Definitions of Key Words and Phrases**

**Prudent:** Capable of making important management decisions, shrewd in the management of practical affairs. Specifically, the law states that the land must be utilized as would an ordinary and prudent manager in the area of the taxing unit. Normally, prudent farm or ranch managers are ordinary farmers in terms of acres farmed as well as management ability. Given that all other factors remain constant, the number of acres farmed determines the farmer's capital structure. It is assumed that prudent farm or ranch managers in a given area are assumed to have similar equipment of similar value and utility.

**Substantial:** Ample to satisfy; considerable in quantity. Specifically, the law states that the agricultural land must be an identifiable and substantial tract of land. This means that the tract must be of adequate size to be economically feasible to farm or ranch.

**Typically:** exhibiting the essential characteristics of a group. Specifically, the law states that ag land will be utilized as would a typical or ordinary prudent manager. Statistically, a typically prudent manager is the median farmer or rancher.

**Agricultural use to the degree of intensity generally accepted in the area:** farming or ranching to the extent that the typically prudent manager in the area of the taxing unit would farm or ranch on an identifiable and substantial tract of land when the tract is devoted principally to agricultural use. The farming and ranching practices (cropping patterns, planting rates, fertilization methods, harvesting and marketing techniques, etc.) are those of a typically prudent farm or ranch manager.

**Area:** that land that is located inside the jurisdictional boundaries of the Grayson Central Appraisal District.

**Principally:** the more important use in comparison with other uses to which the land is put.

***Appendix D. Properties to be Appraised-Attached***



<b>3YR PLAN MAPS REVIEW---DARLA EFFLANDT</b>					
MAP	ISD	COUNT	2015	2016	2017
179	SHO	88			X
179A	SHO	78			X
181	SHO	37			X
187	SHO	107		X	
187B	SHO	119		X	
204	SHO	155		X	
205	SHO	51		X	
206	SHO	41		X	
207	SHO	19			X
208	SHO	37			X
209	SHO	32			X
215	STI	46		X	
221	SHO	30			X
222	SHO	63			X
223	SHO	53			X
224	SHO	176		X	
225	SHO	116		X	
225A	SHO	14		X	
226	SHO	84		X	
227	SHO	55		X	
240	SHO	155		X	
241	SHO	98	X		
242	SHO	187	X		
243	SHO	29	X		
244	SHO	50	X		
245	SHO	13	X		
246	SHO	16			X
247	SHO	53			X
248	SGU	27			X
249	SGU	9			X
250	SGU	34			X
251	SGU	29			X
252	SGU	23			X
253	SGU	34			X
254	SGU	3			X
255	STI	21			X
256	STI	34			X
258	STI	57		X	
259	STI	36	X		
259A	STI	25	X		
260	STI	25	X		
261	STI	51	X		
262	STI	206	X		

263	STI	26	X		
264	STI	11		X	
265	STI	49		X	
266	SGU	54			X
267	SGU	17			X
268	SGU	36			X
269	SGU	166			X
269A	SGU	90			X
269B	SGU	48			X
269C	SGU	32			X
269D	SGU	37			X
270	SGU	63	X		
271	SHO	64	X		
271A	SHO	1	X		
272	SVA	94	X		
273	SHO	41	X		
274	SVA	129	X		
275	SVA	33	X		
276	SVA	53			X
277	SVA	52			X
278	SVA	152			X
283	SVA	138		X	
284	SVA	110			X
285	SVA	196			X
286	SVA	86			X
287	SVA	72	X		
287A	SVA	20	X		
288	SVA	218	X		
288A	SVA	26	X		
288C	SVA	20	X		
289	SVA	52	X		
289A	SVA	32	X		
290	SGU	103		X	
290A	SVA	23		X	
291	SGU	29	X		
292	SGU	278	X		
292A	SGU	49			X
292B	SGU	53			X
293	SGU	456	X		
294	SGU	121		X	
295	SGU	17		X	
296	SGU	64		X	
297	STI	34	X		
298	STI	16	X		
299	STI	30		X	
300	SPP	40	X		
301	SPP	35	X		

302	SPP	76	X		
303	SPP	58	X		
304	SPP	29	X		
305	SPP	88	X		
306	SGU	64		X	
307	SGU	52		X	
308	SGU	81		X	
309	SGU	43		X	
310	SVA	129		X	
310A	SVA	41		X	
310B	SVA	58		X	
310C	SVA	45		X	
311	SVA	53		X	
312	SVA	59		X	
313	SVA	173	X		
313A	SVA	25	X		
313B	SVA	40	X		
313C	SVA	76	X		
314	SVA	466			X
314A	SVA	77			X
315	SVA	92			X
316	SVA	139			X
G001	SGU	187		X	
G002	SGU	100		X	
H001	SHO	106	X		
H002	SHO	88	X		
H003	SHO	234			X
H004	SHO	249			X
H005	SHO	11	X		
H006	SHO	69	X		
R001	SHO	48			X
T001	STI	80			X
T002	STI	89			X
T003	STI	69			X
T004	STI	175			X
V001	SVA	212	X		
V002	SVA	287		X	
V003	SVA	224		X	
V004	SVA	173		X	
V005	SVA	37		X	
<b>TOTAL</b>		10584	3550	3365	3669
<b>3YR PLAN MAPS REVIEW---STEVE SPITZNAGEL</b>					
MAP	ISD	COUNT	2015	2015	2015

004	PISD	6	X		
004A	PISD	69	X		
005	PISD	78	X		
005A	PISD	161	X		
005B	PISD	101	X		
005C	PISD	32	X		
005D	PISD	86	X		
009	PISD	2	X		
010	PISD	4	X		
012	PISD	6	X		
012A	PISD	62	X		
012B	PISD	67	X		
012C	PISD	96	X		
012D	PISD	69	X		
022	PISD	191	X		
022A	PISD	247	X		
022B	PISD	65	X		
022C	PISD	261	X		
026	PISD	29	X		
026A	PISD	511	X		
027	PISD	119		X	
027A	PISD	67		X	
027B	PISD	192		X	
027D	PISD	42		X	
028	PISD	159		X	
028A	PISD	105		X	
028B	PISD	192		X	
028E	PISD	63		X	
028F	PISD	31		X	
029	PISD	82		X	
029A	PISD	96		X	
029B	PISD	357		X	
029C	PISD	86		X	
029D	PISD	87		X	
030	PISD	3		X	
030A	PISD	57		X	
030B	PISD	85		X	
035	PISD	102		X	
035A	PISD	66		X	
035B	PISD	68		X	
035C	PISD	12		X	
036	PISD	114		X	
037	PISD	67		X	
038	PISD	162		X	
048	PISD	22	X		
049	PISD	338			X
049A	PISD	63			X

P001	PISD	65			X
P002	PISD	67			X
P003	PISD	341			X
P004	PISD	42			X
P005	PISD	65			X
P007	PISD	105			X
050	PISD	145			X
051	PISD	157			X
052	PISD	100			X
052A	PISD	75			X
052B	PISD	82			X
052C	PISD	76			X
052D	PISD	38			X
053A	S&SISD	149		X	
058	S&SISD	54			X
059	PISD	28			X
060	PISD	69			X
061	PISD	123			X
061A	PISD	22			X
062	PISD	177			X
063	PISD	188			X
076	PISD	154	X		
077	PISD	101	X		
077A	PISD	28	X		
078	PISD	120	X		
079	PISD	84	X		
080	PISD	10	X		
081	S&SISD	12	X		
082	S&SISD	58	X		
089	S&SISD	61	X		
090	S&SISD	97	X		
091	S&SISD	40	X		
092	S&SISD	15	X		
095	S&SISD	104	X		
096	S&SISD	66	X		
097	S&SISD	39	X		
098	PISD	81	X		
121	S&SISD	61			X
121A	S&SISD	78			X
122	S&SISD	20	X		
123	S&SISD	320	X		
123A	S&SISD	90	X		
124	S&SISD	39	X		
125	S&SISD	147	X		
126	S&SISD	221		X	
<u>131</u>	S&SISD	62		X	
<u>132</u>	S&SISD	42		X	

133	S&SISD	77		X	
134	S&SISD	88		X	
135	S&SISD	66		X	
136	S&SISD	62		X	
137	S&SISD	90		X	
137A	S&SISD	139		X	
137B	S&SISD	40		X	
157	S&SISD	162			X
157A	S&SISD	116			X
157B	S&SISD	95			X
157C	S&SISD	20			X
157D	S&SISD	78			X
158	S&SISD	65			X
159	S&SISD	85			X
160	S&SISD	71			X
161	S&SISD	69			X
162	S&SISD	97			X
163	S&SISD	28			X
164	S&SISD	7			X
165	S&SISD	100			X
176	S&SISD	30		X	
177	S&SISD	39		X	
178	S&SISD	57		X	
179	S&SISD	84		X	
180	S&SISD	128			X
180A	S&SISD	61			X
180B	S&SISD	31			X
180C	S&SISD	43			X
209	S&SISD	32		X	
Y001	S&SISD	22			X
Y002	S&SISD	54			X
Y003	S&SISD	14			X
Y004	S&SISD	71			X
Y005	S&SISD	52			X
Q001	S&SISD	63		X	
Q002	S&SISD	50		X	
Q003	S&SISD	81		X	
Q004	S&SISD	7		X	
TOTAL		11772	3851	3893	4028
ANNUAL MASS LAKESITE					
TEXANS	PISD	208	208	208	208
VFW	PISD	93	93	93	93
AMERICAN LEGION	PISD	47	47	47	47
ELKS	PISD	64	64	64	64
FLOWING WELLS	PISD	36	36	36	36

LIGHTHOUSE	PISD	57	57	57	57
MILL CREEK	PISD	47	47	47	47
LITTLE MINERAL	PISD	59	59	59	59
<b>TOTAL</b>			611	611	611

<b>3YR PLAN MAPS REVIEW---LAURI HARRELSON</b>					
MAP	ISD	COUNT	2015	2016	2017
076C	SSH	56	X		
099A	SSH	335			X
100	SSH	131	X		
100A	SSH	37	X		
100B	SSH	14	X		
103	SSH	285		X	
103A	SSH	51		X	
103B	SSH	117		X	
103C	SSH	10		X	
118	SSH	139	X		
118A	SSH	52	X		
119	SSH	224			X
119A	SSH	41			X
119B	SSH	52			X
119C	SSH	6			X
120	SSH	85	X		
120A	SSH	36	X		
120B	SSH	2	X		
120C	SSH	6	X		
137B	SSH	46	X		
138	SSH	141	X		
139	SSH	18	X		
140	SSH	31	X		
141	SSH	115	X		
142	SSH	44		X	
149	SSH	92		X	
149A	SSH	18		X	
150	SSH	80		X	
150A	SSH	12		X	
151	SSH	195	X		
151A	SSH	20	X		
152	SSH	18		X	
153	SSH	20		X	
153A	SSH	59		X	
154	SSH	7			X
154A	SSH	83			X

155	SSH	634			X
155A	SSH	63			X
155B	SSH	152			X
156	SSH	117			X
156A	SSH	19			X
156B	SSH	20			X
182	SSH	50	X		
182A	SSH	126	X		
183	SSH	75		X	
184	SSH	100		X	
185	SSH	33	X		
186	SSH	80	X		
188	SSH	47		X	
S004	SSH	132	X		
S006	SSH	140		X	
S007	SSH	146	X		
S008	SSH	8	X		
S009	SSH	40	X		
S010	SSH	28	X		
S011	SSH	22		X	
S012	SSH	139		X	
S013	SSH	299		X	
S014	SSH	153		X	
S015	SSH	47	X		
S016	SSH	275		X	
S017	SSH	457		X	
S018	SSH	18	X		
S019	SSH	156			X
S020	SSH	57	X		
S021	SSH	225	X		
S022	SSH	111	X		
S023	SSH	88	X		
S024	SSH	579		X	
S025	SSH	406			X
S026	SSH	129		X	
S027	SSH	71		X	
S028	SSH	467		X	
S029	SSH	439		X	
S030	SSH	476	X		
S031	SSH	380	X		
S032	SSH	472	X		
S033	SSH	254	X		
S034	SSH	43	X		
S035	SSH	456			X
S036	SSH	285		X	
S037	SSH	56	X		
S038	SSH	105	X		

S039	SSH	26	X		
S040	SSH	154	X		
S041	SSH	316	X		
S042	SSH	460		X	
S043	SSH	547			X
S044	SSH	44			
S046	SSH	372			X
S047	SSH	506			X
S048	SSH	433			X
S049	SSH	33			X
S050	SSH	13	X		
S052	SSH	356			X
S053	SSH	124	X		
S055	SSH	37	X		
S056	SSH	80	X		
S057	SSH	64	X		
S058	SSH	36			X
S059	SSH	187			X
<b>TOTAL</b>		15141	4964	4943	5234

<b>3YR PLAN MAPS REVIEW---KELLEY HERRING</b>					
MAP	ISD	COUNT	2015	2016	2017
GORDONVILLE E001	SWB	77	X		
002	SWB	28	X		
007	SWB	12	X		
008	SWB	26	X		
013	SWB	5		X	
013A	SWB	495		X	
014	SWB	0		X	
014A	SWB	367		X	
015	SWB	288	X		
016	SWB	130			X
017	SWB	297			X
018	SWB	385	X		
019	SWB	56	X		
020	SWB	0		X	
020A	SWB	160		X	
020B	SWB	171		X	
021	SWB	0		X	
021A	SWB	352		X	
021B	SWB	242		X	
031	SWB	0		X	
031A	SWB	64		X	
032	SWB	93			X

033	SWB	483		X	
034	SWB	54		X	
034A	SWB	24		X	
053	SWB	256		X	
054	SWB	157			X
055	SWB	100			X
056	SWB	56			X
057	SWB	70	X		
083	SWB	99			X
084	SWB	51	X		
085	SWB	42	X		
086	SWB	67		X	
087	SWB	67	X		
088	SWB	113	X		
093	SWB	152			X
094	SWB	148		X	
127	SWB	181		X	
127A	SWB	84			X
128	SWB	246	X		
129	SWB	120	X		
130	SWB	231		X	
166	SWB	27			X
167	SWB	128		X	
168	SWB	160		X	
168A	SWB	2		X	
169	SWB	161		X	
170	SWB	69			X
171	SWB	50		X	
172	SCO	71			X
173	SCO	80			X
174	SCO	44			X
175	SCO	35			X
211	SCO	78	X		
212	SCO	78	X		
213	SCO	232			X
214	SCO	48			X
214A	SCO	13			X
215	SCO	49		X	
216	SCO	129	X		
217	SCO	105			X
218	SCO	75		X	
219	SCO	31		X	
253	SCO	34			X
255	SCO	24			X
256	SCO	39			X
257	SCO	60			X
258	SCO	57		X	

259	SCO	37			X
259A	SCO	28			X
260	SCO	28			X
261	SCO	51			X
262	SCO	220			X
W001	SWB	268	X		
W002	SWB	125	X		
W003	SWB	261	X		
W004	SWB	432	X		
W005	SWB	372	X		
W006	SWB	70	X		
W007	SWB	113	X		
W008	SWB	65	X		
C001	SCO	122			X
C002	SCO	111			X
C003	SCO	337			X
C004	SCO	171			X
<b><u>SUB-TOTAL</u></b>		10739	2964	3089	2856
<b><i>ANNUAL INSPECTIONS</i></b>	<b><i>MAP</i></b>				
Anna Dale	18	46	X	X	X
Barrington	15	35	X	X	X
Bear Lakes	15	53	X	X	X
Big Mineral Resort	53	33	X	X	X
Castle Pines	18	39	X	X	X
Cedar Mills Resort	21	38	X	X	X
Cedar Bayou Resort	31	65	X	X	X
Cedar Point Resort	21	42	X	X	X
Gainesville Boat Club	21	200	X	X	X
Grand Cypress	18	29	X	X	X
Hardwick	31	20	X	X	X
La Paloma	33	89	X	X	X
Marine Quest Resort	8	26	X	X	X
Muirfield	18	179	X	X	X
Palisades	15	71	X	X	X
Palisades II	15	75	X	X	X
Palmilla	33	78	X	X	X
Pasadera	18	55	X	X	X
Pioneer Village	16	29	X	X	X
Pronghorn	33	293	X	X	X
Roaring Fork	17	60	X	X	X
Sherwood	15	43	X	X	X
Texoma Bluffs	31	30	X	X	X
Toscana	17	88	X	X	X
Walnut Creek Resort	34	36	X	X	X
Wynstone	17	68	X	X	X
<b><u>ANNUAL TOTAL</u></b>		1820	1820	1820	1820

<b>GRAND TOTAL</b>		10739	4784	4459	4466

<b>3YR PLAN MAPS REVIEW---JENNIFER HIGHTOWER</b>					
MAP	ISD	COUNT	2015	2016	2017
11	DISD	40	X		
11A	DISD	133	X		
11B	DISD	143	X		
11C	DISD	40	X		
23	DISD	35	X		
23A	DISD	26	X		
23B	DISD	21	X		
24	DISD	14	X		
24A	DISD	32	X		
24B	DISD	104	X		
25	DISD	12	X		
39	DISD	51	X		
39A	DISD	23	X		
40	DISD	32	X		
40A	DISD	10	X		
41	DISD	50	X		
41A	DISD	171	X		
42	DISD	74			X
43	DISD	151			X
44	DISD	11			X
45	DISD	10			X
46	DISD	78			X
47	DISD	187	X		
47A	DISD	55	X		
48	DISD	45	X		
63	DISD	44	X		
63A	DISD	12	X		
64	DISD	25	X		
66	DISD	81			X
67	DISD	217			X
68	DISD	59			X
69	DISD	82			X
70	DISD	10			X
71	DISD	14			X
72	DISD	137			X
73	DISD	218			X
73A	DISD	13			X
74	DISD	41			X
75	DISD	26		X	X
76	DISD	117		X	

101	DISD	42		X	
102	DISD	141		X	
104	DISD	242		X	
105	DISD	166		X	
105A	DISD	49		X	
106	DISD	76		X	
106A	DISD	68		X	
107	DISD	135		X	
108	DISD	96		X	
117	DISD	124		X	
D001	DISD	37			X
D002	DISD	496			X
D003	DISD	14			X
D004	DISD	275			X
D005	DISD	48			X
D006	DISD	181			X
D007	DISD	42			X
D008	DISD	199			X
D009	DISD	352			X
D010	DISD	429			X
D011	DISD	432			X
D012	DISD	207			X
D013	DISD	63			X
D014	DISD	61			X
D015	DISD	274			X
D016	DISD	164			X
D017	DISD	469			X
D018	DISD	122	X		
D019	DISD	263	X		
D020	DISD	78	X		
D021	DISD	98	X		
D022	DISD	445	X		
D023	DISD	232	X		
D024	DISD	466	X		
D025	DISD	276		X	
D026	DISD	347		X	
D027	DISD	62		X	
D028	DISD	37		X	
D029	DISD	408		X	
D030	DISD	441		X	
D031	DISD	300		X	
D032	DISD	212	X		
D033	DISD	197	X		
D034	DISD	64	X		
D035	DISD	61	X		
D036	DISD	75	X		
D037	DISD	398	X		

D038	DISD	136	X		
D039	DISD	211		X	
D040	DISD	162		X	
D041	DISD	138		X	
D042	DISD	170		X	
D043	DISD	185		X	
D044	DISD	372		X	
D045	DISD	139	X		
D046	DISD	200	X		
D048	DISD	137	X		
D049	DISD	136	X		
D050	DISD	68		X	
D051	DISD	2		X	
D052	DISD	12		X	
D053	DISD	21		X	
D054	DISD	6		X	
D055	DISD	58		X	
D056	DISD	61	X		
D060	DISD	4			
TOTAL		14326	4860	4490	4976

**3YR PLAN MAPS REVIEW---DUSTY KOLLMANSBERGER**

MAP	ISD	COUNT	2015	2016	2017
42	DISD	72			X
43	DISD	149			X
44	DISD	14			X
45	DISD	11			X
66	DISD	78			X
67	DISD	213		X	
067A	DISD	8		X	
68	DISD	58			X
69	DISD	80			X
70	DISD	10			X
71	DISD	15			X
72	DISD	156			X
73	DISD	211			X
073A	DISD	13			X
74	DISD	41			X
104	DISD	246	X		
105	DISD	164	X		
105A	DISD	47	X		
106	DISD	76		X	
106A	DISD	66		X	
107	DISD	151		X	
108	DISD	119		X	

109	BISD	189		X	
110	BISD	128		X	
110A	BISD	32		X	
111	BISD	27	X		
112	BISD	43	X		
113	BISD	112	X		
114	BISD	60	X		
115	BISD	82	X		
116	BISD	49	X		
117	DISD	150	X		
143	BISD	118		X	
144	BISD	140		X	
144A	BISD	3		X	
145	BISD	17		X	
146	BISD	92		X	
147	BISD	139			X
147A	BISD	17			X
147B	BISD	48			X
148	BISD	65			X
189	TBISD	98			X
189A	TBISD	38			X
190	TBISD	112			X
190A	TBISD	23			X
191	TBISD	64			X
192	TBISD	78			X
192A	TBISD	24			X
193	TBISD	106			X
193A	TBISD	13			X
194	WWISD	98			X
195	BISD	46			X
196	BISD	64			X
197	BISD	130	X		
198	WWISD	29	X		
199	WWISD	58		X	
200	WWISD	95			X
201	WWISD	33			X
202	WWISD	35	X		
203	WWISD	130	X		
203A	WWISD	45	X		
203B	WWISD	24	X		
204	WWISD	150	X		
226	WWISD	81	X		
226A	WWISD	7	X		
227	WWISD	53	X		
228	WWISD	64			X
229	WWISD	79			X
230	WWISD	196		X	

230A	WWISD	30		X	
231	WWISD	127			X
232	WWISD	53	X		
233	WWISD	129	X		
233A	WWISD	59	X		
234	WWISD	84		X	
235	WWISD	80		X	
236	WWISD	87		X	
236A	WWISD	21		X	
236B	WWISD	5		X	
237	WWISD	213	X	X	
238	WWISD	65			X
239	WWISD	102			X
278	WWISD	152		X	
279	WWISD	104			X
280	WWISD	58		X	
281	WWISD	147		X	
281A	WWISD	19		X	
282	WWISD	78		X	
283	WWISD	134		X	
317	WWISD	60		X	
318	WWISD	71		X	
A001	BISD	72	X		
B001	BISD	86			X
B002	BISD	151			X
B003	BISD	120			X
B004	BISD	72			X
F001	BISD	29			X
K001	TBISD	20			X
N001	TBISD	103		X	
N002	TBISD	93		X	
N003	TBISD	96		X	
X001	WWISD	197	X		
X002	WWISD	129	X		
X003	WWISD	206	X		
X004	WWISD	137	X		
X005	WWISD	53	X		
X006	WWISD	75	X		
Z001	WWISD	33		X	
TOTAL		9032	2987	2957	3088



## 2015-2016 Business Personal Property Reappraisal Cycle

Appraiser	ISD	# of Accounts	ISD	# of Accounts
Appraiser 1	Sherman	<u>1129</u>	Sherman	<u>1129</u>
	<b>Total</b>	<b>1129</b>		<b>1129</b>

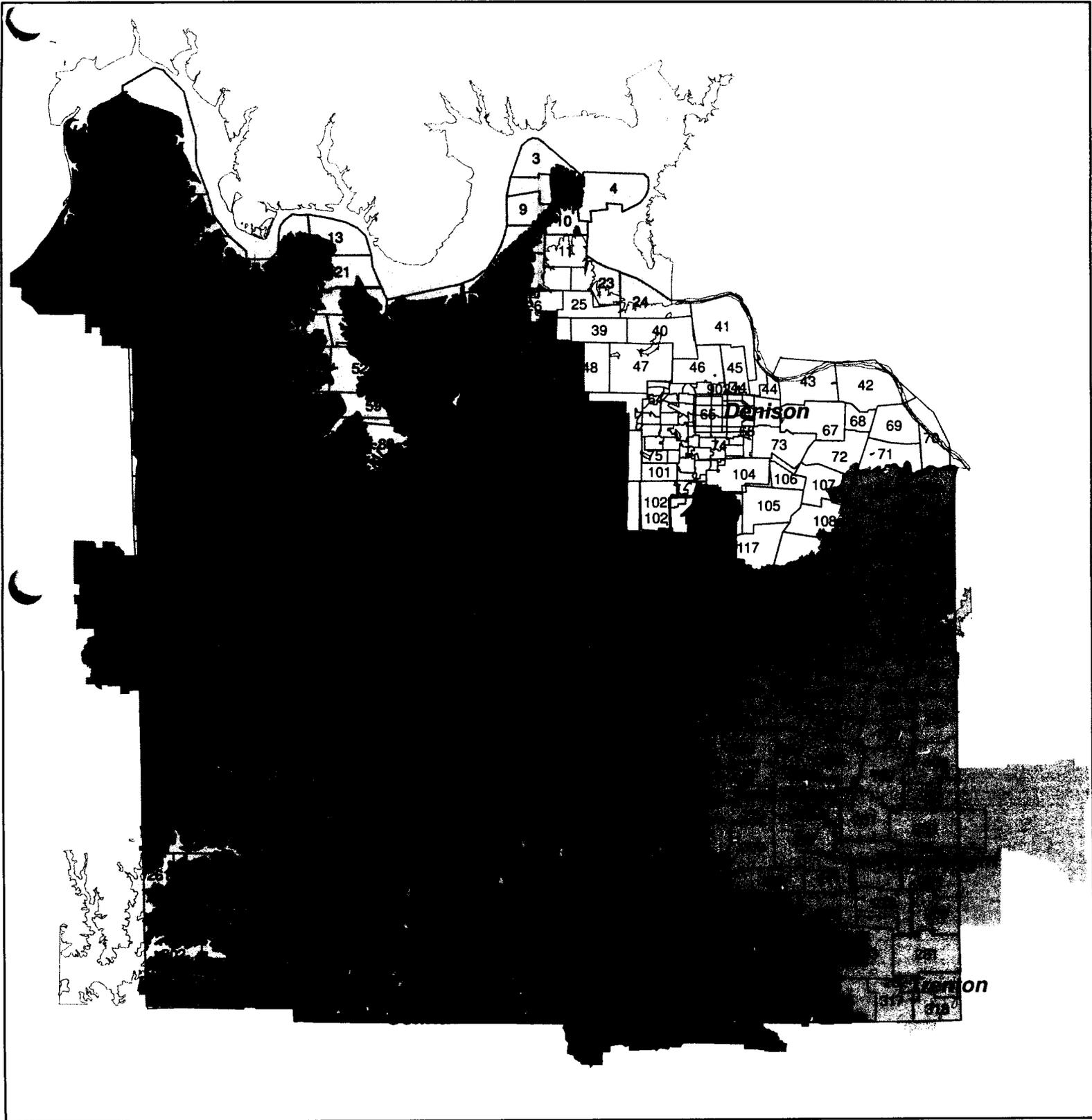
2258 Total- 1/2 of Sherman will be worked per appraisal cycle

Appraiser 2	Tom Bean	112	Denison	1510
	Bells	136		
	Van Alstyne	368		
	Whitewright	<u>143</u>		<u>          </u>
	<b>Total</b>	<b>759</b>		<b>1510</b>

Appraiser 3	Collinsville	126	Pottsboro	472
	Gunter	144	Howe	191
	Pilot Point	3		
	Tioga	104		
	Whitesboro	<u>610</u>		<u>          </u>
	<b>Total</b>	<b>987</b>		<b>663</b>

**Appendix E. Market Areas Map**

# *Grayson Central Appraisal District*



***Appendix F. Reappraisal Timeline***

## **2015-2016 REAPPRAISAL TIMELINE\***

*The Grayson Central Appraisal District reappraises all real and personal property in the district at least once every three years in accordance with Texas Property Tax Code Section 25.18.*

*The 2015-2016 timeline of activities are as follows:*

### **August**

- Begin training and classroom work for compliance with TDLR regulations for appraisers.
- All Residential, Commercial and BPP Appraisers begin printing and routing field inspections.
- Residential and Commercial Appraisers begin field inspections.
- BPP staff begins review of Certificates of Occupancy and Compliance, sales tax permits and assumed name documents in their areas for appraisal of new businesses in the upcoming year.
- BPP staff to test and update (if necessary) density schedules for specific SIC classifications.
- Sales entry from previous month for sales file.

### **September**

- September 1 or as soon thereafter as possible, BPP Appraisers begin field inspections.
- Land Appraiser runs preliminary ratio studies to determine goals and begin analysis of land values.
- Begin collecting cost, sale and income data via local builders, surveys and MLS listing services.
- Sales entry for sales file.

### **October - November**

- Continue collection and input of sales data that has been collected.
- All appraisers continue regular field inspections.
- Sales entry for sales file.

### **December**

- All appraisers begin field inspections based on next inspection date and permits.
- Sales entry for sales file.
- Surveys to obtain owner lists from mobile home parks send Mid-December.

### **January**

- January 1 is the appraisal date for most categories of taxable property in accordance with Texas Property Tax Code Section 23.01. Complete next inspection list of properties coded for a "Next Inspection Date" as of January 1.
- Preparation for mass mailings.
- Continue with regular field inspections for reappraisal as special inspections are completed.
- Update BPP depreciation schedule and rendition.
- Mail out renditions
- Before Feb. 1, Mass mailings begin for:  
Homestead, Disabled Veteran, Agricultural Valuation, Wildlife, Abatements & Freeport as required by Sec. 11.44 (a).

## February

- Prepare Public Notice article for newspapers to include all the items above and also information about Appraisal Notices, Protesting Values and Taxpayer Rights and Remedies as required by Sec. 11.44 (b).
- BPP staff begin to work renditions, Freeport Applications and Abatement Applications.
- Finish any sales entries to prepare the sales file for our analysis.

## March

- (Target date March 1) All residential and commercial field work completed.
- All data entry finalized.
- Auto book match up completed by True Automation and work unmatched.
- Begin Sales Analysis for adjustments to cost schedules of improvements and/or create modifiers.
- Begin Review of Vacant Land Sales for development and/or adjustment to land schedules.
- BPP Staff continue to work filed renditions, extension, etc.
- Notify TAC

## April

- Finish sales analysis.
- Run gain/loss reports and other error reports.
- Data entry/ value changes cease for all real properties, to prepare file for the first Notice of Appraised Value mailing.
- \*April 15\* BPP Rendition deadline.
- Review appraisal information from contracted firms.
- Complete all Ag/special valuation.
- \*April 30\* Prepare and certify Preliminary totals for all taxing entities, set freezes for new value and transfers.

## May

- Mail Real Property Notices of Appraised Value.
- Begin the informal inquiry process with property owners on real property accounts.
- \*May 15\* BPP Extension filing deadline.
- Mail BPP Notices of Appraised Value and then begin informal inquiry process for BPP accounts.
- Complete BPP extensions and mail second batch of BPP notices
- Finish up with Informal meetings and begin preparation for ARB hearings.
- (Target date end of May) Submit Appraisal Rolls to ARB as required by Sec 25.22.

## June

- ARB hearings scheduled

## July

- Continue ARB hearings and schedule contracted firm hearings.
- ARB approved appraisal records as required by Sec 41.12.
- Chief Appraiser Certifies Tax Roll to the Taxing entities as required by Sec. 26.01.
- Create New Year layer and begin new appraisal year.

**\*The timeline is an anticipated schedule based on typical cycles. It is to be used as a general guide. Depending on variations and ever changing workload, described duties may vary from year to year, although, every effort should be made to adhere to the schedule. An example of a variation is an above average amount of permits and new construction.**