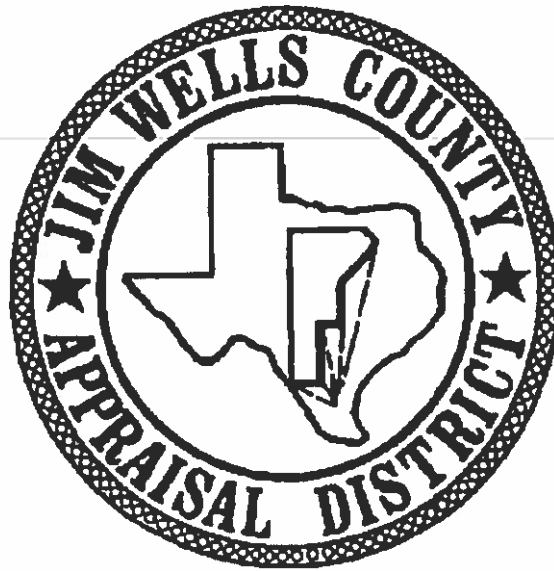


JIM WELLS COUNTY APPRAISAL DISTRICT

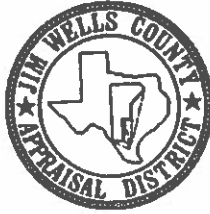


**2015-2016
ADOPTED REAPPRAISAL PLAN
SEPTEMBER 10, 2014**

JIM WELLS COUNTY APPRAISAL DISTRICT

CHIEF APPRAISER

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This Appraisal Plan is being submitted as a tool to organize the reappraisal for Jim Wells County Appraisal District. This plan attempts to outline the necessary work required to complete a reappraisal over the next two years. As we progress into the actual reappraisal process, we reserve the right to modify the plan as required in order to meet the requirements for this office as set forth in the Texas Property Tax Code.

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JIM WELLS COUNTY APPRAISAL DISTRICT 2015-2016 PRELIMINARY REAPPRAISAL PLAN

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 general accepted appraisal practices, the Board of Directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each even numbered year, the board shall complete its 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;

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- (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 determine 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 Responsibility

The Jim Wells County Appraisal District has prepared and published this reappraisal report to provide our Board of Directors, citizens and taxpayers with a better understanding of the district's responsibilities and activities. This report has several parts: a general introduction and then several sections describing the proposed 2015 – 2016 reappraisal effort by the Jim Wells County Appraisal District.

The Jim Wells County Appraisal District (CAD) is a political subdivision of the State of Texas created effective January 3, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the Appraisal District. A member Board of Directors, appointed by the taxing units within the boundaries of Jim Wells County, constitutes the district's governing body. The Chief Appraiser, appointed by the Board of Directors, is the Chief Administrator and Chief Executive Officer of the Appraisal District.

The Appraisal District is responsible for local property tax appraisal and exemption administration for 18 jurisdictions or taxing units in the county. Each taxing unit, such as the county, a city, school district, municipal utility 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 established by the Appraisal District and used by the taxing units to allocate the year's tax burden on the basis of each taxable property's January 1st market value. The District also determines eligibility for various types of

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property tax exemptions such as those for homeowners, the elderly, disabled veterans, and charitable and religious organizations.

The Property Tax Code States: except as otherwise provided by the Property Tax Code, all taxable property is appraised at its “market value” as of January 1st. Under the tax code, “market value” means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41 & 23.51), 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 1st of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st. 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. The district's current policy is to conduct a general reappraisal of real and business personal property value every year, meaning that a property's appraised value is established and reviewed for equality and uniformity on an annual basis.

The appraised value of real and business personal property is calculated using specific information and data about each property. Using computer-assisted appraisal programs, and generally recognized appraisal methods and techniques, registered and trained appraisers compare the subject 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)

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when the appraised value of a property is established using mass appraisal techniques. 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.

OVERVIEW OF DISTRICT OPERATIONS

2015- 2016 Tax Calendar - See Appendix (D)

2015-2016 Planning and Organization – See Appendix (E)

2015-2016 Calendar of Key Events – See Appendix (E)

Personnel Resources

The Office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of district operations. The Administration 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 and postal services. The Appraisal Department is responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, and real industrial. The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with The Texas Department of Licensing and Regulations. Support functions include record maintenance, coordination of information and assistance to property owners by the Appraisal District and Systems Manager, and hearing support.

The Appraisal District staff consists of 13 employees with the following classifications:

- 2 - Chief/Administrator (1) Administrative Assistant (1)
- 3 – Supervisor's – Appraisal (1) Clerical (1) Systems Manager (1)
- 7 – Appraisers (3) Appraisal Clerks (3) Draftsperson (1)
- 1 – Computer Tech (1).

Staff Education and Training

All employees that perform appraisals are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with Texas Department of Licensing and Regulation (TDLR). TDLR 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.

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Upon registration, appraisers registered with the Texas Department Of Licensing and Regulation (TDLR) have up to five years to take a series of appraisal courses and exams and pass the Appraiser Class IV examination in order to achieve certification as a Registered Professional Appraiser (RPA).

94.25 Continuing Education Effective Jan. 1, 2011

During each subsequent twenty-four month period after certification, appraisers must complete an additional 30 hours of continuing education. Continuing education must include: (1) two hours in professional ethics (2) a state laws and rules update course (3) seven hours in USPAP and other approved Property Tax Assistance Division (PTAD) courses and seminars. IAAO, Texas Association of Assessing Officers (TAAO), and Texas Association of Appraisal Districts (TAAD). Failure to meet these minimum standards will result in a registrant losing their TDLR license and will also result in the removal of the employee from an appraiser position. Additionally, all appraisal personnel receive

extensive training in data gathering processes including data entry onto appraisal cards used in field-work and statistical analyses of all types of property to ensure equality and uniformity of appraisal of all types of property. Standardized manuals are provided to all appraisers. On-the-job training is delivered by the Senior Appraiser for new appraisers and also meets with staff to introduce new procedures and regularly monitors appraisal activity to ensure that standardized appraisal procedures are being used and followed by all personnel.

Data

The district is responsible for establishing and maintaining approximately 38,225 real estate, mineral and business personal property accounts covering 844 square miles within Jim Wells County territorial boundaries. This data includes property characteristic and ownership and exemption information. Accurate ownership and legal description data is maintained by processing recorded deeds and plats that are provided by the Jim Wells County Clerk's Office. Exemption data, in amounts authorized by State and local governments, is processed in conjunction with various application requirements as stipulated in the State Property Tax Code. Property characteristic data on new construction is updated through an annual field effort; existing property data is maintained through a field and office review that is prioritized by last field inspection date. 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 trends in employment, interest rates, new construction trends, and cost and market data are acquired through various sources, including internally generated questionnaires to buyers, university research centers, market data centers, vendors and multiple listing sales (MLS).

The District has a Geographic Information System (GIS) that maintains maps and various layers of data including aerial photography, plats, taxing jurisdictions boundary lines and individual accounts.

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Original plats and aerial photos are kept in the map room. The Jim Wells County Appraisal District's website makes a broad range of information available for public access, including paying your taxes; viewing your taxes, frequently asked questions, and links to other government agencies. Downloadable files of related tax information and district forms, including exemption applications and business personal property renditions, are also available.

Management Information Systems Support

The Chief Appraiser and the Systems Manager maintain the district's data processing facility and software applications. The district operates under the mainframe hardware/system software of an IBM AS400 using EZCAM and EZTAX program developed by Easy Access Inc. served by general-purpose Desktop PC's, along with terminal emulation to mainframe. Also, the geographic information system software is an ESRI based product- Arc View/Arc Info.

Appraisal District Boundaries

New law enacted by the 80th Legislative Session in 2007 created House Bill 1010 which establishes that Appraisal District's boundaries are the same as the County's boundaries. This law is found in Section 6.02 of the Texas Property Tax Code and became effective on January 1, 2008.

Independent Performance Test

According to Chapter 5 of the TPTC 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 and each Appraisal District unless the study reveals invalid findings, in which case the study is conducted every year until the school district receives valid findings.

The methodology used in the property value study includes stratified samples to improve sample representative 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 as well as by state category (i.e., categories A, B, C, D and F1 are directly applicable to real property).

There are 7 independent school districts in the Jim Wells CAD for which appraisal rolls are annually developed. The preliminary results of this study are released in January in the year following the year of appraisal. 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 the CAD in determining areas of

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market activity or changing market conditions. Results from the upcoming 2014 Property Value Studies will be reviewed and analyzed by the Chief Appraiser and the Senior Appraiser.

The Comptroller's Property Tax Assistance Division is also required to review each CAD's governance, taxpayer assistance, operating standards, appraisal standards, appraisal procedures, and appraisal methodology at least every two years. This review referred to, as the Methods and Assistance Program (MAP) will be conducted during the year in which a Property Value Study is not undertaken. The Comptroller is required to deliver a written report to the Chief Appraiser, CAD Board of Directors and each superintendent and Board of Trustees in school districts in the CAD concerning the MAP findings. JWCAD had its first MAP review in 2011 and will have another MAP review conducted in 2015. PTAD's Property Value Study (PVS) will occur in 2014 and 2016.

Appraisal Activities

INTRODUCTION

Overview of Appraisal Responsibilities

The field appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of real and personal property by any method requires a physical description of personal property, and land and building characteristics. This appraisal activity is responsible for administering, planning and coordinating all activities involving data collection and maintenance of all commercial, residential and personal property types which are located within the boundaries of Jim Wells County and jurisdictions within the appraisal district. The data collection effort involves the field inspection of real and personal property accounts, as well as data entry of all data collected into the existing information system. The goal is too periodically field inspect residential properties in Jim Wells County, and field inspect personal / and commercial properties every year. Ultimately, meeting this goal is dependent on budgetary constraints.

Appraisal Resources

- **Personnel** - The appraisal activities consists of 5 appraisers, 4 clerical personnel, 2 systems operations, and 1 draftperson staff members.
- **Data** - The data used by field appraisers includes the existing property characteristic information contained in CAMA (Computer Assisted Mass Appraisal System) from the district's computer system. The data is printed on a Property Record Card (PRD), or personal property data sheets.
- **Other Data Used** - Includes maps, sales data, fire and damage reports, building permits, photos and actual cost information and market information.

Preliminary Analysis

Data Collection/Validation

Data collection of real property involves maintaining data characteristics of the property on CAMA (Computer Assisted Mass Appraisal). The information contained in CAMA includes site characteristics, such as land size and topography, and improvement data, such as square foot of living area, year built, quality of construction, and condition. Field appraisers use appraisal manuals that establish uniform procedures for the correct listing of real property. All properties are coded

according to these manuals and the approaches to value are structured and calibrated based on this coding system. The field appraisers use these manuals during their initial training and as a guide in the field inspection of all properties in the district. Data collection for personal property involves maintaining information on PERS (Personal Property System). The type of information contained in PERS includes personal property such as business inventory, furniture and fixtures, machinery and equipment, cost and location. The field appraisers conducting on-site inspections use a personal property manual during their initial training and as a guide to correctly list all personal property that is taxable.

The procedural manuals that are utilized by the field appraisers are available in the district's office. Manuals are also located in the customer service area for public inspection. If a property owner/agent wants a copy of the listing procedural manual, customer service will handle this request. Appraisers periodically update the listing procedural manuals with input from the valuation group.

Sources of Data

The sources of data collection are through property inspection, new construction field effort, data review/realist field effort, data mailers questionnaires, hearings, sales validation field effort, commercial sales verification, newspapers and publications, and property owner's correspondence. A principal source of data comes from building permits received from taxing jurisdictions with-in city limits that require property owners to take out a building permit. Paper permits are received and matched manually with the property's tax account number by the appraisal staff for field inspection and data entry. The Multiple Listing Service (MLS) of the Alice Board of Realtors is a reliable source of data, for both property description and market sales data. Area and regional real estate brokers and managers are also sources of market and property information. Data surveys of property owners requesting market information and property description information is also valuable data. Soil surveys and agricultural surveys of farming and ranching property owners and industry professionals are helpful for productivity value calibration. The Texas Railroad Commission is the source for mineral production data and leasing information. Improvement cost information is gathered from local building contractors and Marshall and Swift Valuation Service. Interviewing property managers and operators to determine the operating income and expenses for investment and income producing real estate property performs various income and rental surveys.

Data review of entire neighborhoods is generally a good source for data collection. Appraisers typically drive entire neighborhoods to review the accuracy of our data and identify properties that need to be updated during the permit and reappraisal effort. The sales validation effort in real property pertains to the collection of data of properties that have sold. In residential, the sales validation effort involves office review and verification and when needed on-site inspection by field appraisers to verify

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the accuracy of the property characteristics data and confirmation of the sales price. In commercial, the commercial appraiser is responsible for contacting both grantee and grantor to confirm sales prices and to verify pertinent data. Sale surveys are also mailed out to the grantee and on all undisclosed Commercial sales and for certain undisclosed Residential sales.

Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently, the property owner provides sufficient enough reliable data to allow correction of records without having to send an appraiser on-site. As the district has increased the amount of information available on the Internet, property owner's requests to correct data inconsistencies has also increased. For the property owner without access to the Internet, letters are often submitted notifying the district of inaccurate data. Properties identified in this manner are added to a work file and inspected at our earliest opportunity. Accuracy and validity in property descriptions and characteristics data is the highest goal and is stressed throughout the appraisal process from year to year. Appraisal opinion quality and validity relies on data accuracy as its foundation.

Data Collection Procedures

Field data collection requires organization, planning and supervision of the field effort. Data collection procedures have been established for residential, commercial, and personal property. The appraisers are assigned throughout Jim Wells County to conduct field inspections. Appraisers of real estate and business personal property conduct field inspections and record information either on a Property Record Card (PRD), or a personal property data sheet that holds all data dealing with the property and allows for the entry of corrections and additions that the appraiser may find in his or her field inspection.

The quality of the data used is extremely important in establishing accurate values of taxable property. While production standards are established and upheld for the various field activities, quality of data is emphasized as the goal and responsibility of each appraiser. New appraisers are trained in the specifics of data collection set forth in the appraisal manual as "rules" to follow. Experienced appraisers are routinely re-trained in listing procedures prior to major field projects such as new construction, sales validation or data review. A quality assurance process exists through supervisory review of the work being performed by the field appraisers. Quality assurance supervision is charged with the responsibility of ensuring that appraisers follow listing procedures, identify training issues and provide uniform training throughout the field appraisal staff.

Data Maintenance

The field appraiser is responsible for the data entry of his/her fieldwork directly into the computer file. This responsibility includes not only data entry, but also quality assurance. The majority of the data

collected in the field is input by the computer tech with supervision by the field appraiser. Data updates and file modification for property descriptions and input accuracy is conducted as the responsibility of the field appraiser and appraisal supervisors.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of last inspection, extent of that inspection, and the CAD appraiser responsible are listed on the account record. If a property owner or jurisdiction disputes the district's records concerning this data during a hearing, via a telephone call or correspondence received, the record may be altered based on the evidence provided. Typically, 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 real property located in certain areas or neighborhoods in the jurisdiction is done during the annual reappraisal effort. Also, a field-review is performed on all business personal property accounts 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. Data mailers sent in mass, aerial photographs, or at the request of the property owner, frequently verify the property characteristics or current condition of the property. When the property data is verified in this manner, and considered accurate and correct, field inspections may not be required. The personal property department mails property rendition forms in January of each year to assist in the annual reappraisal effort review of the property.

Performance Test

The Senior Appraiser is responsible for conducting ratio studies and comparative analysis to insure accurate and equitable appraised values. (Refer to the individual valuation process summary reports). The Senior Appraiser, in many cases may conduct field inspections to insure the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics observed at the time of sale. Properly performed ratio studies are a good reflection of the level of appraisal for the District.

Defining Market Areas

Market areas are defined by the physical, economic, governmental and social forces that influence property values. The effects of these forces were used to identify, classify, and stratify or delineate

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similarly situated properties into smaller, more comparable and manageable subsets for valuation purposes. Delineation can involve the physical drawing of neighborhood boundary lines on a map or it can also involve statistical separation or stratification based on attribute analysis. In performing this analysis for Jim Wells County, it was determined that the primary factor affecting market conditions were school districts and cities. Further investigation showed other physical, legal, economic and social factors had little or no effect when compared within school districts. The market areas used by the appraisal district are the five school districts. Alice ISD, Ben Bolt ISD, Premont ISD, LA Gloria ISD and Orange Grove ISD. The school districts have assign neighborhood area codes comparable to properties conforming to the definition of a market area; giving specific consideration to market characteristics and the specific life cycle of the neighborhood in compliance with USPAP Standards. Market areas within the school district boundaries include Improved Commercial Properties, Improved Residential Properties, Rural Ranch Lands, Rural Farm Land and Business Personal Properties. Neighborhood codes are assigned to every property in Jim Wells County and may be viewed graphically on District maps.

The cities of Alice, San Diego, Premont and Orange Grove and rural communities such as Alfred, Ben Bolt, Bentonville, and Sandia have assigned neighborhood area codes to comparable properties conforming to the definition of a market area; giving specific consideration to market characteristics and the specific life cycle of the neighborhood in compliance with USPAP Standards. Market areas within the city boundaries include Improved Commercial Properties, Improved Residential Properties, Vacant Commercial Properties, and Vacant Residential Properties and Business Personal Properties.

Land is also put into neighborhoods with other parcels that have similar characteristics, school districts, and amenities. Using these neighborhoods, values are applied to all parcels. These values take in consideration location, size, topography, and other characteristics that the market recognizes as significant. Each parcel of property has detailed information recorded in the CAMA system. For land, the legal description, dimensions, size, available utilities, and special characteristics are noted in a form that can be used and compared with other land parcels.

Each improvement shows the sketch and dimensions, the class which indicated original construction quality, the year of construction of each part of the improvement, the type of roof, the roof covering, the exterior covering of the improvement, number of baths, fireplaces, air conditioning type, and other attributes, and overall condition of the improvement.

Neighborhoods have improvements that are of similar construction and type as well as similar

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years of construction. Analysis of comparable market sales 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 indicate the effects of these market forces and are interpreted by the appraiser into an indication of market price ranges and indications of property component change considering a given time period relative to the date of appraisal. Cost and market approaches to estimate value are the basic techniques utilized to interpret these sales. Income Approach to value is also utilized to estimate an opinion of value for investment level properties.

Neighborhood codes are assigned to every property in Jim Wells County and may be viewed graphically on District maps located in Office Room H.

RESIDENTIAL VALUATION PROCESS

INTRODUCTION

Scope of Responsibility

The Residential Valuation appraisers are responsible for developing equal uniform market values for residential improved and vacant property. There are approximately 14,923 residential improved segments and 6,124 vacant residential properties in the Jim Wells CAD territorial boundaries.

Appraiser Resource

- **Personnel** - The Residential Valuation appraisal staff consists of 4 appraisers. The following appraisers are responsible for determining residential property values:
 1. Romeo A. Vela, Senior Appraiser Appraiser IV
 2. Carlos Rodriguez Jr. Appraiser IV
 3. Norma Reynado Appraiser IV
 4. Raul Garcia Appraiser IV
- **Data** - A common set of data characteristics for each residential dwelling in the Jim Wells CAD is collected in the field and data entered to the computer. The property characteristic data drives the Computer-Assisted Mass Appraisal (CAMA) approach to valuation. 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 card. Land Value, Zoning, SPTD Code, Building Class, Condition, Effective Age, Living Area, Additional Improvements, Foundation, Air & Heating, Fireplace, Bedrooms, Baths, Roof type, Garage, Exterior Walls, Interior Finish, Remodel Year, Percent Complete, Floor Finish.

Valuation Approach (Model Specification)

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 and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources such as continuing education in the form of IAAO and Property Tax Assistance Division (PTAD) approved classes and seminars.

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 each of the political entities known as Independent School Districts (ISD).

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 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 reflects diminishing demand or desirability. During decline, general property use may change from residential to a mix of residential and commercial uses. 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. All the residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhoods are fielded inspected and delineated based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted. Whereas neighborhoods involve similar properties in the same location, a neighborhood group is simply defined as similar neighborhoods in similar locations. Each

residential neighborhood is assigned to a neighborhood group based on observable aspects of homogeneity between neighborhoods.

Neighborhood grouping is highly beneficial in cost-derived areas of limited or no sales, or use in direct sales comparison analysis. Neighborhood groups, or clustered neighborhoods, increase the available market data by linking comparable properties outside a given neighborhood. Sales ratio analysis, discussed below, is performed on a neighborhood basis, and in soft sale areas on a neighborhood group basis.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. In areas of missed residential and commercial use, HJR 36 passed during the 2009 legislative session and the enabling constitutional amendment, limit the appraisal of a residence homestead to its value as a residence homestead rather than at its highest and best use as a commercial property. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally 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. 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.

VALUATION AND STATISTICAL ANALYSIS (Model Calibration)

Cost Schedules

All residential parcels in the District are valued from identical cost schedules using a comparative unit method. The District's residential base building class cost schedules have been customized to fit Jim Wells County's local residential building and labor market. The District calibrates each building class cost table at the neighborhood level during the reappraisal effort to insure equitable and accurate appraised values. An extensive review and revision of the residential base building class cost schedules is performed annually. The cost schedules are reviewed regularly as a result of recent state legislation requiring that the Appraisal District cost schedules be within a range of plus or minus 10% from nationally recognized cost schedules.

As part of this review and evaluation process of the estimated replacement cost, every newly constructed sold property representing various levels of quality of construction in Jim Wells CAD are considered. The property data characteristics of these properties were verified and some photographs were taken of the samples. From the total samples, all were selected for use in the cost system review. CAD dwelling costs were compared against Marshall & Swift, a nationally recognized cost

estimator. This process included correlation of quality of construction factors from CAD and Marshall & Swift. The results of this comparison were analyzed using statistical measures, including stratification by quality and reviewing estimated building costs plus land to sales prices. As a result of this analysis, a new regional multiplier was developed to be used in the District's cost process. This new regional multiplier was used to adjust the division's cost schedule to be in compliance with the state legislative mandate described above. In addition to the mainframe cost schedules, PC spreadsheet applications have been created to address unique appraisal situations, such as different levels of remodeling and typical housing features not normally accounted for in the mainframe benchmark cost system.

Sales Information

A sales file for the storage of "snapshot" sales data at the time of sale is maintained for real property. Residential vacant land sales, along with commercial improved and vacant land sales are maintained in a separate sales information system. Residential improved and vacant sales are collected from a variety of sources, including: District questionnaire letters sent to buyer, field discovery, protest hearings, Board of Realtor's MLS, Title companies and various sale vendors, builders, fee appraisers and realtors. A system of type, source, validity and verification codes was established to define salient facts related to a property's purchase or transfer. School District or neighborhood sales reports are generated as a ratio analysis tool for the appraiser in the neighborhood building class model development of value estimates.

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.

Land Analysis

The Senior Appraiser conducts Residential Land Analysis. The appraiser develops a base lot value, primary rate, and can price land on flat-price, square foot, acreage or front foot basis and assigns each unique neighborhood to a land table. The square foot land table is designed to systematically value the primary and residual land based on a specified percentage of the primary rate. A computerized land table files stores the land information required to consistently value individual parcels within neighborhoods. Specific land influences are used, where necessary, to adjust parcels outside the neighborhood norm for such factors as view, shape, size, and topography, among others. The appraisers use abstraction and allocation methods to insure that the land values created best reflect the contributory market value of the land to the overall property value.

Statistical Analysis

The Senior Appraiser performs statistical analysis annually to evaluate whether values are equitable and consistent with the market. Ratio studies are conducted on many 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 many stratified values within each neighborhood and (ISD) and 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 stratified area basis. The level of appraised values is determined by the weighted mean for individual properties within an area, and a comparison of area 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 stratified areas. The appraiser through the sales ratio analysis process reviews every area 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. The appraiser, based on the sales ratio statistics and designated parameters for valuation update, makes a preliminary decision as to whether the value level in a neighborhood needs to be updated in an upcoming reappraisal, or whether the level of market value in a neighborhood is at an acceptable level.

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. This type of approach accounts for neighborhood market influences not specified in the cost model.

The following equation denotes the hybrid model used:

$$MV = [LV + (RCN - D)]$$

Whereas, the Market Value (MV) equals the Land Value (LV) plus the Replacement Cost New (RCN) less Depreciation (D). 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 as indicated by market sales. Therefore, market or building class location adjustments are applied uniformly by building class neighborhoods to account for locational variances between market areas or across a jurisdiction. If a neighborhood is to be updated, the appraiser uses a cost ratio study that compares recent sales prices of properties appropriately adjusted for the effects of time within a delineated neighborhood 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 building class level of value based on the unadjusted cost value for the sold properties within that building class range. This cost-to-sale ratio is compared to the appraisal-to-sale ratio to determine the market adjustment factor for each neighborhood. This market adjustment 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 market adjustment factor will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The market adjustment factor calculated for each update neighborhood is applied uniformly to all properties within a neighborhood. Once the market-trend factors are applied, a second set of ratio studies is generated that compares recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the appraiser judges the appraisal level and uniformity in both update and non-update neighborhoods, and verifies appraised values against overall trends as exhibited by the local market, and finally, for the school district as a whole.

SPECIAL APPRAISAL PROVISIONS

Appraisal of Residence 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 limited value begins in the second year the property qualifies for a residential homestead exemption. The appraised value of a qualified residence homestead will be the LESSER of:

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

Since Jim Wells Appraisal District is on an annual reappraisal cycle, the limited appraised value must be recomputed annually. The appraised value of homestead increases 10% annually or until the

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appraised value is equal to the market value. If a limited homestead property sells, the cap automatically expires as of January 1st of the year following the sale of the property and the property is appraised at its market value. The market value of a limited homestead is maintained, as well as the limited appraised value.

Residential Inventory

Sec. 23.12 of the Texas 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.

Agricultural Appraisal

The Texas Constitution permits certain kinds of agricultural land to be appraised for tax purposes at a productivity value, rather than at market value. This special appraisal value is based solely on the land's capacity to produce agricultural products. Property qualifying for agricultural appraisal will have a substantial reduction in taxes, based on the difference in special agricultural appraisal and the market value of the property. Property taxes are deferred until a change of use of the property occurs or, in a much less frequently requested type of special agricultural appraisal, when the ownership changes. At the time of use or ownership change, taxes are recaptured for up to five previous years, based on the difference in what was paid based on agricultural appraisal, and what would have been paid based on the market value of 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. A copy may be obtained from the State Comptroller of Public Accounts.

Application Process

The State Property Tax Code requires an application before land is considered for agricultural valuation. The deadline for filing a timely application is before May 1st. 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) year. Land located within an incorporated city or town must have been devoted principally to agricultural use continuously for the preceding (5) year.

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

- **Application is Denied-** Property owner is notified by certified mail and given 30 days to appeal the decision to the Appraisal Review Board.
- **Application is Approved-** Property owner is notified of the decision and the productivity land appraised value. Once approved, the property remains valued as a special agricultural use until a change of use occurs, or the ownership changes. If the property's use remains unchanged and only ownership has changed, the new owner notified and is required to timely apply for special agricultural valuation.
- **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 critical need of field review through sales ratio analysis, ARB hearings, building permits, property owner's request, aerial photos and other sources. Sold properties with a high variance in sales ratios are field reviewed to check for accuracy of data characteristics before they are used in reappraisal analysis.

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 transitioning and high demand neighborhoods. Increased sales activity has also resulted in a more substantial field

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effort on the part of the appraisers to review and resolve sales that fall outside acceptable ranges. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction, condition, physical, functional and economic obsolescence, factors contributing significantly to the market value of the property. After preliminary estimates of value have been determined in targeted areas, the appraiser takes valuation documents to the field to test the computer-assisted values against his own appraisal judgment. During this review, the appraiser is able to physically inspect both sold properties and unsold properties for comparability and consistency of values.

Office Review

Given the ample resources and time required to conduct a routine field review of all properties, homogeneous properties consisting of tract housing with a low variance in sales ratios and other properties having a recent field inspection date are value reviewed in the office. Valuation reports comparing previous values against proposed and final values are generated for many residential improved and vacant properties. The dollar amount and percentage of value difference are noted for each property within a delineated neighborhood allowing the appraiser to identify research and resolve value anomalies before final appraised values are released. Previous values resulting from a hearing protest are individually reviewed to determine if the value remains appropriate for the current year.

Once the appraiser is satisfied with the level and uniformity of value for each neighborhood or area within his area of responsibility, the estimates of value are prepared for a notice of proposed value.

PERFORMANCE TESTS

Sales Ratio Studies

The primary analytical tool used by the appraisers to measure and improve performance is the ratio study. The District ensures that the appraised values that it produces meet the standards of accuracy in several ways. Overall sales ratios can be generated by building class, by neighborhood, by city, and by 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, along with frequency distributions and scatter diagrams are reviewed for each neighborhood being updated for the current tax year. In addition to the mainframe sales ratios by school district and neighborhood, sales ratios are generated from a PC-based statistical application in Microsoft Excel. Reported in the sales ratio statistics for each school district is a level of appraisal value and uniformity profile by land use and appraised value ranges. Residential appraisers may use

sales up to two years prior to January 1st of the appraisal year to obtain a statistically valid sample. The PC-based ratio studies are designed to emulate the findings of the State Comptroller's annual property value study for category A property.

Management Review Process

Once the proposed value estimates are finalized, the Senior Appraiser reviews the sales ratios by neighborhood and ISD presents pertinent valuation data, such as weighted sales ratios and pricing trends, sale-to-parcel ratio, and level of appraisal to the Chief Appraiser for final review and approval. This review includes comparison of level of value between related neighborhoods within and across adjoining jurisdictions. 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 and to insure the overall level of assessment within each taxing jurisdiction is acceptable.

RESIDENTIAL REAPPRAISAL PLAN OVERVIEW

The District's Residential 2015-2016 Reappraisal Plan consists of two primary tasks: Fixed Tasks and Variable Tasks. Fixed tasks are those tasks required done on an annual basis and are associated with working building permits received from the three cities within the Jim Wells Central Appraisal District's jurisdictional boundaries. Variable tasks are those tasks associated with our annual reappraisal effort.

Fixed Tasks

Building permits are received monthly from the City of Alice Inspection Department and at the end of the year from the City of Orange Grove and City of Premont 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, 2014 through December 31, 2014 associated with an account will be inspected and reappraised for the 2015 Appraisal Year. All significant value related building permits issued from January 1, 2015 through December 31, 2015 associated with an account would be inspected and re-appraised for the 2016 Appraisal Year.

Also, included in these fixed task projections for 2015 and 2016 are those accounts that were partially complete as of January 1, 2013 and January 1, 2014 respectively. Any property that has new construction activity as of January 1st, and was not 100% complete will be targeted for reappraisal the next appraisal year. This also includes those properties whereby a building permit was issued prior to January 1st, but no new construction activity had taken place as of January 1st, of the current appraisal year.

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Property data attribute information is verified and corrected based on on-site inspections as well as office review using maps and aerial photography. The following data attribute information is captured on each appraisal record: Land Value, SPTD Code, Building Class, Condition, Year Built, Effective Age, Living Area, Additional Improvements, Total Living Area, Foundation, AC/Heating, Roof Type, Roofing, Garage, Frame, Exterior Walls, Fireplace, Bedrooms, Baths, Remodel Year, and Percent Complete.

Variable Tasks

Variable tasks are those tasks associated with our annual neighborhood and Jurisdictions reappraisal effort. Ratio Study in conjunction with annual in-house Neighborhood Ratio Studies are conducted during January, and March of every appraisal year. Also, including in the annual reappraisal effort is:

- All Mobile Home accounts
- New Subdivision accounts
- Shared Central Appraisal District (CAD) accounts split by the county line
- Compliance Accounts - Compliance accounts are accounts where our current market values are acceptable however the taxpayer has not received an appraisal notice within the last three years.
- 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 a part of the annual neighborhood reappraisal effort. Account Reviews are typically identified from 3rd party inquiries, the sales qualification process, and re-inspections Initiated during the Appraisal Review Board process and/ or a general review of accounts in non-reappraisal neighborhoods.

RESIDENTIAL- 2015 REAPPRAISAL PLAN

ORANGE GROVE ISD: Residential Property is physically examined with appraisers driving in front of each property, noting condition of the improvement and looking for changes that might have occurred to the property since the last on- site check. Also, vacant land is physically examined noting condition of the land and looking for changes that might have occurred to the property since the last on-site check.

RESIDENTIAL- 2016 REAPPRAISAL PLAN

CITY OF PREMONT/ LA GLORIA ISD/ CITY OF ORANGE GROVE: Residential Property is physically examined with appraisers driving in front of each property, noting condition of the improvement and looking for changes that might have occurred to the property since the last on –site

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check. Also, vacant large or small acre tracts are physically examined noting condition of the land and looking for changes that might have occurred to the property since the last on-site check.

RESIDENTIAL- 2015 AND 2016
COUNTY WIDE REAPPRAISAL PLAN

FIXED TASKS DEFINITIONS - NEW CONSTRUCTION

Permit Re-measure: Reappraising an account that has a building permit issued and the appraiser is physically at the site and a measurement of the structure(s) classification and collection of physical characteristics of improvements is required and done.

Permit Inspection: Reappraising an account that has a building permit issued and the appraiser is physically at the site location and a measurement of the structure(s) is not required nor done.

Permit Office Review: Reappraising an account that has a building permit issued and the appraiser is working the permit/account in the office and/or is not physically at the site.

Permit Preparation: Preparing permits for field inspection by verifying that the correct permit is appended to the appropriate account. Preparation also includes the assigning, downloading and routing of fieldwork to achieve maximum efficiency while in the field.

VARIABLE TASKS DEFINITIONS- REAPPRAISAL

Mobile Home Reappraisal: Reappraising a mobile home(s) account new & existing.

Reappraisal Neighborhood Analysis: Updating the Neighborhood Overview and undertaking Location Factor Analysis on a neighborhood/jurisdiction targeted for the annual neighborhood reappraisal effort.

Shared CAD Accounts: Reappraising a Shared Central Appraisal District account.

Compliance Accounts: Reappraising/notifying an account for compliance purposes.

Reappraisal Office Review: Reappraising an account during the annual neighborhood /jurisdiction reappraisal effort while in the office and/or not physically at the site.

Reappraisal Inspection: Reappraising an account during the annual neighborhood/jurisdiction reappraisal effort while physically at the site and a measurement is not required nor done.

Reappraisal Re-measure: Reappraising an account during the neighborhood/jurisdiction reappraisal while physically at the site and a measurement, classification and collection of physical characteristics of improvements is required and done.

Miscellaneous Inspection: The actual field inspection of properties as needed based upon taxpayer or entity requests, or for various reasons determined by internal needs.

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ACCOUNT REVIEW:

Account Office Review: Reappraising an account in the office and/or not physically at the site which doesn't involve a building permit or isn't associated with the annual neighborhood/jurisdiction reappraisal effort.

Account Inspection: Reappraising an account while physically at the site which doesn't involve a building permit or isn't associated with the annual neighborhood/jurisdiction reappraisal effort and a measurement is not required nor done.

Account Re-measure: Reappraising an account while physically at the site which doesn't involve a building permit or isn't associated with the annual neighborhood/jurisdiction reappraisal effort and a measurement, classification and collection of physical characteristics of improvements is required and done.

Commercial Valuation Process

INTRODUCTION

Scope of Responsibility

This mass appraisal assignment includes all of the commercially classed real property, including land and improvements, and rural land parcels which falls within the responsibility of the commercial valuation appraisers of the Jim Wells County Appraisal District and located within the boundaries of this taxing jurisdiction. The appraisal roll displays and identifies each parcel of real property individually. Commercial appraisers appraise the fee simple interest of properties according to statute and court decisions. However, the effect of easements, restrictions, encumbrances, leases, contracts or special assessments are considered on an individual basis, as is the appraisement of any nonexempt taxable fractional interests in real property (i.e. certain multi-family housing projects). Fractional interests or partial holdings of real property are appraised in fee simple for the whole property and divided programmatically based on their prorated interests.

Appraisal Resources

Personnel- The Commercial improved real property appraisal responsibilities are categorized according to major property types of multi-family or apartment, office, retail, warehouse and special use (i.e. hotels, hospitals and, nursing homes). Two appraisers are assigned to improved commercial property types. The same appraisers are assigned to the land valuation responsibilities. These land valuation duties are generally divided geographically.

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 are also reviewed to provide additional support for market trends.

PRELIMINARY ANALYSIS

Pilot Study

Pilot studies are utilized to test new or existing procedures or valuation modifications in a limited area (a sample of properties) of the district and are also considered whenever substantial changes are made. These studies, which are inclusive of ratio studies, reveal whether a new system is producing

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accurate and reliable values or whether procedural modifications are required. The appraiser implements this methodology when developing both the cost approach and income approach models.

Survey of Similar Jurisdictions: Jim Wells CAD coordinates its discovery and valuation activities with adjoining Appraisal Districts. Numerous field trips, interviews and data exchanges with adjacent appraisal districts have been conducted to ensure compliance with state statutes. In addition, Jim Wells CAD administration and personnel interact with other assessment officials through professional trade organizations including the International Association of Assessing Officers (IAAO), Texas Association of Appraisal Districts (TAAD), and Texas Association of Assessing Officers (TAAO).

VALUATION APPROACH (Model Specification)

Area Analysis

Data on regional economic forces such as regional location factors 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.

Neighborhood Analysis (Land Market Area & Improved Market Area)

A commercial neighborhood is comprised of the land area and commercially classed properties located within the boundaries of this taxing jurisdiction. This area consists of a wide variety of property types including residential, commercial, and industrial. 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 Land Market Areas and Improved Market Areas. In the mass appraisal of commercial and industrial properties these subsets of a universe of properties are generally referred to as land market areas (LMA's) and improved market areas (IMA's).

Economic areas and/ or Improved Market Areas (IMA') are defined by each of the improved property use types (apartment, office, retail, warehouse and special use) based upon an analysis of similar economic or market forces. These include but are not limited similarities of rental rates, classification of projects (known as building class by area commercial market experts), date of construction, overall market activity or other pertinent influences. Improved market area identification and delineation by each major property use type is the benchmark of the commercial valuation system. All income model valuation (income approach to value estimates) is Improved Market Area (IMA) specific. Improved Market Areas are periodically reviewed to determine if re-delineation is required. The geographic boundaries as well as, income, occupancy and expense levels and capitalization rates by

age within each economic area for all commercial use types and its corresponding income model has been estimated for these properties.

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 within a jurisdiction, 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 insures that the most accurate estimate of market value can be derived. "Value in use" represents the value of 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. In areas of mixed residential and commercial use, HJR 36 passed during the 2009 legislative session and the enabling constitutional amendment, limit the appraisal of a residence homestead to its value as a residence homestead rather than at its highest and best use as commercial property.

Market Analysis

A mass appraisal market analysis relates directly to economic market forces affecting supply and demand that effect a group of similar or "like" properties. This study involves the relationships between social, economic, environmental, governmental, and site conditions. Current market activity including sales of commercial properties, new construction, and other permit activity, new leases, lease rates, absorption rates, vacancies, allowable expenses (inclusive of replacement reserves, if recognized by the market) expense ratio trends, and capitalization rate studies are analyzed.

DATA COLLECTION / VALIDATION

Data Collection Manuals

The primary manual pertinent to data collection and documentation is the Commercial Appraiser's Classification Manual. The commercial manual is utilized to establish uniform procedures for the correct listing of real property by field appraiser. This manual is continually updated, providing a uniform system of itemizing the multitude of components comprising of commercial real properties. The field appraisers use the manuals extensively during their initial training and as a guide in the field inspection of properties. All properties located in Jim Wells County CAD's inventory are coded according to this manual and the approaches to value are structured and calibrated based on this coding system.

Annually, prior to the hearing season and after the sales have been researched, verified, keyed into the database, and quality control has been completed, the sales data are summarized and produced in Jim Wells CAD's sales file data base. The confirmed sales reports categorize the sales by property and use type, and sort the data by location and chronological order. The database that is used by the Jim Wells CAD appraisers during the hearings process.

Sources of Commercial Data

In terms of commercial sales data, Jim Wells County CAD receives a copy of the deeds recorded in Jim Wells County that convey commercially classed properties. The deeds involving a change in commercial ownership are entered into the sales information system and researched in an attempt to obtain the pertinent sale information. Other sources of sale data include the hearings process and local, regional and national real estate and financial publications and Alice Board of Realtors (MLS), database. For those properties involved in a transfer of commercial ownership, a sale file is produced which begins the research and verification process. The initial step in sales verification involves a computer-generated questionnaire, which is mailed to the grantee. If a questionnaire is answered and returned, the documented responses are recorded into the computerized sales database system. If no information is provided, verification is then attempted via phone calls to both parties. If the sales information is still not obtained, other sources are contacted such as the brokers involved in the sale, property managers or commercial vendors. In other instances sales verification is obtained from local fee appraisers or others that may have the desired information. Finally, closing statements are often provided during the hearings process. The actual closing statement is 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 and 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 Approach 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 and review of local area trends. 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 starting point for the cost models, location modifiers are necessary to adjust these base costs specifically for Jim Wells County. The national cost services provide these modifiers.

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 CAMA. 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. Effective age estimates are based on 3 levels of renovation and are described in the Commercial / Industrial Listers Manual.

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.

Income Approach Models

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 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 a secondary income or service income is calculated 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 will represent 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. These procedures are documented in the Income Valuation Manual.

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 debt and equity positions of a real estate investment. This information is obtained from real estate and financial publications.

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.

The income approach formula is generally expressed the following way. A brief definition of each component of the formula is listed below.

Potential Gross Rent

Minus Vacancy & Collection Loss

Equals Effective Gross Rent

$$\text{PGR} - \text{VCL} = \text{EGR}$$

Plus Secondary Income

Equals Effective Gross Income

$$\text{EGR} + \text{SI} = \text{EGI}$$

Minus Operating Expenses

Equals Net Operating Income

$$\text{EGI} - \text{OE} = \text{NOI}$$

Then Net Operating Income/Overall Cap Rate=Value $\text{NOI} \div \text{OCR} = \text{Value}$

Sales Comparison (Market) Approach

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 not only for estimating land value but also in comparing sales of similarly improved properties to each parcel 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 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.

Final Valuation Schedules

Based on the market data analysis and review discussed previously in the cost, income, and sales approaches, the cost and income models are calibrated and finalized. The calibration results are keyed to the schedules and models on the mainframe CAMA system for utilization on all commercial properties in the district. The appraisers review the cost, income, and sales comparison approaches to value for each of the types of properties with available sales information. The final valuation of a property is estimated based on reconciling these indications of value considering the weight of 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, and value change analysis and sales ratio analysis.

Appraisal statistics of central tendency and dispersion generated from sales ratios are calculated for each property type with available sales data. These summary statistics including, but not limited to, the weighted mean, standard deviation and coefficient of variation, provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value of a particular property type. The level of appraised values can be determined by the weighted mean for individual properties within a specific type, and a comparison of weighted means can reflect the general level of appraised value.

The appraisers review every commercial property type annually 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 level 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 utilizing frequency distribution methods and other statistical procedures and measures. Income model conclusions are compared to actual information obtained on individual commercial properties during the hearings process as well as information from published sources and area vendors.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of last inspection, extent of that inspection, and the Jim Wells CAD 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. Typically, a new field check is then requested to verify this evidence for the current year's valuation or for the next year's valuation. In addition, if a building permit is filed for a particular property indicating

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a change in characteristics, that property is added to a work file. Finally, even though every property cannot be inspected each year, each appraiser typically designates certain segments of their area of responsibility to conduct field checks.

Commercial Appraisers are somewhat limited in the time available to field review all commercial properties of a specific use type. However, a major effort is made by appraisers to field review as many properties as possible or economic areas experiencing large numbers of remodels, renovations, or retrofits, changes in occupancy levels or rental rates, new leasing activity, new construction, or wide variations in sale prices. Additionally, the appraisers frequently field review subjective data items such as building class, quality of construction (known as cost modifiers), condition, and physical, functional and economic obsolescence factors contributing significantly to the market value of the property. In some cases field reviews are warranted when sharp changes in occupancy or rental rate levels occur between building classes or between economic areas. With preliminary estimates of value in these targeted areas, the appraisers test computer assisted values against their own appraisal judgment. While in the field, the appraisers physically inspect sold and unsold properties for comparability and consistency of values.

Office Review

Office reviews are completed on properties not subject to field inspections and are performed in Compliance with the guidelines contained in the Commercial Manual. The Commercial Manual outlines the application of the three approaches to value. This manual is rigorously maintained and updated frequently. Office reviews are typically limited by the data presented in final value reports. These reports summarize the pertinent data of each property as well as comparing the previous values to the proposed value conclusions of the various approaches to value. These reports show proposed percentage value changes, income model attributes or overrides, economic factor (cost overrides) and special factors affecting the property valuation such as new construction status, prior year litigation and a three years sales history (USPAP property history requirement for non - residential property). The appraiser may review methodology for appropriateness to ascertain that it was completed in accordance with USPAP or more stringent statutory and district policies. This review is performed after preliminary ratio statistics have been applied. If the ratio statistics are generally acceptable overall the review process is focused primarily on locating skewed results on an individual basis. Previous values resulting from protest hearings are individually reviewed to determine if the value remains appropriate for the current year based on market conditions. Each appraiser's review is limited to properties in their area of responsibility by property type (improved) or geographic area (commercial vacant land).

Once the appraiser is satisfied with the level and uniformity of value for each commercial property

within their area of responsibility, the estimates of value go to noticing. Each parcel is subjected to the value parameters appropriate for its use type. Therefore, although the value estimates are determined in a computerized mass appraisal environment, value edits and rework lists enable an individual parcel review of value anomalies before the estimate of value is released for noticing.

PERFORMANCE TESTS

The primary tool used to measure mass appraisal performance is the ratio study. A ratio study compares appraised values to market values. In a ratio study, market values (value in exchange) are typically represented by sales prices (i.e. a sales ratio study). Independent, expert appraisals may also be used to represent market values in a ratio study (i.e. an appraisal ratio study). If there are not enough sales to provide necessary representative ness, independent appraisals can be used as indicators for market value. This can be particularly useful for commercial, warehouse, or industrial real property for which sales are limited. In addition, appraisal ratios studies can be used for properties statutorily not appraised at market value, but reflect the use-value requirement. Examples of this are multi-family housing projects subject to subsidized rent provisions or other governmental guarantees as provided by legislative statutes (affordable housing) or agricultural lands to be appraised on the basis of productivity or use value.

Jim Wells 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.

Sales Ratio Studies

The primary tool to measure appraisal performance is a ratio study. Sales ratio studies are an integral part of establishing equitable and accurate market value estimates, and ultimately assessments for all 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 derive appraised values during valuation or reappraisal cycles. However, these studies cannot be used to judge the accuracy of an individual property appraised value. Specifically, sale prices might reflect leased fee in as opposed to fee simple or current market value conditions. The Jim Wells County 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, which may or may not be justified. Therefore, when analyzing sales ratios these issues must be considered and accounted for accordingly.

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Overall sales ratios are generated by use type semi-annually (or more often in specific areas) to allow appraisers to review general market trends in their area of responsibility. The appraisers utilize desktop applications such as MS ACCESS and EXCEL programs to evaluate subsets of data by economic area or a specific and unique data item. On the desktop, this may be customized and performed by building class and age basis. In many cases, field checks may be conducted to insure the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics. These ratio studies aid the appraisers by providing an indication of market activity by land market area and improved market area and provide insight into changing market conditions (appreciation or depreciation).

Comparative Appraisal Analysis

The commercial appraiser performs an average unit value comparison in addition to a traditional ratio study. These studies are performed on commercially classed properties by property use type (such as apartment, office, retail and warehouse usage or special use). The objective to this evaluation is to determine appraisal performance of sold and unsold properties. Appraiser's average unit prices of sales and average unit appraised values of the same parcels and the comparison of average value changes of sold and unsold properties. These studies are conducted on substrata such as building class and on properties located within various improved market area. In this way, overall appraisal performance is evaluated geographically, by specific property type to discern whether sold parcels have been selectively appraised. When sold parcels and unsold parcels are appraised equally, the average unit values are similar. This sales and equity studies are performed prior to final appraisal and generation of notices of proposed appraised values.

COMMERCIAL REAPPRAISAL PLAN OVERVIEW

The Commercial 2015-2016 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 from the three cities within the Jim Wells County Appraisal District's jurisdictional boundaries. Variable Tasks are those tasks associated with our annual reappraisal effort.

Fixed Tasks

Building permits are received monthly from the City of Alice Inspection Department and at the end of the year from the City of Orange Grove and the City of Premont and are then updated to the applicable account so a physical inspection and / or an office review can take place for the current

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appraisal year. All significant value related building permits issued from January 1, 2014 through December 31, 2014 associated with an account would be inspected and reappraised for the 2015 Appraisal Year. All significant value related building permits issued from January 1, 2015 through December 31, 2015 associated with an account would be inspected and reappraised for the 2016 Appraisal Year. Also, included in these fixed task projections for 2015 and 2016 are those accounts that were partially complete as of January 1, 2013 and January 1, 2014 respectively. Any property that has new construction activity as of January 1st, and was not 100% complete will be targeted for reappraisal the next appraisal year. This also includes those properties whereby a building permit was issued prior to January 1st, but no new construction activity had taken place as of January 1st, of the current appraisal year. Property data attribute information is verified and corrected based on on-site inspections as well as office review using maps and aerial photography. The following data attribute information is captured on each Appraisal record: Land Value, SPTD Code, Building Class, Condition, Year Built, Effective Age, Living Area, Additional Improvements, Total Living Area, Foundation, AC/Heating, Roof Type, Roofing, Garage, Frame, Exterior Walls, Fireplace, Bedrooms, Baths, Remodel Year, and Percent Complete.

In addition to the physical characteristics noted above, data captured for income producing properties includes: Net Leaseable Area, Gross Rent, Rent Adjustments, Adjusted Rent, Plus Electric Charges, Parking Income, Percent Vacancy, Other Income, Cap Rates, Loaded Cap Rates, Lease-up Expenses, Deferred Maintenance Costs, and Excess Land Value Contribution.

Variable Tasks

Variable tasks are those tasks associated with our annual commercial reappraisal effort. Ratio Study in conjunction with annual in-house Neighborhood Ratio Studies conducted during January, and March of every appraisal year. Also, including in the annual reappraisal effort is:

- Shared Central Appraisal District (CAD) accounts
- Compliance Accounts. Compliance accounts are accounts where our current market values are acceptable however the taxpayer has not received an appraisal notice within the last three years.
- 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 a part of the annual neighborhood reappraisal effort. Account Reviews are typically

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identified from 3rd party inquiries, the sales qualification process, and re-inspections initiated during the Appraisal Review Board process and / or general review of accounts in non-reappraisal neighborhoods.

Commercial 2015 - Reappraisal Plan

ORANGE GROVE ISD: Commercial Property is physically examined with appraisers driving in front of each property, noting condition of the improvement and looking for changes that might have occurred to the property since the last on-site check. Also, vacant land is physically examined noting condition of the land and looking for changes that might have occurred to the property since the last on – site check.

Commercial 2016 - Reappraisal Plan

CITY OF PREMONT/ LA GLORIA ISD/ CITY OF ORANGE GROVE: Commercial Property is physically examined with appraisers driving in front of each property, noting condition of the improvement and looking for changes that might have occurred to the property since the last on-site check. Also, commercial vacant land is physically examined noting condition of the land and looking for changes that might have occurred to the property since the last on-site check.

**COMMERCIAL 2015 AND 2016
COUNTY- WIDE REAPPRAISAL PLAN**

FIXED TASKS DEFINITIONS – NEW CONSTRUCTION

Permit Re-Measure Complex: Reappraising an account that has a building permit issued and the appraiser is physically at the site and a measurement of the structure(s) classification and collection of physical characteristics of improvements is required and done.

Permit Inspection: Reappraising an account that has a building permit issued and the appraiser is physically at the site location, a measurement of the structure (s) is not required.

Permit Office Review: Reappraising an account that has a building permit issued and the appraiser is working the permit / account in the office and / or is not physically at the site.

Partial Completions: The actual field inspection and on-site measuring, classification, and collection of physical characteristics of improvements where construction commenced in a prior year, but had not been completed as of the last assessment date.

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This would also include the re-inspection of properties to determine the percent complete as of the current assessment date where construction was incomplete at the time of the inspection during the current assessment year.

Permit Preparation: Preparing permits for field inspection by verifying that the correct permit is appended to the appropriate account. Preparation also includes the assigning, downloading and routing of fieldwork to achieve maximum efficiency while in the field.

Permit Value Review: The final review of values based on an analysis of cost, comparable sales and market income/expense data. Actual construction cost also be analyzed if available.

Miscellaneous Inspection: The actual field inspection of properties as needed based upon taxpayer or entity requests, or for various reasons determined by internal needs.

VARIABLE TASKS:

Improved Inspections: The actual field inspection of improved accounts in a designated reappraisal area. Classification, physical characteristics and sketches are verified.

Improved Value Review: The final determination of value for improved accounts in a designated reappraisal area based on an analysis of cost, comparable sales, and market income/expense data as well as an analysis of equity considerations.

Re-measure: The actual re-measure of improved properties in a designated reappraisal area due to an error in the sketch or net lease able area, or due to additions/ demolitions since the last reappraisal.

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CAD Comparison: Time spent reviewing accounts in jurisdictions appraised by two Appraisal Districts. By law, the values determined by both Appraisal Districts must match.

MAP Creation: The preparation and printing of market area maps for reappraisal purposes.

Sales Processing: The retrieval and classification of sales documentation received during the year and the preparation of those sales in a manner that they may be entered into the Commercial sales file.

INDUSTRIAL VALUATION PROCESS

INTRODUCTION

Appraisal Responsibility

The Senior Appraiser and Industrial Contract Appraisers of the Jim Wells CAD are responsible for developing fair, uniform market values for improved industrial properties and industrial vacant land. The Contract Industrial Appraiser (T.Y.PICKETT & CO.) are responsible for the valuation of all tangible general industrial personal property in Jim Wells CAD. There are approximately 1665 parcel segments of industrial real property in Jim Wells CAD, of which 900 (APPX) are improved parcel segments and 765 are vacant properties. The Industrial Appraisers (T.Y. PICKETT & CO.) appraises approximately 665 parcel segments of tangible personal property.

INDUSTRIAL PROPERTY (T.Y.PICKETT & CO., INC) SEE APPENDIX A:

Appraisal Resources

- **Personnel** - The industrial section consists of contract appraisers. Jim Wells CAD contracts with the T.Y.Pickett & Co. appraisal firm to value properties for which the district does not have the available personnel or resources.
- **Data** - The Industrial Appraisers and contract appraisal staff inspects they're assigned properties to obtain information about buildings, site improvements, process and shop equipment, and various items of personal property. In addition, appraisal personnel use information provided by property owners concerning the cost to purchase, install, and construct items of real and personal property. The individual characteristics of the property being appraised are the primary factors that drive the appraised value.

VALUATION APPROACH (MODEL SPECIFICATION)

Area Analysis

The scope of market forces affecting industrial products and the capital goods used in the production process tends to extend beyond regional considerations. The effects of information and transportation technology are such that most industrial market forces are measured globally. One exception to this general concept is the market for industrial land. The pricing of land tends to be closely tied to possible alternative uses in the area. For this reason, appraisers assigned to land valuation analyze market forces for specific areas and adjust land value schedules appropriately.

Neighborhood Analysis

Neighborhood analysis of the type of properties valued by the industrial appraiser is not meaningful. Industrial properties do not have the type of generic "sameness" that is appropriate for neighborhood models.

Highest and Best Use Analysis

The highest and best use of real or personal property is the most reasonable and probable use of the property on the date of appraisal that is physically and financially feasible, legal, and that derives maximum production from the property. Usually, the current use of the property is the highest and best use of that property. Industrial facilities are most commonly located in areas that support industrial use. In areas where mixed use does occur, the appraiser to estimate the effect of this factor examines the highest and best use of the property.

Market Analysis

Market analysis is the basis for finalizing value estimates on properties for which the industrial appraiser has responsibility. Even though many industrial properties are unique in nature, the market for this type property is analyzed to see how market forces affect the values of similar or similar as possible properties. Industrial properties, such as machine shops, have many similar facilities that can be compared to the subject property in terms of type and size of equipment, type of property fabricated or serviced at the subject facility, and other factors. Those similarities help the appraiser estimate the value of the subject property. However, some facilities, such as specialty chemical plants, are so unique in nature that the appraiser must use the closest available plant in terms of output quantity, type of product manufactured, and other factors to estimate the value of the subject property. Many industrial properties use the same type of building and, depending on the type of business, may use the same type of manufacturing or service equipment. However, the manner in which the entire business operation is put together makes that particular facility unique. The District uses information from similar businesses to examine the real and personal property values at a particular business, but the individual characteristics of the business being reviewed determine the value estimation. Many of the buildings encountered at industrial facilities are generic in construction, such as pre-engineered metal buildings. The cost per square foot to construct these type structures can be used to estimate values at facilities that have similarly constructed buildings. However, the

building was constructed will have differences that must be taken into account when estimating the final value of the property being reviewed.

A similar analysis is used for personal property. Many items of personal property, such as furniture and fixtures, computers, and even machinery and equipment are generic in construction. Individual characteristics that affect value, such as usage, environment where used, and level of care will have an effect on the final value estimation.

When cost data for this type property is available and considered reliable, it is used for value estimation purposes at other plant facilities. However, on-site inspection and information provided by the property owner will affect the final value.

DATA COLLECTION/VALIDATION

Data Collection Manuals

An extended range of variations may exist within the same class of industrial property, and there are a multitude of property types within the industrial category. For this reason, effective data collection procedures would be very difficult to organize in a single comprehensive manual. The District has adopted the guide from Marshall & Swift Valuation Cost Manual and the companion data acquisition forms to standardize data collection for buildings assigned to the industrial appraisal staff. The data generated by these forms enables the appraiser to use the software to value industrial buildings.

Industrial personal property also consists of many different classes of assets with a wide range of variation within each class. The District has adopted the convention of listing assets and estimating effective age of assets in the field. The field listing is then compared with information furnished by property owners during the final valuation review.

Sources of Data

The original real and personal property data used by Jim Wells CAD was supplied by the Marshall & Swift Valuation Cost Manual. Since that time, the District and contract appraisal personnel have updated that information based on field review. As new facilities are built, the appraisal personnel collect all the real and personal property data necessary to value the property initially and thereafter update the information when the property is again visited. The District receives building permit information from the cities. Other sources of data include publications such as the Texas Register regarding waste control permits, various refining and chemical industry magazine articles, and Texas Industrial Expansion articles on new construction.

Data Collection Procedures

The District and contract appraisal personnel annually or periodically visit assigned plants. The frequency of the visit is determined by the nature of the business conducted at each facility. For example, refineries and chemical plants are continually changing or adding to processes to extract greater efficiencies or make new products, but machine shops may not add or remove equipment over a period two or more years. The appraisers take with them the historical data on the buildings and site improvements and the previous listing of personal property at the facility being visited. Changes to the existing structures and personal property are noted and that information is used for value estimation purposes. If cost information for the real or personal property is supplied later, the field data can be compared to that information to judge the accuracy of the information.

The District and contract firm appraisal staff members are not assigned any one geographical area of the county. The nature of the business and whether or not the District has the staff resources available determines which properties are valued by contract firms and which properties are valued by the District's appraisal staff. New District appraisers are trained by accompanying appraisers who have performed field visit and appraisal functions for a number of years. Each District appraiser is responsible for the completeness and correctness of their valuation work, but a new appraiser is encouraged to seek the advice of and review by experienced appraisal staff if that person is not sure of their value estimation results.

VALUATION ANALYSIS (Model Calibration)

Final Valuation Schedules

The schedules used by the district are those integrated by Marshall & Swift Cost Valuation Service for real property improvements. The real property valuation schedules are updated periodically through the use of update inserts supplied by Marshall & Swift. The valuation schedule incorporated into the District's records and are updated annually using a calculated index factor compiled from Marshall & Swift data.

Jim Wells CAD develops schedules based on indexed Marshall & Swift depreciation factors for use in the valuation of all business and industrial personal property. The Jim Wells CAD Appraisal staff updates these schedules annually. The contract appraisal firms use similar schedules and methodology based on their experience in valuing real and personal property.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The District's personnel periodically review their assigned real and personal property accounts where there is evidence of change at a particular facility and when there is not, these accounts are revisited

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on a two to three-year cycle. Certain properties are reviewed annually because past experience shows that changes are occurring continually in the real or personal property at that facility. Properties assigned to contract appraisal firms are reviewed annually because changes also occur regularly at these facilities.

The results of prior year hearings and indication of building permits being issued are another source of required field visits. Many times during hearings, issues are presented that cause a value adjustment. Those issues must be field checked to see if these influences will be on going and warrant permanent value adjustment or are transitory and permanent adjustment is not warranted. This information needs to be recorded so the appraiser will be better able to estimate the property value. Building permits must be field checked to see what affect these have on existing structures. Any new construction is noted and the information necessary to value the structure is recorded. Additionally, any structure demolition is noted so the improvement value can be adjusted accordingly.

Part of the field review includes noting any land characteristics that would affect the land value. The District values all land for the properties over which it has responsibility including those properties assigned to contract appraisal firms. The contract appraisal firms must advise the District of any characteristics that would affect the value of the land associated with that assigned facility.

Office Review

All properties not subjected to field review are reviewed in the office by the district appraiser assigned to particular real or personal properties. The office review relies on historical information in the real or personal property file as the basis for deciding on the estimated value to be placed on the property for the current tax year.

When valuing real property, the characteristics of the property being reviewed are the driving force in value estimation. Experience in valuing other real property, such as a similar building elsewhere, helps the appraiser decide the estimated value to be placed on the subject improvements.

When valuing personal property, the type of furniture, equipment, computers, etc., will be used along with any cost data provided by the property owner to estimate the value. Experience in valuing similar property at other facilities will help the appraiser estimate the value of the subject facility. Individual characteristics of the property, such as usage and maintenance will have a bearing on the value calculated by use of District schedules.

PERFORMANCE TESTS

Sales Ratio Studies

Ratio studies are an important tool to examine how close appraised values are to market values. The ratio study may use available sales data or may use independent, expert appraisals. Typically, there

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are not enough sales of industrial properties to show representative ness of that class of property in a ratio study. Ratio studies of industrial properties usually have to rely on independent appraisals as an indicator of market values.

Comparative Appraisal Analysis

This type of analysis is usually not done on industrial properties due to the unique nature of the property and also because of time and budget constraints regarding available appraisal staff. Only in an instance where a jurisdiction would file a jurisdiction challenge with the Appraisal Review Board would the District perform such an analysis.

If the Jim Wells Appraisal District on an industrial category of properties receives a jurisdiction challenge, the appraisers assigned to those accounts will research the appraisal roll to see what other similar properties exist. The real property values can be compared on an average value per square foot of structure basis, but the differences from one facility to another must be carefully compared because it is unlikely that two different facilities are going to build like improvements and use them in similar ways. In like manner, the personal property values can be compared per category, such as furniture and fixtures, machinery and equipment, etc., but the same comparison of the type of and use of the property must be examined to ensure property comparison.

Business Personal Property Valuation Process

INTRODUCTION

Scope of Responsibility

The Business Personal Property Appraisers (BPP) of Jim Wells County Appraisal District is responsible for establishing the fair and uniform market values for all Business Personal Properties accounts as of January 1st located within the Jim Wells County territorial district boundaries. This section of the 2015-2016 Reappraisal Plan in sufficient detail is to provide our Board of Directors, citizens and taxpayers with a better understanding of the District's viable and adequate plan to fulfill its responsibilities and activities.

There are four different personal property types appraised by the District's personal property appraiser: Business Personal Property Accounts, Leased Assets, Vehicles, and Multi-Location Assets. There are approximately 1,943 business personal property accounts in the Jim Wells CAD.

INDUSTRIAL PROPERTY (T.Y. PICKETT & CO., INC.) SEE APPENDIX B UTILITY, RAILROAD AND PIPELINE PROPERTIES

Appraisal Resources

Personnel - The personal property staff consists of 1 appraiser and 1 support staff.

- **Data** - A common set of data characteristics for each personal property account in Jim Wells County is collected in the field and data entered to the district's computer. The property characteristic data drives the computer-assisted personal property appraisal (CAPPA) system. The personal property appraiser collects the field data and maintains electronic property files making updates and changes gathered from field inspections, newspapers, property renditions, county clerk's office assumed names, sales tax permit listing and interviews with property owners.

VALUATION APPROACH (Model Specification)

SIC Code Analysis

The Jim Wells Appraisal District uses four digit numeric codes, originally based on the Standard Industrial Classification (SIC) codes. These classifications are used by Jim Wells CAD and are manually implemented as a way to classify personal property by business type. Jim Wells CAD has further stratified these codes along with its business classification symbols assigned business account number.

SIC code identification and delineation is the cornerstone of the personal property valuation system at

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the Jim Wells Appraisal District. All of the personal property analysis work done in association with the personal property valuation process is SIC code specific. There are an excess of 100 Jim Wells CAD Personal Property SIC codes. SIC codes are delineated based on observable aspects of homogeneity. SIC code delineation is periodically reviewed to determine if further SIC code delineation is warranted.

Highest and Best Use Analysis

The highest and best use of property is the 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, legal, financially feasible, and productive to its maximum. The highest and best use of personal property is normally its current use.

DATA COLLECTION/VALIDATION

Data Collection Procedures

Personal property data collection procedures are published and distributed to all appraisers involved in the appraisal and valuation of personal property. The appraisal procedures are reviewed and revised to meet the changing requirements of field data collection. Business Personal Property appraisers reappraise all other businesses each year through various discovery means and resources.

SOURCES OF DATA

Business Personal Property

The district's property characteristic data was originally received from the Jim Wells County and various school district records in 1981, and where absent, collected through a massive field data collection effort coordinated by the district over a period of time. Since the initial data collection, District appraisers have maintained the appraisal roll through annual field drive-outs. This project results in the discovery of new businesses not revealed through other sources. Various discovery sources of publications such as the Court Reporter and state sales tax listings are also used to discover personal property. City and local newspapers, and the public often provide the district information regarding new personal property and other useful facts related to property valuation. Also, The Internet, Telephone Directory, Jim Wells County Clerk's Office – Assumed Name Filings, Aircraft Registration list.

Renditions

Section 22.01 of the Texas Property Tax Code requires businesses to render a listing of business personal property indication the property's cost. The Personal Property renditions are due annually by

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April 15th or May 15th if an extension is requested. Information presented on the rendition form is compared to account information from previous year and current appraiser's field observations. Any unusual value changes will be verified and ownership information will be confirmed. If the account is rendered by a property tax agent, the appraiser will verify that a current "Appointment of Agent form is on file. If there is no "appointment of Agent" form on file ", one will be requested from the rendering agent.

Vehicles

An outside vendor provides Jim Wells CAD with a listing of vehicles within Jim Wells CAD's jurisdiction. The vendor develops this listing from the Texas Department of Transportation (DOT) Title and Registration Division records. Other sources of data include property owner renditions and field inspections.

Leased and Multi-Location Assets

The primary source of leased and multi-location assets is property owner renditions of property. Other sources of data include field inspections.

Dealers Inventory

Qualifying inventory of motor vehicle dealers, vessel and outboard motor dealers, heavy equipment dealers, and retail manufactured housing dealers are appraised according to Sections 23.121, 23.124, 23.1241, and 23.127 of the Texas Property Tax Code.

Valuation Defense

The Personal Property Department will vigorously defend its valuation methods and conclusions at all Appraisal Review Board Hearings using all allowable data, information and evidence available. The staff will adhere to all applicable state laws and ethical standards in accordance with USPAP AND IIAO.

VALUATION AND STATISTICAL ANALYSIS (model calibration)

Cost Schedules

Cost schedules are developed by SIC code by District Personal Property valuation appraisers. Analyzing cost data from property owner renditions, hearings, state schedules, and published cost guides develops the cost schedules. The cost schedules are reviewed as necessary to conform to changing market conditions. The schedules are typically in a price per square foot format, but some exception SIC's are in an alternate price per unit format, such as per room for hotels.

Statistical Analysis

Summary statistics including, but not limited to, the median, weighted mean, and standard deviation provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value by SIC code. Review of the standard deviation can discern appraisal uniformity within SIC codes.

Depreciation Schedule and Trending Factors

Business Personal Property

Jim Wells CAD's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) is either developed from property owner reported historical cost or from Jim Wells CAD developed valuation models. The trending factors used by Jim Wells CAD to develop RCN are based on published valuation guides. The percent good depreciation factors used by Jim Wells CAD are also based on published valuation guides. Depreciation schedules are reviewed annually and adjusted on an as needed basis. The index factors and percent good depreciation factors are used to develop Present Value Factors (PVF), by year of acquisition, as follows:

$$\text{PVF} = \text{INDEX FACTOR} \times \text{PERCENT GOOD FACTOR}$$

The PVF is used as an "express" calculation in the cost approach. The PVF is applied to reported historical cost as follows:

$$\text{MARKET VALUE ESTIMATE} = \text{PVF} \times \text{HISTORICAL COST}$$

This mass appraisal PVF schedule is used to ensure that estimated values are uniform and consistent within the market and reflect current economic pressures of supply and demand. Any revisions are then adopted and their use is reflected in all of the calculations for that property. Consistent application of this schedule ensures that market values are uniform and equal.

Personal Property Valuation Process

The valuation process has two main objectives: 1) Analyze and adjust existing SIC models. 2) Develop new models for business classifications not previously integrated. The delineated sample is reviewed for accuracy of SIC code, square footage, field data, and original cost information. Models are created and refined using actual original cost data to derive a typical replacement cost new (RCN) per square foot for a specific category of assets. The RCN per square foot is depreciated by the estimated age using the depreciation table adopted for the tax year.

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The data sampling process is conducted in the following order: 1) Prioritizing Standard Industrial Classification (SIC) codes for model analysis. 2) Compiling the data and developing the reports. 3) Field checking the selected samples. The models are built and adjusted using internally developed software. The models are then tested against the previous year's data. The typical RCN per square foot (or applicable unit) is determined by a statistical analysis of the available data.

Existing current account values are used in the general business personal property valuation process to estimate the value of new accounts for which no property owner's rendition is filed. Model values are also used to establish tolerance parameters for testing the valuation of property for which prior data years' data exist or for which current year rendered information is available. The calculated current year value or the prior year's value is compared to the indicated model value by the valuation process. If the value being tested is within an established acceptable percentage tolerance range of the model value, the account passes that range check and moves to the next valuation step. If the account fails the tolerance range check, it is flagged for individual review. Allowable tolerance ranges may be adjusted from year to year depending on the analysis of the results of the prior year.

Vehicles

A vehicle master file is received from an outside vendor and is based on NADA published book values, and the prior year is matched to current records. These vehicles are then matched to existing accounts and new accounts are created as needed. An appraiser using PVF schedules or published guides values vehicles that are not valued by the vendor.

Leased and Multi-Location Assets

Leased and multi-location assets are valued using the PVF schedules mentioned above. If the asset to be valued in this category is a vehicle, then NADA published book values are used. An appraiser using PVF schedules or published guides values assets that are not valued by the vendor. Accounts that render by hard copy are data entered by CAD. After matching and data entry, reports are generated and reviewed by an appraiser. Corrections are made and the account is noticed after supervisor approval.

INDIVIDUAL VALUE REVIEW PROCEDURES

Office Review

Business Personal Property

A District valuation process exists that identifies accounts in need of review based on a variety of conditions. Property owner renditions, accounts with field or other data changes, accounts with prior hearings, new accounts, and SIC cost table changes are all considered. The accounts are processed

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by the valuation program and pass or fail preset tolerance parameters by comparing appraised values to prior year and model values. The appraisers review accounts that fail the tolerance parameters.

PERFORMANCE TESTS

Ratio Studies

The Property Tax Division of the State Comptroller's Office conducts a Property Value Study (PVS). The PVS is a ratio study used to gauge Appraisal District performance. Results from the PVS play a part in school funding. Rather than a sales ratio study, the personal property PVS is a ratio study using state cost and depreciation schedules to develop comparative personal property values. These values are then compared to Jim Wells CAD's personal property values and ratios are formed.

Internal Testing

Jim Wells CAD can test new or revised cost and depreciation schedules by randomly running valuation testing by business category comparisons prior to the valuation cycle. This can give appraisers a chance to make additional refinements to the schedules if necessary.

BUSINESS PERSONAL PROPERTY RE-APPRAISAL PLAN OVERVIEW

The Business Personal Property Division 2015 - 2016 Re-Appraisal Plan is made up of both fixed and variable tasks. The Fixed Tasks include setting up new business accounts, and the annual field reappraisal of Business Personal Property as well as deleting inactive accounts. Variable Tasks are associated with aircraft, special inventory accounts, leased equipment processing and rendition processing.

FIXED TASKS:

Fixed tasks are used to record the annual BPP reappraisal/field confirmation effort. Due to the dynamic nature of Business Personal Property all businesses are reviewed each year for either reappraisal or field confirmation. The Jim Wells CAD's jurisdiction is broken down into geographic routes that are worked by an individual appraiser. Within the routes, accounts are slated for reappraisal or field confirmation based on the following criteria:

New Business accounts are set up during the January through April field inspection portion of the 2015 and 2016 appraisal years. The appraiser drives or walks all streets that are within the assigned geographic route during these time periods. Various sources such as Certificates of Occupancy,

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articles in local paper, courthouse recorded assume names, supplement the physical inspection process used to identify and set up the new Business Personal Property accounts.

Business ID Type: Specific groups of businesses are slated for reappraisal based on timing or analysis that indicates a market value adjustment is needed. This category will also include the businesses that have not filed a rendition in the previous year, or the rendition filed was not used to arrive at the appraised value for the BPP account.

The remaining accounts are worked under the field confirmation task, which verifies that these businesses are still in operation. If the appraiser determines that there has been some type of change, a re-inspection of the property may be performed at that time.

VARIBALE TASKS:

Variable tasks are used to record a portion of our reappraisal effort and tasks that have some planning flexibility from one year to the next. The most significant variable task is the 2015 and 2016 rendition-processing period. Between late March and when notices are mailed in middle of May of 2015 and 2016, Business Personal Property will receive and data enter the renditions for appraisal review. The Appraisal Appraiser will review the rendered data and incorporate the inventory and depreciated cost information into the 2015 and 2016 appraisals.

BUSINESS PERSONAL PROPERTY 2015- 2016 REAPPRAISAL PLAN

FIXED TASKS DEFINITONS:

NEW ACCOUNTS: This category captures the time required to tour a new business and set up the add/new accounts in Mars.

BUSINESS ID TYPE REAPPRAISAL: Selection of accounts for reappraisal based on specific business types.

TENANT ACCOUNTS: The Tenant accounts are furnished by public warehouses, craft malls, storage garages, and consignment stores.

REINSPECTION: These are accounts in business types that are not designated for reappraisal, however, due to physical changes such as downsizing, mergers, expansion, etc; a complete reappraisal is warranted.

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VARIABLE TASK:

AIRCRAFT APPRAISAL: Valuing and confirming ownership of aircraft.

RENDITIONS: Property owners' statements calculated and data entered by appraisers.

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 MLS, telephone survey and field review. In the absence of such confirmation, residential sales data obtained from vendors was considered reliable.
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Certification Statement:

"I, Joseph Sidney Vela, Chief Appraiser for the Jim Wells County Appraisal District, solemnly swear that I have made or caused to be made a diligent Reappraisal Plan for Jim Wells County Appraisal District for the 2015-2016 tax years as required by law."


Joseph Sidney Vela, Chief Appraiser

APPENDIX- KEY PERSONNEL IN REAPPRAISAL PLAN IMPLEMENTATION

<u>EMPLOYEE</u>	<u>POSITION</u>
Joseph Sidney Vela	Chief Appraiser
Romeo A. Vela	Senior Appraiser
Carlos Rodriguez	Appraiser IV
Norma Reynado	Appraiser IV
Raul Garcia	Appraiser IV
Martha Hinojosa	Senior Appraisal Clerk
Sylvia Martinez	Appraisal Clerk II
Monica Alejandro	Appraisal Clerk
Jenny Lopez	Systems Manager
Erica Huerta	Computer Tech
Esther DeLeon	Administrative Assistant

**APPENDIX: A
THOMAS Y. PICKETT & CO.
INDUSTRIAL PROP**

INDUSTRIAL PROPERTY

OVERVIEW

Industrial property consists of processing facilities and related personal property. Thomas Y. Pickett & Co., Inc. ("Thos. Y. Pickett" or "Pickett") is contracted to reappraise this type of property annually for the appraisal district. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- A. exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- B. both the seller and the purchaser 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
- C. both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

The effective date of the appraisals is January 1 of the year for which this report is submitted unless the property owner or agent has applied for and been granted September 1 inventory valuation as allowed by Section 23.12(f) of the Texas Property Tax Code. The date of this report is approximately April 20th of the tax year for which it is submitted.

The appraisal results will be used as the tax base upon which a property tax will be levied. The properties are appraised in fee simple in conformance with the Texas Property Tax Code Sec. 25.06. This is a jurisdictional exception to the Standards Rule 6-5 (c) Comment of the Uniform Standards of Professional Appraisal Practice 2004. A listing of the industrial properties appraised by Pickett for the appraisal district is available at the appraisal district office. Industrial properties are normally re-inspected annually.

Documents relevant to an understanding of these appraisals include the confidential rendition, if any, filed with the appraisal district by the owner or agent of the property; other reports described in the Texas Property Tax Code; asset lists and other confidential data supplied by the owner or agent; the General Appraisal Manual adopted by the Texas Comptroller of Public Accounts; Property Assessment Valuation published by the International Association of Assessing Officers and adopted by the Texas Comptroller of Public Accounts and Engineering Valuation and Depreciation by Marston, Winfrey and Hempstead and the Texas Property Tax Code.

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Pickett's industrial appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. Industrial appraisal staff stays abreast of current trends affecting industrial properties through review of published materials, attendance at conferences, course work and continuing education classes. All industrial appraisers are registered with the Texas Department of Licensing And Regulation.

Assumptions and Limiting Conditions

All appraisals are subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Appraisal District.
4. The appraisers do not necessarily inspect every property every year.
5. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
6. All information in the appraisal documents has been obtained by members of Thos. Y. Pickett's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.
8. The appraisers have inspected as far as possible, by observation, the improvements being appraised; however, it is not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made as to these matters unless specifically considered in an individual appraisal.

Data Collection and Valuation

The property owner collects data as part of the inspection process and through later submissions. Submitted data may be on a rendition form or in other modes that require confidentiality. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports and through analysis of comparable properties, if any. Due to the unique nature of many industrial properties there is no standard data collection form or manual.

Valuation Approach and Analysis

The three generally accepted approaches used in determining the Market Value of assets are the cost, income, and market approaches. The following is a brief description of the three general approaches to value.

Cost Approach

The cost approach considers the replacement cost of an asset as an indicator of value. The cost approach is based on the assumption that a prudent investor would pay no more for an asset than the amount for which he could replace or recreate the asset. Estimating the replacement cost of an asset functionally similar to the subject sometimes performs the cost approach. Often, historical cost data can be used to indicate the current cost of reproduction or replacement. Adjustments are made for physical deterioration and the functional and economic obsolescence of the appraised asset.

Income Approach

The income approach measures the present worth of anticipated future net cash flows generated by the subject assets. The net cash flows are forecast for an appropriate period, or capitalized in the case of a single period model, and then discounted to present value using an appropriate discount rate.

Market Approach

Observing the price at assets comparable to the subject asset are bought and sold performs the market approach. Adjustments are made to the data to account for capacity differences and other relevant differences between the subject asset and the comparable assets.

Depending on the facts and circumstances of a particular appraisal, applying the three approaches independently of one another can yield conclusions that are substantially different. As the appraisal is performed, the strengths of the individual approaches are considered and the influence of each approach in the appraisal process is weighed according to its likely accuracy.

Industrial properties are generally appraised using replacement/reproduction cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information and comparable properties. Reproduction costs are based on actual investment in the subject or comparable properties adjusted for typical changes in cost over time. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if utilization and income data for the subject

property justify such. Income Approach models (direct capitalization and discounted cash flow) are also used when economic and/or subject property income information is available.

Capitalization and discount rates are based on published capital costs for the industry of the subject property. A market data model based on typical selling prices per unit of capacity is also used when appropriate market sales information is available.

Because cost information is the most readily available type of data, the cost approach model is almost always considered and used. If sufficient data is available, either or both of the other two models are considered and may be used. The market data and income approach models must be reduced by the value of the land in order to arrive at a value of improvements and personal property.

Model calibration in the cost approach involves the selection of the appropriate service life for each type or class of property. Further calibration can occur through the use of utilization or throughput data provided by the owner or agent. Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. Model calibration in the market data approach involves adjusting sales prices of comparable properties to reflect the individual characteristics of the subject property.

In reconciling multiple model results for a property, the appraiser considers the model results that best address the individual characteristics of the subject property while maintaining equalization among like properties. Final results for each property may be found on the appraisal district's appraisal roll.

Land valuation for industrial properties is the responsibility of appraisal district staff as is the highest and best use analysis of the site. Sites are analyzed for highest and best use as though they were vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

Review, Testing, and Value Defense

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced

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appraiser also contribute to the review process. A statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance, however sales are very infrequent. Furthermore, market transactions normally occur for multiple sites and include real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review.

Finally, Pickett's industrial appraisal methods and procedures are subject to review by the Property Tax Division of the Texas Comptroller's office. The Comptroller's review, as well as comparisons with single-property appraisals, indicates the validity of the models and the calibration techniques employed.

Once appraisals have been reviewed and tested for accuracy, they can then be submitted to the taxpayer as value defense for informal protests. Cost, income and market data parameters will be shared with the taxpayer to check for accuracy to insure all cost, economic, and market data are current and allow for any discrepancies the property may have which does not follow the normal trends set forth in the approaches used to value property of that particular type. Any differences in appraisal parameters will be discussed with the taxpayer and adjustments will be made for any incorrect data; if deemed necessary by the appraisal staff.

Should the opinion of value still remain an issue with the taxpayer, a formal protest with the Appraisal Review Board will be recommended. Value defense for the said property will be the same information as provided during the informal discussions. At that time, Thos. Y. Pickett & Co., Inc. will follow all procedures for formal appraisal review board hearings as specified by the Jim Wells County Appraisal District, its Appraisal Review Board, and current Texas Property Tax Code laws, specifically Chapter 41. Local review, which insures compliance with HB 201.

APPENDIX: B
THOMAS Y. PICKETT & CO.
UTILITY, RAILROAD AND PIPELINE

UTILITY, RAILROAD AND PIPELINE PROPERTIES

Overview

Utility, railroad, and pipeline properties consist of operating property, excluding land, owned by utility, railroad and pipeline companies and related personal property and improvements. Thos. Y. Pickett & Co., Inc. ("Thos. Y. Pickett" or "Pickett") is contracted to reappraise this type of property annually for the Appraisal District. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- A. exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- B. both the seller and the purchaser 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
- C. both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

The effective date of the appraisals is January 1 of the year for which this report is submitted. The date of this report is approximately April 20 of the tax year for which it is submitted.

The appraisal results will be used as the tax base upon which a property tax will be levied. The properties are appraised in fee simple in conformance with the Texas Property Tax Code Sec. 25.06. This is a jurisdictional exception to the Standards Rule 6-5 (c) Comment of the Uniform Standards of Professional Appraisal Practice 2004. A listing of the utility, railroad and pipeline properties appraised by Pickett for the appraisal district is available at the appraisal district office. Such utility, railroad and pipeline properties that are susceptible to inspection (e.g. compressor stations, pump stations, buildings and power plants) are normally re-inspected at least every three years.

Pickett's utility, railroad and pipeline appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. The appraisal staff stays abreast of current trends affecting utility, railroad and pipeline properties through review of published materials, attendance at conferences, course work and continuing education classes. All appraisers are registered with the Texas Department of Licensing And Regulation.

ASSUMPTIONS AND LIMITING CONDITIONS

All appraisals are subject to the following assumptions and limiting conditions:

Title to the property is assumed to be good and marketable and the legal description correct.

1. No responsibility for legal matters is assumed. All existing liens, mortgages or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
2. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Appraisal District.
3. The appraisers do not necessarily inspect every property every year.
4. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
5. All information in the appraisal documents has been obtained by members of Thos.Y. Pickett's staff or by other reliable sources.
6. The appraisals were prepared exclusively for ad valorem tax purposes.
7. The appraisers have inspected as far as possible, by observation, the improvements being appraised; however, it is not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made as to these matters unless specifically considered in an individual appraisal.

Procedures for Methods of Identifying New Utility Properties

The identification of new utility property varies depending on the type of utility one is considering. Due to the varied nature of utility, railroad and pipeline properties there is no standard data collections format to follow.

Typically new utility property is appraised by an outside appraisal firm. The foremost method for identification of any type property comes from visual field inspections throughout the year. This procedure for utility property is a shared responsibility between the Appraisal District and the appraisal firm since both parties utilize extensive field inspections of all areas of the District. Should the Appraisal District note new utility growth the details of growth is written on an appraisal card and placed in a file to be given to the appraisal firm.

Data is collected as part of the inspection process and through later submissions by the property owner. Subject property data is verified through previously existing records and through published reports. Additional data is obtained and verified through published sources, regulatory reports and through analysis of comparable properties.

The following sources may also note new property and prompt a field check of a particular property. The discovery process is not limited to just the sources listed below, but these are considered to be

quite appropriate for this type of property identification, especially electric and gas utilities.

- Building Permits receive a thorough review throughout the year and allow the appraiser to locate new electric and gas installations within the jurisdiction.
- Utility hookup reports from local Utility Companies will also offer the same type identification procedures as building permits.
- Reappraisal process and the discovery process utilized by the jurisdiction and also by the appraisal firm.
- Property owners on certain occasions can be considered a good source of growth information.
- Newspapers and other trade journals can be a source of current utility growth.
- ARB and informal hearings can also lead to the discovery of new properties.

At the time of inspection, the appraiser should determine the percent complete of the improvements as of the assessment date of the current year. If an inspection is dated prior to January 1st, especially those made after July prior the January 1st of the current year, an appraiser may need to revisit the location as close as reasonably possible after the assessment date to determine percent complete.

Additional growth in railroad properties are normally noticed and noted throughout the year. Government reports filed by the railroad companies are also reviewed and compared with the prior year filings to determine any new properties.

Pipeline growth of new properties can be identified throughout the year by visual site inspections or through filings by the companies. For new pipelines a search of the Railroad Commission of Texas' for filed T-4 Permit to Operate a Pipeline is a valuable tool in locating new growth in the utility. A permit to operate a pipeline must be submitted prior to construction. New pipeline permits are researched and noted for any properties which pass through the jurisdiction. For interstate pipelines the annual filing of the FERC Form (Federal Energy Regulatory Commission) is also a good source of information. These required government forms must be filed each year and these filings can show construction work in process projects and the total mileage of the system. Comparison to the prior year will also allow for additional identification procedures by the appraiser of record. Larger pipeline companies will send spreadsheets which show that all property has been accounted for and rendered throughout the state.

Although the growth of telephone utility property has suffered greatly from the usage of cell phones, the procedures of comparing the prior year's federal report to the current year can also give an indication of new property which was previously noted as construction in process. Following growth trends in the district can also help in identifying the areas where additional installations are located.

The property owner collects data as part of the inspection process and through later submissions. Submitted data may be on a rendition form or in other modes that require confidentiality. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports and through analysis of comparable properties. Due to the varied nature of utility, railroad and pipeline properties there is no standard data collection form or manual.

Valuation Approach and Analysis

The three generally accepted approaches used in determining the Market Value of assets are the cost, income, and market approaches. The following is a brief description of the three general approaches to value.

Cost Approach

The cost approach considers the replacement cost of an asset as an indicator of value. The cost approach is based on the assumption that a prudent investor would pay no more for an asset than the amount for which he could replace or recreate the asset. Estimating the replacement cost of an asset functionally similar to the subject sometimes performs the cost approach. Often, historical cost data can be used to indicate the current cost of reproduction or replacement. Adjustments are made for physical deterioration and the functional and economic obsolescence of the appraised asset.

Income Approach

The income approach measures the present worth of anticipated future net cash flows generated by the subject assets. The net cash flows are forecast for an appropriate period, or capitalized in the case of a single period model, and then discounted to present value using an appropriate discount rate.

Market Approach

Observing the price at assets comparable to the subject asset are bought and sold performs the market approach. Adjustments are made to the data to account for capacity differences and other relevant differences between the subject asset and the comparable assets.

Depending on the facts and circumstances of a particular appraisal, applying the three approaches independently of one another can yield conclusions that are substantially different. As the appraisal is performed, the strengths of the individual approaches are considered and the influence of each

approach in the appraisal process is weighed according to its likely accuracy.

For all pipelines a value is calculated using a Replacement Cost New Less Depreciation (RCNLD) model. This involves first calculating the cost of building a new pipeline of equal utility using current prices. The Replacement Cost New (RCN) is a function of location, length, diameter and composition. Depreciation is then subtracted from RCN to produce the final value estimate. Depreciation is defined as the loss of value resulting from any cause. The three common forms of depreciation are physical, functional and economic. Physical depreciation is accounted for on the basis of the age of the subject pipeline. Functional and economic obsolescence (depreciation) can be estimated through the use of survivor curves or other normative techniques. Specific calculations to estimate abnormal functional and/or economic obsolescence can be made on the basis of the typical utilization of the subject pipeline. After deductions from RCN have been made for all three forms of depreciation, the remainder is the RCNLD or cost approach model indicator of value.

In addition to the RCNLD indicator, a unit value model may also be used for those pipelines for which appropriate income statements and balance sheets are also available. Generally, this model is used for those pipelines that by regulation are considered to be common carriers. The unit value model must be calculated for the entire pipeline system. The unit value model typically involves an income approach to value and a rate base cost approach. The income approach is based on a projection of expected future typical net operating income (NOI). The projected NOI is discounted to a present worth using a current cost of capital that is both typical of the industry and reflective of the risks inherent in the subject property. The unit value model cost approach is typically an estimation of the current rate base of the subject pipeline (total investment less book depreciation allowed under the current form of regulation). An additional calculation is made to detect and estimate economic obsolescence. Any economic obsolescence is deducted from the rate base cost less book depreciation to achieve a final cost indicator. The unit value model may also include a stock and debt approach in lieu of a market data approach. The stock and debt approach involves finding the total value of the owner's liabilities (equity and debt) and assuming that they are equal to the value of the assets. The two (or three, if the stock and debt approach is included) unit value indicators are then reconciled into a final unit appraisal model indicator of value. The unit value must then be reconciled with the RCNLD model indicator of value for the entire pipeline system being appraised. The final correlated value of the system can then be allocated among the various components of the system to determine the tax roll value for each pipeline segment.

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Utility and railroad properties are appraised in a manner similar to pipeline except the RCNLD model is not used. For all three types of property (utility, railroad and pipeline) the appraiser must first form an opinion of highest and best use. If the highest and best use of the operating property is the current use under current regulation, the unit value model is considered highly appropriate. If the highest and best use is something different, then the RCNLD model may be more appropriate. Compressor stations pump stations, improvements and related facilities are appraised using a replacement cost new less depreciation model.

Model calibration in the RCNLD model involves the selection of the appropriate service life for each type or class of property. Further calibration can occur through the use of utilization or throughput data provided by the owner or agent. Model calibration in the unit value cost approach involves the selection of the appropriate items to include in the rate base calculation and selection of the best measure of obsolescence, if any. Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. Model calibration in the stock and debt approach involves allocating sales prices of debt and equity to reflect the contribution to value of the operating property of the subject property.

In reconciling multiple model results for a property, the appraiser considers the model results that best address the individual characteristics of the subject property while maintaining equalization among like properties. Final results for each property may be found on the appraisal district's appraisal roll.

Land valuation for utility and pipeline properties is the responsibility of appraisal district staff as is the highest and best use analysis of the site. Sites are analyzed for highest and best use as though they were vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use. Railroad corridor land is included in the appraisal of the operating property.

The highest and best use of railroad corridor land is presumed to be as operating property. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

The rate-base cost approach, stock and debt approach and income approach models must be reduced by the value of the land in order to arrive at a value of improvements, personal property and other operating property.

Review, Testing, and Value Defense

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance, however sales are very infrequent. Furthermore, market transactions normally occur for multiple sites and include real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. The Property Tax Division of the Texas Comptroller's office tests appraisal results annually. The Comptroller's review, as well as comparisons with single-property appraisals, indicates the validity of the models and the calibration techniques employed.

Once appraisals have been reviewed and tested for accuracy, they can then be submitted to the taxpayer as value defense for informal protests. Cost, income and market data parameters will be shared with the taxpayer to check for accuracy to insure all cost, economic, and market data are current and allow for any discrepancies the property may have which does not follow the normal trends set forth in the approaches used to value property of that particular type. Any differences in appraisal parameters will be discussed with the taxpayer and adjustments will be made for any incorrect data; if deemed necessary by the appraisal staff.

Should the opinion of value still remain an issue with the taxpayer, a formal protest with the Appraisal Review Board will be recommended. Value defense for the said property will be the same information as provided during the informal discussions.

At that time, Thos. Y. Pickett & Co., Inc. will follow all procedures for formal appraisal review board hearings as specified by the Jim Wells County Appraisal District, its Appraisal Review Board, and current Texas Property Tax Code laws, specifically Chapter 41. Local Review, which insures compliance with HB 201.

APPENDIX: C
Thomas Y. PICKETT & CO.
OIL & GAS RESERVES

OIL AND GAS RESERVES

Overview

Oil and gas reserves consist of interests in subsurface mineral rights. Thos. Y. Pickett & Co., Inc. ("Thos. Y. Pickett" or "Pickett") is contracted to reappraise this type of property annually for the appraisal district. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- A. exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- B. both the seller and the purchaser 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
- C. both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

The effective date of the appraisals is January 1 of the year for which this report is submitted. The date of this report is approximately April 20 of the tax year for which it is submitted.

The appraisal results will be used as the tax base upon which a property tax will be levied. Each mineral interest is listed on the appraisal roll separately from other interests in the mineral in place in conformance with the Texas Property tax Code Sec. 25.15. A listing of the oil and gas properties appraised by Pickett for the appraisal district is available at the appraisal district office. Subsurface mineral rights are not susceptible to physical inspection. This condition creates the need to invoke the Departure Provision as required by the Standards Rule 6-7 (f) comment of the Uniform Standards of Professional Practice 2004 Edition. However, the inability to physically examine the property does not affect the appraisal process or the quality of the results. The appraisal district is aware of this limiting condition and agrees that it is appropriate.

Documents relevant to an understanding of these appraisals include the confidential rendition, if any, filed with the appraisal district by the owner or agent of the property; other reports described in the Texas Property Tax Code; and other confidential data supplied by the owner or agent; the General Appraisal Manual adopted by the Texas Comptroller of Public Accounts; Property Assessment Valuation published by the International Association of Assessing Officers and adopted by the Texas Comptroller of Public Accounts and the Texas Property Tax Code.

Pickett's oil and gas appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. Oil and gas appraisal staff stays abreast of current trends affecting oil and gas properties through review of published materials, attendance at conferences, course work and continuing education classes. All oil and gas appraisers are registered with the Texas Department of Licensing And Regulation.

Assumptions and Limiting Conditions

All appraisals are subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Appraisal District.
4. The appraisers do not inspect every property every year.
5. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
6. All information in the appraisal documents has been obtained by members of Thos. Y. Pickett's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.

Data Collection and Valuation

Data on the subject properties is collected from required regulatory reports from the Texas Railroad Commission and the Texas Comptroller of Public Accounts and by the property owner. Submitted data may be on a rendition form or in other modes that require confidentiality. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports and through analysis of comparable properties, if any. Due to the unique nature of many oil and gas properties there is no standard data collection form or manual.

Valuation Approach and Analysis

The three generally accepted approaches used in determining the Market Value of assets are the cost, income, and market approaches. The following is a brief description of the three general approaches to value.

Cost Approach

The cost approach considers the replacement cost of an asset as an indicator of value. The cost

approach is based on the assumption that a prudent investor would pay no more for an asset than the amount for which he could replace or recreate the asset. Estimating the replacement cost of an asset functionally similar to the subject sometimes performs the cost approach. Often, historical cost data

can be used to indicate the current cost of reproduction or replacement. Adjustments are made for physical deterioration and the functional and economic obsolescence of the appraised asset.

Income Approach

The income approach measures the present worth of anticipated future net cash flows generated by the subject assets. The net cash flows are forecast for an appropriate period, or capitalized in the case of a single period model, and then discounted to present value using an appropriate discount rate.

Market Approach

Observing the price at assets comparable to the subject asset are bought and sold performs the market approach. Adjustments are made to the data to account for capacity differences and other relevant differences between the subject asset and the comparable assets.

Depending on the facts and circumstances of a particular appraisal, applying the three approaches independently of one another can yield conclusions that are substantially different. As the appraisal is performed, the strengths of the individual approaches are considered and the influence of each approach in the appraisal process is weighed according to its likely accuracy.

All oil and gas interest values are arrived at through an appraisal of the whole property. Each fractional interest is then assigned a value on the basis of its relative share of expenses and income. Multiple producing zones in the same well may be treated as separate properties.

Oil and gas properties are principally appraised through the income approach to value. Specifically, the discounted cash flow (DCF) technique is used almost exclusively. The almost exclusive reliance on income approach methods, adjusted for risk and market conditions, is typical of the oil and gas industry in dealings between buyers and sellers as well as in single-property appraisals. A mineral property's intrinsic value is derived from its ability to generate income by producing oil and/or gas reserves.

Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected revenue stream to reflect the individual characteristics of the subject property. The DCF model is also calibrated through the use of lease operating expenses that reflect the individual characteristics of the subject property.

A jurisdictional exception to the DCF model, as this process is described in the Statement on Appraisal Standards No. 2 of the Uniform Standards of Professional Appraisal Practice 2004 Edition, must be taken. Section 23.175 (a) of the Texas Property Code specifies that the price of oil and gas used for the first year of the DCF analysis must be the average price of the oil and gas received from the interest for the preceding year. Furthermore, the prices used for succeeding years may not increase at a rate greater than the rate of increase projected by the Texas Comptroller's office for revenue estimating purposes nor may the price used in any succeeding year exceed 150 percent of the price used in the first year of the DCF analysis. Additionally, Section 23.175 of the Texas Property Code restricts appraisal districts to the discounting methods and procedures specified by the Texas Comptroller's Office for oil and gas properties. The final results for each property may be found on the appraisal district's appraisal roll.

Highest and best use analysis of the oil and gas reserves is based on the likelihood of the continued use of the reserves in their current use. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

Review, Testing and Value Defense

Review of appraisals is performed through a comparison of income indicators and compliance with Section 23.175 of the Texas Property Tax Code. A review of property values with respect to year-to-year changes and with respect to industry-accepted income indicators are conducted annually. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process.

Appraisal-to-sales ratios are the preferred method for measuring performance, however sales are very infrequent. Furthermore, market transactions normally occur for multiple sites and include both real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Finally, Pickett's mineral appraisal methods and procedures are subject to review by the Property Tax Division of The Texas Comptroller's office. The Comptroller's review, as well as

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comparisons with single-property appraisals, indicates the validity of the models and the calibration techniques employed.

Once appraisals have been reviewed and tested for accuracy, they can then be submitted to the taxpayer as value defense for informal protests. Cost, income and market data parameters will be shared with the taxpayer to check for accuracy to insure all cost, economic, and market data are current and allow for any discrepancies the property may have which does not follow the normal trends set forth in the approaches used to value property of that particular type. Any differences in

appraisal parameters will be discussed with the taxpayer and adjustments will be made for any incorrect data; if deemed necessary by the appraisal staff.

Should the opinion of value still remain an issue with the taxpayer, a formal protest with the Appraisal Review Board will be recommended. Value defense for the said property will be the same information as provided during the informal discussions. At that time, Thos. Y. Pickett & Co., Inc. will follow all procedures for formal appraisal review board hearings as specified by the Jim Wells County Appraisal District, its Appraisal Review Board, and current Texas Property Tax Code laws, specifically Chapter 41. Local Review, which insures compliance with HB 201.

APPENDIX: D
(TAX YEAR CALENDAR 2015- 2016)

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January

- Date that taxable values and qualification for certain exemptions are determined for the tax year (except for inventories appraised Sept. 1) (Secs. 11.42, 23.01, 23.12).*
- Date a tax lien attaches to property to secure payments of taxes, penalties and interest that will be imposed for the year (Sec. 32.01).
- 1 • Date that members of county appraisal district (CAD) boards of directors begin two-year terms; half the members begin two-year terms if the CAD has staggered terms (Secs. 6.03, 6.034).
- Date that half of appraisal review board (ARB) members begin two-year terms (Sec. 6.41).
- Deadline for chief appraisers to notify the Comptroller's office of eligibility to serve as chief appraisers (Sec. 6.05).
- 2 • Date rendition period begins; continues through April 15 for those property owners not requesting a filing extension (Sec. 22.23).
- 10 • If a tax bill from the previous year is mailed after this date, the delinquency date is postponed (Sec. 31.04).
- Deadline for the Texas Comptroller to publish the preliminary *Property Value Study (PVS)* findings, certify findings to the Texas Education Commissioner, and deliver findings to each school district (Government Code Sec. 403.302)
- NOTE: A qualified school district or property owner may protest preliminary findings by filing a petition with the Comptroller not later than the 40th day after the date (whether Jan. 31 or an earlier date) on which the Comptroller's findings are certified to the Texas Commissioner of Education (Government Code Sec.403.303).
- 31 • Last day for chief appraiser to deliver applications for agricultural designation and exemptions requiring annual applications (Secs. 11.44, 23.43).
- Last day for disabled or age 65 or older homeowners or disabled veterans, their surviving spouses or children qualifying for Sec. 11.22 exemptions to provide notice of intent to pay by installment and pay the first installment of homestead property taxes. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031)

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- Last day for homeowners or qualified businesses whose properties were damaged in a disaster within a designated disaster area to pay one quarter of taxes if using installment payment option (Sec. 31.032).
- Last day for a CAD to give public notice of the capitalization rate to be used in that year to appraise property with low- and moderate-income housing exemption (Sec. 11.1825).

February

- Last day for motor vehicle, vessel and outboard motors, heavy equipment and manufactured housing dealers to file dealer's inventory declarations (Secs. 23.121, 23.124, 23.1241, 23.127).
- Date that taxes imposed the previous year become delinquent if a bill was mailed on or before Jan. 10 of the current year. Rollback tax for change of use of 1-d, 1-d-1, timber, and restricted-use timber land becomes delinquent if taxing unit delivered a bill to the owner on or before Jan. 10 of the current year (Secs. 23.46, 23.55, 23.76, 23.9807, and 31.02).
- Deadline for chief appraisers in certain counties to provide notice regarding the availability of agreement forms authorizing electronic communication, on or before this date (or as soon as practicable) if delivering the form (Sec. 1.085).
- Last day for county tax collector to disburse motor vehicle, vessel and outboard motor, heavy equipment and manufactured housing inventory taxes from escrow accounts to taxing units (Secs. 23.122, 23.1242, 23.125, 23.128).
- Last day to request separate appraisal for interest in a cooperative housing corporation (Sec. 23.19).
- Last day for disabled or age 65 or older homeowners or disabled veterans, their surviving spouses or children qualifying for Sec. 11.22 exemptions to provide notice of intent to pay by installment and pay the first installment and provide the required notice if paying homestead taxes in equal installments. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031).

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March

- Last day for taxing units' second quarterly payment for the current year CAD budget (Sec. 6.06).
- Last day for disabled or age 65 or older homeowners or disabled veterans, their surviving spouses or children qualifying for Sec. 11.22 exemptions to pay second installment on taxes. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031).
- Last day for homeowners or qualified businesses whose properties were damaged in a disaster area to pay first installment on taxes (Sec. 31.032).
- Last day for qualified community housing development organizations to file listing of property acquired or sold during the past year with the chief appraiser (Sec. 11.182).

April

- Last day (or as soon as practicable thereafter) for chief appraiser to mail notices of appraised value for single-family residence homestead properties (Sec. 25.19).
- Last day for the chief appraiser to notify the taxing units of the form in which the appraisal roll will be provided to them (Sec. 26.01).
- Last day for property owners, or secured parties if applicable, to file renditions and property information reports unless they request a filing extension in writing (Sec. 22.23).
- 15 **NOTE:** The Comptroller and each chief appraiser are required to publicize the legal requirements for filing rendition statements and the availability of the forms in a manner reasonably designed to notify all property owners of the law (Sec. 22.21). Chief appraisers need to check with their legal counsel to determine the manner and timing of this notice to meet the legal requirement.
- Last day for property owners to file these applications or reports with the CAD:
 - Some exemption applications (Sec. 11.43) **
 - Notice to chief appraiser that property is no longer entitled to an exemption not requiring annual application (Sec. 11.43);
 - Applications for allocation under Secs. 21.03, 21.031, 21.05 or 21.055 (Sec. 21.09);
 - Applications for special appraisal or notices to chief appraiser that property no longer qualifies for 1-d-1 agricultural land, timberland, restricted-use timberland, recreational-park-scenic land and public access airport property (Secs. 23.43, 23.54, 23.75, 23.84, 23.94 and 23.9804);
 - Railroad rolling stock reports (Sec. 24.32);
 - Requests for separate listing of separately owned land and improvements (Sec. 25.08);

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- Requests for proportionate taxing of a planned unit development property (Sec. 25.09);
- Requests for separate listing of separately-owned standing timber and land (Sec. 25.10);
- Requests for separate listing of undivided interests (Sec. 25.11); and
- Requests for joint taxation of separately owned mineral interest (Sec. 25.12).
- Last day for chief appraiser to certify estimate of the taxable value for counties, municipalities, and school districts (counties and municipalities can choose to waive the estimate) (Sec. 26.01). A school district may use this certified estimate when preparing the notices to adopt the budget and tax rate (Education Code Sec. 44.004).
- Last day for property owners to file protest with ARB (or by 30th day after notice of appraised value is delivered, whichever is later) in connection with properties that are single-family residence homesteads; however, a property owner may file a protest before June 1 if the ARB has not approved the appraisal records (Sec. 41.44).

May

1

- Last day (or as soon as practicable thereafter) for chief appraiser to mail notices of appraised value for properties other than single-family residence homesteads (Sec. 25.19).

1-14

- Period to file resolutions with chief appraiser to change CAD finance method (Sec. 6.061).

1-15

- Period when chief appraiser must publish notice about taxpayer protest procedures in a local newspaper with general circulation (Secs. 41.41, 41.70).

2

- Beginning of time period when taxing units must notify delinquent taxpayers that taxes delinquent on July 1 will incur additional penalty for attorney collection costs at least 30 days and not more than 60 days before July 1. Period ends on June 1 (Sec. 33.07).

15

- Last day for property owners to file renditions and property information reports if they requested an extension in writing. For good cause, chief appraiser may extend this deadline an additional 15 days (Sec. 22.23).
- Date (or as soon as practicable thereafter) for chief appraiser to prepare appraisal records and submit to ARB (Secs. 25.01, 25.22).

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- 19 • Last day for chief appraiser to determine whether a sufficient number of eligible taxing units filed resolutions to change CAD's finance method (Sec. 6.061).
- 24 • Last day for chief appraiser to notify taxing units of change in the CAD's finance method (Sec. 6.061).
- Last day for taxing units to file challenges with ARB (or within 15 days after the date the appraisal records are submitted to ARB (whichever is later) (Sec. 41.04).
- Last day for disabled or age 65 or older homeowners or disabled veterans, their surviving spouses or children qualifying for Sec. 11.22 to pay third installment on taxes. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031).
- Last day for homeowners and qualified businesses whose properties were damaged in a disaster area to pay second installment on taxes (Sec. 31.032).
- Last day for property owners to file protests with ARB (or by 30th day after the date the notice of appraised value is delivered, whichever is later) in connection with a property that is not a single-family residence homestead (Sec. 41.44(a)(2)).
- 31 • Last day for property owner to file a protest with ARB in connection with properties that are single-family residence homesteads if the ARB has not approved the appraisal records; otherwise the deadline to file a protest for single-family residence homesteads is before May 1 or by the 30th day after notice of appraised value is delivered, whichever is later (Sec. 41.44).
- Last day for a religious organization that has been denied an 11.20 exemption because of the charter to amend the charter and file a new application or the 60th day after the date of notification of the exemption denial, whichever is later (Sec. 11.421).
- Last day for taxing unit to take official action to extend the number of days for airplane parts to be exempt from taxation as freeport goods to 730 days (Sec. 11.251).

June

- 14 • Last day for chief appraiser to submit proposed budget for next year to CAD board and taxing units (unless taxing units have changed CAD's fiscal year) (Sec. 6.06).
- Beginning date that CAD board may pass resolution to change CAD finance method, subject to taxing units' unanimous approval. Period ends before Aug. 15 (Sec. 6.061).
- 16 •

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- Last day to pay second half of split payment for taxes imposed last year (Sec. 31.03).
- Last day for taxing units' third quarterly payment for CAD budget for the current year (Sec. 6.06).
- 30 • Last day to form a taxing unit to levy property taxes for the current year (Sec. 26.12).
- Last day for taxing units to adopt local option percentage homestead exemptions (Sec. 11.13).
- Last day for a private school that has been denied an 11.21 exemption because of the charter to amend the charter and file a new application (or the 60th day after the date of notification of the exemption denial, whichever is later) (Sec. 11.422).

July

- Date that delinquent taxes incur total 12 percent penalty (Sec. 33.01).
- A taxing unit or CAD may provide that taxes that become delinquent on or after February 1 of a year but not later than May 1 of that year and that remain delinquent on July 1 of the year in which they become delinquent incur an additional penalty to defray costs of collection, if the unit or CAD or another unit that collects taxes for the unit has contracted with an attorney to enforce the collection of delinquent taxes (Sec. 33.07).

1 **NOTE:** Taxing units and CADs that have imposed the additional penalty for collection costs under Sec. 33.07 may provide for an additional penalty for attorney collection costs of taxes that become delinquent on or after June 1 under Secs. 26.07(f), 26.15(e), 31.03, 31.031, 31.032, 31.04, or 42.42. The penalty is incurred on the first day of the first month that begins at least 21 days after the date the collector sends property owner a notice of delinquency and penalty (Sec 33.08).

- Last day for review and protests of appraisals of railroad rolling stock values (or as soon as practicable thereafter); once the appraised value is approved, the chief appraiser certifies to the Comptroller the allocated market value (Secs. 24.35, 24.36).
- 20 • Date ARB must approve appraisal records, but may not do so if more than 5 percent of total appraised value remains under protest. The board of directors of a CAD with a population of 1 million or more may postpone the deadline to Aug. 30 or increase the threshold percentage from 5 to 10 percent of the appraised value of properties not under protest (Sec. 41.12).
- 25 • Last day for Texas Comptroller to certify apportionment of railroad rolling stock value to counties, with supplemental records after that date (Sec. 24.38).

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- Last day for chief appraiser to certify appraisal roll to each taxing unit (Sec. 26.01).
- Last day for disabled or age 65 or older homeowners or disabled veterans, their surviving spouses or children qualifying for Sec. 11.22 to pay fourth installment on taxes. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031).
- 31 • Last day for homeowners and qualified businesses whose properties were damaged in a disaster area to pay third installment on taxes (Sec. 31.032).
- Last day for property owners to apply for Sept. 1 inventory appraisal for the next year (Sec. 23.12).

August

- 1 • Date taxing unit's assessor submits appraisal roll and date that collector submits collection rate estimate for the current year to the governing body (or soon after as practical) (Sec. 26.04).
- 7 • Date taxing units (other than school districts and small taxing units) must publicize effective tax and rollback rates, unencumbered fund balances, debt obligation schedule and other applicable items (or as soon as practical thereafter) (Secs. 26.04, 26.052). Cities and counties that provide a property tax rate notice under Local Government Code Section 140.010 are exempt from the requirements of Tax Code Sections 26.04(e), 26.052, and 26.06 (Local Government Code Sec. 140.010).
- 14 • Last day for CAD board to pass resolution to change CAD finance method, subject to taxing unit's unanimous consent (Sec. 6.061).
- Last day for CAD board to pass resolution to change number of directors, method for appointing, or both, and deliver the resolution to each taxing unit (Sec. 6.031).
- 15 • Deadline for Texas Comptroller to certify final PVS findings to Education Commissioner (Comptroller Rule Sec. 9.4317).
- 30 • Date ARB must approve appraisal records for CADs in counties with populations of 1 million or more where the board of directors has postponed the deadline from July 20 (Sec. 41.12).

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- 31 • If a tax bill is returned undelivered to a taxing unit by the United States Postal Service, a taxing unit must waive penalties and interest if the taxing unit does not send another tax bill at least 21 days before the delinquency date to the current mailing address furnished by the property owner and the property owner establishes that a current mailing address was furnished to the CAD for the tax bill before Sept. 1 of the year in which the tax is assessed (Sec. 33.011).
- Last day taxing units may file resolutions with the CAD board to oppose proposed change in the CAD finance method (Sec. 6.061).
- Last day for taxing unit entitled to vote for appointment of CAD directors to file a resolution opposing a change by the CAD board in the number and selection of directors (Sec. 6.031).
- Deadline for an eligible dealer of motor vehicle inventory to file form with chief appraiser and collector to elect not to be treated as a motor vehicle inventory dealer for the next tax year (Sec. 23.121).

September

- 1 • Date that taxable value of inventories may be determined at property owner's written option (Sec. 23.12).
- Deadline for a county or city to either publish the property tax rate notice in a general circulation newspaper or mail it to each property owner and post the notice on its website (Local Government Code Section 140.010).
- 14 • Last day for CAD board to adopt CAD budget for the next year, unless a district has changed its fiscal year (Sec. 6.06).
- Last day for CAD board to notify taxing units in writing if a proposal to change a finance method by taxing units' unanimous consent has been rejected (Sec. 6.061).
- Last day for CAD board to notify taxing units in writing if a proposal to change the number or method of selecting CAD directors is rejected by a voting taxing unit (Sec. 6.031).
- 29 • Last day for taxing units to adopt tax rate for the current year, or before the 60th day after the date the certified appraisal roll is received by a taxing unit, whichever is later. Failure to adopt by these required dates results in a unit adopting the lower of its effective tax rate for this year or last year's tax rate; unit's governing body must ratify new rate within five days of establishing rate (Sec. 26.05).

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- 30 • Last day for taxing units' fourth quarterly payment for CAD budget for the current year (Sec. 6.06).

October

- 1 • Date tax assessor mails tax bills for the year (or soon after as practical) (Sec. 31.01).

November

- 30 • First half of split payment of taxes is due on or before this date (Sec 31.03).

December

- 1-31 • Time when appraisal office may conduct a mail survey to verify homestead exemption eligibility (Sec. 11.47).

- 31 • Last day for taxing units' first quarterly payment for CAD budget for next year (Sec. 6.06).

Tax Code citations, unless otherwise noted.

- * Exemption applications for cemeteries, charitable organizations, private schools, nonprofit water and wastewater supply corporations and other nonprofit organizations must be filed within one year of acquiring the property. Unless birth date information has been provided to the appraisal district, persons who become age 65 or qualify as disabled during a tax year must apply for the applicable homestead exemptions within one year of qualifying (Sec. 11.43).

NOTE:

This calendar shows important property tax deadlines for appraisal districts, taxing units and property owners. Tax Code Section 1.06 provides that "[i]f the last day for the performance of an act is a Saturday, Sunday, or legal state or national holiday, the act is timely if performed on the next regular business day." The deadlines shown in this calendar reflect dates as they are provided in the Tax Code and Local Government Code without any adjustment for an extension that might be applicable. Contact your local appraisal district or tax office if a due date falls on a weekend or holiday. To the extent that you need or want legal advice or seek an interpretation of statutory provisions, you should contact an attorney.

This information is provided by the Texas Comptroller of Public Accounts as a public service and is intended to be used solely for informational purposes. The information neither constitutes nor serves as a substitute for legal advice. To obtain professional assurance regarding the issues addressed herein, the services of a competent professional should be sought.

APPENDIX: E

2015 AND 2016 CALENDAR OF KEY EVENTS

PLANNING AND ORGANIZATION

A calendar of key events with important completion dates for appraisal years 2015 and 2016 is prepared for the JWCAD. This calendar establishes the timelines for District operations and is monitored by supervisors in order to facilitate the certification of the appraisal roll by July 25th of each appraisal year. Production standards for field activities are calculated and incorporated in the planning and scheduling process. This plan encompasses the normal processes carried out for each year by the district; therefore catastrophic or unforeseen events and significant legislative action may have a detrimental effect to the district's operation to the extent that circumstances require revision to this plan, amendments to the plan will be submitted to the board of directors for approval.

A separate calendar in (Appendix: D) is prepared for tax years 2015 and 2016 and provided to the CAD by the Comptroller of Public Accounts. Production standards for field activities are calculated and incorporated in the planning and scheduling process.

Also, Senior Appraiser will monitor the progress of the appraisers field work. Senior Appraisal Clerk will also monitor the progress of the appraisal clerk's progress and Systems Manager will monitor the progress of the data input. Copies of the Work Schedule Through Certification are given out to all departments at the start of the year.

FOR TAX YEAR '2015'

STARTING AUGUST: 1st thru DECEMBER: 31st '2014'

APPRAISERS: RAUL AND CARLOS

REAPPRAISAL AREA FOR OG-ISD

OG-NORTH CENTRAL AREA	818
OG- NORTH EAST AREA	1,368
OG-SOUTH EAST AREA	846
OG-SOUTH WESTAREA	1,624
	4,656 Total

TOTAL ACCOUNTS REAL,COMMERCIAL,MOBILE HOMES, BLDGS ON LEASED LAND

FOR TAX YEAR '2015'

STARTING AUGUST: 1st thru DECEMBER 31st '2014'

APPRAISER: NORMA

CITY OF ALICE BLDG PERMITS:

CITY OF ALICE MOBILE HOME PARKS

CITY OF PREMONT BLDG PERMITS

CITY OF ORANGE GROVE BLDG PERMITS

NEW COMMERCIAL, NEW HOMES, ADDITIONS, STORAGES, CARPORTS, REMODELS, POOLS, GARAGES,

STARTING JAN: 1st '2015' thru May 1st

RURAL ISD AREA'S ARE DRIVEN LOOKING FOR NEW RESIDENTAL AND COMMERCIAL CONSTRUCTION, AND REMODELS AND MOBILE HOMES SINCE THERE IS NO PERMIT SYSTEM IN THE AREA OUTSIDE CITIES.

RAUL:

ALICE ISD SOUTH AREA/ LA GLORIA ISD/ PREMONT ISD/ BEN BOLT ISD

CARLOS:

ALICE ISD NORTH/ AGUA DULCE ISD/ SAN DIEGO ISD JIM WELLS COUNTY

NORMA:

BUSINESS PERSONAL PROPERTY ALL ISD'S AND CITIES

FOR TAX YEAR '2016

STARTING AUGUST 1st THRU DECEMBER 31st '2015'

APPRAISERS: RAUL AND CARLOS

REAPPRAISAL AREAS FOR CITY OF PREMONT, LA GLORIA ISD, CITY OF ORANGE GROVE

<u>CITY OF PREMONT</u>	2,262 Total
<u>LA GLORIA ISD</u>	2,381 Total
<u>CITY OF ORANGE GROVE</u>	788 Total

TOTAL ACCOUNTS REAL,COMMERCIAL,MOBILE HOMES, BLDGS ON LEASED LAND

FOR TAX YEAR '2016'

STARTING AUGUST 1st thru DECEMBER 31st '2015'

APPRAISER: NORMA

CITY OF ALICE BLDG PERMITS:

CITY OF ALICE MOBILE HOME PARKS

NEW COMMERCIAL, NEW HOMES, ADDITIONS, STORAGES, CARPORTS, REMODEL, POOLS, GARAGES,

FOR TAX YEAR '2016'

STARTING JAN: 1st thru May 2 '2016'

**RURAL ISD AREA'S ARE DRIVEN LOOKING FOR NEW RESIDENTAL AND COMMERCIAL CONSTRUCTION
AND REMODELS AND MOBILE HOMES SINCE THERE IS NO PERMIT SYSTEM IN THE AREA OUTSIDE CITIES.**

RAUL:

ALICE ISD SOUTH / PREMONT ISD / BEN BOLT ISD / SAN DIEGO ISD

CARLOS:

ALICE ISD NORTH/ ORANGE GROVE ISD / AGUA DULCE ISD

NORMA:

BUSINESS PERSONAL PROPERTY ALL ISD'S AND CITIES

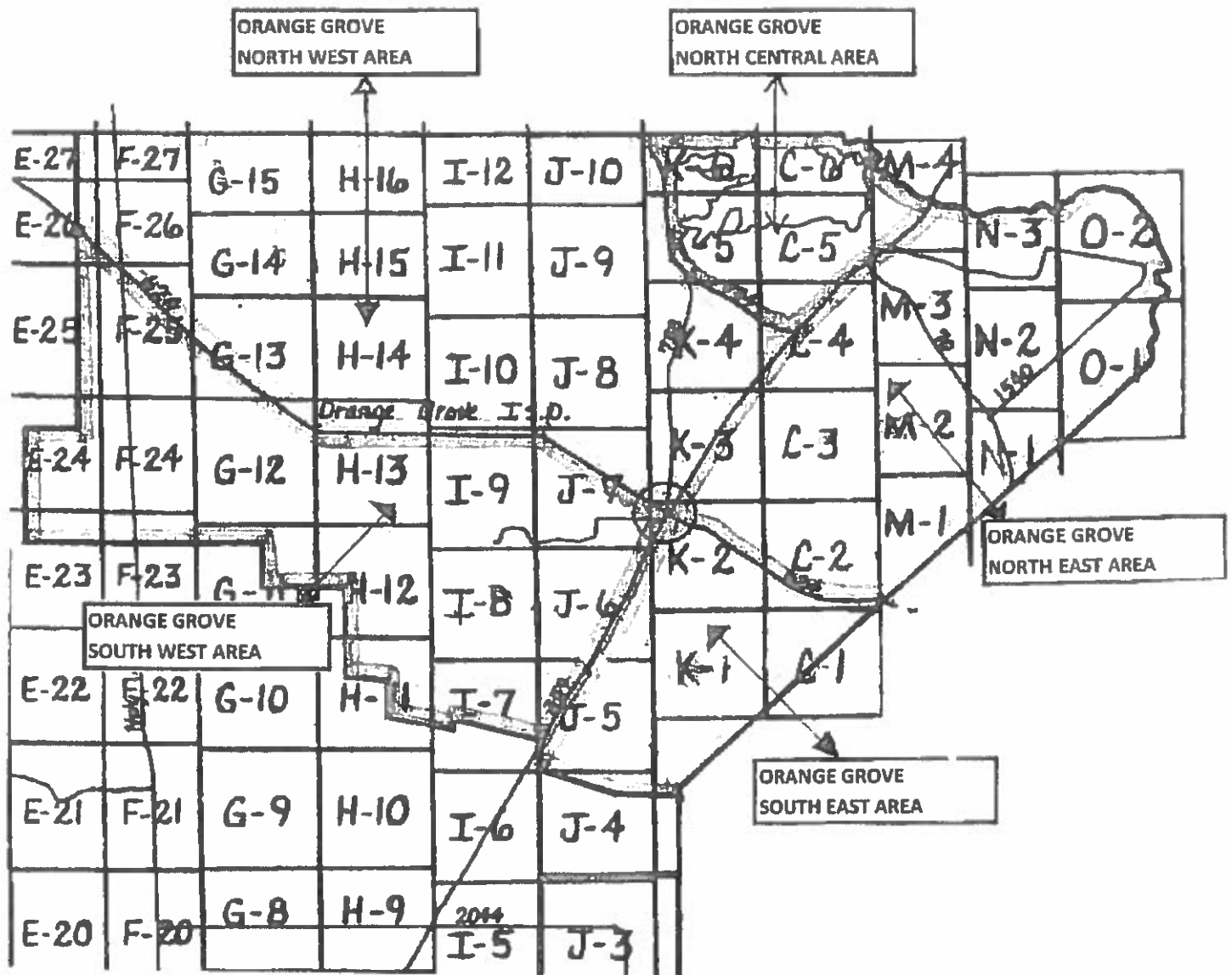
APPENDIX: F
REAPPRAISAL AREA MAPS
'2015'- '2016'

ORANGE GROVE ISD

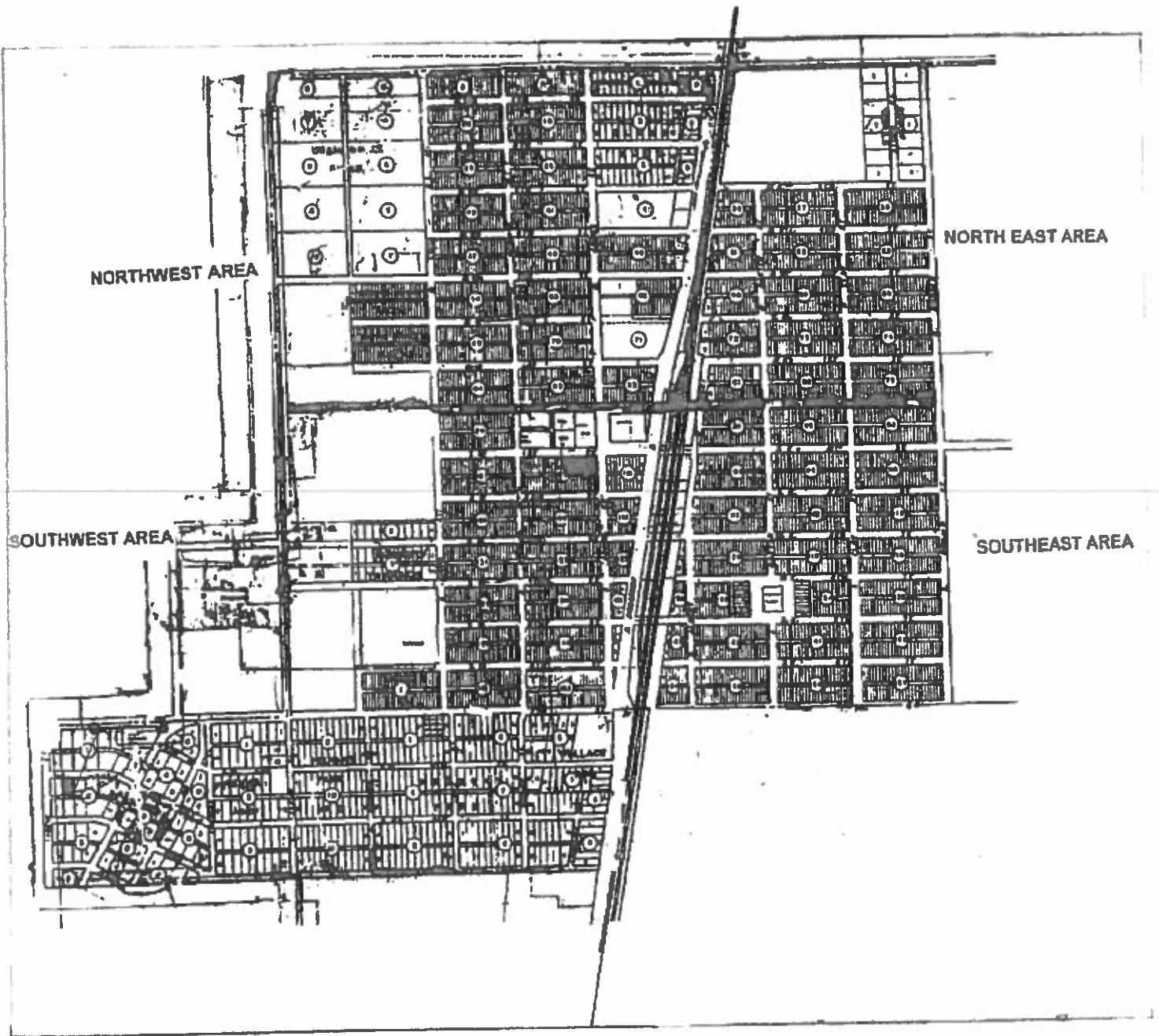
CITY OF PREMONT

LA GLORIA ISD

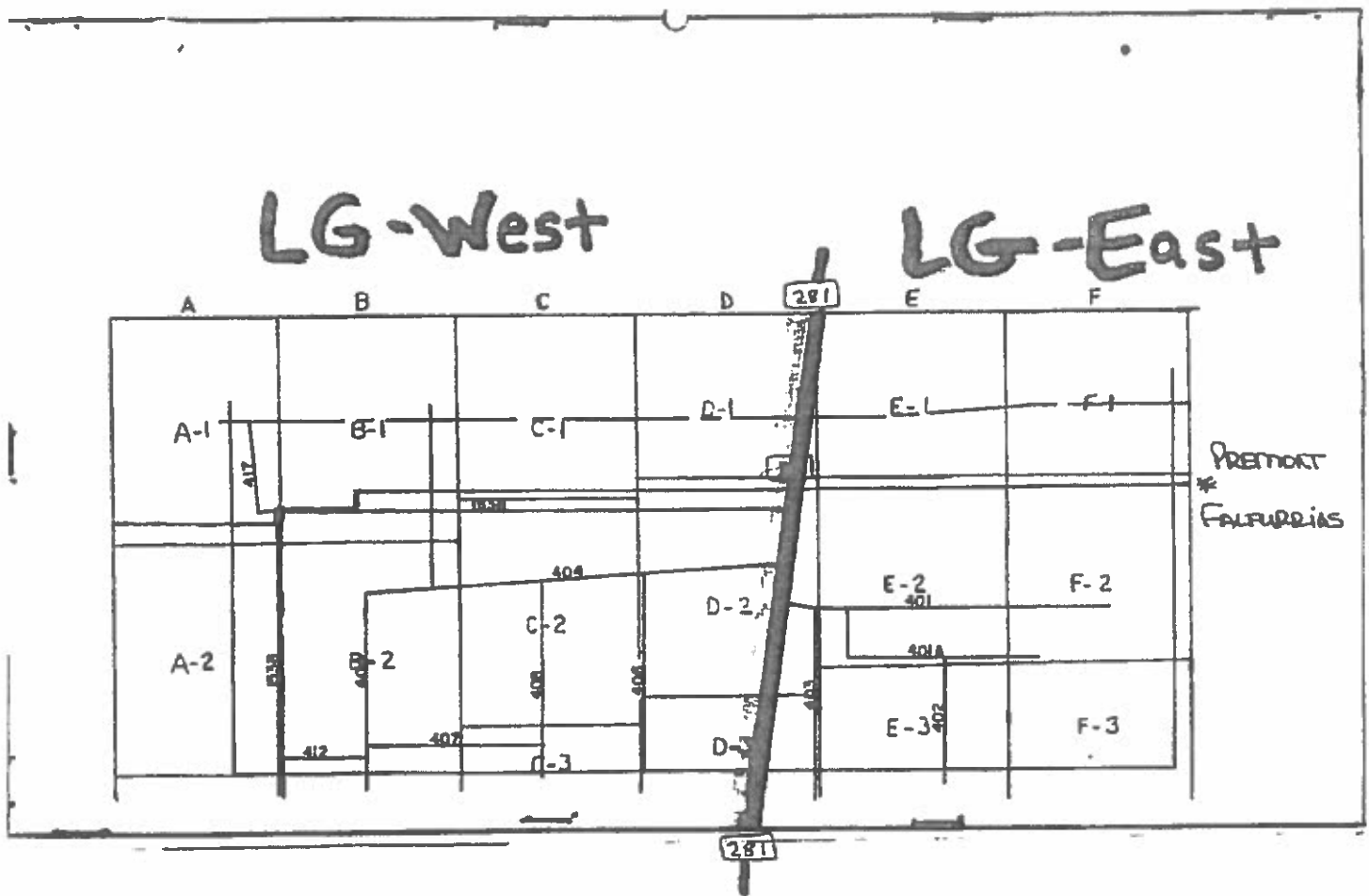
CITY OF ORANGE GROVE



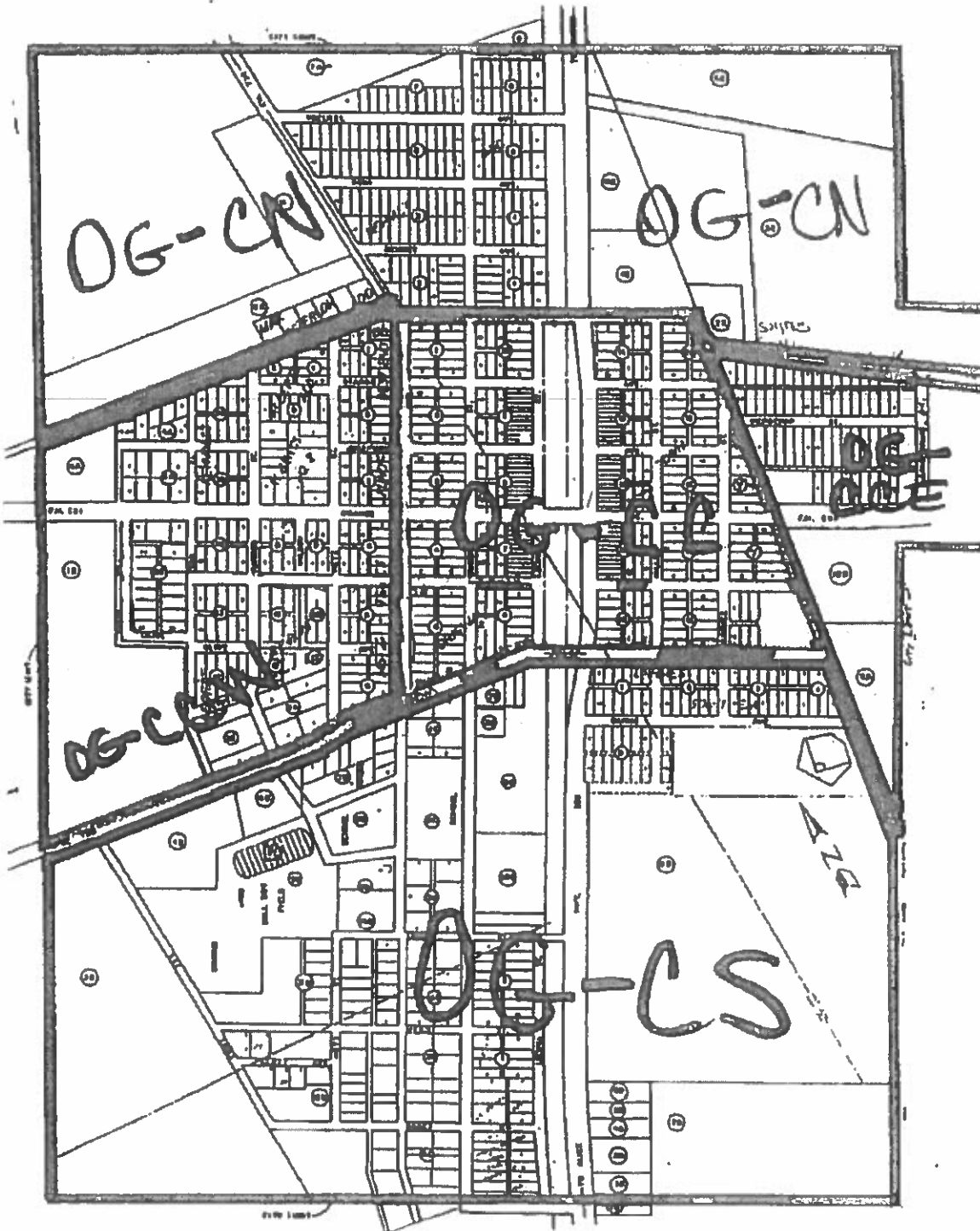
ORANGE GROVE ISD



CITY OF PREMONT



LA GLORIA ISD



CITY OF ORANGE GROVE

