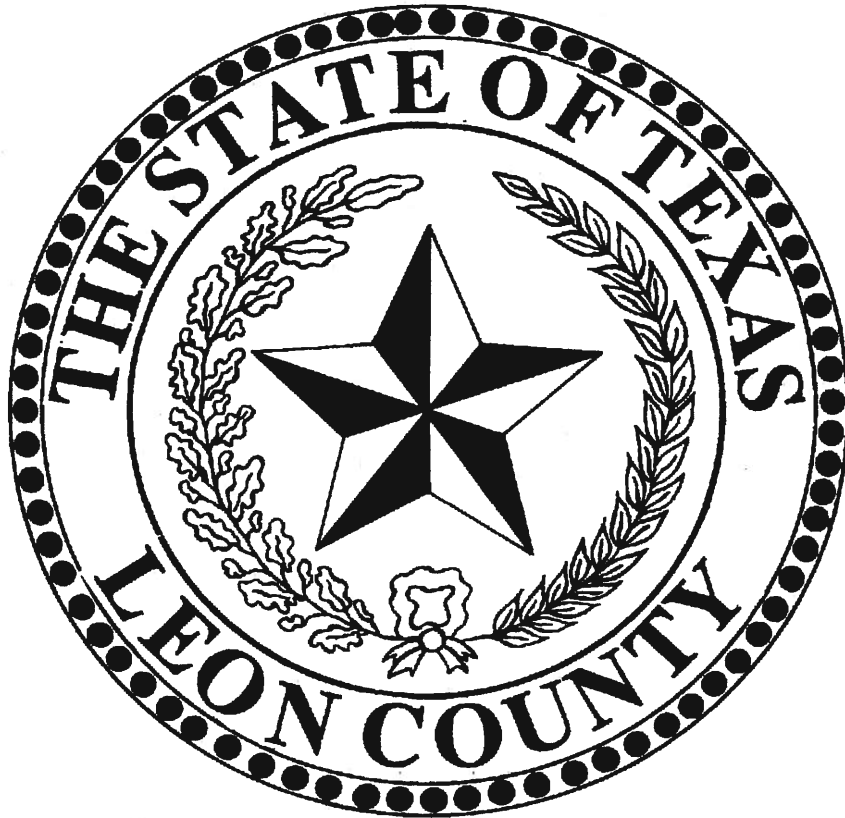


LEON CENTRAL APPRAISAL DISTRICT

2015-2016

Reappraisal Plan





Reappraisal Plan
Leon County Central Appraisal District
2015 – 2016
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Leon County Central Appraisal District Reappraisal Plan 2015-2016

INTRODUCTION

Scope of Responsibility

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

The Leon County Central Appraisal District (CAD) is a political subdivision of the State of Texas that was created effective January 1, 1980. The Central Appraisal District Office was officially open January 1, 1983. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A seven member Board of Directors, elected by the taxing units within the boundaries of Leon County, constitutes the district's governing body. The Leon County Tax Assessor/Collector is a non-voting member of the board and their position is an appointment by the Texas State Legislators. The other six members are elected to a two-year term on every odd calendar year. The chief appraiser, appointed by the Board of Directors, is the chief administrator and chief executive officer of the appraisal district. Each year the Board of Directors approves an Operating Budget that is provided by the Chief Appraiser. The 16 taxing entities that make up the taxing units of the Leon Central Appraisal District fund the budget.

The appraisal district is responsible for local property tax appraisal and exemption administration for 16 jurisdictions or taxing units in the county. Each taxing unit, such as the county, a city, school district, emergency special district, etc., sets its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Property appraisals and estimated values by the appraisal district allocate the year's tax burden on the basis of each taxable property's market value. We also determine eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, charitable or religious organizations and agricultural productivity valuation. The Leon Central Appraisal District contracts with Pritchard and Abbott Inc., to appraise all mineral, industrial and utilities, and business personal property, for the purpose of ad valorem taxation. However, it is noted that

beginning in 2015, the Leon Central Appraisal District will be responsible for appraising all local business personal property in house. The contract for the mineral/industrial/utilities is typically a three year contract that is generally re-negotiated and renewed in the third year of each contract.

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), 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 proceeding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 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 taxable property every year. Appraised values are reviewed annually and are subject to change each year. Business personal properties, minerals and utility properties are appraised every year.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted mass appraisal programs, and recognized appraisal methods and techniques, we compare that information with the data for similar properties, and with recent cost and market data. The district follows 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.

Personnel Resources

The office of the Chief Appraiser is responsible for all operations of the district, whether administrative or appraisal related. The Chief Appraiser oversees the planning, organizing, staffing, coordinating, and controlling of district operations, as well as the functions that relate to human resources, budget, finance, records management, purchasing, fixed assets, facilities and postal services. These responsibilities are in addition to being responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, mineral, utilities, and 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 Regulation.

The appraisal district staff consists of 8 full time employees with the following classifications:

- Chief Appraiser
- Administrative Assistant
- Deputy Chief Appraiser
- Field Appraiser
- Field Appraiser
- Business Personal Property Appraiser
- Clerk
- Clerk

Staff Education and Training

All personnel that are performing appraisal work are registered with the Texas Department of Licensing and Regulation and are required to take appraisal courses to achieve the status of Registered Professional Appraiser within five years of employment as an appraiser. After they are awarded their license, they continue to receive continuing education as required by the Texas Department of Licensing and Regulation, with many of the required hours being centered on USPAP and the Code of Ethics.

Additionally, because of the small size of Leon Central Appraisal District, all appraisal personnel receive extensive on-the-job training delivered directly by a combination of the Chief Appraiser and the Deputy Chief Appraiser to ensure consistency with regard to appraisal methods.

Data

The district is responsible for establishing and maintaining approximately 80,000 real property, minerals/industrial and business personal property accounts covering approximately 688,000 acres within Leon County. Portions of adjoining counties include properties of three districts (Leon, Buffalo, Normangee ISD) that are centrally located within Leon County but extend (over-lapping) into Madison, Robertson and Freestone County. Under current law, those counties, where the districts overlap, are responsible for appraising those portions of over-lapping school districts and certifying those values to each individual school district. Those areas outside Leon County are not the responsibility of the Leon County CAD.

This data includes property characteristics, ownership, and exemption information. Property characteristic data on new construction is updated through an annual field effort; existing property data is maintained through a field review. Sales are routinely validated during a separate field effort; however, numerous sales are validated as part of the new construction and field inspections. General trends in employment, interest rates, new construction trends, cost and market data are acquired through various sources, including university research centers, and market data centers and vendors.

The district has a geographic information system (GIS) that maintains cadastral maps and various layers of data. This computer mapping is approximately 60%-65% complete and older paper maps are relied on to assist in identifying property ownership and boundaries. The computerized mapping system utilizes Microstations GeoGraphics as the mapping software. This software interacts with the districts' appraisal software and allows the two to interface. As such, when parcel ownership changes, exemption changes or other changes to accounts take place, the maps are updated with the new information.

Information Systems

The District utilizes a network server system with individual PC's for the staff that operates on software provided by Pritchard and Abbott Inc (P&A). Pritchard and Abbott Inc. stay abreast of the latest laws and requirements and update the mass appraisal system software periodically. In addition all property information as required by the State Comptrollers Office is filed electronically by P&A, who is contracted by the Appraisal District to appraise all mineral and industrial property that is not appraised by the local staff. The Leon Central Appraisal District does not collect taxes for any of the 16 taxing entities within its boundaries.

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 an annual property

value study (PVS) of each Texas school district and each appraisal district. As part of this annual study, the code requires the Comptroller to: use sales and recognized auditing and sampling techniques; review each appraisal district's appraisal methods, standards and procedures to determine whether the district used recognized standards and practices (MSP review); test the validity of school district taxable values in each appraisal district and presume the appraisal roll values are correct when values are valid; and, determine the level and uniformity of property tax appraisal in each appraisal district. The methodology used in the property value study includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. This study utilizes statistical analyses of sold properties (sale ratio studies) and appraisals of unsold properties (appraisal ratio studies) as a basis for assessment ratio reporting. For appraisal districts, the reported measures include median level of appraisal, coefficient of dispersion (COD), the percentage of properties within 10% of the median, the percentage of properties within 25% of the median and price-related differential (PRD) for properties overall and by state category.

There are 5 independent school districts in Leon CAD for which appraisal rolls are annually developed. The preliminary results of this study are released February 1 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) the following July of each year. This outside (third party) ratio study provides additional assistance to the CAD in determining areas of market activity or changing market conditions.

For the past two years, three school districts have been declared state assigned value because of them falling outside the accepted value range as declared by the state. The schools, for the purpose of school funding, have been assigned local values because of those schools being within the grace period allowed by the state. These three districts; Buffalo, Centerville and Leon, must receive local value for the 2013 PVS, which will be revealed on February 1, 2015. Failure for these three schools to be declared compliant with regard to value estimates for three years in a row can result in severe penalties for the districts with regard to TEA funding purposes. In 2014, the Leon CAD performed an extensive reappraisal aimed at correcting those areas in which the PVS found the district to be lacking.

Oakwood and Normangee ISD both are qualified districts with regard to receiving local value certification.

Appraisal Activities

INTRODUCTION

Appraisal Responsibilities

- **General 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 comprehensive 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 located within the boundaries of Leon County and the jurisdictions of this 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.
- **Reappraisal Plan:** The goal is to field inspect residential, commercial, agricultural and personal properties in the district at a minimum of once every three years. Over the next three years LCAD will be developing routing schedules to accomplish this goal. Initially a three year plan will be tested that entails inspecting all land companies the first year, all municipal residential, commercial and personal property the second year and all rural residential and agricultural property in the third year.

Due to the rural nature of Leon County many properties are not physically inspected every other year due to the lack of access to an improvement that is located behind locked gates. In these instances every effort is made by the appraiser to contact the property owner for access, i.e. telephone, email or certified postal mail. In the event the property owners cannot be contacted the properties that are inaccessible for physical inspection will be appraised by satellite imagery programs.

- **New Construction:** The field appraisal staff is responsible for discovering and listing all new construction and renovation activity. The lack of a required building permit in Leon County complicates the discovery process of new structural improvements in outlying rural areas. The Leon County CAD Field Appraisers are on the road every day so many properties are subject to a visual inspection numerous times a year. Additionally Field appraisers routinely review septic system permits and mechanic liens for construction and renovation activities.

Appraisal Resources

- **Personnel** - 3 appraisers conduct the appraisal activities.
- **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 an appraisal card, or personal property data sheets. Other data used includes maps, sales data, septic installation reports, revaluation request, photos and actual cost and market information. Sources of information are gathered using excellent reciprocal relationships with other participants in the real estate market place. The district cultivates sources and gathers information from both buyers and sellers participating in the real estate market.

Appraisal Frequency and Method Summary

- **Residential Property** - Residential property that is accessible will be physically examined every two to three years with appraisers noting any physical changes that affect the physical condition of each home. This will include new improvements, obvious remodeling, age and condition and any other factors that might possibly affect the market value of the property. Septic permits will be checked periodically during the year in order minimize the omission of improvements from the tax roll. In some areas where change of condition is frequent, homes may be examined annually. There is an on-going analysis of home sales in order to maintain a constant vigil on market value. If sales, combined with the Comptrollers Property Value Study, indicate that the value of homes, whether negative or positive are changing, then attention will be given to the building cost schedules of the class of homes effected. Because of the time frame of the PVS, the protesting of the preliminary findings, and the release of the final value findings, any issues which must be addressed are actually accomplished in the following year.
- **Agricultural Property** - Rural acreage is the largest class of property appraised by the Leon Central Appraisal District. Inspection of rural property is an everyday occurrence with the appraisers of the Leon Central Appraisal District. Rural property values are analyzed yearly. Specific Inspections of these properties are not conducted each year, but daily outings by the field appraiser allow us to keep an eye on these properties for any change that might be evident. Agriculture productivity is calculated annually or semi-annually, based on an analysis of lease rates and expenses associated with property that is qualified as 1-d-1 Open Space Valuation, whether that use be ag or timber.

- **Commercial Property** - Due to the limited amount of commercial and industrial real estate. These properties are observed annually with consideration given to change and condition. There is limited sales information available within the market due to the market being driven largely by owner occupied property as opposed to investor owned property. All three approaches to Market Value are considered, however, only the Cost Approach is typically utilized due to the overall lack of information within the market. The exception to this is hotel/motels whereby the Income Approach is also given consideration due to the availability of income information from the State Web site for hotel/motel income. There are, from time to time, market sales of commercial property, and when applicable, these sales are compared against the commercial schedules utilized by the appraisal district.
- **Business Personal Property**- Renditions, as required by the Texas Property Tax Code, are filed annually for all business's located within the boundaries of Leon County. Around January 1st of each year the appraisal district mails a blank copy of a BPP Rendition form, as promulgated by the state, to each business owner in the district. As required by the Texas Property Tax Code Sec 22.23, the deadline for filing renditions is April 15th. By written notice, this deadline may be extended so renditions are required to be filled out by the business owner and returned to the CAD by April 15th of the current year. A 30 day extension may be granted by written request. An additional 15 days extension may be granted by the Chief Appraiser if good cause can be illustrated.
- **Minerals**- Working and royalty interests of producing oil and gas wells are appraised annually. The most recent production data available from the Texas Railroad Commission is downloaded into appraisal software that estimates economically recoverable reserves. Those reserves are then valued based upon State mandated pricing using the previous year's average of oil or gas values. A discount is applied over the anticipated life of the well in order to consider the value of money over time to recover those reserves. Each producing lease is valued as a unit and then that value is divided according to the various owners of the lease listed in division orders. Pritchard & Abbott, Inc appraises all mineral values.
- **Utilities and Pipelines**- Utility companies and pipelines are appraised annually using a unit value developed using all three approaches to value. For example, a utility company's total value in the State is estimated using cost, market, and income approaches to value and then the entire value is allocated using the components of that utility company that have situs in the various tax units of Leon CAD. Components include such things as miles of transmission lines, miles of distribution lines, substations and the like for an electric utility. Pritchard & Abbott, Inc appraises all industrial values.

WORK SCHEDULE

The staff of the Leon Central Appraisal District will work diligently to conform to all deadlines imposed by the Texas Property Tax Code and any deadlines set by the Chief Appraiser. As a guideline, the Leon CAD will operate with the following deadlines and schedules; however, some deviation can be expected.

January thru April:	Complete field work and mail all applications;
February:	Run notice in paper regarding exemptions and other required publications;
March/April	Update schedules and land values, recalculate system and adjust schedules;
April/May	Mail notices on exemption and applications not received back by the appraisal district;
April 30 th – May 15 th	Mail notices of appraised values for current year;
June 1 st	Estimates of value to taxing entities;
Before July 20 th	Conclude ARB hearings and approve Appraisal Records;
July 25 th	Deadline to certify rolls
July – January	Pick up new improvements, check market areas, and work on specific projects.

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 are required to use a property classification system that establishes uniform procedures for the correct listing of real property. All properties are coded according to a classification system. The approaches to value are structured and calibrated based on this coding system and property description and characteristics. The field appraisers use property classification references during their initial training and as a guide in the field inspection of properties. Data collection for personal property involves maintaining information on software designed to record and appraise business personal property. The type of information contained in the BPP file includes personal

property such as business inventory, furniture and fixtures, machinery and equipment, with details such as cost and location.

Sources of Data

The sources of data collection are through property inspection, new construction field effort, data review list, field effort, hearings, sales validation field effort, commercial sales verification and field effort, newspapers and publications, and property owner correspondence by mail or via the Internet. 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. Improvement cost information is gathered from local building contractors and Marshall and Swift Valuation Service.

Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently, the property owner provides reliable data to allow correction of records without having to send an appraiser on-site. We depend on the property owners to provide accurate and current information. For the property owner without access to the Internet, letters are sometimes submitted notifying the district of inaccurate data. Properties identified in this manner are added to a work file and inspected at the 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

The appraisers are assigned specific areas throughout the district to conduct appraisals and maintain field inspections. These geographic areas of assignment are maintained for several years to enable the appraiser assigned to that area to become knowledgeable of all the factors that drive values for that specific area. Appraisers of real estate and business personal property conduct field inspections and record information that the appraiser may find useful in determining the value of an array of properties. There are no known economic factors that would indicate an unusual amount of discrepancy among the five school districts that make up the market area of Leon County.

The quality of the data used by the appraisal district is extremely important in estimating market values of taxable property. The more accurate the data utilized, the obviously, the more accurate the appraisal results. The Chief Appraiser is responsible for the ultimate verification of all data utilized in building schedules that are utilized in

determining the value of property within the district lines. Inspection of, and verification, of good data is the key to maintaining accurate schedules to work with. While the Leon CAD may maintain a record of numerous sales that have occurred, it is the policy of the appraisal district to not include non-arms length transactions in the analysis of sales that are utilized to build land and building schedules.

Data Maintenance

The field appraiser is responsible for the data entry of his/her fieldwork into the computer file. This responsibility includes not only data entry, but also quality assurance to insure that all records are as accurate as possible. The Chief Appraiser is responsible for maintaining all schedules and building classes to help assist the field appraisers in their normal daily work of appraising property for the purpose of Ad Valorem Taxation.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of last inspection and the CAD appraiser responsible are listed on the CAMA record or property card. If a property owner or jurisdiction disputes the district's records concerning this data during a hearing, via a telephone call or other correspondence received, the record may be corrected based on the evidence provided or an on-site inspection may be conducted. Typically, a field inspection is requested to verify this information 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 data review/re-list field effort. A random field review is performed on selected personal property accounts within the various jurisdictions each year.

Office Review

Office reviews are completed on properties where updated information has been received from the owner of the property and is considered accurate and correct. Data mailers, sent in masse, or at the request of the property owner, frequently verify some 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 appraisal district mails personal property rendition forms, 1-d-1 Open Space Valuation Applications, Timber Applications, Wildlife Management Applications and Homestead Applications each year. This mailing generally takes place as near to January 1st as is possible.

PERFORMANCE TEST

The Chief Appraiser is responsible for conducting ratio studies and comparative analysis on properties within the district to determine their compliance with the Texas Property Tax Code's requirement to stay within 5% of the median level of appraised value. Ratio studies are conducted on property located within certain neighborhoods or districts by appraisal staff. The sale ratio and comparative analysis of sale property to appraised property forms the basis for determining the level of appraisal and market influences and factors for the neighborhood. This information is the basis for updating property valuation for the entire area of property to be evaluated. Field appraisers, in many cases, may conduct field inspections to insure the accuracy of the property descriptions at the time of sale for this study. This inspection is to insure that the ratios produced are accurate for the property sold and that appraised values utilized in the study are based on accurate property data characteristics observed at the time of sale. Also, property inspections are performed to discover if property characteristics had changed as of the sale date or subsequent to the sale date. Sale ratios should be based on the value of the property as of the date of sale not after a subsequent or substantial change was made to the property after the negotiation and agreement in price was concluded. Properly performed ratio studies are a good reflection of the level of appraisal for the district.

The Leon CAD Chief Appraiser relies heavily on a comparison between state estimated ratios and those ratios conducted by the CAD in order to determine if and when reappraisals or schedule adjustments are warranted.

Residential Valuation Process

INTRODUCTION

Scope of Responsibility

The residential appraisers are responsible for estimating equal and uniform market values for residential improved and vacant property. There are approximately 10,908 residential improved single and multiple family parcels and 9,961 vacant residential properties in Leon County.

Appraisal Resources

- **Personnel** - The residential appraisal staff consists of 5 appraisers. The Chief Appraiser is responsible for collecting data utilized to support the building schedules of the appraisal district. The following appraisers are responsible for estimating the market value of all property appraised by the Leon Central Appraisal District.

Chief Appraiser, RPA

Deputy Chief Appraiser, RPA

Field Appraiser, RPA

Field Appraiser

Business – Personal Property Appraiser

- **Data** - An individualized set of data characteristics for each residential dwelling and multiple family units in this district are collected in the field and data entered to the computer. The property characteristic data drives the application of computer-assisted mass appraisal (CAMA) under the Cost, Market, and Income Approaches to property valuation.

VALUATION APPROACH

Land Analysis

Residential land valuation analysis is conducted prior to neighborhood sales analysis. The value of the land component to the property is estimated based on available market sales for comparable and competing land under similar usage. A comparison and analysis of comparable land sales is conducted based on a comparison of land characteristics found to influence the market price of land located in the neighborhood. A computerized land table files stores the land information required to consistently value individual parcels within neighborhoods given known land characteristics. Specific land influences are considered, where necessary, and depending on neighborhood and

individual lot or tract characteristics, to adjust parcels outside the neighborhood norm for such factors as access, view, shape, size, and topography. The appraisers use abstraction and allocation methods to insure that estimated land values best reflect the contributory market value of the land to the overall property value.

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 BTPE classes.

Neighborhood and Market Analysis

Market Areas in Leon County are designated as Rural Residential/Agricultural, Residential Land Companies, Municipal Residential, Municipal Commercial, and Hilltop Lakes.

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis is conducted on various market areas within each of the political entities known as Independent School Districts (ISD). 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. For multiple family properties the Income Approach to value is also utilized to estimate an opinion of value for investment level residential property.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A "neighborhood" for analysis purposes is defined as the largest geographic grouping of properties where the property's physical, economic, governmental and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as "delineation". Some

factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of discernible patterns of growth that influence a neighborhood's individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce population shift from older homes to newer homes. In the period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, in the stage of equilibrium, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline 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 field 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.

The real estate market of Leon County has illustrated signs of diversity over the past three years that is typical of a market that continues to grow and show signs of sophistication. Over the past three years there appears to be a separation of markets between the rural market and the rural subdivision markets. In the past, these two markets have basically coexisted as one; however, sales within the past two to three years have started to show that buyers are willing to pay more for land that is located within a "rural subdivision" than for property located entirely in a rural location. It is the

belief of the Chief Appraiser, that the availability of utilities and typically good road surfaces is the driving factors for the diversification between the two. The rural subdivision market typically deals with tracts of land that are 50 acres and smaller. However, it is noted that there are exceptions to every rule and this would also be true in this regard.

The 2014 reappraisal of rural land and rural subdivisions clearly identified these two sectors of the market as now (2014) being different from one another. Land values within the subdivisions continue to lead the rural land sales by approximately 50%. It is noted that most of the rural subdivisions contain acreage of less than 15 acres, as a general rural.

Hilltop Lakes continues to be a residential market that is obviously isolated itself from other residential markets in the area. Hilltop Lakes is largely a retirement community with a private golf course, airplane runway and numerous lakes with lake front building opportunities. This area has separated itself from the remainder of Leon County with a historical record of sales that continue to lead the county with regard to price per square foot. While this market is subject to the same driving forces that affect all markets (size, location, time, style and design, etc.), the amenities available to the homeowners in this area are the driving force that divides and elevates this market from the typical housing market in other areas of the county. Homes that sell within this market are not considered to be comparable to other homes located outside the Hilltop Lakes market area and vice versa. Only the Hilltop Lakes market has illustrated any type of slowdown in the past couple of years. After undergoing a large reappraisal in 2010, this market began to show some signs of an extended period of growth and high prices as prices leveled off and stabilized with little or no appreciation of the past couple of years. It is the position of the Chief Appraiser that this could be attributed to several factors; one being an overall slowdown in the national economy, and the other the fact that during the 2010-2013 years there were a tremendous amount of homes listed for sale in the Hilltop Lakes market and supply was far greater than demand. While prices may have stabilized somewhat, the only evident signs of the negative effects were the reduction in the number of home sales for the area as compared to years past.

Other markets noted in the area served by the Leon CAD are the residential market and commercial markets that are located within the cities of the county.

The city market has remained very consistent over the past five years and has shown very little erratic activity. Sales have been slow at times but prices have remained constant for the most part. Most of the homes are owner occupied and there continues to be a solid demand for rental properties. There are six different cities in the county; Buffalo, Centerville, Jewett, Marquez, Normangee and Oakwood. Each of the cities has their own individual markets but the values appear to be consistent as of the date of this writing. The discrepancy in price between cities seems to be based solely on the class

of property as well as the size of the property being sold, or analyzed. Each city provides the same essential services, and for the most part, prices are consistent.

Buffalo continues to lead the cities in the county with regard to commercial development, especially with the recent announcement of Tractor Supply building a new store in Buffalo. This comes on the heels of the new Waukesha Pierce development near the intersection of IH 45 and SH 164 about 18 months ago. For years, the City of Buffalo has been the location of any type of new major commercial development for the county. This is attributed largely to the intersection of IH 45 and SH 79. Two major traffic arteries that intersect in an area where there is surrounding available property, adequate utilities, and an obvious demand for growth. Each time there is a new development in this area, there appears to be more support for even more development. With the available utilities and growth potential, it is not unlikely that this area will continue to see more growth in the near future.

Overall, the Leon County real estate market is in sound condition with demand exceeding supply in various aspects of the residential/rural markets. The soundness of the market is attributable to the location of Leon County with regards to the major metropolitan areas of Texas such as Houston and Dallas, combined with the presence of energy exploration in the immediate area. In addition, the sound cattle market is also considered to be a factor that contributes in a positive manner to the sound real estate market within the area. There are no known conditions that exist that would negatively impact the near future of the market. This is not to say that a major catastrophe in the nations market could not also adversely affect the local economy.

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 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. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas with ongoing gentrification, the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. As an example, it may be determined in a transition area that older, non-remodeled homes are economic misimprovements, and the highest and best use of such property is the construction of new dwellings. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population of properties.

VALUATION AND STATISTICAL ANALYSIS (Model Calibration)

Cost Schedules

All residential parcels in the district are valued with a replacement cost estimated from identical cost schedules based on the improvement classification system using a comparative unit method. The district's residential cost schedules are estimated from Marshall and Swift, a nationally recognized cost estimator service. These cost estimates are compared with sales of new improvements and evaluated from year to year and indexed to reflect the local residential building and labor market. Costs may also be indexed for neighborhood factors and influences that affect the total replacement cost of the improvements in a smaller market area based on evidence taken from a sample of market sales. 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.

A review of the residential cost schedule is performed annually. As part of this review and evaluation process of the estimated replacement cost, newly constructed sold properties representing various levels of quality of construction in district are considered. The property data characteristics of these properties are verified and photographs are taken of the samples. CAD replacement costs are compared against Marshall & Swift, a nationally recognized cost estimator, and the indicated replacement cost abstracted from these market sales of comparably improved structures. The results of this comparison are analyzed using statistical measures, including stratification by quality and reviewing of estimated building costs plus land to sales prices. As a result of this analysis, a new regional multiplier or economic index factor and indications of neighborhood economic factors are developed for use in the district's cost process. This new economic indexes estimated and used to adjust the district's cost schedule to be in compliance with local building costs as reflected by the local market.

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 sales information system. Residential improved and vacant sales are collected from a variety of sources, including: district questionnaires sent to buyer and seller, field discovery, protest hearings, Board of Realtor's MLS, various sale vendors, builders, and realtors. A system of type, source, validity and verification codes has been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale prices. The effect of time as an influence on price was considered by paired comparison and applied in the ratio study to the sales as indicated within each neighborhood area.

Neighborhood sales reports are generated as an analysis tool for the appraiser in the development and estimation of market price ranges and property component value estimates. Abstraction and allocation of property components based on sales of similar property is an important analysis tool to interpret market sales under the cost and market approaches to value. These analysis tools help determine and estimate the effects of change, with regard to price, as indicated by sale prices for similar property within the current market.

Monthly time adjustments are estimated based on comparative analysis using paired comparison of sold property. Sales of the same property were considered and analyzed for any indication of price change attributed to a time change or influence. Property characteristics, financing, and conditions of sale were compared for each property sold in the pairing of property to isolate only the time factor as an influence on price.

Statistical Analysis

The residential valuation appraisers perform statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies are conducted on each of the residential valuation neighborhoods in the district to judge the two primary aspects of mass appraisal accuracy--level and uniformity of value. Appraisal statistics of central tendency generated from sales ratios are evaluated and analyzed for each neighborhood. The level of appraised values is determined by the weighted mean ratio for sales of individual properties within a neighborhood, and a comparison of neighborhood weighted means reflect the general level of appraised value between comparable neighborhoods.

The appraiser, through the sales ratio analysis process, reviews every neighborhood 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 or whether the level of market value in a neighborhood is at an acceptable level.

Market and Cost Reconciliation and Valuation

Neighborhood analysis of market sales to achieve an acceptable sale ratio or level of appraisal is also the reconciliation of the market and cost approaches to valuation. Market factors are developed from appraisal statistics provided from market analyses and ratio studies and are used to ensure that estimated values are consistent with the

market and to reconcile cost indicators. 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 particularly specified in a purely cost model.

The following equation denotes the hybrid model used:

$$MV = LV + (RCN - AD)$$

Whereas, in accordance with the cost approach, the estimated market value (MV) of the property equals the land value (LV) plus the replacement cost new of property improvements (RCN) less accrued depreciation (AD). As the cost approach separately estimates both land and building contributory values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values may be needed to bring the level of appraisal to an acceptable standard as indicated by market sales. Thus, demand side economic factors and influences may be observed and considered. These market, or location adjustments, may be abstracted and applied uniformly within neighborhoods to account for locational variances between market areas or across a jurisdiction. Whereas, in accordance with the Market Approach, the estimated market value (MV) of the property equals the basic unit of property, under comparison, times the market price range per unit for sales of comparable property. For residential property, the unit of comparison is typically the price per square foot of living area or the price indicated for the improvement contribution. This analysis for the hybrid model is based on both the cost and market approaches as a correlation of indications of property valuation. A significant unknown for these two indications of value is determined to be the rate of change for the improvement contribution to total property value. The measure of change for this property component can best be reflected and based in the annualized accrued depreciation rate. This cost related factor is most appropriately measured by sales of similar property. The market approach, when improvements are abstracted from the sale price, indicates the depreciated value of the improvement component, in effect, measuring changes in accrued depreciation, a cost factor. The level of improvement contribution to the property is measured by abstraction of comparable market sales, which is the property sale price less land value. The primary unknown for the cost approach is to accurately measure accrued depreciation affecting the amount of loss attributed to the improvements as age increases and condition changes. This evaluation of cost results in the depreciated value of the improvement component based on age and condition. The evaluation of this market and cost information is the basis of reconciliation and indication of property valuation under this hybrid model.

When the appraiser reviews a neighborhood, the appraiser reviews and evaluates a ratio study that compares recent sales prices of properties, appropriately adjusted for the effects of time, within a delineated neighborhood, with the value of the properties'

based on the estimated depreciated replacement cost of improvements plus land value. The calculated ratio derived from the sum of the sold properties' estimated value divided by the sum of the time adjusted sales prices indicates the neighborhood level of appraisal based on sold properties. This ratio is compared to the acceptable appraisal ratio, 96% to 100%, to determine the level of appraisal for each neighborhood. If the level of appraisal for the neighborhood is outside the acceptable range of ratios, adjustments to the neighborhood are made.

If reappraisal of the neighborhood is indicated, the appraiser analyzes available market sales, appropriately adjusted for the apparent effects of time, by market abstraction of property components. This abstraction of property components allows the appraiser to focus on the rate of change for the improvement contribution to the property by providing a basis for calculating accrued depreciation attributed to the improvement component. This impact on value is usually the most significant factor affecting property value and the most important unknown to determine by market analysis. Abstraction of the improvement component from the adjusted sale price for a property indicates the effect of overall market suggested influences and factors on the price of improvements that were a part of this property, recently sold. Comparing this indicated price or value allocation for the improvement with the estimated replacement cost new of the improvement indicates any loss in value due to accrued forms of physical, functional, or economic obsolescence. This is a market driven measure of accrued depreciation and results in a true and relevant measure of improvement marketability, particularly when based on multiple sales that indicate the trending of this rate of change over certain classes of improvements within certain neighborhoods. Based on this market analysis, the appraiser estimates the annual rate of depreciation for given improvement descriptions considering age and observed condition. Once estimated, the appraiser recalculates the improvement value of all property within the sale sample to consider and review the effects on the neighborhood sale ratio. After an acceptable level of appraisal is achieved within the sale sample, the entire neighborhood of property is recalculated utilizing the indicated depreciation rates taken from market sales. This depreciation factor is the basis for trending all improvement values and when combined with any other site improvements and land value, brings the estimated property value through the cost approach closer to actual market prices as evidenced by recent sale prices available within a given neighborhood. Therefore, based on analysis of recent sales located within a given neighborhood, estimated property values will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The estimated property values calculated for each update neighborhood are based on market indicated factors applied uniformly to all properties within a neighborhood. Finally, with all the market-trend factors applied, a final ratio study 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.

TREATMENT OF RESIDENCE HOMESTEADS

Beginning in 1998, the State of Texas implemented a constitutional classification scheme concerning the appraisal of residential property that receives a residence homestead exemption. Under that law, beginning in the second year a property receives a homestead exemption; increases in the assessed value of that property are "capped." The value for tax purposes (assessed value) of a qualified residence homestead will be the LESSER of:

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

Assessed values of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires as of January 1st of the year following sale of the property and the property is appraised at its market value. An analogous provision applies to new homes. While a developer owns them, unoccupied residences may be partially complete and appraised as part of an inventory. This valuation is estimated using the district's land value and the percentage of completion for the improvement contribution that usually is similar to the developer's construction costs as a basis of completion on the valuation date. However, in the year following changes in completion, occupancy, or sale, they are appraised at market value.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The appraiser identifies individual properties in critical need of field review through sales ratio analysis. Sold properties are field reviewed on a monthly and periodic basis to check for accuracy of data characteristics. In the case that the CAD discovers a property that has sold, and the sale price is known, and there is a large differential between the sale price and the appraised value, the property is then inspected to insure that all structural improvements are on the appraisal roll and that all improvements are appropriately classed. If errors are discovered, then legally allowed corrections are made to the appraisal roll.

As the district's parcel count has increased through new home construction, and the homes constructed in the boom years of the late 70's and early 80's experience 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 effort on the part of the appraisers to review and resolve sales outliers. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction, condition, and physical, functional and economic obsolescence, factors contributing significantly to the market value of the property. 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

Once field review is completed, the appraiser conducts a routine valuation review of all properties as outlined in the discussion of ratio studies and market analysis. Valuation reports comparing previous values against proposed and final values are generated for all residential improved and vacant properties. The 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 within his area of responsibility, the estimates of value go to noticing.

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 are generated for each neighborhood 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 PC-based ratio studies are designed to emulate the findings of the state comptroller's annual property value study for category a property. The appraisal district relies heavily on the Annual PVS in addition to our own study in order to more accurately reflect the values of the Leon Central Appraisal District.

Management Review Process

Once the proposed value estimates are finalized, the appraiser reviews the sales ratios by neighborhood and presents pertinent valuation data, such as weighted sales ratio and pricing trends, to the appraisal supervisors and the Chief Appraiser for final review and approval. This review includes comparison of level of value between related neighborhoods within and across jurisdiction lines. The primary objective of this review is to ensure that the proposed values have met preset appraisal guidelines appropriate for the tax year in question.

Field Review

The date of last inspection, extent of that inspection, and the Leon County 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. Normally, a new field check is then requested to verify this information for the current year's valuation or for the next year's valuation. There are no building permits required in Leon County, only septic permits. This forces the field appraisers to spend a lot of time on the road visually checking for new improvements, or add-ons. The lack of required building permits greatly hampers the accuracy of adding new improvements to the appraisal roll each year.

The Chief Appraiser is 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. Field review of real property accounts is accomplished while business personal property is reviewed and inspected in the field. 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 subject to field inspections and are performed in compliance with the guidelines required by the existing classification system. Office reviews are typically limited by the available market data presented for final value analysis. These reviews summarize the pertinent data of each property as well as comparing the previous value to the proposed value conclusions of the various approaches to value. These evaluations and reviews show proposed value changes, income model attributes or overrides, economic factor (cost overrides) and special factors affecting the property valuation such as new construction status, 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.

Business Personal Property Valuation Process

INTRODUCTION

Appraisal Responsibility

There are four different personal property types appraised by the district's personal property section: Business Personal Property accounts; leased assets; vehicles and aircraft; and multi-location assets. All personal property valuations are handled by Pritchard and Abbott, Inc. Renditions are filed with the appraisal district for review before being forwarded to the staff at Pritchard and Abbott, Inc., The Chief Appraiser is available to assist the staff of Pritchard and Abbott, Inc., with and questions or concerns involving the business personal Property of Leon County.

- **Personnel** - The personal property staff consists of the Chief Appraiser and three field appraisers that work in the market on a daily basis.
- **Data** – The Leon Central Appraisal District maintains copies of renditions for year-to-year reference purposes on business personal property accounts. The staff of the appraisal district collects field data and maintains electronic property files making updates and changes gathered from field inspections, newspapers, property renditions, sales tax permit listing and interviews with property owners.

VALUATION APPROACH

SIC Code Analysis

Business personal property is classified and utilizes a four digit numeric codes, called Standard Industrial Classification (SIC) codes that were developed by the federal government to describe property. These classifications are used by Leon CAD to classify personal property by business type

SIC code identification and delineation is the cornerstone of the personal property valuation system at the district. All of the personal property analysis work done in association with the personal property valuation process is SIC code specific. SIC codes are delineated based on observable aspects of homogeneity and business use.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the greatest income and 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.

Sources of Data

Business Personal Property

The district's property characteristic data was collected through a massive field data collection effort coordinated by the district over the recent past and from property owner renditions. From year to year, reevaluation activities permit district appraisers to collect new data via an annual field inspection. This project results in the discovery of new businesses, changes in ownership, relocation of businesses, and closures of businesses not revealed through other sources. Tax assessors, city and local newspapers, and the public often provide the district information regarding new personal property and other useful facts related to property valuation.

Vehicles

An outside vendor provides Leon CAD with a listing of vehicles within the jurisdiction. The vendor develops this listing from the Texas Department of Transportation (TX 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.

VALUATION AND STATISTICAL ANALYSIS (model calibration)

Cost Schedules

Cost schedules are developed based on the SIC code by the Property Tax Division of the Comptroller's Office and 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

Leon 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 CAD developed valuation models. The trending factors used by the CAD to develop RCN are based on published valuation guides. The percent good depreciation factors used by Leon CAD are also based on published valuation guides. 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.

Computer Assisted Personal Property Appraisal (CAPPA)

The CAPPA valuation process has two main objectives: 1) Analyze and adjust estimated asset cost with existing SIC models. 2) Develop new models for business classifications not previously integrated into CAPPA. 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.

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.

CAPPA model values are used in the general business personal property valuation program 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 program. 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

Value estimates for vehicles are provided by an outside vendor and are based on Red Book published book values, and there are also considerations available for high mileage. 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 Red Book published book values are used. Assets that are not valued by the vendor are valued by an appraiser using PVF schedules or published guides.

INDIVIDUAL VALUE REVIEW PROCEDURES

Office Review

Business Personal Property

A district valuation computer program exists in a mainframe environment 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 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

Each year 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 Leon CAD's personal property values and ratios are indicated.

Value Review Procedures

The method of value review for this type of property is based on the review of the factors estimated within the discounted cash flow analysis methodology such as the discount rate, product prices, and operating expenses. Evaluation and verification of these economic factors as to their validity within current economic times and based on current capital requirements for investment in this type property is re-confirmed and reviewed for reasonableness. Sales of mineral properties are considered but adequate sale data is usually not available due to difficulty in confirming sales. The market for this type of property is neither an active nor an efficient market, there are very few participants and pricing information is mostly confidential. There is no central source for tracking these transactions and property owners are reluctant to reveal market information concerning prices paid or terms of the transaction. Because of a lack of market sales on mineral property, appraised values are regularly compared to similar properties within the same production field, field of exploration, strata of formation, or production history and expense level.

When market sales are available the ratio study is based on a comparison of the appraised value to the sale price. For mineral property, which lacks available market sales, a ratio study is a comparison of another appraisal opinion with the opinion of the district to determine level and uniformity of appraisal. The Property Tax Division of the Comptroller's Office conducts an annual ratio study of selected mineral properties to gauge the districts appraisal performance. The PTD utilizes the same valuation methodology to appraise individual mineral properties. This opinion of value is then utilized as market evidence with the same significance as if the property sold for that value. The estimated value of the property by Leon CAD is compared to the appraisal by the PTD to calculate the ratio and the indicated level of appraisal. This study indicates the median and mean levels of appraisal for mineral property and is considered reliable as a review and evaluation tool.

Appendix A

APPRAISAL PLAN YEAR 1 – Residential Land Company Market Area	
Land Company	Abstract #
Centerville Independent School District	
3178 Land Company	935
811 Land Company	536,904
B & B Land Company	8
Anna Land Company	1146
B & C Land Company	580,283
BWB Land Company	8
Beaver Dam estates	8,306
Big 3 Land Company	8
Big oaks Estates	14
Big Oaks Vista	14
Bit Land Company	8
Black Land Company	43,97,187,241,281,346,459, 98,619,872,942,1344,1367
Boggy Creek Land Company	1,29
Boykin Land Company	722,366
Burleson Place	54, 944
Byron Knight	1009
CJ Ranch	550,670,10
Cairo Bluff Estates	161,387,653,794
Carroll Land Company	224,13,660
Carter Land Company	665
Carter Land Company II	540
Cindy's Place	161
Ben Cleveland	220
William R Coffey	55
Jeff C Coleman	11,502
Courson Land Company	425
Dawn Land Company	55
Dixie Land Estates	387,882,103,550,16
Dorman	579,197,624,1176,935
Durst Land Company	5
Wayne Gillespie	18,91
Gindratt Land Company	27
Goolsby Land Company	18
H&H Land Company	18,1370
HM Land Company	14
Darrell Hall Subdivision	460
Darrell Hall	535
AC Heil	1051,580,283
AC Heil	11
Hickman Land Company	29
Hicks Land Company	944
Highway Seven Estates	540
Highway 7 Land Company	1023

Reappraisal Plan
Leon County Central Appraisal District

Appendix A

Land Company	Abstract #
Hill Subdivision	18,1370
Homestead Acres	29
I-45 Estates	717
I-45 Land Company	271
Jackson Road Land Company	412
Jackson Road Subdivision	310,1433,1052,415,1006,412
King Land Company	1294
Lakewood Subdivision	122,217
Largent Estates	29,16
Largent Land Company	29
Leona Land Company	5
Lower Keechi Creek Land Company	109,435,667,730,903
Luedke Land Company	875,876
Matheny Land Company	29
Monroe Land Company	606
J A Neal	1294
North Creek Land Company	583
Oakhill Land Company	224,8
Oakhill Subdivision	14,18
Oden Travis Estates	527,436
Pine Branch Estates	541,540
Pine Branch Hollow 1&2	503
Piney Grove Land Company	436,519
R P Land Company	7
Ranchett Estates	14
Red Oak Subdivision	5
Riverland Acres	161,435
Riverland Estates Section 2	8
River Road Subdivision	8
River Oaks Subdivision	2
Rocky Land Company	875,876
Rolling K Land Company	1233,8
H H Salter	605
Sean Land Company Phase 1	18
Senator Ranch	96
Small Land Company	366
Stell Estates	55
Suttle Hattie B Estates	1269,1264
Sunshine Acres	2
Charles Tisdale	11
Tanner Land Company	20,314
Tisdale Development Company	11
C Tisdale (Sonny's Place)	8

Reappraisal Plan
Leon County Central Appraisal District

Appendix A

Land Company	Abstract #
Trails End Estates	124,1272,1233
Two Mile Estates (Pine Branch Hollow II)	11,502
Village Creek Estates	482,650
Wakefield Land Company	2
Ward Estates	1366,432,741
Wayne Land Company	1357,535
Bert Wheeler Inc.	436
White Land Company	1148
Wilson Estates	161,653,29
JG Wiseman	990,534
Buffalo Independent School District	
831 Land Company	165,343,548,704,709,116
Allbritton Land Company	696,391
B W Land Company	59,455
Neal Barker	671,698,92
Bliss Land Company	463,1096
Boyd Land Company	791
C T Land Company	669,1175,1084,1149,1280,423,424
Cadenhead Land & cattle	59
Caldwell Land Company	520,914,925,1092,260,451,153
Campbell Land Company	103,173
Castles Land Company	811
Centerville Land Company	796
Cedar Creek Estates	359
J D Coburn Estates	211,271,1104
Woody Land Company	1162,1426
William R Coffey	1087
Copper Creek Land Company	138,392,393,623,725,834,1029
Country Place	914,987,1432
Crow Land Company	544,348
Crowder DC & Bennie	954
Deerland Acres	1345,91
Detroit Pecan Orchard	1151
Duffy Land Company	1064
FM 1618 Land Company	628,271,998,1020
FM 2539 Land Company	395,734,1183
Flo Land Company	424,425,432
Garland Road Subdivision	455
Fort Boggy Land Company	135,1134,1151,476
Gulf Land Investments	369,59
Hales Acres	287,923
Harper Land Company	291,250
Hays Land Company	734

Appendix A

Land Company	Abstract #
AC Heil	761,1157
AC Heil	248,834
AC Heil	390,392
Wayne Heil	622,949
Highway 75 Land Company	184,241,919
Mary Holloway Estates	1089,505,705
Tom G Holmes Subdivision	700
Tom Holmes	820,827
Tom G Holmes	293,673,1169
Hope Land Company	287
J K Land Company	394
Jackson Land Company	123
Jennifer Land Company	479,999,1112,1122,1311
Jewett Land Company	267,1031,45,1338
Keechi Creek Wildlife	99
Keechi Land Company	65
Dawson L King Estates	261
Kirkwood Land Company	1087
Knox Subdivision	479
Viola Lee	817,953
MT Land Company	451
Magourik Land Company	977,105
Helen Tinsley Miller ETAL	884,894
Moore Estates	157,1314,607
Mullenax Land Company	135,476,1151,1134
Lloyd Murff	997
J A Neal ETAL	1169,675
Bob Salley Real Estates	834,248
Pace Land Company	791,353
Newel Parker	360,921
Shelley Pate	866
Pine Hill Estates 1,2,3	1317,77,134,1158,634,220,1345,414
Pleasant Springs Land	541
Prasifka Land Company	1108,1376
Richardson Land Company	1108
Robinson Land Company	1103
Russell Land Company	1060
Shady Oak Edition	767
Smith Land Company	185
Steel Land Company	820
Winnie Taylor Estates	1076,1292,1283,1291
Tisdale Development	218,515
Tittle Land Company	977

Appendix A

Land Company	Abstract #
Weeden Land Company	392,393,463
Whatley Land Company	432
Wheelock Land Company	372,373,404,607,915,929
Whitehorn Land Company	590,391,395,1231,527
T R Williams Estates	1216, 1248
Oakwood Independent School District	
GRS Ranch	
Carter Ranch	483
CJT Land Company	31,32
Coffey Land Company	474,32,343,145,727,1116,704
Coffey Land Company	832,343,727,165
Duncan Hill Land Company	198,676
Tisdale Development	782,982
Oakwood Land Company	1103,58
Sue Oats Estates	982,1062,108,970,677
Peler Switch Land Company	1103
John Thomas Richmond ETAL	663
Rocking R Land & Cattle	67,175,809,1166
Silverbrook Ranch	23
Southern Pine Land Company 1	692
St Paul Land Company	483
Texas Parks & Wildlife Blasingame Land	756,504,384
Tisdale Development Company	782,982
Trinity River Land Company	340
542 Land Company	483
Leon Independent School District	
4Cs Land Company	121,205
Barkley Land Company	12
Brushey Creek	597,543
Carrington Land Company	12,166,543
Cates Land Company	100,918,776
Cenderra Corporation	222
Chaney Lake	17
Dorsey Land Company	537
Etheridge Land Company	537
Granada Land & Cattle	17,206,586,699
Grant Land Company 1,2,3	230,235,437,619,701,267,234,
The Hills	1396,1379
Roy Hull Subdivision	26,19
J M Land Company	902,255
Jewett Land Investment	365
Jewett Land Company (HT Land Company)	356

Appendix A

Land Company	Abstract #
James J Johnston	325
Johnston Land Company 1	918,253,786,787
Terry Keeling	339
John R Knight	253,780,786,787
Knight Ranch	17
Lakeside Village Phase 1	19
Lakewood Shores	19
Lanier Point	19
Mandy Land Company	54,537
Mike Land Company	120,121,906
Mill Creek Land Company	12
BD Murff Subdivision	865
Bonner Murff Trustee	880
Lloyd Murff Subdivision Hwy 7	222
Neyland Land Company	325,880
Oehler	909,900
Oak Tree Estates Allen Helmcamp	914
Old Bowling Land Company	352,758
Robbins Land Company 2	325
Robbins Nest	222
Rolling Country Estates	1379,766,96,120,121,1287
Rumfield Estates	19
Scenic View	19
Seaburg 1 Land Company	946,1352,78,285,627
Seaburg 2 Land Company	437,285,78,946,322
Shadey Oaks (Robinson Land Company)	19
Sky View Ranch	718,159,905
Souther Trust	12
P M Standley	127,126
T C Acres	19
T J Estates	19
T & J Land Company	325,880
Trent Turner ETAL	739
Warfwood Subdivision	19
Brent & Estelle Watson Estates	206
Wheeler Land Company	432
Whitney Smith	12,25
Normangee Independent School District	
Central Texas Land Company	21
Creel Land Company	26
Crow & Ginn Land Company	162
Dennis Land Company	6
B T Donahoe	31

Reappraisal Plan
Leon County Central Appraisal District

Appendix A

Land Company	Abstract #
Donahoe Land Company	615
Donahoe Land Company	896
Economy Investments	609,611,615
Richard Ellison Land Company	30
Feagin Land Company	167
Flynn Land Company	612
Ginn Land Company	162
A C Heil	17
Highway 3 Land Company	1198,740,162
HWY 39 Land Company	609
K C Estates Tisdale Development	6
Lockhart Land Company	846,1318
Martin Land Company	21
McKinney Land Company	486
Bonner Murff Land Company	26
Pigeon Roost Land Company	30,167
State Land Company	380
Spanish Grant	30
Sugar Loaf Hills (Flynn Land Company)	167
Willomore Corporation (Dr. Alford)	662
Windsong Convalescent	69,845,175,465,9

Appendix A

APPRAISAL PLAN YEAR 2 – Municipal Residential – Commercial Market Areas & Hilltop Lakes
Hilltop Lakes
City of Buffalo
City of Centerville
City of Jewett
City of Normangee
City of Marquez
City of Oakwood
NOTE : Including any Land Companies and Subdivisions within above city limits

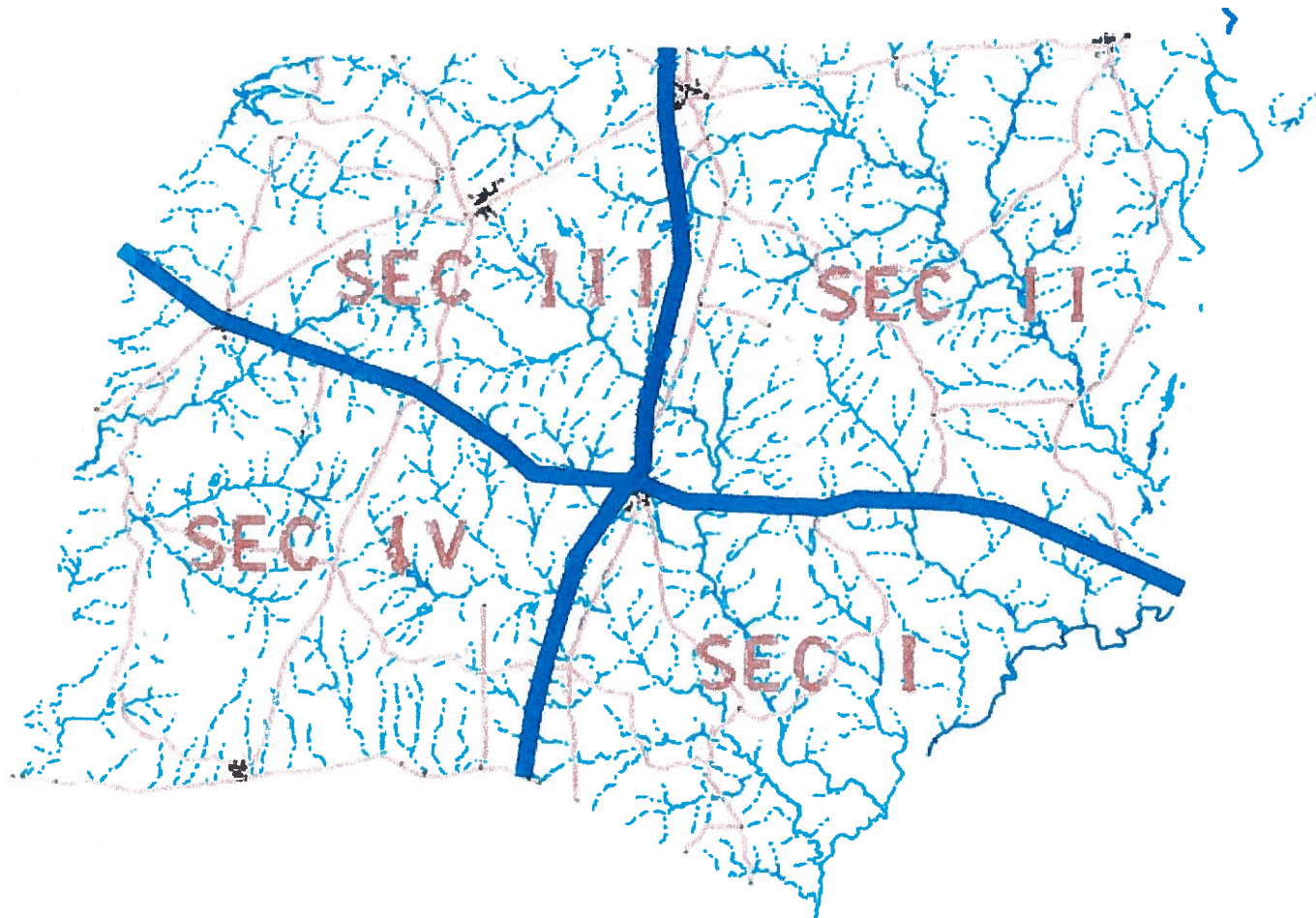
Appendix A

APPRAISAL PLAN YEAR 3 – Rural Residential – Agricultural Market Areas
Rural properties by abstract, Divided by four Sections, #1 SE Section, #2 NE Section , #3 NW Section, #4 SW Section. Dividing lines being IH-45 North & South and Hwy 7, East & West – See Appendix “B”
Abstract #1 through Abstract # 1469
Note: Excluding properties within Land companies & city limits

Appendix B

Leon County Map

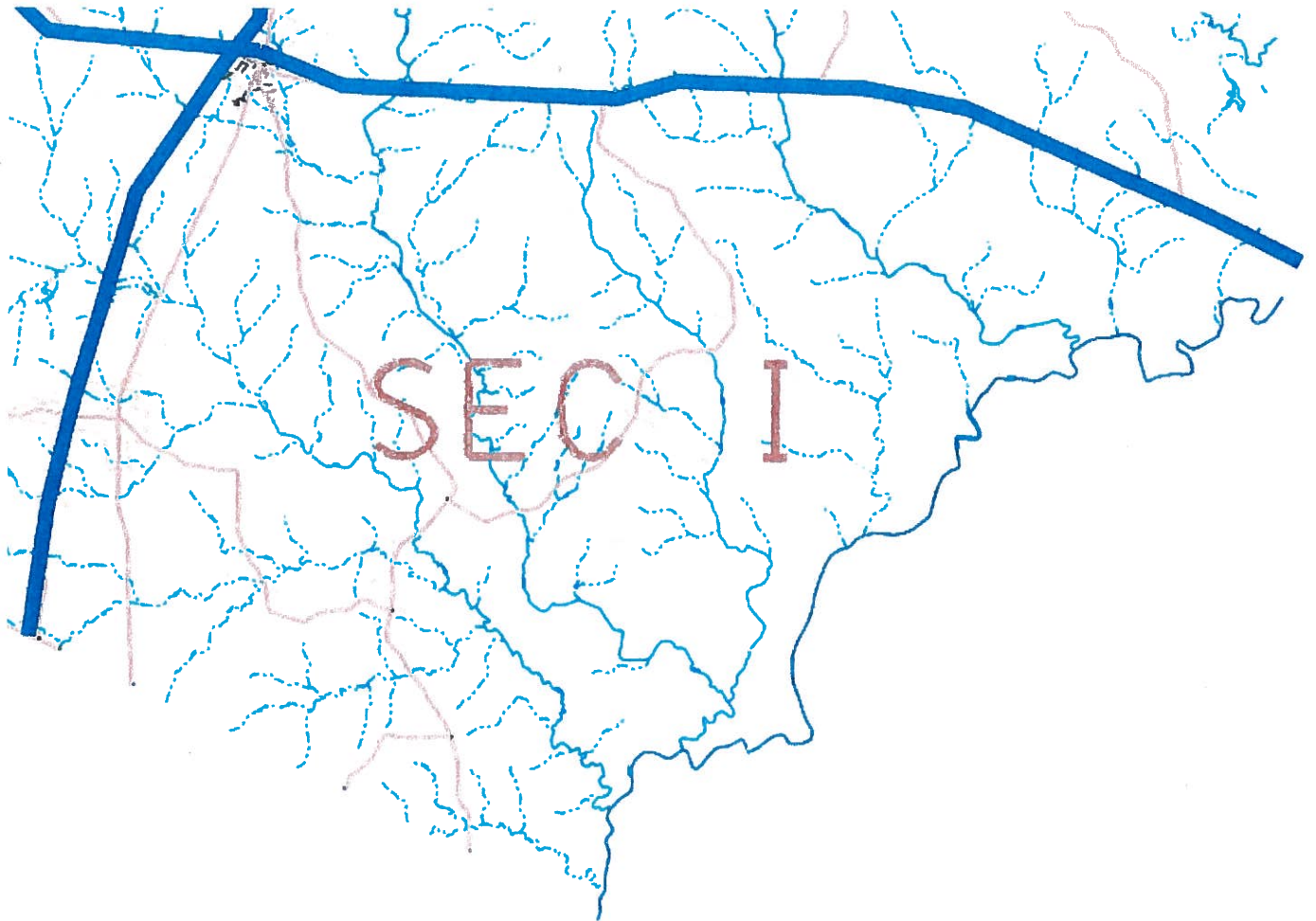
All Sections



Appendix B

Leon County Map

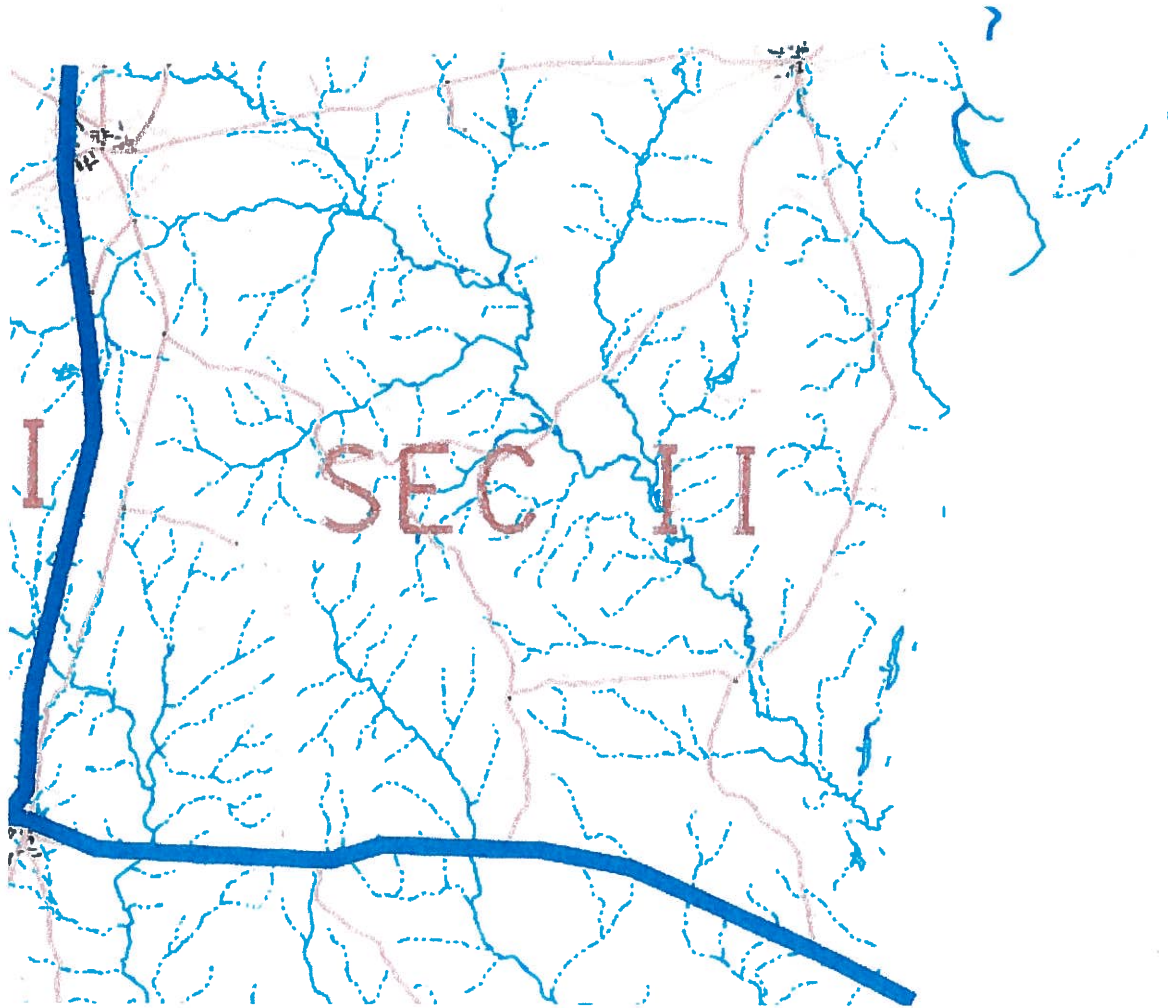
Section I



Appendix B

Leon County Map

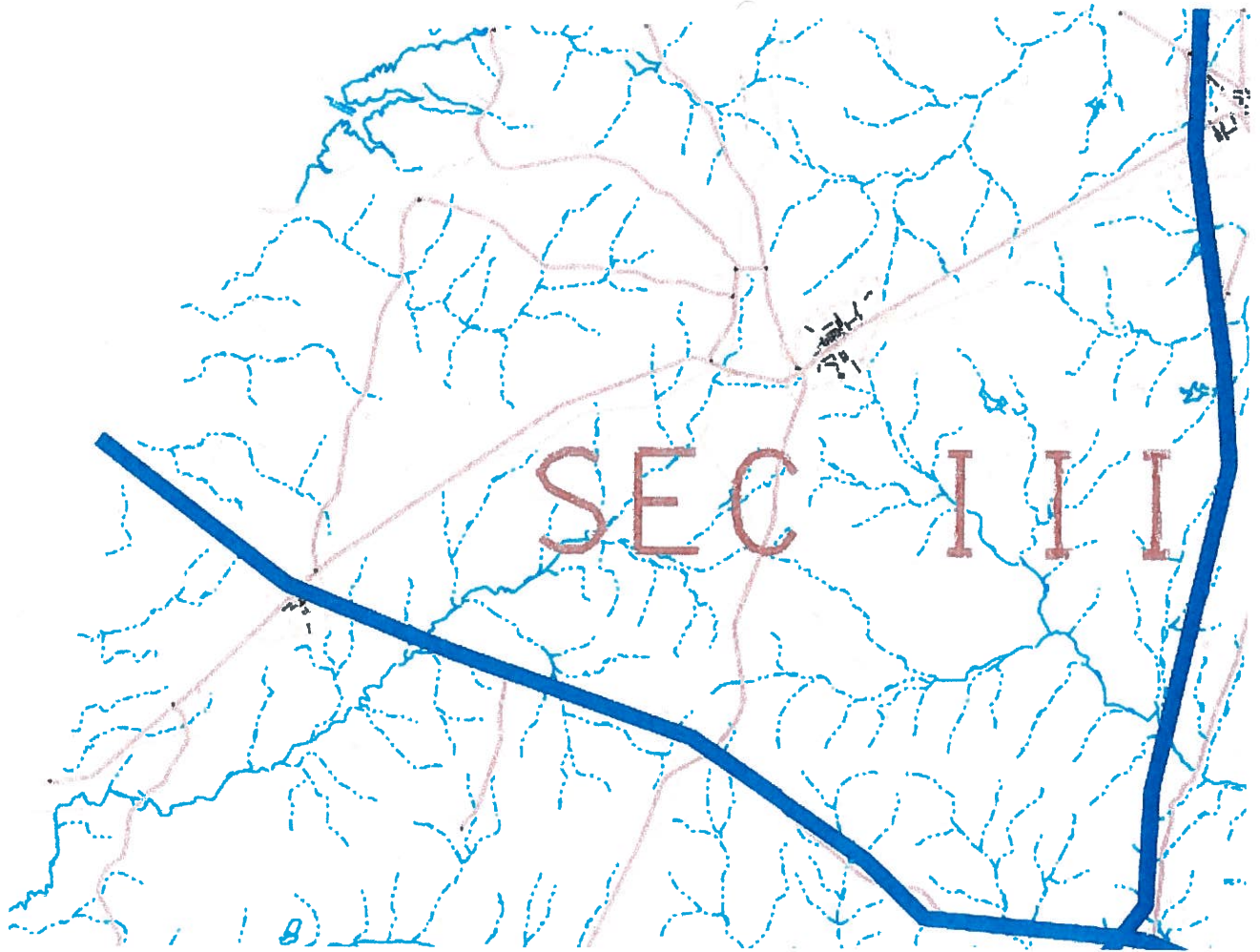
Section II



Appendix B

Leon County Map

Section III



Appendix B

Leon County Map

Section IV

