



# Val Verde Appraisal District



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September 9, 2014

Comptroller of Public Accounts

Attn: Liz Alvarado

P.O. Box 13528

Austin, TX 78711-3528

Dear Ms. Alvarado:

As per Section 6.05(i) of the Texas Property Tax Code you will find enclosed a copy of the adopted 2015/2016 reappraisal plan for Val Verde County.

I have also enclosed a copy of the resolution adopting the 2015/2016 reappraisal plan for your records.

If you have any questions please do not hesitate to let me know.

Sincerely,

A handwritten signature in blue ink that reads "Cherry T. Sheedy".

Cherry T. Sheedy, RPA, CCA  
Chief Appraiser

Encls

RESOLUTION 2014-01

STATE OF TEXAS {}

RESOLUTION APPROVING THE WRITTEN  
2015/2016 BIENNIAL REAPPRAISAL PLAN  
FOR VAL VERDE COUNTY APPAISAL DISTRICT

COUNTY OF VAL VERDE {}

VAL VERDE COUNTY APPRAISAL DISTRICT

**WHEREAS**, Section 6.05 (i) of the Texas Property Tax Code requires that the District Board of Directors (B.O.D) biennially approve a written plan for periodic reappraisal of all property within the boundaries of the district, according to Section 25.18 of the Texas Property Tax Code, and

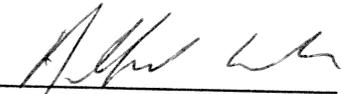
**WHEREAS**, the District B.O.D. has notified the presiding officer of the governing body of each taxing unit participating in the District a written notice of the time, date, and place of the public hearing, and

**WHEREAS**, the District B.O.D. has held a public hearing on August 21<sup>ST</sup>, 2014 to consider any amendments to the written plan, and there were no amendments made to the written plan, and

**NOW THEREFORE**, be it **RESOLVED** that the District board of directors adopts the written reappraisal plan.

**RESOLVED FURTHER**, that the Chief Appraiser of the District is authorized and directed to deliver copies of the approved written reappraisal plan in compliance with the remainder of Section 6.05 (i) to the presiding officer of the governing body of each taxing unit participating in the District and to the state comptroller of public accounts within 60 days of the approval date.

**READ, PASSED AND APPROVED THIS THE 21<sup>st</sup>, DAY OF AUGUST 2014,**

  
\_\_\_\_\_  
Alfredo Carranza, Jr., Chairman

**ATTEST:**

  
\_\_\_\_\_  
Joey Garcia, Secretary

2015-2016 REAPPRAISAL PLAN

ADOPTED BY RESOLUTION 2004-001

AUGUST 21, 2014



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# EXECUTIVE SUMMARY

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The Val Verde County Appraisal District (VVCAD) has prepared and published this reappraisal plan and appraisal report to provide our citizens and taxpayers with a better understanding of the Appraisal District's responsibilities and activities.

This reappraisal plan is prepared to outline and show the activities of the Val Verde Appraisal District, and to outline the necessary work required to reappraise Val Verde County for the next two years. We reserve the right to modify the plan as required in order to meet the requirements of this office as set forth in the Texas Property Tax Code.

The VVCAD is a political subdivision of the State of Texas created for schools, cities and special districts pursuant to Senate Bill 621, which was passed by the 66<sup>th</sup> Legislative Session in 1979. HJR 98, approved by the voters in November 1980 as Proposition 3 on the general election ballot amending Article VIII, Section 18 of the Texas Constitution, was implemented by the passage of HB30 in 1981, which mandated counties to participate in the appraisal district. HB30 became effective August 14, 1981. The VVCAD commenced operations in 1981 and, as required by law furnished their first appraisal roll for Val Verde County, City of Del Rio, Val Verde County Hospital (now Val Verde Regional Medical Center), San Felipe Del Rio, Consolidated Independent School District and Comstock School District. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A nine member Board of Directors, appointed by each taxing unit within the boundaries of VVCAD constitutes the VVCAD's governing body along with the County Tax Assessor-Collector as an ex-officio member. The Chief Appraiser, appointed by the Board of Directors, is the Chief Administrator and Chief Executive Officer of the Appraisal District.

The VVCAD is responsible for all local property tax appraisals and administering of qualifying exemptions for six taxing units within Val Verde County. Property appraisals by the VVCAD allocate the year's tax burden on the basis of the January 1<sup>st</sup> market value of each taxable property. The VVCAD also determines eligibility for various types of property tax exemptions and special valuations as set by the Texas Property Tax Code.

- *Tax Code Requirement*

Passage of S.B. 1652 amended the Tax Code to require a written biennial reappraisal plan. The following details the changes to the Tax Code:

- *Written Plan*

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

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

- *Plan for Periodic Reappraisal*

Subsections (a) and (b), Section 25.18, Tax Code, are amended 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, survey maps, property sketches and Google Earth.
  - (2) Identifying and updating relevant characteristics of each property in the appraisal records;

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

- ***Market Value***

As provided by the Property Tax Code, Section 23.01 indicates that all taxable property is appraised at its “market value” as of January 1<sup>st</sup>. “Market Value”, as per the Property Tax Code, Section 1.04(7), is defined as 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 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
- Both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage or the exigencies of the other.

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41), real property inventory (Sec 23.12), dealer inventory (Sec. 23.121, 23.124, 23.1241, and 23.127), nominal (Sec 23.18), or restricted use properties (Sec 23.83) and allocation of interstate property (Sec. 23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1<sup>st</sup> of the year 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 1<sup>st</sup>.

- *Scope of Responsibility*

The Texas Property Tax Code, under Sec. 25.18, requires each appraisal district to implement a plan to update appraised values for real property at least once every three years. The VVCAD's current policy is to reappraise in a two year cycle. The 2015 tax year is a reappraisal year for all property located within the city of Del Rio, the 2016 tax year is a reappraisal year for property located outside of the city of Del Rio. However, appraised values, district wide, are reviewed annually and are subject to change for purposes of equalization and staying current of market value. This, in effect, constitutes a reappraisal year. Personal Property is appraised every year.

- Odd Years:
  - Appraise all property located within the city of Del Rio (Exhibit C)
- Even Years:
  - Appraise all property located outside of the city of Del Rio (Exhibit C)
- This process will repeat. Odd year everyone within the city of Del Rio will receive a Notice of Appraised Value and even years a Notice of Appraised Value will be sent to all property owners outside of the city of Del Rio. This process will exceed the requirements of Sec. 25.18.

The appraised value of real property is calculated using specific information about each property. Using computer assisted mass appraisal programs, and recognized appraisal methods and techniques; the district compares the information to the data for similar properties, with recent cost and market data. The appraisal district follows the standards set out by Uniform Standards of Professional Appraisal Practice (USPAP) to the extent that they are applicable. Chapter 23 of the Texas Property Tax Code contains statutes dealing with appraisal methods and procedures.

# Introduction

## Overview of District Operations

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- *Personnel Resources*

The office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling the districts operations. The administration department's function is to plan, organize, direct and control the business support functions related to human resources, budget, financial, records management, purchasing, fixed assets, facilities, and postal services. The appraisal department is responsible for the valuation of all real and personal property accounts for the entire district. The property types appraised include commercial, residential, business personal, rural non agricultural, rural agricultural, mineral, and utilities. The districts appraisers and those in a position to appraise property are subject to the provisions of the Property Taxation Professional Certification Act and must be registered with the Texas Department of Licensing & Regulation (TDLR). Administrative support functions include records maintenance, inform and assist property owners, ARB hearings, collect and use data for Geographic Information Systems (GIS), and other activities as needed.

The appraisal district staff consists of 14 full time employees with the following classifications:

- 1 - Chief Appraiser (RPA, CCA)
- 1 – Deputy Chief Appraiser (RPA, CCA)
- 1 – Office Manager (RPA)
- 6 – Staff Appraisers (4 with RPA's and 2 working towards RPA)
- 1 – MIT (management information technology) Director
- 1 – Administrative Assistant
- 1 – Abstractor
- 1 – Exemption Specialist
- 1 – Receptionist/Data Entry
- 2 – Contracted Appraisal Firms (Eagle Appraisal & Consulting and Thomas Y. Pickett & Company) (Exhibit A and Exhibit B).

- *Staff Education and Training*

All personnel that perform appraisal work are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing & Regulation. This agency is responsible for ensuring appraisers are professional, knowledgeable, competent, and ethical.

Appraisers registered with the Texas Department of Licensing & Regulation (TDLR) must successfully complete 182 hours of appraisal courses as prescribed by TDLR administrative rule 94.21, and pass two additional comprehensive examinations within 60 months of registration in order to achieve certification as a Registered Professional Appraiser (RPA). During each subsequent 24 month period after certification, appraisers must complete 30 hours of continuing education that must include 2 hours of professional ethics (the 2013 legislative session created additional ethic requirements specifically for Chief Appraisers), a state laws and rules update course, and 3.5 hours of USPAP. Additionally, all appraisal personnel receive on the job training in data gathering, information systems training, statistical analyses of all types of property to ensure equality and uniformity of appraisals.

- *Data*

The appraisal district is responsible for establishing and maintaining data on approximately 38,389 real, personal property and mineral accounts covering 3232 square miles within Val Verde County. Each parcel record contains data related to property such as, characteristics, ownership, and exemption information.

Existing property characteristics data is updated and maintained through physical inspections and other generally accepted methods. The property data related to new construction and other building permit activity is also collected from the City of Del Rio and from the office of the County Health Inspector. Sales information is also collected by means of sales letters. At the time of an ownership change letters are sent to both the buyer and seller to increase our number of responses and to insure accurate data.

- *Information Systems*

The information technology and the mapping department manage and maintain the district's data processing facility, appraisal (PACS) and other software applications, and geographic information system (GIS). The CAD's GIS department maintains cadastral maps and various layers of data along with aerial photography to assist in the location of property. The district's GIS is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. The VVCAD houses 2 servers containing the appraisal records for the district. This information is accessed by multiple PC's in the appraisal office. The PACS software application is utilized and can be accessed by True Automation (appraisal and GIS software provider) via the internet for software updates and modifications.

- **Shared Appraisal District Boundaries**

The State of Texas HB 1010 amended the Texas Property Tax Code identifying an Appraisal District's boundaries as the county's boundaries. As stated in Section 6.02(a), "The appraisal district's boundaries are the same as the county's boundaries."

# Appraisal Activities

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- *Introduction*

  - *Appraisal Responsibilities*

The field appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of personal and real property by generally accepted methods requires a comprehensive physical description of personal property and land and improvement characteristics. The appraisal staff 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 Val Verde County. The data collection effort involves the actual field inspection of all property, as well as data entry of any information collected in the physical inspection into the existing information system.

  - *Appraisal Resources*

    - Personnel- The appraisal activities will be conducted by 7 appraisers.
      - Contract Appraisal Companies-
        - Eagle Appraisal- Responsible for rural land appraisals and commercial property appraisals (See Exhibit A for their specific reappraisal plan)
        - TY Pickett- Responsible for Mineral and Utility appraisals (See Exhibit B for their specific reappraisal plan)
    - Data- The data used by appraisers while conducting field work includes existing property characteristic information contained in PACS, the Computer Assisted Mass Appraisal System the district uses. Appraisals also use printed property cards, maps, building permits, assumed name filings, business publications, photos, newspapers and other relevant market information.

  - *Appraisal Frequency & Method Summary*

    - **Residential Property**- Residential properties will be appraised annually using the most current data on file. Every neighborhood will be statistically analyzed to determine if current year value estimates are within an acceptable range of recent sales that have occurred using appraisal to sales ratio studies. Ratio studies will be conducted class by class to determine market conditions then a separate ratio study will be conducted on each

neighborhood code to determine if overall market reflects neighborhood conditions.

Appraisers conduct physical inspections of properties to update file information on the physical condition of improvements and note any change in characteristics of property since the last field inspection.

- **Commercial Property-** Commercial real estate will be appraised on an annual basis. Appraisers will review the balance of the improved properties by statistical analysis. Appraiser will do a physical inspection of the property to update file information on the physical condition of improvements and not any changes in the characteristics of the property since last field inspection. Commercial property values will be compared to sales of similar properties in Val Verde County as well as other cities and communities that experience similar market forces. The income approach is also used to appraise commercial properties such as shopping centers, apartment complexes, motels, hotels, and other property types that typically sell based on income.
- **Business Personal Property-** Business personal property (BPP) appraisers will conduct physical inspections of BPP accounts to update file information and note any changes to the property. An additional review of the account will occur when the rendition is received for that year. A rendition will be mailed to all known businesses annually to complete and returned by April 15<sup>th</sup>.
- **Mineral & Utilities-** Annually T.Y. Pickett develops values for mineral interest associated with producing leases. They also appraise utility companies and pipelines annually considering all approaches to value.

○ *Revaluation Decision (Reappraisal Cycle)*

- The Val Verde Appraisal District by policy adopted by the Chief Appraiser and Board of Directors reappraises all property in the district in a two year cycle. One year all property that lies within the city of Del Rio then the following year all property outside the city of Del Rio will be physically inspected.

○ *Reappraisal Year Activities*

- **Performance Analysis** – the equalized values from the previous appraisal year are analyzed with ratio studies to determine appraisal accuracy and uniformity overall by market area within property categories. Ratio studies are conducted in compliance with the current Standard on Ratio Studies of the International Association of Assessing Officers.
- **Analysis of Available Resources** – staffing and budget requirements for appraisal year 2015 are detailed in the 2015 budget, as adopted by the Board of Directors. Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current are specified by district management. Information Systems (IS) support is detailed with year specific functions identified by management and system upgrades scheduled as necessary. Existing maps and data requirements are specified and updates scheduled as required.
- **Planning and Organization** – a calendar of key events with critical completion dates is prepared for the district. This calendar identifies the key events for the preparation of the appraisal roll. A calendar is prepared and included for appraisal years 2015 and 2016. Production standards for field activities are calculated and incorporated in the planning and scheduling process in order to real goals/mandates set by both district management and the Tax Code.
- **Mass Appraisal System** – Computer Assisted Mass Appraisal (CAMA) system revisions required are specified and scheduled with information systems and the district's software. All computer forms and information systems procedures are reviewed and revised as required.
- **Data Collection Requirements** – field and office procedures are reviewed and revised as required for data collection. Activities scheduled for each appraisal year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties on a specific cycle (4-6 years), and field or office verification of sales data and property characteristics.

- **Pilot study by appraisal year** – new and/or revised mass appraisal models/schedules are tested each appraisal year. Ratio studies, by market areas, are conducted using proposed values each appraisal year. Proposed values in each category are tested for accuracy and reliability using standardized testing procedures and ratio study statistics.
- **Valuation by appraisal year** – using market analysis of comparable sales and locally tested cost data, valuation models are specified and calibrated in compliance with supplemental standards from the International Association of Assessing Officers and the **Uniform Standards of Professional Appraisal Practices**. The calculated values are tested for accuracy and uniformity using ratio studies.
- **The Mass Appraisal Report** – each appraisal year the district plans to prepare the Mass Appraisal Report and it shall be certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15<sup>th</sup>). The Mass Appraisal Report will be completed in compliance with STANDARD RULE 6 – 8 of the Uniform Standards of Professional Appraisal Practices. The signed certification by the Chief Appraiser is compliant with STANDARD RULE 6 – 9 of USPAP.
- **Value defense** – evidence to be used by the appraisal district to meet its burden of proof for market value and appraisal equity in both informal and formal hearings is specified and tested as applicable.

○ *Performance Analysis*

- In each appraisal year, the previous appraisal year's equalized values are analyzed with ratio studies to determine appraisal accuracy and uniformity overall. In its annual procedures, the district tests values by market area within state property reporting categories. Ratio studies are conducted in compliance with the current Standard on ratio studies from the International Association of Assessing Officers. Mean, median, and weighted mean ratios are calculated as measures of central tendency for properties in each reporting category to measure the level of appraisal (appraisal accuracy). The median ratio is the primary measure of central tendency analyzed in each market area to indicate the level of appraisal (appraisal accuracy) by property reporting category. In each reappraisal year this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. The district also calculates the coefficient of dispersion and price related differential in each market area to indicate the uniformity or equity of existing appraisals.

## o *Analysis of Available Resources*

- Staff and budget requirements for appraisal year 2015 are detailed in the 2015 appraisal district budget, as adopted by the Board of Directors. This reappraisal plan is adjusted to reflect the expected available staffing for appraisal year 2015 and the anticipated staffing for appraisal year 2016. Staffing will impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in this time period.

Existing appraisal practices, which are continued from year to year, are identified in procedure manuals and district staff is appropriately trained in order to keep their skills current. In each reappraisal year, real property appraisal cost, new tables, and depreciation tables are updated and based upon cost data obtained from the Marshall Valuation Service (also known as Marshall and Swift). The preliminary values produced by these updates are tested against verified sales data and adjustments are made as necessary to fit the local market area. Income studies by commercial real property use type are conducted and models are updated from current market data. This includes a review of economic rents and capitalization rates from the local market, data obtained through the ARB hearing process and information from published sources. Personal property density schedules are analyzed, tested, and updated based on cost obtained by rendition and ARB hearing documentation.

**Information Systems (IS)** support is detailed with year specific functions identified by management and system upgrades are scheduled with the district's software vendor.

Computer generated forms are reviewed for revisions based on year and reappraisal status. Legislative changes are scheduled for completion and also tested through coordination between the districts IS department and its software vendor. Existing maps and data requirements are developed and updates coordinated between the district's GIS department and IS department in order to make these tools available to the appraisal staff.

The Val Verde Appraisal District, as well as all appraisal districts in Texas, is specifically hindered when valuing property due to the lack of mandatory sales disclosure. The lack of mandatory sales disclosure restricts the information that is available to CAD's when using the Sales Comparison Approach, on both the high end and low end of the value spectrum of residential property and with regard to most non residential real property. The lack of mandatory sales price disclosure also impacts values developed via the income approach by restricting the type of data necessary to calculate an overall capitalization rate from sold comparable properties. Should mandatory sales disclosure become law, the

district will have an additional tool with which to value property which will foster further accuracy and equity in appraisals.

○ *Planning and Organization*

- A calendar of key events with critical completion dates is prepared for the district. This calendar identifies the key events for developing the appraisal roll. A separate calendar is prepared for the appraisal years 2015 and 2016. Production standards for field activities are calculated and incorporated in the planning scheduling process. This plan encompasses the normal process carried out for each year by the district, therefore catastrophic events or significant legislative action may have a detrimental effect to the district's operations and require changes to this plan.

# 2015 Reappraisal Year

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## July 2014

- 7-25 through 7-31-2014
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly report from City of Del Rio/Val Verde County.
  
- 7-2-2014
  - Have the proposed 2015 public budget hearing notice appear in today's newspaper in the regular section of the paper.
  - Deliver notice to the presiding officer of the governing body of each taxing unit of the date, time and place of the public hearing on the 2015 proposed budget. (Sec.6.06(b)).
  
- 7-18-2014
  - Hold public hearing on 2015 Appraisal District budget. Sec 6.06(b)
  - Board of Directors monthly meeting.
  - Adopt Appraisal District Budget. (Sec.6.06(b))  
(Since the taxing entities are on a different budget cycle we have our budget adopted before Sept 15<sup>th</sup> to assist the entities with their budget adoptions). Sec.6.-6(a)).
  - Submit proposed 2015/2016 reappraisal plan to board of directors.
  
- 7-18-2014
  - Submit 2014 appraisal roll to ARB for approval (unless more than 5% remains under protest).
  
- 7-22-2014
  - Certify 2014 Appraisal Roll to taxing entities.

## August 2014

- 8-1 through 8-31-2014
  - **TDLR education courses RPA certification/re-certification as necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **Rural non agricultural/rural agricultural**
    - Field operations/discovery process continues.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly report from City of Del Rio/Val Verde County.
- 8-1-2014
  - Begin to collect and catalog sales/income and expense data today through March 31, 2015.
  - Begin 2015 reappraisal of the City of Del Rio.
- 8-3-2014
  - Deadline for property owners to apply for September 1 inventory appraisal for 2015.
- 8-6-2014
  - Deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place for the hearing on the 2015/2016 reappraisal plan. Sec6.06(i).
- 8-21-2014
  - Hold public hearing on 2015/2016 reappraisal plan. Sec 6.05(i).
  - Board of Directors monthly meeting.
  - Adopt 2015/2016 reappraisal plan. Sec 6.05(i).

## September 2014

- 9-1 through 9-28-2014
  - **TDLR education courses RPA certification/re-certification as necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly report from City of Del Rio/Val Verde County.
  
- 9-1-2014
  - Holiday. (Labor Day)
  
- 9-2-2-14
  - Begin to collect, verify and catalog Sales, Income and Expense Data today through March 31, 2015.
  - Send copy or 2015/2016 adopted appraisal plan to Comptroller's Office and presiding officer of the governing bodies. Sec 6.05(i).
  - Continue to collect and catalog sales, income and expense data.
  
- 9-15-2014
  - Deadline to adopt 2015 budget if it has not already been adopted. Sec. 6.06(b).
  - Deadline 2015/2016 reappraisal plan adoption and submission to State Comptroller.
  
- 9-18-2014
  - Board of directors monthly meeting.
  
- 9-26-2014
  - Staff meeting to check progress/problems/concerns appraisers may be experiencing during field inspections and clerical staff may be having with data entry of 2015 reappraisal information.
  
- 9-30-2014
  - Have Agricultural Advisory Committee meeting.

## October 2014

- 10-1 through 10-31-2014
  - **TDLR education courses RPA certification/recertification as necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **GIS**
    - Monthly updates on GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly report from City of Del Rio/Val Verde County.
  
- 10-1-2014
  - Continue to collect, verify and catalog sales, income and expense data.
  - Market Analysis.
  - Mail farm and ranch surveys.
  
- 10-13-2014
  - Holiday (Columbus Day).
  
- 10-16-2014
  - Board of Directors monthly meeting.
  
- 10-22-2014
  - Appraisal Review Board meeting as necessary.
  
- 10-24-2014
  - Staff meeting to check progress/problems/concerns appraisers may be experiencing during field inspections and clerical staff may be having with data entry of 2015 reappraisal information.

## November 2014

- 11-1 through 11-30-2014
  - **TDLR education courses RPA certification/re-certification as necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process begins continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly report from City of Del Rio/Val Verde County.
  
- 11-1-2014
  - Continue to collect, verify and catalog sales, income and expense data.
  - Market Analysis.
  
- 11-7-2014
  - Staff meeting for progress/problems/concerns appraisers may be experiencing during field inspections and clerical staff may be having with data entry of 2015 appraisal information.
  
- 11-11-2014
  - Holiday. (Veterans Day)
  
- 11-20-2014
  - Board of Directors monthly meeting.
  
- 11-27 and 11-28-2014
  - Holidays. (Thanksgiving)
  
- 11-30-2014
  - Staff meeting for progress/problems/concerns appraiser maybe be experiencing during field inspections and clerical staff may be having with data entry of 2015 appraisal information. (66% Complete)
  - Contracted appraisers should be at 66% complete.

## December 2014

- 12-1 through 12-31-2014
  - **TDLR education courses RPA certification/re-certification as necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly report from City of Del Rio/Val Verde County.
- 12-1-2014
  - Continue to collect, verify and catalog sales, income and expense data.
  - Market Analysis.
- 12-18-2014
  - Board of Directors monthly meeting.
  - Notify Comptroller's office of Chief Appraiser's eligibility to serve as Chief Appraiser. (Sec.6.05).
- 12-24 and 12-25-2014
  - Holidays. (Christmas)
- 12-30-2014
  - Conduct mail survey to verify homestead exemption eligibility.
- 12-31-2014
  - Holiday. (New Years)

## January 2015

- 1-1 through 1-31-2015
  - **TDLR education courses RPA certification/re-certification as necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly report from City of Del Rio/Val Verde County.
  - **Mailings**
    - Mail out homestead exemption applications, special use appraisal applications to new 1/1/2015 property owners, and personal property renditions to all business personal property accounts.
- 1-1 through 4-30-2015
  - Process timely filed exemption and special use applications.
- 1-1-2015
  - Statutory date that appraisals and qualification for certain exemptions are determined for the tax year (except for inventories appraised Sept. 1)(Secs. 11.42, 23.01, 23.12). \*
  - Qualification date for certain exemptions (Sec.23.01 & 23.12).
  - Date rendition period begins & continues through 4-15 unless property owners request filing extension (Sec.23.23).
  - Deadline for chief appraisers to notify Comptroller's office of eligibility to serve as chief appraisers. Sec 6.05(c).
  - Holiday. (New Years).
- 1-2-2015
  - Remove completion percentage adjustments.
  - Mail exemption and special use applications.
  - Mail letter requesting annual wildlife management reports.
  - Mail business personal property renditions.
  - Mail residence homestead letters to new Jan 1 property owners.
  - Continue to collect, verify and catalog sales, income and expenses data.
  - Market analysis.
- 1-15-2015
  - Board of Directors monthly meeting.

- 1-19-2015
  - Holiday. (Martin Luther King)
  
- 1-23-2015
  - Appraisal Review Board (ARB) meeting if necessary.
  
- 1-30-2015
  - Last day for Chief Appraiser to mail applications for special appraisals and exemptions requiring annual application (Secs.11.44, 23.43).
  - Staff meeting for progress update on 2015 reappraisal. (Should be at 99.32% complete).
  - Contracted appraisers should be at 90% complete.
  - Last day for appraisal district to give public notice of 2015 capitalization rate used to appraise property with low-and moderate income housing exemption (Sec.11.1825).
  - Place the ¼ page consolidated press release complying with Sections 5.06, 11.44, 23.43, 23.54, 23.75, 23.9804, 33.065, 33.06, 22.21, 1.085, 41.41 & 25.19 of the property tax code in regular body of newspaper (not the classified section).

## February 2015

- 2-1 through 2-28-2015
  - **TDLR Education Courses RPA Certification/Re-Certification As Necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **GIS**
    - Monthly updates to GIS sent to True Automation
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly report from City of Del Rio/Val Verde County.
  
- 2-1-2015
  - Submit property transaction data to Comptroller's office (Section 5.07(c)).
  - Last day for motor vehicle, boat & outboard motors, heavy equipment & manufactured housing dealers to file dealer's inventory declarations (Secs. 23.121, 23.124, 23.1241, 23.127).
  - Continue to collect, verify and catalog sales, income and expense data.
  - Market Analysis.
  
- 2-8-2015
  - Staff meeting for progress update on 2015 reappraisal.
  
- 2-15-2015
  - Staff meeting all field/discovery work completion deadline.
  
- 2-16-2015
  - Holiday. (President's Day).
  
- 2-19-2015
  - Board of Directors monthly meeting.
  
- 2-28-2015
  - Deadline to request separate appraisal for interest in a cooperative housing corporation (Sec.23.19).

## March 2015

- 3-1 through 3-30-2015
  - **TDLR Education Courses RPA Certification/Re-Certification As Necessary.**
  - **Completion of data entry of appraisals and exemptions.**
    - Finalize market analysis, valuation review, schedule updates and error cleanup.
  - **Full valuation effort- model specification/calibration.**
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly report from city of Del Rio/Val Verde County.
  
- 3-2-2015
  - Holiday. (Texas Independence Day)
  
- 3-4-2015
  - Staff meeting update on data entry of appraisals/exemptions for 2015.
  - Place ¼ of page notice in regular body(not classified section) of the newspaper reminding business about personal property rendition requirements, deadline for filing rendition, and penalty for not filing.
  
- 3-12-2015
  - Deadline to file written appeal of PVS findings for 2014 with Comptroller (Government Code Sec.403.303).
  
- 3-21-2015
  - Board of Directors monthly meeting.
  
- 3-24-2015
  - Ag advisory committee meeting.
  
- 3-27-2015
  - Appraisal Review Board (ARB) meeting if necessary.
  
- 3-28-2015
  - Staff meeting for status update of all data entry of appraisals/exemptions. Deadline for everything except personal property is 3/31/2015 and outsourced appraisals 4/1/2015.
  
- 3-31-2015
  - Deadline for qualified community housing dev organizations to file listing property acquired/sold during past year with Chief Appraiser as per Sec.11.182 of the Texas Property Tax Code.

## April 2015

- 4-1 through 4-30-2015
  - **Completion data entry Personal Property appraisals/exemptions.**
    - Continue working all renditions received by April 15<sup>th</sup> and not requesting an extension to file and any exemptions such as Freeport, etc.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly report from city of Del Rio/Val Verde County.
  
- 4-1-2015
  - Last day for Chief Appraiser to notify the taxing units of the form in which the appraisal roll will be provided to them (Sec.26.01).
  - Mail notices of appraised value to all property owners, or as soon thereafter as practicable (Sec. 25.19).
  
- 4-3-2015
  - Holiday (Good Friday).
  
- 4-15-2015
  - 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).
  
- 4-17-2015
  - Board of Directors monthly meeting.
  
- 4-19-2015
  - Deadline for data entry of all personal property.
  
- 4-30-2015
  - 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 special appraisal or notices to Chief Appraiser that property no longer qualifies for 1-d and 1-d-1 agricultural land, recreational-park-scenic land and public access airport property (Secs. 23.43,23.54,23.94, 23.9804);
    - Requests for separate listing of separately owned land and improvements (Sec.25.08);

- Requests for proportionate taxing of a planned unit development property (Sec.25.09);
  - Requests for separate listing of undivided interests (Sec.25.11);
  - Requests for joint taxation of separately owned mineral interest (Sec.25.12).
  - Last day for Chief Appraiser to certify estimate of school district's taxable value for school district to use for publishing notice of budget and proposed tax rate and adopting its budget for a fiscal year that begins July 1. Chief Appraiser must also certify estimate of taxable value for county and cities unless the taxing units choose to waive the estimate (Sec. 26.01).
  - Last day for property owners to file protest with ARB (or by 30<sup>th</sup> 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).
- \*\* 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).
- \* Tax Code citations, unless otherwise noted.

## May 2015

- **GIS**
  - Monthly updates to GIS sent to True Automation.
- **Permits/Certificates of Occupancy/Demolishes**
  - Receive monthly report from city of Del Rio/Val Verde County.
- 5-1-2015
  - 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)
- 5-1 through 6-1-2015
  - Informal reviews between taxpayer and Appraisal District Appraisal Staff.
- 5-7-2015
  - Publish notice about taxpayer protest procedures in the Del Rio New Herald (Sec. 41.41, 41.70).
  - 2016 budget workshop.
- 5-8-2015
  - Deliver preliminary 2016 budget to taxing units as per Sec. 6.06 (a).
- 5-15-2015
  - Last day for property owners to file renditions & property information reports if they requested an extension in writing. For good cause, the Chief Appraiser may extend this deadline another 15 days (Sec.22.23).
  - Date (or as soon as practicable) for Chief to prepare appraisal records and submit to ARB (Secs.25.01, 25.22).
- 5-21-2015
  - Board of Directors monthly meeting.
- 5-25-2015
  - Holiday (Memorial Day).
- 5-26-2015
  - Take public hearing notices on 2016 budget to Del Rio News Herald to schedule it to come out in the paper on June 4, 2015.

- 5-30-2015

- Last day for property owners to file protest with ARB (or by 30<sup>th</sup> 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). Since this day fall on a Saturday the deadline moves to Monday June 1<sup>st</sup>.
- Last day for property owners 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 30<sup>th</sup> day after notice of appraised value is delivered, whichever is later Sec.41.44. Since the deadline falls on a Saturday the deadline moves to Monday June 1<sup>st</sup>.
- 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 60<sup>th</sup> day after the date of notification of the exemption denial, whichever is later Sec.11.421. Since the deadline falls on a Saturday the deadline moves to Monday June 1<sup>st</sup>.

## June 2015

- GIS
  - Monthly updates to GIS sent to True Automation.
- **Permits/Certificates of Occupancy/Demolishes**
  - Receive monthly report from city of Del Rio/Val Verde County.
- 6-3 through 6-30-2015
  - Formal Hearings with the Appraisal Review Board (ARB).
- 6-4-2015
  - Public hearing notification on 2016 budget appears in today's Del Rio News Herald.
  - Deliver notices to the presiding officer of the governing body of each taxing unit of the date, time and place of public hearing on the 2016 proposed budget Sec. 6.06(b).
- 6-18-2015
  - Public hearing on 2016 budget.
  - Board of Directors monthly meeting.
  - Adopt 2016 budget.
- 6-19-2015
  - Deliver 2016 adopted budget to taxing entities.
- 6-30-2015
  - Last day for CADS to report formation of reinvestment zones and tax abatement agreements to the Texas Comptroller (Sec.312.005).
  - Last day for 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 60<sup>th</sup> day after the date of notification of the exemption denial, whichever is later (Sec.11.422).

## July 2015

- **GIS**
  - Send updates on GIS to True Automation.
- **Permits/Certificates of Occupancy/Demolishes**
  - Receive reports from city of Del Rio/Val Verde County.
  
- 7-1 through 7-18-2015
  - Formal Hearings with ARB continue.
  
- 7-16-2015
  - Regular scheduled meeting of the Board of Directors.
  
- 7-20-2015
  - Present 2015 values to ARB for approval (unless more than 5% remains under protest).
  
- 7-22-2015
  - Certify 2015 certified values to entities.
  
- 7-25-2015
  - Last day for Texas Comptroller to certify apportionment of railroad rolling stock value to counties, with supplemental records after that date Sec. 26.01.
  
- 7-31-2015
  - Last day for property owners to apply for September 1 inventory appraisal for the next year Sec. 23.12.

# 2016 Reappraisal Year

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## August 2015

- 8-3- through 8-31-2015
- **TDLR Education Courses RPA Certification/Re-Certification As Necessary.**
- **Residential**
  - Field operations/discovery process begins for the 2016 re-appraisal.
- **Commercial**
  - Field operations/discovery process begins for the 2016 re-appraisal.
- **Business Personal Property**
  - Field operations/discovery process begins for the 2016 re-appraisal.
- **Permits/Certificates of Occupancy/Demolishes**
  - Receive monthly reports from city of Del Rio/Val Verde County.
- **GIS**
  - Monthly updates to GIS sent to True Automation
  
- 8-3-2015
  - Begin to collect and catalog and verify sales/income and expense data today through March 31, 2016.
  - Begin 2016 reappraisal of Val Verde County.
  - Deadline for property owners to apply for September 1 inventory appraisal for 2016.
  - Market analysis begins.
  
- 8-31-2015
  - 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 2015

- 9-3 through 9-28-2015
  - **TDLR Education Courses RPA Certification/Re-Certification As Necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly reports from City of Del Rio/Val Verde County.
  
- 9-7-2015
  - Holiday. (Labor Day)
  
- 9-8-2015
  - Staff meeting progress/ problems/concerns appraisers may be experiencing during field inspection and clerical staff may be having with data entry of 2016 reappraisal information.
  - Continue to collect and catalog and verify sales/income and expense data.
  - Market analysis continues.
  
- 9-17-2015
  - Board of Directors monthly meeting.
  
- 9-30-2015
  - Have Agricultural Advisory Committee meeting.
  - Send request for a list of candidates to each eligible taxing unit along with the number of votes each is entitled to. Each taxing unit may submit up to nine (9) candidates (the number of vacancies).

## October 2015

- 10-1 through 10-31-2015
  - **TDLR Education Courses RPA Certification/Re-Certification As Necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly reports from City of Del Rio/Val Verde County.
  
- 10-5-2015
  - Staff meeting progress/problems/concerns appraisers may be experiencing during field inspections and clerical staff may be having with date entry of 2016 reappraisal information.
  - Continue to collect, catalog and verify sales/income and expense data.
  - Market analysis continues.
  - Mail out farm and ranch surveys.
  
- 10-12-2015
  - Holiday. (Columbus Day)
  
- 10-14-2015
  - A list of candidates must be delivered to the Chief Appraiser by each eligible taxing unit. No voting is done at this time.
  
- 10-15-2015
  - Board of Directors monthly meeting.
  
- 10-21-2015
  - Appraisal Review Board (ARB) meeting as necessary.
  
- 10-29-2015
  - Chief Appraiser prepares ballot listing candidates whose names were timely submitted under subsections (g) and if applicable (h) or (i) alphabetically according to the first letter in each candidate's surname and deliver a copy of the ballot to presiding officer of governing body entitled to vote.

## November 2015

- 11-1 through 11-30-2015
  - **TDLR Education Courses RPA Certification/Re-certification As Necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process begins continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive reports from City of Del Rio/Val Verde County.
  - **GIS**
    - Monthly updates to GIS sent to True Automation
  
- 11-2-2015
  - Staff meeting progress/problems/concerns appraisers may be experiencing during field inspections and clerical staff may be having with data entry of 2016 appraisal information.
  - Continue to collect, catalog, verify sales/expense and income data.
  - Market analysis continues.
  - Ballot containing candidates in alphabetical order (according to surname) is prepared and delivered by the Chief Appraiser to each eligible taxing unit.
  
- 11-11-2015
  - Holiday. (Veterans Day)
  
- 11-19-2015
  - Board of Directors monthly meeting.
  
- 11-20-2015
  - Staff meeting progress/problems/concerns appraisers may be experiencing during field inspections and clerical staff may be having with data entry of 2016 appraisal information. Should be at 66% complete
  - Contracted appraisers should be at 60% complete.
  
- 11-26 and 11-27-2015
  - Holidays. (Thanksgiving)

## December 2015

- 12-1 through 12-31-2015
  - **TDLR Education Courses RPA Certification/Re-certification As Necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive reports from City of Del Rio/Val Verde County.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
- 12-01-2015
  - Continue to collect, catalog, verify sales/income and expense data.
  - Market analysis continues.
- 12-11-2015
  - Staff meeting progress/problems/concerns appraisers may be experiencing during field inspections and clerical staff may be having with data entry of 2016 appraisal information.
- 12-14-2015
  - Deadline for governing body of each taxing unit entitled to vote to submit resolution of votes cast for board of directors.
- 12-17-2015
  - Board of Directors monthly meeting.
  - Notify Comptroller's office of Chief Appraiser's eligibility to serve as Chief Appraiser. Sec 6.05.
- 12-24 and 12-25-2015
  - Holidays (Christmas)
- 12-30-2015
  - Submit directors' election results to governing bodies and candidates.
  - Conduct a mail survey to verify homestead exemption eligibility.
- 12-31-2015
  - Holiday. (New Years)

## January 2016

- 1-1 through 1-31-2016
  - **TDLR Education Courses RPA Certification/Re-certification As Necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive reports from City of Del Rio/Val Verde County.
  
  - **Mailings**
    - Mail out homestead exemption applications, special use appraisal applications to new 1/1/2016 property owners, and personal property renditions to all business personal property accounts
  
- 1-1 until applicable deadlines for 2016
  - Process timely filed exemption and special use applications.
  
- 1-1-2016
  - Statutory date of appraisal (unless 9-1 granted for inventory).
  - Qualification date for certain exemptions (Sec.23.01 & 23.12).
  - Date rendition period begins & continues through 4-15 unless property owners request filing extension (Sec.23.23).
  - Deadline for chief appraisers to notify Comptroller's office of eligibility to serve as chief appraisers. Sec. 6.05(c).
  - Holiday. (New Years)
  
- 1-3-2016
  - Remove completion percentage adjustments.
  - Mail exemption and special use applications.
  - Mail letter requesting annual wildlife management report.
  - Mail business personal property renditions.
  - Mail residence homestead letters to new Jan 1 property owners.
  - Continue to collect, verify and catalog sales, income and expenses data.
  - Market Analysis continues.

- 1-18-2016
  - Holiday (Martin Luther King).
- 1-21-2016
  - Board of Director's monthly meeting.
- 1-23-2016
  - Appraisal Review Board (ARB) meeting if necessary.
- 1-31-2016
  - Last day for Chief Appraiser to mail applications for special appraisals and exemptions requiring annual application (Secs.11.44, 23.43).
  - Staff meeting for progress update on 2014 reappraisal. (Should be at 99.32% complete).
  - Updates sent to TA for updating GIS system.
  - Contracted appraisers should be at 85% complete.
  - Last day for appraisal district to give public notice of 2016 capitalization rate used to appraise property with low-and moderate income housing exemption (Sec.11.1825).
  - Place ¼ page consolidated press release complying with Sections 5.06, 11.44, 23.43, 23.54, 23.75, 23.9804, 33.065, 33.06, 22,21, 1.085, 41.41 & 25.19 of the property tax code in regular body of newspaper (not the classified section).

## February 2016

- 2-1 through 2-28-2016
  - **TDLR Education Courses RPA Certification/Re-certification As Necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive reports from City of Del Rio/Val Verde County.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  
- 2-1-2016
  - Submit property transaction data to Comptroller's office (Section 5.07(c)).
  - Last day for motor vehicle, boat & outboard motors, heavy equipment & manufactured housing dealers to file dealer's inventory declarations (Secs. 23.121, 23.124, 23.1241, 23.127).
  - Continue to collect, verify and catalog sales, income and expense data.
  - Continue Market analysis.
  
- 2-7-2016
  - Appraisers' meeting for progress update.
  
- 2-15-2016
  - Holiday. (President's Day).
  
- 2-18-2016
  - Board of Directors monthly meeting.
  
- 2-29-2016
  - Appraisers' meeting all field/discovery work completion deadline.
  - Deadline to request separate appraisal for interest in a cooperative housing corporation Sec. 23.19.

## March 2016

- 3-1 through 3-30-2016
  - **Completion of all data entry of appraisals and exemptions.**
    - Finalize market analysis, valuation review, schedule updates and error cleanup.
  - **Full valuation effort- model specification/calibration.**
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive report from City of Del Rio/Val Verde County.
  
- 3-2-2016
  - Holiday. (Texas Independence Day)
- 3-7-2016
  - Staff meeting update on data entry of appraisals/exemptions.
  - Place ¼ of page notice in regular body (not classified section) of the newspaper reminding business about personal property rendition requirements, deadline for filing rendition, and penalty for not filing.
- 3-12-2016
  - Deadline to file written appeal of PVS for 2014 findings with Comptroller (Government Code Sec.403.303).
- 3-17-2016
  - Board of Directors monthly meeting.
- 3-25-2016
  - Holiday (Good Friday)
- 3-28-2016
  - Ag advisory committee meeting.
- 3-29-2016
  - Staff meeting for status update of data entry completion of appraisals/exemptions. Deadline for completion of everything except personal property 3/31/2016, and outsourced appraisals 4/1/2015.
- 3-30-2016
  - Appraisal Review Board (ARB) meeting in necessary.
- 3-31-2016
  - Deadline for qualified community housing dev organization to file listing property acquired/sold during past year with Chief Appraiser as per Sec.11.182.

## April 2016

- 4-1 through 4-12-2016
  - **Completion data entry Personal Property appraisals/exemptions.**
    - Continue working all renditions received by April 15<sup>th</sup> and not requesting an extension to file and any exemptions such as Freeport, etc.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive monthly reports from City of Del Rio/Val Verde County.
  
- 4-1-2016
  - Last day for Chief Appraiser to notify the taxing units of the form in which the appraisal roll will be provided to them (Sec.26.01).
  - Mail notices of appraised value to all property owners, or as soon thereafter as practicable Sec. 25.19.
  
- 4-15-2016
  - Last day for property owners to file renditions and property information reports unless they request a filing extension in writing (Sec. 22.23).
  
- 4-21-2016
  - Board of Directors monthly meeting.
  
- 4-30-2016
  - 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 special appraisal or notices to Chief Appraiser that property no longer qualifies for 1-d and 1-d-1 agricultural land, recreational-park-scenic land and public access airport property (Secs. 23.43,23.54,23.94, 23.9804);
    - Requests for separate listing of separately owned land and improvements (Sec.25.08);
    - Requests for proportionate taxing of a planned unit development property (Sec.25.09);
    - Requests for separate listing of undivided interests (Sec.25.11);
    - Requests for joint taxation of separately owned mineral interest (Sec.25.12).

- Last day for Chief Appraiser to certify estimate of school district's taxable value for school district to use for publishing notice of budget and proposed tax rate and adopting its budget for a fiscal year that begins July 1. Chief Appraiser must also certify estimate of taxable value for county and cities unless the taxing units choose to waive the estimate (Sec. 26.01).
- Last day for property owners to file protest with ARB (or by 30<sup>th</sup> 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).

\*\* 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.

\* Tax Code citations, unless otherwise noted.

## May 2016

- **GIS**
  - Send updates on GIS to True Automation.
- **Permits/Certificates of Occupancy/Demolishes**
  - Receive reports from City of Del Rio/Val Verde County.
- 5-2-2016
  - Mail 2016 appraisal notices (Sec.25.19)
- 5-5-2016
  - 2017 budget workshop.
- 5-6-2016
  - Time Chief Appraiser must publish notice about taxpayer protest procedures in the newspaper (Secs.41.41, 41.70).
  - Deliver 2017 preliminary budget to the taxing entities as per Sec. 6.06(a).
- 5-2 through 6-2-2016
  - Informal reviews between taxpayer and Appraisal District Appraisal Staff.
- 5-10-2016
  - Date (or as soon as practicable) for Chief to prepare appraisal records and submit to ARB (Secs.25.01, 25.22).
- 5-15-2016
  - Last day for property owners to file renditions & property information reports if they requested an extension in writing. For good cause, the Chief Appraiser may extend this deadline another 15 days (Sec.22.23).
- 5-19-2016
  - Board of Directors' monthly meeting.
- 5-27-2016
  - Deliver public hearing notice on 2017 budget to the Del Rio News Herald and schedule it to appear in the paper on June 2<sup>nd</sup>.

- 5-30-2016

- Holiday (Memorial Day).
- Last day for property owners to file protest with ARB (or by 30<sup>th</sup> 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). Since this day falls on a holiday the deadline moves to May 31<sup>st</sup>.
- Last day for property owners 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 30<sup>th</sup> day after notice of appraised value is delivered, whichever is later Sec. 41.44. Since the deadline falls on a Holiday the deadline moves to May 31<sup>st</sup>.
- 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 60<sup>th</sup> day after the date of notification of the exemption denial, whichever is later Sec. 11.421. Since the deadline falls on a holiday the deadline moves to May 31<sup>st</sup>.

## June 2016

- **GIS**
  - Monthly updates to GIS sent to True Automation.
- **Permits/Certificates of Occupancy/Demolishes**
  - Receive monthly report from City of Del Rio/Val Verde County.
- 6-2 through 6-30-2016
  - Formal Hearings with the Appraisal Review Board (ARB).
- 6-2-2016
  - Deadline to file a protest for 2016. (Sec.41.04).
  - Public notice of public hearing of 2017 budget appears in today's Del Rio News Herald.
- 6-16-2016
  - Public hearing on 2017 budget.
  - Board of Directors monthly meeting.
  - Adopt 2017 budget. Sec. 6.06(b).
- 6-17-2016
  - Deliver 2017 adopted budget to taxing entities.
- 6-30-2016
  - Last day for CADs to report formation of reinvestment zones and tax abatement agreements to the Texas Comptroller. Sec.312.005.
  - Last day for 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 60<sup>th</sup> day after the notification of the exemption denial, whichever is later. Sec.11.422.
  - Take public hearing notice on 2017 budget to Del Rio News Herald to schedule it to come out in paper on July 7<sup>th</sup>.

## July 2016

- **GIS**
  - Send updates on GIS to True Automation.
  
- **Permits/Certificates of Occupancy/Demolishes.**
  - Receive reports from City of Del Rio/Val Verde County.
  
- 7-1-through 7-19-2016
  - Formal hearing with the Appraisal Review Board (ARB) continues until completed.
  
- 7-4-2016
  - Holiday (Independence Day)
  
- 7-21-2016
  - Board of Directors monthly meeting.
  
- 7-22-2016
  - Present 2016 appraisal roll to ARB for approval (unless more than 5% of total appraised value remains under protest).
  
- 7-25-2016
  - Last day for Texas Comptroller to certify apportionment of railroad rolling stock value to counties, with supplemental records after that date (Sec.24.38).
  - Certification of 2016 appraisal roll to taxing entities.
  
- 7-31-2016
  - Last day for property owners to apply for September 1 inventory appraisal for the next year 23.12. Since July 31<sup>st</sup> falls on a Sunday the deadline moves to August 1<sup>st</sup>.

## August 2016

- 8-1 through 8-29-2016
  - **TDLR Education Courses RPA Certification/Re-certification As Necessary.**
  - **Residential**
    - Field operations/discovery process begins for 2017.
  - **Commercial**
    - Field operations/discovery process begins for 2017.
  - **Business Personal Property**
    - Field operations/discovery process begins for 2017.
  - **GIS**
    - Monthly updates to GIS sent to True Automation.
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive reports form City of Del Rio/Val Verde County.
  
- 8-21-2016
  - Board of Directors monthly meeting.
  - Hold public hearing on 2017 Appraisal District budget. (Sec.6.06(b)).

## September 2016

- 9-1 through 9-30-2016
  - **TDLR Education Courses RPA Certification/Re-Certification As Necessary.**
  - **Residential**
    - Field operations/discovery process continues.
  - **Commercial**
    - Field operations/discovery process continues.
  - **Business Personal Property**
    - Field operations/discovery process continues.
  - **GIS**
    - Monthly updates to GIS sent to True Automation
  - **Permits/Certificates of Occupancy/Demolishes**
    - Receive reports from City of Del Rio/Val Verde County.
  
- 9-5-2016
  - Holiday (Labor Day).
  
- 9-2-2016
  - Send notice of hearing on 2017/2018 reappraisal plan to presiding officer of the governing bodies.
  
- 9-15-2016
  - Hold public hearing on 2017/2018 reappraisal plan
  - Adopt 2017/2018 reappraisal plan
  - Board of Directors meeting
  
- 9-20-2016
  - Send copy of adopted reappraisal plan for 2017/2018 to the comptroller and to presiding officer of the governing bodies.

# Mass Appraisal System

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Computer Assisted Mass Appraisal (CAMA) system revisions are specified by the district management team and scheduled with Information Systems (IS) and the district's software vendor. The district currently, and for the foreseeable future contracts with True Automation Inc for software services. All automated forms and IS procedures are reviewed routinely and revised as required. The following details these procedures as it relates the 2015 and 2016 appraisal years.

## Real Property Valuation

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Revisions to cost modes, income models and market models are specified, updated, and tested each appraisal year. Market area boundaries are reviewed and adjusted as indicated by growth patterns and market preferences. Deeds are processed on an ongoing basis to transfer ownership, establish the basis for land size, and assign account numbers to newly platted lots as an addition to the appraisal roll. The district will also update and process exemption and special use appraisal applications as necessary and applicable.

Cost schedules are tested with market data (sales) to insure that the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Replacement cost new tables as well as depreciation tables are based on cost data from Marshall Valuation Service (also known as Marshall & Swift). The resulting schedules are tested for accuracy and uniformity using ratio study tools.

Land tables are updated using current market data (sales) and then tested with a ratio study. Value modifiers are developed for property categories by market area and tested on a pilot basis before deployment with a ratio study/calibration tools.

Income, expense, and occupancy data is updated in the income models for each property use category and market area. Property categories are reviewed to ensure their continued applicability. Cap rate studies are completed using current sales data when available, and published sources are also utilized. The resulting models are tested using ratio study tools.

# Personal Property Valuation

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Density schedules are updated using data received during the previous appraisal year from renditions and hearing documentation. Valuation procedures are reviewed, modified as necessary, and tested.

## Noticing Procedures

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

## Hearing Process

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

# Data Collection Requirements

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## ○ *IDENTIFICATION AND UPDATE OF RELEVANT CHARACTERISTICS AFFECTING VALUE*

Field and office procedures are reviewed and revised as required for the data collection process. Activities scheduled for each appraisal year include the definition of market areas, review of new construction, demolition, remodeling, re-inspection of problematic market areas, and re-inspection of the universe of properties on a specific cycle (4-6 years per IAAO Standards).

## ○ *DEFINING MARKET AREA*

According to *The Appraisal of Real Estate 12<sup>th</sup> Edition*, a market area is “the defined geographic area in which the subject property competes for the attention of market participants.” The district staff groups properties by market area which are considered to be “Neighborhoods” for the purpose of valuation and analysis. The district staff will assign neighborhood 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.

Val Verde CAD has three defined market areas:

1. City of Del Rio;
2. Town of Comstock;
3. All Rural property located outside the city of Del Rio and town of Comstock

## ○ *NEW CONSTRUCTION/DEMOLITION*

New construction field and office review procedures are identified and revised as required to complete the data collection phase. Field production standards are established and procedures for monitoring tested to meet field review deadlines. Sources of building permit data is confirmed and system input procedures are identified in the data collection procedures adopted by the administration department. The process of verifying the demolition or new construction of improvements is specified by each department. Building plans and or blueprints are obtained and dimensions are entered into the system by appraisal staff. The appraisal staff checks the accuracy of the measurements in the field during data review. This critical annual activity is projected and entered on the key events calendar for each appraisal year.

○ *REMODELING*

Market areas with extensive improvement remodeling are identified, verified, and field activities scheduled to update property characteristic data. Updates to valuation procedures are tested with ratio studies before being finalized in valuation modeling. This field activity is also posted to the key events calendar and is monitored carefully to finish by the established deadlines, usually in the month of March.

○ *RE-INSPECTION OF PROBLEMATIC MARKET AREAS*

Real property market areas, by property classification, are tested for: low or high protest volumes; low or high sales ratios; or high coefficients of dispersion. Market areas that fail any or all of these tests are determined to be potentially problematic. Field reviews are scheduled to verify and/or correct property characteristic data and review neighborhood delineation. Additional sales data is researched and verified as applicable. In the absence of adequate market data, clusters of comparable neighborhoods are identified and linked for use in valuation and defense.

○ *RE-INSPECTION OF THE UNIVERSE OF PROPERTIES*

The International Association of Assessing Officers, *Standard on Mass Appraisal of Real Property* specifies that the universe of properties should be re-inspected on a cycle of 4-6 years. The re-inspection includes the use of photography and imagery to augment an individual onsite visit. The annual re-inspection requirements for appraisal years 2015 and 2016 are identified by property type or property classification and scheduled on the key events calendar as part of the field operation.

○ *FIELD OR OFFICE VERIFICATION OF SALES DATA AND PROPERTY CHARACTERISTICS*

Sales information must be verified and property characteristic data contemporaneous with the date of sale is captured in the sale record. The sales ratio tools require that the property that sold must equal the property appraised in order that statistical analysis results will be valid. In the event that these are not roughly equal, the sale is usually excluded from the observation pool in the ratio study as an outlier.

# Pilot Study

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New and/or revised mass appraisal models are tested on randomly selected market areas. These modeling tests (sales ratio studies) are conducted each appraisal year. Actual test results are compared with anticipated results and those models not performing satisfactory are refined and retested. The procedures used for model specification and model calibration are in compliance with *Uniform Standards of Professional Appraisal Practice*, STANDARD RULE 6.

## Valuation by Appraisal Year

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Using market analysis of comparable sales and locally tested cost data, specific income and expense data, and information gathered from renditions, valuation models are specified and calibrated in compliance with the supplemental standards from the International Association of Assessing Officers and the *Uniform Standards of Professional Appraisal Practice*. The calculated values are tested for accuracy and uniformity using ratio studies by market area and property category. Performance standards utilized are those as established by the IAAO Standard on Ratio Studies. Property values in all market areas are reviewed each reappraisal year and updated as indicated by existing market data.

The following details the planned valuation methods by department and or property type:

### ○ RESIDENTIAL REAL PROPERTY

- **Cost Approach**

The district uses a hybrid cost-market approach when valuing residential properties. The comparative unit, also known as the Square-foot method, will be used to develop an indication of the basic cost of a structure. Adjustments will then be made for amenities of individual properties based upon characteristics that affect value in the market. The district's cost tables are, and will continue to be, based upon information obtained from the Marshall Valuation Service, also known as Marshall and Swift. These cost figures are adjusted to the local market to reflect current local labor and material costs. Neighborhood Market Adjustment factors will

be developed from appraisal statistics provided by ratio studies to ensure that estimated values reflect both the supply and demand side of the market in each specific neighborhood. The following equation is the hybrid model used by the district:

$$MV = LV + [RCNLD * MA]$$

In applying the calculations of the model above, the district staff values the land as though vacant and available for development to its highest and best use. The replacement cost new less depreciation (RCNLD) of the improvements are multiplied by the appropriate neighborhood market adjustment factor (MA) to arrive at a current improvement value. The current improvement value is added to the land value (LV) to arrive at an estimate of market value (MV). Market adjustments will be applied uniformly within neighborhoods to account for market preferences affecting value in each location throughout the district.

Residential land values will be estimated using the base lot method, square foot method, or acreage method of appraisal. The individual method utilized in each neighborhood is designed to mirror the market in that area. As such, the chosen method for each individual neighborhood will be selected based upon how properties are selling or which method best accounts for perceived differences among the universe of properties. There are four accepted methods for land valuation; the comparable sales approach, allocation by abstraction, allocation by ratio, and the capitalization of ground rent. The district will utilize elements of all of these land valuation methods depending upon market area and availability of market data. In areas where insufficient vacant land sales exist, the district employs the allocation methods to establish land values in a neighborhood. Land value adjustments may be made when uniformity standards are not realized or land to building ratios become disproportionate. The appraisers will develop a base lot or primary land rate and assign land tables to each neighborhood. Land characteristics adjustments will be applied to individual properties, where necessary, to adjust for such influences as view, shape, size, and topography, and any other characteristics that affects value in a neighborhood.

If neighborhood statistics indicate that values need to be updated, the appraiser will employ cost calibration to bring the initial values closer to what the market indicates values should be in that area. This process involves comparing the initial depreciated cost figures for properties that sold the sale contributory improvement values of those properties (Sale Price-Land Value). An adjustment factor is calculated for each property in the data pool and statistics are calculated for the indicated adjustments. The factor that best represents the acceptable range of market value is selected for each neighborhood. The sales used to determine the

market adjustment factor will reflect the market influences and conditions for the specified neighborhood, thus producing more representative and supportable values. The market adjustment factor calculated for each neighborhood will be applied uniformly to all properties within that neighborhood and a second set of ratio study statistics will be generated to compare the level and uniformity of values in the neighborhood as adjusted.

- **Sales Comparison Approach**

As indicated in *Property Appraisal and Assessment Administration* (IAAO, 1990), in the absence of a sale of the subject property, sales prices of comparable properties are usually considered the best evidence of market value. The sales comparison approach mimics the behavior of the market by comparing the properties being appraised with comparable properties that have recently sold. The sale prices will then be adjusted for differences from the subject and a market value for the subject is estimated from the adjusted sales prices of comparable properties.

At present, the district does not develop estimates of value for single-family properties using the traditional sales comparison approach in mass for valuation purposes. The district's software package allows for the creation of sales comparison grids that adjust for characteristic differences among properties, but the district has yet to value entire neighborhoods through this application of the market approach. The sales grids that are generated are utilized most frequently during the appeals process, but may be utilized for valuation more widely in the future as time and available data permit.

- **Income Approach**

The income approach is based on the principle that the value of an investment property reflects the quality and quantity of the income it is expected to generate over its economic life. In other words, value is the estimated present value of future benefits. The appraiser must estimate income from a property and capitalize the income into an estimate of current value. The model used to estimate the present value of income expected in the future is represented by the following formulas known as IRV.

$$\text{Value} = \text{Income}/\text{Rate}$$

The income approach is most suitable for types of properties frequently purchased and held for the purpose of producing income, such as apartments, commercial buildings, hotels, and office buildings. It is not conducive to the valuation of single-family residential properties as these properties are purchased by consumptive users and therefore, neither routinely nor predictably generate an income stream.

○ *INVENTORY RESIDENTIAL PROPERTY*

Residential improved and vacant property is appraised in compliance with Section 23.12 (a) of the Texas Property Tax Code.

In general, the district uses its land value estimates and the actual itemized construction, labor, and material costs, plus other soft or indirect costs to estimate market value as of the appraisal date to estimate the value of improved inventory. The market values of improved inventory will be reviewed annually and inventory adjustments will be eliminated when ownership transfers from the developer or builder.

Vacant residential lot inventory will be valued using a discounted cash flow formula that considers value relative to the income or cash flow, an appropriate discount rate, and the amount of time that the property is likely to be held or lots sold out of inventory. Since there is no legal requirement that developers or builders render their inventory, a preliminary estimate of inventory value may be difficult to estimate. In these cases, inventory discounts will be applied as a result of an appeal.

○ *COMMERCIAL & MULTIFAMILY REAL PROPERTY*

• **COST APPROACH**

The cost approach to value will be applied using the comparative unit, or square foot method of cost estimating. The following is the basic model that the district utilizes when employing the cost approach.

$$MV = LV + RCNLD$$

This methodology involves the use of national sources of cost data as well as actual cost information gathered from the local market whenever possible. Cost models utilized by the district are based on data obtained by the Marshall Valuation Services also known as Marshall

and Swift. These costs include comparative base rates, per unit adjustments, and lump sum adjustments as appropriate and necessary to account for the specific factors affecting value. Time and location modifiers will be applied as necessary to adjust cost date to reflect conditions in a specific market as well as changes in costs over a period of time. A cost estimate will be generated by the appraisal staff based upon the cost schedules as they are applied to the specific characteristics of the subject property of the appraisal.

Depreciation schedules have been implemented for economic lives and condition that are typical of each major class of commercial property by property use. The schedules utilized by the district are developed using recognized sources and mirror Marshall and Swift. These schedules will be tested annually to ensure they will be reflective of current market conditions in Val Verde County. The actual and effective ages of improvements are judged by the appraiser and noted in the improvement records contained within each property record. Effective age estimates will be based on the utility of the improvements relative to the improvement's total economic life, condition, and its competitive position in the market place. These adjustments are generally determined during field operations.

Certain adjustment factors such as external and or functional obsolescence will be applied to properties as applicable based upon market data. These adjustments will typically be applied to a specific property type or location and will be developed through ratio studies or other market analyses. Accuracy in the development of the cost schedules, condition ratings, and depreciation schedules usually minimize the necessity of this type of an adjustment factor. The sum total of depreciation, also expressed as the loss in value from all causes, is subtracted from the replacement cost new of the structure to arrive at a replacement cost new less depreciation (RCNLD).

The cost approach requires the district to value the land utilizing one of the four accepted methods of land valuation: the sales comparison approach, allocation by abstraction, allocation by ratio, or the capitalization of ground rent. Once the land is valued by the method deemed most appropriate in terms of data available, the resulting land value is added to the RCNLD of the improvement to yield an estimate of market value by the cost approach. Any estimate of value completed by the cost approach will be made in accordance with Section 23.011 of the Texas Property Tax Code.

### ○ *Sales Comparison Approach*

Pertinent data from actual sales of properties will be obtained throughout the year and the appraisal staff will analyze the relevant information. This data will be utilized in all aspects of the appraisal process.

Sales of similarly improved properties will provide a basis for the test of depreciation schedules used in the cost approach, rates and multipliers used in the income approach, and as a direct comparison in the sales comparison approach. Improved sales will also be used in ratio studies, which afford the appraiser a means of judging the present level and uniformity of the appraised values. The ratio studies used by the Commercial Department are in compliance with the current IAAO Standard on Ratio Studies.

Based on the market data gathered and analyzed by the appraisal staff, the cost and income models will be calibrated annually. The calibration results will be added to the schedules and models in the CAMA system to apply to all commercial properties in the district as appropriate. Any estimate of value completed by the sales comparison approach will be made in accordance with Section 23.013 of the Texas Property Tax Code.

### ○ *Income Approach*

The income approach to value will be applied to those real properties that are typically viewed by market participants as income producing. Income producing properties are those which are bought and sold based on the property's ability to produce an income; therefore, the price paid for a property is directly related to the amount of income the property is capable of producing. The commercial appraisal staff utilizes income and expense data furnished by property owners, data collected by staff, and information from local market study publications. Income models by property use and neighborhood/market area are developed and deployed for use in valuation.

The following model is the basis for commercial property valuation by the income approach:

$$\begin{array}{r} \text{PGR} \\ - \text{V\&C} \\ \text{EGR} \\ + \text{SI} \\ \text{EGI} \\ - \text{allowable EXP} \\ - \text{reserves for replacement} \\ \text{NOI} \end{array}$$

$$\text{Value} = \text{NOI} / \text{CAP Rate}$$

This income model reflects the normalization of an income stream from Potential Gross Rent at 100% occupancy to an indication of Net Operating Income. The process involves estimating the rental producing capacity of the subject property under prudent management (PGR). Market derived vacancy and collections (V & C) losses are subtracted from the potential gross rent to arrive at effective gross rent (EGR). Any net income from secondary property uses (vending income or parking income, etc.) (SI) are added to the effective gross rent to yield an estimate of effective gross income (EGI).

Allowable expenses are the expenses that are recurring annual expenses necessary to operate the property sufficiently to achieve the projected level of effective gross income. These vary by property type and are researched by the commercial appraisal staff. Once identified or projected, the allowable expenses are subtracted from the effective gross income. Reserves for replacement are estimated by considering the amortized costs of replacing certain building components whose economic lives are shorter than total economic life of the improvement (carpets, roof cover, air conditioning, etc.). Generally, these are calculated by either dividing the replacement cost new of the item by its economic life, a flat reserve amount per unit justified by the market, or a percentage of EGI; whichever is deemed appropriate.

Once all allowable expenses and reserves have been identified or calculated, these amounts are subtracted from the effective gross income to yield an estimate of net operating income (NOI).

Rates and multipliers will be used to convert the income stream into an estimate of market value. These include gross 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 will be based on a thorough analysis of the market.

Direct Capitalization will be used in the income approach models. This methodology involves dividing the net operating income by the appropriate capitalization rate to arrive at an indication of market value for a specific property. Capitalization rates utilized will be derived from the market as to estimate what a market participant would require from an investment as of the date of appraisal. Additionally, overall capitalization rates may be derived from the summation method, band-of-investment, debt coverage ratio, or obtained from published sources for similar properties. The capitalization rates utilized will relate directly to satisfying the market return requirements of both the debt and equity positions of real estate investment.

In valuing property by the income approach, the district will consider the income characteristics of all properties as they are available. Adjustments will be made as necessary and appropriate and the models, schedules, and value indications developed will be made pursuant to Section 23.012 of the Texas Property Tax Code.

○ *UTILITIES, RAILROADS, AND PIPELINES*

The Val Verde Appraisal District will contract with an appraisal firm with specific expertise for the valuation of utility, railroad, and pipeline properties. These properties will be reappraised annually by the firm using recognized methods and techniques as required by the Uniform Standards of Professional Appraisal Practice. The appraisal models considered in the valuation of these properties will be:

**MV = RCN-D**

**And**

**Allocated Unit Appraisal**

Each of the values produced by these models will be considered and the property value will be allocated to the taxing entities based upon the method that is deemed most appropriate by property type.

The appraisal firm will consider all factors affecting value conduct physical inspection as necessary, research information from published sources, and receive copies of renditions from property owners in the development of their appraisal. Based upon the information gathered in these practices, data characteristics of these properties will be updated annually in accordance with tax code requirements.

#### ○ *MINERAL INTERESTS*

The Val Verde Appraisal District will also contract with an appraisal firm with specific expertise in the appraisal of oil and gas properties to value mineral interests. The appraisal firm will reappraise these properties annually.

The appraisal firm will utilize a form of yield capitalization of the income approach called Discounted Cash Flow Analysis (DCF) in order to accurately value these interests. The factors affecting the value of mineral interests include reserve estimates, production volume and pattern, product prices, operator expenses, and the discount rates applied to discount future income into an indication of present worth.

As mineral reserves are subsurface in nature, this situation makes specific physical inspection unavailable as a method of collecting data. The appraisal firm will collect data from the Texas Railroad Commission, Comptroller of Public Accounts, renditions from owners, published sources, and data services to identify characteristics affecting value. All of the information gathered will be considered in the estimation of the value of mineral interests.

#### ○ *SPECIAL VALUATION PROPERTIES*

The Val Verde Appraisal District values agricultural and wildlife management land in compliance with the Comptroller's Manual for the Appraisal of Agricultural Land. This publication prescribes that the cash lease and the share lease methods of appraisal are appropriate when developing productivity value estimates.

The cash lease method is a modified income approach using the lease amount (income per acre) minus expenses of the landowner to yield the "net-to-land" value per acre. "Net-to-land"

values will be averaged for a five-year period to give an average “net-to-land” factor that will be divided by the appropriate capitalization rate for the year to give a value per class of agricultural production. These classes are determined from field inspections, applications, and agricultural activity. The agricultural appraisal staff will collect lease data from owners and lessees on an ongoing basis in order to develop “net-to-land” figures by agricultural classification.

○ *BUSINESS AND INDUSTRIAL TANGIBLE PERSONAL PROPERTY*

These property types will be valued each appraisal year by the district’s appraisal staff. The personal property department engages in an annual canvas field review to identify new businesses to be added to the appraisal roll, movement of existing businesses to different locations or business closings, and data review of current property characteristics in property records. Once pertinent data is updated in the field, property rendition forms will be sent to owners in order that they may declare their taxable personal property according to current law. The information obtained from renditions will be utilized by the district to develop an estimate of market value. Generally, estimates of value developed for industrial and personal property will be produced by mid to late April of each appraisal year.

• **Cost Approach**

The primary approach to the valuation of business and industrial personal property will be the cost approach. Cost schedules will be developed by the district’s staff and applied to specific business codes. These schedules will be reviewed and updated annually to conform to changing market conditions.

Valuation models will be created and refined using actual original cost data obtained from renditions to derive the replacement cost new (RCN) per applicable unit for a specific category of assets. The data obtained will be compiled for review and models will be built and or adjusted as necessary. The revised models will be tested in accordance to accepted methods and techniques.

These model values will be used specifically to estimate the value of new accounts for which no property owner’s rendition is filed. The models will also be utilized to test renditions filed by property owners or their agents. In the event that property rendition information falls significantly outside of a statistical tolerance from the model, further review of the property may be conducted.

The percent good depreciation factors utilized will be based on the depreciation schedules for furniture, fixtures, and equipment as developed by district staff against Marshall and Swift. This mass appraisal percent good depreciation schedule is used to ensure that estimated values are uniform and consistent within the market. RCN and percent good depreciation factors will be utilized to develop estimates using the following formula:

$$\text{MV} = \text{RCN} \times \text{PERCENT GOOD FACTOR}$$

Lease equipment and multi-location assets may be valued using original costs and percent good depreciation schedules mentioned above.

- **Sales Comparison Approach**

Business personal property is typically sold as part of the business as a whole which makes this approach less suitable for valuing most personal property. This approach is generally suitable for the valuation of certain types of vehicles and heavy equipment. Values estimates for vehicles will be based on data furnished by recognized sources such as NADA among others. Any sales of personal property will be considered and appropriate weight will be given based upon individual circumstances.

- **Income Approach**

The income approach has limited use in the appraisal of machinery, equipment, furniture, fixtures, and leasehold improvements because of the difficulty in estimating future net benefits. The exception to this is in the case of leased equipment. When reliable data on equipment leases is available, the income approach may be used to estimate the fair market value of the equipment.

# The Mass Appraisal Report

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This reappraisal plan specifies the scope of work planned by the Val Verde Appraisal District in order to produce the official appraisal roll for 2015-2016. Each appraisal year the district plans to prepare the USPAP required Mass Appraisal Report and it will be certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15<sup>th</sup>). The Mass Appraisal Report is completed in compliance with STANDARD RULE 6-8 of the Uniform Standards of Professional Appraisal Practice. The signed certification by the Chief Appraiser will be compliant with STANDARD RULE 6-9 of USPAP.

# Value Defense

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Evidence to be used by the appraisal district to meet its burden of proof for market value and equity in both informal and formal appraisal review board hearings is specified and tested annually.

A variety of evidence is utilized by the district depending on the property type of the subject of the protest. In addition, the district updates the evidence supplied to an owner, agent, or the Appraisal Review Board to be contemporaneous with the valuation procedures utilized. Some examples that may be used include, but are not limited to:

1. Property sales information
2. Property sales adjustment grids
3. Property equity adjustment grids
4. Gross Rent/Income Multiplier data
5. Perform and actual income data
6. Property characteristics data including photos as applicable
7. Aerial photography
8. Cost approach reports as applicable
9. Property renditions as applicable
10. Published reports regarding cost, market, or income data
11. Schedules and or models utilized
12. Any other information collected by the district

# Exhibit A

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**EAGLE APPRAISAL & CONSULTING, INC.**

**REAPPRAISAL PLAN**

**INTRODUCTION**

Passage of Senate Bill 1652 amended Section 6.05 of the Texas Property Tax Code by adding Subsection (i) to read as follows:

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

**PLAN FOR PERIODIC REAPPRAISAL REQUIREMENT:**

Senate Bill 1652 amends Section 25.18, Subsections (a) and (b) to read as follows:

- (a) Each appraisal office shall implement the Plan for Periodic Reappraisal of Property approved by the board of directors under Section 6.05 (i).
- (b) The plan shall provide for the following reappraisal activities for all real and Personal property in the district at least once every three years:
  - 1. identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
  - 2. identifying and updating relevant characteristics of each property in the appraisal records;
  - 3. defining market areas in the district
  - 4. identifying property characteristics that affect property value in each market area, including the location and market area of property, physical attributes of property such as size, age, and condition, legal and economic attributes, and the identification of easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
  - 5. developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and

- determines the contribution of individual property characteristics;
6. applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
7. reviewing the appraisal results to determine value.

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

The Val Verde CAD, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises all property in the district every year. The reappraisal may consist of field inspections, CAMA, or both. The reappraisal year is a complete appraisal of all properties in the district. Tax year 2015 is a reappraisal year and tax year 2016 is a reappraisal year.

Additionally, every tax year, the District inspects and appraises new construction and adds those properties to the appraisal roll. The district also inspects and reappraises properties that have been remodeled or demolished, properties with additions, properties with fire damage, or properties with any change or damage. These changes are found through building permits issued by the city. However, since building permits are not required for properties outside the city limits, District staff maintains a file of newspaper clippings that pertain to changes in property and all District staff remains alert to visual changes in properties. Throughout the year, notes are made on those visual changes and all information is provided to the field appraiser. The field appraiser will also conduct detailed field inspections of properties if requested by the owner and reappraise these properties as necessary. The District is contracted with Eagle Appraisal & Consulting, Inc. to perform the appraisals and field inspections.

Eagle Appraisal and Consulting Services, Inc. compiles all sales by school district. Problematic areas are further researched and may indicate the use of market modifiers. The use of these modifiers is the predominant method of adjusting sales for location and time. Values throughout the county may be adjusted by use of market modifiers during the reappraisal year.

### **PLANNING AND ORGANIZATION**

A calendar of key events with critical completion dates is prepared for each area of work. This calendar identifies key events for appraisal, clerical, customer service, and information systems. A calendar is prepared for years 2015 and 2016. Production standards for field activities are calculated and incorporated in the planning and scheduling process.

Eagle Appraisal & Consulting, Inc. will begin field inspections of the District's scheduled reappraisal area on the first Tuesday following Labor Day in September, 2015 and will complete all inspections and schedules by April 1, 2015 for the 2016 tax year.

Eagle Appraisal & Consulting, Inc. will begin field inspections of the District's scheduled reappraisal area on the first Tuesday following Labor Day in September, 2015 and will complete all inspections and schedules by April 1, 2015 for the 2015 tax year.

The District shall provide to Eagle Appraisal & Consulting, Inc. appraisers the field cards that contain specific information regarding the property being appraised. These cards contain brief legal descriptions, ownership interests, property use codes, property addresses, land size, and sketches of improvements as well as detailed information of any improvements. Appraisal field inspection procedures require the appraisers to check all information on the field cards and to update the information when necessary. All new improvements shall be measured, classed, and assigned the appropriate depreciation amount. Structures that have been demolished or removed shall be marked off the appraisal card. Properties with extensive improvement remodeling shall be identified and the field inspection shall identify and update the property characteristic data. The appraiser shall note the date of the inspection on the card and place his initials on the card.

Each year, Eagle Appraisal & Consulting, Inc. will test real property market areas, by property classification. The market areas shall be tested for low or high ratio sales and/or high coefficients of dispersion. Market areas that fail any or all of these tests are determined to be problematic. Field inspections are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified.

The International Association of Assessing Officers' Standard on Mass Appraisal of Real Property specifies that the universe of properties shall be re-inspected on a cyclical basis of at least once every three years. The re-inspection includes physically viewing the property, photographing, and verifying the accuracy of the existing data. **The annual re-inspection requirements for tax years 2015 and 2016 are identified and scheduled in the District's Written Plan for Periodic Reappraisal.**

In addition to the two-year cycle set out by the District's reappraisal plan, Eagle Appraisal & Consulting, Inc. will perform ratio studies annually to determine areas or categories of properties within the CAD which need to be reappraised within the current year based on ratios. Any areas or categories whose ratios are above or below statutory requirements shall be reappraised in the current year regardless of the area in which they are located. This two-fold approach will insure not only that all residential and commercial property within the CAD is reappraised at least once every three years, but also that all other categories within the CAD

are reviewed annually so that the District stays current with respect to market value in those areas where residential and/or commercial property values appear to be changing rapidly.

## **MASS APPRAISAL SYSTEM**

### **REAL PROPERTY VALUATION**

Revisions to cost models, income models, and market models are specified, updated, and tested each year.

Cost schedules are tested with market data (sales) to insure that the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Replacement cost new tables as well as depreciation tables are tested for accuracy and uniformity using ratio study tools and compared with cost data from recognized industry leaders. Eagle Appraisal & Consulting, Inc. utilizes the national publication of cost schedules of Marshall & Swift.

Land Schedules are updated using current market data (sales) and then tested with ratio study tools. Value schedules are developed and tested on a pilot basis with ratio study tools.

### **PERSONAL PROPERTY VALUATION**

Eagle Appraisal & Consulting, Inc. performs personal property valuations only in some Districts.

Density schedules are tested using data received during the previous tax year from renditions and hearing documentation. Valuation procedures are reviewed, modified as needed, and tested.

## **HEARING PROCESS**

Eagle Appraisal & Consulting, Inc. representatives conduct informal hearings with protesting property owners. If the protest cannot be settled within the guidelines set out by the District's informal hearings procedures, the property owner may elect to proceed to a formal hearing before the Appraisal Review Board.

Eagle Appraisal & Consulting, Inc. representatives will be present at formal ARB hearings and will present and defend the appraisals performed. Further, Eagle Appraisal & Consulting, Inc. will provide to the District the calculations of schedules and final schedules.

# Exhibit B

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## **Val Verde Appraisal District Oil and Gas Reserves 2015-16 Appraisal Procedures and Reappraisal Plan**

**June 30, 2014**

*by*

*Thos. Y. Pickett & Company, Inc.*

## APPRAISAL PROCEDURES & REAPPRAISAL PLAN

### OIL AND GAS RESERVES

#### Executive Summary

- Thos. Y. Pickett & Co., Inc. (“Thos. Y. Pickett” or “Pickett”) annually reappraises all producing mineral leases within the CAD’s boundaries using a Discounted Cash Flow (“DCF”) methodology;
- Thos. Y. Pickett uses the Comptroller’s Manual for Discounting Oil and Gas Income pursuant to Tax Code Section 23.175;
- Thos. Y. Pickett determines oil and gas prices in accordance with Tax Code Section 23.175;
- Thos. Y. Pickett’s written procedures for identifying new properties are included herein.

#### Overview

Oil and gas reserves consists of interests in subsurface mineral rights. Thos. Y. Pickett & Co. 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 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. 25.12. A listing of the oil and gas properties appraised by Pickett for the appraisal district shall be made 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. 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; the Texas Comptroller's Manual for Discounting Oil and Gas Income; 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. All oil and gas appraisers are registered with the Texas Department of Licensing and Regulation, (formerly, the Texas Board of Tax Professional Examiners).

## **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 have 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.

### Property Discover and Data Collection Process

Mineral properties are identified and appraised based on their Railroad Commission Identification Number (RRCID). Upon completion of a new well, a Completion Report must be submitted to the Railroad Commission (RRC). The RRC then issues a RRCID. Production from that property is reported by RRCID. Periodically, wells are completed and start producing prior to being issued a RRCID. The production from these wells still must be reported to the RRC and are usually reported by Drilling Permit Number (DP). Since mineral properties are appraised using a Discounted Cash Flow analysis, production data is required to do the analysis. The RRC is the primary source of that data.

#### Procedure:

1. At the beginning of the year, the RRC database is searched for new wells that started producing prior to January 1 of the appraisal year. These wells are identified by RRCID or Drilling Permit (DP) number and added to the mineral appraisal database for the county. A well is considered to have value as of January 1 if it has reported production prior to that date, has filed a completion report showing completion prior to that date, or was perforated into a producing formation which showed the presence of oil or gas prior to January 1.
2. Completion reports and plats are retrieved from the RRC to identify the location of the producing wells. These locations are cross-referenced with jurisdictional maps to establish situs.

3. Division of Interest (DOI) statements are requested from the operator of the well to establish working and royalty interests.
4. Additional reviews of the RRC database are done periodically during the year to identify any wells that may have been added to the RRC database after the first of the year, but were completed prior to January 1 of the appraisal year. New producing wells identified after the appraisal period are supplemented, going back up to five years.

Other appraisal data on the subject properties are 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 are 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. The cost approach is sometimes performed by estimating the replacement cost of an asset functionally similar to the subject. 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**

The market approach is performed by observing the price at assets comparable to the subject asset are bought and sold. 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, income and the value of the operating equipment. 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, 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 monthly average price of the oil and gas received from the interest for the preceding year multiplied by a market condition factor as promulgated by the Texas Comptroller's office. Furthermore, the prices used for succeeding years are based upon escalation factors also stipulated by the Texas Comptroller's office.

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 and Testing

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 is 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 and often the sales conditions are not made public for the sales that do occur. 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 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 comparisons with single-property appraisals, indicates the validity of the models and the calibration techniques employed.

THOS. Y. PICKETT & COMPANY, INC.  
 VALUATION TIMELINE - VAL VERDE APPRAISAL DISTRICT 2015 - 2016

EVENT	DEC 2014	JAN 2015	FEB 2015	MAR 2015	APR 2015	MAY 2015	JUN 2015	JUL 2015	AUG 2015	SEP 2015	OCT 2015	NOV 2015	DEC 2015	JAN 2016	FEB 2016	MAR 2016	APR 2016	MAY 2016	
Industrial Property Inspections																			
Personal Property Inspections																			
New Discovery Property Inspections																			
Mineral Property Valuations																			
Industrial/Personal Valuations						15th													
Copy of Renditions to *TYP/Review All					15th	15th													
Late/Extended Renditions to *TYP/Review All																			
Notices Generated by Thos. Y. Pickett & Co., Inc.						15th													
Informal Meetings With Owners/Agents						15th													
Appraisal Review Board Hearings on *CAD Selected Date																			
Certified Values to CAD On or Before								20th											
Address Any 25.25 Correction Filings as Required																			
Submit Data for Property Valuation Study											15th								
Review Initial *Category G Ratios/Informal Hearing if Necessary																			
Review Utility *Category J Ratios/Informal Hearing if Necessary																			
File Formal Value Study Protest as Required																		10th	
Category J and G Ratios/Hearing Before *Adm. Law Judge																			

NOTE: Same timeline for 2015 and 2016 valuation projects unless revisions required by changes in statutes for CAD policies.

Shaded areas indicate time span unless specific date identified.

- \* "TYP" will mean Thos. Y. Pickett & Co., Inc.
- \* "CAD" will mean Val Verde Appraisal District
- \* "Category G" will mean Oil and Gas Mineral Reserves as described by the Property Tax Division of the State of Texas Comptroller's Office
- \* "Category J" will mean Utility Property as described by the Property Tax Division of the State of Texas Comptroller's Office
- \* "25.25 Corrections" will mean Section 25.25 Correction of Appraisal Roll as described in the Texas Property Tax Code
- \* "Adm." will mean Administrative

**Val Verde Appraisal District**  
**Industrial Property**  
**2015-16 Appraisal Procedures and Reappraisal Plan**

**June 30, 2014**

*by*

*Thos. Y. Pickett & Company, Inc.*

## SUMMARY REVALUATION PROGRAM REPORT

### INDUSTRIAL PROPERTY

#### Overview

Industrial property consists of processing facilities and related personal property. 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 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 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. A listing of the industrial properties appraised by Pickett for the appraisal district is available at the appraisal district office. Industrial properties are re-appraised annually. Properties are inspected annually where necessary and at least bi-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.

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. All industrial appraisers are registered with the Texas Board of Tax Professional Examiners.

### **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 have 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.

### **Discovery Process and Procedures**

Data is collected as part of the inspection process and through later submissions 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 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. The cost approach is sometimes performed by estimating the replacement cost of an asset functionally similar to the subject. 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**

The market approach is performed by observing the price at assets comparable to the subject asset are bought and sold. 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 through-put 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 and Testing**

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 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 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.

**Val Verde Appraisal District**  
**Utilities Property**  
**2015-16 Appraisal Procedures and Reappraisal Plan**

**June 30, 2014**

*by*

*Thos. Y. Pickett & Company, Inc.*

## APPRAISAL PROCEDURES AND REAPPRAISAL PLAN

### UTILITY, RAILROAD AND PIPELINE PROPERTIES

#### Overview

Utility, railroad, and pipeline properties consists 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 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. All properties are reappraised annually. 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. All appraisers are registered with the Texas Board of Tax Professional Examiners.

### **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 have 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.

### Discovery Procedures and Data Collection

Data is collected as part of the inspection process and through later submissions 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. 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. The cost approach is sometimes performed by estimating the replacement cost of an asset functionally similar to the subject. 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

The market approach is performed by observing the price at assets comparable to the subject asset are bought and sold. 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.

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 through-put 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 and Testing

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 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. Appraisal results are tested annually 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.

