

Angelina County Appraisal District Mass Appraisal Report 2018

Texas Property Tax Code Section 23.01 states that the market value of property shall be determined by the application of generally accepted appraisal methods and techniques. The Angelina County Appraisal District's mass appraisal standards must comply with the *Uniform Standards of Professional Appraisal Practice* (USPAP). USPAP Standard 6 is a necessary set of rules that provides structure and guidance for the appraisal staff during the development and implementation of appraisal concepts.

Tax Code Section 25.22 requires that, each tax year on or about May 15 or as soon thereafter as practicable, the chief appraiser subscribes an affidavit on the submission of the completed appraisal records to the appraisal review board for the determination of protests. This signed affidavit follows, along with the signed *Mass Appraisal Report* in compliance with USPAP Standard Rule 6-8.

LIMITING CONDITIONS

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

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

Appendix A is a recap of the appraised value estimates for tax year 2018. Appendix B is a list of staff providing significant assistance to the person signing this certification. Appendix C is the two-year, detailed reappraisal plan adopted by the Board of Directors, Angelina County Appraisal District.

EFFECTIVE DATE OF APPRAISAL AND DATE OF THE REPORT

With the exception of certain inventories for which the property owner has elected a valuation date of September 1, 2017; all appraisals are as of January 1, 2018. Definition of Value Except as otherwise provided by the Texas Tax Code (hereafter "Tax Code"), all taxable property is appraised at its "market value" as of January 1. Under the tax code, "market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

The Tax Code defines special appraisal provisions for the valuation of several different categories of property. Specially appraised property is taxed on a basis other than market value as defined above. These categories include agricultural and timber property (Chapter 23, Subchapters C and D, Tax Code), certain types of dealer inventory (Sec. 23.121, 23.124, 23.1241 and 23.127), and nominal (Sec 23.18) or restricted use properties (Sec 23.83).

PROPERTIES APPRAISED

The mass appraisal technique appraises all taxable real and personal property known to the district as of January 1, 2018. Any taxable real and personal property discovered to be left off of the appraisal roll will be supplemented for the appraisal years omitted as prescribed under Section 25.21 of the Texas Property Tax Code.

These, by law, will be appraised and supplemented to the jurisdictions after the certification of the appraisal roll. The property rights appraised were fee simple interests, with the exception of leasehold interests in property exempt to the owner of the estate or interest encumbered by possessory interest. The latter are appraised under a statutory formula described in Sec. 25.07, Tax Code. The description and identification of each property appraised is included in the appraisal records submitted to the Angelina County Appraisal Review Board (ARB).

SCOPE OF WORK USED TO DEVELOP APPRAISAL

This mass appraisal appraised all taxable real and tangible personal property within the boundaries of the Angelina County Appraisal District, which encompasses all of Angelina County, Texas. This involves approximately 66,000 accounts. The district distributes the work of the appraisal among several appraisal personnel. The following sections describe, by area of responsibility, the scope of work performed and those items addressed in USPAP standard 6-8 (a) through (q). The Chief Appraiser, who is the chief executive officer of the appraisal district, manages the district. All district employees report to the chief appraiser through their immediate department manager. The district is divided into separate appraisal departments, customer service departments, sales and research, information services and administration. The appraisal departments are made up of Residential, Commercial, and Personal Property. Customer Service encompasses homestead and related exemption applications, and taxpayer information and assistance. The sales and research department handles law suits, gathering sales information, verification, and assist ARB. Administration is responsible for budget and financial matters, and Information Services operates the district's computer facilities and is responsible for deed transfers and GIS mapping. The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with The Texas Department of Licensing and Regulations.

While the appraisal district staff conducted most of the appraisal activities, the district also uses an outside firm for the appraisal of oil and gas and utilities. The contract for the outside firm is conducted by bids for a 2 year term. The district established procedures whereby ownership and property data information are routinely exchanged.

Determination of Highest and Best Use for Real Property

The district's market value appraisals are performed pursuant to Article VIII, Sec. 1., Texas Constitution, which provides that property must be taxed in proportion to its value as determined by law, Sec. 23.01, Tax Code implements this provision as follows:

Sec. 23.01 Appraisals Generally

(a) Except as otherwise provided by this chapter, all taxable property is appraised at its market value as of January 1.

(b) The market value of property shall be determined by the application of generally accepted appraisal methods and techniques. If the appraisal district determines the appraised value of a property using mass appraisal standards, the mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice. The same or similar appraisal methods and techniques shall be used in appraising the same or similar types of property. However, each property shall be appraised based upon the individual characteristics that affect the property's market value.

(c) Notwithstanding Section 1.04(7)(C), in determining the market value of a residence homestead, the chief appraiser may not exclude from consideration the value of other residential property that is in the same neighborhood as the residence homestead being appraised and would otherwise be considered in appraising the residence homestead because the other residential property:

(1) was sold at a foreclosure sale conducted in any of the three years preceding the tax year in which the residence homestead is being appraised and was comparable at the time of sale based on relevant characteristics with other residence homesteads in the same neighborhood; or

(2) has a market value that has declined because of a declining economy

(d) The market value of a residence homestead shall be determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property

(e) Notwithstanding any provision of this subchapter to the contrary, if the appraised value of property in a tax year is lowered under Subtitle F, the appraised value of the property as finally determined under that subtitle is considered to be the appraised value of the property for that tax year. In the following tax year, the chief appraiser may not increase the appraised value of the property unless the increase by the chief appraiser is reasonably supported by substantial evidence when all of the reliable and probative evidence in the record is considered as a whole. If the appraised value is finally determined in a protest under Section 41.41(a)(2) or an appeal under Section 42.26, the chief appraiser may satisfy the requirement to reasonably support by substantial evidence an increase in the appraised value of the property in the following tax year by presenting evidence showing that the inequality in the appraisal of property has been corrected with regard to the properties that were considered in determining the value of the subject property. The burden of proof is on the chief appraiser to support an increase in the appraised value of property under the circumstances described by this subsection.

Previous to the addition of 23.01(d) concerning residential homesteads, there was no specific statute defining highest and best use as it applies in appraisals conducted under the Property Tax Code. However, Texas courts have acknowledged that highest and best use is a factor that must be considered in determining market value.

“Highest and best use” is the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

With the exception of residence homesteads, this definition of highest and best use still applies to appraisals conducted under the Property Tax Code.

Certification Statement, as provided in Tax Code Section 25.22:

“I, Tim Chambers, Chief Appraiser for Angelina County Appraisal District, solemnly swear that I will make or caused to be made a diligent inquiry to ascertain all property in the district subject to appraisal by me, and that I will include in the records all property that I am aware of at an appraised value which, to the best of my knowledge and belief, is determined as required by law.”

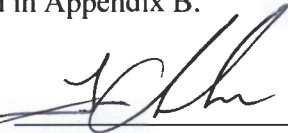
Signed: 
Tim Chambers, Chief Appraiser

Date: 5-11-2018

USPAP Standard 6 Certification:

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report, and I have no (or the specified) personal interest with respect to the parties involved, except for (list appraiser's own property and how handled in the appraisal process).
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment, except those noted above.
- My engagement in this assignment was *not* contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is *not* contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of the property appraised are performed as staff resources and time allowed. Some interior inspections of property appraised are performed at the request of the property owner and required by the appraisal district for clarification purposes and to correct property descriptions.
- Those providing significant mass appraisal assistance to the person signing this certification as listed in Appendix B.

Signed:  _____

Date: 5-11-2018

Tim Chambers, Chief Appraiser

Appendix A: Certification of Appraisal Roll to Taxing Unit

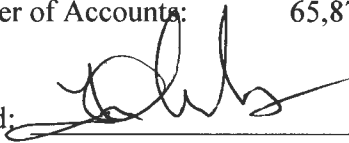
Certification of 2018 Appraisal Roll for Angelina County Appraisal District, as required by Texas Property Tax Code Section 26.01:

I, Tim Chambers, Chief Appraiser for Angelina County Appraisal District, solemnly swear that the attached is that portion of the approved appraisal roll of the Angelina County Appraisal District which lists property taxable by the cities of Diboll, Hudson, Huntington, Lufkin, and Zavalla, the school districts of Central, Colmesneil, Diboll, Hudson, Huntington, Lufkin, Wells, and Zavalla and Angelina County, Angelina Junior College, and Fresh Water Districts 1 and 4 and constitutes the appraisal roll for the cities of Diboll, Hudson, Huntington, Lufkin, and Zavalla, the school districts of Central, Colmesneil, Diboll, Hudson, Huntington, Lufkin, Wells, and Zavalla and Angelina County, Angelina Junior College, and Fresh Water Districts 1 and 4.

2018 Appraisal Roll Information:

Total Appraised Value:	\$5,004,355,478
Total Assessed Value:	\$4,987,618,372
Total Taxable Value:	\$4,202,828,741
Number of Accounts:	65,877

Signed: _____



Date: _____

7-30-2018

Tim Chambers, Chief Appraiser

Appendix B: List of Staff Providing Significant Mass Appraisal Assistance

(list everyone who contributed to the determination of values, to do so must be certified under TDLR)

Name	Title	TDLR #
Mark Lansford	Appraiser	60741
Charles Livingston	Appraiser	61185
Mark Saenz	Appraiser	72106
David Townsend	Appraiser	72759
Michael B. Owens	Appraiser	73980
Joshua Ivy	Appraiser	74619
Tryneshia Ford	Appraiser	74620

**Appendix C: 2017-2018 Angelina County Appraisal
District Reappraisal Plan**



Angelina County Appraisal District
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PO Box 2357, Lufkin, Texas 75902
Telephone: (936) 634-8456
www.angelinacad.org

ANGELINA COUNTY APPRAISAL DISTRICT
2017 – 2018 REAPPRAISAL PLAN

AS ADOPTED BY THE BOARD OF DIRECTORS: September 15, 2016

EXECUTIVE SUMMARY: TAX CODE REQUIREMENT

Passage of S. B. 1652 amended the Tax Code to require a written biennial reappraisal plan.

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

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

The appraisal district is responsible for local property tax appraisal and exemption administration for 18 jurisdictions or taxing units in the county. The taxing entities are as follows:

Angelina County	Hudson I.S.D.
Angelina College	Huntington I.S.D.
City of Diboll	Lufkin I. S. D.
City of Hudson	Zavalla I. S. D.
City of Huntington	Colmesneil I.S.D.
City of Lufkin	Wells I.S.D.
City of Zavalla	Angelina County Fresh Water District #4
Central I.S.D.	Angelina County Fresh Water District
Diboll I.S.D.	Water Control & Improvement #3

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

The district is responsible for establishing and maintaining approximately 66,500 real and personal property accounts covering 867 square miles and approximately 554,880 acres within Angelina County and several hundred square miles within adjoining counties. Portions of adjoining school districts are within this number of properties. These over-lapping jurisdictions are Wells ISD in Cherokee County & Colmesneil ISD in Tyler County. Data for all properties

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

The district has a geographic information system (GIS) that maintains cadastral maps and various layers of data and aerial photography. The district's website makes a broad range of information available for public access, including information on the appraisal process, property characteristics data, certified values, protests and appeal procedures. Downloadable files of related tax information and district forms, including exemption applications and business personal property renditions are also available.

The Legislature enacted House Bill 1010 effective January 1, 2008, eliminating shared appraisal district properties. Each appraisal district is now responsible for appraising only the properties that exist within its county.

The reappraisal plan is made under the guidelines of current law. This plan may be revised if the Legislature materially changes current laws governing Appraisal Districts, in the unfortunate event of a natural disaster, or other unforeseeable event. Any proposed revision is subject to public notification and ratification by the Board of Directors of the Angelina County Appraisal District.

The Written Plan

Section 6.05, Tax Code, is amended by adding Subsection (i) to ACAD 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 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each even numbered year, the board shall complete its 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 to ACAD as follows:

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

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

- (1) Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
- (2) Identifying and updating relevant characteristics of each property in the appraisal records;
- (3) Defining market areas in the district;
- (4) Identifying property characteristics that affect property value in each market area, including:
 - (A) The location and market area of the property;
 - (B) Physical attributes of property, such as size, age, and condition;
 - (C) Legal and economic attributes; and
 - (D) Easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
- (5) Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
- (6) Applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
- (7) Reviewing the appraisal results to determine value.

REVALUATION DECISION (REAPPRAISAL CYCLE)

The Angelina County Appraisal District, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises all property in the district annually. The reappraisal year is a complete appraisal analysis of all properties in the district and requires that each property owner be noticed in compliance with Section 25.19 of the Tax Code. Tax years 2017 and 2018 will be reappraisal years. Market areas that have existing values consistent with the market and demonstrate uniformity will be noticed at current year value levels. ACAD currently conducts reappraisal on a three year rotation. While all property values are updated annually to reflect market values, one-third of the district is re-inspected every year.

Reappraisal Activities

1. **Performance Analysis** – the equalized values from the previous tax year will be analyzed with ratio studies to determine the appraisal accuracy and appraisal uniformity overall and by market area within property reporting categories. Ratio studies will be conducted in compliance with the current *Standard on Sales Verification* of the International Association of Assessing Officers (IAAO).
2. **Analysis of Available Resources** – Staffing and budget requirements for tax year 2017 are detailed in the 2017 budget, as adopted by the board of directors. Staffing and budget requirements for tax year 2017 will be addressed in the 2017 budget to be adopted in accordance with Section 6.06 of the Property Tax Code.
3. **Planning and Organization** – A calendar of key events with critical completion dates will be prepared for each major work area. This calendar identifies key events for appraisal, mapping and records, administrative, inquiry, and information systems. A calendar is prepared for tax year 201. Production goals for field activities will be established and incorporated in the planning and scheduling process.
4. **Mass Appraisal System** – True Automation, PACS system revisions required will be specified and scheduled with Information Systems. All computers, forms, and IS procedures will be reviewed and revised as required.
5. **Identifying and updating relevant characteristics** – Field and office procedures will be reviewed and revised as required for data collection. Activities scheduled for each tax year include new construction, demolition, remodeling, re-inspection of market areas as needed, periodic re-inspection of the universe of properties, and field or office verification of sales data and property characteristics. Re-inspection of properties is to be completed using 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.
6. **Valuation by tax year** – Using market analysis of comparable sales, locally tested cost data and income analysis, valuation models will be specified and calibrated in compliance with supplemental standards from the IAAO and USPAP. The calculated

values will be tested for accuracy and uniformity using ratio studies.

7. **The Mass Appraisal Report** – Each tax year the Tax Code required mass appraisal report will be prepared and certified by the chief appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th).
8. **Value defense** – The Appraisal District has the burden of proof regarding protests related to appraisal or market value as well as unequal appraisal. Inspection and/or disclosure of evidence and related materials will comply with Section 41.461 of the Tax Code.

1. Performance Analysis

For each tax year, the previous tax year's equalized values will be analyzed with ratio studies to determine appraisal accuracy and appraisal uniformity overall and by market area within state property reporting categories. Ratio studies will be conducted in compliance with the IAAO *Standard on Sales Verification*. Descriptive statistics, such as, mean, median, and weighted mean ratios will be calculated for properties in each reporting category to measure the level of appraisal accuracy and the coefficient of dispersion (COD) will be calculated to measure appraisal uniformity by property reporting category. This analysis will be used to develop the starting point for establishing the accuracy and uniformity of appraisal performance.

Third Party -- Section 5.10 of the Texas Property Tax Code requires the comptroller to conduct a study at least once every two years to determine the degree of uniformity and the median level of appraisals by the appraisal district within each major category of property. The Property Value Study (PVS) uses statistical analysis of sold properties and appraisals of unsold properties as a basis for assessment ratio reporting. The preliminary results of this study are released in January following the year for which the study is conducted. Final results are then certified to the Education Commissioner of the Texas Education Agency in July. This outside (third party) ratio study provides meaningful data to ACAD in regards to the accuracy and uniformity of yearly appraisal work while also providing assistance in identifying potential areas requiring reanalysis the following appraisal year.

Third Party -- Section 5.102 of the Texas Property Tax Code requires the comptroller to review at least once every two years, the governance of each appraisal district, taxpayer assistance provided, and the operating and appraisal standards, procedures, and methodology to determine compliance with generally accepted standards, procedures, and methodology. This review, referred to as the Methods and Assistance Program (MAP), will be conducted during the year in which a Property Value Study is not undertaken. The comptroller is required to deliver a written report to the chief appraiser, CAD board of directors, and each superintendent and board of trustees in school districts in the CAD concerning the MAP findings. This review provides the appraisal district with the opportunity to ensure that the office policies and procedures, and the appraisal standards and methodology are in compliance with Tax Code and USPAP requirements.

Pilot Studies

Whenever new procedures are considered it is prudent to conduct a pilot study of the new procedures, including a ratio study in one or two areas of a jurisdiction to ensure the new procedures produce accurate and reliable results prior to full implementation. Per IAAO standards, pilot studies are considered for major changes in procedures.

2. Analysis of Available Resources

Staffing and budget requirements for tax year 2017 are detailed in the 2017 appraisal district budget, as adopted by the board of directors. Staffing and budget requirements for tax year 2017 will be addressed in the 2017 budget to be adopted in accordance with Section 6.06 of the Property Tax Code. Staffing will impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2017-2018 time period.

Personnel Resources

The office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of district operations. The administration department's function is to plan, organize, direct and control the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities and postal services. The appraisal department is responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, mineral, utilities, and industrial. The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Board of Tax Professional Examiners. Support functions including records maintenance, information and assistance to property owners, and hearings are coordinated by personnel in support services.

The appraisal district staff consists of 17 full time employees and one part time employee with the following classifications:

- 2 -Official/Administrator (executive level administration)
- 2 -Professional (supervisory and management)
- 7 -Technicians (appraisers, program appraisers and mappers)
- 6 -Administrative Support (professional, customer service, clerical and other)

Staff Education and Training

All appraisal personnel receive extensive training in data gathering processes including statistical analyses of all types of property to ensure equality and uniformity of appraisal of all types of property. On-the-job training is delivered by department managers for new appraisers and managers meet regularly with staff to introduce new procedures and regularly monitor appraisal activity to ensure that standardized appraisal procedures are being followed by all personnel. All personnel that are performing appraisal work are registered with the Texas Department of Licensing and Regulation and are required to take appraisal courses to achieve the status of Registered Professional Appraiser within five years of employment as an appraiser. After they are awarded their license, they must receive additional training of a minimum of 75 hours of continuing education units, USPAP & Ethic course, every five years. Failure to meet minimum standards results in the termination of the employee.

Existing appraisal practices, which are continued from year to year, will be reviewed and kept current. In each year, real property cost and depreciation tables will be tested against verified sales data to ensure they accurately reflect current market data. Residential analyst staff will evaluate the residential cost and depreciation tables to ensure consistency of data with that of *Marshall & Swift*, which is a nationally recognized cost service. Commercial analyst staff will update studies of capitalization rates and current market rents to update income models.

Information Systems (IS) support will be detailed with year specific functions identified and system upgrades scheduled. Computer generated forms will be reviewed for revisions based on year and reappraisal status. Legislative changes will be scheduled for timely completion and testing. Existing maps and data requirements will be specified and updates put in production as needed.

3. Planning and Organization

For each year, a calendar of key events with critical completion dates will be prepared for each major work area. This calendar identifies key events for appraisal, administrative, inquiry, and information systems. Production goals for field activities will be established and incorporated in the planning and scheduling process. See Calendar of Events.

Appraisers begin the reappraisal year by employing existing mass appraisal statistical analysis, gathering sales data from deed records, survey letters, local builders, appraisers and other sources. They confirm and analyze sales data, run internal ratio study reports, check outliers, establish and adjust classification system, review and update cost/market schedules as necessary, establish land values on newly platted subdivisions. They will then begin carrying out field inspections, work sales information and review real estate renditions, review neighborhood sales recap sheets, work subdivisions as required by reappraisal cycle, check all existing data, and work building permits, investigate sales information that may need confirmation, take photographs of improvements, draw plans of new home construction from builder plans or from actual measurements for entry into computer, conduct field inspections of newly platted subdivisions.

Reappraisal 2017

This effort will be conducted beginning in 2016 to April 1, 2017. Field work and re-inspections will be substantially complete by January 1, 2018, allowing sufficient time for market area analysis and schedule updates from January 1 to April 1. The time period of May 1 to July 25, 2017 will be reserved for property owner protests.

Reappraisal 2018

This effort will be conducted beginning in 2017 to April 1, 2018. Field work and re-inspections will be substantially complete by January 1, 2019, allowing sufficient time for market area analysis and schedule updates from January 1 to April 1. The time period of May 1 to July 25, 2018 will be reserved for property owner protests.

4. Mass Appraisal System

Computer Assisted Mass Appraisal (CAMA) system revisions are specified and scheduled with Information Systems. All computer forms and Information System procedures are reviewed and revised as required. The following details these procedures as they relate to the 2017 and 2018 tax years:

- (1) Review and revise user set-up, user rights, and user security
- (2) Review and revise set-ups for CAMA and Assessments
- (3) Review and revise system codes
- (4) Review, update and advise staff of specific field information required for data entry
- (5) Review and revise all system forms for upcoming tax year based on administrative and legislative changes
- (6) Test forms revisions against sample property accounts
- (7) Monitor system for installation of new releases and patches
- (8) Test sample property accounts to verify functionality of releases and patches
- (9) Schedule Web-ex seminars for system revisions and updates with software vendor
- (10) Produce preliminary totals and edit check reports
- (11) Perform January 1st functions as specified by software vendor's documentation
- (12) Perform shared property processing and test and advise
- (13) Perform notice processing functions as specified by TSG documentation
- (14) Perform certification functions as specified by TSG documentation
- (15) Schedule and perform regular system back-ups, ad hoc updates and rebuilds, CAMA and assessment calculations
- (16) Assist users in PC backups, clearing cache, and virus software maintenance
- (17) Perform supplemental processing
- (18) Generate Reports
- (19) Perform data queries as necessary

The district utilizes the PACS system developed by True Automation. All computers, forms, and IS procedures will be reviewed and revised as required. The following details these procedures as they relate to the 2017-2018 tax years:

Real Property Valuation

Revisions to cost models, income models, and market models will be specified, updated and tested each tax year. Cost schedules will be 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 will be tested for accuracy and uniformity through ratio studies and comparison with cost data from *Marshall & Swift*.

Land tables will be updated using current market data (sales) and then tested with ratio studies.

Value modifiers will be developed for property categories by market area and tested on a pilot basis with ratio studies.

Income, expense, and occupancy data will be updated in the income models for each market area or property type, and cap rate studies will be completed using current sales data. The resulting models will be tested using ratio studies.

Personal Property Valuation

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

Appraisal Notices

Appraisal notices will be reviewed for legal sufficiency and correctness. Enclosures will be updated as needed to comply with legal requirements.

Hearing Process

Protest hearing scheduling procedures for informal and formal appraisal review board hearings will be reviewed and updated as required. Standards of documentation will be reviewed and amended as required. The appraisal district hearing documentation will be reviewed and updated to reflect the current valuation methods and practices. Production of documentation will be tested and compliance with Tax Code requirements will be ensured.

5. Identifying and Updating Relevant Characteristics for Each Property

The Systems Administrator and the computer mapping department manage and maintain the district's data processing facility, software applications, Internet website, and geographical information system. The district uses the windows based server system. The software operates via local PC network maintained in house. The GIS mapping system is maintained in house with ESRI software.

Field and office procedures will be reviewed and revised as required for data collection. Activities scheduled for each tax year include inspection of new construction, demolition, and remodeling, re-inspection of problematic market areas, and periodic re-inspection of the universe of properties.

Properties are identified as part of the appraiser's physical inspection process each year, through data submitted by the property owner, or by other reliable means of identification, including deeds or other legal documentation, photographs, maps and property sketches.

New Construction/ Demolition

Field and office review procedures for inspection of new construction will be identified and revised as required. Field production goals will be established along with audit procedures.

Remodeling

Property identified as having remodel or improvement updates will be scheduled for onsite inspections to verify property characteristics data.

Market Area Review

Real property market areas, stratified by property classification, will be tested for low or high sales ratios, and high coefficients of dispersion. Market areas that fail any or all of these tests will be reviewed. Field reviews will be scheduled to verify and correct property characteristics data. Additional sales data will be researched and verified in order to assess whether the market area is correctly defined and stratified.

Market Area Delineation

Market areas are defined by the physical, economic, governmental and social forces that influence property values. The effects of these forces were used to identify, classify, and stratify or delineate similarly situated properties into smaller, more comparable and manageable subsets for valuation purposes. Delineation can involve the physical drawing of neighborhood boundary lines on a map or, it can also involve statistical separation or stratification based on attribute analysis. These homogeneous properties have been delineated into valuation neighborhoods for residential property or economic class for commercial property. Because there are discernible patterns of growth that characterize a neighborhood or market segment, analyst staff will evaluate and redefine the neighborhood boundaries or market segments when necessary in order to ensure homogeneity of property characteristics.

Re-inspection of the Universe of Properties

Re-inspection of properties will be completed using a combination of field inspections and office review. Office review of property for the 2017 tax year will include the examination of aerial photography using the 2010 orthographic imagery provided by *Pictometry*, property sketches, and existing property characteristics.

The district is responsible for establishing and maintaining approximately 63,000 real and personal property accounts within Angelina County Appraisal District's jurisdiction. A district goal will be to inspect approximately 20,000 real parcels each year.

Field or Office Verification of Sales Data and Property Characteristics

Sales information must be verified and property data (characteristics), contemporaneous with the date of sale, must be captured. Valid statistical analyses for direct and indirect equalization using sales ratios require the appraisal data to reflect the condition of the property at the time of sale.

The date of last inspection and the CAD appraiser responsible are listed on the computer assisted mass appraisal software record or property card. If a property owner or jurisdiction disputes the district's records concerning this data during a hearing, via a telephone call or other correspondence received, the record may be corrected based on the evidence provided or an on-site inspection may be conducted. Typically, a field inspection is requested to verify this information for the current year's valuation or for the next year's valuation. Every year a

field review of real property located in certain areas or neighborhoods in the jurisdiction is done during the data review/re-list field effort. A field review is performed on all personal property accounts, with available situs, each year.

Office reviews are completed on properties where update information has been received from the owner of the property and is considered accurate and correct. When the property data is verified in this manner, and considered accurate and correct, field inspections may not be required. The personal property department mails property rendition forms in January of each year to assist in the annual review of the property.

6. Valuation by Tax Year

Appraisals established by ACAD allocate the year's tax burden on the basis of each taxable property's January 1 market value as defined in the Texas Property Tax Code, Section 1.04(7).

"Market Value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if: exposed for sale in the open market with a reasonable time for the seller to find a purchaser; both the seller and the 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 of the exigencies of the other.

The appraised value of real estate is calculated using specific information about each property. The District utilizes computer-assisted appraisal programs, and recognized appraisal methods and techniques that are necessary to produce and communicate credible mass appraisals. That information is compared with the data for similar properties, and with recent market data. The district has adopted the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures, and subscribes to the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable.

Valuation models are specified and calibrated using market analysis of comparable sales and cost data, and market area specific income and expense data. Calculated values are tested for accuracy and uniformity using ratio studies. Property values in all market areas are reviewed for update each year. Using market analysis of comparable sales and locally tested cost data, market area specific income and expense data, 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. Performance standards are those established by the IAAO Standard on Ratio Studies. Property values in all market areas are updated each reappraisal year. Properties in selected market areas are updated in non-reappraisal years. The non-reappraisal year is used to add new construction, new subdivisions, new business personal property, new oil and gas leases, adjust for changes in property characteristics that affect value, and adjust the previous year's values on individual properties, property categories or market areas where the level of appraisal and/or uniformity of appraisal

is unacceptable. However, the following property types are reappraised annually: oil and gas reserves, business personal property, industrial real property, industrial personal property, utilities, special inventory residential property, and properties qualified for agricultural use or timber use productivity valuation.

APPRAISALS GENERALLY

Sec. 23.01, Texas Property Tax Code, as follows:

- (a) Except as otherwise provided by this chapter, all taxable property is appraised at its market value as of January 1.
- (b) The market value of property shall be determined by the application of generally accepted appraisal methods and techniques. If the appraisal district determines the appraised value of a property using mass appraisal standards, the mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice. The same or similar appraisal methods and techniques shall be used in appraising the same or similar kinds of property. However, each property shall be appraised based upon the individual characteristics that affect the property's market value, and all available evidence that is specific to the value of the property shall be taken into account in determining the property's market value.
- (c) In determining the market value of a residence homestead, the chief appraiser may not exclude from consideration the value of other residential property that is in the same neighborhood as the residence homestead being appraised and would otherwise be considered in appraising the residence homestead because the other residential property:
 - a. was sold at a foreclosure sale conducted in any of the three years preceding the tax year in which the residence homestead is being appraised and was comparable at the time of sale based on relevant characteristics with other residence homesteads in the same neighborhood; or
 - b. has a market value that has declined because of a declining economy.

In accordance with Sec. 23.0101 Property Tax Code, the cost, income and market data comparison methods of appraisal are considered and the most appropriate one is used.

If the cost method of appraisal is used, the appraisal district shall, in accordance with Sec. 23.011:

- (1) "use cost data obtained from generally accepted sources;
- (2) make any appropriate adjustments for physical, functional or economic obsolescence;
- (3) make available to the public on request cost data developed and used by the chief appraiser as applied to all properties within a property category;
- (4) clearly state the reason for any variation between generally accepted costs data and locally produced cost data if the data vary by more than 10 percent;

- (5) make available to the property owner on request all applicable market data that demonstrate the difference between the replacement costs of the improvements to the property and the depreciated value of the improvements.”

If the income method of appraisal is used, the appraisal district shall, in accordance with Sec. 23.012:

- (1) analyze comparable rental data available to the appraisal district or the potential earnings capacity of the property, or both, to estimate the gross income potential of the property;
- (2) analyze comparable operating expense data available to the appraisal district to estimate the operating expenses of the property;
- (3) analyze comparable data available to the appraisal district to estimate rates of capitalization or rates of discount; and
- (4) base projections of future rent or income potential and expenses on reasonably clear and appropriate evidence.

In developing income and expense statements and cash flow projections, the appraisal district shall consider:

- (1) historical information and trends;
- (2) current supply and demand factors affecting those trends; and
- (3) anticipated events such as competition from other similar properties under construction.”

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted mass appraisal programs, and recognized appraisal methods and techniques, we compare that information with the data for similar properties, and with recent cost and market data. The district follows the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures, and subscribes to the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable.

Appraisers in the field have property records that contain specific information regarding the property being appraised in a paper format. These records contain brief legal descriptions, ownership interest, property use codes, property addresses, land size and characteristics, sketches of improvements as well as any available detailed information of the improvements. Regardless of method, re-inspections require appraisers to check all information on the property and the property record, and to update the appraisal roll as necessary. The appraiser’s primary duty is to ensure the accuracy of ACAD’s property records. Appraisers note their opinion of classification, condition and characteristics of the property. If changes in the size of any structures are observed, the appraiser measures and lists those dimensions.

Appraisers take digital photos of each property field inspected. All work is reviewed by a senior appraiser.

In addition to reappraisal, all exemptions and special valuations for properties in the reappraisal area are reviewed to verify qualification.

ACAD appraisers will also be responsible for inspecting and maintaining all business personal property records, inspecting land designated for special agricultural valuation, inspecting land where the property owner has applied for special agricultural valuation, and administering special inventory valuations.

APPRAISAL FREQUENCY AND METHOD SUMMARY

Residential Property – Residential property is physically examined at least every 3-years with appraisers measuring side of each home, noting condition of the improvement and looking for changes that might have occurred to the property since the last on-site check. In some subdivisions where change of condition is frequent, homes are examined annually. Exterior pictures are taken of homes frequently. Ratios are run yearly to check the market values and schedules are adjusted regularly to compensate for the market trends.

Commercial Property – Commercial and industrial real estate is observed annually to verify class and condition. The inspection occurs as Business Personal Property appraisers are checking personal property accounts. Real estate accounts are analyzed against sales of similar properties in Angelina CAD. The income approach to value is also utilized to appraise larger valued commercial properties such as shopping centers, apartment complexes, office buildings, restaurants, motels and hotels, and other types of property that typically sell based on net operating income.

Business Personal Property – Business personal property is checked annually with appraisers going into businesses to develop quality and density observations. A rendition is mailed by January 1 for the business to complete and a letter is mailed explaining the 10% penalty for failure to render. Accounts are worked by using a combination of renditions and personal inspection.

Minerals – Working and royalty interests of producing oil and gas wells are appraised annually. Angelina CAD contracts with T. Y. Pickett, to appraise minerals.

Utilities and Pipelines – Angelina CAD contracts with T. Y. Pickett, to appraiser utilities and pipelines.

Sales

Sales data is gathered by sending sales letter to the buyers of properties that the district knows changed ownership. ACAD also subscribes to the Multiple Listing Service. Sales are confirmed

from the direct parties involved whenever possible. Confirmation of sales from local real estate appraisers is also considered a reliable source. Sales data is compiled and the improved properties are physically inspected and photographed. Individual sales are analyzed to verify whether they meet the definition of market value per Texas Property Tax Code Section 1.04(7). Only market transactions are used for mass appraisal purposes. Sales use and adjustments are made in accordance with IAAO Standards.

The valuation methods for each major property category are described in the following sections of this plan.

Residential Real Property

Ratio studies will be conducted on each of the residential valuation neighborhoods in the district to judge the two primary aspects of mass appraisal accuracy--level and uniformity of value. The valuation process for residential property typically begins in September. Land analysis, sales outlier review, neighborhood sales analysis, and finalization of proposed estimates of value will likely occur from September through March.

Residential Homesteads Subject To the Homestead Cap:

The appraised value of a residence homestead may not exceed the lesser of :

1. The market value of the property for the most recent year that the market value was determined by the appraisal office; or
2. The sum of (a) 10 percent of the appraised value of the property for the preceding tax year (b) the appraised value of the property for the preceding tax year; and (c) the market value of all new improvements to the property. The term "new improvement" means an improvement to a residence homestead made after the most recent appraisal of the property that increases the market value of the property and the value of which is not included in the appraised value of the property for the preceding tax year. New improvements do not include repairs to or ordinary maintenance of an existing structure or the grounds or another feature of the property.
3. If the appraised value for the current year exceeds the limits established by the above criteria, then a homestead cap adjustment is calculated and applied to reduce the appraised value to the allowable level. A review of homestead cap adjustments is made with larger adjustments subject to further review
4. The limitation takes effect on January 1 of the tax year following the first year the property owner qualifies for any homestead exemption and expires on January 1 of the first tax year that neither the owner nor the owner's spouse qualifies for a homestead exemption. When an owner makes application for a homestead exemption, the qualification year is entered into the district's computer assisted mass appraisal system.
5. The field appraiser maintains a record of the date of physical inspection, changes made based upon that inspection and determinations as to whether changes constitute new improvement value. Values for new physical additions and further progress of construction

work in progress are calculated as new improvement value. Changes in value resulting from ordinary maintenance and remodeling are not considered as new improvements.

Single Family Land Adjacent to Ag Use or Open Space Land

Land that is (1) used for single family residential purposes (2) contiguous to a parcel of land appraised under agricultural or open space land valuation and (3) under common ownership is appraised in accordance with Sec. 23.25.

Valuation Methods Used

Cost Approach

The district will use a combined cost-market approach when valuing single-family and multifamily residential properties. A review and revision as needed of the base cost and additional residential cost schedules will be performed before each reappraisal year.

Residential cost schedules are reviewed and revised using sales of newly constructed sold properties of varying construction quality in Angelina County. In this method, the indicated “base cost” must be “backed into”. In the last several years this process has become more difficult with many home-builders using widely varying profit margins, often from one project to the next.

The district also uses the comparative unit method to develop the “base” cost of a structure. In this method the base would be the remaining difference (constant) after all additional components are determined by using the unit-in-place method. Table-driven cost factors, taken from Marshall & Swift, a nationally recognized commercial cost service, will be adjusted for local or regional differences in construction and labor costs. When reliable data is available from the local market it will be used, particularly with regards to secondary structures. The results of this comparison will be analyzed using several measures, including stratification by quality and review of estimated building costs, as well as land value to sales prices. The focus on new cost (discussed above), may result in a pattern of under-appraisal of older properties and neighborhoods. This sometimes occurs because of limited data in our market required to accurately adjust depreciation tables. Ratio studies limited to sales of homes with depreciated RCNs may be used to determine the necessary adjustment to the base-cost to more accurately appraise the older homes/neighborhoods. This enables efficient and more accurate direct equalization between neighborhoods, in effect providing for direct compensation of any appraisal inaccuracies in new construction on a neighborhood basis.

The methods described above will be used and the results reconciled to determine appropriate adjustments to the base-cost.

Neighborhood or 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. The following equation denotes the model used:

$$MV = [((RCN-D) + AV) * MA] + L$$

Where MV= appraised or estimated market value

RCN= replacement cost new of improvement(s)
MA= Market Area-specific adjustment factor
D= accrued depreciation
AV= additional improvement value
L= land value

Sales Comparison Approach

As indicated in *Property Appraisal and Assessment Administration* (IAAO, 1990), in the absence of a sale of the subject, sales prices of comparable properties are usually considered the best evidence of market value. The sales comparison approach models the behavior of the market by comparing the properties being appraised with comparable properties that have recently sold or for which offers to purchase have been made. Their sales 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.

Although the district does not use the direct sales comparison approach as a primary method of valuation, it is, on occasion, used for verification of market value estimates.

Market Area-specific adjustment factors are applied to account for local differences between defined areas.

This appraisal phase is also known as direct equalization.

Residential land values are estimated based on market sales. Adjustments to land appraisals may be based on parcel size, shape, rights-of-way or easements, slope, drainage issues, and where necessary, economic obsolescence. Land values are calculated by any of the various units in place or, when data is insufficient to accurately determine the appropriate unit or unit values, by site value.

In saturated Market Areas (Neighborhoods) where there are insufficient vacant land sales available, market area specific adjustment factors for land are calculated based upon ratio studies. The appropriate land adjustment will be determined by calculating the MA required to achieve an appropriate land: total value or land: total sale price ratio. This model may be described in equation form as follows:

$$MV = ((RCN - D) + AV) + (L * MA)$$

After this has been completed the ratio study will then be used to determine whether an additional MA is required to adjust the improvement values to accomplish accurate appraisals.

The model required to adjust both the improvement and land values may be described in the equation form as follows:

$$MV = [((RCN - D) + AV) * MA] + (L * MA)$$

The sales used to determine the market adjustment factor(s) will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The market adjustment factor(s) calculated for each update neighborhood will be applied uniformly to all properties within a neighborhood and a second set of ratio studies will be generated that compares recent sale prices with the proposed market values for these sold properties. From this set of ratio studies, the analyst will judge the appraisal level and uniformity in both update and non-update neighborhoods.

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 life. In other words, value is the estimated present value of future benefits, namely income and proceeds from the sale of the property. 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.

Value = Income/Rate or, Income = Rate x Value or, Rate = Income/Value

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, and office buildings. It is not conducive to the valuation of single-family residential properties that are seldom rented, or where market demand factors such as personal preferences or location unduly influence the market.

Inventory Residential Property

Residential improved and vacant property, when qualified as an inventory, will be appraised in compliance with the Texas Property Tax Code, Section 23.12 (a).

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 assessment date. The market values of improved inventory will be reviewed annually and inventory consideration will be eliminated when ownership transfers to the individual property owner.

Vacant residential inventory, when appropriate, will be valued using a discounted cash flow formula that considers value relative to the income or cash flow, the interest or discount rate, and the number of years the property is likely to be held. As with improved inventory, full market value will be applied once the vacant land is absorbed and ownership transfers for the purpose of residential construction.

Agricultural and Timber Land

The appraisal of agricultural or timber land is governed by Chapter 23 of the Property Tax Code. The appraised value of qualified open-space or timber land is determined on the basis of the

category of land, using accepted income capitalization methods applied to average net to land. Schedules for valuing qualified land have been developed for various agricultural uses and types of timber production. These schedules are reviewed annually and updated as needed using data from recognized sources such as the Texas Forest Service and the Texas Agricultural Extension Service as well as local landowners engaged in leasing land for agricultural use.

Commercial Real Property

All commercial properties including but not limited to retail properties, apartments, warehouses, medical offices, golf courses, office buildings and mobile home parks will be valued by the cost approach, the income approach, or the sales comparison approach as deemed most appropriate pursuant to Section 23.0101 of the Property Tax Code. Ratio studies will be performed to test the level and uniformity of appraisal within specific property use categories.

Valuation Methods Used:

Cost Approach

The cost approach to value will be applied using the comparative unit method. This methodology involves the use of national cost data estimating services as well as actual cost information on comparable properties whenever possible. Cost models are typically developed based on *Marshall & Swift Service* and cost tables developed from local construction indexes. Cost models include the use of replacement cost new (RCN) of all improvements. The “replacement cost” will be used because it values the cost of a property that is a utility equivalent of the property being appraised using current construction methods and materials. Such costing is contra to “reproduction cost”, which is defined as the cost to construct an exact duplicate of the property being appraised. Replacement cost new includes comparative base rates, per unit adjustments and lump sum adjustments. Time and location modifiers will be necessary to adjust cost data to reflect conditions in a specific market and changes in costs over a period of time. Because a national cost estimating service is used as a primary basis for our cost models, local modifiers will be applied to adjust the base costs specifically for Angelina County.

Depreciation schedules will be developed based on what is typical for each property type of a specific age. Depreciation schedules have been implemented for what is typical of each major class of commercial property by economic life categories. Schedules have been developed for improvements with various terms of estimated expected economic life. These schedules will be tested periodically to ensure they will be reflective of current market conditions. The actual and effective ages of improvements will be noted in the PACS software. Effective age estimates will be based on the utility of the improvements relative to the improvement’s total economic life and its competitive position in the marketplace.

Market adjustment factors such as external, economic and functional obsolescence will be applied, if warranted. A depreciation calculation override will be applied if the condition or effective age of a property varies from the norm. This override is indicated by appropriately noting the physical condition and functional utility ratings on the property data characteristics.

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.

Sales Comparison Approach

Although all three of the approaches to value are based on market data, the Sales Comparison Approach is most frequently referred to as the Market Approach. This approach is utilized not only as a primary method for estimating land value but also in comparing sales of similarly improved properties to each parcel on the appraisal roll. Pertinent data from actual sales of properties, both vacant and improved, will be obtained throughout the year in order to analyze relevant information, which is then used in all aspects of valuation. Sales of similarly improved properties can provide a basis for the depreciation schedules in the cost approach, rates and multipliers used in the income approach, and as a direct comparison in the sales comparison approach. Improved sales will also be used in ratio studies, which afford the analyst an excellent means of judging the present level and uniformity of the appraised values.

Based on the market data analysis and review discussed in the cost, income and sales approaches, the cost and income models will be calibrated annually. The calibration results will be keyed to the schedules and models in the PACS system for utilization on all commercial properties in the district.

Income Approach

The income approach to value will be applied to those real properties that are typically viewed by market participants as “income producing”, which are bought and sold based on the property’s ability to produce income, and for which the income methodology is considered a value indicator. The first step in the income approach pertains to the estimation of market rent. This is derived primarily from actual rent data furnished by property owners and local market study publications. This per unit rental rate multiplied by the number of units results in the estimate of potential gross rent.

A vacancy and collection loss allowance is the next item to consider in the income approach. The projected vacancy and collection loss allowance is established from actual data furnished by property owners and local market publications. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. The market derived stabilized vacancy and collection loss allowance is subtracted from the potential gross rent estimate to yield an effective gross rent. A secondary income or service income is calculated as a percentage of stabilized effective gross rent. Secondary income represents parking income, escalations, reimbursements, and other miscellaneous income generated by the operations of real property. The secondary income estimate is derived from actual data collected and available market information. The secondary income estimate is then added to effective gross rent to arrive at an effective gross income or EGI.

Allowable expenses and expense ratio estimates will be based on a study of the local market, with the assumption of “prudent management”. An allowance for non-recoverable expenses such as leasing costs and tenant improvements will be included in the expenses. A non-recoverable expense represents costs that the owner pays to lease rental space. Different expense ratios will be developed for different types of commercial property based on use. For instance, retail properties are most frequently leased on a triple-net basis, whereby the tenant is responsible for his pro-rata share of taxes, insurance and common area maintenance. In comparison, a multi-tenant office building is most often leased on a base year expense stop. This lease type stipulates that the owner is responsible for all expenses incurred during the first year of the lease. However, any amount in excess of the total per unit expenditure in the first year is the responsibility of the tenant. Under this scenario, the total operating expense in year one establishes the base rate. Any increase in expense over the base rate throughout the remainder of the lease term would be the responsibility of the tenant. As a result, expense ratios will be implemented based on the type of commercial property.

Another form of allowable expense is the replacement of short-lived items, such as roof or floor coverings, air conditioning or major mechanical equipment, or appliances requiring expenditures of large lump sums. When these capital expenditures are analyzed for consistency and adjusted, they may be applied on an annualized basis as stabilized expenses.

When performed according to local market practices by commercial property type, these expenses when annualized are known as replacement reserves. Subtracting the allowable expenses (inclusive of non-recoverable expenses and replacement reserves) from the effective gross income yields an estimate of net operating income or NOI.

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

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

cap rate studies conducted by the district using verified sales and income information for that specific property.

Rent loss concessions will be made on specific properties with known vacancy problems. A rent loss concession accounts for the impact of lost rental income while the building is moving toward stabilized occupancy. The rent loss will be calculated by multiplying the rental rate by the percent difference of the property's stabilized occupancy and its actual occupancy. Build out allowances (for first generation space or retrofit/second generation space) and leasing expenses will be added to the rent loss estimate. A leasing expense necessary to bring the property to a stabilized level is also included in this adjustment. The total adjusted loss from these real property operations will be discounted using an acceptable risk rate. The discounted value, inclusive of rent loss due to extraordinary vacancy, build out allowances and leasing commissions, becomes the rent loss concession and will be deducted from the value estimate of the property at stabilized occupancy. A variation of this technique allows that for every year that the property's actual occupancy is less than stabilized occupancy a rent loss deduction may be estimated. Conversely, if a property were consistently above the stabilized occupancy level as of the appraisal date, the market would pay a premium for this situation. In this instance, the present value of the excess income over the stabilized level will be added to the value of the property.

Industrial Real Property

These properties will be valued each tax year by Thos. Y. Pickett and Company and to a lesser extent by the district staff. Industrial properties will typically be valued on a cost approach basis since these properties have a low frequency of being bought and sold in the open market compared to commercial and residential properties. In addition, since these properties are owner occupied, the income approach to value will rarely be applicable to industrial properties. Some special use properties, such as amusement facilities, will be valued in the commercial section. An income approach may be used to value these properties.

Valuation Methods Used:

Cost Approach

The cost approach is most applicable to the valuation of industrial properties. The values will be appropriately adjusted for age and condition and, if warranted, additional adjustment will be made for facility utilization. For example, two facilities making the same or similar products will not necessarily have values close together because one facility may have better efficiencies, which makes that facility worth more in the market. The market's estimation of the worth of a facility will be taken into account since there will rarely be any similar properties available for comparison under the sales or income approaches to value. Cost schedules will be tested to ensure that the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Replacement cost new tables as well as depreciation tables will be tested for accuracy and uniformity using cost data primarily from *Marshall & Swift*.

Sales Comparison Approach

As previously stated, industrial real property does not have a history of being bought and sold with any regularity in the open market. In fact, most industrial facilities remain just as they are, without changing ownership. The few sales of industrial facilities that do occur are not typically used as market sales, because the sales are usually part of a merger or acquisition or liquidation and other assets and intangible considerations are part of the sales price, and are not disclosed. There will usually not be enough verifiable sales of stand-alone industrial properties to have a representative sample of properties to which to compare when valuing industrial properties. Utility properties, such as electric generation, electric transmission, telephone, and cable systems will rarely be sold in the open market on a stand-alone basis. In other words, when a utility sells, it sells as an entire company, not piecemeal assets. The sales comparison approach is not an appropriate method of valuation.

Income Approach

Industrial facilities are rarely valued by the income approach to value since they are usually owner occupied. These facilities are usually general commercial structures built to meet an industrial owner's very specific needs over a certain period of time. In other words, an industrial facility is built for that owner's needs and not built to lease out the facility to another industrial user. There are not enough industrial facilities built by industrial users that are leased out to other industrial users to be a meaningful universe of properties for valuation purposes, if they can be found at all.

Industrial real property valuation analysts consider all three approaches to value to see which approach is most applicable to the property being valued. Usually, the cost approach is most applicable for the reasons previously given, but if there are any commercial properties that are closely similar to the industrial property being valued, then the approach to value for the commercial property is reviewed to see if its method is suitable for the industrial property being examined.

The income approach is the most valid approach to use in valuing utility properties. The reason is that the unit as a whole is being valued and the result apportioned to the component parts of the whole. The worth of this income stream can be compared to other investment opportunities to select the proper capitalization rate to apply to the income stream to estimate the value of the system. The worth of a utility is the income stream the system will generate compared to alternative investments that may have less risk in the market. The capitalization rate that is used to estimate the value of the income stream from the utility will always have a risk component in the capitalization rate. The usual forms of depreciation will be applied to the valuation and any additional consideration for economic issues will be applied. These factors will usually be reflected in the risk portion of the capitalization rate.

Business and Industrial Personal Property

Valuation Methods Used:

Cost Approach

The primary approach to the valuation of business and industrial personal property is the cost approach. Cost schedules will be developed based on Standard Industrial Classification (SIC)

codes. These schedules will be reviewed to conform to changing market conditions, if necessary.

Actual original cost data is used to derive valuation models for specific categories of assets and/or SIC codes. The models indicate a range of values for replacement cost new (RCN) per square foot (or applicable unit).

These model values will be used to estimate the value of new accounts for which no property owner's rendition is filed. They also establish parameters for testing the valuation of property for which prior years' data exist or for which current year rendered information is available. This approach uses RCN, which is developed from property owner reported historical cost or from existing valuation models provided by the Property Tax Division of the State Comptroller's Office.

The percent good depreciation factors will be consistent with the depreciation schedules for furniture, fixtures, and equipment provided by the Property Tax Division of the State Comptroller's Office each year. 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 value estimates using the following formula: $\text{MARKET VALUE ESTIMATE} = \text{RCN} \times \text{PERCENT GOOD FACTOR}$

Sales Comparison Approach

Business personal property is typically sold as part of the business as a whole and not by itself, which makes this approach unsuitable for valuing most personal property. This approach is only suitable for the valuation of certain types of vehicles, heavy equipment, and airplanes. Value estimates for vehicles will be provided by independent sources and are based on data furnished by National Market Reports. These types of properties will be appraised using published market guides such as NADA book values or Aircraft Bluebook Price Digest.

There are not enough known sales of industrial personal property to have a meaningful population of sales for value comparison purposes. This category of personal property is inclusive of all types at a facility, such as furniture, computers, and machinery. It is typical for personal property to be included in the sale of a facility, instead of being sold separately. There may be subsets of personal property that are sold, but that does not provide the sales of all personal property necessary to make value comparisons under the sales approach.

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; except in the case of certain kinds of leased equipment. When reliable data on equipment leases is available, the income approach may be used to estimate fair market value of the equipment.

The income approach is not suitable in the appraisal of industrial personal property because the industrial facility operator in the production of an end service or product is using the personal property. Industrial facilities are not in the business of leasing their personal property to another industrial facility for the production of an end service or product.

Oil and Gas Property

Angelina County Appraisal District contracts with Thos. Y. Pickett & Company to appraise all oil and gas properties annually. See **Attachment**.

Data Collection Validation

Data collection of real property involves maintaining data characteristics of the property on the windows based server using SQL. Which includes characteristics, such as land size and topography, and improvement data, such as square foot of living area, year built, quality of construction, and condition. Field appraisers are required to use a property classification system that establishes uniform procedures for the correct listing of real property. All properties are coded according to a classification system. The approaches to value are structured and calibrated based on this coding system and property description and characteristics. The field appraisers use property classification references during their initial training and as a guide in the field inspection of properties. Data collection for personal property involves maintaining information on software designed to record and appraise business personal property. The type of information contained in the BPP file includes personal property such as business inventory, furniture and fixtures, machinery and equipment, with details such as cost and location. The field appraisers conducting on-site inspections use a personal property classification system during their initial training and as a guide to correctly list all personal property that is taxable. The listing procedure utilized by the field appraisers is available in the district offices. Appraisers periodically update the classification system with input from the valuation group.

The sources of data collection are through property inspection, new construction field effort, data review/relist field effort, data mailer questionnaires, hearings, sales validation field effort, commercial sales verification and field effort, newspapers and publications, and property owner correspondence by mail or via the Internet. A principal source of data comes from building permits received from taxing jurisdictions that require property owners to take out a building permit. Paper permits are received and matched manually with the property's tax account number for data entry. Fee appraisers and realtors in Lufkin area are a reliable source of data for both property description and market sales data. Sales letters mailed to the buyer and the sellers are also very valuable information. Soil surveys and agricultural surveys of farming and ranching property owners and industry professionals are helpful for productivity value calibration. Timber production information is gathered from the Texas Forest Service and furnished by the Comptroller's office. The Texas Railroad Commission is the source for mineral production data and leasing information. Improvement cost information is gathered from local building contractors and Marshall and Swift Valuation Service. Various income and rental surveys are performed by interviewing property managers and operators to determine operating income and expenses for investment and income producing real property.

Data review of entire neighborhoods is generally a good source for data collection. Appraisers inspect entire neighborhoods to review the accuracy of our data and identify properties that have to be relisted. The sales validation effort in real property pertains to the collection of market data for properties that have sold. In residential, the sales validation effort involves onsite inspection by field appraisers to verify the accuracy of the property characteristics and confirmation of the sales price. In commercial, the commercial sales group is responsible for contacting sales participants to confirm sales prices and to verify pertinent data. Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently, the property owner provides reliable data to allow correction of records. The field appraiser rechecks property at an owner's request. As the district has increased the amount of information available on the Internet, property owners have the opportunity to review information on their property and forward corrections. Reappraisal notices notify the owner of a change and provides a good opportunity for review. Property identified in this manner are added to a work file and inspected at the earliest opportunity. Accuracy and validity in property descriptions and characteristics data is the highest goal and is stressed throughout the appraisal process from year to year.

Data Collection Procedures

The appraisers are assigned specific areas throughout the district to conduct field inspections. These geographic areas of assignment are maintained for several years to enable the appraiser assigned to that area to become knowledgeable of all the factors that drive values for that specific area. Appraisers of real estate and business personal property conduct field inspections and record information on real estate cards printed from the appraisal records on all data dealing with the property and allows for the entry of corrections and additions that the appraiser may find in his or her field inspection.

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

Data Maintenance

The computer operator is responsible for the data entry of fieldwork into the computer file. This responsibility includes not only data entry, but also quality assurance. The majority of the data collected in the field is input by computer staff with supervision by the field appraiser. Data updates and file modification for property descriptions and input accuracy is conducted as the responsibility of the field appraiser and appraisal supervisors.

6. The Mass Appraisal Report

Each tax year the Tax Code required mass appraisal report will be prepared and certified by the chief appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th). The mass appraisal report is completed in compliance with USPAP Standard Rule 6-8. The signed certification by the chief appraiser is compliant with USPAP Standard Rule 6-9.

7. Value Defense

The appraisal district, to meet its burden of proof for market value and equity in both informal and/or formal appraisal review board hearings, will rely on data in its possession or data obtained from other sources, as appropriate. Inspection and/or disclosure of evidence and related materials will comply with Section 41.461 of the Property Tax Code. Disclosure of such data will be compliant with statutory confidentiality requirements.

LIMITING CONDITIONS

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

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

Certification Statement:

"I, Tim Chambers, Chief Appraiser for the Angelina County Appraisal District, solemnly swear that I have made or caused to be made a reappraisal plan for Angelina County Appraisal District as required by law."

*Tim Chambers, RPA
Chief Appraiser*

Attachment 1

Calendar of Key Events 2017 and 2018

A calendar of key events is prepared along with a schedule of critical completion dates for each major work area. This calendar identifies all key events for appraisal, clerical, customer service, and information systems.

Detailed Activity Delineation and Scheduling

- Administration & Planning Ongoing
- Public Relations
 - Program Design January - December
 - Program Implementation Ongoing
- Mapping
 - Enhancement Ongoing
 - Maintenance Ongoing
- Data Collection
 - Market/Economic Data January – February
 - Property Characteristics January – February
 - Data Up-date August – February
 - Routing August – November
- Valuation
 - Analysis & Processing October – January
 - Review November – March
- Records & Data Control
 - System Design/Installation Ongoing
 - Scanning/Verification Ongoing
 - Forms Review/Revisions August – February
- Notification April – June
- Hearings May – July
- Implement New Legislation Specific to Bill

Organization and Planning

- Work plan development August – December
- Progress Monitoring/Reporting August – July
- Public Relations January – Ongoing

Data Systems Design

- Hardware and Software Modifications September – January
- Data Collection Forms/Procedures August – December
- Valuation Form/s Procedures August – December
- Research Forms/Procedures August – December
- Internal Control Forms/Procedures August – December

Research and Analysis

- Sales File Development Ongoing
- Documentation Gathering Ongoing
- Cost Schedules/Tables August – January
- Depreciation Guidelines August – January
- Income/Expense Models August – January
- Capitalization/GRM Rate Tables August – January
- Comparable Sales/Models August – January
- Neighborhood Models August – January
- Agricultural Use Value November – January
- Personal Property Models August – January
- Ratio Study Production August – March

Data Collection – New Construction, Splits, and Rechecks

A. Commercial/Industry Property

- Field Worksheet Production August – September
- Field Map Production August
- Training/Orientation August – October
- Parcel Inventory Control August – January
- Document Assemblage/Routing August – September
- Field Data Collection August – January
- Quality Control Ongoing

B. RESIDENTIAL/AGRICULTURAL PROPERTY

- Field Worksheet Production August – October
- Field Map Production August – September
- Training/Orientation August – October
- Parcel Inventory Control Ongoing
- Document Assemblage/Routing August – November
- Field Data Collection August – January
- Quality Control Ongoing

VALUATION/REVIEW

A. LAND

- a. Land Map Production August – September
- Land Value Analysis August – January
- Post Rates August – January
- Field Review September – February
- Quality Control Ongoing

B. COMMERCIAL/INDUSTRIAL/PERSONAL PROPERTY

- Apply Cost and Income Value Models January -February
- Production Sale Listings and Ratios December – March
- Final Review December – February
- Rendition Processing January – April
- Quality Control Reports October – April
- Produce Edit Reports November – April
- Process Corrections Ongoing

C. RESIDENTIAL/AGRICULTURAL PROPERTY

- Apply Cost Tables January
- Production Sale Listings and Ratios December – March
- Apply Comparable Sales Models December – February
- Apply Market Value December – April
- Final Review December – March
- Quality Control Reports October – April
- Produce Edit Reports November – April
- Process Corrections Ongoing

D. NOTIFICATION AND APPEALS

- File Calculations January – February
- File Creation May – June
- Totals Report Production May – June
- Staffing and Orientation March – April
- Notification Process March – June
- Informal Appeals April – July
- Appraisal Review Board May – January

E. REINSPECTION

- Identification and process September – February

JANUARY

1-Jan thru 31-Jan

- Continue field work relating to reappraisal and inspection of identified properties.
- Continue reappraisal of portions of rural land and subdivisions.
- Continue discovery of new improvements.
- Continue personal property discovery.
- Continue commercial property discovery.
- Collect, verify and process sales information.
- Collect, verify and process income and expense information.
- Conduct ratio studies on entire market.
- Update appraisal manuals.
- Update cost schedules.
- Mail renditions.
- Mail Agricultural Use applications to new owners and to owners with questionable eligibility.
- Mail exemption applications for new owners.
- Mail Agriculture surveys.
- Publish legal requirements for electronic notices/protest.
- 1-Jan
 - Date that current year taxable values and qualifications for certain exemptions are determined (except for inventories appraised September 1) (Secs. 11.42, 23.01,23.12).
 - Date that members of county appraisal district (CAD) boards of directors begin two year terms; half of members begin two-year terms if the CAD has staggered terms(Secs. 6.03, 6.034).
 - Date that half of appraisal review board (ARB) members begin two-year terms (Sec. 6.41).
 - Complete employee evaluations.
- 2-Jan
 - Date rendition period begins; continues through April 15 for those property owners not requesting a filing extension (Sec. 22.23).
 - 15-Jan(on or about)
 - Board of Director's meeting third Thursday of the month
- 22-Jan
 - Elections of ARB Officers and review of procedures.
 - All required publications in paper
 - Recommendations of Officers by ARB members for Board of Directors
 - Review ARB procedures.
- 31-Jan
 - Deadline for Texas Comptroller's current year preliminary Property Value Study (PVS) findings to the Texas Education Commissioner and each school district (Government Code Sec. 403.302).

- Last day for chief appraiser to deliver applications for agricultural designation and exemptions requiring annual applications (Secs. 11.44, 23.43).
- Last day for appraisal district to give public notice of capitalizations used to appraise property with low and moderate-income housing exemption (Sec. 11.1825).

FEBRUARY

- 1-Feb thru 28-Feb
 - Continue field work relating to reappraisal and inspection of identified properties.
 - Continue reappraisal of portions of rural land and subdivisions.
 - Continue discovery of new improvements.
 - Continue personal property discovery.
 - Continue commercial property discovery.
 - Collect, verify and process sales information.
 - Collect, verify and process income and expense information.
 - Conduct ratio studies on sub-markets.
 - Send PTAD sales submission.
 - Publish legal requirements for filing rendition statements and availability of forms (Sec. 22.21).
 - Schedule ARB Training.
- 1-Feb
 - Normal deadline for 25.25d (one third) and 41.411 (failure to give notice) protests.
 - Last day for motor vehicle, boat and outboard motors, heavy equipment and manufactured housing dealers to file dealer's inventory declarations (Secs. 23.121, 23.124, 23.1241, 23.127).
 - Deadline for a chief appraiser to provide notice regarding the availability of agreement forms authorizing electronic communication, on or before this date (or as soon as practicable) if delivering the form (Sec. 1.085).
- 28-Feb
 - Last day to request separate appraisal for interest in a cooperative housing corporation (Sec. 23.19).

MARCH

- 1-Mar thru 31-Mar
 - Continue field work relating to reappraisal and inspection of identified properties.
 - Continue reappraisal of portions of rural land and subdivisions.
 - Continue discovery of new improvements.
 - Continue personal property discovery.
 - Continue commercial property discovery.
 - Collect, verify and process sales information.
 - Collect, verify and process income and expense information.

- Continue ratio studies on sub-markets.
- Determine neighborhood adjustments.
- Conclude schedule changes.
- 19-Mar (on or about)
 - Board of Director's meeting third Thursday of the month.
 - Board action regarding Notices of Appraised Value mail out (Sec. 25.19 (e)).
- 31-Mar
 - Last day for taxing units' second quarterly payment for CAD budget (Sec. 6.06).
 - Last day for cities to report information regarding reinvestment zones and tax increment financing to Texas Comptroller (Sec. 311.019).
 - Last day for qualified community housing development organizations to file listing of property acquired or sold during past year with the chief appraiser (Sec. 11.182).

APRIL

- 1-Apr thru 30-Apr
 - Conclude field work relating to reappraisal and inspection of identified properties.
 - Conclude reappraisal of rural land and subdivisions.
 - Conclude discovery of new improvements.
 - Conclude personal property discovery.
 - Conclude commercial property discovery.
 - Collect, verify and process sales information.
 - Collect, verify and process income and expense information.
 - Begin informal hearings with property owners and agents.
 - Schedule Budget Workshop.
 - Bids for Bank Depository every two years.
 - Publish legal requirements for filing protest (Secs. 41.41, 41.70).
- 1-Apr
 - Last day (or as soon as possible) for the chief appraiser to mail notices of appraised value for single-family residence homestead properties (Sec. 25.19).
 - Last day for property owners to file exemption application for vehicle used for personal and income-producing activities (Sec. 11.253).
 - Last day for the chief appraiser to notify the taxing units of the form in which the appraisal roll will be provided to them (Sec. 26.01).
- 15-Apr
 - Last day for property owners to file renditions and property information reports unless they request a filing extension in writing (Sec. 22.23).
 - Board of Director's meeting third Tuesday of the month.
 - Audit report.
- 30-Apr
 - Last day for property owners to file these applications or reports with the CAD:
 - Some exemptions 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, timberland, restricted-use timberland, recreational-park-scenic land and public access airport property (Secs. 23.43, 23.54, 23.75, 23.84, 23.94, 23.9804);
- Railroad rolling stock reports (Sec. 24.32);
- Requests for separate listings 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 separately-owned standing timber and land (Sec. 25.10);
- Requests for separate listing of undivided interest (Sec. 25.11); and
- Requests for joint taxation of separately owned mineral interest (Sec. 25.12).
- Last day for the 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 30th day after notice of appraised value is delivered, whichever is later) in connection with properties that are single-family residence homesteads; however, a property owner may file a protest before June 1 if the ARB has not approved the appraisal records (Sec. 41.44).

MAY

- 1-May thru 31-May
 - Collect, verify and process sales information.
 - Collect, verify and process income and expense information.
 - Continue informal hearing with property owners and agents.
 - Appraisal Review Board (ARB) meeting as needed on Tuesdays and Thursdays.
 - Publish legal requirements for filing protests.
- 1-May
 - Last day (or as soon as possible) for the chief appraiser to mail notices of appraised value for properties other than single-family residence homesteads (Sec. 25.19).
- 1-May thru 14-May
 - Period to file resolutions with chief appraiser to change CAD finance method (Sec. 6.061).
- 1-May thru 15-May
 - Period when chief appraiser must publish notice about taxpayer protest procedures in a local newspaper with general circulation (Sec. 41.41, 41.70).

- 15-May
 - Last day for property owners to file renditions and property information reports if they requested in writing an extension. For good cause, chief appraiser may extend this deadline another 15 days (Sec. 22.23).
 - Last day (or as soon as possible) for chief appraiser to mail notices of appraised value, denial of exemptions, denial of special appraisal and notices of overlapping appraisal districts (Secs. 6.025, 11.45, 23.57, 23.79, 23.85, 23.95, 23.9805, 25.19).
 - Date (or as soon as practicable) for chief appraiser to prepare appraisal records and submit to ARB (Secs. 25.01, 25.22).
- 19-May
 - Last day for chief appraiser to determine whether a sufficient number of eligible taxing units filed resolutions to change CAD's finance method (Sec. 6.061).
- 21-May (on or about)
 - Board of Director's meeting third Thursday of month.
 - Budget workshop.
- 24-May
 - Last day for chief appraiser to notify taxing units of change in the CAD's finance method (Sec. 6.061).
- 28-May
 - Appraisal Review Board (ARB) meeting.
- 31-May
 - Last day for property owners to file protest with ARB (or by 30th day after notice of appraised value is delivered, whichever is later)(Sec. 41.44).
 - Last day for taxing units to file challenges with ARB (or within 15 days after ARB receives appraisal records, whichever is later)(Sec. 41.04).
 - Last day for religious organizations to amend charters and file new applications for Sec. 11.20 exemption (or within 60 days of exemptions denial, whichever is later)(Sec. 11.421).

JUNE

- 1-June thru 30-June
 - Collect, verify and process sales information.
 - Collect, verify and process income and expense information.
 - Continue informal hearing with property owners and agents.
 - Appraisal Review Board (ARB) meeting as needed on Tuesdays and Thursdays.
- 14-June
 - Last day for chief appraiser to submit recommended budget to CAD board and taxing units (unless taxing units have changed CAD's fiscal year)(Sec. 6.06).
- 16-June
 - Beginning date that CAD board may pass resolution to change CAD finance method, subject to taxing units' unanimous approval. Period ends before August 15, (Sec. 6.061).

- 18-June
 - Board of Director's meeting third Thursday of the month.
 - Select depository (two years) odd number years only
 - Evaluate Chief Appraiser.
- 30-June
 - Last day for taxing units' third quarterly payment for CAD budget (Sec. 6.06).
 - Last day to form a taxing unit to levy current year property taxes (Sec. 26.12).
 - Last day for taxing units to adopt local option percentages homestead exemptions (Sec. 11.13).
 - Last day for private schools to amend charters and file new applications for Sec. 11.21 exemption (or within 60 days of exemptions denial, whichever is later)(Sec. 11.422).
 - Last day for CADs to report formation of reinvestment zones and tax abatement agreements to the Texas Comptroller (Sec. 312.005).

JULY

- 1-July thru 31-July
 - Collect, verify and process sales information.
 - Collect, verify and process income and expense information.
 - Conclude informal hearing with property owners and agents.
 - Appraisal Review Board (ARB) meeting as needed on Tuesdays and Thursdays.
- 1-July
 - Last day for review and protests of appraisals of railroad rolling stock values (or as soon as practicable); once the appraised value is approved, the chief appraiser certifies to the Comptroller the allocated market value (Secs. 24.35, 24.36)
- 16-July
 - Board of Director's meeting third Thursday of the month.
 - Award audit contract (two year) even number years only
- 20-July
 - Date ARB must approve appraisal record, but may not do so if more than 5 percent of total appraised value remains under protest (Sec. 41.12).
- 25-July
 - Last day for the chief appraiser to certify appraisal roll to each taxing unit (Sec. 26.01).
 - Last day for Texas Comptroller to certify apportionment of railroad rolling stock value to counties, with supplemental records after that date (Sec. 24.38).
- 31-July
 - Last day for property owners to apply for September 1 inventory appraisal for next year (Sec. 23.12).

AUGUST

- 1-Aug thru 31-Aug
 - Commence field work relating to reappraisal and inspection of identified properties.

- Commence reappraisal of portions of rural land and subdivisions.
- Commence discovery of new improvements.
- Commence personal property discovery.
- Commence commercial property discovery.
- Collect, verify and process sales information.
- Collect, verify and process income and expense information.
- Appraisal Review Board meeting as needed on Tuesdays and Thursdays.
- EARS submission to PTAD.
- Sales submission to PTAD.
- Adopt Appraisal District budget.
- Approve reappraisal plan (Sec. 6.05i), even number years only.
- 14-Aug
- 15-Aug (on or about)
 - Board of Director's meeting third Thursday of the month.
 - Last day for CAD board to pass resolution to change number of directors, method for appointing both, and deliver to each taxing unit (Sec. 6.031).
 - Last day for CAD board to pass resolution to change CAD finance method, subject to taxing unit's unanimous consent (Sec. 6.061).
- 15-Aug
 - Deadline for Texas Comptroller to certify final PVS findings to Education Commissioner and each school district (Comptroller Rule Sec. 9.4317).
- 31-Aug
 - Last day for property owner to give correct address to CAD in writing for tax bill; penalties and interest waived if bill not sent to correct address 21 days before delinquency date (Sec. 33.011).
 - Last day taxing units may file resolutions with the CAD board to oppose proposed change in the CAD finance method (Sec. 6.061).
 - Last day for taxing unit entitled to vote for appointment of CAD directors to file a resolution opposing a change by the CAD board in selection of directors (Sec. 6.031).

SEPTEMBER

- 1-Sept thru 30-Sept
 - Continue field work relating to reappraisal and inspection of identified properties.
 - Continue reappraisal of portions of rural land and subdivisions.
 - Continue discovery of new improvements.
 - Continue personal property discovery.
 - Continue commercial property discovery.
 - Collect, verify and process sales information.
 - Collect, verify and process income and expense information.
 - Review Mineral Utility Contract.
 - Review Auditors Contract.

- 1-Sept
 - Current year taxable value may be determined as of this date, at property owner's written option (Sec. 23.12).
- 14-Sept
 - Last day for CAD board to adopt next year budget unless district has changed its fiscal year (Sec. 6.06).
 - Last day for CAD board to notify taxing units in writing if a proposal to change a finance method by taxing units' unanimous consent has been rejected (Sec. 6.061).
 - Last day for CAD to notify taxing units in writing if a proposal to change number or method of selecting CAD directors is rejected by a voting taxing unit (Sec. 6.031).
- 16-Sept (on or about)
 - Board of Director's meeting third Thursday of the month.
 - Review Board of Director's election process.
- 30-Sept
 - Last day for taxing units' fourth quarterly payment for CAD budget (Sec. 6.06).

OCTOBER

- 1-Oct thru 31-Oct
 - Continue field work relating to reappraisal and inspection of identified properties.
 - Continue reappraisal of portions of rural land and subdivisions.
 - Continue discovery of new improvements.
 - Continue personal property discovery.
 - Continue commercial property discovery.
 - Collect, verify and process sales information.
 - Collect, verify and process income and expense information.
 - Date (1st) tax assessor mails current year tax bills (or soon after)(Sec. 31.01).
 - Board of Director's meeting third Thursday of the month.
 -

November

- 1-Nov thru 30-Nov
 - Continue field work relating to reappraisal and inspection of identified properties.
 - Continue reappraisal of portions of rural land and subdivisions.
 - Continue discovery of new improvements.
 - Continue personal property discovery.
 - Continue commercial property discovery.
 - Collect, verify and process sales information.
 - Collect, verify and process income and expense information.

- Prepare Allotment Letters.
- 18-Nov
- 18-Nov (on or about)
 - Board of Director's meeting third Thursday of the month.
 - Award Utility/Mineral appraisal contract (two year), odd number years only.
 - Nominate/Consider ARB and Ag Board members.

DECEMBER

- 1-Dec thru 31-Dec
 - Continue field work relating to reappraisal and inspection of identified properties.
 - Continue reappraisal of portions of rural land and subdivisions.
 - Continue discovery of new improvements.
 - Continue personal property discovery.
 - Continue commercial property discovery.
 - Collect, verify and process sales information.
 - Collect, verify and process income and expense information.
 - Time when chief appraiser may conduct a mail survey to verify homestead exemption eligibility (Sec. 11.47).
- 17-Dec(on or about)
 - Board of Director's meeting third Thursday of the month.
 - Appoint ARB and Ag Boards.
- 31-Dec
 - Last day for taxing units' first quarterly payment for CAD budget (Sec. 6.06).

Attachment 2

2017 – 2018 REAPPRAISAL AREAS

ACAD appraisers will conduct inspections of the following areas in the reappraisal ISD's and Regions based on certification totals. This inspection will involve single family residential, multi-family residential, vacant lots, commercial, utilities, and personal property.

School District	2017	2018
Central ISD	Region 5, 7, & 8	Region 5
Hudson ISD	Region 6 & 8	Region 6
Huntington ISD	Region 9 & 10	Region 12
Zavalla ISD	Region 11	Region 11, 7 & 12
Lufkin ISD	Region 3,4	Region 1 & 2
Diboll ISD	Regions 7 & 13	Region 3 & 8

Regions are identified as the following:

Region 1 City of Lufkin South

Starting at Lufkin City Limits and Ford Chapel and going west on Ford Chapel to Lufkin Ave and west on Lufkin Ave to Frank St and west of Frank St to Raguet and west on Raguet to Lufkin City Limits and going south with Lufkin city Limits to FM 1194 and south on FM 1194 to Hudson City Limits . Following Hudson city Limits west and south to 94 cross 94 and follow Hudson city limits south and east to Lufkin city limits, then south, east and west with Lufkin city limits to point of beginning.

Region 2 City of Lufkin North

Starting at Lufkin City Limits and Ford Chapel and going west on Ford Chapel to Lufkin Ave and west on Lufkin ave to Frank St and west of Frank St to Raguet and west on Raguet to Lufkin City Limits and going north with Lufkin city Limits to the point of beginning.

Region 3 East and South of City of Lufkin

Starting at Lufkin City Limits and Ford Chapel and going south and west with Lufkin's City Limits to City of Burke then going west south of the airport and west of Fm 58 and south to Cotton Thompson Rd. Then east with cotton Thompson Rd to the Lufkin, Huntington ISD line. Then North with the Lufkin Huntington Line to US Hwy 69. Then West on US hwy 69 to FM 326 Then North on FM 326 to Lowery's property Then North and east with Lowery's property to FM 1475. Then east to just west of Mill Creek Rd. Then North and east to Hwy 103. Then West with Hwy 103 to City of Lufkin. Then south with city of Lufkin to point of beginning.

Region 4 North and West of Lufkin

Starting at City Limits of Lufkin and Mill Creek close to Loop 287. Thence Northeast with mill creek about 1 mile then North with the west boundary line of the large acreage tracts to FM2021. Then north and west with FM 2021 to US Hwy 59 North of Lufkin. Then North with US

Hwy 59 to River Bottom then east and south with River Bottom and Lake Front Property to State Hwy 103 East of Lufkin. Then west with 103 to City of Lufkin.

Region 5 Central ISD

Central ISD North of FM 2021

Starting at the intersection of FM 2021 and US 59 N (Redland) then North with US Hwy 59 to River Bottom then West and north River Bottom and to Angelina and Cherokee County Line. Then south and west with the County Line to the Neches River Bottom. Then with the Neches River Bottom to Jack Creek Bottom. Then North thru Jack Creek Bottom to 103 West of Lufkin. Then East/ SE with 103 to FM 2012 back east to US 59 N.

Region 6 Hudson ISD

Starting at Hwy 103 West and City of Lufkin. Then West on Hwy 103 to the Start of Jack Creek Bottom then South thru Jack Creek Bottom to Start of River Bottom. Then south with River bottom to crossing Hwy 94 South about $\frac{3}{4}$ of a mile then east to the City of Hudson Water treatment plant and the Hudson City Limits. Then north and East with City of Hudson to FM 1194. Then North and East with 1194 to City Limits Of Lufkin. Then north with Lufkin City Limits to point of beginning.

Region 7

Starting at the Huntington and Zavalla School line with the Lake Front Property. Then South with the Lake Front Property to Angelina National Forrest (US Forrest Service land). Then West/SW following abstract lines around the sparsely populated areas south of Zavalla City limits continuing on to the end of FM 1270 then Northeast to the end of FM 844 and on to ward FM 1818 towards Diboll shadowing FM 1818 around the City of Diboll and back to Region 3 south line back East to Region 12 South line to point of beginning

Region 8

River Bottom Land on the Neches and Angelina River.

Region 9

Lake Front Property from Hanks Creek Park south to Jasper County line.

Region 10 Lake Property

From Property from Hanks Creek Park north to Marion's Ferry.

Region 11 Zavalla City

City of Zavalla

Region 12 Huntington School

Starting at Lake Rayburn and Huntington and Zavalla ISD boundary line. Then southwest following Huntington's boundary Line to FM 1818. Then west with FM 1818 to Huntington and Lufkin Isd boundary line. Then north with Lufkin and Huntington boundary line to US Hwy 69. Then West on US hwy 69 to FM 326 Then North on FM 326 to Lowery's property. Then North

and east with Lowery's property to FM 1475. Then east to just west of Mill Creek Rd. Then North and east to Hwy 103. Then east with Hwy 103 to Lake Rayburn. Then south with lake front property to Point of Beginning.

Region 13 Diboll Burke
Property in the City of Diboll and city of Burke.

Region 14 Huntington City
City of Huntington

Region 15 Northwest Lufkin
From Loop 287 to FM 2021 Mainly Central ISD
Starting at City Limits of Lufkin and Mill Creek close to Loop 287 Thence Northeast with mill creek about 1 mile then North with the west boundary line of the large acreage tracts to FM2021 . Then north and west with FM 2021 to US Hwy 59 North of Lufkin.

Region 16
Rural Zavalla ISD to Rural Diboll ISD
Starting at the State HWY 147 highway at National Forrest (US Forrest Service Land) then south with County Line to Neches River Bottom. Then North with the Neches River Bottom to Region 7 line just east of Diboll. Then west following Region 7 line back to point of beginning.

These sixteen districts will be used to apply rural land schedules. The region designations are evolving as data is confirmed after collection. The regions will expand as rural land analysis dictates or merge if market data indicates the necessity to do so.

The 2017 reappraisal will involve the inspection of approximately 25,000 real property accounts in the reappraisal ISDs, based on 2016 certification totals. Additionally, ACAD appraisers will inspect approximately 3,000 real property accounts in the remaining five ISDs due mainly to new improvements and permit activity.

ACAD appraisers will also be responsible for inspecting and maintaining all business personal property records, inspecting land designated for special agricultural valuation, inspecting land where the property owner has applied for special agricultural valuation, and administering special inventory valuations.

This effort will be conducted beginning in 2017 to April 1, 2018. Field work and re-inspections will be substantially complete by January 1, 2019, allowing sufficient time for market area analysis and schedule updates from January 1 to April 1. The time period of May 1 to July 25, 2017 will be reserved for property owner protests. ACAD typically has 6,000-8,000 property owner protests annually. Most are resolved informally with approximately 1,000 resulting in formal hearings before the Appraisal Review Board.

The 2017 reappraisal will involve the inspection of approximately 28,000 real property accounts in the reappraisal ISDs, based on 2016 certification totals. Additionally, ACAD appraisers will inspect approximately 3,000 real property accounts in the remaining eight ISDs due mainly to new improvements and permit activity.

ACAD appraisers will also be responsible for inspecting and maintaining all business personal property records, inspecting land designated for special agricultural valuation, inspecting land where the property owner has applied for special agricultural valuation, and administering special inventory valuations.

This effort will be conducted beginning in 2017 to April 1, 2018. Field work and re-inspections will be substantially complete by January 1, 2019, allowing sufficient time for market area analysis and schedule updates from January 1 to April 1. The time period of May 1 to July 25, 2017 will be reserved for property owner protests. ACAD typically has 3,000-4,000 property owner protests annually. Most are resolved informally with approximately 1000 resulting in formal hearings before the Appraisal Review Board.

Attachment 3: Thos. Y. Pickett and Company Reappraisal Plan

Attachment 4: Map of county identifying each market segment

Attachment 5: List of staff providing significant mass appraisal assistance to the chief appraiser