

**KIMBLE CENTRAL APPRAISAL DISTRICT**

**PLAN FOR PERIODIC REAPPRAISAL**

**2017/2018**

## Table of Contents

Item:	Page:
INTRODUCTION	4
TAX CODE REQUIREMENT	6
REVALUATION DECISION	8
Tax Year 2017	
Tax Year 2018	
PERFORMANCE ANALYSIS	11
Ratio Study Results	
Appraisal Accuracy	
Appraisal Uniformity	
ANALYSIS OF AVAILABLE RESOURCES	12
Staffing for Reappraisal Year	
Proposed Budget for 2017	
Pritchard & Abbott, Inc. Contract Services	
Existing Practices	
Information Systems (IS) Support	
Existing Data and Maps	
PLANNING AND ORGANIZATION	13
Calendar of Key Events – 2017	
Calendar of Key Events – 2018	
Performance Objectives	
Production Standards for Field Activities	
MASS APPRAISAL SYSTEM & PROCESSES	13
Forms and Procedures	
CAMA System Revisions as Required	
DATA COLLECTION REQUIREMENTS	15
New Construction	
Remodeling	

Re-inspection of Problematic Markets  
Re-inspection of Universe of Properties on Specific Cycles  
Verification of Sales Data and Property Characteristics

<b>PILOT STUDY BY TAX YEAR</b>	<b>16</b>
Test New/Revised Mass Appraisal Methods	
Ratio Studies by Market Category	
Test Accuracy and Reliability in Market Areas	
<b>VALUATION BY TAX YEAR</b>	<b>16</b>
Market Analysis	
Model Development	
Model Calibration	
Calculation of Preliminary Values	
Test Values for Accuracy and Uniformity	
<b>VALUE DEFENSE</b>	<b>16</b>
Informal Appeals	
Formal Appeals	
Burden of Proof Evidence for Market Value and Equity	
<b>THE WRITTEN REAPPRAISAL PLAN</b>	<b>17</b>
Planning a Reappraisal	
Steps in a Reappraisal	
Kimble Central Appraisal District Plan: 2017/2018	

## INTRODUCTION

### Scope of Responsibility

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

The Kimble Central Appraisal District (CAD) is a political subdivision of the State of Texas created pursuant to Section 6.01 Texas Property Tax Code. 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 Kimble 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 6 jurisdictions or taxing units in the district. Each taxing unit, such as the county, city, school district, 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. The appraisal district also determines the eligibility of various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, charitable or religious organizations and agricultural productivity valuations.

Except as otherwise provided in the Texas Property Tax Code, all taxable property is appraised at its "market value" as of January 1<sup>st</sup>. Under the tax code, "market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

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

The Texas Property Tax Code, under Sec. 25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. The district's current policy is to conduct a general reappraisal of taxable property every year. Appraised values are reviewed annually and are subject to change. Business personal properties, minerals and utility properties are appraised every year.

The appraised value of real estate is calculated using specific information about each property. Using

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

## **TAX CODE REQUIREMENT**

### **Sec. 6.05. Appraisal Office.**

- (a) Except as authorized by Subsection (b) of this section, each appraisal district shall establish an appraisal office. The appraisal office must be located in the county for which the district is established. An appraisal district may establish branch appraisal offices outside the county for which the district is established.
- (b) The board of directors of an appraisal district may contract with an appraisal office in another district or with a taxing unit in the district to perform the duties of the appraisal office for the district.
- (c) The chief appraiser is the chief administrator of the appraisal office. The chief appraiser is appointed by and serves at the pleasure of the appraisal district board of directors. If a taxing unit performs the duties of the appraisal office pursuant to a contract, the assessor for the unit is the chief appraiser.
- (d) The chief appraiser is entitled to compensation as provided by the budget adopted by the board of directors. He/She may employ and compensate professional, clerical, and other personnel as provided by the budget.
- (e) The chief appraiser may delegate authority to his/her employees.
- (f) The chief appraiser may not employ any individual related to a member of the board of directors within the second degree by affinity or within the third degree by consanguinity, as determined under Chapter 573, Government Code. A person commits an offense if the person intentionally or knowingly violates this subsection. An offense under this subsection is a misdemeanor punishable by a fine of not less than \$100 or more than \$1,000.
- (g) The chief appraiser is an officer of the appraisal district for purposes of the nepotism law, Chapter 573, Government Code. An appraisal district may not employ or contract with an individual or the spouse of an individual who is related to the chief appraiser within the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code.
- (h) The board of directors of an appraisal district by resolution may prescribe that specified actions of the chief appraiser relating to the finances or administration of the appraisal district are subject to the approval of the board.
- (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. A notice will be published in the newspaper no later than the 10<sup>th</sup> day before the hearing. In addition, 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 for 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.

### **Sec. 25.18. Periodic Reappraisals.**

(a) Each appraisal office shall implement a 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 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 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**

According to the Texas Property Tax Code Section 25.18, the plan shall provide for the following reappraisal activities all real and personal property in the district at least once every three years. The Kimble CAD is located in an area known as the Texas Hill Country. This area has experienced significant increases in the market value of properties since the early 1990's. To maintain the level of appraisal accuracy within the district 2017 and 2018 will be reappraisal years.

## APPRAISAL RESPONSIBILITIES

The field appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of real and personal property by any method requires a comprehensive physical description of personal property, and land and building characteristics. This appraisal activity is responsible for administering, planning and coordinating all activities involving data collection and maintenance of all commercial, residential and personal property types located within the boundaries of the Kimble Central Appraisal District. The data collection effort involves the field inspection of real and personal property accounts, as well as data entry of all data collected into the existing information system. The goal is to periodically field inspect residential, commercial, and personal properties in the district every third year. The appraisal opinion of value for all property located in the district is reviewed and evaluated each year.

### Appraisal Resources

**Personnel** - The district has three employees registered as appraisers (RPA) with the Board of Tax Professional Examiners.

*Data - The data used by field appraisers includes the existing property characteristic information contained in PACS Appraisal (Property Appraisal and Collection System), a computer assisted mass appraisal system) from the district's computer system. The district currently uses True Automation for its PACS software system. The data is printed on an appraisal card, or personal property data sheets. Other data used includes maps, sales data, fire and damage reports, building permits, photos and actual cost and market information. Sources of information are gathered using excellent reciprocal relationships with other participants in the real estate market place. The district cultivates sources and gathers information from both buyers and sellers participating in the real estate market.*

### Appraisal Frequency and Method Summary

**Residential Property-** Residential property is physically examined every three years with appraisers inspecting 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 and neighborhoods where change of condition is frequent, homes are examined annually. Exterior pictures are taken of homes upon inspection. Every subdivision and neighborhood is statistically analyzed annually to ensure that sales that have occurred in the subdivision during the past 12 months are within an acceptable range of appraised value. If the sales do not indicate that range, adjustments are made to the subdivision and neighborhood using a process outlined in detail in the Residential Appraisal section of this report. Since there is no zoning in the city the CAD cannot single out properties by specific zone characteristics.

**Commercial Property-** Commercial and industrial real estate is observed annually to verify class and condition. Real estate accounts are analyzed against sales of similar properties within the Kimble CAD as well as similar communities in the Hill Country of Texas that have similar economies. 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.

**Farm and Ranchland** – Farm and Ranchland property is physically examined every three years with appraisers inspecting each property, noting condition of the improvement and looking for changes that might have occurred to the property since the last on-site check. For ag use property, land will be classified to use and examined to determine if intensity is sufficient to continue receiving the benefit of as productivity value. In some subdivisions and neighborhoods where change of condition is frequent, homes are examined annually. Exterior pictures are taken of homes upon inspection. Every subdivision and neighborhood is statistically analyzed annually to ensure that sales that have occurred in the subdivision during the past 12 months are within an acceptable range of appraised value. If the sales do not indicate that range, adjustments are made to the subdivision and neighborhood using a process outlined in detail in the Residential Appraisal section of this report.

**Business Personal Property**- Business personal property is appraised annually. Every business is required by state law to file a rendition of their property used to produce income. Similar businesses to a subject are analyzed annually to determine consistency of appraisal per square foot. Businesses are categorized using NAICS codes. Rendition laws provide additional information on which to base valuations of all business personal property accounts. Various discovery publications such as the Court Reporter and state sales tax listings are used to discover personal property. Field appraisers collect data via an annual field drive-out. This project results in the discovery of new businesses not revealed through other sources. Tax assessors, city and local newspapers, and the public often provide the district information regarding new personal property and other useful facts related to property valuation.

**Minerals**- The Kimble CAD has contracted with Pritchard and Abbott Inc., to appraise mineral accounts. Please see attached plan for more information.

**Utilities and Pipelines**- The Kimble CAD have contracted with Pritchard and Abbott Inc. to appraise utility and pipeline companies. Please see attached plan for more information.

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

The Kimble CAD, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises all property in the district yearly. Each property within the District is physically inspected and/or statistically evaluated which is determined to be a complete appraisal of all properties in the district. Therefore, tax years 2017 and 2018 are both determined to be reappraisal year.

Kimble CAD has overlapping properties with Mason and Gillespie counties. The Kimble CAD does not extend into any other counties; both overlaps occur due to school districts overlapping into Kimble County. As per HS 1010, each county will appraise the property in their county. Harper ISD and Mason ISD use Kimble County valuation for the overlapping property.

House Bill 1010, which was passed during the recent legislative session, requires appraisal district boundaries to be the same as county portions of taxing jurisdictions that overlap county boundaries will receive property values from a different appraisal district than in past years.



## **PERFORMANCE ANALYSIS:**

Performance Analysis – the equalized values from the previous tax year are analyzed with ratio studies of the current market to determine the appraisal accuracy and appraisal uniformity overall, and by market area, within property reporting categories. Ratio studies are conducted in compliance with the current *Standard on Ratio Studies* of the International Association of Assessing Officers. Ratio Studies are done before the appraisal year starts in October and in March through April when the appraisal year ends. Mean, median, and weighted ratios are calculated for properties in reporting categories to measure the level of appraisal accuracy. The median ratio is calculated in each reappraised category to indicate the level of appraisal accuracy by property reporting category. In 2017, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. Likewise, in 2017, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. In 2017 and 2018, any reporting category that may have been previously excluded from reappraisal, due to lack of data, will be readdressed. If sufficient market data has been discovered and verified, the category will be tested and analyzed to arrive at an indication of uniformity or equity of existing appraisals.

## **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 of the Kimble Central Appraisal District, and is attached to this written biennial plan for reference. This reappraisal plan may be adjusted as needed to reflect the available staffing in tax year 2017 and anticipated staffing for tax year 2018. Budget restraints can impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2017 - 2018 time period.

The Board of Directors of the Kimble Central Appraisal District has contracted with Pritchard & Abbott, Inc to provide personnel and expertise towards the completion of the appraisal of Mineral, Industrial, Utilities, and related Personal Property including all field work, data analysis, and taxpayer protest portions of the reappraisal plan. See attached contract and P&A booklet outlining its reappraisal plan for further detail.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current. Real property appraisal value tables are tested against verified sales data to ensure they represent current market data. Personal property values are evaluated and analyzed based on renditions, prior year documentation, and inspections. The Comptroller's Guide is utilized to appraise new and/or undocumented personal property and for verification purposes.

## **PLANNING AND ORGANIZATION:**

A calendar of key events with critical completion dates is prepared for each area of work. This calendar identifies key events for appraisal, clerical, customer service, and information systems. A calendar is prepared for tax years 2017 and 2018. Production standards for field activities are calculated and incorporated in the planning and scheduling process.

The projected dates incorporated into the calendar may be adjusted within the overall plan due to unforeseen changes in staffing, budgetary constraints, weather, and/or reevaluation of the priorities of the projects within the plan.

Periodic and concurrent examination of production standards, goals, and progress in the plan may very well require adjustments to the on-going plan or to the plan for the succeeding year(s). The CAD and the Chief Appraiser, together with the field staff provided by Pritchard and Abbott, Inc., will work together closely to identify issues that may affect the successful completion of the on-going plan and to resolve them.

## **MASS APPRAISAL SYSTEM:**

### **INFORMATION TECHNOLOGY RESOURCES**

The district utilizes a main computer system provided by True Automation Technologies, True Automation's Property Appraisal & Collections System (PACS) to maintain all of the real, personal and mineral properties. This software resides on a DELL POWEREDGE R300 JOB SERVER. This computer is accessed by individual workstations on Dell PC's on a local network on a DELL POWEREDGE 2900 SERVER. TA PACS maintains an individual property account with all information require by the Tax Code, such as; owner name, legal description, physical, legal and economic attributes. This system also allows the district to produce ratio studies and appraisal uniformity tests on demand.

The district also utilizes True Automation to maintain a set of property maps. This software allows for tracking of property ownership, roads, aerial photography, water influence, and topography. This software is very beneficial in locating property and analyzing the uniformity of appraisal. **The mapping is 95% complete.**

### **Real Property Valuation**

Revisions to cost models, income models, and market models are specified, updated, and tested each tax year, as information is available.

Value schedules are tested with market data (sales) to insure that the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Value tables, as well as depreciation tables, are tested for accuracy and uniformity using ratio study tools and compared with cost data from recognized industry leaders, such as Marshall & Swift as necessary.

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

### **Personal Property Valuation**

Valuation procedures are reviewed modified as needed, and tested. The latest edition of the Comptroller's Guide is utilized, as necessary, in the appraisal of personal property in the district.

### **Noticing Process**

25.19 appraisal notice forms are processed by the CAD utilizing True Automation PACS system and are then mailed from an outside vendor. Laser Printers in San Antonio provided this service in 2012 and are expected to continue providing this service in the coming years. Updates to appraisal notices are provided by True Automation as a part of its paid maintenance.

The district publishes, in the local newspaper, information about the notices and how to protest. The district makes available the latest copy of the Comptroller's pamphlet *Taxpayer's Rights, Remedies, and Responsibilities*.

### **Hearing Process**

Protest hearing scheduling for informal and formal Appraisal Review Board hearings is reviewed and updated as required. Standards of documentation are reviewed and amended as required. The appraisal district hearing documentation is reviewed and updated to reflect the current valuation process and requirements.

### **DATA COLLECTION REQUIREMENTS:**

Field and office procedures are reviewed and revised as required for data collection. Projects for each tax year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties on a specific cycle, and office (or field) verification of sales data and property characteristics.

#### **New Construction/Demolition**

New construction field and office review procedures are identified and revised as required. Sources of building permits (as available) are confirmed. Municipal, county and other offices provide, as available, notification of utility hookups, septic system installation, development permits, demolition orders, etc.

#### **Remodeling**

Properties with extensive improvement remodeling are identified and field inspections are scheduled to update property characteristic data. Official Public Records provide indications of properties that may be undergoing enhancement through Deeds of Trust, Mechanics Liens, etc.

#### **Re-inspection of Problematic Market Areas**

Real property market areas (neighborhoods), by property classification, are tested for consistently low or high sales ratios and/or high coefficients of dispersion. Market areas that fail any or all of these tests, or are located in areas of development or change, are determined to be problematic. Field inspections are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified.

#### **Re-inspection of the Universe of Properties**

The International Association of Assessing Officers' *Standard on Mass Appraisal of Real Property*, specifies that the universe of properties should be re-inspected on a cycle of 3 years. The re-inspection includes physically viewing the property, photographing (if possible), and verifying the accuracy of the existing data. The field appraiser has an appraisal card of each property to be inspected and makes notes of changes, depreciation, remodeling, additions, etc. The annual re-inspection requirements for tax years 2017 and 2018 are identified and scheduled in the written reappraisal plan.

#### **Verification of Sales Data and Property Characteristics**

Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio analysis requires that the sales record must accurately reflect the property appraised in order that statistical analysis results will be valid and therefore be an accurate example of the universe of properties to which any adjustments will be applied. The conditions of each sale are investigated and confirmed, to the greatest extent possible, to determine its applicability to the overall market analysis. Comptroller Rule 9.101 requires the appraiser to confirm and verify at least 20% of the sales included in each category sample for each school district or school district split from sources other than the appraisal district. Data required will vary according to the type of sale. Properties exhibiting atypically high or low sales ratios (outliers) are especially scrutinized with reference to the Texas Property Tax Code definition of Market Value, Sec. 1.04(7), and may be

excluded from the general market analysis if the transaction conditions do not correspond to the aforementioned definition of Market Value.

### **PILOT STUDY BY TAX YEAR:**

New and/or revised mass appraisal models are tested each tax year. Ratio studies, by market category, are conducted on proposed values each tax year. Proposed values on each category are tested for accuracy and reliability. Actual test results are compared with anticipated results and those models not performing satisfactorily are refined and retested. The procedures used for model specification and calibrations are in compliance with USPAP, STANDARD RULE 6.

### **VALUATION BY TAX YEAR:**

Using market analysis of comparable sales and locally tested cost data (if available), valuation models (Value Per Square Foot Schedules) are specified and calibrated in compliance with 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 as established by the *IAAO Standard on Ratio Studies*. Property values in all market categories are analyzed and updated as necessary each reappraisal year.

### **VALUE DEFENSE:**

Evidence to be used by the appraisal district to meet its burden of proof for market value and equity in both informal and formal appraisal review board hearings is specified and tested. Taxpayers have the option to present their concerns informally to the chief appraiser and/or staff. Should an understanding not be reached informally, the taxpayer may present their arguments to the Appraisal Review board as a formal appeal. The appraisal staff defends the position of the chief appraiser before the ARB. The Appraisal District has the burden of proof for the value as notified.

### **DEFINED MARKET AREAS OF KIMBLE COUNTY:**

#### **PERSONAL PROPERTY MARKET AREAS**

The Comptroller's Personal Property Guide has been used as a base to develop the Personal Property process. The District updates properties by using renditions and physical inspections. Market areas for personal property are generally local or regional in scope. For Kimble County personal property market area is county wide having no definite distinction between school district and municipal boundaries.

#### **RESIDENTIAL MARKET AREAS**

Kimble County has two different market areas for the municipalities within the county. The City of Junction is the larger of the two and is the county seat; it has more economic and industrial influences. The City of Junction has a larger residential population with considerable more sales; it contains the court house and the county offices. The community of London is the smaller of the two market areas; it has little growth and few commercial businesses. The CAD will conduct ratio studies calculation measures of central tendencies for each market area when possible.

#### **RURAL LAND MARKETS**

The rural market area for Kimble County is county wide with three market distinctions due to water and improved land. The CAD will conduct ratio studies calculating measures of central tendencies for each market area when possible. The eastern end of the county has different land schedules because of higher market values. Kimble County has miles of riverfront property which is in a different market area.

The appraisers use abstraction and allocation methods to insure that estimated land values best reflect the contributory market value of the land to the overall property value.

Market areas are reviewed annually for presence of competing property characteristics.

#### VACANT LOTS

Vacant lots are valued by lot sales. If none exist, we then abstract them from either residential or commercial sales.

We use land tables in the CAMA system that are built from residential sales with land values abstracted from the total value. The appraiser uses a square foot or acreage method for valuing lots.

A comparison and analysis of comparable land sales is conducted based on a comparison of land characteristics found to influence the market price of land. Specific land influences are considered where necessary, and depending on the neighborhood and individual lot or tract characteristics, to adjust parcels outside the neighborhood norm for such factors as access, view, shape, size and topography. The appraisers use abstraction and allocation methods to insure that estimated land values best reflect the contributory market value of the land to the overall property value.

# THE WRITTEN REAPPRAISAL PLAN FOR KIMBLE CENTRAL APPRAISAL DISTRICT

## PLANNING A REAPPRAISAL

Variation in reappraisal requirements requires Kimble Central Appraisal District to carefully plan its work before beginning any reappraisal. Although the planning process may vary in specifics, it should involve five (5) basic steps:

1. Assess current performance.
2. Set reappraisal goals.
3. Assess available resources and determine needs.
4. Re-evaluate goals and adjust as necessary.
5. Develop a work plan.

## STEPS IN A REAPPRAISAL

The International Association of Assessing Officers (IAAO) textbook, Property Appraisal and Assessment Administration, lists ten steps in a reappraisal. These steps outline those activities performed by Kimble Central Appraisal District for the completion of periodic reappraisals. Activities are listed below in the order in which they occur:

1. Performance Analysis:
  - ratio study
  - equity of existing values
  - consistency of values with market activity
2. Revaluation Decision:
  - statutory – at least once every three years
  - administrative policy
3. Analysis of Available Resources:
  - staffing
  - budget
  - existing practices
  - information system support
  - existing data and maps
4. Planning and Organization
  - target completion dates
  - identify performance objectives
  - specific action plans and schedules
  - identify critical activities with completion dates
  - set production standards for field activities
5. Mass Appraisal System:

- forms and procedures revised as necessary
- CAMA (computer assisted mass appraisal) system revisions as required
- 6. Conduct Pilot Study
  - test new/revised appraisal methods as applicable
  - conduct ratio studies
  - determine if values are accurate and reliable
- 7. Data Collection
  - building permits and other sources of new construction
  - check properties that have undergone remodeling
  - re-inspection of problematic properties
  - re-inspection of universe of properties on a cyclic basis
- 8. Valuation:
  - market analysis (based on ratio studies)
  - schedules development
  - application of revised schedules
  - calculation of preliminary values
  - tests of values for accuracy and uniformity
- 9. Value Defense:
  - prepare and deliver notices of value to property owners
  - hold informal hearings
  - schedule and hold formal appeal hearings

**\*\*Note—the burden of proof (evidence) of notified market values and equity falls on the appraisal district.\*\***

## **Kimble Central Appraisal District Residential, Commercial, Rural, and Personal Property 2017/2018 Reappraisal Plan**

Pursuant to Section 25.18 of the Texas Property Tax Code, the Kimble Central Appraisal District has established the following reappraisal plan to provide for the reappraisal of all property within the district at least once every three (3) years. The plan establishes a two-fold approach:

1. All commercial, residential and business personal property is reappraised each year.
  2. The reappraisal starts October 1 thru April 30 for each year. Field checks start in October on real property. January 1 commercial and business personal property are started.
  3. Ag surveys are sent out in November to be returned by March 1, these are then analyzed and an ag value is calculated and presented to the Ag Board.
1. **Three-Year Cycle (Physical Inspections):** The CAD is divided into three areas. Each year, all real residential and commercial property within one of the areas will be reappraised, regardless of any ratio study/report findings. These areas are identified as follows:
    - a. Area One: The rural land and improvements in the western one-third portion of Kimble County in 2015. The area will be worked North side of I H 10 to the South side. See attached map showing appraisal area by map numbers.
    - b. Area Two: The rural land and improvements in the center one-third portion of Kimble County along with the City of Junction in 2016. The City of Junction will be appraised first then

outlying map ID's 16, 22 and 23 will be done to complete area. See attached map showing appraisal area by map numbers.

- c. Area Three: The eastern one-third portion of Kimble County. This will include any areas remaining unresolved from the other two defined areas. Area three will be initiated in fall of 2017. The East end of the County will be appraised from the South end going up to the North end. See attached map showing appraisal area by map numbers.
- d. As mentioned prior, these yearly plans are designed to be flexible within the overall reappraisal plan. The specific workload within and between plan years may need to be adjusted to provide for complete and accurate reappraisals.

( a ) WESTERN ONE-THIRD PORTION FOR 2018					KIMBLE COUNTY	
McKEGAN DRAW NE	RUST RANCH	JULIO DRAW	BREWER HOLLOW	LONDON	SHEEP RUN CREEK	
McKEGAN DRAW	STARK CREEK	ELM SLOUGH	BIG DRAW	YATES	MONUMENT MOUNTAIN	
ROOSEVELT	BAILEY CREEK	JUNCTION	SEGOVIA	TOBE BRANCH	NOXVILLE	THE FALLS
HILL RANCH	TELEGRAPH	JUNCTION SE	ALLEN CREEK	MUDGE DRAW	OLD NOXVILLE	HARPER WES



( b ) CENTER ONE-THIRD PORTION AND CITY OF JUNCTION FOR 2019

KIMBLE  
COUNTY

McKEGAN DRAW NE	RUST RANCH	JULIO DRAW	BREWER HOLLOW	LONDON	SHEEP RUN CREEK	
McKEGAN DRAW	STARK CREEK	ELM SLOUGH	BIG DRAW	YATES	MONUMENT MOUNTAIN	
ROOSEVELT	BAILEY CREEK	JUNCTION	SEGOVIA	TOBE BRANCH	NOXVILLE	THE FALLS
HILL RANCH	TELEGRAPH	JUNCTION SE	ALLEN CREEK	MUDGE DRAW	OLD NOXVILLE	HARPER WES

( c ) EASTERN ONE-THIRD PORTION FOR 2017

KIMBLE  
COUNTY

McKEGAN DRAW NE	RUST RANCH	JULIO DRAW	BREWER HOLLOW	LONDON	SHEEP RUN CREEK	
McKEGAN DRAW	STARK CREEK	ELM SLOUGH	BIG DRAW	YATES	MONUMENT MOUNTAIN	
ROOSEVELT	BAILEY CREEK	JUNCTION	SEGOVIA	TOBE BRANCH	NOXVILLE	THE FALLS
HILL RANCH	TELEGRAPH	JUNCTION SE	ALLEN CREEK	MUDGE DRAW	OLD NOXVILLE	HARPER WE

2. **Annual Market Analysis:** In addition to the three-year cycle stated above, ratio studies shall be performed before the reappraisal year and again before notices are mailed to determine areas or categories of properties within the CAD which need to be reappraised within the current year based on sales ratios. Any areas or categories whose ratios are above or below statutory requirements shall be reappraised in the current year regardless of the area in which they are located.

This two-fold approach will insure not only that all residential and commercial property within the CAD is reappraised at least once every three years, but also that all other categories within the CAD are reviewed annually so the appraisal district stays current with respect to market value in those areas where residential and/or commercial property values appear to be changing rapidly.

### **Organization**

The appraisal district staff as assigned by the chief appraiser carries out field inspections. The field appraiser physically inspects areas required by the reappraisal cycle, checks all existing data, works building permits (as available), takes photographs of improvements (if possible), draws plans of new improvements for entry into computer, and rechecks any property on which a question or problem has arisen. Other duties may be required and will be executed upon direction of the chief appraiser, or supervisor.

Appraisal district staff performs data entry of notes and sketches as collected during field inspections.

Sales data is gathered throughout the year by CAD staff from deed records, sales confirmation letters from property owners, and other sources. The market data is analyzed, sales data is confirmed, outliers are identified, existing classification system is reviewed, market schedules are reviewed and updated as necessary, and final market schedules are presented to the chief appraiser for discussion and application to the universe of properties.

Income approach will be used when there is sufficient information gathered to use this method.

### **Market and Cost Reconciliation and Valuation**

The replacement cost new of property improvements (RCN) less accrued depreciation (AD) plus land value (LV) equals market value (MV). As the cost approach separately estimates both land and building value. Neighborhood analysis of market sales is used to achieve an acceptable sale ratio or level of appraisal. Market factors are developed from appraisal statistics provided from market analyses and ratio studies and are used to ensure that estimated values are consistent with the market and to reconcile cost indicators. The district's primary approach to the valuation of properties uses a hybrid cost-sales comparison approach. This type of approach accounts for neighborhood market influences not particularly specified in a purely cost model.

The following equation denotes the hybrid model used:

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

In accordance with the cost approach, the estimated market value (MV) of the property equals the land value (LV) plus contributory values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values may be needed to bring the level of appraisal to an acceptable standard as indicated by market sales.

Demand side economic factors and influences may be observed and considered. These market, or location adjustments, may be abstracted and applied uniformly within neighborhoods to account for location variances between market areas or across a jurisdiction.

In accordance with the Market Approach, the estimated market value (MV) of the property equals the basic unit of property, under comparison, times the market price range per unit for sales of comparable property.

For residential property, the unit of comparison is typically the price per square foot of living area or the price indicated for the improvement contribution. This analysis for the hybrid model is based on both the cost and market approaches as a correlation of indications of property valuation. A significant unknown for these two indications of value is determined to be the rate of change for the improvement contribution to total property value. The measure of change for this property component can best be reflected and based in the annualized accrued depreciation rate. This cost related factor is most appropriately measured by sales of similar property. The market approach, when improvements are abstracted from the sale price, indicates the depreciated value of the improvement component, in effect, measuring changes in accrued depreciation, a cost factor.

The level of improvement contribution to the property is measured by abstraction of comparable market sales, which is the property sale price less land value. The primary unknown for the cost approach is to accurately measure accrued depreciation affecting the amount of loss attributed to the improvements as age increases and condition changes. This evaluation of cost results in the depreciated value of the improvement component based on age and condition. The evaluation of this market and cost information is the basis of reconciliation and indication of property valuation under this hybrid model.

When the appraiser reviews a neighborhood, the appraiser reviews and evaluates a ratio study that compares recent sales prices of properties, appropriately adjusted for the effects of time, within a delineated neighborhood, with the value of the properties' based on the estimated depreciated replacement cost of improvements plus land value. The calculated ratio derived from the sum of the sold properties' estimated value divided by the sum of the time adjusted sales prices indicates the neighborhood level of appraisal based on sold properties. This ratio is compared to the acceptable appraisal ratio, 95% to 105%, to determine the level of appraisal for each neighborhood. If the level of appraisal for the neighborhood is outside the acceptable range of ratios, adjustments to the neighborhood are made.

If reappraisal of the neighborhood is indicated, the appraiser analyzes available market sales, appropriately adjusted for the apparent effects of time, by market abstraction of property components. This abstraction of property components allows the appraiser to focus on the rate of change for the improvement contribution to the property by providing a basis for calculating accrued depreciation attributed to the improvement component. This impact on value is usually the most significant factor affecting property value and the most important unknown to determine by market analysis. Abstraction of the improvement component from the adjusted sale price for a property indicates the effect of overall market suggested influences and factors on the price of improvements that were a part of this property, recently sold. Comparing this indicated price or value allocation for the improvement with the estimated replacement cost new of the improvement indicates any loss in value due to accrued forms of physical, functional, or economic obsolescence.

This is a market driven measure of accrued depreciation and results in a true and relevant measure of improvement marketability, particularly when based on multiple sales that indicate the trending of this rate of change over certain classes of improvements within certain neighborhoods.

Based on this market analysis, the appraiser estimates the annual rate of depreciation for given improvement descriptions considering age and observed condition. Once estimated, the appraiser recalculates the improvement value of all property within the sale sample to consider and review the effects on the neighborhood sale ratio. After an acceptable level of appraisal is achieved within the sale sample, the entire neighborhood of property is recalculated utilizing the indicated depreciation rates taken from market sales.

This depreciation factor is the basis for trending all improvement values and when combined with any other site improvements and land value, brings the estimated property value through the cost approach closer to actual market prices as evidenced by recent sale prices available within a given neighborhood.

Based on analysis of recent sales located within a given neighborhood, estimated property values will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The estimated property values calculated for each update neighborhood are based on market indicated factors applied uniformly to all properties within a neighborhood.

Finally, with all the market-trend factors applied, a final ratio study is generated that compares recent sale prices with the proposed appraised values for these sold properties.

From this set of ratio studies, the appraiser judges the appraisal level and uniformity in both update and non-update neighborhoods and verifies appraised values against overall trends as exhibited by the local market, and finally, for the school district as a whole.

## PLANNING AND ORGANIZATION

<b>Tax Calendar 2017</b>	
<b>January 1</b>	General Appraisal Date
<b>January 31</b>	Property Value Study results released. Send out BPP renditions. Send Ag/HS forms to new owners. Send January publications.
	Last day for taxpayer to file 25.25 protest. Work on new owner changes monthly. Work sales surveys.
<b>March 13</b>	Deadline to file Property Value Study Appeal. Do BPP valuations.
<b>April 1</b>	Mail Notices of Appraised Value for Single Family Residential Homesteads. Work on BPP renditions received. Do Ratio Study.
<b>April 16</b>	Deadline to file Business Personal Property Rendition.
<b>April 30</b>	Deadline to file Agricultural-Use Application. Complete Ag/WL application, approval/denial.
<b>May 1-15</b>	Publish newspaper notice of taxpayer protest procedures. Start working on 2018 budget.
<b>May 15</b>	Last day to file renditions if extension is requested. Send May notice for delinquent taxes.
	Mail Notices of Appraised Value.
	Begin informal staff review with taxpayers. Start work on mobile home liens.
	Submit records to Appraisal Review Board.
<b>June 15</b>	Last day to file written Protest of Appraised Value. Do any supplements pending.
<b>July 20</b>	ARB must approve Appraisal Records.
<b>July 25</b>	P & A protest heard. Chief Appraiser must certify Appraisal Roll to entities. Start Truth in Lending procedures.
<b>July 31</b>	Last day for taxpayer to file for September 1, Inventory. Start working on Effective Tax Rate.

<b>September 14</b>	Last day to complete land changes. Last day for BOD to submit 2018 budget to entities.
<b>October 1</b>	Mail tax statements or as soon as possible thereafter. Start 2018 reappraisal for specified area of 1/3 of county. Start new Ratio Study.
<b>November 1</b>	Send out Ag surveys.

### **TARGET COMPLETION DATES 2017**

Mail Wildlife Management Updates	November 1, 2016
Mail Business Personal Property Renditions	January 31, 2017
Mail Agricultural – Use Application resets	January 31, 2017
Mail Homestead and Exemption resets	January 31, 2017
Appraisal Field work completed	May 1, 2017
Generate Notices for Homestead Properties	April 1, 2017
Generate Notices for Printing	May 1, 2017
Mail Notices of Appraisal Value	May 15, 2017
Appraisal Review Board Begin	June 16, 2017
Appraisal Review Board approve records	July 14, 2017
Chief Appraiser certify Appraisal Roll	July 22/24, 2017
Begin 2018 Field work	October 15, 2017

<b>Tax Calendar 2018</b>	
<b>January 1</b>	General Appraisal Date.
<b>January 31</b>	Property Value Study results released. Send out BPP renditions. Send Ag/HS forms to new owners. Send January publications.
	Last day for taxpayer to file 25.25 protest. Work on new owner changes monthly. Work sales surveys.
<b>March 13</b>	Deadline to file Property Value Study Appeal. Do BPP valuations.
<b>April 1</b>	Mail Notices of Appraised Value for Single Family Residential Homesteads. Work on BPP renditions received. Do Ratio Study.
<b>April 16</b>	Deadline to file Business Personal Property Rendition.
<b>April 30</b>	Deadline to file Agricultural-Use Application. Complete Ag/WL application, approval/denial.
<b>May 1-15</b>	Publish newspaper notice of taxpayer protest procedures. Start work on 2019 budget.
<b>May 15</b>	Last day to file renditions if extension is requested. Send May notice for delinquent taxes.
	Mail Notices of Appraised Value.
	Begin informal staff review with taxpayers. Start work on mobile home liens.
	Submit records to Appraisal Review Board.
<b>June 15</b>	Last day to file written Protest of Appraised Value. Do any supplements pending. Start work on Reappraisal Plan for 2019-2020.
<b>July 20</b>	ARB must approve Appraisal Records.
<b>July 25</b>	P & A protest heard. Chief Appraiser must certify Appraisal Roll to entities. Start Truth in Lending procedures.
<b>July 31</b>	Last day for taxpayer to file for September 1, Inventory. Start working on Effective Tax Rate.



<b>September 1-14</b>	Have public hearing & adopt new Reappraisal Plan for 2019-2020. Send to Comptroller.
<b>September 14</b>	Last day to complete land changes. Last day for BOD to submit 2019 Budget to entities.
<b>October 1</b>	Mail tax statements or as soon as possible thereafter. Start 2019 Reappraisal for specified area of 1/3 of county. Start new ratio studies.
<b>November 1</b>	Send out Ag surveys.

### TARGET COMPLETION DATES 2018

Mail Wildlife Management Updates	November 1, 2017
Mail Business Personal Property Renditions	January 31, 2018
Mail Agricultural – Use Application resets	January 31, 2018
Mail Homestead and Exemption resets	January 31, 2018
Appraisal Field work completed	May 1, 2018
Generate Notices for Homestead Properties	April 1, 2018
Generate Notices for Printing	May 1, 2018
Mail Notices of Appraisal Value	May 15, 2018
Appraisal Review Board Begin	June 18, 2018
Appraisal Review Board approve records	July 16, 2018
Chief Appraiser certify Appraisal Roll	July 22, 2018
Begin 2019 Field work	Oct 15, 2018

**PUBLIC MEETING HELD: 06/22/2016**

**PRESENTED BY: KANDY DICK**

**APPROVED, KIMBLE COUNTY BOARD OF DIRECTORS:**

  
\_\_\_\_\_  
**Chief Appraiser**

  
\_\_\_\_\_  
**Chairman of BOD**

**Date: 06/22/2016**