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Susan Combs Texas Comptroller of Public Accounts

Web Site Survey

Appraisal Standards Review

Grayson County Appraisal District January 2010

This review determines whether appraisal districts are meeting minimum requirements for performing statutory duties. It also measures customer service activities, appraisal practices and operational matters.

Details concerning the CAD's performance can be found later in the report.

Mandatory Requirements	PASS/FAIL
1. Does the appraisal district have written procedures for appraisal?	PASS
2. Do appraisal records accurately reflect adjustments to value prescribed by appraisal procedures and models?	PASS
3. Can property be located using existing maps?	PASS
4. Are appraisal district records reproducible using CAD procedures?	PASS
5. Do Property Tax Assistance Division (PTAD) property inspections match appraisal district records?	PASS
6. Were all appraisal district documents available to the PTAD reviewer by the required date?	PASS
Appraisal District Activities	RATING
Customer Service	Exceeds
Appraisal Practices and Standards Compliance	Meets
Operations	Meets

Appraisal District Ratings:

Exceeds - The total score exceeds 100.

Meets Minimum Requirements - The total score ranges from 85 to 100.

Needs Improvement - The total score ranges from 70 to less than 85.

Unsatisfactory - The total score is less than 70.

CUSTOMER SERVICE

Appraisal Functions	Total Number of Questions in Review	Total "Yes" Points	Total Score (Total "Yes" Questions/Total Questions)
Taxpayer Notifications and CAD Responsiveness BOD Responsibilities	20	24	120

APPRAISAL PRACTICES AND STANDARDS COMPLIANCE

Appraisal Functions	Total Number of Questions in Review	Total "Yes" Points	Total Score (Total "Yes" Questions/Total Questions)
Identification and Collection of New Property Mapping Property Appraisal Methods Land Appraisal Personal Property Oil and Gas Appraisals and Procedures Ratio Studies Uniform Standards of Professional Appraisal Practice (USPAP) Sales Gathering Income Approach Real Property Wildlife Management Agricultural Use Appraisals and Procedures Timberland Appraisals and Procedures	79	79	100

OPERATIONS

Appraisal Functions	Total Number of Questions in Review	Total "Yes" Points	Total Score (Total "Yes" Questions/Total Questions)
Appraisal Office Administration CAD Budget Value Defense Reappraisal Plan Exemptions and Abatements	44	43	97.73

**Contracted Appraisal
Services**

Grayson County Appraisal District (Grayson CAD) Review Questions and Answers

Note: All boldfaced, *Bonus* questions represent practices that exceed minimum requirements and will be scored as extra points in the total point scoring system.

Customer Service

Taxpayer Notifications and CAD Responsiveness

Taxpayer Notifications

1. Are property owners sent notices of appraised value on schedule, as provided by Tax Code Section 25.19?

Yes
2. Is information concerning rendition requirements and availability of rendition forms published annually in the manner required by Tax Code Section 22.21?

Yes
3. Does the business personal property rendition form used by the CAD comply with Comptroller Rule 9.3031?

Yes
4. Before Feb. 1 each year, does the CAD deliver appropriate exemption application forms to taxpayers who, in the preceding year, were allowed an exemption for which an application must be filed annually?

Yes
5. Does the CAD publicize annually, in a manner reasonably designed to notify all residents of the district, the requirement of Tax Code Section 11.44(b) to apply for property tax exemptions?

Yes
6. Does the CAD conduct a public hearing to consider its biennial reappraisal plan of the CAD as required by Tax Code Section 6.05(i)?

Yes

Bonus Question

7. **Are residence homestead exemption forms mailed to new owners when identified by the CAD?**

Yes

8. Does the CAD notify the property owner in a timely manner when it makes a change in use determination on land previously qualified for agricultural appraisal as required by Tax Code Section 23.55?

Yes

CAD Responsiveness

1. a. If the county has a population of more than 125,000, does the CAD have a currently appointed taxpayer liaison officer meeting the eligibility requirements of Tax Code Section 6.052?

N/A

1. b. If the county has a currently appointed taxpayer liaison officer, does he or she meet the requirements of Tax Code Section 6.052(e)?

N/A

2. Has the board adopted and implemented policies that provide the public with the opportunity to speak at scheduled board meetings for a reasonable period of time?

Yes

3. Has the board prepared and maintained a written plan describing how a person who does not speak English or who is disabled may be provided reasonable access to the board?

Yes

4. a. Has the board prepared information for the public describing the functions of the board and the board's procedures by which complaints are filed and resolved?

Yes

4. b. Has the board made the information in question 4a available to the public and to taxing entities within the CAD?

Yes

5. a. Does the CAD have written policies that provide the public with a reasonable opportunity to appear before the board of directors to speak on any issue within its jurisdiction?

Yes

5. b. Does the CAD have written policies that provide the public with the ability to file taxpayer complaints?

Yes

6. Does the CAD allow property owners to inspect and obtain copies of data, schedules, formulas and all other information that may be introduced at a protest hearing?

Yes

Bonus Question

7. **Does the CAD maintain contact with the public by interacting with neighborhood associations, fraternal organizations, citizen groups and other venues?**

Yes

Bonus Question

8. **Does the CAD offer employees training in customer service/public relations?**

Yes

Bonus Question

9. **Does the CAD offer rewards (such as bonuses, salary increases, promotions, time off, etc.) to employees for effective customer service/public relations?**

Yes

Board of Directors' Responsibilities

1. Does the CAD board of directors regularly evaluate the chief appraiser?

Yes

2. Has the board adopted the CAD's most recent reappraisal plan by the Sept. 15 deadline as required by Tax Code Section 6.05(i)?

No

Recommendation: Have the board adopt the CAD's reappraisal plan by the Sept. 15 deadline.

3. Does the board post board meetings according to the Open Meetings Act Sections 551.41 and 551.043(a) at both the appraisal district office and at the county clerk's office?

Yes

4. Does the board meet at least quarterly?

Yes

Bonus Question

5. Does the board meet monthly?

Yes

6. Does the board of directors select an auditor annually to prepare the CAD's annual financial audit?

Yes

7. Does the board of directors solicit bids for a depository every two years?

Yes

Appraisal Practices and Standards Compliance

Identification and Collection of New Property

1. Does the CAD have written procedures for identifying new property?

Yes

2. Do these procedures include methods for identifying new utility properties, such as pipelines and new producing oil wells?

Yes

3. Does the CAD have written procedures for identifying upgrades and new improvements to existing properties?

Yes

4. Does the CAD back assess the prior year's appraisal records with newly discovered omitted property?

Yes

Mapping

1. Does each parcel have a unique identifier?

Yes

2. Are parcel numbers tied to the mapping system?

Yes

Property Appraisal Methods

1. Does the CAD have current and detailed property appraisal manuals?

Yes

Land Appraisal

1. Does the CAD use the sales comparison approach to appraise land?

Yes

2. Does the CAD collect and verify land sales?

Yes

3. Does the CAD use verified land sales to create a land schedule?

Yes

4. Is the schedule arranged so that an adjustment for location, size, utilities, topography, frontage, etc., can be made?

Yes

Personal Property

1. Does the CAD use discovery techniques for personal property accounts each year?

Yes

2. Does the CAD have procedures for inspecting new accounts in the year they are created?

Yes

3. Are the personal property manuals developed or modified to reflect local conditions?

Yes

4. Does the CAD have an internal control mechanism to ensure the accuracy and uniformity of the appraisal work performed by the personal property staff?

Yes

5. Do the manuals have updated depreciation tables and instructions for using them?

Yes

6. Does the CAD apply the rendition penalty for taxpayers who do not render or do not render in a timely manner according to Tax Code Section 22.28?

Yes

7. Does the CAD waive the rendition penalty according to Tax Code Section 22.30 if property owners prove they exercised reasonable diligence to comply with or have substantially complied with rendition requirements?

Yes

Oil and Gas Appraisals and Procedures

1. Does the CAD use a discounted cash flow analysis to value oil and gas producing properties?

Yes

2. If a discounted cash flow analysis is not used, what method is used to value oil and gas producing properties?

N/A

3. Does the CAD use the Comptroller's Manual for Discounting Oil and Gas Income as required by Tax Code Section 23.175?

Yes

4. Does the CAD determine prices used in the appraisal according to Tax Code Section 23.175?

Yes

5. Is the contractor responsible for identifying new property in the categories he or she appraises?

Yes

6. If yes, does the CAD have written procedures for evaluating results of the contractor's property discovery process?

Yes

7. Is the contractor responsible for receiving renditions from property owners?

Yes

8. Does the CAD have written procedures to verify these properties were appraised?

Yes

Ratio Studies

1. Does the CAD conduct ratio studies?

Yes

2. Does the CAD use ratio studies in the appraisal process?

Yes

3. Does the CAD verify the sales data used in its ratio study?

Yes

4. Does the CAD have written ratio study procedures?

Yes

5. Does the CAD compute measures of variability in its ratio studies?

Yes

6. Does the CAD compute measures of central tendency in its ratio studies?

Yes

7. Has the CAD identified market segments?

Yes

8. Does the CAD calculate measures of central tendency for each market segment?

Yes

9. Does the CAD calculate measures of variability for each market segment?

Yes

10. Does the CAD identify and research very high or very low (outlier) ratios to determine whether the outlier samples should be adjusted or excluded from its ratio study?

Yes

Bonus Question

11. **Does the CAD use independent appraisals in its ratio study?**

Yes

Uniform Standards of Professional Appraisal Practice (USPAP)

1. Does the CAD have written procedures for developing a mass appraisal that meet USPAP Standard

6?

Yes

2. In developing a mass appraisal, does the CAD use standardized data collection and analysis?

Yes

3. In developing a mass appraisal, does the CAD use properly specified and calibrated valuation models?

Yes

4. In developing a mass appraisal, does the CAD use standards and measures of the accuracy of the data collected and values produced?

Yes

5. Do the CAD's current appraised values on sold properties reflect the sale prices?

No

Recommendation: Ensure the CAD's appraised values represent current market values by consistently applying correct, complete and properly adjusted data to valuation schedules and models, as required by IAAO's Standard on Mass Appraisal of Real Property.

6. Do the CAD's current appraised values on unsold "like" properties reflect similar values?

No

Recommendation: Ensure the CAD arrives at the value of a property by analyzing the sales prices of similar properties when using the sales comparison approach, as required by Section 4.3 of IAAO's Standard on Mass Appraisal of Real Property.

7. Does the CAD identify any special limiting conditions that affect its ability to comply with the USPAP Standard 6?

Yes

8. Does the CAD complete and produce a mass appraisal report that includes a signed certification according to USPAP Standard 6-9?

No

Recommendation: Ensure the CAD complies with USPAP Standards Rule 6-8 which requires that it prepare a written report of a mass appraisal that clearly communicates the elements, results, opinions and value conclusions of the appraisal and that the review report contains a signed certification as required by Rule 6-9.

Sales Gathering

1. Does the CAD gather sales using all available methods?

Yes

2. Does the CAD verify sales using all available methods?

Yes

3. Does the CAD record sales data with a code that allows it to provide the information to the Comptroller's office using the Electronic Appraisal Roll System?

Yes

4. Does the CAD keep all sales in its sales file?

Yes

5. Does the CAD tie its sales file to the parcel numbering system?

Yes

6. Does the CAD analyze sales prices to determine whether they should be adjusted for time?

Yes

7. Does the CAD analyze sales terms to determine whether sales prices should be adjusted?

Yes

Income Approach

1. Does the CAD use the income approach to value?

Yes

2. Does the CAD annually collect data necessary for use in the income approach?

Yes

3. Does the CAD have written procedures for using the income approach?

Yes

4. Does the CAD establish market rents for different properties in different areas?

Yes

5. Does the CAD establish market expenses for different properties in different areas?

Yes

6. Does the CAD use market rents rather than actual rents in the income approach?

Yes

Real Property

1. Does the CAD's appraisal process ensure that values are equal and uniform?

Yes

2. Does the CAD have depreciation schedules?

Yes

3. Are individual property characteristics reviewed and updated on a regular basis?

Yes

Bonus Question

4. **For commercial property, does the CAD have written procedures to ensure that intangible value is identified and removed from the final value?**

Yes

Bonus Question

5. **Does the CAD have a written process to ensure that values represent fee simple where required?**

Yes

6. Does the CAD have an internal control mechanism to ensure the accuracy and uniformity of the appraisal work performed by the real property staff?

Yes

7. Does the CAD update cost schedules used in the cost approach at least every three years?

Yes

8. Does the CAD verify its cost schedules by using market analysis?

Yes

Agricultural Use Appraisals and Procedures

1. Did the CAD use the correct capitalization (cap) rate for 2008?

Yes

2. Does the CAD comply with standard procedures to calculate five-year average net-to-land?

Yes

In 2009, the CAD hired a consultant to help develop new net-to-land agricultural schedules.

3. Do productivity values reflect schedule values?

Yes

4. Does the CAD collect income and expense data for use in the appraisal of qualified agricultural (ag) land?

Yes

5. Does the CAD inspect each property before it is granted ag use appraisal to ensure compliance with the Property Tax Code?

Yes

6. Do the CAD's agricultural special appraisal applications match the information on the appraisal records?

Yes

7. Does the CAD request a new agricultural special appraisal application when the agricultural use type changes?

Yes

8. Does the CAD notify the property owner in a timely manner when it makes a change in use determination on land previously qualified for agricultural appraisal as required by Tax Code Section 23.55?

Yes

9. Does the CAD divide each category of open-space land according to soil type, soil capability, irrigation, general topography, geographical factors and other factors that influence the productive capability of the category according to Tax Code Section 23.51(3)?

Yes

Wildlife Management

1. Did the chief appraiser select a percentage in each tract that must be devoted to wildlife use based on requirements in Comptroller Rule 9.2005?

Yes

2. Did the chief appraiser get the advice and consent of the board of directors for these percentages?

Yes

3. Does the chief appraiser use the formula set out in Comptroller Rule 9.2005 to calculate wildlife use requirements?

Yes

4. Does the CAD require plans filed by wildlife management associations to be signed by each member owner or their agent and to detail management activities on each tract?

Yes

5. Does the chief appraiser review wildlife management plans to verify wildlife management activities are consistent with the guidelines for the appropriate ecoregion?

Yes

6. Does the chief appraiser require landowners to file annual reports detailing actions taken during the year to implement the wildlife management plan?

Yes

7. Does the chief appraiser qualify land in a manner consistent with the Comptroller's *Manual for the Appraisal of Agricultural Land*, its wildlife management guidelines, Texas Parks and Wildlife's ecoregion guidelines and Comptroller Rule 9.2005?

Yes

8. Does the chief appraiser determine productivity value for wildlife management use based on the land's use before wildlife management began?

Yes

Timberland Appraisals and Procedures (Not Applicable)

1. Is the CAD using the capitalization (cap) rate required by Property Tax Code Section 23.74?

N/A

2. Does the CAD calculate five-year average net-to-land when performing timberland appraisals?

N/A

3. Do the CAD's timber productivity values reflect the schedule of timberland values developed according to Chapter IV of the Comptroller's *Manual for the Appraisal of Timberland*?

N/A

4. Does the CAD collect data from the sources specified in Tax Code Section 23.71 for use in the appraisal of timberland?

N/A

5. Does the CAD inspect each property before it is granted ag use appraisal to ensure compliance with the Comptroller's *Manual for Appraisal of Timberland*?

N/A

6. Do the CAD's timber special appraisal applications match the information on the appraisal records?

N/A

7. Does the CAD request a new timber special appraisal application when the type of use changes as provided in Property Tax Code Section 23.76?

N/A

Operations

Appraisal Office Administration

1. Does the CAD engage in formal planning, as described in IAAO's *Property and Assessment Administration, 1990 Edition*?

Yes

2. Does the CAD have a written record retention plan, as required by Tax Code Section 6.13 and Local Government Code Section 203.042?

Yes

3. Does the CAD have a public funds investment plan, as required by Government Code Sections 2256.009 through 2256.019?

Yes

4. Does the chief appraiser ensure compliance of the CAD staff and board of directors with procurement disclosure requirements, as required by Local Government Code Chapter 176?

Yes

5. Does the CAD have a written personnel policies manual, as described in IAAO's *Property Appraisal and Assessment Administration, Chapter 16*?

Yes

6. Does the CAD have competitive wage schedules, as described in IAAO's *Property Appraisal and Assessment Administration, Chapter 16*?

Yes

7. Does the CAD comply with Public Law 103-3, the Family and Medical Leave Act (FMLA)?

No

Recommendation: Adopt policies that provide for employees to take reasonable leave for medical reasons, for the birth or adoption of a child, and for the care of a child, spouse, or parent who has a serious health condition in compliance with Public Law 103-3.

8. Does the CAD have purchasing policies, as required by Local Government Code Chapter 262?

No

Recommendation: Develop and adopt policies and procedures that ensure the CAD complies with purchasing requirements required by Local Government Code Chapter 262.

9. Does the CAD bid out all goods and services that exceed \$50,000, as required by Local Government Code Section 252.021?

Yes

Bonus Question

10. Does CAD use the Department of Information Resources' *Go DIRECT* Program?

Yes

11. Did the chief appraiser deliver the appraisal roll for each taxing unit by the date required by Property Tax Code Section 26.01?

Yes

12. Does the CAD use computers consistent with IAAO's *Standard on Facilities, Computers, Equipment, and Supplies*?

Yes

CAD Budget

1. Does the CAD publish a notice of its budget as required by Tax Code Section 6.062(a)?

Yes

2. Does the CAD include the information in its budget notice that is required by Tax Code Section 6.062(b)?

Yes

3. Does the CAD board of directors hold a public hearing on the CAD's budget as required by Property Tax Code Section 6.06(b)?

Yes

4. Is the preliminary budget produced according to requirements outlined in the Property Tax Code Section 6.06(a)?

Yes

5. Is the preliminary budget distributed according to requirements outlined in the Property Tax Code Section 6.06(a)?

Yes

6. Does the CAD board of directors approve the CAD budget before Sept. 15?

Yes

Bonus Question

7. **Is the CAD's most recent budget available on the CAD's Web site or otherwise available online?**

No

Value Defense

1. Does the CAD have written procedures to be used in informal meetings to ensure consistency in the appeals process?

Yes

2. Does the CAD have written procedures to be used in formal hearings before the ARB to ensure consistency in the appeals process?

Yes

3. Does the CAD have market evidence to support informal appeal changes?

Yes

4. Does the CAD have tools to assist the appraisers with market appeals?

Yes

5. Does the CAD have tools to assist the appraisers with equal and uniform appeals?

Yes

Reappraisal Plan

1. Does the CAD's reappraisal plan identify properties to be appraised through physical inspection or

other reliable means of identification?

Yes

2. Does the CAD's reappraisal plan explain how the CAD will identify and update relevant characteristics of each property in the appraisal record?

Yes

3. Does the CAD's reappraisal plan define market areas?

Yes

4. Does the CAD's reappraisal plan identify property characteristics that affect property value in each market area?

Yes

5. Does the CAD's reappraisal plan include 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?

Yes

6. Does the CAD's reappraisal plan explain how it identifies and considers market characteristics in appraising property?

Yes

7. Does the CAD's reappraisal plan explain how the CAD reviews the appraisal results?

Yes

8. Does the CAD have written verification as to the last date a parcel was reappraised?

Yes

Exemptions and Abatements

Exemptions

1. Does the CAD maintain a partial exemption list as required by Property Tax Code Section 11.46 and Comptroller Rule 9.310?

Yes

2. Are the residence homestead exemption forms used by the CAD in compliance with Comptroller Rule 9.415?

Yes

3. Does the CAD have written procedures for applying "capped" homestead property values as provided by Property Tax Code Section 23.23?

Yes

4. Did the CAD properly calculate and apply the new improvement values and final capped values?

Yes

5. Does the CAD grant pollution control exemptions as determined by the Texas Commission on Environmental Quality?

Yes

6. Does the CAD establish market value for an account prior to applying the pollution control exemption?

Yes

Abatements

1. Does the CAD establish market value for the real and personal property subject to abatement?

Yes

2. Does the CAD record the total number of properties granted tax abatements?

Yes

3. Does the CAD properly apply the abatement percentage or other limit on the abated value (if any) to the total market value?

Yes

Contracted Appraisal Services

1. Does the CAD have a written contract with the appraisal firm that identifies which properties will be appraised?

Yes

2. For each property category appraised by the appraisal services contractor, are all deliverables listed in the contract in the CAD's possession?

Yes

3. For each property category appraised by the appraisal services contractor, does the contractor provide a reappraisal plan outlining what will be reappraised and when?

Yes

4. Does the CAD have written procedures for evaluating the contractor's appraisal results?

Yes

5. Does the CAD have documentation to show that a sample of appraisals was reviewed according to the procedures for evaluating the appraisal firm?

Yes

General Comments:

Grayson CAD received an ASR in December 2006 and a follow-up report in July 2008. The follow-up report cited the need for the CAD to complete Recommendation 3 of the ASR, which required revision of appraisal manuals to include IAAO standards on the appraisal of real property, broaden the manual's scope, improve timeliness of the data and develop a schedule for regular review and updates. A comprehensive appraisal manual satisfying the requirements of Recommendation 3 was completed in August 2008.